FDI in the United States

Presentation for EDAM | 06.10.16

What We Do

Educate | Advocate | Connect

The State of FDI in America

Number of Americans who work for an insourcing company.
Wage premium insourcing workers earn over economy-wide average.
Percentage of U.S. exports produced by insourcing companies.
Percentage of all U.S. manufacturing jobs.
Increase in corporate charitable giving from 2000 to 2010 compared to economy contraction of 5 percent.

6,100,000
33%
23%
18%
44%
FDI inflow in America in recovery

America's Top Investors

In the past 20 years 84 percent of FDI entered the United States through mergers and acquisitions.

United Kingdom $449 B
Japan $373 B
Netherlands $305 B
Canada $261 B
Germany $224 B

Cumulative Foreign Direct Investment in the United States by country through 2014

North Star State Snapshot

104,000 Minnesotans work for an FDI company
MN FDI jobs have grown by 7.2% over last five years
Political Update

U.S. Involvement in the Global Economy

- U.S. involvement in the global economy is a good thing because it provides the U.S. with new markets and opportunities for growth. (44%)
- U.S. involvement in the global economy is a bad thing because it lowers wages and costs jobs. (49%)

Understanding U.S. Voter Sentiment

Anti-foreign rhetoric

Congressional Concerns

“Foreign competitors are taking over U.S. companies at an alarming rate, and international pressures are only going to make the problem worse in the coming months.”

- Speaker Paul Ryan, 07.29.15

Source: “Most Important Problem” Poll, Gallup, March 2-6, 2016
Unilateral actions by treasury

The FACTS:
The proposed Treasury regulations under Section 385 are breathtaking in their potential reach:

• The changes could impact all cross-border, related-party debt transactions, and are not limited to inverted companies
• The uncertainty surrounding treatment of debt, could make it more difficult for all foreign companies to invest in the U.S.

Congressional Priorities

Growth Through Trade Networks

Nearly 90% of America’s FDI comes from TTIP and TPP based companies.

26,840 new FDI Jobs
Aftercare

"The best EDOs have a single point of contact...ensures that our employees maintain a single point of contact...the best aftercare is when an EDO has an "ombudsman" for the company through the lifetime of an investment who can help solve downstream or upstream issues that may emerge and impact business operations."

Avisek Das, Director of Business Development, Tata

Our local EDO "was a direct conduit to the city and county for our company's interests...continuous support from EDOs can do a lot to support the business case for future capital investments."

Chris Olsen, VP of Community Affairs, Tate & Lyle

"EDOs can help break through the red tape that slows projects down. It's not always about the money, sometimes we just need the process to speed up."

Mark Dahlinger, Chief Financial Officer, Solvay

• Key aftercare priorities
  > Streamline communication
  > Integrate execs and their families
  > Create community networks
  > Embrace multiculturalism
  > Include FDI companies in FDI efforts
  > Align support services to be global
  > Prevent discrimination
Understanding Aftercare: Lessons from Foreign-owned Enterprise Executives

Duluth, Minnesota
June 10, 2016

Tate & Lyle overview

- Founded in the UK in the mid-19th century, the Henry Tate & Sons and Abram Lyle & Sons businesses merged to form Tate & Lyle in 1921
- Headquarters in London and listed on the London Stock Exchange:
  - member of FTSE 250
  - market capitalisation of £3.7 billion\(^1\)
- Business built on core values of safety, respect and integrity
- Production facilities, laboratories and offices in over 30 countries
- 4,300 employees worldwide
- Sales of £2.7 billion\(^2\) and operating profit of £224 million\(^2,3\)
- Over 70% of sales into food and beverage market
- Customers include many of the world’s largest food and beverage manufacturers, and industrial and pharmaceutical customers

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\(^1\) At 11 June 2014

\(^2\) For financial year ended 31 March 2015

\(^3\) Excluding exceptional items and amortisation of acquired intangible assets and net retirement benefit interest
Tate & Lyle’s ingredients portfolio

### Speciality Food Ingredients

- **Texturants**
  - slippery, gelatinous, & 'clean-label'
  - modified starches
- **Health and Wellness**
  - PHAMIGEN®: Natural Gums & Fibers
  - PURITY®: Food Grade Bulk Sweeteners

### Bulk Ingredients

- **Food Systems**
  - bulk sweeteners
  - starches for paper and paperboard
- **Industrial and other**
  - paper products
  - agricultural

### Sweeteners

- **Native, modified and 'clean-label'**
  - maize, potato, and tapioca
- **Bulk Sweeteners**
  - starches for paper and paperboard
  - acidulants/fermentation/bio-chemistry
  - corn co-products incl. animal feed
- **Health and Wellness**
  - SPLENDA®: Sucralose
  - PUREFRUIT™: Monk Fruit Extract
  - TASTEVA®: Stevia Sweetener
  - KRYSTAR®/FRUCTOPURE®: Crystalline Fructose
- **Fibres**
  - PROMITOR®: Soluble Gluco/Corn Fibre
  - PromOat®: Beta Glucan
  - STA-LITE®: Polydextrose
- **Sodium Reduction**
  - SODA-LO®: Salt Microspheres
- **Protein**
  - ProteinProtein™: Oat Protein
  - Stabiliser Systems (can be combined with flavors or sweeteners in US)

### Tate & Lyle serves major customers worldwide

- Coca-Cola
- Nestle
- Kraft
- Mars
- Unilever
- Procter & Gamble
- Kellogg's
- General Mills

### Recent Investments – Beyond Sustaining Capital

- Hoffman Estates, Illinois
- Lafayette, Indiana
- Loudon, Tennessee
- McIntosh Alabama
Tate & Lyle in Minnesota

- Production facility in Duluth
- Produce Malic and Fumaric Acid (ingredients used in food and beverages)
- 41 employees
- Average wage approximately $30/hour
- Excellent "aftercare" by local economic development professionals

Why do we keep investing in the United States?

- Legacy businesses
- Markets and market access
- Talent
- Historically low cost of doing business
- Infrastructure
  - Transportation
  - Utilities

Thank you
Bill King  
Vice President, Business Development

Cirrus Aircraft  
Post acquisition / After-care

**Half-step back:**

Cirrus was a foreign owned entity before the 2011 acquisition by CAIGA (Chinese)

**At time of acquisition:**

City was appropriately questioning how the acquisition would impact Cirrus’ corporate commitment to Duluth/NE MN Region.

We carefully articulated how we believed the acquisition would impact our footprint and activities in Duluth.

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Cirrus Aircraft  
Post acquisition / After-care

**What surprised us?**

- Cultural issues: Expectation management – very rapid integration into a structured operational environment
- Language: Even the very basic interchanges are laborious and require immense concentration and time
- Time Zones: Even our schedules work against us

**How did we “overcome” the hurdles?**

- Cultural issues: Expectation management – to date we have yet to successfully engage in co-production. Our ownership has not proven (yet) to change the Chinese culture regarding open airspace and manufacturing capacity/capability
- Language: We have now been much more effective in relying upon our Chinese nationals, but only to a degree.
- Time Zones: We have increased our trips and direct interface incorporating more time per trip to work to build the meaningful long-term relationships with our counterparts.
Cirrus Aircraft
Post acquisition / After-care

Where do we think we were?
We thought we are at a juncture where we are more productively engaged to change GA in China within a ten year window!

Where do we think we are?
We think we are at a juncture where we are productively engaged to change GA in China within the next ten years!

At time of acquisition:
City was appropriately questioning how the acquisition would impact Cirrus' corporate commitment to Duluth/NE MN Region

Gains:
Financial objectives of "sellers" met.
Greater capacity for capital investment (now $100MM).
Opportunity to grow our footprint & market potential internationally

Losses:
Some loss in corporate agility.

Now heading into our 6th year of culture adjustment and still learning how and what we need to do to maximize our interface and effectiveness with our international partnership.

Net Gains and Losses

Cirrus Aircraft
Post acquisition / After-care

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Net Result:

Powerful Gains:
Corporate stability in a historically unstable marketplace.
Financial capacity to grow beyond our former limitations.
Poised to be the market leader in an entirely new market as it opens.
  * Chinese market is emerging into a free market
  * Infrastructure demands better productivity and access
  * We are largely regarded as the team to lead GA into China