

SureBeam/Titan Opens Irradiation Facility

What a difference a year can make. In 1999, Titan's SureBeam Corporation unveiled its first facility utilizing a revolutionary electronic food pasteurization system that could help reduce the threat of deadly bacteria in foods, such as E. coli O157:H7 in ground beef. At the time, most people had never heard of electron beams or x-ray pasteurization, let alone how it worked using ordinary electricity.

As 2000 drew to a close--barely one year from the final USDA approval date for the application of electronic pasteurization on beef and other fresh meats--SureBeam® electronically pasteurized ground beef was being distributed nationwide. Besides being in some 2000 supermarkets stretching from New York to California, Schwan's--the nation's leading home distributor of premium frozen foods--and Omaha Steaks International, Inc.--renowned for its gourmet meats--both began selling nationally only SureBeam electronically pasteurized ground beef. After several months in the market, Schwan's reported increased sales of 20 percent above its non-pasteurized ground beef product line sales in the same year.

A network of SureBeam pasteurization facilities being built in Brazil is expected to be the world's largest most comprehensive system dedicated to enhancing food safety.

Supervalu, whose Cub Stores were one of the first to carry the SureBeam processed product, reported summer-level sales occurring in the middle of the winter. Huisken Meats, the first meat processor to launch SureBeam processed beef patties in May 2000, increased its ground beef market share, and reported at year-end that 25 percent of its total ground beef production was now being electronically pasteurized.

Reflecting this success, SureBeam's revenues increased by 573 percent to \$25.2 million, compared to 1999 revenues.

Previously, major national food processors--such as Cargill, IBP, Tysons, Emmpak, Huisken Meats, and others representing over 75 percent of the ground beef market--had signed agreements with SureBeam. In 2000, SureBeam continued to expand its customer base to include more raw food processors, as well as processed food giants such as Kraft, the largest packaged food company in North America; Del Monte, the largest producer and distributor of premium quality, branded processed fruit, vegetable and tomato products; and Anchor Foods, a world leading producer of appetizers.

SureBeam also expanded its agreement with IBP, the world's largest meat company, to design and engineer one or more in-line electronic pasteurizing systems for IBP's processing facilities. In all of its agreements, SureBeam charges a per pound processing fee based on committed volumes.

In July of 2000, Hawaii Pride, a SureBeam customer, opened a facility in Hawaii that uses SureBeam technology. SureBeam's technology provides the farmers of Hawaii the ability to disinfect pests, such as fruit flies, from Hawaiian fruit for national and international shipment.

The first SureBeam-processed tropical fruit hit the mainland market in August 2000.

Internationally, SureBeam entered into an agreement with Tech Ion Industrial Brasil S.A., headquartered in Manaus, Brazil. As part of this new relationship, a network of SureBeam® pasteurization facilities will be built in Brazil, with SureBeam having the option to share in recurring revenues by purchasing equity in the Brazilian operating company. When completed, the network is expected to be the world's largest, most comprehensive system dedicated to enhancing food safety and preservation. The total value of this initial network is expected to be in excess of \$55 million in sales revenues to SureBeam over the next three years--in addition to a share of recurring processing revenues.

During 2000, SureBeam obtained its ninth patent award covering system enhancements that improve equipment life, reduce facility construction costs, and increase productivity. SureBeam has another 12 patent applications still pending in the United States and abroad. To help preserve rights to its intellectual property, SureBeam does not sell its proprietary technology, although it may license the technology.

With two major facilities in operation and several others under construction, with a lengthening list of clients, continuing progress on the strategy to integrate SureBeam technology directly into prominent food processors' production lines, and with SureBeam processed products selling in 48 states--SureBeam became the first core Titan company to fulfill Titan's business strategy to create, build and launch commercial business. In March 2001, SureBeam completed its initial public offering, and became a public company.