25 September 2009 – Tate & Lyle PLC

TRADING UPDATE

Tate & Lyle issues the following trading update for the six months ending 30 September 2009 ahead of the announcement of the interim results on Friday, 6 November 2009.

Iain Ferguson, Chief Executive, said: "The encouraging start to the year that we reported in our Interim Management Statement in July has continued, with performance in the first half year, before the impact of exchange translation, remaining ahead of our expectations. As we also indicated in July, our half year results will not reach the level of the corresponding period which benefited from strong co-product revenues during the commodity price peak of summer 2008[1]. As expected, demand from food and beverage customers has proved resilient and we have continued to experience challenging conditions in EU Sugar and industrial ingredients. Against this backdrop, we have continued to take the actions necessary to strengthen the Group's balance sheet, reduce our costs and ensure that we are well positioned as markets improve."

TRADING UPDATE FOR THE SIX MONTHS TO 30 SEPTEMBER 2009

Operating profit for the six months to 30 September 2009 is expected to be broadly in line with the level of the comparative period, after the benefit of exchange translation. As previously indicated, interest expense is expected to be above the level of the comparative period due to an increase in the pension charge and the suspension of capitalisation of interest at Fort Dodge. Our half year results will benefit from a lower tax rate compared to the comparative period, principally due to the geographic mix of profits.

We remain focused on strong cash management and continue to take actions across the business to reduce costs, optimise working capital and reduce capital expenditure, while maintaining a keen focus on serving our customers.

Free cash flow from continuing operations continues to be in line with our expectations. We expect to show further good progress in net debt reduction in the first half of the year, even before the significant benefit of exchange translation, and after the dividend payment in July of £74 million and approximately £40 million of outflows from discontinued operations (International Sugar Trading).[2]

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[1] Corn prices in the US saw an unprecedented spike in the 2008 calendar year, reaching almost US$8 per bushel in July 2008. Corn co-product prices also peaked during the third quarter of the 2008 calendar year. However, the subsequent fall in corn and soy prices resulted in corresponding price declines for corn gluten feed and meal, and corn oil. Crude oil prices peaked at almost US$150 per barrel in July 2008, but fell rapidly to below US$40 per barrel during the second half of the 2008 calendar year.

[2] As disclosed in the notes to the 2009 Annual Report and Accounts, an outflow of £29 million was anticipated in the 2010 financial year arising from the disposal of the International Sugar Trading business. Further cash outflows from residual margin positions arose in the first half year. These positions will unwind over time.

Food & Industrial Ingredients, Americas

At our Food & Industrial Ingredients, Americas division, overall demand from food and beverage customers remains resilient and contribution to profits from value added food ingredients has been broadly in line with the level of the comparative period. Our citric acid business has also performed well.

Overall, we continue to expect profits to be below the level of the comparative period due to lower co-product income and lower profits from industrial ingredients. Industrial starch volumes have been below the level of the prior year, reflecting both lower levels of underlying demand from paper and packaging customers and additional demand in the comparative period following the floods in Iowa during 2008 which affected production at competitor plants. The underlying contribution from ethanol for the six months will be below the level of the comparative period, due to lower unit margins, although the comparison will benefit from additional costs in the comparative period associated with the commissioning of the Loudon capacity expansion.

We are pleased with the environmental benefits we have realized at our Loudon plant following the installation of new technology last year. This technology has also allowed us to obtain some benefits through process yield improvements although below the level originally targeted. However, changes in energy and co-product pricing over the last two years have limited the benefits of the investment in energy cost reduction in today's markets, particularly since US gas prices have fallen significantly. Using our experiences at Loudon to date, we continue to evaluate the extent to which this technology can be used effectively within our plant network, including at our new plant in Fort Dodge, Iowa.

The corn price has fallen almost to $3.00 per bushel during the last month following forecasts of a large 2009 corn crop. This has reduced co-product prices, which also remain under pressure due both to lower demand, following reductions in US beef and dairy herds, and an increased supply of the by-product of dry mill ethanol production.

Food & Industrial Ingredients, Europe

Our Food & Industrial Ingredients, Europe division has performed above the level of the prior year due to the benefit of lower net corn costs, but modestly below our expectations.

Sugars

Sugars has continued to perform marginally ahead of our expectations although our EU Sugar refining business continued to experience the tough market conditions seen during the second half of the 2009 financial year.

Sucralose

Sucralose has achieved double-digit volume and single-digit revenue growth over the comparative period, reflecting both underlying demand and customer restocking. As our customer incentive plans generate volume, average selling prices will trend lower. The mothballing of the McIntosh, Alabama plant is proceeding ahead of schedule, accelerating the benefits from lower cost production and we have achieved operating margins somewhat above our previous expectations. The Alabama plant is now being maintained in a state whereby it can be restarted within a few months.

OUTLOOK FOR THE YEAR TO 31 MARCH 2010

We continue to be encouraged by the resilient demand levels experienced within food and beverage markets. With improved fundamentals for HFCS exports to Mexico, and a modest contribution margin returning to spot US ethanol markets, US sweetener supply and demand dynamics have tightened.

Initial forecasts indicate that corn harvests in both the US and Europe will be good. We expect continued soft corn co-product prices in the US and that industrial starch markets in both the EU and US will remain competitive. Whilst spot US ethanol selling prices currently generate a modest cash margin, forward margins continue to be under pressure. Given the continuing lack of clear forward visibility in the industrial starch, co-product and ethanol markets, we have not yet determined the timing for the final completion of our Fort Dodge, Iowa plant.

With the majority of sugar sales for the period to 30 September 2010 now contracted with customers, we are increasingly confident of achieving improved margins within our EU Sugar business following the final institutional price change on 1 October 2009.

During the second half of the 2010 financial year, we expect a continuation of growth in Sucralose driven by geographic expansion and our long-term customer contracts.

We are encouraged by our overall trading and financial performance in the year to date, although a number of our markets remain challenging.

Note: we assume a £:US$ exchange rate of 1.68 in translating profits for the balance of the 2010 year

END

A conference call will be held today at 8.00am BST, hosted by Iain Ferguson, Chief Executive and Tim Lodge, Group Finance Director. Participants are requested to dial in at least 5 minutes before the commencement of the call. Dial in details are as follows:

Participant dial in number: +44 (0) 1452 555 566 (UK freephone 0800 694 0257)
Conference ID: 26715778

A replay of this call will be available from two hours after the end of the live call, for 7 days until 1 October 2009.

Replay dial in number: +44 (0) 1452 55 00 00 (UK freephone 0800 953 1533)
Replay passcode: 26715778#

For more information contact Tate & Lyle PLC:

Chris McLeish, Director of Investor Relations
Tel: +44 (0) 20 7977 6211 or Mobile: +44 (0) 7919 102 730

William Baldwin-Charles, Head of Media Relations
Tel: +44 (0) 20 7626 6165 or Mobile: +44 (0) 7810 151 425

About Tate & Lyle:

Tate & Lyle is a world-leading renewable food and industrial ingredients company, serving a global market from more than 45 production facilities throughout the Americas, Europe and South East Asia. Our efficient, large-scale manufacturing plants turn agricultural products, corn and cane sugar, into valuable ingredients for our customers. These ingredients add taste, texture, nutrition and increased functionality to products that millions of people around the world use or consume every day.

Tate & Lyle’s range of leading branded food ingredients includes SPLENDA® Sucralose, PROMITOR™ Dietary Fiber, STA-LITE® Polydextrose, Tate & Lyle Fairtrade Sugar and Lyle's Golden Syrup. Tate & Lyle also produces branded industrial ingredients including Bio-PDO™, Ethylex® and Sta-Lok® paper starches; and staple ingredients such as high fructose corn syrup, sugar, ethanol, citric acid and basic starches. In addition to providing a wide range of ingredients our expert sales and product applications teams support customers by providing technical advice and proprietary consumer insight studies.

Tate & Lyle is listed on the London Stock Exchange under the symbol TATE.L. American Depositary Receipts trade under TATYY. In the year to 31 March 2009, Tate & Lyle employed 5,718 people in its subsidiaries and joint ventures, and sales totalled £3.55 billion.
http://www.tateandlyle.com.