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Danisco A/S announces sale of Danisco Sugar A/S to Nordzucker AG

Highlights

- Danisco A/S has today agreed to sell Danisco Sugar A/S to Nordzucker AG for an enterprise value of DKK 5,600 million. In addition, Danisco will receive DKK 600 million of cash proceeds from the sale of EU quota in 2007/08 and earlier
- Danisco Sugar has entered into an agreement with the Danish and Swedish beet growers associations in respect of beet supply for the forthcoming campaigns
- Upon closing of the transaction, Danisco will contribute DKK 150 million to the beet growers in Denmark and Sweden to facilitate acquiring an equity interest in Danisco Sugar
- The transaction is conditional upon merger clearance and the shareholders of Danisco A/S granting the Board of Directors a mandate to close the transaction at the Annual General Meeting on 20 August 2008. The transaction is expected to close within six months
- Danisco does not expect to record any gain or loss from the divestment
- Upon completion of the transaction, the Board of Directors expects to initiate a share buyback programme of between DKK 750 million and 1,000 million, bringing Danisco's financial gearing in line with the lower end of our stated gearing target of 2.5x - 4.0x net debt / EBITDA
- The divestment of Danisco Sugar is the final step towards the transformation of Danisco into a focused, bio-based, market-driven ingredients provider

CEO Tom Knutzen of Danisco comments: 'The sale of Danisco Sugar represents a positive outcome for our shareholders and another milestone towards a focused ingredients business following the divestment of Flavours in 2007. I am pleased that Danisco Sugar and the Danish and Swedish beet growers associations have reached an agreement for the supply of sugar beet going forward. Under Nordzucker's ownership, Danisco Sugar will continue to develop in its key markets and we wish the business continued success. This divestment marks the beginning of a new era for Danisco, and we remain committed to the strategic priorities outlined in our results announcement of 23 June 2008.'

CEO Hans-Gerd Birlenberg of Nordzucker AG comments: 'I am truly delighted that our concept for the joint future of Nordzucker and Danisco Sugar has had a positive response. With Danisco Sugar we are gaining a partner which is in excellent all-round shape and which will strengthen our operations substantially right from day one. Strategically, the two firms are excellently matched – and culturally we have also discovered that we have a great deal in common. In short, Danisco Sugar is the best possible partner for Nordzucker.'

Chairman of Danske Sukkerroedyrkere, Jørn Dalby, comments: 'Nordzucker is owned by beet growers. We expect that, together, Nordzucker and the Danish and Swedish growers will provide a strong platform for the future development of Danisco Sugar.' **Chairman of Svenska Betodlarna ek.för., Otto von Arnold, comments:** 'The conclusion of discussions regarding the future price of sugar beet and the investment contribution from Danisco create a strong basis for the future development of beet growing in Denmark and Sweden.'

Separation of Danisco Sugar

On 4 March 2008, the Board of Directors of Danisco announced that it would separate Danisco Sugar either by way of a sale or a spin-off to existing shareholders. Following a comprehensive auction process, Danisco has today signed an agreement with Nordzucker AG for the sale of Danisco Sugar for a total enterprise value of DKK 5,600 million. The transaction is subject to certain customary closing adjustments, including in respect of working capital.

For the financial year ending 30 April 2009, Danisco Sugar expects to generate revenue of approximately DKK 7.0 billion and EBIT (before special items) of approximately DKK 450 million. Therefore, the enterprise value represents a multiple of 12.4x EBIT for 2008/09 or 7.0x EBITDA.

In addition, Danisco will receive DKK 600 million of cash proceeds from the sale of EU quota in 2007/08 and earlier. Danisco will keep approximately DKK 360 million (EUR 48 million) as a loan to Danisco Sugar, which will carry a coupon of 5% per annum and will be repaid in full by the end of February 2010.

In the opinion of the Board of Directors of Danisco and its financial adviser, the outlined transaction represents a more value-enhancing solution for the shareholders of Danisco than a spin-off. The Board of Directors of Danisco also believes that the combination of Nordzucker AG and Danisco Sugar is an attractive solution for other important stakeholders such as customers, beet growers and employees. The Board of Directors of Danisco therefore believes that the transaction is in the best interests of Danisco's shareholders and will recommend the shareholders of Danisco to grant the Board of Directors a mandate to close the transaction at the Annual General Meeting on 20 August 2008.

The agreement is conditional upon merger clearance and the shareholders of Danisco granting the Board of Directors a mandate to close the transaction at the Annual General Meeting on 20 August 2008.

Danisco Sugar secures sugar beet supply

Following a substantial increase in the price of alternative crops during the past year, Danisco Sugar has reached an agreement with the Danish and Swedish beet growers associations regarding the future supply of sugar beet, thereby ensuring that sugar beet remains an attractive crop.

Upon closing of the transaction, Danisco will contribute DKK 150 million to the beet growers in Denmark and Sweden to facilitate acquiring an equity interest in Danisco Sugar.

Danisco becomes a focused, bio-based, market-driven ingredients provider

Upon completion, Danisco will become a focused ingredients company. Danisco plans to enhance shareholder value by designing and delivering bio-based ingredients to our industrial customers worldwide and thereby become our customers' First choice. As set out in our Announcement of Results for 2007/08 on 23 June, our long-term target is to deliver organic growth of 5-7% and an EBIT margin (before share-based payments but after corporate costs and central R&D) of 13.5%. For 2008/09, we expect revenue of DKK 12.6 billion (corresponding to organic growth of around 6%) and EBIT (excluding share-based payments but including corporate costs and central R&D) of DKK 1.4 billion.

Use of proceeds

A portion of the net proceeds will be used to reduce net debt in line with the lower end of our revised financial gearing target range for net debt/EBITDA of 2.5x-4.0x. After completion, Danisco expects to ensure compliance with these targets by returning between DKK 750 million and 1,000 million of cash to the

shareholders by way of a share buyback programme. The timeframe and the final amount of this share buyback programme will be decided in connection with the completion of the transaction.

Accounting treatment of the divestment

Danisco does not expect to book a gain or loss in respect of the divestment. Danisco Sugar will be booked as discontinued operations for the financial year ending 30 April 2009.

Deutsche Bank AG London acted as the exclusive financial adviser to Danisco in connection with the sale of Danisco Sugar.

Information meetings will be held for the employees of Danisco Sugar as soon as possible after the summer holidays.

Yours faithfully

Anders Knutsen
Chairman

Tom Knutzen
CEO

For further information, please contact:

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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.

About Danisco Sugar

Danisco Sugar is one of the largest sugar producers in Europe, boasting market leadership in the Nordic countries and the Baltics and targeting growth in new markets. Based on an annual output of around 1 million tonnes of sugar produced at plants in Denmark, Sweden, Finland, Germany and Lithuania, we offer a wide range of sugar products tailored to industry and consumer needs, as well as animal feed and sugar beet seed. From autumn 2008 beet-based bioethanol will be part of the portfolio. Considering our approx. 2,000 employees our most important resource we give high priority to competence development and attractive working conditions. In all our activities, we are committed to sustainable excellence in our processes. Find out more at www.daniscosugar.com.

About Nordzucker

Nordzucker is one of the leading sugar producers in Europe, focusing on its strengths by consistently aligning its activities towards the core business of sugar, animal feed and bioethanol made from beet. Together with its business partners Cristal Union and ED&F Man in the Eurosugar joint venture, Nordzucker provides the food processing industry, retailers and end-users throughout Europe with a wide range of different sugar types and associated services. Nordzucker employs 2,860 people and has an annual production of 1.9 million tonnes of sugar at sites in Germany, Poland, Slovakia and Serbia. Find out more at www.nordzucker.com.