TWENTIETH ANNUAL REPORT
JUNE 30, 1951

United States Sugar Corporation

OFFICERS

CHARLES STEWART MOTT
Chairman of the Board

CHARLES E. WETHERALD........................President
HARRY T. VAUGHN.......................... Executive Vice-President
MALCOLM W. BIGG.......................... Secretary and Treasurer
FOREST P. TRALLES............................General Counsel
DR. B. A. BOURNE............................Vice-President, Research
C. A. MARTINEZ...............................Vice-President, Sugar House
R. Y. PATTERSON..............................Vice-President, Engineering
W. C. PREWITT...............................Vice-President, Agriculture
O. A. JONES.................................Assistant Secretary and Assistant Treasurer
FRED C. SIKES.................................Assistant Secretary
S. K. SWAYNE.................................Assistant Treasurer
BOARD OF DIRECTORS

ROY E. BROWNELL
PATRICK BUTLER
J. DOUGLAS CASEY
WILLIAM G. DE WITT(2)
JOHN G. GETZ, JR.
HAMISH MITCHELL(2)
C. S. HARDING MOTT(1)
CHARLES STEWART MOTT(1)
JOSEPH D. MURPHY(1)
THOMAS OXNARD
N. F. S. RUSSELL(2)
FOREST P. TRALLES(1)
HARRY T. VAUGHN
NEWELL B. WALLACE
CHARLES E. WETHERALD(1)

(1) Member of Executive Committee.
(2) Member of Audit Committee.

TRANSFER AGENTS

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:

For the year ended June 30, 1951, the Corporation ground 1,010,526 tons of cane (894,751 administration, 115,775 purchased) from which there was produced 94,389 tons of 96° raw sugar and 6,640,000 gallons of blackstrap molasses.

It is estimated that hurricanes and freezes reduced production of raw sugar approximately 5,000 tons; however, the year’s production was the highest in the Corporation’s twenty years’ existence. Earnings before taxes were also the highest in the Corporation’s history. As shown in the Consolidated Statement of Income in this report income, before taxes on income, was $5,718,631.

Several factors contributed to the above results. First, high production reduced costs per ton of sugar; second, the price of sugar maintained a higher average than in preceding years; third, molasses sold at the highest average price in the Corporation’s existence; fourth, the Corporation was able to retain most of the economies in operations that have been applied in the last four years.

Each year the attention of the stockholders has been called to the fact that your Corporation is engaged in agriculture, subject to hurricanes, freezes, floods, etc.
We have had hurricanes, freezes and floods in varying degrees each year for the last five years. In the face of these hazards, and some have been severe, the Corporation has shown a profit each year before accelerated depreciation of the Starch Plant investment.

The above does not mean that we could not have a hurricane or freeze that would be disastrous.

As of this date the cane for this winter’s harvest looks good. We do not estimate the tonnage as high as last year. Earnings for the coming year, due to many factors, cannot be forecast. There seems to be no reason to assume that taxes such as Federal, State or County will be reduced. In fact the reverse can be anticipated. Also costs over which we have no control are increasing. One of these in particular is freight rates. Rates as now published by the Railroads with the approval of the Interstate Commerce Commission will increase our freight costs for the coming year based on 1,000,000 tons of cane by approximately $400,000.

We also believe that it is important to bring to the stockholders’ attention the fact that during the past four years many major and minor economies in operations, etc., have been effected. The most that can be expected in the future are minor savings and they will undoubtedly be absorbed by rising costs.

As reported in last year’s Annual Report, there were approximately 2,000 acres of additional pasture land in process of improvement. This work has been completed. Additional acres have been improved this summer. The Corporation now has approximately 7,800 acres of improved pastures. Much of this land was non-productive on which taxes had to be paid. The process of converting non-productive land to an earnings basis will continue as conditions permit.

Our cattle project is proceeding satisfactorily. During the year new bulls of excellent blood lines have been added to our purebred Brahman herd and we have every reason to believe that improvement in the quality of our cattle will result.

In order to effect savings the wholly-owned subsidiaries of your Corporation were dissolved as of April 30, 1951. This means that henceforth they will be operated as departments of the Corporation.
During the year ended June 30, 1951, all of the Class B Preferred Stock, 57,076 shares, and 27,075 shares of the Class C Preferred Stock were redeemed and retired at a total cost to the Corporation of $2733,437. As of June 30, 1951, there were outstanding 65,354 shares of Class C Preferred Stock. The Corporation's capital was expanded through issuance of Series “A” 6.4% Preferred Stock (now retired or converted into Class “C” Preferred Stock) to partly finance a starch project constructed under certificate of necessity. With failure and abandonment of this undertaking the Board of Directors determined that funds accruing through accelerated amortization and otherwise, within sound limits, should be utilized to return such investments to preferred stockholders. Upon this theory retirements noted above have been made and will continue, as conditions warrant.

During the fiscal year, regular quarterly preferential dividends on both classes of Preferred Stocks (B and C) were paid, on the shares outstanding at quarterly dividend dates. On May 24, 1951, a dividend of fifty cents ($0.50) per share was declared on the Common Stock, payable June 20, 1951, to shareholders of record at the close of business June 1, 1951.

The Annual Meeting of the Stockholders is scheduled to be held in accordance with the By-Laws, at 12:00 o'clock noon, October 16, 1951, at 100 West 10th Street, Wilmington, Delaware. The Board of Directors has fixed September 17, 1951, as the record date for determination of holders of Common Stock and Class C Preferred Stock entitled to notice of and vote at the Annual Meeting. Formal notice of the Annual Meeting will be mailed to all holders of voting stock.

Among the items of business to be transacted at the Annual Meeting of Stockholders will be receipt of and action upon the Annual Report (of which this is a copy), and the election of directors, in accordance with the By-Laws of the Corporation. Also, to act upon a proposal to amend the Certificate of Incorporation, whereby the authorized total number of shares of all classes of stock of the Corporation shall be 2,565,354 shares, consisting of 65,354 shares of Class C Preferred Stock, of a par value of $25 each and 2,500,000 shares of Common Stock of a par value of $1 each. (Under the existing Certificate of Incorporation, as amended, there is authorized a total number of shares of all classes of stock, 5,341,296 shares, consisting of 21,450 shares of Preferred Stock, without par value (stated value $100 per share) ; 117,023 shares of Preferred Stock, of a par value of $25 each, 85,800 shares of Class B Preferred Stock, of a par value of $25 each; 117,023 shares of Class C Preferred Stock, of a par value of $25 each and 5,000,000 shares of Common
Stock of a par value of $1 each.) If the proposed amendment is adopted, it should result in considerable savings in State Franchise Taxes.

The Board of Directors expresses its appreciation to all the members of the organization for their loyal and efficient service.

By order of the Board of Directors.

[Signature]

Charles E. Wetherard
President.
UNITED STATES SUGAR CORPORATION

BALANCE SHEET
STATEMENTS OF SURPLUS
CONSOLIDATED STATEMENT OF INCOME
NOTES TO FINANCIAL STATEMENTS
REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

JUNE 30, 1951
UNITED STATES SUCAF
(a Delaware corporation)

BALANCE SHEET, AS AT

ASSETS

WORKING ASSETS:

Current assets:
- Demand deposits in banks and cash on hand ...........................................
- Time deposits, including accrued interest .............................................
- Accounts receivable, less $10,000 reserve for doubtful accounts .............

Inventories:
- Commissary merchandise, beef cattle, etc., at the lower of cost or market ...........................................
- Molasses, at estimated realizable amount ...........................................

Total current assets .............................................................................

Other working assets:
- Operating supplies, at average cost ....................................................
- Growing crops:
  - Unamortized cost of planting and cultivation to first harvest ($399,869 applicable to current growing season) ...........................................
  - Growing season expenses .................................................................

Total working assets ..........................................................................

INVESTMENTS AND OTHER ASSETS:

Land contracts and mortgage notes receivable ...........................................
- Refundable federal taxes on income, arising from carry-back of losses from years ended June 30, 1948 and 1949 (Note B) ..................
- Miscellaneous investments and advances ............................................
- Membership in New York Coffee and Sugar Exchange, Inc., at nominal amount .................................................................

CATTLE HELD PRIMARILY FOR BREEDING PURPOSES:

Purebred cattle, at cost, less $24,099 reserve for depreciation ..............
- Other cattle, at the lower of cost or market ........................................

LAND HELD FOR SALE, at appraised sound amounts at June 30, 1934, with subsequent additions at cost (Note C) ..........................................

PROPERTY, PLANT AND EQUIPMENT (Notes A and C):

Land ..................................................................................................
- Buildings, machinery and equipment .................................................
  - Reserves for depreciation .................................................................
- Buildings, machinery and equipment on certificate of necessity, at cost .................................................................
  - Reserves for amortization .................................................................
- Pasture improvements, at cost, less amortization of $130,322 ..............
- Construction in progress, at cost ........................................................

INTANGIBLE ASSETS:

Process rights license, at cost, less amortization of $30,687 ..................
- Patent rights, at nominal amount .......................................................

DEFERRED EXPENSES:

Prepaid insurance ($118,283), etc. ....................................................
- Refinancing expenses ........................................................................
- Water control improvements, etc. .....................................................

The accompanying notes are an integral part of the above balance sheet.
LIABILITIES

**Current Liabilities:**

- Dividend declared, Class C Preferred stock, payable July 10, 1951: $24,508
- Accounts payable:
  - Trade: $131,657
  - Other: $14,891
- Estimated federal taxes on income (Note B): $3,572,238
- Less, U.S. Treasury Savings Notes purchased for payment of taxes, including accrued interest: $2,003,690
- Accrued expenses:
  - Taxes, other than income taxes: $340,008
  - Salaries, wages, interest, etc.: $113,400
- Total current liabilities: $1,993,012

**Mortgage Note Payable, 4 pc t. (Note C):** $2,359,424

**Deferred Income:** $9,979

**Reserve for Losses on Growing Crops (Note D):** $367,326

**Contingent Liabilities (Note E):**

CAPITAL AND SURPLUS

**Capital Stock (Note F):**

- Class C Preferred, $25 par value, cumulative dividends $1.50 per share:
  - Authorized: 117,023 shares
  - Issued and outstanding: 65,354 shares, $1,633,850
- Common, $1 par value:
  - Authorized: 5,000,000 shares
  - Issued and outstanding: 1,586,381 shares, $2,220,231

**Capital Surplus, as annexed (Note G):** $4,866,362

**Reserve for Redemption of Class C Preferred Stock (Note F):** $74,877

**Earned Surplus, since June 30, 1933, as annexed (Note F):** $6,129,746

**Total:** $14,291,231

- Less, Common stock in treasury, 55,711 shares at cost: $492,449
- **Total Capital and Surplus:** $13,798,787
  - **Total:** $18,528,508

The accompanying notes are an integral part of the above balance sheet.
UNITED STATES SUGAR CORPORATION
(a Delaware corporation)

STATEMENTS OF SURPLUS
For the Year Ended June 30, 1951

CAPITAL SURPLUS

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital surplus, July 1, 1950</td>
<td>$4,269,363</td>
</tr>
<tr>
<td>Add:</td>
<td></td>
</tr>
<tr>
<td>Capital surplus arising from liquidation of subsidiaries (Note G):</td>
<td></td>
</tr>
<tr>
<td>Net assets of subsidiaries at dates of acquisition.</td>
<td>$713,116</td>
</tr>
<tr>
<td>Less, Recorded investment in subsidiaries shares</td>
<td>240,896</td>
</tr>
<tr>
<td>Restoration of reserve for option lands (provided by charge to capital</td>
<td>472,220</td>
</tr>
<tr>
<td>surplus in prior years):</td>
<td></td>
</tr>
<tr>
<td>Reserve applicable to lands sold during the year</td>
<td>$7,788</td>
</tr>
<tr>
<td>Reserve applicable to option lands which were transferred to owned</td>
<td></td>
</tr>
<tr>
<td>lands upon liquidation of subsidiaries</td>
<td>116,991</td>
</tr>
<tr>
<td>Capital surplus, June 30, 1951</td>
<td>124,779</td>
</tr>
<tr>
<td>Capital surplus, June 30, 1951</td>
<td>$4,866,362</td>
</tr>
</tbody>
</table>

EARNED SURPLUS, SINCE JUNE 30, 1933

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earned surplus, July 1, 1950</td>
<td>$5,345,061</td>
</tr>
<tr>
<td>Add:</td>
<td></td>
</tr>
<tr>
<td>Net accumulated earnings of liquidated subsidiaries from dates of</td>
<td></td>
</tr>
<tr>
<td>acquisition to June 30, 1950 (Note G):</td>
<td>$4,370</td>
</tr>
<tr>
<td>Consolidated net income for the year ended June 30, 1951, as annexed (Note</td>
<td>2,418,631</td>
</tr>
<tr>
<td>G)</td>
<td>2,423,001</td>
</tr>
<tr>
<td>Deduct:</td>
<td></td>
</tr>
<tr>
<td>Excess of amounts paid upon redemption of preferred shares over the</td>
<td></td>
</tr>
<tr>
<td>par value thereof:</td>
<td></td>
</tr>
<tr>
<td>Class B Preferred, 57,076 shares</td>
<td>$353,819</td>
</tr>
<tr>
<td>Class C Preferred, 27,075 shares</td>
<td>275,844</td>
</tr>
<tr>
<td>Dividends declared :</td>
<td>629,663</td>
</tr>
<tr>
<td>Class B Preferred, $.9375 per share</td>
<td>$40,106</td>
</tr>
<tr>
<td>Class C Preferred, $1.50 per share</td>
<td>128,335</td>
</tr>
<tr>
<td>Common, $.50 per share</td>
<td>933,776</td>
</tr>
<tr>
<td>Transfer to reserve for redemption of Class C Preferred stock (Note F) .</td>
<td>$638,316</td>
</tr>
<tr>
<td>Transfer to reserve for redemption of Class C Preferred stock (Note F) .</td>
<td></td>
</tr>
<tr>
<td>Earned surplus, June 30, 1951 (Note F) .</td>
<td>$6,129,746</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of the above statements of surplus.
UNITED STATES SUGAR CORPORATION
(a Delaware corporation)
And Its Former Wholly-Owned Subsidiaries

CONSOLIDATED STATEMENT OF INCOME

For the Year Ended June 30, 1951

Net sales and operating revenues (including U. S. Government benefit payment of $615,026) ........................................... $14,698,319

Costs of sales and operating expenses (excluding amortization of facilities on certificate of necessity):
  Purchases, labor, supplies, production expenses, taxes, repairs and maintenance, etc., including amortization of growing crops (Note D) .......... $7,591,053
  Selling, administrative and general expenses ................................................................. 841,827
  Amortization of facilities on certificate of necessity (Note A) ........................................... 8,432,880
  Less, Amortization applicable to facilities not used in operations, deducted below ........ 353,585

PROFIT FROM OPERATIONS ............................................................. $5,882,796

Other income:
  Discounts and interest earned ................................................................. $82,975
  Net profit on fixed assets sold or abandoned ................................................................. 30,826
  Refunds received for excessive freight charges in the years ended June 30, 1949 and 1950, net of $31,473 expenses incurred to collect the claims .......... 220,315
  Miscellaneous ................................................................................................. 5,165

Other deductions:
  Interest expense ........................................................................................................... $110,771
  Expenses of facilities on certificate of necessity, not used in operations:
    Amortization ................................................................................................................ $353,585
    Maintenance and taxes .......................................................................................... 24,184
    Miscellaneous ................................................................................................. 14,906

INCOME BEFORE ESTIMATED ALLOWANCES FOR FEDERAL TAXES .......... $5,718,631

Estimated allowances for federal taxes on income:
  Income tax ............................................................................................................. $2,510,000
  Excess profits tax ................................................................................................... 3,300,000

NET INCOME (Note G) .......................................................................................... $2,418,631

Note: Allowances for depreciation and amortization of property, plant and equipment aggregating $1,122,870 are deducted in the above consolidated statement of income.

The accompanying notes are an integral part of the above consolidated statement of income.
UNITED STATES SUGAR CORPORATION  
(a Delaware corporation)

NOTES TO FINANCIAL STATEMENTS  
June 30, 1951

**NOTE A:** Property, plant and equipment acquired in the reorganization of the predecessor company is stated at amounts assigned thereto at December 8, 1931, which are less than those carried on the books of the predecessor. Subsequent additions are stated at cost.

Facilities constructed under a certificate of necessity have been amortized over a period of sixty months ended December 31, 1950, as permitted by the Internal Revenue Code.

**NOTE B:** Federal income tax returns have been examined by the Bureau of Internal Revenue for all years prior to July 1, 1950, and the taxes refundable or payable for periods prior to that date are stated at the amounts proposed in reports received from the Treasury Department.

**NOTE C:** The mortgage notes are payable $300,000 annually beginning September 1, 1952, with provisions for accelerated payments based upon earnings and working capital.

The loan agreement provides, among other things, that the net working capital of the Corporation will be not less than $4,500,000.

Land held for sale, and all property, plant and equipment owned by the Corporation are pledged as collateral for the loan.

**NOTE D:** Charges and credits to the reserve for losses on growing crops for the year ended June 30, 1951, were as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve balance, July 1, 1950</td>
<td>$196,398</td>
</tr>
<tr>
<td>Allowances in lieu of amortization on cane plantings extending beyond four years, charged to cost of sales</td>
<td>211,585</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$407,983</strong></td>
</tr>
<tr>
<td>Loss on cane field abandonments, replanting costs for damaged cane fields, etc...</td>
<td>40,657</td>
</tr>
<tr>
<td>Reserve balance, June 30, 1951</td>
<td>$367,326</td>
</tr>
</tbody>
</table>

**NOTE E:** The Corporation is contingently liable under the following contracts and agreements:

(a) A guarantee agreement with Sugarland Drainage District for the principal and interest on outstanding bonds of the district in the principal amount of $151,500. The sugar house and certain other facilities of the Corporation are situated in this district. No payments have been required under this guarantee.

(b) An agreement to deposit with the fiscal agent the sum of $24,000 as a special reserve to guarantee the payment of principal and interest on $430,000 of Ritta Drainage District bonds, and to reimburse the reserve fund for any withdrawals during the life of the bonds. As at June 30, 1951, the deposit had been made and no further payments have been required. The Corporation is a substantial land owner in this district.

(c) A joint venture agreement, in connection with the experimental growth and processing of ramie, under which 50% of any losses of ramie root systems, in excess of accumulated profits of the joint venture, shall be borne by the Corporation.

**NOTE F:** Upon liquidation or redemption, Class C Preferred shares are entitled to $35 per share plus accrued dividends. As at June 30, 1951, the aggregate amount of the liquidation or redemption prices was $653,540 in excess of the par value of the outstanding shares.

The Certificate of Incorporation provides for annual additions to a sinking fund reserve, based upon percentages of the par value of outstanding Class C Preferred shares or upon net income. Redemptions or purchases, if any, made at the option of the Directors prior to July 1, 1955, may not be made through the sinking fund reserve.

As at June 30, 1951, the authorized capital shares of the Corporation include 21,450 shares of preferred stock, $5, no par value; 117,023 shares of preferred stock, 6 1/4 pet., $25 par value; and 85,800 shares of Class B Preferred stock, $25 par value. Such authorized shares are not reflected in the annexed
NOTE F: (Continued):

balance sheet, as all shares of each class have been reacquired by redemption or exchange and are not to be reissued. The authorizations for the three classes of stock are to be eliminated by appropriate amendments to the Certificate of Incorporation.

Common stock dividends are subject to (a) prior dividend rights of Class C Preferred stock, and 
(b) the maintenance of specified amounts of net working assets and capital.

NOTE G: As at April 30, 1951, the Corporation's wholly-owned subsidiaries were liquidated, and their net assets were acquired in complete liquidation of the investments in the subsidiaries' shares. Subsequent to that date, the operations previously carried on by the subsidiaries have been included in the operations of the Corporation.

The excess of the net assets of the subsidiaries, at the dates of acquisition of their shares, over the recorded amount of the Corporation's investment in such shares, has been credited to capital surplus. Net accumulated losses of subsidiaries, since the dates of acquisition, are included in the accompanying statements as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net accumulated earnings from dates of acquisition to June 30, 1950, credited direct to earned surplus</td>
<td>$ 4,370</td>
</tr>
<tr>
<td>Net loss of subsidiaries for the ten months ended April 30, 1951, included in annexed consolidated statement of income</td>
<td>(14,550)</td>
</tr>
<tr>
<td>Net accumulated losses from dates of acquisition to liquidation on April 30, 1951</td>
<td>($ 10,180)</td>
</tr>
</tbody>
</table>
To the Board of Directors,
United States Sugar Corporation,
Clewiston, Florida.

We have examined the balance sheet of United States Sugar Corporation as at June 30, 1951, the related statements of surplus and the consolidated statement of income (which includes liquidated subsidiaries) for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and related statements of surplus and consolidated statement of income present fairly the financial position of United States Sugar Corporation as at June 30, 1951, and the consolidated results of operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Lybrand, Ross Bros. & Montgomery

Detroit, Michigan
August 27, 1951.