

## **28 July 2004 – Tate & Lyle PLC**

### **Update prior to the Annual General Meeting**

Tate & Lyle issues the following trading update ahead of the Annual General Meeting of the Company that takes place at 11.30 am on 29th July 2004.

Trading in the 2005 year has started well. Profit before tax and exceptional items for the quarter ended 30th June 2004 has been ahead of both our expectation and the corresponding period in the prior year. All major businesses have met or exceeded plan. Compared with the corresponding period, the anticipated shortfall in Amylum's profitability has been more than offset by a better than expected contribution achieved by SPLENDA<sup>®</sup> Sucralose.

Although it is early in the financial year the decline in raw material prices for Amylum and the success of SPLENDA<sup>®</sup> Sucralose makes it likely that the profit before tax and exceptional items for the year will be somewhat higher than the Board envisaged at the time of the preliminary announcement of results on 3rd June 2004.

We announced earlier today that Staley has reached agreement to end the long running high fructose corn syrup civil legal case in the US with the payment of total damages of US\$100 million (£55 million). This will result in an exceptional charge to the profit and loss account of this amount. As the payment is expected to be tax deductible in the US, this equates to a charge of \$60 million (£33 million) on an after tax basis. Staley continues to deny emphatically involvement in any wrongdoing, but has settled with great reluctance to ensure an end to this lengthy action and to avoid the risk and uncertainty that a US jury trial would involve.

The buyer of Western Sugar has refinanced and has accelerated repayment of our outstanding loan note which arose on disposal of Western in May 2002. This has resulted in cash proceeds to Tate & Lyle of £22 million and an exceptional credit to the profit and loss account of £16 million.

We are pleased with the progress being made on our strategy to grow value added products and, in particular, the success of SPLENDA<sup>®</sup> Sucralose. We announced earlier this year an expansion to the plant in McIntosh, Alabama and today announce a further investment of £24 million (US\$45 million). The investment will be funded from existing resources and will be completed by April 2006 by which time the output from the Alabama site will be more than double its level at the time of the realignment of the SPLENDA<sup>®</sup> Sucralose partnership.

The commissioning of the astaxanthin plant to produce Aquasta<sup>™</sup>, a natural nutrient and pigment for farm raised fish, has also been completed and commercial sales have commenced. Construction of the new plant for the

DuPont Tate & Lyle BioProducts, LLC joint venture to produce Bio-3G in Loudon, Tennessee, has commenced.

The proposal on the reform of the EU sugar regime was tabled by the European Commission in the middle of July. What now follows will be wide-ranging discussions involving the industry, farmers, customers and national governments as well as the European institutions. We will be using this process to ensure that our interests and concerns are properly addressed and to evaluate fully the effect on our businesses. We are encouraged by recent support from the Environment, Food & Rural Affairs Select Committee investigating the issue which stated that: *"We agree with the Government that ways have to be found to ensure the cane refining sector is not put at an unfair disadvantage during an interim period when preferential suppliers are adapting to the reform."* The timetable for negotiations extends into 2005.

## **CONTACTS**

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Tate & Lyle is a world leader in ingredients. Its core competence is to take corn, wheat or sugar, and add value to these raw materials through technology. As a result of continuous innovation it offers an ever-wider product portfolio of versatile and functional ingredients. These products include Cereal Sweeteners, Starches, Sugars, Citric Acid and SPLENDA<sup>®</sup> Sucralose. Tate & Lyle products have wide applications in the food, beverage, pharmaceutical, cosmetic, paper, packaging and building industries. With headquarters in London, Tate & Lyle operates more than 41 plants and 20 additional production facilities in 28 countries, almost all in Europe and the Americas. It employs 6,700 people in its subsidiaries with a further 4,800 employed in joint ventures. Sales in the year to 31 March 2004 totalled £3,167 million. More details are available on this website [www.tateandlyle.com](http://www.tateandlyle.com).

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