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For immediate release

Joint venture to build £200m UK biofuel plant

Associated British Foods plc (“ABF”), the international food, ingredients and retail group has today announced that it has reached agreement with BP and DuPont on an investment to build a world-scale biofuel plant in the UK. A joint venture will be formed, subject to regulatory approval, to build the plant and operate the business. ABF and BP will each hold 45% of the joint venture and DuPont will hold the remaining 10%.

The plant will produce bioethanol from wheat and will be built at a cost of £200m at BP’s chemicals site at Saltend, Hull. Its capacity will be 420m litres (330,000 tonnes) of bioethanol per year and is planned to come on stream in late 2009. ABF expects a return on its investment ahead of its cost of capital in the first full year of operation.

The plant will initially produce bioethanol, but the partners will look at the feasibility of converting it to biobutanol once the technology is available. BP and DuPont intend to build a jointly funded biobutanol demonstration plant, which will run in parallel with the main plant, to support this objective.

It is expected that formal agreements will be entered into by the joint venture, after its formation, with other ABF businesses: Frontier Agriculture and AB Agri. The supply of locally grown wheat would be arranged by Frontier which is the UK’s leading grain marketer and supplier of agricultural inputs. The major co-product of bioethanol production, distillers’ grain, would be sold to AB Agri. It will use its highly specialised sales and marketing business, which sources and develops co-products from the food, drink and energy industries, to market the distillers’ grain as an alternative feed for livestock.

This announcement follows the previously announced investment by British Sugar to build the UK’s first bioethanol plant at Wissington, Norfolk. Its capacity will be 70m litres (55,000 tonnes) of bioethanol a year, using sugar beet as a feedstock, and the plant will start production next month.

The European Investment Bank is finalising its approval for the provision of £120m of project financing for both of ABF’s biofuel investments at attractive interest rates. This would be the first direct financing provided by the Bank for a biofuel project.

George Weston, Chief Executive of Associated British Foods, said,
“This exciting project will make ABF the major producer of biofuel in the UK. Its announcement reflects our confidence in our sugar and agricultural businesses, in our partners BP and DuPont and in the government’s commitment to biofuel production.”

Notes to editors

1. Associated British Foods is a diversified international food, ingredients and retail group with global sales of £6 billion and 75,000 employees. It is listed on the London Stock Exchange with a market capitalisation of £7.2 billion. It operates in 46 countries with significant businesses outside Europe in Southern Africa, the US, China and Australia.

Its aim is to achieve strong, sustainable leadership positions in markets that offer potential for profitable growth. It strives to achieve this through a combination of organic growth, the acquisition of complementary businesses and achievement of high levels of operating efficiency. The group has established a track record of successful value adding acquisitions including Illovo Sugar, AB Mauri (its leading international yeast and bakery ingredients business), Littlewoods stores for Primark and the grocery brands Mazola and Ovaltine.

2. British Sugar is a substantial business within ABF. It has operations in the UK, Poland, China and Southern Africa which process some 4 million tonnes of sugar annually. It is recognised as the most efficient sugar producer in Europe and has a proven ability to create value through improvement in agricultural yields, operational efficiencies, co-product development, marketing and product innovation. A number of its operations are already successful joint ventures. It has world class production facilities and technical expertise. Wisington in Norfolk is the largest and most efficient beet sugar factory in the world and is the site for the UK's first bioethanol plant.

3. AB Agri (Associated British Agriculture) is the UK's largest and most successful agri business supplying technology driven products, including animal feeds, and services to improve agricultural efficiency. Its products are sold worldwide and it has established a successful feed manufacturing business in China. Its KW Trident business is the UK's market leader in the sourcing, development and marketing of food, drink and energy industry co-products. Co-product feeds are a developing part of livestock feeding and KW Trident are at the forefront of this development.

4. Frontier Agriculture is the UK's leading grain marketer and supplier of agricultural inputs. It operates from 36 sites in the UK and has a revenue of £650m. Frontier was formed in 2005, through the merger of Allied Grain and Banks Cargill Agriculture, and is owned in equal shares by ABF and Cargill. Frontier works closely with farmers to advise on crop selection and agronomy to manage for optimum yield and quality. It offers farmers a unique opportunity to grow for specific markets with contracts tailored to suit them. An understanding of the whole supply chain enables Frontier to develop creative solutions to overcome the challenges faced by both farmers and end-users

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