

Crystal Sugar's SEC Report Shows Lockout is Hurting the Company



On Friday, American
Crystal Sugar



Company issued its quarterly report covering the three months ending November 30, 2011. This was the first full quarterly report issued by the company since the August 1 lockout of its 1,300 permanent union workers.

The report indicates that Crystal Sugar's replacement workers have failed to maintain the same productivity as its permanent workers represented by the Bakery, Confectionery, Tobacco Workers,

and Grain Millers International Union (BCTGM).

According to today's filing, consolidated net proceeds, or profits, fell by 39% or \$73.6 million, "primarily due to 29.8% fewer tons processed during the three months ended November 30, 2011, as compared to the three months ended November 30, 2010."^[1]

"This news is actually surprising," said BCTGM Local 167G President John Risky. "We never expected the replacements to match our productivity, but processing 30% fewer tons over the quarter must be a serious disappointment to the farmers and executives. How long is Dave Berg going to continue with this unnecessary lockout? Is he trying to do the company permanent damage?"

Short-term debt has increased dramatically over the past six months from \$248 million to over \$361 million, a 45% jump. Over the same period, their accounts payable shot up by 84%.

Crystal Sugar operations are not faring any better. When comparing the quarter ended November 30, 2010, to the quarter ended November 30, 2011, many categories have taken a serious hit. Cost-of-sales have risen by nearly 180%. Gross proceeds are down 48%. Consolidated net proceeds are off by 39%. And payments to growers for sugar beets fell by 40%.

"This report shows that Crystal Sugar executives are hurting both their workers and growers by continuing this lockout," Risky added. "I hope the company agrees to return to the table soon before more damage is done."

Shareholders and the community should be asking Crystal Sugar:

- Why did short-term debt increase more than 45% from 6 months ago?
- Why did their borrowing increase by more than \$113 million?
- Why did the value of product inventories fall by \$106 million?
- Is this lockout worth the damage to Crystal Sugar's bottom line?

The full report is available at

http://www.sec.gov/Archives/edgar/data/4828/000110465912001924/a11-29841_110q.htm

[1] American Crystal Sugar Quarterly Report, three months ended Nov. 30, 2011, p. 16.

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