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*Message from Ray Washmera, President:*

Hello NSIMA Members:

The Sugar Club dinner is next week and our NSIMA luncheon is planned. We are fortunate to have it again at Union League Club in New York City. Our speaker is Mr. Dan Colacicco, USDA's Director of Dairy and Sweetener Analysis, and we are delighted to have him as our speaker. According to present reservations, the luncheon will enjoy record attendance therefore it should be a great meeting. Very nice to see!

Again, the markets perplex. But with today's economy, it seems even cloudier. One must really be grounded and resourceful in order to make those selling and buying decisions. Information is critical. We are here to help. Just look and see.

This month's articles are a great group, offering information on a number of subjects. We know you will find them useful. Thank you, Mr. Bruce Penner, for gathering them.

We wish you a pleasant spring.

Sincerely,  
Ray Washmera

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February 23rd, 2009; by The Alternative Energy Foundation

## *Rising Federal Mandate for Ethanol Likely to Increase Gasoline Prices*

*Additional volumes of ethanol are mandated to enter the U.S. gasoline pool in 2010 and 2011. These additional volumes cannot be blended into E-10 as regular gasoline and must be marketed for flexible fuel vehicles. The high cost of moving these additional supplies of ethanol into the gasoline pool will likely raise gasoline prices by 10-25 cents/gallon over the next 2-3 years.*

Washington, DC ([PRWEB](#)) February 23, 2009 — The Energy Policy Research Foundation, Inc. (EPRINC) has published a report that evaluates the consequences to the U.S. transportation fuel sector of increasing the volume of ethanol in the U.S. gasoline pool above current volumes — now approaching 10 percent of the fuel supply. The full report can be downloaded at <http://eprinc.org/pdf/costofethanolmandate.pdf>.

Additional volumetric increases in ethanol use are mandated by federal law. As federal mandates take the U.S. gasoline pool above 10 percent ethanol blend, and ultimately to higher levels through E-85, the value of additional ethanol supplies is likely to decline dramatically. This cost can only be recovered through higher prices for E-10 and distillate, and depending on a wide range of factors, the mandated volumes could easily drive gasoline and distillate prices up by 10-25 cents/gallon over the next 2-3 years as compared to a scenario without the fuel mandates.

Ethanol has contributed to the U.S. fuel supply and reduced net petroleum imports. If wholesale gasoline prices had remained above \$3.00/gallon and were accompanied by rising demand for gasoline, the ethanol volumes mandated by Congress could have been accommodated into the market at a relatively modest cost. However, we are now entering a period of low (or even negative) demand growth for transportation fuels, and more importantly, wholesale gasoline prices remain well below \$1.50/gallon. In this market environment, accommodating increasing volumes of ethanol into the gasoline pool will likely require substantial increases in the price of E-10 and diesel fuels as refiners and marketers face the higher costs of meeting the mandate. The higher costs will come from lower utilization rates at U.S. refineries and higher distribution costs for ethanol through E-85 outlets. There are several scenarios where refiners (and other obligated parties) will have to recover as much as \$1.00 or more for every gallon of ethanol blended into the transportation fuel sector.

When asked about the findings in the report, Lucian Pugliaresi, President of EPRINC, said “What we are now seeing in both the ethanol and gasoline markets are costly and predictable dislocations from federal mandates.”

## About the Energy Policy Research Foundation, Inc. (EPRINC)

EPRINC was incorporated in 1944 in New York and is a not-for-profit organization that studies energy economics with special emphasis on oil. It moved from New York to Washington, D.C. in 2007. It is known internationally for providing objective analysis of energy issues. EPRINC researches and publishes reports on all aspects of the petroleum industry which are made available free of charge to all interested organizations and individuals. It also provides analysis for quotation and background information to the media. EPRINC has been called on to testify before every session of Congress in the last decade. The Foundation briefs government officials, public groups, legislators, and provides written background materials on request. EPRINC does not speak for the industry or any of its segments.

Views expressed in publications, interviews and testimony result from the Foundation's own analysis and are not meant in any way to represent a consensus of industry views. EPRINC's supporters recognize the importance of a credible, authoritative and impartial organization that can help industry and government officials, the media, and the general public better understand the petroleum industry and the markets in which it operates.

EPRINC publications are available for free on the Foundation's website:

<http://eprinc.org/publications.html>

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**Recall -- Firm Press Release**

Contact: **Fabia D'Arienzo 540-668-7665**

FDA posts press releases and other notices of recalls and market withdrawals from the firms involved as a service to consumers, the media, and other interested parties. FDA does not endorse either the product or the company.

***Setton Pistachio of Terra Bella, Inc. Announces Nationwide Recall of Pistachios Because of Possible Health Risk***

**FOR IMMEDIATE RELEASE** -- Terra Bella, CA (March 30, 2009) – Setton Pistachio of Terra Bella, Inc. announced today that it is voluntarily recalling from nationwide distribution specific lots of bulk roasted shelled pistachios and 2,000 lbs., 1,700 lbs., 1,800 lbs. and 1,000 lbs. tote bags of roasted inshell pistachios sold to wholesale customers due to potential contamination with the *Salmonella* organism.

This voluntary recall affects certain bulk roasted inshell and roasted shelled pistachios shipped on or after September 1, 2008. The bulk product was distributed throughout the United States. The Company is voluntarily taking this precautionary measure after learning that a small amount of roasted shelled pistachios processed by Setton Pistachio and received by a commercial customer in late 2008 recently tested positive for *Salmonella*. This voluntary recall is not in any way related to the recent recalls associated with peanuts or peanut butter.

The Company is asking those firms who received bulk product and have further processed, repackaged, or distributed the affected products to recall those products and contact FDA.

In addition, the company is voluntarily recalling the following retail product: Setton Farms brand roasted salted shelled pistachios in 9 oz. film bags, UPC Code: 034325020252 with a "Best Before" date between 01/06/10 and 01/19/10. This product was distributed in the following states: SC, GA, FL, NC, VA, TN, KY. Consumers should not consume this product and should return what they may have to the place of purchase for a full refund. Setton has established a toll free number, (888) 228-3717, for consumers to call for further information.

*Salmonella* can cause serious and sometimes fatal infections in young children, frail or elderly people, and others with weakened immune systems. Healthy persons infected with *Salmonella* often experience fever, diarrhea (which may be bloody), nausea, vomiting and abdominal pain. In rare circumstances, infection with *Salmonella* can result in the organism getting into the bloodstream and producing more severe illnesses such as arterial infections (i.e., infected aneurysms), endocarditis and arthritis.

This is the first ever pistachio recall for Setton Pistachio, which has been selling pistachios for more than 13 years. Setton Pistachio is committed to quality products and consumer safety, and is taking aggressive action to prevent the need for any future recalls of its products.

Friday, Apr 03, 2009; YourRenewableNews.com

## VeraSun, Valero close deal on ethanol plants, site

According to VeraSun Energy Corp., on April 1 it closed on the sale of assets, including five ethanol production facilities and a development site, to Texas-based petroleum refiner and marketer Valero Renewable Fuels, a subsidiary of Valero Energy Corp. The sale included facilities in Aurora, S.D.; Fort Dodge, Charles City, and Hartley, Iowa; and Welcome, Minn., as well as a development site in Reynolds, Ind.

On March 17, VeraSun Energy announced it had selected Valero Renewable Fuels as the successful bidder for seven of its ethanol production facilities and the development site as part of an auction sale process.

According to Valero, the company is a leading buyer of ethanol for blending in its gasoline, and purchasing the VeraSun plants will give Valero a dedicated supply of ethanol. "These are high-quality, relatively new assets in good locations for buying feedstocks," said Valero Chairman and Chief Executive Officer Bill Klesse, in a March 18 press statement. "We expect increases in the renewable fuels standard to continue. We are also pleased to have such quality people join Valero.

This is Valero's initial entry into ethanol production, but in recent months it has made investments in other alternative energy companies. According to Valero, in 2008 it established an Alternative Energy and Project Development Group to explore opportunities in alternative and renewable energy sources.

Valero purchased the Reynolds site and the Aurora, Fort Dodge, Charles City, Hartley and Welcome ethanol plants for \$350 million. The group of assets was part of a "stalking horse" bid submitted by the company in February.

Valero will also pay \$72 million for the Albert City facility and \$55 million for the Albion plant. The purchase price also includes working capital and other certain adjustments. According to a statement by VeraSun, closing on the Albert City and Albion facilities is expected in the coming weeks.

As well, VeraSun expects to close on the sale of its remaining facilities in the next several weeks.

In other VeraSun news, in a March 30 8-K filing with the U.S. Securities and Exchange Commission, it reported that Steven Kirby resigned from the VeraSun board of directors. Kirby, who is a founding partner of Bluestem Capital Co. and served as South Dakota's Lieutenant Governor from 1993 to 1995, had served on VeraSun's board since January 2006.

April 04, 2009; WWW.flex-news-food.com

## **US Lawmakers Urge USDA to Allow More Sugar Imports**

Washington, April 6 - The U.S. Agriculture Department should allow larger sugar imports to help meet a supply shortage in the United States, a bipartisan group of lawmakers said on Friday.

A letter from 23 lawmakers in the House of Representatives to Agriculture Secretary Tom Vilsack said the USDA needs to increase the tariff-rate quotas for raw and refined sugar. An increase in the TRQ of at least 600,000 tons was needed "to adequately supply the market."

"Presently, supplies of refined sugar are tight because of production shortfalls, strong demand and the months-long closure of a major Southeast sugar refinery due to a tragic industrial accident," the nearly two-dozen lawmakers said.

A similar letter was released last month by Senate lawmakers including Assistant Majority Leader Richard Durbin.

Tariff-rate quotas allow imports at a comparatively low rate but impose a higher tariff on shipments that exceed the target level.

U.S. sugar production is forecast at 7.630 million short tons (raw value), down from 8.152 million tons in 2007/08, according to the latest USDA data. Sugar imports under the TRQ in 2008/09 are projected at 1.496 million tons.

April 06, 2009; PRNewswire

# U.S. Sugar Completes Sugarcane Harvesting and Processing Season

## Weather-Related Impacts Produce Smaller Than Expected Crop

CLEWISTON, Fla., April 6 /PRNewswire/ -- U.S. Sugar Corporation completed its annual sugarcane harvest operations today and the Clewiston Sugar Factory expects to grind out the last cane on Tuesday, bringing to a close the second season of its automated, consolidated sugar manufacturing facility.

The Company harvested 162,725 acres of sugarcane, producing an estimated 5.65 million tons of cane. The Clewiston Refinery, which continues to operate year-round, will produce an estimated 12.35 million cwt. of refined sugar products.

"We have successfully harvested and ground our whole cane crop a little earlier than we anticipated, and the mill operated very well this year," said Robert Coker, senior vice president, public affairs.

Coker said that like the rest of the Florida industry, U.S. Sugar's cane crop was almost 700,000 tons smaller than expected due to the combined effects of drought, freeze and lack of irrigation water. The company's citrus crop is similarly tracking under estimate by the same percentage for the same reasons.

"With the Clewiston Refinery continuing to break production records, we intend to import sugar to feed the Refinery for the second consecutive year," Coker said.

"That's the advantage of our modern, automated and fully-integrated sugar operation," Coker said. "The low cost efficiency of our sugar manufacturing operations enables us to import raw sugar and refine it at a profit," Coker said.

Due to the Refinery's record pace last year, U.S. Sugar became the only Florida sugar processing facility to import sugar when it imported 46,000 tons of "estandar" sugar from Mexico to refine and sell.

<http://www.reuters.com/article/rbssConsumerGoodsAndRetailNews/idUSL745020920090407?sp=true>

April 07, 2009; by David Jones, Reuters

## Tate & Lyle says US ITC upholds sucralose ruling

LONDON, April 7 (Reuters) - Sugar and sweetener group Tate & Lyle ([TATE.L](#)) on Tuesday said the U.S. International Trade Commission (ITC) upheld its initial judgement which ruled against the British group in a sucralose patent-infringement case.

The full six-person ITC in Washington late Monday upheld the ruling given in September 2008 over Tate's case against certain manufacturers of Chinese sucralose, the zero-calorie sweetener.

Around a fifth of Tate's profits are made from sucralose, which is sold under the Splenda brand name, and the group had brought the case against the Chinese manufacturers to test its patents on the super sweetener.

Although the ruling was largely expected, Tate's shares dipped 2.8 percent to 281 pence by 0805 GMT as increased competition in the sucralose market is expected to hit Tate's profit margins as Chinese makers build up their capacity.

"As expected, Tate has lost its patent infringement case at the U.S. ITC... this in our view will be a green light for Chinese producers to increase capacity," said Panmure Gordon analyst Graham Jones.

He reiterated his sell recommendation on the stock and says that sucralose will be a drag on future profits growth.

Tate said it will review the ITC's determination in detail and evaluate its possible options in respect of any further appeals through the U.S. Federal Circuit Court of Appeals.

April 09, 2009; Press Release, PRNewswire

## Domino® Proudly Introduces New Earth-Friendly CarbonFree® Pure Cane Sugar Products

WEST PALM BEACH, Fla. -- Domino(R) Sugar offers an exciting new CarbonFree(R)-certified line of sugar products with a brand new look, available in select markets for eco-conscious consumers looking to reduce their climate impact.

Domino(R) Sugar's pure cane products were certified CarbonFree(R) by Carbonfund.org. The CarbonFree(R) label indicates the production and delivery of Domino(R) Sugar's new specially marked green and yellow packages result in net zero carbon emissions.

"The launch of Domino(R) CarbonFree(R) Sugar cements our commitment to expanding our offerings of earth-friendly products," said Brian O'Malley, President of Domino Foods, Inc. "We are proud to be the only company to provide carbon neutral sugar products due to our own business practices, specifically our eco-friendly farming and renewable energy production."

The certification began with a life cycle assessment (LCA) by the Edinburg Center for Carbon Management that determined each product's entire carbon footprint. The analysis spanned from the primary inputs of planting and growing the sugar cane, through the harvesting, milling, processing and packaging, to the product's final delivery to store shelves. The carbon footprint was then displaced by the company's own production and supply of clean, renewable energy, which cuts greenhouse gas emissions.

The Domino(R) CarbonFree(R) Sugar line is grown, processed and packaged in South Florida. The sugar process is powered by the company's own renewable energy facility, the largest of its kind in North America, which uses sugar cane fiber and recycled urban wood waste to produce clean energy. The facility also provides electricity for tens of thousands of homes.

By replacing fossil fuels, the energy facility eliminates hundreds of thousands of tons of carbon dioxide that would have been emitted each year (equal to removing 53,000 cars from the road each year) and reduces America's dependence on foreign oil by one million barrels annually.

*Domino(R) Sugar is marketed by Domino Foods, Inc.*

*Visit [DominoSugar.com/CarbonFree](http://DominoSugar.com/CarbonFree).*

Contact:

Brian O'Malley -- President, Domino Foods, Inc. -- 732-590-1180

Gaston Cantens -- Vice President, Florida Crystals Corporation -- 561-827-5902

April 09, 2009 – by Arielle Levin Becker, The Hartford Courant Company

# A PITCH FOR TAX TO FIGHT OBESITY

YALE PROF, NYC OFFICIAL SUGGEST SUGAR-DRINKS LEVY

Imposing a penny-per-ounce tax on sugar-sweetened beverages could substantially reduce consumption, help prevent obesity and diabetes, and raise money to fund public health programs, Yale Professor Kelly Brownell and New York City Health Commissioner Thomas Frieden argue in an upcoming opinion article in the *New England Journal of Medicine*.

Brownell and Frieden wrote that sugar-sweetened beverages "may be the single-largest driver of the obesity epidemic," and suggested that taxing sugared beverages could work in the same way that taxing tobacco has played a role in reducing consumption and becoming "a key tool in efforts to improve health."

Frieden and Brownell, the director of Yale's Rudd Center for Food Policy and Obesity, note that soda has become more affordable in the past two decades while fruits and vegetables have become more costly, and suggest that revenue raised from taxing sugared drinks could be used to subsidize healthful foods. A penny-per-ounce tax on sugared drinks could cut consumption by more than 10 percent while raising tax money - an estimated \$1.2 billion in New York state, they wrote.

"It is difficult to imagine producing behavior change of this magnitude through education alone, even if government devoted massive resources to the task," they wrote.

The American Beverage Association, a trade group that opposes the proposal, argued that it would have no effect on obesity and amounts to a "hapless" tax scheme that consumers would not accept. "We agree that obesity is a serious and complex problem," the association said in a statement. "It defies both science and common sense, however, to think singling out one product as a unique contributor to obesity will make a dent in the problem." The association argued that what really matters in fighting obesity is balancing calories consumed with those burned.

Taxes on beverages would "inflict serious pain on hard-working families," the association argued. Brownell and Frieden noted such objections in their article, but wrote that "the poor are disproportionately affected by diet-related diseases and would derive the greatest benefit from reduced consumption."

New York Gov. David Paterson recently proposed an 18 percent tax on sugared drinks in his budget, but withdrew the proposal last month, along with nearly \$1 billion in other proposed tax hikes, after more federal funding became available to the state.

Apr 11, 2009; By Dennis Pelham, The Adrian Daily Telegram

## New plant puts waste gas to work

RIGA, Mich. - Carbon dioxide that used to pour into the atmosphere from the Global Ethanol plant is now being turned into soft drink fizz and the freeze to preserve meats and medical products.

Equipment to process the waste gas into useful products was started up two weeks ago in a plant built by Pain Enterprises Inc. It is the Bloomington, Ind.-based company's fifth and largest production facility for CO<sub>2</sub> gas and dry ice.

"It's very promising," said company president Jack Pain. "This plant will sell out within the first nine months of starting production." The plant has a capacity to turn out 300 tons of liquid CO<sub>2</sub> or 200 tons of dry ice every day, said Pain. When his father founded the business in 1957 it sold a total of 5,000 pounds of gas, he said. It is now a 200 million pounds-per-year operation, he said.

Pain said he was planning to build a new CO<sub>2</sub> plant in Indiana at the time Global Ethanol was constructing its Riga facility. Rising electricity costs in Indiana and other factors caused his company's shift into Michigan, he said. "Global is a great outfit. It's been a very good marriage up there," he said. Being able to capture and use carbon dioxide created in the production of a renewable fuel is making it a "completely green" operation, he said.

Pain Enterprises is also pumping some green into the local economy. It is hiring 25 to 30 workers to run the plant 24 hours a day, seven days a week.

Pain said the company is also filling a supply gap in the region created a year and a half ago by changes in the industry. He said he expects 75 percent of the production from the Riga facility will be absorbed by customers in Michigan and Ohio. The rest will be shipped to the East Coast, where there is currently a limited supply of CO<sub>2</sub> gas and dry ice, he said. The Riga plant is close enough to freeway connections to get dry ice quickly delivered in insulated containers to East Coast states, Pain said.

Dry ice production was started up in Riga just a week ago. By purifying and compressing the gas into a liquid, then further compressing it to a solid, a machine turns out 240-pound blocks of dry ice that are minus 109 degrees cold. The blocks are then sliced into chunks to meet the demand of customers, said plant manager Jim Fletcher. "We haven't ramped up to full-out production. I'm still working out little bugs," said Fletcher. "But it's been very successful for us."

Other machines turn out pelletized dry ice for retail sales and even industrial cleaning. Dry ice pellets used in place of sand in blasting equipment can peel off paint or dirt from metal, Fletcher said. As it melts into a vapor, there is nothing left of the dry ice to clean up.

Dry ice is also used at meat-packing and food-processing plants to freeze or cool products, he said. It is also used in many medical, science, chemical and industrial processes.

Gas CO<sub>2</sub> also has a wide variety of uses. One of the best known is the bubbles in soft drinks.

While demand from many industries has fallen since the economy went into a slump last year, Pain said, restaurant demand for CO<sub>2</sub> to make fountain drinks has not budged.

April 11, 2009; By Jenalia Moreno, The Houston Chronicle

# Imperial adapting to shifts in taste

## *Company's trying to get more space on supermarket shelves*

Though it sells one of the world's oldest commodities, Imperial Sugar Co. is spicing up its selections.

As the Sugar Land company adapts to changing consumer preferences by offering new sweeteners, Imperial is still confronting the aftermath of an explosion at its Georgia refinery that claimed the lives of 14 workers. In addition to the human and financial costs, the explosion shut down one of Imperial's two refineries as the company faced a need to diversify in a down economy.

That February 2008 accident caused sales to plummet to \$592 million last year from \$876 million in 2007. Last year, the company lost \$21 million.

Despite the accident, the company that traces its origins to 1843 is still one of the nation's largest sugar makers, employing 759 people.

Sugar Land's sugar cane stalks are long gone and Imperial's shuttered U.S. 90 refinery was sold to a developer last year, but the company still has a major presence in this community.

Next year, the sugar company plans to buy out its partner's share of Wholesome Sweeteners, a maker of organic, natural and "Fair Trade"-certified honeys, syrups, agaves and other sweeteners.

Imperial and English food and agriculture company Edward Billington & Son formed Wholesome in 2001 and now each holds a 50 percent stake.

Even as the recession forces some consumers to find ways to trim their grocery bills, Wholesome's sales increased to \$60 million last year, up from \$43 million in 2007, because customers are willing to give up other items to afford these sweeteners, which are pricier than the traditional staple, officials said. Buyers have an emotional attachment to such products they consider healthier and good for the environment as well as for growers.

"It's a strategic move of Imperial to move away from being exclusively sugar," Imperial CEO John Sheptor said.

The recession has also shifted sugar buying habits.

Consumers once ate cupcakes, brownies and other sweets at restaurants, which bought 50-pound bags of sugar. Since last year, more shoppers bake their indulgences, buying more sugar at grocers. But they now increasingly purchase 2-pound bags every week or so instead of 5-pound bags every month, Sheptor said.

For cooks seeking convenience and less mess, Imperial introduced Redi-Measure, boxes of 12 one-quarter-cup individual packets of brown sugar last year.

"They're trying to grab more shelf on the supermarket level," said Hamed Khorsand, an analyst with BWS Financial, based in Mission Hills, Calif. "This is a market that is not going to grow any more. The way to generate growth for a company is find a way to spur customers to buy a new product."

In a sign of the economic times, candy bar, ice cream and other food makers began producing smaller packages at the start of this year.

"They're selling less to the consumer, and so they're making smaller product sizes in an attempt to sustain their profitability," Sheptor said. "All of that has been negative impact on the sugar industry."

## **Looking southward**

Imperial is gaining customers south of the U.S.-Mexico border.

In 2007, Imperial partnered with Mexican sugar company Ingenios Santos Group to market Santos' sugar in Mexico and export it to the United States.

When the two companies first teamed up, Santos had three major soft drink makers as customers, and it now has 110 bakers, beverage makers and confectioners as customers. It's also selling a brand of sugar called Golden Sweet to retailers in Mexico.

Imperial followed that up last month by signing a sales and marketing agreement with Mexican sugar company Empresas Machado.

## **Weaker peso helped**

Moving into Mexico helped Imperial participate in exports of Mexican sugar to the U.S. this year. Mexican growers increased their exports as a weaker peso made their sugar cheaper for U.S. buyers.

That helped increase the company's sales, which dropped when Imperial's refinery in Port Wentworth, Ga., couldn't churn out product after the accident.

The explosion that federal investigators said was caused by combustible sugar dust resulted in an \$8.8 million fine, the third-largest penalty in the Occupational Safety and Health Administration's history.

The explosion that federal investigators said was caused by combustible sugar dust resulted in an \$8.8 million fine, the third-largest penalty in the Occupational Safety and Health Administration's history.

Attorney Mark Tate, who represents the families of 13 accident victims either killed or injured, said the company knowingly placed employees in a dangerous work environment.

## **Sugar dust at issue**

"We believe Imperial Distributing knew well the dangers of sugar dust and its explosive nature," Tate said.

Imperial has challenged those citations.

"There were assumptions that the agency made with regard to cause that led them to the conclusion to make those citations. We believe the assumptions are not factually based," Sheptor said.

Last week, the Savannah Morning News published a report that said three experts warned Imperial about its sugar dust control system at its Port Wentworth plant before the fire.

## **Looking to the fall**

The company later released a statement saying it received one report the day before the tragedy and no one had reviewed it at that point.

"Neither report contained any kind of warning to the plant that any specific deficiencies in the dust collection systems were causing the emission of hazardous dust," company officials wrote Thursday. The \$200 million to \$220 million reconstruction of the packaging facility and refinery should be complete by the fall, the company has said.



April 13, 2009; Press Release, BusinessWire.com

## Imperial Sugar Updates Port Wentworth Rebuild Project

SUGAR LAND, Texas--([BUSINESS WIRE](#))--The Imperial Sugar Company (NASDAQ:IPSU) updated the status of its project to rebuild its Port Wentworth, Georgia, refinery which was extensively damaged in an industrial accident in February 2008.

The Company reported that through March 31, 2009, it had spent approximately \$54 million of the estimated \$200 million to \$220 million construction costs.

The Company's property insurance policy provides coverage for construction replacement cost, as well as business interruption and certain payroll and other costs.

The Company received an additional \$35 million advance under the property insurance policy in March 2009.

Advances, which total \$160 million to date, are not identified with any specific coverage under the policy.

Imperial expects to begin producing granulated bulk sugar at the facility in late May of 2009 and complete restoration of the packaging capabilities by the fall of 2009.

The Company also reported that as of March 31, 2009, it had cash balances of \$79 million and available, undrawn revolving credit capacity of \$55 million, after deducting \$30 million of outstanding borrowings under that facility.

John Sheptor, Imperial's President and CEO, said, "The rebuild project continues to progress nicely and we are on track to begin bulk sugar production in late May. Our employees are enthusiastic about the project and we are working closely with our customers and suppliers to coordinate the restart of the refinery. Discussions with representatives of our insurance companies continue productively, and an additional \$35 million of advances were received in March."

## **About Imperial Sugar**

Imperial Sugar Company is one of the largest processors and marketers of refined sugar in the United States to food manufacturers, retail grocers and foodservice distributors. The Company markets products nationally under the Imperial®, Dixie Crystals® and Holly® brands. For more information about Imperial Sugar, visit [www.imperialsugar.com](http://www.imperialsugar.com).

*Statements regarding Port Wentworth construction costs, timelines and operational restart dates, future market prices and margins, future expenses and liabilities arising from the Port Wentworth incident, future insurance recoveries, future actions regarding the Louisiana Sugar Refinery, LLC venture, future import and export levels, future government and legislative action, future operating results, future availability of raw sugar, operating efficiencies, future investments and initiatives, future cost savings, future product innovations, future energy costs, our liquidity and ability to finance our operations and capital investment programs, future pension plan contributions and other statements that are not historical facts contained in this release are forward-looking statements that involve certain risks, uncertainties and assumptions. These risks, uncertainties and assumptions include, but are not limited to, market factors, farm and trade policy, results of damaged equipment inspections, unforeseen engineering, construction and equipment delays, results of insurance negotiations, our ability to realize planned cost savings and other improvements, the available supply of sugar, energy costs, the effect of weather and economic conditions, results of actuarial assumptions, actual or threatened acts of terrorism or armed hostilities, legislative, administrative and judicial actions and other factors detailed in the Company's Securities and Exchange Commission filings. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual outcomes may vary materially from those indicated.*

### **Contacts**

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H. P. Mechler, 281-490-9652

Monday, April 13, 2009 By Phil Flynn, Alaron Trading Corporation

# A Barrel Saved is a Barrel Earned

The Energy Report Monday April 13, 2009

A barrel saved is a barrel earned.

The Oil market continues to ignore record supply and deep demand drops and instead chooses to focus on some better than expected earnings. All right I admit they were not just better than expected but much better than expected and the mood on the street is very upbeat. Right now oil cares more about Wall Street than it does about Main Street.

Oil moves more to the tune that the stock market is playing as opposed to the current normally bearish song called supply versus demand. As Bloomberg News reports The International Energy Agency expects global oil demand to decline by 2.4 million barrels a day this year, about the same amount that Iraq produces, as the economic slump reduces consumption to the lowest since 2004. The adviser to 28 nations cut its 2009 forecast for an eighth consecutive month, cutting last month's estimate by 1 million barrels a day, or 1.2 percent, to 83.4 million barrels a day.

The IEA also said oil supply from outside the Organization of Petroleum Exporting Countries will drop this year. The IEA says that the pace of contraction is close to early 1980s levels, with a growing consensus that economic and oil demand recovery will be deferred to 2010. Demand will shrink by 2.8 percent this year as worldwide gross domestic product shrinks by 1.4 percent, according to the IEA, which until now had assumed

Even today on the front page of the Wall Street Journal they are reporting on the peak of gasoline demand in the gas guzzling United States of America and the historic shift that we have seen on the oil and gasoline front. The Journal says that the US oil industry is bracing for a drop in the US thirst for gasoline demand. There are many reasons the journal tells us such as the way Americans live and the transportation that they chose and also the growing emphasis on alternative fuels. The Result they say could be profound transformations not only for the companies that refine gasoline from crude oil but for state and federal budgets for consumers. The Journal says that the recession is curbing US gasoline consumption, as laid off workers stop commuting and budget conscious families forgo long road trips.

Drivers filled their cars with 371.2 million gallons of petroleum based gasoline every day in 2007, according to the US energy Department. It expects that to fall to 6.9% to 345.7 million gallons in 2009, **as demand and the use of plant-based ethanol increases.** Even if oil usage climbs after the recession ends, it won't exceed 2007 levels.

Of course that does not seem to register with a market focused on the hope of a faster than expected economic rebound and the growing trend of commodity prices inflation.

<http://www.chicagobusiness.com/cgi-bin/news.pl?id=33681&seenlt=1>

April 14, 2009; By David Sterrett, Crain's Chicago Business News

## Kraft rival slices coffee prices

Folgers, the biggest competitor of Kraft's Maxwell House, plans to cut prices in June.

The move could force Northfield-based Kraft Foods Inc. to lower its prices or risk losing market share to its longtime java rival, which is now owned by J. M. Smucker Co.

A Kraft spokeswoman declined to comment on its pricing.

"You don't want to have a huge price gap with your main competition," says Erin Swanson, an analyst in Chicago with Morningstar Inc. "But decreasing price can definitely be a risk because it could make it harder to increase prices later."

In the last year, Kraft CEO Irene Rosenfeld has invested heavily in efforts to improve the taste of Maxwell House coffee, a move to boost sluggish sales and put a lid on share losses. Ms. Swanson said it's too early to measure the success of the makeover.

She says Maxwell House and Folgers usually keep prices similar, and Folgers' announcement could lead Kraft to make adjustments.

Smucker will reduce the list price for its Folgers ground and instant coffees effective June 29, according to a spokeswoman. The savings will be reflected in lower list costs — the company's recommended price to the retailer.

The decrease in list prices will range from 10 cents to 57 cents per unit, with units ranging from a 4-ounce package of instant coffee to 48-ounce package of ground coffee, the company said.

"Folgers made a similar pricing change in 2001 and a few times in the '90s," the Smucker spokeswoman said.

April 15, 2009; by Kim Severenson, [www.ocala.com](http://www.ocala.com)

## Showdown at the Coffee Shop

BELINDA CHANG loves the balance of flavors in her Diet Coke.

Each can — she goes through about four ice-cold ones a day — has a reliable acid bite that marries well with the caramel taste of cola and the sweetness of aspartame.

This is no offhand analysis by an inferior palate. Ms. Chang is the wine director of The Modern restaurant in the Museum of Modern Art. She says she has paired Diet Coke with the wine and cuisine of nearly every winemaking region in the world.

“The winemakers in Italy made fun of me for two weeks, but I didn’t care,” she said.

Passion for artificial sweeteners also runs deep in Medini Pradhan’s Chicago-area kitchen. Ms. Pradhan, who runs a Web site dedicated to Indian food and culture, sweetens her hot tea with three packets of Splenda and stirs the sucralose sweetener into varan, a version of yellow dal.

“I’m a Splenda-holic, I tell you,” she said.

Ms. Pradhan would not pick up a blue packet of aspartame anymore than Ms. Chang would switch to a drink flavored with Splenda. And pity the coffee vendor in New York who doesn’t know that a black and pink means a black coffee with a packet of saccharin.

For the last decade the big three — pink packets of saccharin, aspartame in blue and sucralose in yellow — have fought to a kind of stalemate. But now a new player, dressed in green, hopes to shift the balance of power, opening up the \$1.2-billion-a-year world of fake sugar to all kinds of changes.

The Food and Drug Administration agreed in December that rebaudioside A, an extract from the leaves of the stevia plant, is safe to add to food and drinks.

The stakes are high. Despite nagging health concerns and flavors that are about as much like sugar as margarine is like butter, almost half of all American households use some kind of no-calorie sweetener, according to 2007 figures compiled by Packaged Facts, a market research firm. Although finding a no-calorie sweetener that tastes exactly like sugar remains the holy grail, the street fight is getting people loyal to the distinct flavors of one fake sugar to jump to another.

The stevia products that are coming on the market now are not without problems. They cost five times as much as Sweet’N Low, the oldest and least expensive of tabletop brands. And unless the new sweetener is extracted from the right part of the leaf, processed correctly and mixed with bulking agents that soften its flavor, stevia can have a lingering taste of licorice or menthol.

But stevia has one distinct advantage over all the rest. Because it comes from a plant, marketers can call it a natural sweetener. And that allows companies that have invested millions in new stevia products to tap into two powerful markets at once: natural ingredients and low-calorie products.

“The question is, do people feel strongly enough about a natural sweetener versus the sweeteners they have been using for however many years and have a strong affinity to, based on certain flavor profiles,” said Gary Karp, executive vice president of Technomic, a market research firm. It’s anybody’s guess, he said.

Stevia has long been popular as a sweetener in Japan and other countries, but for years the United States Food and Drug Administration has blocked it. In 1995, after pressure from the American Herbal Products Association, a trade group, the government allowed its sale as a dietary supplement, not something that could be used as an ingredient in food. But some large food and drink manufacturers, sensing an eager audience for a sugar substitute perceived as healthier than the rest, began investing in research and lobbying the government.

Two of the biggest backers, Cargill and Whole Earth Sweetener Company, earlier this year began rolling out packets of stevia-based sweeteners, called Truvia and PureVia respectively. The extract is in the companies’ drinks, too. Among the new stevia products marketed as naturally sweetened are Sprite Green from Coca-Cola and Trop50, from the PepsiCo subsidiary Tropicana. It’s essentially half water and half orange juice doctored with stevia.

To underline their natural claims, stevia products come packaged in green. But stevia is a game-changer in other ways. Manufacturers are blending stevia with other sweeteners to achieve a flavor closer to sugar’s. That dovetails with another trend: mixing different sweeteners, including good old sugar.

The makers of Splenda, which holds more than 60 percent of the retail market, have just introduced Sun Crystals, a mix of sugar and stevia that has five calories per serving. Sugar has 15 calories per teaspoon.

Stevia is being added to some soft drinks that also contain aspartame. And aspartame is being tamed with other, newer and less well-known artificial sweeteners. One is the potent neotame, which is as much as 13,000 times as sweet as sugar and came on the market in 2002.

Another is acesulfame potassium, called Ace K. It’s considered a great blending sweetener that helps improve the flavor of other low-calorie sweeteners. It was first used in soft drinks in 1998, but its biggest success is its marriage with aspartame in Coke Zero.

“What’s happening now has happened to a much greater degree outside the U.S. for years,” said Craig Petray, the C.E.O. of NutraSweet, which makes aspartame. “If you drink an orange soda in China, for example, it’s a blend of sugar and sweeteners. That’s definitely what’s coming here.” The days of sodas made only with sugar or high-fructose corn syrup, or diet sodas that rely on just one artificial sweetener, are going away, he said.

Although most of the money in artificial sweeteners is in beverages, the real fun, he said, is in the packet wars. To that end, his company has partnered with Domino, the sugar company, and developed a “caddy strategy.” With it, he hopes to shake up the traditional tabletop sweetener selection.

Consumers are loyal to their favorite sweetener, and to the color of its packet. Now manufacturers like Mr. Petray are mixing up the color code, putting new sweetener combinations in the familiar pink, blue and yellow.

His challenge to Splenda combines aspartame and a touch of sugar in a yellow packet called NutraSweet Cane. It comes with its own spokesman, Art Smith, former personal chef to Oprah Winfrey. He has created recipes like berry trifle and noodles with Asian dipping sauce using the new product.

Mr. Petray's entry in the stevia wars is called Natural NutraSweet, which comes in a green packet, of course. And the company created a new saccharin-free pink packet, too. It was engineered to mimic the initial intense sweetness of saccharin without the bitter finish. But Sweet'N Low users didn't like it, so the company added back the bitterness.

Saccharin, the first fake sugar, was accidentally discovered by a chemist working in a lab at Johns Hopkins University in the late 1800s. Its first star turn came during the sugar shortages of World War I. In 1957, it was turned into Sweet'N Low, and the modern artificial sweetener culture, a haven for diabetics and dieters alike, was born. Many a can of Tab was consumed by hopeful teenagers in the '60s and '70s.

Things wouldn't change much until 1982, when Diet Coke made with aspartame and the tabletop sweetener Equal hit the market. Diet sodas became more than just the dieter's option, attracting people who began to crave the taste.

Things stayed pretty sleepy until 1999, when sucralose really started to take off. By that time, obesity and a rise in diabetes had more people reaching for artificial sweeteners. Unlike aspartame, sucralose didn't fall apart under heat or lose its flavor over time. Although it does not work as well as sugar and retains a decidedly specific flavor in baked goods, many diabetic households found it a workable solution.

Alicia Brafman, one of the best-known bakers among her circle in Brooklyn, has taken to substituting Splenda in her apple cake so her diabetic husband, Fred, can enjoy sweets again.

"It doesn't taste exactly the same, but if you hadn't had something in a long time you just think, this is a piece of apple cake and it tastes delicious," she said.

And it didn't hurt that the authors of both the South Beach and the Atkins diets encouraged Splenda's use.

There are plenty who believe that none of the sweeteners, even stevia, is without complications. Researchers are studying whether artificial sweeteners trigger a negative metabolic response that actually causes people to gain weight.

Saccharin, which is by far the most scrutinized of the sweeteners, once carried a warning label connecting it to cancer (the warning was rescinded in 2000). Some health advocates have argued that sucralose is an artificial ingredient the body can't easily process and that stevia extracts simply haven't been studied enough.

The biggest cloud of doubt hangs over aspartame, which is the target of vigorous concern among holistic health practitioners and many health bloggers, who link it to a host of conditions including neurological damage.

Despite hundreds of studies, nothing has been proved, according to a wide array of doctors, researchers and health advocates, including Michael Jacobson, executive director of the Center for Science in the Public Interest.

“In general, I would agree that none of the sweeteners are really harmful,” he said. “But the question is in the margins. Is there a small health risk?”

But for the die-hard lovers of diet soda and those little packets, none of that really makes a difference.

Ms. Pradhan, the Indian cook from Barrington, Ill., once loved Equal but she heard it might be dangerous. So when Splenda came along, with its promise of versatility in the kitchen and its connection, however tenuous, to sugar, she switched.

“My husband teases me that something will be wrong with Splenda, too, but they haven’t found it yet and it’s not like I am drinking gobs of it,” she said.

Besides, a little Splenda gives her an excuse to eat Indian sweets like gulab jamun, made with balls of fried dough swimming in heavy sugar syrup.

“You cannot use Splenda for that,” she said.

4/16/2009; by John F. Oncken, The Capital Times

## Cross Country: From flooded Red River Valley, a sweet yield -- sugar beets

ARDOCH, N.D. -- For the past several weeks the news media have carried stories and dramatic photos of the heavy floods along the Red River Valley from Fargo, N.D., into Canada. The millions of sandbags being filled by volunteers brought us to admire the efforts of schoolchildren, the National Guard and thousands of just plain people who worked so hard.

The rows upon rows of the plastic sandbags placed in multiple rows along highways, home yards and city streets to keep the river at bay made for great photos.

And the aerial view of the tiny rural town of Oslo, Minn. (population 326), surrounded by miles and miles of water, prompted us to wonder how the town residents and area farmers carry on.

Last Saturday, I traveled east from Ardoch, N.D., some seven miles east to I-29 in order to see what the flooded lands looked like. The county road seemed to be open, but several people at Ardoch weren't sure that the water covering part of the route had gone down. "You can always turn around and come back," a man working on his pickup truck said. "It's been closed for a week or so."

The road was indeed above water, but not by much. The few farmsteads along the way were still sandbagged, and even the driveways were blocked by bags or dirt banks.

Oslo is located on the Minnesota side of I-29 with the Red River running through it. The road to town was underwater, as was all the land as far as could be seen.

Driving the interstate south was like being on a long bridge with water to the left, right and in the median strip and just a few inches below the roadway. I was one of very few travelers on this stretch (it had just reopened a day or two prior) of the main artery that starts in Kansas City and passes through Fargo and Grand Forks, N.D., (and tiny Oslo) on the way to Canada.

I've traveled the road before and know it passes through some of the richest farmland anywhere. The only signs of farmland last Saturday were the top foot or so of fence posts, a few old buildings half under water and some cross roads leading nowhere.

Strangely enough (to me) there are still plans to plant crops on many of these still-flooded fields. And no one seems to panic about being isolated in Oslo, and I'd guess the farmers have confidence in their sandbags or have left the farm for a few days. It's not dairy country, so there are no cows to worry about.

Besides, they've been through it before. (Remember the 100-year flood in 1997?)

Much of the farmland in the Red River Valley is on the floor of the glacial Lake Agassiz that covered the eastern Dakotas, Minnesota and parts of Iowa. By 10,000 years ago, the lake ran from Fargo to Canada, and the Red River was formed. The river, which can become a raging torrent, has almost no banks, so the water spreads east and west and floods the farmland.

Yes, there will be many acres of farmland left unplanted this spring. My son John, who lives in Grand Forks and is part owner of four John Deere stores in the valley, is optimistic that much of the corn, wheat, potatoes and sugar beets will get planted and hopefully harvested in spite of the flood problems.

Actually, the 2008 sugar beet harvest season is still in progress as the huge piles of beets located throughout the area are now being hauled to the five American Crystal Sugar processing plants in North Dakota and Minnesota.

The sugar beet campaign, during which time the beets are processed into sugar, begins in September and runs until May. Some beets are taken directly from the farmers' fields, but most are stockpiled in huge piles at the processing plants or in some 33 piling stations.

The huge piles are maybe 500 yards long and several stories high but are made so that the beets freeze hard and long. A ventilation system forces air through culvert-type pipes (like under driveways) so the beets freeze throughout the pile.

Over winter the beets are dug out of the piles with end loaders, loaded into special semitrailer trucks, many with a trailer behind, and hauled to the processing plants. The trucks are operated by another company contracted by American Crystal Sugar.

American Crystal Sugar is a cooperative owned by some 3,000 farmers who raise a half million acres of sugar beets in the Red River Valley. It produces 15 percent of the nation's sugar, and you can buy it in Madison and about everywhere.

It takes a bit of power to process the sugar beets, and coal is the fuel used.

About a mile from the Ardoch sugar beet stockpile, a huge coal yard is maintained by the sugar company. Actually the company contracts with M-Bar-D, a division of the Crete, Ill.-based Holland Co., to bring in the coal, store it and haul it to the five American Crystal Sugar processing plants.

Once a week, a train of 132 cars of coal is unloaded at this site. It takes about 10 hours to move the coal from train to pile.

"I go up to the peak of the pile and bulldoze the coal into the below ground loading area where it is conveyed to our trucks," Ken Dusek says. "The trucks pull up to the loading area, and the driver follows a series of lights as the coal loads. He doesn't get out of the truck."

Dusek, who has worked for the company for about three years, explained how the flood at Fargo caused the coal train to reroute back across the state to Bismarck to get to the unloading site.

The coal trucks are big and silver-colored, are well known on North Dakota highways and are known locally as Silver Bullets.

Midwestern farmers probably see North Dakota as being a long way away and a land of really cold winters. And it is indeed both. But it is also a land of rich farmland, big farms and very progressive agriculture.

The biggest agricultural enterprises produced on the state's 30,300 farms are, in order, wheat, soybeans, livestock, corn and sugar beets. There are pockets of dairy farms, and I know of at least two Wisconsin dairy farmers who are raising heifers in North Dakota.

Like in Wisconsin, some of the small towns are having trouble maintaining their schools as the farm population decreases.

Right now the biggest challenges to North Dakota farmers are the many acres of farmland underwater from the overflowed Red River. One of the jokes among farmers centers on the fact that there have been two 100-year floods in the last 12 years. So far, the best minds in the meteorology business haven't figured that out.

But farmers in North Dakota are used to storms and floods and a certain amount of desolation and isolation. Farming in North Dakota will go on. Bet on it.

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4/16/2009; by Dave Wilkins, Capital Press

# Sugar beets regain lost ground

*Says one farmer, 'You always seem to make money on them'*

Sugar beet contracts went begging last year as grain prices reached record highs.

Now that wheat and corn prices have fallen back to earth, beets suddenly look sweet again.

"This year everybody's getting back into sugar beets," Mike Eckert said while planting a field near Buhl. Eckert and his partners have increased their sugar beet and barley plantings this year while slashing wheat acres by 75 percent. They're down to 250 acres of wheat this year from 1,000 acres last year. "At \$4 wheat, you're not going to make any money," Eckert said.

Idaho farmers are expected to plant 166,000 acres of sugar beets this year, a 27 percent jump from 2008, according to the National Agricultural Statistics Service. Idaho is the nation's third-largest sugar beet producing state behind Minnesota and North Dakota.

Amalgamated Sugar Co., which process all the beets grown in Idaho and Eastern Oregon/Washington, is expecting company-wide plantings to be about 174,000 acres this year. That would put the company back up to full production, officials said.

Last year, many Idaho growers switched from sugar beets to wheat, corn and other crops that were seeing huge prices increases. In addition, thousands of acres of Idaho beets were lost during a series of violent windstorms that reached gusts of 54 miles per hour. Idaho sugar beet production in 2008 was about 3.57 million tons, a reduction of 38 percent from the year before.

Amalgamated's three factories at Paul, Twin Falls and Nampa operated far below capacity because of the short crop. The company was forced to temporarily lay off some factory workers this past winter because of the significantly shorter processing campaign. The increase in plantings this year will put the company back on track, officials said.

Eckert will plant a little more than 1,000 acres of sugar beets, an increase of about 80 acres from last year, he said. The increase might have been greater except that he's locked into a three-year rotation and doesn't have the ground to plant more. "One good thing about beets is that you always seem to make money on them," he said. "They're more stable."

Nationwide, sugar beet acreage is expected to total 1.15 million acres, an increase of 6 percent from last year.

One wild card for the U.S. crop this year will be plantings in the Red River Valley of Minnesota and North Dakota, the nation's largest sugar beet production area. The region has been wracked by flooding this spring.

Nick Sinner, executive director of the Red River Valley Sugarbeet Growers Association, said farmers are still hoping to start planting the first of May, which would be close to a normal start date. "Right now we're planning to have the same level of production as we did last year," he said. "We're hoping that Mother Nature is going to smile on us and turn things around."

4/16/2009; by Mateusz Perkowski, Capital Press

## Sugar co-op ordered to pay \$800K to growers

A jury has ordered the Snake River Sugar Co. to pay more than \$800,000 to several Washington sugar beet farmers who claimed they were unjustly forced out of the cooperative. The company's executives interfered with the farmers' ability to grow sugar beets and then kicked them out of the cooperative when they failed to produce the crop, according to the March 30 verdict.

The case was heard before Senior U.S. District Judge Fred Van Sickle in a federal district court in Spokane, Wash. The \$800,000 award is intended to repay the growers for losing their shares in the Snake River cooperative in 2006, according to court documents.

The dispute had its origins in the oversupply of sugar faced by Snake River and its processing arm, Amalgamated Sugar, in 2003 and 2004, according to the plaintiffs' complaint. The company had produced more sugar than it could sell, and was trying to get rid of the surplus by reducing contracted acreage, according to the complaint. The firm was simultaneously trying to cut operating expenses, particularly the cost of shipping sugar beets to its processing facility in Nyssa, Ore., the complaint said.

Sugar beets grown in Washington were farthest from the plant, so Snake River's executives began tinkering with the idea of shutting down crop production in that state, the complaint said. "Motivating Washington growers to leave the cooperative would kill two birds with one stone," according to the complaint.

In January 2005, the firm's president, Ralph Burton, told the plaintiffs - Clyde Bybee, Neal Bybee and Duane Munn - the cooperative could change its policies to make sugar beet production "prohibitively expensive" in Washington, the complaint said. Burton then offered to buy the farmers out of the cooperative for \$800 a share, which is twice as much as they paid upon joining in 1996, the complaint said.

The growers countered that offer with a proposal to sell their shares for \$1,000 each, which Burton relayed to Snake River's executive committee, the complaint said. The executive committee rejected that offer the following month, but Burton did not inform the growers of that decision, the complaint said. Unaware the deal had fallen through, the farmers sold off equipment needed to grow beets and began planning to cultivate other crops, according to the complaint.

Shortly before the cooperative's crop planting deadline in March, Vic Jaro, Snake River's vice president of agriculture, led the growers to believe the deal was still on the table, the complaint said. According to Brandon Munn, son of plaintiff Duane Munn, Jaro said, "We know the buyout's in progress, just because it's not finalized today doesn't mean you'll be penalized later," according to court documents.

However, Snake River reversed its position three months later, after an internal report advised against reducing the number of sugar beet growers in the cooperative, according to the complaint. The company then asked why the farmers hadn't planted sugar beets and demanded they make payments to compensate for not producing the crop. When the growers refused, the company took back their shares, prompting the legal action, according to the complaint.

In response to the lawsuit, Snake River claimed that discussions about cutting Washington sugar beet production were hypothetical. The company denied that it had offered the farmers \$800 per share to leave the cooperative, but acknowledged the growers had proposed a \$1,000 per share buyout. According to Snake River, the farmers had agreed to plant sugar beets in 2005 unless they were actually bought out by the cooperative.

The only assurance offered by Jaro was that any fees imposed on the farmers for opting out of sugar beet production would be deducted from the buyout sum, if such a deal went through, according to the cooperative. "Plaintiffs' damages, if any, were the result of their own actions and failure to act, including but not limited to their failure to honor their contractual obligations," the cooperative said in court papers.

Snake River filed a counterclaim against the plaintiffs, alleging that they still owed the cooperative \$125,000 for breaching their commitment to plant sugar beets. The jury rejected that claim in its verdict, ruling that Snake River dealt unfairly with the farmers and did not have the right to take back their shares or collect any fees.

04/20/09; By Russ Bynum, · The Associated Press

## Attorneys: Whistleblower faked explosion warning

Attorneys for one of the nation's largest sugar producers accused a whistleblower Monday of faking a report that he says he sent to company executives warning them of the dust hazard at a Georgia refinery days before a blast there killed 14 workers.

Lawyers defending Imperial Sugar in more than 30 lawsuits filed a motion in Chatham County State Court asking a judge to throw out the report and all testimony by Graham H. Graham because he "knowingly provided false testimony." Graham was vice president of operations at the Texas company at the time of the explosion.

Company attorneys said computer forensics experts hired by Imperial Sugar determined the report, which Graham says he forwarded to top company executives after he wrote it the week of Jan. 20, 2008 - 17 days before the explosion - was actually generated three days after the blast. They say Graham never sent the document to anyone other than his wife.

"They've made a mistake," Graham said Monday. "The allegations are wrong."

Investigators determined the Feb. 7, 2008, explosion at Imperial Sugar's refinery in Port Wentworth, a few miles west of Savannah, was caused by airborne particles of sugar dust that ignited like gunpowder. Dozens of workers were injured along with the 14 who died.

Graham, who lives in Houston, referred further questions to his attorney, Philip Hilder, who called the accusation a "maneuver by Imperial Sugar to continuously smear Graham Harris Graham."

However, Hilder declined to answer questions about when Graham wrote the report and whether he sent it to company executives.

"I can't comment directly on the forensics until I see them," Hilder said. "I have a lot of questions myself."

Mark Tate, a Savannah lawyer who represents the families of 11 victims suing Imperial Sugar, defended Graham as "the hero of this case."

Tate said Graham testified at an Oct. 14 deposition that several e-mails from before the explosion had vanished from his company laptop. Tate said he believes Graham's computer had been tampered with, though he could not say by whom.

"He stood up and he said what was wrong at that plant," Tate said. "They're horrified that he told them the truth. And the truth that he told them leaves them open to criminal liability, not just civil."

The Occupational Health and Safety Administration proposed \$8.7 million in fines against Imperial Sugar in July for safety violations at the Georgia refinery and another plant in Gramercy, La. The Sugar Land, Texas-based company is contesting the fines, the third-largest in OSHA's 40-year history. No criminal charges have been filed.

The disputed report is one in which Graham summarized a visit to the Georgia refinery, where he said he found dangerous accumulations of dust and other safety hazards that he told plant managers needed to be fixed.

"I predicted that if we did not make further significant improvements in our behavior and control of our work activities, a disaster such as an explosion would occur," Graham wrote.

Graham testified that he attached the report to an e-mail sent to Imperial Sugar CEO John Sheptor and other top executives in late January 2008. The report was dated Jan. 20, 2007, but Graham told attorneys the year was a typo.

In a deposition last month, Sheptor said he never received the report.

Even if Graham hadn't warned Imperial about dust hazards before the explosion, investigators say others did. When OSHA released its findings last summer, the agency said its investigation uncovered company audits, insurance records and other documents showing Imperial Sugar had been warned several times about combustible dust hazards in its plants since 2002.

Graham came forward as a whistleblower at a Senate subcommittee hearing on explosive industrial dust last July in Washington. He still worked for Imperial Sugar at the time, but said he left the company in January.

Graham never referenced the disputed report at the hearing, but said he'd warned Imperial Sugar executives that "I believed a fatal disaster would befall the refinery if a fundamental change in the way the plant was operated did not take place."

An e-mail released by Imperial Sugar last summer show Graham had given Sheptor a list of needed improvements at the Georgia refinery after his initial visit there in November 2007, shortly after Graham was hired as Imperial's vice president of operations. That e-mail did not mention explosive hazards at the plant.

April 22, 2009; FoodBusinessNews.net

## Nearly one-fourth of food, beverages private label

CHICAGO — Last year 24% of all food and beverages served in American homes were store brands, according to a new report from The NPD Group called "Private Label Perceptions, Usage Patterns & Intentions." This percentage is up from 18% in 1999.

"There is no question private label foods have become an integral part of American life," said Harry Balzer, chief industry analyst at NPD. "Furthermore, we do not hide private label foods as an ingredient or as an additive to another dish. Today over half of all store brand food eatings are the end dish."

Income level doesn't seem to have a significant impact on private label purchases as 30% of household servings were private label for those making less than \$30,000 while 37% of household servings were private label for those making between \$30,000 and \$69,000. That compares with 33% of household servings being private label for those making \$70,000 and more.

While price and value are the main reasons for consumers purchasing private label or store brands, most respondents also believe the quality of the store brand is often equal to or sometimes better than name brands.

In addition, 54% of private label household servings are used for end dishes, 26% are used for ingredients and 18% are used for additives.

Apr 23, 2009; By Christopher Doering, REUTERS

## USDA: U.S. needs ranking of riskiest food products

WASHINGTON (Reuters) - The United States needs a ranking of the riskiest products to help inspectors, lawmakers and food safety officials determine where to focus their attention, a top Agriculture Department official said.

"In order to have a uniform system for inspection I would say that there has to be a risk ranking," said Alfred Almanza, administrator for USDA's Food Safety and Inspection Service.

"When you look at product risk and you look at the risk ranking of where different products stand ... I think that's probably the key for the level of inspection, the amount of inspection, the intensity of the inspection," he told a House Agriculture subcommittee.

The U.S. food supply system has been hit by a series of big food recalls since 2006, leading to vociferous calls by lawmakers, consumer groups and most recently the Obama administration for reform. Several bills have been introduced in Congress to modernize the system.

Last month, President Barack Obama announced a White House panel -- headed by Agriculture Secretary Tom Vilsack and Health and Human Services chief Kathleen Sebelius -- to find ways to improve food safety.

Almanza said a high-risk ranking should factor in the type of food, the risk of producing and manufacturing the product and how it is handled, especially once it leaves federally inspected or regulated establishments.

"I think that's certainly something that perhaps this food safety working group could do," he suggested.

USDA's FSIS oversees about 20 percent of the food supply -- covering eggs, meat and poultry. The agency has about 7,800 federal inspectors, responsible for about 6,200 slaughter and processing plants in the United States. The Food and Drug Administration covers most of the remainder.

Much of the call for change has been focused on the FDA, which has been impacted by most of the major recalls, including the recent peanut scare, while at the same time being dogged by limited funding, personnel and regulatory oversight.

In an effort to beef-up oversight, USDA has embraced a risk-based inspection system of its own. It still inspects plants under its purview once a day, but now directs more resources depending on the inherent risk of the product produced and how effectively each facility controls risk.

In some cases, the FDA can go several years without inspecting a facility.

April 28, 2009; by Susan R. Miller, South Florida Business Journal

## Judge dismisses most claims in U.S. Sugar suit

A federal court judge has pulled the plug on 12 of 13 counts that were part of a class action lawsuit filed by shareholders of Clewiston-based **U.S. Sugar Corp.**

The suit, filed in January 2008 in West Palm Beach, alleged that some of the company's top executives attempted to deprive shareholders of a chance to sell their stock on two occasions when U.S. Sugar received buyout offers. The 13-count complaint alleged breach of fiduciary duty and violation of Employee Retirement Income Security Act (ERISA) statutes.

"This ruling is a significant victory for U.S. Sugar," said Judy Sanchez, the privately held company's director of corporate communications, in a news release.

The suit alleged that the defendants "purposefully and unlawfully undervalued the price at which they could redeem their shares by failing to disclose or take into account a third-party offer to buy the shares."

The allegations grew out of offers that U.S. Sugar received from the Lawrence Group of Texas, first in June 2005 and again in January 2007.

By withholding the information about the offers from shareholders, the plaintiffs alleged the company was able to artificially depress the stock's value and deprived them of selling their shares for a significant profit.

"This would have been the only opportunity in decades for the shareholders of U.S. Sugar to sell their shares to a third party. The resulting damages to the employees and other shareholders is alleged to be over \$150 million," according to a news release issued by the plaintiff's lawyers after the suit was filed.

In his 47-page ruling, Judge Donald M. Middlebrooks said, among other things, that the plaintiffs failed to exhaust all of their administrative remedies and that, because they were part of an employee stock ownership plan (ESOP) and were not direct stockholders, they could not claim breach of fiduciary duty.

The only claim to survive was made by Mary Rafter, a former secretary and administrative assistant for U.S. Sugar and a direct minority shareholder. The claim alleged breach of fiduciary duty against the directors of the company.

Some of the claims were dismissed without prejudice, which means the plaintiffs can refile.

Calls to Mike Eidson, of Miami-based **Colson Hicks Eidson**, who represented the shareholders, were not immediately returned.

April 29, 2009; BusinessWire.com

## Imperial Sugar Updates Port Wentworth Bulk Production Date

SUGAR LAND, Texas, (BUSINESS WIRE) -- The Imperial Sugar Company (NASDAQ:IPSU) announced that it now expects to commence production of granulated bulk sugar at its Port Wentworth, Georgia refinery in mid June. The Company continues to project the complete restoration of the packaging capabilities by the fall of 2009. The Georgia facility, which was extensively damaged in an industrial accident in February 2008, is in the process of a reconstruction project with an estimated cost of \$200 million to \$220 million.

### About Imperial Sugar

Imperial Sugar Company is one of the largest processors and marketers of refined sugar in the United States to food manufacturers, retail grocers and foodservice distributors. The Company markets products nationally under the Imperial(R), Dixie Crystals(R) and Holly(R) brands. For more information about Imperial Sugar, visit [www.imperialsugar.com](http://www.imperialsugar.com).

Statements regarding Port Wentworth construction costs, timelines and operational restart dates, future market prices and margins, future expenses and liabilities arising from the Port Wentworth incident, future insurance recoveries, future actions regarding the Louisiana Sugar Refinery, LLC venture, future import and export levels, future government and legislative action, future operating results, future availability of raw sugar, operating efficiencies, future investments and initiatives, future cost savings, future product innovations, future energy costs, our liquidity and ability to finance our operations and capital investment programs, future pension plan contributions and other statements that are not historical facts contained in this release are forward-looking statements that involve certain risks, uncertainties and assumptions. These risks, uncertainties and assumptions include, but are not limited to, market factors, farm and trade policy, results of damaged equipment inspections, unforeseen engineering, construction and equipment delays, results of insurance negotiations, our ability to realize planned cost savings and other improvements, the available supply of sugar, energy costs, the effect of weather and economic conditions, results of actuarial assumptions, actual or threatened acts of terrorism or armed hostilities, legislative, administrative and judicial actions and other factors detailed in the Company's Securities and Exchange Commission filings. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual outcomes may vary materially from those indicated.

SOURCE: Imperial Sugar Company

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