

Corus Trading Update – Annual General Meeting

Trading outlook

In 2006, the global steel demand/supply balance is forecast to remain tight by historical standards. Demand remains robust and whilst growth continues to be underpinned by China, it is expected to be more evenly distributed than 2005, with strengthening demand in both North America and Europe.

The improvement in underlying European demand, combined with inventory levels at or below trend, has allowed selling price increases of between 5-7% to be secured during the second quarter of 2006. Further selling price increases of 7-12% have recently been announced for the third quarter. Annual contract negotiations for the supply of iron ore have yet to be concluded and other cost pressures, in particular energy and zinc, have continued. Against this background, however, the Board's view is that the Group's performance will show positive momentum over this period.

2006 first quarter results

On 31 May, Corus will release its results for the first quarter of 2006. Consistent with guidance given at the time of our 2005 preliminary results announcement, selling prices during this quarter remained broadly unchanged when compared to the fourth quarter of 2005, whilst UK energy costs increased by some £20m. The operating result will also reflect a one-off pension accounting credit of £90m, related to the new contribution and benefit framework agreement for the British Steel Pension Scheme that has been previously announced. A one-off finance cost of £87m will be included in the first quarter result, in respect of the premium paid to redeem the £150m debenture. This premium, reflected in the first quarter cash flow, is in addition to the normal, seasonal build of working capital that occurs during the first half of the financial year.

From 1 January 2006, International Financial Reporting Standards require the Group to adopt IFRIC 4 'Determining whether an arrangement contains a lease'. This will result in a number of long-standing supply arrangements being treated as finance leases, with some £150m added to both the reported net debt and fixed assets.

Aluminium

The internal consultation processes related to the proposed sale of Corus' aluminium rolled products and extrusions businesses to Aleris International Inc. remain on schedule.

For further information, please call:

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Corus Group Plc (LSE/AEX: CS; NYSE: CGA) is one of the world's largest metal producers with annual turnover of over £10 billion and major operating facilities in the U.K., the Netherlands, Germany, France, Norway and Belgium. Corus' four divisions comprising Strip Products, Long Products, Distribution & Building Systems and Aluminium provide innovative solutions to the construction, automotive, rail, general engineering and packaging markets worldwide. Corus has 47,300 employees in over 40 countries and sales offices and service centres worldwide. Combining international expertise with local customer service, the Corus brand represents quality and strength.