

28 July 2005 – Tate & Lyle PLC

CHAIRMAN'S AGM STATEMENT

At the Annual General Meeting of Tate & Lyle PLC to be held in London today, Sir David Lees, Chairman, will make the following statement on current trading and expansion plans:

“For the current year, there has been little overall change in trading conditions or in the outlook since the beginning of June, when I signed the Chairman’s Statement in the Annual Report. I am pleased to confirm that trading for the first quarter was in line with our internal expectations and marginally ahead of the corresponding period in the prior year.

Across the business we have a number of expansion projects under way to stimulate longer term growth in our value added segment. We have announced capital projects to more than triple the sucralose production capacity acquired under the realignment of the SPLENDA[®] Sucralose activities in April 2004 and our new joint venture plant with DuPont to produce Bio-3G[™] from renewable resources should begin to come on stream in our financial year ending 31 March 2007. All of these projects continue to progress satisfactorily.

Earlier today we also announced expansion plans for both our Sagamore and Loudon facilities in the US which will involve capital expenditure totalling £100 million.

The £43 million expansion to the Loudon, Tennessee, facility will enable Tate & Lyle to increase production of value added products and supply substrate to the Bio-3G[™] joint venture with DuPont. It will also increase ethanol capacity by 37 million gallons per year. This expansion, which includes investment in substantial environmental improvements, will not increase high fructose corn syrup capacity. Subject to regulatory permit approvals, construction will begin later this financial year and the new capacity will be operational in October 2007.

The expansion to the Sagamore facility in Lafayette, Indiana will cost £57 million and will increase capacity for food ingredient products. This will contribute to the delivery of Tate & Lyle’s strategy to grow the contribution from value added products. The project also includes investment in substantial environmental improvements. Subject to regulatory permit approvals, construction will begin later this financial year and the new capacity will be operational by January 2007.

These investments reflect our firm commitment to deliver against our growth strategy and in particular to grow the contribution from value added products. They were substantially provided for in the financial plans for the years ending March 2006 and March 2007.”

Sir David Lees, Chairman of Tate & Lyle, will also make the following comments at the Annual General Meeting later today:

“Many shareholders, but not all, will be aware of the content of the press release that we issued on 23rd June 2005 in response to the publication by the European Commission, the previous day, of new proposals for reform of the EU Sugar Regime scheduled to take place on 1st July 2006. Our response contained the following main points.

Firstly, there would be no adverse financial effect in the current financial year to 31st March 2006. However, if unchanged the impact of the proposals would be to reduce operating results by £20 million in the year ending 31st March 2007, £60 million in the year ending 31st March 2008, and £85 million in the year ending 31st March 2009.

Secondly, these adverse financial impacts excluded the possible effect of market forces across the range of industries likely to be affected by the proposals. These adverse impacts also excluded mitigating actions that Tate & Lyle itself will undertake in response to actual structural and commercial change.

Thirdly, the targeted improvements in operating results from our value added products in the three years mentioned are expected to at least offset the anticipated adverse impact of the Sugar Regime proposals.

Fourthly, the current proposals remain subject to negotiation and probable future amendment at the Council of Ministers and final approval in the European Parliament, a process that is anticipated to last until at least November 2005.

Our response went on to say that we considered the proposals to be seriously inequitable and that we would be seeking a fairer and more satisfactory outcome in the next few months. This was strong language and I therefore think it appropriate to explain to shareholders why we chose the words we did.

As elaborated in our press release last month, the most significant part of these impacts will be felt in our Food & Industrial Ingredients, Europe business which produces isoglucose and other products which compete with and are typically priced at a discount to sugar. The price reductions in the proposals will have a significant impact here, particularly as the raw material used in this business is either wheat or corn so, contrary to the position of, say, the beet sugar processors, the regime can provide no offsetting adjustment in input price to sustain margins.

Our cane sugar refineries in London and Lisbon would also be impacted by reduced margins as the lower sugar prices in the current proposals would not be

fully offset by reductions in raw sugar prices. My remaining remarks today will be focussed principally on the impacts on cane sugar refining.

In essence we believe that the proposals as currently drafted are inconsistent with the Commission's stated undertaking to ensure the refining of sugar is carried out under the fairest possible conditions of competition. In particular the proposals as stated have the effect of reducing the Beet Processors' margins by 44% but the Cane Refiners' margins by 77% in 2009/10. Margins for this purpose can broadly be described as the difference between what the Cane Refiners and Beet Processors receive for their finished products, which is the same, and what they pay for their raw materials, which is different.

We have pointed out the inequity of the proposals to the Commission and to the Department for the Environment, Food and Rural Affairs, known as DEFRA, which is our sponsoring Ministry and we will continue to lobby hard for the fair treatment originally promised. In this regard extracts from Paragraph 9.3 of DEFRA's Regulatory Impact Assessment published recently following publication of the Commission's current proposals make interesting reading. I quote:

"Given that the UK refiner, (that is Tate & Lyle) is arguably the world's most efficient refiner, and is far more likely to prosper in a fully liberalised market than beet processors, there is a strong argument in a partial reform for a corrective mechanism to offset the continued distortions of a regulated price system. This may take the form of a margin aid or ensuring sufficient raw imports enter the community. The abolition of refining aid in the Commission's proposal (refining aid is currently worth about £20 million a year to Tate & Lyle) means that the institutional refining margin (for the cane refiners) will be squeezed by a significantly greater proportion than the beet processing."

The paragraph in question goes on to say:

"Whilst it should not be the objective of a liberalising reform to engineer specific outcomes there appears to be little economic justification for differential treatment between beet and cane."

There are two further points about which I feel shareholders should be aware in connection with the EU Sugar Regime. The first relates to a wide misunderstanding of the purpose of the payment we receive each year from the Rural Payments Authority which in the year to 15th October 2004 amounted to £127 million. The purpose of this payment is to enable Tate & Lyle to purchase raw sugar from the African, Caribbean, Pacific and less developed countries, known as the ACP and LDC, at EU established prices. These are some three times the world price. The important point to realise is that Tate & Lyle does not retain the £127 million. In effect the payment is passed through Tate & Lyle from the European Union to the suppliers in those countries. This enables the

European Union to meet its long term obligations to purchase some 1.5m tonnes of raw sugar a year. I would emphasise that the prices at which these purchases are made are currently at about three times the world price.

The second point I want to make concerns the dependency of Tate & Lyle's sugar business on the EU Sugar Regime. As most people will know the Regime has created a highly regulated market with controls affecting both input and output prices. However, shareholders should be aware that Tate & Lyle's EU sugar business is not dependent on a regulated market for its prosperity. We believe we would compete very effectively in a free non-regulated market as we do with our Redpath Sugar business in Canada.

Furthermore, that assertion is not ours alone. Again I turn to DEFRA's Regulatory Impact Assessment and quote from page 4 which states:

“As proposed, the reform threatens a substantial squeeze upon cane refining margins, including in the UK, a sector which is otherwise well placed to compete in a fully liberalised market.”

Page 89 of the same publication repeats this theme stating:

“Full liberalisation should not pose a great risk for cane refining within the UK.”

The issue for us is the manner and speed at which deregulation and any move to full liberalisation takes place. The manner is important because it governs the preservation of the competitive balance between the Cane Refiners and the Beet Processors. The speed is important because of the impact that moving from a highly regulated to a less or even deregulated market has on the participants, not least on our ACP and LDC suppliers. It would indeed be perverse if a participant such as Tate & Lyle, that might be expected to do better than its competitors in a totally deregulated market, were to end up disadvantaged against its competitors in a partially deregulated market.

Tate & Lyle fully understands the need for reform of the EU Sugar Regime. Our difficulty lies with the EU Commission's current proposals which further widen the competitive imbalance between the Cane Refiners and the Beet Processors. As I said earlier, we will be working hard to secure a more satisfactory outcome in the months that lie ahead and I shall be disappointed if we do not have some success.”

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About Tate & Lyle:

Tate & Lyle is a world leading manufacturer of renewable food and industrial ingredients. It uses innovative technology to transform corn, wheat and sugar into value-added ingredients for customers in the food, beverage, pharmaceutical, cosmetic, paper, packaging and building industries. The Company is a leader in cereal sweeteners and starches, sugar refining, value added food and industrial ingredients, and citric acid. Tate & Lyle is the world number-one in industrial starches and is the sole manufacturer of SPLENDA® Sucralose.

Headquartered in London, Tate & Lyle is listed on the London Stock Exchange under the symbol TATE.L. In the US its ADRs trade under TATYY. The Company operates more than 60 production facilities in 28 countries, throughout Europe, the Americas and South East Asia. It employs 6,700 people in its subsidiaries with a further 4,500 employed in joint ventures. Sales in the year to 31 March 2005 totalled £3.3 billion. Additional information can be found on www.tateandlyle.com.

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