THIRTEENTH ANNUAL REPORT

JUNE 30, 1944

United States Sugar Corporation

Charles Stewart Mott
Honorary Chairman of the Corporation

OFFICERS

Clarence R. Bitting .......................... President
Jay W. Moran ............................... Executive Vice-President
William T. Bitting .......................... Secretary
Malcolm W. Bigg .......................... Treasurer
Dr. B. A. Bourne .......................... Vice-President, Research
F. E. Bryant .............................. Vice-President, Eastern Fields
R. Y. Patterson .......................... Vice-President, Engineering
W. C. Prewitt .............................. Vice-President, Western Fields
I-I. T. Vaughn .......................... Vice-President, Sugar-house
0. A. Jones .......................... Assistant Secretary and Assistant Treasurer
Josiah Ferris, Jr. .................. Assistant Secretary
Fred C. Sikes .......................... Assistant Secretary

Bitting, Incorporated
Supervisory Managers
BOARD OF DIRECTORS

Robert W. Atkins
Malcolm W. Bigg‡
Clarence R. Biting††
William T. Biting@
William H. Bixby
Roy E. Brownell
Patrick Butler†

James H. Douglas
John G. Getz, Jr.†‡
Hamish Mitchell
Jay W. Moran†‡
Charles Stewart Mott†‡
Thomas Oxnard†
N. F. S. Russell‡

Forest P. Tralles†

† Member of Executive Committee. ‡ Member of Finance Committee. (Mr. C. S. Harding Mott is on leave of absence with the armed forces).

TRANSFER AGENTS

Preferred Stock $5. No Par
Lawyers Trust Company,
New York, N. Y.
Equitable Trust Company,
Wilmington, Del.

Series A 6.4% Preferred & Common Stock
Chemical Bank & Trust Company,
New York, N. Y.
Equitable Trust Company,
Wilmington, Del.

REGISTRARS

Bankers Trust Company,
New York, N. Y.
The Corporation Trust Company,
Wilmington, Del.
To the Stockholders:

The financial and operating results of the thirteenth harvest of your Corporation rank with the poorest in its history. The net earnings carried to Surplus plus direct credits to Surplus amounted to only $229,078, or slightly less than the regular preferential dividends for the year. A dividend of ten cents per share on the Common Stock and like participating dividend on Series A Preferred Stock was paid June 19, 1944 out of accumulated earnings. As of June 30, 1944 Working Assets aggregated $6,116,394 and Total Assets were $17,363,804; Current Liabilities, including $2750,000 due November 1, 1944, were $4,164,684, and Total Liabilities aggregated $4,325,620; Stockholders Equities totaled $13,038,183.

Production was 59,022 tons of 96" raw sugar and 4,139 thousand gallons of blackstrap molasses from 607,846 tons of administration cane and 39,516 tons of purchased cane. During the growing season for the crop harvested during the fiscal year just ended it was impossible to maintain an adequate field force, and such inadequacy continued during the harvest. The underlying causes were nation-wide and need not be reiterated. In May 1943 the field force was less than one-half that deemed necessary for proper cultivation, and little improve-
ment was shown as late as September 1943. In January 1944 two-thirds the necessary number of field workers were available. The yield of cane per acre-year dropped to 26.61 tons, and the yield of sugar per acre-year dropped to 2.43 tons. The sugar-house operated for 182 days, the same as in 1941-42, but ground 26.6% less cane. This decrease in tonnage of cane ground in the same number of days was occasioned by a loss of 26.4% of elapsed time due in part to non-availability of cane at sugar-house, and in part to reduction in grinding speed due to inadequate deliveries of cane to the sugar-house, both of which causes are attributed to inadequacy in the labor supply. These conditions resulted in very substantial increases in unit costs and reduced profits. A more adequate field force has been available during the 1944 cultivating season, and the reports of anticipated early cutbacks to be expected in industrial employment should permit an increase in the number of field workers during the forthcoming harvest.

By action of the Board of Directors the Corporation returned to its treasury 4,718 shares Common Stock which had been held for contingencies which might have arisen out of the reorganization of predecessor. The Corporation took record title to the capital stock of The Reorg Corporation, caused it to be dissolved, and obtained direct ownership of Glades Land Corporation (holder of record title to lands under option to Corporation) and three other inactive corporations. On June 28, 1944 the Corporation made an offer to Clewiston Realty and Development Corporation to acquire from that Corporation all its assets (in the form of 100% owned subsidiaries owning the Clewiston Inn and real estate in and around Clewiston and Canal Point, Florida) for 40,000 shares of Common Stock of the Corporation, Such offer was accepted by stockholders of Clewiston Realty and Development Corporation on August 21, 1944.

The end of the fiscal year finds the Corporation in the midst of its program for expansion and diversification. Herds of pure-bred Angus, Shorthorn and Here-
Ford beef-cattle have already been placed upon improved pastures and the finishing of young steers purchased from other breeders has been expanded. Despite the many handicaps and obstacles which have faced the Corporation, the new facilities, now nearing completion, for production of much needed root-type starches should be in commercial operation within the next few months. A booklet describing the Corporation's expanded activities is in the course of preparation and a copy will be sent to each stockholder. Permanent financing of the diversification program is now under discussion with bankers.

A lease of oil, gas and sulphur rights on more than 100,000 net acres has been granted THE OHIO OIL COMPANY. Such lease carries the usual royalty of one-eighth of the oil and gas produced and contains special provisions for the protection of Corporation's agricultural operations. A joint venture for the production, processing and marketing of ramie, a vegetable fiber, was consummated with Newport Industries, Incorporated, and an agreement was made with United States Department of Agriculture for joint research and experimentation in the culture of sweet potatoes and the extracting of various products therefrom. A War Food Administration announcement, under date of August 6, 1944, indicates that a bounty of $1.60 per ton of sugar-cane will be paid to Florida producers on the 1945-46 crop. Results from the foregoing, and from the root-starch operations, will be reflected in future operations.

The Corporation is engaged in agricultural pursuits and is, therefore, subject to all the hazards of agriculture, both known and unknown, in the territory in which its operations are conducted. The properties of the Corporation have experienced and been damaged by, tropical disturbances, cloudbursts, and sub-normal temperatures and may be so visited in the future; they may also experience other unusual and at present unforeseen disturbances and catastrophes, the extent of any future damage being impossible of estimation. Existing world conditions and the factors
to be faced when the peace has been won may likewise affect the Corporation. The business, operating conditions and financial results will also be affected by variations in prices, costs, future economic conditions, the Nation’s post-war relations with foreign countries, changes in tariffs and tariff policies, taxation, etc.

On August 8, 1944 the Board of Directors declared quarterly preferential dividends on both classes of Preferred Stock payable during the ensuing fiscal year.

The Annual Meeting of the Corporation is scheduled to be held in accordance with the By-Laws at 12 o’clock noon on October 17, 1944 at 100 West Tenth Street, Wilmington, Delaware. The terms of five directors, Messrs. Bixby, Brownell, Douglas, Moran and Russell, expire at that time. Among the items of business to be transacted at the annual meeting, as will be provided by the official notice, will be the receiving of, and acting upon, the ANNUAL REPORT (of which this is a copy) and the election of directors in accordance with the by-laws of the Corporation.

The personnel of the operating organization through its loyalty and cooperation, despite adverse conditions and the trying times faced by all primary-producing enterprises, has made possible the results shown herein and the Board of Directors desires to record this fact in the Annual Report and thus bring it to the attention of all stockholders.

By order of the Board of Directors.

[Signature]

President.
### LIABILITIES AND CAPITAL

#### CURRENT LIABILITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notes payable for money borrowed</td>
<td>$2,803,816</td>
</tr>
<tr>
<td>Accounts payable:</td>
<td></td>
</tr>
<tr>
<td>Trade and for construction</td>
<td>$760,900</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>9,422</td>
</tr>
<tr>
<td>Total-current liabilities</td>
<td>770,322</td>
</tr>
<tr>
<td>Accrued liabilities:</td>
<td></td>
</tr>
<tr>
<td>Taxes (other than taxes on income)</td>
<td>$232,985</td>
</tr>
<tr>
<td>Salaries, wages, interest and sundry items</td>
<td>134,432</td>
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<tr>
<td>Total-accrued liabilities</td>
<td>367,417</td>
</tr>
<tr>
<td>Federal taxes on income-Note G</td>
<td>127,000</td>
</tr>
<tr>
<td>Dividends declared on Preferred Stock, no par value</td>
<td>9,178</td>
</tr>
<tr>
<td>Mortgage and land contract payments due within one year</td>
<td>86,949</td>
</tr>
<tr>
<td>Total-long term debt</td>
<td>$4,164,684</td>
</tr>
</tbody>
</table>

#### LONG TERM DEBT

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgages and land contracts-due July 1945, to April 1949</td>
<td>$107,754</td>
</tr>
<tr>
<td>Notes payable for money borrowed</td>
<td>53,181</td>
</tr>
<tr>
<td>Total-long term debt</td>
<td>160,936</td>
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</table>

#### CAPITAL SHARES AND SURPLUS

#### CAPITAL SHARES-Note H:

| Preferred, no par value, cumulative dividends $5.00 per share, callable on | Authorized 50,000 shares; unissued, 42,642.5 shares; in treasury, 14.5 shares; outstanding 7,343 shares at stated value | 734,300 |
| not less than 30 days notice at liquidating value of $100. per share plus accrued dividends | |
| Preferred, Series A 6.4% cumulative participating convertible, $25. per share, callable at $27.50 per share (involuntary liquidation, $25. per share) plus accrued preferential dividends | |
| Authorized, 200,000 shares; unissued, 71,586 shares; retired by conversion or in treasury, 215 shares; outstanding 128,199 shares | 3,204,975 |
| Common, par value $1. per share                                             |          |
| Authorized 5,000,000 shares; unissued (Notes I and D), 3,337,649.62 shares; in treasury, 162,765.38 shares; outstanding, 1,499,585 shares. | $499,585 |
| Total-capital shares and surplus                                            | $5,438,860|

#### SURPLUS-Note J:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Capital</td>
<td>$3,840,059</td>
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<tr>
<td>Earned-since June 30, 1933</td>
<td>3,759,264</td>
</tr>
<tr>
<td>Total-surplus</td>
<td>7,599,323</td>
</tr>
<tr>
<td>Total-surplus</td>
<td>13,038,183</td>
</tr>
<tr>
<td>Total-contingent liabilities</td>
<td>$17,363,804</td>
</tr>
</tbody>
</table>

#### CONTINGENT LIABILITIES: Note K
STATEMENT OF PROFIT AND LOSS

Year ended June 30, 1944
(cents omitted)

Net sales and operating revenues (including benefit payments of $539,786 under Sugar Act of 1937) ........................................ $6,189,401
Cost of goods sold: purchases, labor, supplies, production expenses, taxes, repairs and maintenance, depreciation, etc.; and general and administrative expenses ........................................ 5,863,633

Other income:
- Discounts and interest earned ........................................ $ 41,508
- Profit on sales of real estate and securities .......................... 18,080
- Excess of reserve for Drainage District accounts; forfeited badge deposits; unclaimed wages; etc. ........................................ 33,725
- Bonus for lease of oil, gas and sulphur rights ......................... 50,172

$ 325,768

Other deductions:
- Interest expense ...................................................... $112,868
- Net loss account climatic conditions ................................. 29,038
- Sundry items ......................................................... 8,404

$ 469,254

Provision for federal normal income tax and surtax (no excess profits tax is believed payable). .......................... $191,943

Net Profit ......................................................... $ 191,943

Provision of $273,393 for depreciation was made during the year.

STATEMENT OF SURPLUS

Year ended June 30, 1944
(cents omitted)

EARNED SURPLUS-Balance June 30, 1943 ........................................ $3,934,797
Additions:
- Net profit from Statement of Profit and Loss ....................... $191,943
- Excess provision for federal taxes on income, prior years ........... 37,134

229,078

$4,163,875

Dividends, cash:
- On Preferred Stock, no par value, $5. per share .................. $ 36,715
- On Preferred Stock, Series A 6.4% cumulative:
  Preferential-$1.60 per share ....................................... $205,118
  Participation—10¢ per share ...................................... 12,819

217,938

404,611

On Common Stock—10¢ per share .................................... 149,958

Balance June 30, 1944 ................................................ $3,759,264

CAPITAL SURPLUS-Balance June 30, 1943 ................................ $3,849,900
Additions:
- 4,718 shares of Corporation's Common Stock issued under Reorganization Plan of predecessor as reserve for unknown claims and contingencies, returned to Corporation ........................................ $4,718
- Assets received in liquidation of The Reorg Corporation a company acquired from Reorganization Manager under Reorganization Plan of predecessor. .......................... 979

5,697

$3,855,597

Deduction:
- Net addition to reserve against land option ....................... 15,537

Balance June 30, 1944 ................................................ $3,840,069

Total surplus June 30, 1944 ........................................... $7,599,323
NOTES TO FINANCIAL STATEMENTS

June 30, 1944

**Note A**-Amount for growing crops represents costs of land preparation, planting and first cultivation (presently, principally in respect of sugar-cane) which are amortized over a period of four years, plus current growing season cultivating costs, and general growing season “overhaul costs” charged to the next forthcoming crop.

**Note B**-These subsidiaries were acquired in liquidation of The Reorg Corporation which in turn had been acquired in 1944 from the Reorganization Manager under the Plan and Agreement for Reorganization of the predecessor of United States Sugar Corporation. The subsidiaries are generally inactive and neither their assets nor their liabilities are material in amount.

**Note C**-Investment in Clewiston Realty and Development Corporation and advances to that company and its subsidiaries, consisted of 23,612 shares capital stock of Clewiston Realty and Development Corporation (of 400,000 shares issued) at carrying amount of $39,838, and open account of $278, together with advances to two subsidiaries of that corporation, Clewiston Hotels Company $100,000 and Sugarland Park Corporation $115,000. The Clewiston Hotels Company, which operates the Clewiston Inn, primarily for the benefit of the United States Sugar Corporation, is to be indemnified by the last named for any loss, sustained annually, in the operation of such Inn. For the year ended June 30, 1944, such operations were conducted at a profit and no payment was, therefore, required from the United States Sugar Corporation under the agreement.

**Note D**-On August 21, 1944, stockholders of Clewiston Realty and Development Corporation voted to accept an offer of United States Sugar Corporation for all assets of Clewiston in consideration of 40,000 shares of Common Stock of United States Sugar Corporation. As of June 30, 1944, based upon 1934 appraisal, which was less than cost, the book equity of such assets was approximately $675,900 which amount was not materially different at August 21, 1944. The consolidated liabilities of Clewiston and subsidiaries exclusive of indebtedness to United States Sugar Corporation, at June 30, 1944, aggregated approximately $39,970.

**Note E**-The amounts for land, buildings, machinery, equipment, etc., are those assigned thereto as of December 8, 1931, with respect to those acquired in the reorganization of the Corporation’s predecessor (which amounts were less than those carried on the books of the predecessor), plus subsequent net additions at cost. The Corporation has an option on certain lands, which option it carries in its accounts at $226,072, with a reserve of like amount.

**Note F**-The Corporation has undertaken an expansion of its extractive, utility and service facilities; as well as an expansion of its plantation facilities, the latter including land improvements, addition to existing, and construction of new, villages, railroad sidings and loading stations, and agricultural equipment, at an estimated cost of $8,925,000 of which $2,071,624 is reflected in this balance sheet.

**Note G**-Federal income tax returns have been examined up to, and including, that for the fiscal year ended June 30, 1943, and settlement effected for all years.

**Note H**-There were no dividend arrearages at June 30, 1944, on either class of Preferred Stock. There is no sinking fund requirement with respect to the Preferred Stock $5 Cumulative. No delivery of shares or deposit of funds, based on earnings of the year ended June 30, 1944, will be required under the sinking fund provisions of Series A 6.4% Preferred Stock; at June 30, 1944, there were in the treasury 190 shares of stock of this class purchased in anticipation of sinking fund requirements. Dividends on Common Stock are subject (a) to prior dividend rights of both classes of Preferred Stock; (b) to no default existing with respect to the sinking fund for Series A 6.4% Preferred Stock; and (c) to the consolidated net working assets (as defined in the Certificate of Incorporation, as amended) of the Corporation and subsidiaries after the payment of dividends on the Common Stock being not less than $2,000,000 and the aggregate capital stock (other than Preferred Stock, $25 par value, of all series), capital surplus and earned surplus being not less than $7,500,000.

**Note I**-549,912.5 shares of Common Stock are reserved for conversion of Series A 6.4% Preferred Stock.

**Note J**-Surplus was restricted to the extent of $13,349 with respect to 7,149 shares of Common Stock, 190 shares of Series A 6.4% Preferred Stock, and 14.5 shares of Preferred Stock, $5 par value, in the treasury. As of June 30, 1933, losses to that date from operations, amounting to $494,027, were charged against capital surplus; therefore, earned surplus dates from June 30, 1933.

**Note K**-The Corporation at June 30, 1944, was contingently liable as guarantor of Sugarland Drainage District bonds of the principal amount of $182,500 with 4% interest thereon. The sugar-house and certain other facilities of the Corporation are situated in this district. No payments have been required under this guarantee.
REPORT OF INDEPENDENT AUDITORS

BOARD OF DIRECTORS,
UNITED STATES SUGAR CORPORATION,
Clewiston, Florida.

We have examined the balance sheet of United States Sugar Corporation as of June 30, 1944, and the statements of profit and loss and surplus for the year then ended, have reviewed the system of internal control and the accounting procedures of the Corporation and, without making a detailed audit of the transactions, have examined or tested accounting records of the Corporation and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

In our opinion, the accompanying balance sheet and related statements of profit and loss and surplus present fairly the position of United States Sugar Corporation at June 30, 1944, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ERNST & ERNST

Miami, Fla.
September 14, 1944.