TWENTY-SECOND ANNUAL REPORT

JUNE 30, 1953

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
W. C. Owen ....................... Vice-President, Engineering
W. C. Prewitt ..................... Vice-President, Agriculture
O. A. Jones ....................... Assistant Secretary and Assistant Treasurer
Fred C. Sikes .................... Assistant Secretary
S. K. Swain ....................... Assistant Treasurer
BOARD OF DIRECTORS

RY E. BROWNELL
PATRICK BUTLER
WILLIAM G. DE WITT(2)
C. S. HARDING MOTT(1)
CHARLES STEWART MOTT(1)
JOSEPH D. MURPHY(1)

THOMAS OXNARD(2)
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 SECURITY TRUST COMPANY,
Wilmington, Del.

REGISTRARS

BANKERS TRUST COMPANY,
New York, N. Y.

THE CORPORATION TRUST COMPANY,
Wilmington, Del.
To the Stockholders:

For the fiscal year ended June 30, 1953, your Corporation ground 1,219,395 tons of cane (116,894 purchased and 1,102,501 tons administration). Production of 96° raw sugar was 127,356 tons and blackstrap molasses 6,956,000 gallons.

The average yield of cane per acre was 39.77 tons and yield of sugar was 10.45 per cent. This is the highest yield per acre in the Corporation's history.

The average price received for refined sugar sold during the fiscal year was $8.6101 per cwt. (Last year $8.3734 per cwt.). However, due to increase in freight rates and other deductions from sales, the net increase was only $.0699 per cwt.

The average price received for blackstrap molasses was $.1038 per gallon.

Of the 127,356 tons of sugar produced, 92,728 tons was sold up to June 30, 1953; the balance, 34,628 tons, has been sold subsequent to the above date.

The estimate at this time is well over a million tons of cane for the coming harvest.

Stockholders of the Corporation may be aware of the fact that one of the provisions of the Sugar Act provides that the quota for the mainland sugar cane
area is 500,000 tons. The Louisiana and Florida production for the year exceeded the quota by approximately 100,000 tons.

During the latter part of June the Department of Agriculture held hearings on proportionate shares acreage for the crop year 1954-1955 and sugar marketing quotas for the calendar year 1953. The acreage quota will mean a reduction of approximately 3,000 acres of administration cane.

The Department gave the Corporation a sugar marketing allotment of 95,522 tons for the year. Of this allotment the Corporation has sold 94,818 tons. This means that, of our estimated production of approximately 40,000 tons to be produced before January 1, 1954, we will be able to market only about 700 tons; the balance to be marketed after January 1, 1954, and charged against next year’s quota.

The production of dehydrated bagasse, a by-product from sugar operations, was continued during the year and there was produced approximately 14,500 tons. This product is marketed under the trade name of “Floor-Kane.”

Expansion of the cattle project has continued. By January 1, 1954, we will have 14,000 acres of improved pastures under drainage. The expansion will continue until we have approximately 20,000 acres improved. We expect this will be accomplished by 1955.

We purchased several breeding bulls during the year. Among the bulls purchased were three outstanding Charolaise purebreds. We are crossing the Charolaises with purebred Brahmans and results so far have been very satisfactory. Our purebred Brahman herd is improving both in quality and in number. The improvement in quality has been accomplished by the addition of good bulls to the herd. The program will be continued.

We have purchased, during the past few months, approximately 1,100 head of yearling steers and heifers. There were 770 grade heifers in the purchase that will be ready to breed this coming spring. Our cattle herd as of September 1, 1953, was approximately 7,400 head.
We do not anticipate any substantial further decline in the cattle market, if any, in the near future.

The income before taxes on income was $5,246,383 and net income was $1,721,383 for the year ended June 30, 1953, as reflected in the Statement of Income included in this report.

Quarterly dividends of 12½ cents per share were declared on the Common Stock, payable March 31, June 30 and September 30, 1953.

The wages of field labor have again been increased, beginning July 1, 1953, by the Department of Agriculture, which it is estimated will increase our costs approximately $100,000 a year.

As of January 1, 1953, a new First Mortgage Loan was obtained from The Mutual Life Insurance Company of New York in the amount of $4,300,000, payable $300,000 annually beginning January 1, 1954, with provision for additional payments, beginning October 1, 1953, of 25 per cent of the excess, if any, of the net income for the next preceding year over $300,000.

The loan is subject to prepayment in whole or in part (in multiples of $50,000) at a premium of 4 per cent for 1953 and decreasing each year thereafter at .44 per cent to, and including, 196 1, and at par in 1962.

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

Among the restrictive clauses of the loan are maintenance of working capital position, limitations on loans, borrowings and indebtedness. Distribution to stockholders (except redemption of Class C Preferred Stock) is limited to 75 per cent of the net earnings for any year in excess of the fixed payment of $300,000.

The loan was consummated on January 6, 1953, and the proceeds were used to liquidate an existing First Mortgage Loan (held by The Mutual Life Insurance Company of New York) in the amount of $2,050,561 (principal $2,021,963 and
accrued interest $28,598) and the balance of the funds were used to redeem the remaining outstanding (65,354 shares) Class C Preferred Stock.

The Class C Preferred Stock was called for redemption as of February 16, 1953, at the call price of $35 per share plus accrued dividends of $0.1932 per share to date of redemption.

After the redemption of the above Class C Preferred Stock the Corporation has only one class of stock outstanding, that is the Common Stock.

The Annual Meeting of the Stockholders is scheduled to be held, in accordance with the By-Laws, at 12:00 o’clock noon, October 20, 1953, at 100 West 10th Street, Wilmington, Delaware. The Board of Directors has fixed September 18, 1953, as the record date for determination of holders of Common 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 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.

Inasmuch as all of the Preferred Stock of the Corporation has been redeemed, proposals will be submitted at the Annual Meeting of Stockholders to amend the Certificate of Incorporation, as amended, and to ratify the action of the Board of Directors in amending the By-Laws of the Corporation. These amendments will delete all provisions applicable to issues of Preferred Stock and the formal notice of the Annual Stockholders’ Meeting will so inform Stockholders.

To the members of the organization the Board of Directors desire to express their appreciation for the excellent results obtained.

By order of The Board of Directors.

[Signature]

President.
UNITED STATES SUGAR CORPORATION

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

JUNE 30, 1953
UNITED STATES SUGAR CORPORATION  
(a Delaware corporation)  

BALANCE SHEET, AS AT JUNE 30, 1953

**ASSETS**

**WORKING ASSETS:**

Current assets:
- Demand deposits in banks and cash on hand ........................................... $ 3,235,157
- Time deposits, including accrued interest ............................................... 1,000,274
- Due from sugar refinery (collected July 13, 1953) .................................. 492,232
- Other accounts receivable, less $10,000 reserve for doubtful accounts ...

Inventories:
- Finished raw sugar, at the lower of cost or market, including freight to refinery .................................................. $2,408,186
- Commissary merchandise, beef cattle, etc., at the lower of cost or market ....... 398,537
- Molasses, at estimated realizable amount ............................................. 239,670

Total current assets ............................................................... $ 7,841,058

Other working assets:
- Operating supplies, at average cost .................................................. $ 657,249
- Growing crops:
  - Unamortized costs of planting and cultivation to first harvest ($312,213 applicable to current growing season) ......................... $ 694,356
  - Growing season expenses .................................................................. 692,194

Total working assets ........................................................................ $ 9,884,857

**INVESTMENTS AND OTHER ASSETS:**

- Land contracts and mortgage notes receivable ....................................... $ 52,746
- Miscellaneous investments and advances ............................................. 42,124

**BREEDING CATTLE:**

- Purebred cattle, at cost, less $79,402 reserve for depreciation .............. $ 268,138
- Other breeding cattle, at cost ........................................................... 517,309

**LAND HELD FOR SALE,** at appraised sound amounts at June 30, 1934, with subsequent additions at cost .......................................................... $301,683

**PROPERTY, PLANT AND EQUIPMENT (Notes A and B):**

- Land ......................................................................................... $5,606,919
- Buildings, machinery and equipment .................................................. $9,882,533
  - Reserves for depreciation .......................................................... 6,527,493
- Buildings, machinery and equipment on certificate of necessity, at cost .......................................................... $7,169,323
  - Reserves for amortization .......................................................... 7,169,323
- Pasture improvements, at cost, less amortization .................................... 78,007
- Construction in progress, at cost:
  - Buildings, machinery and equipment ........................................... $187,948
  - Pasture improvements ............................................................... 154,654

Intangible assets:
- Process rights license, at cost, less amortization ..................................... $ 53,004
- Patent rights, at nominal amount ......................................................... 1

**DEFERRED EXPENSES:**

- Prepaid insurance ($319,404), etc. .................................................... $328,715
- Refinancing expenses ........................................................................ 23,673

The accompanying notes are an integral part of the above balance sheet.
# UNITED STATES SUGAR CORPORATION

(a Delaware corporation)

## BALANCE SHEET, AS AT JUNE 30, 1953

### LIABILITIES

**CURRENT LIABILITIES:**

- Payments due within one year on mortgage note payable (Note B) ........... $ 646,000
- Notes payable for insurance premiums, 2 1/2 per. .......................... 84,312

Accounts payable:

- Trade .............................. $ 70,346
- Other ............................. 21,273 91,619

- Estimated federal income taxes ................................................. $ 3,837,261

Less, U. S. Treasury Savings Notes purchased for payment of taxes, including accrued interest ................................. 1,981,253 1,856,108

Accrued expenses:

- Taxes, other than income taxes ................................................. $ 309,206
- Salaries, wages and miscellaneous ........................................ 76,193 385,399

Total current liabilities ......................................................... $ 3,033,438

**MORTGAGE NOTE PAYABLE, 2 1/2 per. (Note B) ........................................... $ 4,300,000

Less, Amount included in current liabilities .......... 646,000 3,654,000

**NOTES PAYABLE** for insurance premiums, 2 1/2 per., noncurrent. .......... 152,920

**DEFERRED INCOME** ................................................................. 2,544

**RESERVE FOR LOSSES ON GROWING CROPS** (No change during the year) .... 502,501

**CONTINGENT LIABILITIES** (Note C)

### CAPITAL AND SURPLUS

**COMMON STOCK, $1 par value:**

- Authorized ........................................... 2,500,000 shares
- Issued ........................................... 1,586,381 shares $ 1,586,381

**CAPITAL SURPLUS** (No change during the year) ........................................... 4,866,362

**EARNED SURPLUS**, since June 30, 1933, as annexed (Note B) .......................... 7,519,121

$13,971,864

Less, Common stock in treasury, 55,711 shares at cost .......................... 492,449 13,479,415

$20,854,818

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

STATEMENT OF EARNED SURPLUS, SINCE JUNE 30, 1933  
For the Year Ended June 30, 1953 

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earned surplus, July 1, 1952</td>
<td>$6,698,998</td>
</tr>
<tr>
<td>Net income for the year ended June 30, 1953, as annexed</td>
<td>1,721,383</td>
</tr>
<tr>
<td></td>
<td>$8,420,381</td>
</tr>
</tbody>
</table>

Deduct:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends declared on common stock, 25 cents per share</td>
<td>$382,682</td>
</tr>
<tr>
<td>Excess of amount paid upon redemption of 65,354 shares of Class C preferred stock, over the par value of the shares.</td>
<td>$666,166</td>
</tr>
<tr>
<td>Less, reserve for redemption of Class C preferred stock, provided in prior years</td>
<td>147,588</td>
</tr>
<tr>
<td></td>
<td>$7,519,121</td>
</tr>
</tbody>
</table>

Earned surplus, June 30, 1953 (Note B) .................................................. $7,519,121

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

STATEMENT OF INCOME  
For the Year Ended June 30, 1953

Net sales and operating revenues (including U. S. Government benefit payment of $789,158) ................................................................. $14,457,510

Costs of sales and operating expenses:
   Purchases, labor, supplies, production expenses, taxes, repairs and maintenance, etc., including amortization of growing crops ......................... $8,323,696
   Selling, administrative and general expenses ................................ 790,125  9,113,821

PROFIT FROM OPERATIONS .............................................. $ 5,343,489

Other income:
   Interest earned ...................................................................... $ 59,459
   Discounts earned .................................................................. 41,181
   Miscellaneous ......................................................................  8,377  109,017

Other deductions:
   Interest expense ................................................................. $ 144,757
   Amortization of refinancing expenses ...................................... 31,620
   Maintenance and taxes on facilities not used in operations ........... 19,789
   Miscellaneous ......................................................................  9,957  206,123

INCOME BEFORE ESTIMATED ALLOWANCES FOR FEDERAL INCOME TAXES ................................................................. $ 5,246,383

Estimated allowances for federal income taxes:
   Normal tax and surtax ....................................................... $2,700,000
   Excess profits tax ..............................................................  825,000  3,525,000

NET INCOME ........................................................................ $ 1,721,383

Allowances for depreciation and amortization of property, plant and equipment aggregating $444,750 are deducted in the above statement.
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.

NOTE B: The mortgage note is payable in fixed annual installments of $300,000, with provisions for additional payments based upon earnings; final maturity is on January 1, 1963.

In connection with the loan, the Corporation has agreed that its net working capital will be not less than $4,500,000, and has agreed to certain restrictions as to the amounts it may use for dividends on, or purchases and redemptions of, its capital stock. As at June 30, 1953, the amount available for these purposes was $645,221.

All property, plant and equipment is subject to the mortgage lien.

NOTE C: 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 $141,000. 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 $414,000 of Ritta Drainage District bonds, and to reimburse the reserve fund for any withdrawals during the life of the bonds. As at June 30, 1953, 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 per cent of any losses of ramie root systems, in excess of accumulated profits of the joint venture, shall be borne by the Corporation.

(d) An agreement with its President which provides that, upon his election to retire as chief executive officer, he will serve as technical adviser, his compensation for such services to be $250,000, payable over a period of ten years from the date of such retirement, except that upon his becoming incapacitated any unpaid balance shall be paid to him, or upon his death, any unpaid balance shall be paid to his estate or to the residuary beneficiaries under his will.
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, 1953, and the related statements of earned surplus and income 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 statements of earned surplus and income present fairly the financial position of United States Sugar Corporation at June 30, 1953, and the 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 14, 1953.