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Excerpt of the Chairman's report at the Annual General Meeting on 20 August 2008

In his report at Danisco's Annual General Meeting, Chairman of the Board of Directors, Anders Knutsen, said among other things:

There is every reason to take an active interest in all that has happened since last year's annual general meeting. This general meeting is special because this is the day we decide on the future ownership of our sugar activities – an important and necessary change – just as we promised last year!

The past year has been extremely exciting and eventful for Danisco. When we met here last year, I told you about a company steering successfully through major changes. The last pieces of the puzzle are now falling into place – with the sale of Sugar as the absolute main event. With a focused food ingredients business and new and more long-term activities within biotech, we have brought Danisco into a new reality. The reality of tomorrow. This means that we have created a platform for growth opportunities and future earnings potential for our company.

It is all about exploiting Danisco's unique technology platform to an even greater extent than before. And it is about being willing to run greater risks than previously. We have chosen the name "Becoming first choice" for this new strategy. This means that going forward we will aim to be the preferred company. Whether by customers, suppliers, business partners or employees.

Over the past 10-11 years we have seen one structural change after the other. It has been a long, but necessary journey. Now we are done with the radical changes, so the Danisco you see today after Sugar has been sold is the Danisco we will build on for many years to come.

In other words, we are done with selling off, and have put value-creating growth on the agenda.

Danisco Sugar

Last year, Danisco Sugar – and what was to become of it – was the much-discussed topic of the general meeting.

This year, I am pleased to say that we have found a good home for our sugar business with Nordzucker, provided of course that the General Meeting authorises the Board of Directors to close the sale. We managed to obtain an attractive price, which means that we are well poised to reach the targets, which the future Danisco will be pursuing. At the same time, I see Nordzucker as a perfect match for Danisco Sugar, which is now joining one of the leading companies in Sugar Europe. And I was pleased to hear Nordzucker's extremely flattering remarks about Danisco Sugar. I am very pleased on behalf of the shareholders and employees.

This is a huge decision for Danisco. And for this reason, it is only natural that the General Meeting gets the opportunity to discuss this historic step in our continued development. The Board of Directors, of course, hopes that the General Meeting will authorise us to close the sale.

Danisco – Becoming first choice

With our new position after saying good-bye to Sugar our ambition is to become the First choice in every context. We want to be an organisation that motivates its employees and colleagues to do their best. And we want to be a business that appreciates and rewards these efforts. Extensive work is taking place internally and it is tied to at least four important targets: We want to be a company which, when asked, potential employees choose as one of their favourite places to work.

We want to be our customers' preferred partner. That is why we are working hard to become a market-driven organisation through-and-through by e.g. optimising and motivating our sales force so that Danisco is at the top of relevant customers' minds. We want to be the company with the strongest innovation team. The innovative company which others want to cooperate with. And finally, we want to be leading in sustainable production and products.

When we succeed in all these areas I have no doubt that we will become the first choice. In this respect, cooperation and partnerships with other businesses are important factors for our success.

The first major partnership we have entered into is with the listed US-based company DuPont on turnkey solutions for bioethanol production. In two to three years the target is to supply both the concept and the technology for finished and competitive second-generation ethanol plants around the globe. DuPont has the expertise, we don't have, and we have what DuPont doesn't have. Together, we form a partnership that will end up in a sustainable product based on residue from for instance agriculture or forestry.

Each party is initially investing up to DKK 350 million over the next three years. That is a lot of money, but just listen to this: We foresee a market for second-generation bioethanol of at least USD 75 billion in 2020, corresponding to around DKK 400 billion. We aim to be a key player in this market and to have a big slice of the cake.

We see our partnership with DuPont as an important signal to others who wish to collaborate on sustainable products in the biochemical field. Naturally, we also want partnerships and collaboration in the food area. Food continues to be a highly important segment to Danisco. We will particularly be focusing on the market for health-promoting food ingredients over the coming years as these are in demand by our customers. We call this area Health & Nutrition. Our focus areas are ingredients that have a positive effect on digestion, diabetes, cardiovascular diseases, oral hygiene and immune response and can help overweight people. We already have products in all those areas today, but we want to be among the three largest and best in the world. This requires an effort and could also involve acquisitions. We are determined to be in the top three, because we know that it is a market with solid growth rates.

Tomorrow's Danisco will be far more focused. Our enzymes and food ingredients are based on the same technology platform and are used in several of the same markets. We have therefore reached the point where all the Group's business areas must grow by themselves, through partnership agreements and minor acquisitions if the right opportunities arise.

The mercury case – Grindstedværket

In my review of the development of the ingredients activities, I would like to make a few comments on the possible mercury poisoning of employees at the former Grindstedværket 30-40 years ago. There is no doubt that the Board of Directors, the Executive Board and employees take the matter very seriously. The media have presented the case from different angles. And I would like to take this opportunity to emphasise the following:

Firstly, it is impossible to judge yesterday's environmental requirements by today's standards. Former production methods would not be accepted and approved by the authorities today.

Secondly, it has been claimed that the employees were not informed about their mercury values at the time. We find that hard to understand since several employees have informed us that the results were announced on the bulletin board in the canteen. In any case, the employees whose values were too high were informed about it in close collaboration with the public authorities. According to the procedures agreed on with the authorities at the time, they were transferred temporarily from their workplace until their test results showed normal values again.

Thirdly, it is incorrect when the media claim that we refuse to help mercury victims. On the contrary, we do everything we can to provide relevant information. As at 13 August, 70 claims had been reported to the National Board of Industrial Injuries, and we have also replied to many requests from current and former employees and given them access to the company's mercury measurements, if any. We would like to stress that we are not in possession of complete data material of mercury analyses and measurements made during the period in question. The measurements were made as part of the industrial health centre's service at Grindstedværket and were primarily carried out by the occupational medical clinic in Copenhagen. When the industrial health centre (a public institution) was closed down in the late 1990s, we were instructed to send these measurements to the Directorate of the Danish Working Environment Authority, so they are no longer in our possession. Our files only comprise the measurements appearing from correspondence with the Danish Working Environment Authority, and we know that the Directorate has more measurements which we do not have access to. To get a correct and objective data basis for assessing the individual cases, we maintain our view that persons who believe they may suffer from injuries should contact their general practitioner or the National Board of Industrial Injuries to go through the right channels.

Finally, we have suspended the limitation period to make sure that persons who believe they suffer from injuries have the time needed to report a claim.

I am not saying this to explain away this unfortunate situation, but I believe that the Annual General Meeting is entitled to get a more detailed picture of this complicated situation than we have at the moment.

In conclusion, I would like to say that this is a very unfortunate situation. Back then the company followed the normal procedures that were accepted and agreed with the public authorities. With today's knowledge, both Danisco and the authorities would act differently than at that time.

We fully support the Executive Board's handling of the matter, and we will now await the results of the National Board of Industrial Injuries. When we have been informed about the contents of the specific cases, we will find a solution for those who suffer from permanent injuries which will reflect that we, the Board of Directors, are aware of our ethical and social responsibility.

The Board of Directors proposes to the Annual General Meeting

- That a dividend of DKK 7.50 per share be paid, which is unchanged from 2006/07
- Election of members to the Board of Directors
- That the company's share capital be reduced through the cancellation of 1,248,200 treasury shares, corresponding to 2.55% of the share capital. The reduction concerns the share buyback programme of DKK 500 million introduced in continuation of the divestment of Flavours
- 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 an amount of 10% of the share capital at market price at the time of purchase with a deviation of up to 10%
- Sale of Sugar
- Share option programme for the Executive Board and senior managers
- Electronic communication with shareholders
- Proposal from shareholder: "Danisco will ensure that workers at Grindstedværket who have suffered injury because of mercury or other substances, which the management of the company knew or ought to have known to be hazardous to the employees, will receive damages irrespective of any time limitation"

Composition of the Board of Directors and motivation for re-election

At the Annual General Meeting, the following Board members are up for re-election in accordance with the Articles of Association: Jørgen Tandrup, Håkan Björklund and Kirsten Drejer. I would like to present the Board of Directors' motivation for proposing re-election of the above Board members. Apart from their experience from serving on Danisco's Board of Directors, all three Board members have valuable competencies that are considered an asset to the Company.

Sale of Sugar

First of all, allow me to emphasise that the Board of Directors considers the sale of the sugar activities to be one of the most important decisions since the formation of Danisco A/S in 1989. Today, we therefore need to discuss the resolution proposed by the Board of Directors for approval by the Annual General Meeting, to the

effect that the Annual General Meeting grants the Board of Directors a mandate to close the sale of the sugar activities to German-based Nordzucker.

For a long time, the Board of Directors has been aware that the two very different business models of Ingredients and Sugar, respectively, were not an optimal combination. But at the same time, the EU sugar regime was being changed considerably, which meant major uncertainty about the valuation of sugar activities across Europe. Against this background, we have not been ready to negotiate until now that we have more clarity about the future development of the EU sugar market.

Since last year's annual general meeting, we have worked to find the most optimal solution for our shareholders, customers, employees and beet growers. We engaged an adviser, Deutsche Bank, to assist us in the process and ensure that all options were examined. An auction process was carried out to give us certainty about the value of our sugar activities which, among other things, resulted in a DKK 600 million writedown of the goodwill value. This was compared with the alternative of an independent stock exchange listing of Danisco Sugar. The Board of Directors, the Executive Board and our external advisers have assessed that selling the sugar activities to Nordzucker is the best solution. This solution is optimal because, first of all, it provides the best value creation for our shareholders. Secondly, with this agreement we ensure our employees a new owner who focuses on production and sale of sugar in Europe – in other words, our employees become part of Nordzucker, a very well-functioning and professional sugar producer. Thirdly, we make sure that our customer base will have a professional and competitive business partner in future. And lastly, I have noticed statements from Nordzucker that in future beet growers may become joint owners of the sugar production in Scandinavia. This ownership structure is traditionally used throughout Europe and will put Scandinavian beet growers on an equal footing with their European colleagues.

With these words, the Board of Directors asks the Annual General Meeting for a mandate to close the sale of Danisco Sugar to German-based Nordzucker. I would like to add that the mandate, of course, will be subject to approval of the sale by the competition authorities in the respective countries.

Finally, I would like to point out that if the Annual General Meeting rejects the proposal, the Board of Directors will consider it a mandate to work towards an independent stock exchange listing or other alternatives. This also applies if the sale is not approved by the authorities.

Granting of share option programme of up to 600,000 share options

For some years, we have granted share option programmes to the Executive Board and senior managers. In the opinion of the Board of Directors, the effect of such programmes is that the Executive Board and senior managers share a common objective with our shareholders, that is, to create value for the company. The combined option programmes, including the proposed programme, account for 5.3% of the total share capital.

The Board of Directors is convinced that share option programmes offer one of many important ways of being an attractive employer so that we are able to 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 programme and the individual allotments take place on market terms.

The Board of Directors therefore 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, about 200 persons in all. Finally, I can inform you that the value of this programme at the present share price level is approx. DKK 32 million against approx. DKK 31 million at the time of the release of last year's Annual Report at the end of June.

Electronic communication

As part of the process of making communication with the shareholders more efficient and modern, the Board of Directors proposes that, in future, electronic communication between the company and the shareholders should be possible, cf. section 65(b) of the Danish Public Companies Act.

Proposal from a shareholder: Danisco will ensure that workers at Grindstedværket who have suffered injury because of mercury or other substances, which the management of the company knew or ought to have known to be hazardous to the employees, will receive damages irrespective of any time limitation.

As I mentioned previously in my speech, these cases took place around 40 years ago when concepts such as pollution and production had an entirely different meaning than today, and when the term sustainability was not in the dictionary. Fortunately, we now know better. The production methods of that time would never be used today.

Basically, our view is that we need experts to consider each individual case. We have therefore urged victims to report their claims through the ordinary channel, which is the National Board of Industrial Injuries. And together with the National Board of Industrial Injuries we will make efforts to ensure that cases are dealt with fast. This is the only way to get an objective assessment of the seriousness of the injuries and legal certainty for all parties. I can inform you that as at 13 August 70 claims had been reported to the National Board of Industrial Injuries. We have already suspended the limitation period and we also have a good and constructive dialogue with the representatives of a large number of the former and current employees – the two Danish trade unions 3F and Dansk Metal.

When the results of the National Board of Industrial Injuries are available and when we have been informed about the contents of the specific cases, we will have an objective basis according to which we can act and find a solution for those who suffer from permanent injuries which will reflect that we, the Board of Directors, are aware of our ethical and social responsibility. Against this background, the Board of Directors cannot approve the proposal at present.

The Annual General Meeting can be followed live at www.danisco.com. Subsequently, it will be possible to read the Chairman's report in its entirety at the same Internet address.

Yours faithfully

Tom Knutzen
CEO

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About Danisco

With a rich and innovative portfolio, Danisco is a world leader in food ingredients, enzymes and bio-based solutions. Using nature's own materials, science and the knowledge of our 9,500 people, we design and deliver bio-based ingredients that meet market demand for healthier and safer products. Danisco's ingredients are used globally in a wide range of industries – from bakery, dairy and beverages to animal feed, laundry detergents and bioethanol – offering functional, economic and environmental benefits. Headquartered in Denmark and operating from more than 120 locations, Danisco's key focus is to become our customers' First choice and a truly market-driven global business. In addition, we have one of the most efficient sugar production platforms in Europe. Find out more at www.danisco.com.