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Excerpt from the Chairman's report at the Annual General Meeting on 19 August 2010

In Q1 2010/11, Danisco generated organic revenue growth of 5% and an operating profit that will be higher than last year. This implies that in all likelihood we will realise our long-term financial ambition of an operating margin of 13.5% before Bio Chemicals Projects in this financial year. In consequence, we are updating our long-term financial ambitions. The results for Q1 2010/11 and our updated FY outlook will be announced on 21 September 2010. The Board of Directors proposes a total dividend payout of DKK 810 million, corresponding to DKK 17.00 per share, and a removal of the voting right restriction.

In his report at Danisco's Annual General Meeting, Chairman of the Board of Directors, Jørgen Tandrup, presents among other things:

The financial year 2009/10 has been a turning point for Danisco. We continued to take important steps towards meeting our ambitions, and we improved our results on the previous year. Throughout the year, focus has been on delivering on the commitments that we made. In May 2010 we announced that we had met our margin milestone of 12.5% (before Bio Chemicals Projects) in 2009/10 – well ahead of plan. This is the result of multi-year efforts with very clear priorities. We certainly met a number of challenges on the way, but they were overcome. In the financial year 2009/10 we achieved 6% revenue growth adjusted for currency movements and acquisitions. And we recorded an operating profit before share-based payments and special items of DKK 1,745 million, equivalent to a margin of 12.7%. That was DKK 497 million or 3.1 percentage points higher than last year.

One driver of this performance was a return to growth in our core markets, combined with tailwind from lower input costs. Last but not least we introduced a string of cost containment initiatives, including a pay freeze and extensive rationalisation measures in the sales organisation, at our plants and in the administrative functions – in fact, across the entire business. But even if the markets rebound, you have to be prepared to benefit from it. And we are. Given our global presence, with sales and development staff, and our strong product portfolio combined with innovative and sustainable solutions, we are well positioned to become our customers' First choice – which, as you know, is our key ambition. In this connection I would like to express my gratitude to all our employees for their great efforts over the year.

One year ago Danisco was facing two major challenges: Our Sweeteners division was impacted by keen competition within xylitol and Genencor's earnings had dropped significantly. Since then Genencor has regained momentum in line with our plans, with strong growth and improved earnings thanks to many new and competitive products combined with extensive restructuring measures. We have not achieved our targets yet, but we are well underway.

And Sweeteners, though still challenged, achieved a well above-target cash flow for the year. However, we felt compelled to make a DKK 700 million goodwill writedown and to introduce additional restructuring measures. We are starting to see the results of this and are bringing Sweeteners back on track with reasonable earnings and cash flow. Meanwhile, both Enablers and Cultures maintained their strong momentum over the financial year. In fact, both divisions generated record results.

Looking ahead, our focus will be on further streamlining our business, and we will continue to invest into our sustainability offering and innovation platform to support our long-term growth path. This is necessary if we are to address unmet customer needs stemming from the global challenges that CEO Tom Knutzen will touch on later.

Specifically for our Bio Chemicals Projects – the most important of which deal with enzymes for the production of second-generation bioethanol and bio-based materials for the production of synthetic rubber – we are now nearer to realising these major opportunities. I will come back to this later.

With these overall reflections I wish, on behalf of the Board of Directors, to indicate two things: Firstly, we are well on the way to achieving our current financial ambitions. Our strategic platform and direction are in place and, secondly, we have ambitions of maintaining momentum as well as generating more growth and earnings.

Based on information given to me by the management at a Board meeting just prior to the Annual General Meeting, I can inform you that Danisco generated organic revenue growth of 5% in the first quarter and an operating profit that will be higher than in the same period last year. We are ahead of budget and with such a good start to the year we will in all likelihood realise our long-term financial ambition of an operating margin of 13.5% before Bio Chemicals Projects in this financial year. In connection with the announcement of our Q1 results on 21 September we will be updating our outlook for FY 2010/11.

CEO Tom Knutzen added the following to the Chairman's report:
I will mostly deal with the correlation between the current global megatrends, our strategy and the products and solutions that we develop. The purpose is to illustrate Danisco's huge business potential provided by our global presence, human resources and, not least, our technology. But first to our financial ambitions.

The positive challenge is that given our outlook for the current financial year we will meet our long-term financial ambitions. As you can see from the slide behind me, three of the criteria were met last year. Our business generated 6% organic growth – or in the middle of our target range of 5-7% organic growth over an economic cycle. The return on net operating assets was 19% versus a target of 18%, and our gearing – that is, net debt to earnings before depreciation – was 1.2 times. In the current financial year we expect to fulfil the last ambition: an operating margin of 13.5% before Bio Chemicals Projects. And this plan will be supported by a strong first quarter. This is the reason why we are updating our targets – that is, setting new and ambitious targets. As to the timing, we want to fulfil our current ambitions before setting up new ones. So we will come back to that in the course of the year.

As the Chairman has already said, our progress is the result of many factors – internal as well as external. Last year I told you about a number of internal areas with potential for improvement. Over the year we have achieved extensive cost savings and procedures have been improved. And that is part of the explanation for our profit growth. But we are not finished yet – far from. Going forward, our initiatives will result in further improvements and at the same time we will improve the service we provide to our customers to become their First choice supplier. As an example I can mention that after we had mapped out our logistics functions we saw potential for savings as well as improved customer services. In consequence, we established the organisational unit LOGFI – Logistics Food Ingredients – as of 1 May 2010. LOGFI undertakes all the logistics related to finished goods and customer supplies. Over the past year we have reduced the number of warehouses from 160 to 128, and going forward we can achieve additional economies of scale through our regional distribution centres while at the same time improving our supply reliability. Longer out we expect LOGFI to act as a link between our sales force and our customers to communicate the customers' future needs. That will enable the divisions to optimise their production planning and, as a result, reduce the number of warehouses further.

Another example is the creation of financial service centres. In Europe we have successfully established a central accounts department in Bratislava to serve the entire region. Similarly, we have just established centres in Kunshan, China, and in Mexico City to serve Asia and the Far East as well as North and South America. In this way we will achieve economies of scale while reducing costs.

As already mentioned, we are introducing many other initiatives to focus and strengthen our competitive power going forward.

Humanity is faced with drastic global challenges. The climate is changing and the world population is increasing. Today, there are more people on earth than the accumulated number of people in the history of mankind. This is difficult to relate to, but it gives an idea of the magnitude. In 2050 – only 40 years from now – the global population is projected to reach nine billion. That is close to 30% more than today. So we have to act in a sustainable way, but the development also offers significant business opportunities. Our strategy is therefore focused on the production and development of products and solutions based on natural raw materials and biotechnology. Both production and products must be sustainable, but even more important: our products must contribute to fighting global warming and the use of scarce resources such as oil and water.

Chairman of the Board, Jørgen Tandrup, also said:

Update on Grindstedværket
On 17 April 2009, we announced in a press release that we would make a plan once all the claims have been considered. We also announced that we would offer some additional compensation for claims where medical experts and the National Board of Industrial Injuries recognised work-related injuries resulting in a loss. To be recognised, claims have to be related to mercury and must have occurred as a consequence of employment at Grindstedværket during the period in which Grindstedværket was engaged in vitamin production.

We will keep our promise and hope the general public will understand that the claims must be assessed by the right experts – both medical experts and the National Board of Industrial Injuries. The situation right now is that out of 150 claims, in 111 cases of which Danisco was the employer, 97 claims have been rejected and four claims, two of which relate to the same person, have been recognised as work-related injuries. 62 cases have been appealed. In a number of cases, the National Board of Industrial Injuries is awaiting the results of medical examinations and further information. The National Board of Industrial Injuries hopes to be able to consider all the remaining cases by Christmas this year.

The Board of Directors proposes to the Annual General Meeting
- The following amendments to the Articles of Association:
    - Removal of the 7 1/2% voting right restriction
    - Election of all Board members every year
    - Revision of the Articles of Association in consequence of the new Danish Companies Act
    - Corporate language changed to English
- That a dividend of DKK 8.50 per share be paid, an increase of DKK 1.00 or 13% on 2008/09, and an extraordinary dividend of DKK 8.50, corresponding to a total of DKK 17.00 per share.
- Re-election of Board members
- That in the period until next year's Annual General Meeting the Board of Directors be authorised to allow the Company to purchase treasury shares up to the amount of 10% of the share capital at market price at the time of purchase with a deviation of up to 10%
- A share option scheme for the Executive Board and senior managers

Chairman of the Board, Jørgen Tandrup, continued:

Important amendments to the Articles of Association
In connection with the release of our Q1 results in September 2009 we announced that the Board would propose to the Annual General Meeting that the Articles of Association be amended in two areas.

Firstly, the Board proposes to the Annual General Meeting that the election period for all Board members be changed from two years to one year. The Board motivates the proposal by a wish to update the Company's Articles of Association to ensure that they comply with current corporate governance recommendations in a Danish as well as an international perspective.

Secondly, the Board has once again discussed whether the voting right restriction of 7 1/2% serves its purpose of ensuring the Board a better negotiating position in case of a takeover bid. The Board has concluded that the value of the voting right restriction does not offset the negative impact on the share price. The Board therefore proposes to the Annual General Meeting to remove the voting right restriction laid down in the Articles of Association.

Granting of share option scheme of up to 600,000 share options to the Executive Board and senior managers
Over a long period of time, we have granted share option schemes to the Executive Board and senior managers. In the opinion of the Board of Directors, the effect of these schemes is that the Executive Board and senior managers share a common objective with our shareholders, that is, to create value for the company. As of 30 April, the combined option schemes, excluding the proposed scheme, accounted for 5.4% of the total share capital.

The Board of Directors is convinced that share option and bonus schemes are among the key factors for being an attractive employer who can retain and attract qualified staff in a global market. And let me add that we use external market data to ensure that the parameters of the schemes and the individual allocations are made on market terms. I can inform you that in connection with the payout of extraordinary dividend we adjust the strike prices in the option schemes, that is, the prices at which the employees can acquire the shares, are adjusted in accordance with standard practise.

The Board of Directors proposes to the Annual General Meeting that the Board be authorised to grant 600,000 share options on the terms and conditions stated in the material to the Executive Board and senior managers, comprising some 375 persons.

In conclusion, I can inform you that the price at which Danisco shares can be bought in the period from 2013 to 2016 is expected to be fixed at DKK 480; at this price the total value of the scheme is calculated at about DKK 67 million, which is somewhat higher than at the time of the release of the Annual Report at the end of June.

I would like to add that the Board has also been looking at a compensation model that takes a larger group of employees into account. As a result, we have introduced a bonus scheme with effect from the current financial year for those of our employees who are not comprised by collective agreements. Under the new scheme, the employees will be paid an annual bonus if the Group's earnings expectations are met.

In addition, senior managers in Genencor are comprised by a bonus scheme as described in our Annual Report.

The Annual General Meeting will be webcast live on www.danisco.com. After the event, the Chairman’s report can be read in its entirety at the same website.

Yours faithfully

Jørgen Tandrup
Chairman

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