



LINDT & SPRÜNGLI

ANNUAL REPORT 2010

DATA PER SHARE

		2010	2009	Change in %
Non-diluted earnings per share/10 PC ¹⁾	CHF	1,061	851	24.7
Operating cash flow per share/10 PC	CHF	1,580	2,059	–23.3
Dividend per share/10 PC	CHF	450 ²⁾	400	12.5
Payout ratio	%	42.8	47.3	
Shareholders' equity per share/10 PC	CHF	7,266	7,085	2.6
Price registered share at December 31	CHF	30,100	25,405	18.5
Price participation certificate at December 31	CHF	2,826	2,220	27.3
Market capitalization at December 31	CHF million	6,762.5	5,517.6	22.6

1) Based on weighted average number of registered shares/10 participation certificates

2) Proposal of the Board of Directors

INCOME STATEMENT

		2010	2009	Change in %
Sales	CHF million	2,579.3	2,524.8	2.2
EBITDA	CHF million	423.3	382.1	10.8
in % of sales	%	16.4	15.1	
EBIT	CHF million	325.3	264.8	22.8
in % of sales	%	12.6	10.5	
Net income	CHF million	241.9	193.1	25.3
in % of sales	%	9.4	7.6	
Operating cash flow	CHF million	363.7	470.1	–22.6
in % of sales	%	14.1	18.6	

BALANCE SHEET

		2010	2009	Change in %
Total assets	CHF million	2,524.7	2,476.0	2.0
Current assets	CHF million	1,672.7	1,535.8	8.9
in % of total assets	%	66.3	62.0	
Non-current assets	CHF million	852.0	940.2	–9.4
in % of total assets	%	33.7	38.0	
Non-current liabilities	CHF million	209.6	220.9	–5.1
in % of total assets	%	8.3	8.9	
Shareholders' equity	CHF million	1,672.5	1,617.7	3.4
in % of total assets	%	66.2	65.3	
Investments in PPE / intangible assets	CHF million	88.6	123.5	–28.3
in % of operating cash flow	%	24.4	26.3	

EMPLOYEES

		2010	2009	Change in %
Average number of employees		7,572	7,409	2.2
Sales per employee	TCHF	340.6	340.8	–0.1

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FINANCIAL YEAR 2010

CHAIRMAN'S REPORT



DEAR SHAREHOLDERS

The economic situation is recovering slowly, or at least stabilizing, and has been accompanied in most countries by a noticeable improvement of consumer sentiment, albeit to varying degrees. Against that background, it is my pleasure to report that, as we had been expecting, the organic growth and earnings situation at Lindt & Sprüngli far exceeded the overall market trend in the last financial year. This good progress is the outcome of the development measures which we had already put in hand in 2009, as a targeted response to the global economic crisis so as to be fit for the future and in a position to benefit fully from a fresh upturn. The fact that our forecasts have turned out to be correct clearly shows that our tried and tested long-term business model has the flexibility needed to develop efficient strategies which permit strong performance, even under the most challenging economic conditions. We continue to subscribe fully to this successful business model for profitable growth, founded on an all-round commitment to quality, and built upon seven pillars: brand management, premium positioning, close ties to consumers, innovation, marketing expertise, production know-how and geographical expansion.

Despite the stabilization of the economic environment which was observed almost everywhere, the year 2010 brought many challenges for the economy. The Swiss franc, which had already appreciated in the previous year, gained further in value against important currencies such as the euro, the US dollar and the pound sterling, making direct exports from Switzerland to the countries concerned much more difficult. In general, the commodity markets were typified by high volatility. For the whole chocolate industry, massive increases in the price of cocoa beans, especially during the first three quarters of 2010, reaching a record high not seen for the past

30 years, proved to be a serious challenge. At the end of 2010, prices moved down again slightly, but a speculative environment persists. It is aggravated by political uncertainty in the Ivory Coast and set to remain volatile.

After consumer sentiment had suffered greatly all over the world because of general uncertainty and the difficult economic conditions prevailing in 2009, private consumption recovered strongly almost everywhere in the past financial year. Slowly but surely, consumers regained confidence in the future. This led to a further increase in quality awareness which had some positive impact on the premium chocolate segment, and hence also on the trend in value of the chocolate markets, even though these tended to move sideways for the most part in volume terms.

The feeling of confidence which grew steadily among consumers as the year under review advanced, and a renewal of the firm commitment to trusted premium products, higher quality and more lifestyle, not only favored the year-round business of Lindt & Sprüngli but also had a particular impact on its important seasonal activities. With key products present globally such as LINDOR truffles, which achieve substantial growth rates year on year, or the EXCELLENCE tablet line, constantly augmented by new flavors, to say nothing of its other traditional and popular creations, Lindt & Sprüngli once again succeeded in further consolidating the market position of its first class premium offering, thanks to the high added value offered to consumers. The other pillar of the LINDT brand is an impressive ability to innovate, based on a comprehensive and far-reaching understanding of fast-changing consumer habits. Our many innovations start with systematic consumer tests and soundly based market analyses, backed by the creativity of our Maîtres Chocolatiers and their willingness to strike out time and time again on unusual paths in the development of their surprising recipes, and to set new trends.

We owe it to our in-depth knowledge of the markets and proximity to consumers, together with our intensified and targeted marketing activities, that we were able to achieve consolidated group sales worth CHF 2.58 billion (previous year: CHF 2.52 billion) in the past financial year. After currency adjustments, this is equivalent to organic growth of around CHF 175 million or 7.3% on the previous year, well above the average for the chocolate market as a whole. In fact, we were able to win further shares in all the important markets and segments. We particularly welcome the fact that all the Group subsidiary companies contributed to this good performance with strong growth rates, sometimes running into double figures, for example in North America and in the United Kingdom. Only in Australia did sales in the wholesale trade fall somewhat short of expectations, although our own LINDT Chocolat Cafés were able to report well above average growth.

The last financial year again saw many highlights. I would like to take this opportunity to mention two of the most important events. June 16 marked the inauguration of a new factory building at our production site in Stratham, NH (USA); this hosts a facility for the production of cocoa mass which was previously imported from Switzerland. With this major investment

made with an eye to the future, each distinct phase of production from cocoa-bean roasting to the finished product can now be handled locally in the USA. This is an important step towards assuring even better services for our clients and consumers in terms of freshness and supply flexibility; it also makes us far more independent of expensive and environmentally unfriendly transport routes, and of currency risks. Today, we benefit from the very latest technologies in every area of manufacturing and logistics in the USA. Another noteworthy event, which attracted considerable attention in the national and international media and hence the interest of a public extending well beyond the borders of Switzerland, was the magical LINDT Christmas Lighting Event on November 16. In the presence of more than 8,000 enthusiastic spectators who had come to admire the impressive Christmas illumination of our over a century old Kilchberg plant, tennis champion and LINDT brand ambassador Roger Federer opened this exceptional lighting show.

Lindt & Sprüngli not only lived up to the sales expectations announced for the year 2010 but also met its earnings forecasts. The operating result (EBIT) rose by 22.8% to CHF 325.3 million (previous year: CHF 264.8 million) which is within the published range. Our profit margin improved by 210 basis points to 12.6% (previous year: 10.5%). The net profit advanced even more strongly by 25.3% to CHF 241.9 million, equivalent to a return on sales of 9.4% (previous year: 7.6%). At the end of 2010 the cash flow stood at CHF 363.7 million. The equity ratio and average return on equity stood at 66.2% and 14.7% respectively. This robust capital structure proves that Lindt & Sprüngli has emerged strengthened in every respect from the global economic crisis.

Our aim has always been to manufacture the most innovative products of the highest quality and to market our premium brands professionally. For this purpose the finest raw materials, a high level of know-how and creativity, accompanied by a broad understanding of the market characteristics and consumers' needs are required. Then again, it is vitally important for us to update our production sites and installed machinery constantly to the latest state of technological art, and make sure that they always meet the most recent standards. The good operating results and sound balance sheet structure of our business provide the essential financial basis for ongoing investments to strengthen our competitiveness, both in the marketing area and also in relation to the industrial and technological capabilities of our group of companies. Thanks to a substantial volume of investments in plant and information technology totaling CHF 1.2 billion over the last ten years, our eight production sites in Europe and the USA are today among the most modern and efficient in the chocolate industry anywhere in the world. Our long-term objectives of profitable growth, both now and in the future, are established on this solid foundation.

While the trend of the SMI (– 1.7%) and the SPI (+ 2.8%) did not fully reflect the distinct economic upturn at the end of 2010, the stock market did pay tribute to the good performance and solid substance of our business through well above-average performance of Lindt & Sprüngli securities (registered share: + 18.5%, participation certificate: + 27.3%), which reached highs for the year in the autumn months and finally peaked in December. The long-term success poten-

tial of our group of companies provides the best foundation for the continuation and further enhancement of these positive trends.

In view of our reported sales and profit growth, the Board of Directors will be proposing to the next General Meeting on April 28, 2011, the distribution of a dividend of CHF 450.– per registered share and CHF 45.– per participation certificate. This represents an increase of 12.5% on the previous year.

These good results have been made possible by more than 7,500 motivated and dedicated employees at every level in our international organization, who identify day after day with the company and with our products. The Board of Directors and the Group Management owe them a debt of gratitude and recognition. We also want to take this opportunity to thank all our business partners for their close and valuable cooperation, and our loyal shareholders who have placed their confidence in the company across the global stock market crisis of the last two years, and, by doing so, demonstrated their trust in the sustainable success of our company.

OUTLOOK

A further recovery of the global economy and an improvement of consumer sentiment can be expected in the current financial year. With a pipeline packed with new products and ideas, Lindt & Sprüngli is well placed to benefit from this trend and continue to grow faster than the markets as a whole, to improve its profitability and strengthen its position as a global leader in the premium chocolate segment.



Ernst Tanner
Chairman and Chief Executive Officer

REVIEW OF 2010

CORPORATE HIGHLIGHTS

JANUARY 2010

CHOCOLATE WORLD, BEIJING



In the course of the first chocolate exhibition in the growth market of China, 300,000 LINDOR truffles were distributed to the enthusiastic visitors.

JUNE 2010

OPENING OF THE CHOCOLAT CAFÉ, TOKYO



June saw the opening of the first LINDT Chocolat Café in Tokyo, in the popular Ginza shopping district. With the establishment of a dedicated subsidiary, the Japanese market can be serviced even more efficiently at local level in future.

JUNE 2010

OPENING FACTORY EXTENSION, STRATHAM



Ernst Tanner, CEO and Chairman of the Board of Directors of the Group, and Thomas Linemayer, CEO of Lindt & Sprüngli (USA) Inc., inaugurated the factory extension in Stratham, NH. The multi-million-dollar investment to increase capacity was spread over a construction phase of four years.

OCTOBER 2010

OPENING FIRST LINDT BOUTIQUE, MUNICH



In the context of the new retail concept, the first LINDT boutique was opened in October 2010, in the heart of Munich's shopping district. For 2011, further boutique openings at selected locations in Germany are planned.

LINDT BRAND AMBASSADOR ROGER FEDERER

JANUARY 2010

OPENING CHOCOLAT CAFÉ, MELBOURNE



In his first official appearance as LINDT's brand ambassador, Roger Federer opened the new LINDT Chocolat Café during the Australian Open in Melbourne. This brings the number of successful Chocolat Cafés in Australia to six locations.

DECEMBER 2010

MATCH FOR AFRICA, ZURICH



LINDT was one of the sponsors of the "Match for Africa." The two tennis greats Federer and Nadal played for a good cause in front of 10,000 spectators at Zurich's Hallenstadion. The match proceeds of CHF 2.5 million went to the Roger Federer Foundation.

NOVEMBER 2010

LINDT CHRISTMAS LIGHTING, KILCHBERG



The Lindt & Sprüngli chocolate factory in Kilchberg formed the backdrop to a spectacular light show. Brand ambassador Roger Federer, CEO Ernst Tanner and LINDT Maître Chocolatier Urs Liechti gave the starting signal for the festive projections of internationally renowned light artist Gerry



Hofstetter. To a soundtrack of familiar Christmas songs, the chocolate factory bathed in the light of 24 impressive motifs. A crowd of around 8,000 people gazed in awe at the Christmas themes and enjoyed the magical Advent landscape at the site.

HIGHLIGHTS 2010

PRALINES

SWITZERLAND

CONNAISSEURS



After two years of intensive revamping, the LINDT Maîtres Chocolatiers are proud to present the relaunch of the CONNAISSEURS pralinés. Refined recipes, new shapes and flavors; an absolute delight!

GERMANY

HOCHFEIN



The classic from LINDT in Germany. An established composition of the finest nougat, marzipan, truffle, almond cream and nut pralinés. In attractive new gift packs every spring. Each praliné is a masterpiece!

FRANCE

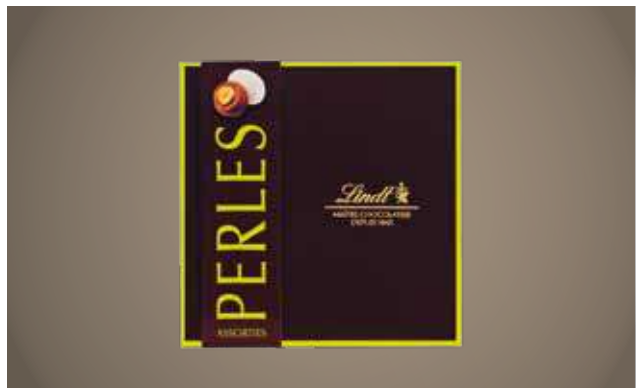
CHAMPS-ÉLYSÉES



A popular traditional product during the Christmas period in France. The packaging captivates with its enchanting premium design, and inside is a diverse collection of the finest pralinés. The perfect gift!

DUTY FREE

LINDT PERLES



The perles consist of a nutty center, such as roast almonds and hazelnuts, which are coated with a hint of vanilla, cappuccino cream or aromatic gianduia. An irresistible taste experience!

TABLETS

SWITZERLAND

EXCELLENCE CARAMEL INTENSE



Bittersweet dark chocolate coupled with crispy caramel pieces and finely chopped almonds are the secret of the incomparable taste experience of this EXCELLENCE tablet. A very sweet temptation!

SCANDINAVIA

EXCELLENCE FLEUR DE SEL



EXCELLENCE with a hint of sea salt opens up an extremely aromatic taste experience, particularly for lovers and connoisseurs of bittersweet chocolate. Give it a try!

SWITZERLAND

PASSION CHOCOLAT



This tablet innovation surprises with its refined combination of top-quality chocolate, and exquisite special ingredients such as orange and pistache or caramel and sea salt. An exclusive chocolate composition of the LINDT Maîtres Chocolatiers!

GHIRARDELLI USA

GHIRARDELLI



A perfect blend of velvety dark chocolate, with a hint of the finest sea salt and crunchy roast almond pieces. An incomparable tablet for discerning gourmets!

SEASONAL PRODUCTS

GHIRARDELLI USA

PREMIUM CHOCOLATE ASSORTMENT



The popular Ghirardelli SQUARES in different flavors are now available in beautiful spring boxes with a window. The ideal gift for Mother's Day!

CAFFAREL ITALY

CAFFAREL FONDENTI EMOZIONI



Caffarel "Gianduia:" This premium gift egg is made from the finest milk chocolate, filled with a surprise present and lavishly packaged. A popular bestseller in Italy during the Easter holidays!

USA

NUTCRACKER DRUM BOX



The "Nutcracker Drum Box" was specially designed for the Christmas holidays and is filled with delicately melting milk, dark and white LINDOR chocolate truffles. A touch of luxury under the Christmas tree!

GERMANY

LINDT GOLDSTÜCKE



With GOLDSTÜCKE, the LINDT Maîtres Chocolatiers have lovingly created a high-quality gift box filled with an exclusive selection of fine LINDT chocolate truffles with special Christmas recipes. For all those who appreciate festive elegance!

OUR SHAREHOLDERS' FAVORITE CHOCOLATE

COMPETITION RESULTS

THANK YOU FOR YOUR PARTICIPATION!

In the 2009 annual report, we asked our shareholders to name their favorite chocolate tablet. The number of response was overwhelming. By the end of the year, more than 8,000 replies had arrived at our headquarters. After sifting through them, there were three clear favorites, which we reveal on this page.

We would like to thank you, our valued shareholders, for your loyalty and dedication.

1ST PLACE

EXCELLENCE ORANGE



The EXCELLENCE Orange Intense tablet turned out to be by far our shareholders' favorite chocolate. Delicate orange pieces and crispy chopped almonds in bittersweet chocolate combine to make an incomparable taste experience. An especially fruity and aromatic creation.

2ND PLACE

LES GRANDES DARK



Discover this unique composition of whole roast hazelnuts and crunchy caramelized nut pieces in the finest LINDT dark chocolate. All nut-lovers, please pay attention: no other chocolate has more whole nuts than the LINDT LES GRANDES tablet!

3RD PLACE

MOUSSE AU CHOCOLAT LAIT



The LINDT Maîtres Chocolatiers have created light and airy chocolate varieties with love, dedication and real trend intuition. Third place in the list of our shareholders' favorite tablets goes to the MOUSSE AU CHOCOLAT Lait made from the finest milk chocolate.



1899 Staff move into the new factory in the district of Bendlikon, in the municipality of Kilchberg by Lake Zurich. Founder Rudolf Sprüngli-Schifferli drew up the first plans for this himself.



Rudolf Sprüngli-Ammann

A chocolate pioneer of the first order. Together with his son, he produced chocolate in solid form for the first time in German-speaking Switzerland in 1845.



European Cocoa Center

The plant in Olten has been producing cocoa mass for Switzerland, Germany and Italy since 2007. A LINDT factory shop was also opened in 2010.



Ground-breaking ceremony in Altendorf

The site was expanded into a logistics center in 2007 and is now a hub for our export products.



The plant site in Kilchberg 2010

Significant investment in modernizing the head-quarters has seen production volume almost treble compared with previous years.

WHERE TRADITION MEETS MODERNITY

“In 1995, I assumed operational control of Lindt & Sprüngli in Switzerland, just when the company was celebrating its 150th anniversary. In the past 15 years, we have continuously expanded our Swiss head office and made huge progress with lots of innovations. For instance, the LINDT Maîtres Chocolatiers have consistently advanced the traditional Swiss art of making pralinés. In our 80-plus export markets, our pralinés are the best ambassadors of high-quality craftsmanship made in Switzerland.”

KAMILLO KITZMANTEL
CEO CHOCOLADEFABRIKEN LINDT & SPRÜNGLI (SCHWEIZ) AG

LINDT & SPRÜNGLI IN KILCHBERG, SWITZERLAND

The head office of the world's leading premium chocolate manufacturer Lindt & Sprüngli has been based at Kilchberg, by Lake Zurich, since 1899. The innovative spirit of the promotion period still thrives today. In the last 15 years alone, over CHF 300 million has been invested in expanding the site and modernizing machinery. With 900 full-time employees, Lindt & Sprüngli is now one of the biggest employers on the left bank of Lake Zurich.



1995 On the occasion of the 150th anniversary of Lindt & Sprüngli, all Swiss households received a packet of chocolate in a largescale campaign as a token of appreciation for their many years of loyal custom.



Kamillo Kitzmantel CEO of Chocoladefabriken Lindt & Sprüngli (Schweiz) AG for 15 years, and also regional manager for LINDT and CAFFAREL in Italy since 2005.



Made in Switzerland

The Swiss Cross is a guarantee of top quality. In the LINDT tourist range, every traveler can find a sweet souvenir for their family and friends back home.



Lindt Festival du Chocolat Suisse

Once a year, all LINDT employees flock to the sales outlets to offer consumers a taste of fine pralinés. The fact that the boss also joins in goes without saying.



Rodolphe Lindt

Inventor of the legendary conche which gives LINDT chocolate its delicate, melting quality to this day.



Uncompromising quality

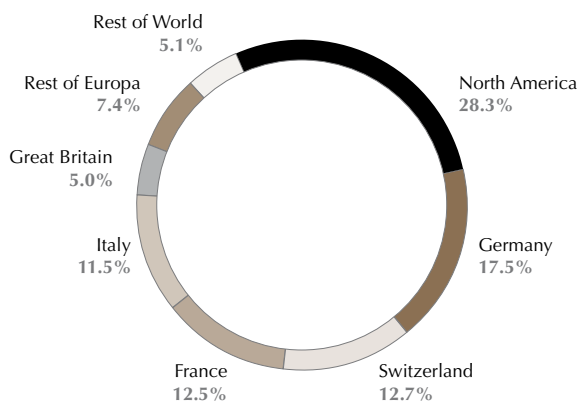
The LINDT brand has been voted the most trusted chocolate by the readers of Reader's Digest magazine. We are incorporating the seal in our milk chocolate tablets.

MARKETS

With six production sites in Europe and two in the USA, 17 wholly owned subsidiary companies and many independent distribution partners, Lindt & Sprüngli is the leading supplier on the global premium chocolate market. The main markets are described in more detail below.

SALES BY REGIONS

Percentages



SWITZERLAND

In 2010, Chocoladefabriken Lindt & Sprüngli (Schweiz) AG increased its sales by 4.8% to CHF 328.5 million (previous year: CHF 313.5 million) and is now back on track for success. Inaugurated by tennis champion and LINDT brand ambassador Roger Federer in Kilchberg, the magical LINDT Christmas Lighting Event was the highlight of the year.

The economic environment improved steadily in 2010 with an accompanying upturn in consumer sentiment. However, the strong appreciation of the Swiss franc did have consequences for exports and tourism. For people living near the national borders, shopping in the euro zone became an increasingly attractive proposition.

Despite a generally good Christmas business, in the year under review the chocolate market as a whole experienced a downturn in volume of -1.1%.

On the retail side, the hard discount channels expanded further, in which LINDT products are still not available because of a selective distribution strategy. Commodity prices remained high, making it necessary for LINDT to impose selective price increases.

Despite the still relatively difficult economic environment, the Swiss subsidiary company achieved growth of 4.8%. With innovative product launches, together with a comprehensive and perfectly implemented marketing package, it once again succeeded in strengthening its premium positioning and gaining further market shares.

LINDT improved its position in the praliné segment with the successful relaunch of its CONNAISSEURS range. Following a thorough review of the recipes and presentation of each individual praliné, these miniature works of art were introduced to consumers in a unique tasting selection.

In the tablet segment the new PASSION CHOCOLAT products launched in the spring soon became absolute bestsellers. The premium positioning of these innovative tablets is further enhanced by special recipes, an intensive taste experience and an artistic presentation.

The LINDOR brand went from strength to strength and generated substantial growth, especially in seasonal business for Valentine's Day and Mother's Day, as well as at Easter and Christmas with attractive product variations. LINDOR truffles are now also on offer in selected retail outlets as a "pick & mix" variant, so meeting the need felt by consumers for greater individuality and diversity.

Inaugurated by tennis champion and LINDT brand ambassador Roger Federer, to the applause of some 8,000 enthusiastic spectators, the magical LINDT Christmas Lighting Event was the highlight of the year. The spectacular Christmas light projections created an atmospheric mood on the factory frontage in Kilchberg throughout the Advent season.

A reputation study of 50 top Swiss businesses conducted by GfK (a market research institution) ranked Lindt & Sprüngli

in third place in 2010. The company is now one of the best and most respected in Switzerland, 165 years after its foundation.

GERMANY

In 2010 Chocoladefabriken Lindt & Sprüngli GmbH stepped up its sales by 6% to EUR 327.7 million (previous year: EUR 309.2 million), once again gaining market shares in every category.

Against the background of global economic recovery, the German economy made substantial gains on the export side and in investments, with gross domestic product increasing by 3.6% overall. As the labor market recovered and consumer sentiment improved, private consumption also rose slightly by 0.5% after the decline in the previous year.

The chocolate market in Germany as a whole did not benefit from the favorable economic trend, and shrank by 2.3% in 2010, largely because of aggressive price promotions. Despite this rather weak trend, LINDT did manage to step up its retail sales by a more than proportional figure and thereby win new market shares. Sales rose by 6% to reach EUR 327.7 million.

On the highly competitive market for chocolate tablets, LINDT gained market shares through targeted sampling offers. The tablet assortment was completed by the new “Choco Crème” and “Eisspezialitäten” lines and winter liqueur tablets. An appealing new narrow tablet format (pocket format) for selected chocolate tablets attracted further buyers.

Praliné sales rose once again. This positive trend was driven mainly by the popular classics “Hochfein” and “Mini-Pralinés” which were supported by TV advertising and point of sale activities. With attractive new articles and extensive promotional activities, LINDOR products achieved high double-digit growth.

The sustained success of GOLD BUNNY sales continued with above-average growth once again. Both existing products and additions to the range, such as the GOLD BUNNY

family, contributed to this growth. In addition, new recipes and package formats in the important chocolate egg segment enabled LINDT to substantially extend its market leadership in the Easter segment yet again.

With new products and successful point of sale activities, the Santa Claus range defended its strong position. Alongside new nut crunch offers, the introduction of “Goldstücke” helped LINDT to move even further ahead as the Christmas market leader.

FRANCE

In the year under review Lindt & Sprüngli SAS reported sales worth EUR 233.5 million (previous year: EUR 217.3 million) equivalent to 7.5% growth.

In France, the total value of the chocolate market rose by 2.4%, explained largely by good Easter and Christmas sales. In this favorable environment, LINDT maintained its leading position in the seasonal business and was able to further improve its uncontested no. 1 position in the tablet segment. LINDT proved successful primarily because of its real ability to innovate with premium recipes which are particularly well-liked by consumers.

The EXCELLENCE line of tablets proved enormously popular once again, achieved above-average growth and was augmented by new varieties such as “Amandes Grillées” in dark chocolate, “Noisettes Croustillantes” in milk chocolate and the “Extra Velouté” variant with white chocolate and vanilla from Madagascar. The filled CREATION tablets benefited from the introduction of new variations, including “Le Praliné”, “La Truffe” and “Le Caramel” with a hint of sea salt. All of the tablets were also supported by an extensive marketing package.

At Easter, the GOLD BUNNY once again demonstrated its enormous potential. Together with the versatile LINDOR offering, double-digit growth was achieved and a decisive contribution made to total sales. The newly developed Internet campaign “A GOLD BUNNY – a smile” proved extremely popular, reaching millions of consumers online.

Following a two-year review and subsequent relaunch of the complete product range, the Christmas assortment benefited from optimized recipes and a more contemporary packaging design. Alongside the popular LINDOR offerings, the traditional CHAMPS-ELYSEES, PYRENEENS and CONNAISSEURS pralinés once again proved highly successful.

ITALY

Lindt & Sprüngli SpA and Caffarel SpA stepped up their consolidated sales by 4.8% to EUR 215 million (previous year: EUR 205.1 million). This was a considerable improvement on previous years which had been seriously affected by the global economic crisis. LINDT products retain their broad presence in all the modern distribution channels. CAFFAREL specialties are still only on sale in traditional outlets, where their strong position was further consolidated.

LINDT once again proved to be the most dynamic brand on the Italian chocolate market; it performed strongly against the competition, and further extended its lead in the premium segment.

Thanks to the focus on an improved shelf presentation and greater advertising support, LINDOR truffles achieved excellent growth. In the tablet segment, the range of traditional milk chocolate tablets proved exceptionally successful.

The “pick & mix” offering was further extended to satisfy consumers’ taste preferences more effectively. This special concept gives the consumer an opportunity to put together a pralinés mix to his or her own liking, and is popular with most consumers.

In the important Easter business, LINDT products generated higher than average sales. LINDT is one of the most important and most popular brands at this season, and is particularly well-established in the modern retail channels. Demand from consumers for the XXL chocolate eggs and LINDT GOLD BUNNY is especially strong.

CAFFAREL specialties are once again making strong headway for the first time since the onset of the world economic crisis. The products continue to be available only through

the traditional trade. While performance in this sector was extremely modest during the recession, the order situation reverted increasingly to normal during the year under review. A more intensive advertising campaign has firmly established consumer awareness of the CAFFAREL brand. The leading position in the traditional trade channel was consolidated and the export quota further increased. The launch of innovative new products such as “Cuor di Frutta”, dark chocolate pralinés containing a berry jam filling with high fruit content, proved particularly promising, and they quickly became bestsellers.

AUSTRIA

Lindt & Sprüngli (Austria) Ges.m.b.H. reported a positive trend in 2010 and further consolidated its market position. In addition, the consistent pursuit of many marketing activities enabled brand familiarity to be further increased.

Following negative economic growth in the previous year, the Austrian economy recovered steadily in 2010. In particular, the gross domestic product increased by 1.9% due to rising exports.

An equally pleasing trend was reported in the food retail trade, which gained 2.4% in 2010. In addition, the growing popularity of large mass retail outlets provides increasing space for a wider assortment. This resulted in a much better presentation of the LINDT product range.

While the overall chocolate market rose by a rather modest 2.3%, Lindt & Sprüngli once again won new market shares with value growth of 4.5%.

The fact that LINDT was able to achieve substantial growth on a tablet market which declined by 2% is particularly pleasing. The filled tablets, in particular summer variants in slim format, and the introduction of LES GRANDES and new fine-melting whole milk tablets, made a significant contribution to the good performance. In the praliné segment, Lindt & Sprüngli remains the leader in Austria and achieved significant successes, especially with the launch of LINDT “Pralinés Elegance.”

Sentiment in the retail trade remained subdued in the early part of 2010, accompanied by rather slow Easter orders from the trade. For the first time, LINDT was therefore only able to achieve slow growth in this segment. Nevertheless, its result was better than that of the Easter market as a whole. In the course of the year, sentiment in the trade normalized and the LINDT Christmas assortment reported a very good result.

SPAIN

Lindt & Sprüngli (España) SA reported 6.3% growth in an extremely difficult economic environment with a flat market for chocolate, and consolidated its leading position on the Spanish chocolate market.

General consumer sentiment was adversely affected in the first instance by the record unemployment rate of 20%. In this difficult economic environment, consumers were extremely sensitive to pricing, and looked around more than ever for attractive special offers and price promotions. While the leading brand suppliers were particularly affected by the prevailing economic conditions, private labels benefited considerably. The chocolate market, too, was hit by the prevailing negative consumer sentiment and, as had already been the case in the previous year, reported only very modest performance.

In this extremely difficult market environment, Lindt & Sprüngli (España) SA managed to achieve sales growth of 6.3% to EUR 57.2 million, so gaining market shares and at the same time further extending its leadership on the chocolate market.

In the praliné segment, LINDOR proved to be one of the foremost success drivers. The newly introduced “pick & mix” offer was well received by consumers. After a comprehensive review, our assorted pralinés were reintroduced on the market with new mixes, formats and packaging designed to appeal to all kinds of consumer needs.

In the tablet segment, market shares were stepped up substantially. This was achieved in particular thanks to new variants such as EXCELLENCE “70% Mild.” The filled CREATION and nutty LES GRANDES tablets were also successfully launched on the Spanish market.

GREAT BRITAIN

Lindt & Sprüngli (U.K.) Ltd. looks back on a highly successful business year. With a substantial sales gain of 17.1%, the British subsidiary company achieved an exceptional result on what is Europe’s biggest chocolate market.

In previous years, the United Kingdom had been severely affected by the worldwide financial and economic crisis, which still showed its effects in the year under review. The newly elected conservative government adopted an extensive package of austerity measures. Although the economic downturn slowed, the unemployment rate in the UK reached a 16-year high at 8%.

While short-term economic data for the country remained weak, the chocolate market as a whole reported robust growth of 5%, attributable mainly to the Easter and tablet business. In this environment, with sales 17.1% higher, LINDT succeeded in achieving good above-average growth. This satisfactory progress is attributable primarily to the three core brands LINDOR, EXCELLENCE and GOLD BUNNY; they again gained substantial new market shares.

In the year under review, more than three million LINDOR truffles were handed out to consumers for tasting in an extensive sampling campaign. The EXCELLENCE Milk tablet launch in spring was well received and has since shown highly promising growth. Dynamic expansion of the assortment in the convenience segment has taken place with suitable LINDOR and EXCELLENCE small formats.

At Easter, the GOLD BUNNY was presented in an effective campaign by one of the country’s key retail partners which organized a big Easter bunny treasure hunt. By now, the GOLD BUNNY has become a veritable Easter icon in Great Britain. Christmas business also made very good progress thanks to a product offering put together specially for the season.

SCANDINAVIA

Lindt & Sprüngli (Sweden) AB reported sales growth of 13.6% and succeeded in further consolidating its market position. Since July 2010, the Swedish subsidiary company has also covered the markets of Finland and Norway.

After recovering very well from the global turbulence of recent years, the Swedish economy is in a solid condition. This positive upward trend was also reflected in improved consumer sentiment, despite a high unemployment rate of around 8%.

The Swedish tablet and praliné market proved highly dynamic, with exceptionally strong growth, driven mainly by the large number of new products available from all the suppliers. In these two segments, LINDT is particularly well-established with an innovative offering of premium products.

In the praliné business, the LINDOR brand was the focus of attention once again. In the past five years it has developed to become the most popular praliné article for Valentine's Day and Easter. The tablet business remained stable at a high level. EXCELLENCE defended its strong market position as the leading premium brand. In the filled tablet segment, both CREATION 70% and PETITS DESSERTS have now become firmly established.

To extend the success reported by LINDT in Sweden to the other Scandinavian countries, activities in the neighboring countries of Finland and Norway were intensified and are now controlled by the Swedish subsidiary company.

In Finland, LINDT has achieved a strong premium positioning in recent years, thanks to intensive cooperation with a leading Finnish department store chain. To enhance the position of LINDT chocolate, distribution was extended to further retail trade channels in 2010.

POLAND

Lindt & Sprüngli (Poland) Sp. z o.o. achieved sales growth of 4.7% and was able to strengthen its market position in a challenging economic environment.

The Polish economy recovered from the global economic crisis, and in 2010 gained 3.5% against the previous year's figure of just 1.8%. However, the chocolate market remained flat because of rather subdued consumer sentiment eroded by a hot summer and the most catastrophic floods for 150 years.

In this challenging environment Lindt & Sprüngli Sp. z o.o. managed to generate sales growth of 4.7%. Because of the very strong development of LINDOR, GOLD BUNNY and PETITS DESSERTS, new market shares were won in every segment.

Thanks to a large-scale promotion campaign during which some two million LINDOR truffles were distributed on Valentine's Day, at Easter and at Christmas, consumers were convinced about the unique nature of the infinitely soft-melting LINDOR quality.

REST OF CENTRAL AND EASTERN EUROPE

These regions were affected by the consequences of the economic crisis, reflected primarily in a serious decline in the value of the currencies of Central and Eastern Europe, and a rapid rise in unemployment.

In Russia, the economic situation began to recover slowly after the previous year's recession. High unemployment, sustained inflation and currency fluctuations did, however, impede the economic upturn in this country, which still holds great potential for LINDT.

The development of the Russian chocolate market suffered a severe setback, largely because of the exceptional heat wave in the summer of 2010.

LINDT products were unable to escape this trend entirely, but did settle down at a satisfactory level as the year progressed. In the year under review, continuing investments were therefore made in advertising and promotions. LINDOR and EXCELLENCE were given additional support during the important festive season through TV advertising in the big cities of Moscow and St Petersburg.

Business in Romania and Hungary reported somewhat modest growth. Nevertheless, here too continuous investments were made in the brand. The foundation stone was accordingly laid for future growth as soon as the economic environment stabilizes. Ukraine and the CIS countries recovered as the reporting year progressed, and LINDT was able to report healthy double-digit growth.

The Czech subsidiary company, which was founded in 2008, also handles the Slovakian market and is making constant progress. The core LINDOR brand proved particularly successful with high double-digit sales growth and significant market share gains.

NORTH AMERICA

With the LINDT and GHIRARDELLI brands in the USA, and also with LINDT in Canada, Lindt & Sprüngli stepped up its cumulative sales in this region by 10.7% to USD 714.2 million (previous year: USD 635.5 million). LINDT and GHIRARDELLI once again shared this leading position and proved to be the fastest-growing chocolate brands. LINDOR, EXCELLENCE and GHIRARDELLI SQUARES in particular reported robust growth in terms of sales and market shares.

The North American economy recovered slowly from the global recession and the overall chocolate market achieved further growth.

Lindt & Sprüngli (USA) Inc. reported sales growth of 8.2% in 2010, in an environment of intense competition. This good performance was achieved against the background of a continuing high rate of unemployment which, despite the better general economic situation, still makes for subdued consumer sentiment. Nevertheless, LINDT succeeded in further extending its leading position in the premium segment. The main growth drivers were LINDOR and EXCELLENCE, which performed particularly well overall. In 2010, both brands moved up to join the top ten of all products in the US confectionery sector.

To better satisfy the constant growth in demand for LINDT chocolate, important investment projects were completed in the year under review to increase production capacity on site. One of the most striking examples here is the new cocoa mass production plant which was commissioned in early 2010. As a result, the US plant is now perfectly equipped to handle every stage of cocoa processing from the bean to the finished and packaged product.

In addition, a further LINDOR truffles facility and the first tablet plant of the US subsidiary company began to operate at full capacity. The investments involved contributed to a substantial improvement in the availability of goods and in the cost structure.

The Ghirardelli Chocolate Company was founded some 160 years ago in San Francisco and reported exceptionally high growth of 13.4% in 2010. With this above average result the company's market position was greatly extended and strengthened.

All business areas and product categories performed well. In particular, SQUARES, the INTENSE DARK line of tablets and many seasonal creations for Valentine's Day and Christmas were the growth drivers, and made a decisive contribution to the very strong development. National advertising campaigns, especially during the Christmas season, further enhanced brand familiarity and additionally boosted demand for GHIRARDELLI products.

The shops and restaurants of the Ghirardelli Chocolate Company once again proved particularly popular with consumers, and attracted a great many visitors from all over the world. Strong growth was also reported by the online shop, from which consumers were able to place direct orders for selected products as gifts for others or for themselves.

Lindt & Sprüngli (Canada) Inc. far outstripped the general market trend with double-digit sales growth of 10.1% and won new market shares.

Although the recession in Canada is now largely behind us, some aftermaths were still felt. Trade in the year under review was rather subdued. Nevertheless, the chocolate market in Canada did prove highly dynamic, especially in the premium segment.

LINDT was the growth leader in the premium sector, well ahead of its competitors. Its strong position was further extended in both the all-year and seasonal business. The three key brands LINDOR, EXCELLENCE and GOLD BUNNY have now become the uncontested number one chocolate brands in Canada. But the products in the PETITS DESERTS, LES GRANDES and SWISS CLASSIC tablet lines also reported good results.

Stronger communication measures during the year under review helped greatly to make consumers better aware of the LINDT brand. This was confirmed by an "Ipsos" survey which showed LINDT to be the chocolate manufacturer with the highest brand value in Canada.

Lindt & Sprüngli de Mexico SA de CV handed over distribution of LINDT products in Mexico to a local distribution partner in the year under review. This will permit a more efficient canvassing of the market.

AUSTRALIA

Lindt & Sprüngli (Australia) Pty. Ltd. fell slightly short of expectations in a challenging trading environment in 2010.

The impact of the global financial crisis on the Australian economy was comparatively small. The unemployment rate even declined. Nevertheless, the overall chocolate market grew by only a low 2% and was mainly price-driven. Negotiations with the trade partners proved correspondingly challenging. As the leading brand in the premium segment, LINDT escaped from this price competition and relinquished unprofitable growth in the wholesale channels. Lindt & Sprüngli is convinced that the right long-term positioning is more important than short-term sales increases.

On the other hand, the retail concept the LINDT Chocolat Cafés grew very satisfactorily with concept. The highlight of 2010 was the inauguration of the second LINDT Chocolat Café in Melbourne at the beginning of the year, by tennis champion and LINDT brand ambassador Roger Federer, who was in the country for the *Australian Open*. In view of the growing popularity of the LINDT Chocolat Cafés, further openings elsewhere are being planned.

To canvass the Australian market still more intensively in future, the intention is to support the key brands of LINDOR, EXCELLENCE and GOLD BUNNY even more strongly with accompanying market activities and advertising.

ASIA

In a favorable economic environment, Lindt & Sprüngli (Asia-Pacific) Ltd. once again achieved high two-figure growth rates. Especially on the key Asian markets of Japan and Hong Kong, LINDT's presence was greatly extended.

Most of the Asian economies reported strong growth in 2010. In particular, the People's Republic of China once again achieved double-digit expansion which has been continuing now for decades. In this environment, the chocolate markets of the region developed further. Admittedly, chocolate consumption is still relatively low, but the trend is on the rise. By the same token, the premium chocolate segment is also beginning to become established, slowly, but surely.

In Japan a new subsidiary company was founded in 2010, and the first LINDT Chocolat Café on Asian soil was opened in Tokyo. Japanese consumers now have the opportunity to enjoy LINDT chocolate and selected patisserie specialties at a prominent location in the elegant shopping district of Ginza. This will further enhance the already high level of brand familiarity of LINDT in Japan.

Sales in Hong Kong and China expanded significantly in 2010. LINDOR truffles remain a popular gift at Christmas and for the Chinese New Year. With attractive premium gift offerings, LINDT has become established as the preferred supplier of quality chocolate. The classical SWISS MILK tablets and those in the EXCELLENCE line with a high cocoa content once again recorded double-digit growth in 2010. Overall, LINDT increased its market share greatly and further enhanced brand familiarity.

In South East Asia, LINDT is making good progress in Singapore and Thailand in particular. Its presence at selected points of sale was substantially increased. In these tropical countries, SWISS CLASSIC and EXCELLENCE tablets are selling very well despite the high temperatures which prevail throughout the year. On the Indian market too, which is growing at an exceptionally fast pace, LINDT products are now available at exclusive points of sale.

NEAR EAST/AFRICA

In the Near East, the long-standing double-digit sales growth was again maintained in 2010. The South African market was boosted by the large numbers of tourists attending the world football championship held there. LINDT is well-established locally in the leading premium segment with its EXCELLENCE and LINDOR brands, as regular consumer surveys confirm.

In the United Arab Emirates, the leading position in the tablet segment in the modern trade was further extended thanks to the popular EXCELLENCE and PETITS DESSERTS products.

DUTY FREE/TRAVEL RETAIL

After a challenging previous year, Lindt & Sprüngli's Travel Retail business reported a pleasing development in 2010. With the general easing of the economic situation, consumer sentiment improved considerably, and passenger numbers in the airports began to rise again. This also had a positive impact on the sales trend. LINDT was able to win further market shares and consolidate its leadership in this segment. The trend is particularly positive in South America and Asia: high double-digit growth rates were achieved in both these markets.

In the year under review, the LINDT Maitres Chocolatiers managed once again to delight connoisseurs of the finest chocolate creations all over the world with their unique innovations. The prestigious new Maître Chocolatier line, consisting of Truffles, Perles, Mini Pralinés and Carrés-Pralinés, specially created for duty-free sales, holds out the prospect of a delicious taste experience, and appeals to consumers with its sophisticated and exclusive design. In addition, the success story of LINDOR continued with the launch of the "Milk Collection" sampling box. SWISS PREMIUM NAPOLITAINS and the popular large-format gold and silver tablets were again the bestsellers in the existing range.

PROCUREMENT

In the year under review, commodity price movements remained extremely volatile. This development was again attributable to fundamental factors such as supply and demand, but it was also increasingly affected by speculation.

On the London **cocoa** futures market, prices ranged from a low of GBP 1,798/t to a record high of GBP 2,465/t. These price fluctuations were driven for the most part by large-scale speculation and political tension in the Ivory Coast.

In July 2010, a hedge fund based in England concluded a cocoa-bean transaction with a value of around one billion US dollars, so taking possession of some 7% of the entire stock of cocoa available worldwide. As a result, the cocoa price on the futures markets reached a record figure of GBP 2,594/t, the highest price for 33 years.

After cocoa prices had slowly settled down again, huge fluctuations were again experienced in the autumn of 2010 because of political tensions in the Ivory Coast, the world's largest cocoa-bean producer. Although the cocoa price had come under heavy pressure for months until the presidential elections, a huge increase was noted after the elections had been held and a dispute arose between the incumbent and the opposition leader over the electoral victory and the presidential office. Despite the political wrangling, and because of favorable weather forecasts and good harvest expectations, at the end of the year the cocoa price settled at around GBP 2,000/t.

Sugar prices in Switzerland and the EU remained more or less stable in the course of the year. At the start of the year they continued to fall slightly, except in the USA, after which they rose again with the downscaling of production volumes in the countries of origin such as Brazil, Australia, Central America and South Africa. Because of unforeseen events at the end of the year in key producer countries, like the floods in Australia and export restrictions in India, the international sugar price nevertheless climbed back up to a 30-year high at the end of the year.

The situation on the **milk** market remained tense in 2010 with the price of milk powder subject to wide fluctuations worldwide. This is attributable to a rise in global demand for dairy products with falling production figures. While milk prices in Switzerland continued on the downward trend which had begun in 2008, due to existing surpluses, prices in the EU and the USA have been rising continuously since the spring of 2010.

Turning to **dried fruit**, hazelnut prices fluctuated by 40%. Following the small harvest in the previous year, Turkey and Italy once again reported average harvest volumes in 2010. Prices of almonds recovered in early 2010 and remained volatile until the end of the year. The product quality was very good across the board.

Prices of aluminum as well as paper, cardboard and plastic **packaging materials** rose. Increasing demand for cardboard from China caused waste paper prices to shoot up. The impact of the economic crisis had brought a fall in demand and lower production capacities for cellulose, fresh fiber and recycling cardboard. With the economic recovery, demand rose again and could not be satisfied immediately. Weather and strike-related difficulties in Finland and Sweden, the earthquake in Chile and the closure of major cellulose plants made the situation increasingly acute.

CORPORATE SOCIAL RESPONSIBILITY

CORPORATE SOCIAL RESPONSIBILITY

Sustainable and socially responsible action in all fields of company management is a vital aspect for Lindt & Sprüngli. Clearly formulated CSR guidelines are therefore an important part of the corporate culture, and make a key contribution to the success of the business. The CSR criteria are implemented in all the relevant areas of the business, and are constantly reviewed and expanded, with a view to making further improvements. In addition, all associated aspects are monitored by a special committee of the Board of Directors, the CSR Committee, which was created specifically for this purpose in 2008.

→ Chapter Corporate Governance,
Corporate Social Responsibility Committee, page 42

Launched last year, the CSR section of the Lindt & Sprüngli homepage has met with a positive response from all target groups. Lindt & Sprüngli uses it to provide information about all important issues relating to cocoa cultivation and the production and consumption of LINDT chocolate. Detailed information about the membership of various bodies and compliance with guidelines is also available there. In this way, Lindt & Sprüngli is addressing the necessity for more information and transparency in this important area.

 www.lindt.com/csr

Site policy — The Group has been strongly committed to its Swiss home for 165 years now. Under the leadership of the current management, significant funds have been invested in the Kilchberg site near Zurich. In addition, as a result of expansion, the Olten branch has become the “European Cocoa Center,” and the Altendorf branch is now the logistics center for the Swiss market, thus creating new jobs. Lindt & Sprüngli Switzerland is the biggest employer on the left bank of Lake Zurich, and carries a great social responsibility in the region.

To help meet the rising demand for LINDT products in the USA, there has been major investment in the expansion of the American location in Stratham in recent years. Stage four of the extensive plant expansion was completed in the year under review. The LINDT plant in the USA now has its own system for manufacturing cocoa mass, and therefore

does not depend on imports from the European subsidiaries. This will also have a positive impact on the overall ecological balance as a result of reduced overseas transportation routes. Moreover, the business will be less exposed to fluctuations in the value of the dollar.

→ Chapter Report on North America, page 30

Personnel — Every business depends on its entire workforce for its success. Therefore above-average commitment, excellent professional expertise and strong identification with the products and the company are necessary. Lindt & Sprüngli promotes staff with long-term oriented perspectives at every level of the organization. Central values such as trust, fair play, team spirit and mutual respect are particularly important to the Group, and are firmly rooted in the corporate credo.

 Corporate Credo www.lindt.com/int/swf/eng/company/social-responsibility/policies/

Diversity within the workforce is a key aspect and is encouraged accordingly. People from every continent in the world work at Lindt & Sprüngli. For example, 50 different nationalities are represented at the Swiss production site. The employees work there in an integrative working atmosphere, regardless of origin, social background, religion, gender or age. Furthermore, Lindt & Sprüngli has always provided adapted workplaces for disabled people. To promote mutual exchange and strengthen cohesion, there are frequent social events, where all employees can join together in a convivial atmosphere.

In the year under review, the Lindt & Sprüngli Group employed, on average, around 7,500 people worldwide. This shows a pleasing return to an upward trend, after a general stagnation in numbers in the two previous years due to the economic crisis. To ensure the future-oriented promotion of young talent, the number of training places for apprentices is also being increased and extended to new fields.

Thanks to a values-based and personalized corporate culture, Lindt & Sprüngli has a low employee turnover rate. The Group is also keen to remain an attractive employer, gain the most qualified employees and keep them on a long-

term basis. Different rankings constantly demonstrate that Lindt & Sprüngli is a respected employer. For example, the Group ranked third in a study by the GfK (“Gesellschaft für Konsumforschung,” a consumer research organization) on company reputations in 2010.

Health & safety in the workplace — Health and safety in the workplace has highest priority. To ensure sustainable prevention, the workforce is proactively informed of possible sources of danger and trained accordingly. Alongside this, an appeal is made to the individual sense of responsibility of every employee. A “Health & Safety Program” that is binding for all production companies belonging to the Group was introduced at the end of 2008. Compliance with the program is checked by means of internal audits. The program is now a fixed component of the corporate culture, and has been well received and implemented by employees, which has led to significant improvements in occupational safety as a result. A healthy lifestyle is encouraged by means of various fitness programs and sports activities, such as crossing Lake Zurich in groups. Free flu vaccination is available to the employees at the production sites every winter. These and other measures demonstrate the Lindt & Sprüngli Group Management’s awareness of its social responsibility for the health and safety of its entire staff.

Social commitment — The employees of Lindt & Sprüngli Switzerland showed exemplary solidarity and kindness in the year under review. There was a big response to internal appeals to participate in fundraising campaigns for “Glückskette,” a Swiss foundation for humanitarian aid projects. Overall, five-figure sums were raised for the earthquake victims in Haiti and the victims of the severe floods in Pakistan, and were doubled by the company. Just before Christmas, the “Match for Africa” charity tennis exhibition game at Zurich’s Hallenstadion between the two best tennis players of all time, LINDT brand ambassador Roger Federer and Rafael Nadal, was supported by a major sponsorship contribution. All proceeds from the match went to the “Roger Federer Foundation,” which supports various aid projects in Africa. In addition, numerous financial and material donations were made to local organizations, associations and social institutions by all companies worldwide.

Consumers — Direct communication with our consumers is of crucial importance, as demonstrated by the number of consumer enquiries, which has risen sharply in recent years. The correspondence received by the consumer centers of our subsidiaries is highly diverse, ranging from general product information through complaints and suggestions to specific questions on sustainability. To answer these enquiries promptly and efficiently, a new Customer Relationship Management System (CRM) has been implemented throughout the Group since 2009. The aim is to be able to provide reliable information on the quantity and main focal points of consumer enquiries, as from 2011. Like a seismograph, this tool will also quickly identify relevant issues that affect our consumers. Through the early detection of critical concerns in particular, it is thus possible to respond more quickly, draw the corresponding conclusions and take appropriate measures. In this way, Lindt & Sprüngli ensures that consumers are supported beyond their actual purchase, and that their questions about the product are answered.

Supplier Code of Conduct — As a leading global premium chocolate manufacturer, Lindt & Sprüngli is committed to ethical and socially responsible company management. The same conduct is expected from everyone with whom Lindt & Sprüngli maintains business relations. To emphasize this endeavor, the Lindt & Sprüngli Code of Conduct for suppliers was implemented in 2009. It lays down the mandatory requirements to be met by suppliers, regarding adherence to laws and regulations concerning working conditions and the environment. This code is binding, and compliance with it is verified at regular intervals on a random sample basis by Lindt & Sprüngli. In the year under review, by means of an external auditor using a self-assessment control instrument, the focus was put on suppliers of packaging material from China. On the basis of the results obtained, it is planned to perform on-site supplier checks in a second stage.

Sustainable cocoa cultivation — Selection of the best-quality cocoa beans is of prime importance for manufacturing Lindt & Sprüngli’s premium products. However, it is just as important to ensure that the cocoa beans are cultivated and harvested in a socially responsible and sustainable manner. To guarantee this, a specific purchasing model for traceable

cocoa from Ghana was set up a couple of years ago. This was done primarily out of the conviction that the traceability of cocoa beans is the key prerequisite to gaining better control over the procurement chain, thus enabling direct influence to be exerted on local grievances.

Collaboration between Lindt & Sprüngli and its local cocoa suppliers in Ghana is of great value to both parties. All farmers involved receive fixed prices, and adequate availability of top-quality cocoa beans is guaranteed. In addition, the flawless traceability of the cocoa beans back to the individual villages is ensured.

Within this purchasing model, Lindt & Sprüngli is one of the biggest customers for consumer cocoa beans, and paid a special premium of more than USD 1 million for them in 2010. This is earmarked for local social projects, including the expansion of the regional infrastructure in terms of the water supply, the construction of schools and the distribution of mosquito nets for preventing malaria.

The appropriate use of the funds provided by Lindt & Sprüngli was examined in the year under review by a delegation of the company. The results show that with this unique purchasing model, Lindt & Sprüngli makes a real contribution to the promotion of socially responsible and economically fair conditions for cocoa farmers in Ghana.

 www.sourcetrust.org

Building on the positive experience with the project in Ghana, first steps have already been taken to initiate a similar project for purchasing fine-flavor cocoa from Latin America. To this end, a top-level company delegation traveled to Ecuador to obtain initial information locally, and to search for possible partners. Lindt & Sprüngli is also committed to the sustainable cultivation of cocoa plants through active membership of various organizations, such as the “World Cocoa Foundation” and the “Sustainable Tree Crop Program.”

Energy & environment — The Group’s environmental directives were revised and enhanced in the year under review. The principles formulated in this way provide the framework for the long-term attainment of goals, in particular the maintenance and regeneration of ecological resources.

By taking part in international initiatives such as the “Carbon Disclosure Project,” Lindt & Sprüngli’s efforts are measured and compared with those of similar businesses. The data gathered in this way form the basis for the current and future endeavors of Lindt & Sprüngli to reduce CO₂ emissions. From 2004 to 2009, the Lindt & Sprüngli Group managed to reduce the energy balance by a total of 13% per ton of chocolate produced. The company’s long-term target is to continue to reduce this figure by 2% per year.

The flow of goods between the individual subsidiaries has been optimized by means of the “European Intercompany Logistics Concept.” A corresponding loading software package calculates the most efficient capacity utilization for transportation of the goods. In addition, only special trucks that can be loaded on two layers are used. In this way, the number of truck loadings and kilometers covered was reduced by around 10% in the year under review.

Each year, all company buildings are examined in detail with a view to making potential energy savings. Unspectacular measures such as the improved insulation of roofs and windows, targeted use of green electricity and the installation of solar panels may not appear particularly significant at first glance, but taken together they produce visible results.

Lindt & Sprüngli Switzerland has been an active member of the “Lake Zurich Energy Model Group” for 15 years. The selected companies involved in this program have committed themselves to effective energy saving and network with each other actively. In the context of this project, over the last ten years Lindt & Sprüngli Switzerland has implemented numerous measures and increased its energy efficiency by around 25%, whilst reducing its CO₂ emissions by an average of 40%. In addition, the Swiss subsidiary has voluntarily entered into a target agreement with the Swiss Federal Office for the Environment, thus committing itself to binding compliance with

the criteria arising from the Kyoto Agreement. So far, the targets set here have not only been met, but exceeded.

In the year under review, the California-based subsidiary Ghirardelli Chocolate Factory received the “Green Business” certificate in the context of the “California Bay Area Green Business Program.” This award certifies adherence to stipulated standards for the reduction of energy and water consumption as well as for waste volumes. It also recognizes the commitment of employees who are responsible for sustainability in so-called *green teams*.

Since 2008, the annual report has been printed on a climate-neutral basis. The “climate-neutral” seal is acknowledged throughout the world and makes an effective contribution in terms of minimizing CO₂ emissions. The amount of CO₂ needed to print the annual report is calculated and neutralized by purchasing emission reduction certificates. In addition, the annual report is printed on FSC paper. The Forest Stewardship Council is an independent organization set up in 1993 to prevent the uprooting of forests, and identifies products accordingly as originating from properly managed forests and controlled origins. To ensure sparing and responsible use of paper, the 2010 annual report will only be sent out on request, and will no longer be automatically posted to all shareholders.

Recycling — The Company aims to be a role model for recycling in all areas. Reuse of cocoa husks is an important factor here. During the manufacturing of cocoa mass, the cocoa beans are broken up and their contents, known as “cocoa nibs,” are used for further production. Large quantities of cocoa husks remain and must be disposed of. An innovative project for the recycling of cocoa husks was devised in 2009 at the Lindt & Sprüngli plant in Stratham, USA, and was implemented in 2010. From now on, the cocoa husks are passed on to the nearby PSNH power station, where they are used as biomass to produce electricity. At the production site in France, the cocoa husks are passed on to a fertilizer processor, whilst in Switzerland they go to an animal bedding manufacturer. These examples show that the linking of ecological and economic factors can have positive effects for all those involved.



Lindt & Sprüngli SpA The factory has been significantly expanded and new equipment has been added. The site is now one of the biggest producers of LINDOR truffles. In 2010, it produced around 800 million truffles for consumption in Italy and for global export.



Attractive product presentation

Easter is the most colorful and cheerful time of the year, and is closely associated with the start of spring and the reawakening of nature. To establish the LINDT GOLD BUNNY as an iconic Easter product, eye-catching seasonal decoration elements are being developed for its positioning by one of the most renowned department-store chains in Italy.



Peak season at Easter

Almost 30% of annual sales revenue is generated in just six weeks. In Italy, there is a long tradition of chocolate eggs, especially large ones. LINDT offers consumers a wide selection, with eggs up to 70 cm in size and up to 4.2 kg in weight.



LA DOLCE VITA AND CHOCOLATE

“Hardly any other nationality loves the indulgence as much as we Italians. So it is no surprise that I opted for a career at Lindt & Sprüngli 16 years ago. One of the biggest successes in all this time is the way we recognized the vast potential of LINDOR from the outset. Today, the Italian subsidiary is the biggest European producer of the irresistibly smooth melting chocolate truffles, which I too am very fond of.”

FABRIZIO PARINI
CEO LINDT & SPRÜNGLI SPA

LINDT & SPRÜNGLI IN IDUNO OLONA, ITALY

The first tentative steps on the Italian market were taken back in 1947; around 50 years later, the former licensee was taken over completely and a standalone subsidiary was established. In 1997, the presence in Italy was further cemented with the acquisition of Caffarel, a tradition-steeped Italian producer of specialty chocolates. With the two premium brands of LINDT and CAFFARELindt & Sprüngli is now ideally positioned on the Italian market and is the undisputed market leader in the premium segment.



Gianduiotti

A typically Italian specialty made of the finest LINDT chocolate and high-quality hazelnuts from Piedmont.



Pick & Mix

The consumers' increasing desire for individuality also extends to chocolate. Pick & mix is the perfect answer. Consumers can compile their own praliné assortment according to their personal tastes.



Open day

In September 2009, the Lindt & Sprüngli plant in Induno Olona opened its doors to all family members of its employees for the first time.



Fabrizio Parini

CEO of Lindt & Sprüngli SpA, with his favorite product. The red LINDOR truffle is an iconic product in Italy that enjoys a high level of brand recognition.

AN IMPRESSIVE SUCCESS STORY

CONQUERING THE NEW WORLD

WHEN THE GROUP MADE ITS BOLD MOVE TO ENTER THE MARKET IN 1987, THE LINDT BRAND WAS PRACTICALLY UNKNOWN. TODAY, LINDT AND GHIRARDELLI ARE TWO OF THE FASTEST-GROWING CHOCOLATE BRANDS IN NORTH AMERICA.



GHIRARDELLI SQUARES are extremely popular throughout the USA and are available in numerous flavors.

THE WORLD'S BIGGEST CHOCOLATE MARKET — With around 310 million inhabitants and a total chocolate market value of USD 18.8 billion, the US is the world's biggest chocolate-buying nation. Per capita chocolate consumption in America is currently running at 5.2 kg. There is still a great deal of promising potential, especially in the still underdeveloped segment of premium products. The Lindt & Sprüngli group of companies detected these positive signs in good time and has now become the leading supplier of premium chocolate. In North America the three subsidiary companies Lindt & Sprüngli (USA) Inc., Lindt & Sprüngli (Canada) Inc. and Ghirardelli Chocolate Company achieved around 30% of the Group's total sales in 2010. Sales have in fact doubled in the past five years. That has made this region the most important market for our group of companies. For years LINDT and GHIRARDELLI have been the fastest-growing chocolate brands in the USA and are constantly winning new market shares. This positive trend seems likely to continue.

LONG-TERM COMMITMENT — Lindt & Sprüngli (USA) Inc. became active again in 1987 via the company which had already been founded in 1925. However, in the first instance, distribution of the products proved extremely difficult as the LINDT brand was not yet well enough known to the general public in the USA. With a network of representative LINDT Boutiques, the brand laid down solid roots in the awareness of consumers nationwide in a record time, and has since become

an epitome for the finest premium chocolate in America, as indeed it is elsewhere. To better satisfy constantly growing local demand, substantial investments have been made in recent years to extend the company site on the East coast of the United States in Stratham, New Hampshire.

MULTI-MILLION DOLLAR INVESTMENTS AT THE STRATHAM SITE — In a first phase, from 2006 to 2007, the storage, production and distribution floor space was extended by some 30,000 square meters, practically doubling the size of the existing factory site. Thereafter the production area was expanded with the installation of further ultra-modern plants for producing LINDOR truffles. Today 1.25 billion LINDOR truffles roll off the production lines in a total of four high-performance facilities. That makes the Stratham site the world's biggest manufacturer of this particular product within the Group. In 2009, the factory also acquired for the first time its own molding facility for tablet production. Finally, the most significant innovation followed in 2010, with the installation of a production line for cocoa mass which had previously been delivered from the Swiss plant in Olten. This means that the American sub-



Aerial view of the newly extended Lindt & Sprüngli plant in Stratham, New Hampshire.

sidary company now has all the facilities needed to guarantee production at every stage, from cocoa bean to finished product, in-house and in compliance with specific LINDT quality criteria. To implement this major project, specialists

from the Swiss plant were on site for many months, and assured impeccable and smooth commissioning. In addition, this extension of the works brings substantial strategic benefits such as shorter transport routes and greater independence from the exchange rate between the American dollar and the Swiss franc.



Ernst Tanner, CEO of Chocoladefabriken Lindt & Sprüngli AG, in conversation with Governor Lynch at the inauguration ceremony in Stratham.

INAUGURATION CEREMONY — In the year under review, the final investment phase was successfully completed, and an appropriate ceremony marked the inauguration of the new installations. In the course of the extension program, more than 100 new jobs have been created in recent years. Today Lindt & Sprüngli (USA) Inc. is one of the biggest employers on the New Hampshire coast. At the inauguration ceremony, the Governor of the State of New Hampshire, John Lynch, paid tribute to this positive trend and declared June 16 the official “LINDT Chocolate Day.” This event achieved exceptionally wide media coverage beyond the borders of the Federal State. In November, the Board of Directors also made a tour of inspection. Its members were able to see for themselves the extensions which had been built during a construction phase lasting for four years, at an investment volume totaling some 100 million USD.

EXPANSION BY ACQUISITION — With the acquisition of the Ghirardelli Chocolate Company in San Leandro, California in 1998, Lindt & Sprüngli secured a second pillar



The old factory of the Ghirardelli Chocolate Company in the square of the same name in San Francisco is a popular place of interest.

on the US market with a prestigious household brand. GHIRARDELLI was founded in 1852 and is the oldest name in American chocolate. Since its historic beginnings, the traditional company has been dedicated to the manufacture of high-quality premium chocolate, and therefore makes an ideal fit with the Lindt & Sprüngli brand portfolio.

Today GHIRARDELLI employs some 810 people and operates 14 own flagship stores with an attached restaurant in which the chocolate products are impressively presented. These Chocolate Shops are located mainly in big urban and tourist centers such as San Francisco, San Diego, Chicago and Disney World. The range on offer in these outlets is more extensive and individual than in the retail trade. It is rounded off by high-quality souvenir and gift articles. In San Francisco, the old chocolate factory on Ghirardelli Square of the same name is now one of the prominent sights of the city, on a par with the famous Golden Gate Bridge.

FOUNDATION OF NEW SUBSIDIARY COMPANIES —

In 1995 another step was taken towards the conquest of the North American market with the formation of Lindt & Sprüngli (Canada) Inc. In recent years this subsidiary company has reported sustained and disproportional growth. With an attractive product presentation at selected events which do justice to the premium image of LINDT, familiarity with the brand has been constantly enhanced in Canada, too. One special highlight of the year under review was the presence at the Winter Olympic Games in Vancouver, which attracted wide attention. The company site in Canada does not have its own production facility, but procures supplies of articles specifically designed for the local market from the manufacturing subsidiary companies. These products are specially tailored to the needs of Canadian consumers. Today, after 15 years of direct market canvassing, Lindt & Sprüngli (Canada) Inc. has achieved a substantial size.



There is strong demand in the USA for the endlessly delicately melting LINDOR truffles, especially the peanut flavor.

SPECIFIC MARKETING ACTIVITIES ARE THE KEY TO SUCCESS —

An important part of the secret of success resides in individual market cultivation, and the accompanying adaptation of the product assortment to local preferences. North American tastes in fact differ greatly from those of Europeans. For example, the soft and creamy LINDOR truffles with a peanut butter filling are an epitome of the traditional American taste. The same goes for GHIRARDELLI SQUARES.



During a visit to Stratham, the Board of Directors of the Lindt & Sprüngli Group was impressed by the investment made.

The flavor variant with peppermint is particularly popular all year round, and in a special presentation in particular during the Christmas season.

UNCOMPROMISING QUALITY — Whatever the degree of individualization, all products of both brands still have one thing in common: the highest standard of uncompromising quality. This begins with a selection of the finest raw materials, and ends with the elegant packaging. The creations are complex and are made by the LINDT Maitres Chocolatiers with extreme sophistication, precision and great attention to detail.

MANAGEMENT CONTINUITY — The managing directors of the different branch establishments are a tried and tested team with many years' experience of the North American market, and a sensitive feel for local consumer preferences. Today LINDT and GHIRARDELLI are the two leading chocolate brands in the premium segment – a well-merited status. The Lindt & Sprüngli Group is particularly well placed to derive full benefit from the growth potential of the North American market. The investments that have now been made pave the way for this future success.

GHIRARDELLI USA



ANDREAS PFLUGER

Responsible for the entire North American territory and CEO of the Ghirardelli Chocolate Company since 2005

“THE USA ARE THE BIGGEST CHOCOLATE MARKET IN THE WORLD. THIS PRESENTS US WITH NEW CHALLENGES EVERY DAY. TOGETHER WITH A HIGHLY MOTIVATED TEAM, WE ARE CONTINUOUSLY WORKING TO ESTABLISH THE TWO PREMIUM BRANDS OF LINDT AND GHIRARDELLI ON THE MARKET ACCORDINGLY.”

Andreas Pfluger started his career at Lindt & Sprüngli in 1994 as Marketing Director in Switzerland. In his later posts as CEO in Australia and France, he successfully built up the local markets. Since 2005 he has been CEO of the Ghirardelli Chocolate Company in San Leandro, USA, and overall responsible for the entire North American market.

LINDT USA



THOMAS LINEMAYR

CEO of Lindt & Sprüngli USA since 1999

“THE EXTENSIVE PLANT EXPANSION AT THE STRATHAM SITE WAS UNDOUBTEDLY ONE OF THE MOST IMPORTANT PROJECTS IN MY CAREER AT LINDT & SPRÜNGLI. WE CAN NOW SERVICE THE AMERICAN MARKET EVEN MORE EFFICIENTLY, AND ARE IDEALLY EQUIPPED FOR THE FUTURE.”

Thomas Linemayr began his career at Lindt & Sprüngli in 1995 as Marketing & Sales Director at the German subsidiary. He has been responsible for LINDT's business in the USA since 1999. With his team, he has made a key contribution to the company's success in America. Local sales revenue has risen fivefold since he took office.

LINDT CANADA



RUEDI BLATTER

CEO of Lindt & Sprüngli Canada since 1995

“WE HAVE BUILT UP THE LINDT BRAND NAME IN CANADA WITH A SUCCESSFUL STRATEGY, CAST-IRON DISCIPLINE AND LASTING ENTHUSIASM. OUR PRODUCTS ARE NOW EXTREMELY WELL REPRESENTED IN SELECTED RETAIL CHANNELS, AND ARE AMONG THE COUNTRY'S BESTSELLERS.”

Ruedi Blatter was appointed CEO of the newly established subsidiary in Canada in 1995. Showing tireless commitment, he has been hugely successful in building up the Canada site from scratch. The Canadian subsidiary is now a key pillar in the North American market, with 150 full-time employees and a considerable sales revenue volume.



2007 The GOLD BUNNY is guest of honor at the 100th anniversary celebrations of Berlin department store KaDeWe. The showpiece of the special exhibition is a three-dimensional, seven-meter-high GOLD BUNNY sculpture made of 6,000 tiny bells hung on 1,400 ultra-thin threads.



The Maitres Chocolatiers take a bow

The LINDT Maitres Chocolatiers and their handiwork made an impressive screen debut in a new TV campaign in 1998. The audience received an insight into the fascinating world of chocolate production.



2000 Our customer magazine Chocoladenseiten was first published in 2000. It now has a circulation of five million copies a year, providing consumers with useful information on our products.



Attention to detail

The red band with the gold bell is the unmistakable trademark of the GOLD BUNNY and SANTA CLAUS.

FROM THE LAND OF THE GOLD BUNNY

“I have been responsible for the German market since 1997. In this time, we have substantially increased demand for LINDT products, strengthened our market position and put significant investments into the Aachen site. Lindt & Sprüngli is proud to be the market leader for Easter and Christmas business in Germany.”

ADALBERT LECHNER
CEO CHOCOLADEFABRIKEN LINDT & SPRÜNGLI GMBH

LINDT & SPRÜNGLI IN AACHEN, GERMANY

The German subsidiary has been wholly owned by the Swiss parent company since 1986, and currently has around 1,800 employees. In total, around €20 million has been invested in the production of hollow figures since 2005. All hollow body figures for the entire Group are now produced at the Aachen site. In 2010, more than 100 million GOLD BUNNY figures of various sizes were made in Aachen and exported all over the world. Accounting for almost 20 percent of global sales revenue, Germany is the Group's most important market in Europe.



ADALBERT LECHNER

Dr. Adalbert Lechner

CEO of Chocoladefabriken Lindt & Sprüngli GmbH in Aachen for 13 years, and regional manager for Austria.



Plant expansion 2007

Lindt & Sprüngli invested approx. EUR 40 million in a new production facility, an additional warehouse and the expansion of production capacity. The topping-out ceremony was held after just ten months of construction work. One hundred new jobs were created.



2006 LINDT became a cooperation partner of the Chocolate Museum in Cologne. The museum was one of the most-attended museums in Germany in 2010, with over 650,000 visitors.

CORPORATE GOVERNANCE

GROUP STRUCTURE AND SHAREHOLDERS

The Lindt & Sprüngli Group is globally active, developing, producing and selling chocolate products in the premium quality segment. The holding company, Chocoladefabriken Lindt & Sprüngli AG, with its headquarters in Kilchberg ZH, is listed on the SIX Swiss Exchange. The market capitalization based on the 2010 year-end prices is CHF 6.8 billion.

→ security and listing numbers of the securities see page 97

The company's group structure is very lean and relies on two governing bodies, the Board of Directors and the Group Management. The two bodies have different responsibilities and functions. The individual markets, under their local management, have a broad autonomy, which ensures optimum performance close to the market.

→ Board of Directors see page 39

→ Group Management see page 44

The scope of consolidation of Chocoladefabriken Lindt & Sprüngli AG includes the wholly-owned subsidiaries listed in notes to the consolidated financial statements. Details about these companies, such as name, domicile, share capital, participation, etc. can be found there as well.

→ details of subsidiaries see page 58

Chocoladefabriken Lindt & Sprüngli AG holds no interests in publicly traded companies.

As of December 31, 2010, Chocoladefabriken Lindt & Sprüngli AG disclosed the following major shareholders which own voting shares of more than 3%: "Fonds für Pensionsergänzungen (fund for pension supplements) of Chocoladefabriken Lindt & Sprüngli AG," Kilchberg ZH held a total of 29,273 registered shares or 20.9% of the share capital and thus 20.9% of the voting rights of the company. "Chase Nominee Ltd.," London, held a total of 4,316 registered shares or 3.08% of the share capital and thus 3.08% of the voting rights of the company.

In the year under review, the company received no disclosure reports indicating that further shareholders own more than 3% of the equity capital or voting rights of the company.

Chocoladefabriken Lindt & Sprüngli AG does not hold cross interests, and there are no shareholder agreements or voting trusts.

CAPITAL STRUCTURE

As of December 31, 2010, Chocoladefabriken Lindt & Sprüngli AG presents the following capital structure.

ORDINARY CAPITAL — The ordinary capital is composed of two types of securities:

	2010
Registered shares*	CHF 14,000,000
Bearer participation certificates**	CHF 9,017,990
Total ordinary capital	CHF 23,017,990

* 140,000 registered shares par value of CHF 100.– each

** 901,799 bearer participation certificates par value of CHF 10.– each

The registered share has a voting right at the General Meeting, whereas the bearer participation certificates have no voting rights. Both types of shares have the same rights to dividends and proceeds of liquidation in proportion to their par value. All shares are fully paid-in. No bonus certificates ("Genussscheine") were issued.

AUTHORIZED AND CONDITIONAL CAPITAL — The Group possesses a total conditional capital of CHF 6,584,260. The conditional capital comprises a total of 658,426 bearer participation certificates with a par value of CHF 10.– each. Of this total, 303,976 are reserved for employee stock option programs; the remaining 354,450 participation certificates are reserved for capital market transactions.

The company's participation capital is to be increased by the issue of not more than 658,426 fully paid-in bearer participation certificates with a par value of CHF 10.– each for a maximum amount of CHF 6,584,260. Option or conversion rights which are granted to their holders in conjunction with bond issues of the company or of subsidiary companies, together with option rights granted to the shareholders or participation certificate holders, give an entitlement to subscribe to 354,450 of the new participation certificates (capi-

tal market participation certificates). Subscription or option rights which are granted to staff of the company or subsidiary companies on the basis of a staff participation program give an entitlement to subscribe to 303,976 of the new participation certificates (staff participation certificates). The time limit for exercising the option rights is not more than seven years with a maximum of ten years for exercising the conversion rights from the issue date of the relevant program.

Shareholders and participation certificate holders do not have a subscription right. The pre-emption right of the shareholders and participation certificate holders may be waived in the case of option and conversion issues in connection with capital market participation certificates to finance the acquisition of companies, parts of companies or participations, or for the issue of option and conversion notes on international capital markets. In that case, (1) the structure, term and amount of the issue, together with the option or conversion conditions, must be determined by the Board of Directors in the light of the prevailing market conditions at the time of issue, and (2) the issue price of the new participation certificates, again depending on the market conditions at the time of issue.

There is no other authorized capital apart from the conditional capital. For details please refer to article 4^{bis} of the Articles of Association.

 www.lindt.com/int/swf/eng/investors

CHANGES IN CAPITAL — During the past three reporting years, the following changes have occurred in the ordinary and conditional capital:

Ordinary capital				
Year	Share capital in CHF	Registered shares (RS)*	Participation capital in CHF	No. of bearer participation certificates (PC)**
2008	14,000,000	140,000	8,692,190	869,219
2009	14,000,000	140,000	8,832,980	883,298
2010	14,000,000	140,000	9,017,990	901,799

Conditional capital			
No. of bearer participation certificates (PC)**			
Year	Total	Capital market-PC	Employee-PC
2008	541,006	354,450	186,556
2009	526,927	354,450	172,477
2010	658,426	354,450	303,976

Number of securities, status as at December 31.

* Registered shares (RS) par value CHF 100.–

** Bearer participation certificates (PC): par value CHF 10.–

RESTRICTIONS REGARDING ASSIGNABILITY AND NOMINEE ENTRIES

Both registered shares and participation certificates can be acquired without restrictions. According to article 3, subsection 6 of the Articles of Association, however, the Board of Directors may refuse full shareholder status to a buyer of registered shares if the number of shares held by that buyer exceeds 4% of the total of registered shares as entered in the Commercial register. Moreover, according to article 685d, subsection 2 OR (Swiss Code of Obligations), the Board of Directors may refuse entry into the share register if upon demand by the Board the buyer does not formally state that the shares are purchased on his own behalf and on his own account.

According to article 3, subsection 7 of the Articles of Association, corporate bodies and partnerships, who are inter-related to one another through capital ownership, through voting rights or common management, or who are otherwise linked, as well as natural persons and legal entities or partnerships who act in concert in regard to a registration restriction, are considered to be one single shareholder. Based

on article 3, subsection 9 of the Articles of Association, the Board of Directors may make exceptions to these provisions in special cases and adopt suitable provisions for the application of these rules. The implementing provisions for these rules are defined in the regulation of the Board of Directors on “Registration of registered shares and keeping the share register of Chocoladefabriken Lindt & Sprüngli AG.”

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On the basis of these provisions, in particular (1) the intention of a shareholder to acquire a long-term interest in the company or (2) the acquisition of shares as part of a long-term strategic business relationship or a merger, together with the acquisition or allocation of shares on the occasion of the acquisition by the company of a particular asset, are treated as special cases within the meaning of article 3, subsection 9, of the Articles of Association.

In the year under review, no exceptions were granted. Based on the long-term participation and with regard to the purpose of the Foundation, the Board of Directors already granted such an exception prior to the year under review for the 20.9% of the voting rights of the “Fonds für Pensionsergänzungen (fund for pension supplements) of Chocoladefabriken Lindt & Sprüngli AG.”

A nominee shareholder will be granted full shareholder status for a maximum of 2% of the registered share capital as entered in the Commercial Register, if such nominee discloses in writing name, address, domicile or seat, nationality and shareholdings of those persons on whose account he holds the shares. Over the limit of 2%, the Board of Directors will enter the shares of a nominee as voting shares in the shareholder register if such nominee discloses, in writing, name, address, domicile or seat, nationality and shareholdings of those persons for which accounts he holds 0.5% or more of the then outstanding share capital, whereby entry per trustor is limited to 4%, respectively to 10% per nominee collectively. Article 3, subsection 7 of the Articles of Association is applicable to nominees likewise.

The regulations to these rules are defined in the Regulations of the Board of Directors “Registration of registered shares

and keeping of the share register of Chocoladefabriken Lindt & Sprüngli AG.”

 www.lindt.com/int/swf/eng/investors

A revocation of these restrictions regarding the assignability requires a resolution by the shareholders at the General Meeting with a voting majority of at least three quarters of the shares represented.

OUTSTANDING OPTIONS AND CONVERTIBLE

BONDS — Options on bearer participation certificates of Chocoladefabriken Lindt & Sprüngli AG are only outstanding within the scope of the existing employee option plan. Details concerning the number of options issued and still outstanding with the corresponding terms and conditions are shown in the table below:

Year of allocation	Number	Strike price (CHF)	Term	No. of rights exercised	No. of exercisable rights
2004	28,273	1,095	bis 2011	19,773	8,500
2005	27,600	1,607	bis 2012	9,916	17,684
2006	23,175	2,251	bis 2013	537	22,638
2007	26,570	2,983	bis 2014	0	26,570
2008	13,890	3,149	bis 2015	0	13,890
2009	35,305	1,543	bis 2016	0	35,305
2010	37,755	2,200	bis 2017	0	37,755
Total	192,568			30,226	162,342

The options were granted at a ratio of one option to one participation certificate (1:1). The options can be exercised for a maximum of seven years after the grant and are subject to a blocking period of three, four and five years respectively.

In 2010, a total of 18,501 of the above employee options were exercised (previous year: 14,079). Therefore, the “ordinary” participation capital was increased in 2010 by CHF 185,010 by the corresponding reduction in the “conditional” participation capital reserved for the employee stock option programs. The 162,342 options outstanding as of December 31, 2010, and not yet exercised are equivalent to 7.1% of the total capital. There are no outstanding convertible bonds of Chocoladefabriken Lindt & Sprüngli AG.

BOARD OF DIRECTORS

ROLE AND FUNCTION — The Board of Directors makes decisions jointly and, for specific matters, is assisted by Board committees. The Board's primary function is to provide guidance and exercise control over the Group. The Board makes strategic decisions and defines the general means for achieving the goals it has set for the company. It sets the agenda for the General Meeting and approves the annual and interim reports. Decisions regarding the appointment of members to the Group Management or of Managing Directors of subsidiaries as well as the nomination of the statutory auditor for election at the General Meeting are taken by the full Board.

MEMBERS — The Board of Directors of Chocoladefabriken Lindt & Sprüngli AG consists of at least five and not more than nine members. If the number of members falls below five, the minimum membership must be restored at the next ordinary General Meeting. As of December 31, 2010, the Board had six active members. Ernst Tanner (CEO) is an Executive member of the Board, all other members are non-executive members.

Name, Function	1. Election	Until
Ernst Tanner, Chairman and CEO	1993	2011
Dr Kurt Widmer, member	1987	2013
Dr Rudolf K. Sprüngli, member	1988	2013
Dr Franz-Peter Oesch, member	1991	2012
Antonio Bulgheroni, member and Lead Director	1996	2011
Dkfm. Elisabeth Gürtler, member	2009	2012

Antonio Bulgheroni was Managing Director of the Italian subsidiary Lindt & Sprüngli SpA until his retirement in April 2007. In the past three years, the other non-executive members of the Board were not actively engaged in the management of the Group or of a subsidiary and none of them had business relations with any entity within the Group.

The members of the Board of Directors are individually elected by the shareholders at the General Meeting in each case for a three- year term of office to ensure the phased renewal of the Board. No limitation is placed on their re-election. When by-elections are held, the new members serve out the term of office of their predecessors. If a member leaves, or if an elected member subsequently declines the appointment, the seat concerned remains vacant until the next General Meeting.

In the year under review, Dr Kurt Widmer and Dr. Rudolf K. Sprüngli were re-elected as members of the Board of Directors for a three-year term of office.

Ernst Tanner (CH) Mr Tanner was elected CEO and Vice Chairman by the Board of Directors in 1993. In 1994, he became Chairman of the Board. He completed a commercial education and thereafter attended a number of management training courses in London and at Harvard University. Before joining Lindt & Sprüngli, Mr Tanner held top management positions for more than 25 years with the Johnson & Johnson Group in Europe and in the USA, his last position having been Company Group Chairman Europe. Mr Tanner is a member of the Board of Directors at the Swiss Swatch Group as well as the German Krombacher Brauerei GmbH & Co. KG. He is likewise a member of the Board of Directors of the Zurich Chamber of Commerce and a delegate of the Society for the Promotion of the Swiss Economy.

Dr Kurt Widmer (CH) Mr Widmer completed his studies with a doctorate in law and has been a member of the Board of Directors since 1987. Mr Widmer is a proven finance and banking expert and was a member of the Executive Board of Schweizerische Kreditanstalt and Credit Suisse Holding prior to his retirement in 1995. As CEO from 1993 to 1995, Mr Widmer was principally responsible for the repositioning and the successful integration of Schweizerische Volksbank into the Credit Suisse Group.

Dr Rudolf K. Sprüngli (CH) Mr Sprüngli completed his studies with a doctorate in economics and has been a member of the Board of Directors since 1988. Due to his former executive activities for the Group and for an international premium food-trading company, Mr Sprüngli is an expert authority in the chocolate business. Today, Mr Sprüngli manages his own consulting firm. Additionally, he is member of the Board of Directors at Peter Halter Liegenschaften AG, Communicators AG and Fabric Frontline AG as well as Chairman of Freies Gymnasium Zurich.

Dr Franz-Peter Oesch (CH) Mr Oesch completed his studies with a doctorate in law and was appointed to practise as an attorney-at-law in the canton of St Gallen in 1972. His membership in the Board of Directors dates back to 1991. He has been a partner of the law firm “asg.advocati” in St Gallen since 1971. Mr Oesch is also Chairman of the Board of Directors of the Sankt Galler Kantonalbank.

Antonio Bulgheroni (IT) Mr Bulgheroni is a member of the Board of Directors since 1996 and Lead Director since February 2009. Due to decades of gathering experience in all management areas of chocolate production, distribution and the Italian retail trade, Mr Bulgheroni is a proven expert in the chocolate industry. He was CEO of Lindt & Sprüngli SpA from 1993 until his retirement in April 2007. Since then he has been Chairman of the Board of both subsidiaries in Italy. Mr. Bulgheroni holds other Board mandates with Banca Popolare Commercio e Industria SpA (Chairman) and Autogrill SpA. He is also Honorary Consul of Switzerland in Varese.

Dkfm. Elisabeth Gürtler (AT) Ms Elisabeth Gürtler has been a member of the Board of Directors since 2009. She completed her business-science studies with a master's degree, and subsequently acquired an outstanding reputation in particular as manager of the world-famous Sacher Hotels in Vienna and Salzburg, in an area in which premium quality plays a key role. Ms Gürtler sits on the supervisory board of Erste Group Bank AG and is a member of the general council of the Austrian National Bank. Since 2007, she has also been Managing Director of the Spanish Riding School in Vienna.

INTERNAL ORGANIZATION — The Board of Directors is self-constituting. By a majority decision and under the chairmanship of the current chairman or of the member of the Board of Directors with the longest service record, it elects a chairman and the delegate of the Board of Directors (CEO) to serve for a term of office which is identical to that of their membership of the Board of Directors. If the chairmanship or the office of delegate is abandoned prematurely, or if the chairman or the delegate of the Board of Directors is dismissed from the Board of Directors or retires from the Board before ending his/her term of office, the Board of Directors must immediately be reconstituted.

The chairman presides over the General Meeting, represents the company in dealings with third parties and, in cooperation with the Group Management, provides timely information about all matters which are important for the decision-making process and the monitoring of substantial aspects of the company for the attention of the Board of Directors. He is responsible for preparing all the matters to be dealt with by the Board of Directors, for placing them on the agenda and for convening and chairing meetings of the Board of Directors.

The delegate of the Board of Directors (CEO) is entrusted with the task of managing the business and is the chairman of the Group Management. The tasks of the CEO are described on page 43 of this annual report.

The Board of Directors may also appoint a non-executive member from its ranks to serve as the Lead Director. The Lead Director, who is appointed for three years or for the duration of his term of office as a member of the Board of Directors, is entrusted with the task of safeguarding the independence of the Board of Directors in relation to the Chairman and CEO if both these functions are held by the same member of the Board of Directors. If necessary, the Lead Director has authority to convene and chair a meeting of the Board of Directors himself which will not be attended by the Chairman and CEO. He must notify the outcome of any such meeting to the Chairman and CEO.

The Board of Directors of Chocoladefabriken Lindt & Sprüngli AG is firmly convinced that the dual mandate of Ernst Tanner as Chairman of the Board and CEO ensures effective leadership and excellent communication among shareholders, the Board of Directors and the Management. Leading corporate governance practice also recognizes that a dual mandate of Chairman of the Board and CEO can be advantageous for a company, if the company provides for the appropriate control mechanisms. These comprise a majority of non-executive Board members, Board Committees (Audit Committee, Compensation & Nomination Committee and Corporate Social Responsibility Committee), each consisting of non-executive or a majority of non-executive Board members, as well as the appointment of a non-executive, experienced member of the Board of Directors as Lead Director. With the appointment of Antonio Bulgheroni as Lead Director, Chocoladefabriken Lindt & Sprüngli AG has introduced the latter control mechanism.

The Board of Directors meets regularly and as often as business requires it, but at least four times each year. Meetings are convened by the Chairman or by another member of the Board of Directors appointed to represent him or by the Lead Director. Each member of the Board of Directors is authorized to ask for a meeting to be convened without delay, while stating the purpose. The Chairman or another member of the Board of Directors authorized to represent him or the Lead Director presides over the meeting. Apart from the members of the Board of Directors, the meetings may likewise be attended by members of the Group Management and other non-members. In the year under review, four regularly-convened meetings were held. The meeting generally lasted for four to five hours. As the duration depends upon the agenda, it varied from meeting to meeting. Members of the Group Management regularly attended these meetings. No external consultants took part in meetings of the Board of Directors in the year under review.

COMMITTEES OF THE BOARD OF DIRECTORS — The Board of Directors is assisted in its work by three committees; the Audit Committee, the Compensation & Nomination Committee and the Corporate Social Responsibility Committee. The Board of Directors may decide at any time

by a majority decision to set up further committees. Until that time, all other tasks of the Board of Directors in particular in the areas of corporate governance, communication, relations with investors and shareholders will continue to be performed by the whole Board of Directors.

Audit Committee — The Audit Committee is made up of three members of the Board of Directors. At least two of them, together with the Chairman, must be non-executive members of the Board of Directors. The CFO has a consultative vote in the committee. The committee consists of the following members: Dr Franz-Peter Oesch (Chairman), Dr Rudolf K. Sprüngli and Antonio Bulgheroni. The members of the committee possess sufficient experience and professional knowledge in the areas of finance and risk management to enable them to perform their tasks effectively.

The committee supports the Board of Directors in its function of strategic supervision, with particular reference to the main audit areas, complete presentation of the financial statements/audit findings, compliance with statutory requirements and the services of the external auditors. In addition, the committee assesses the expediency of the financial reporting and internal control system. It ensures ongoing communication with the external auditors. Likewise, it keeps the risk management principles of the Group, and the appropriate nature of the risks taken under constant review, especially in the areas of investments, currencies, raw material procurement and liquidity.

The committee makes recommendations to the Board of Directors for important decisions in the aforementioned matters, such as the approval of risk management principles, adoption of the annual accounts statement or proposals for the appointment of the statutory auditor. The committee itself has no decision-making powers. It may, however, decide independently to entrust the auditor with special assignments and approve the fee budget for audit tasks submitted by the external auditors.

The committee meets as often as business requires, but at least four times a year. In 2010, four regularly scheduled meetings were held. The meeting generally lasted between one and two

hours. As the duration depends upon the agenda in each case, it varied from meeting to meeting. Members of the Group Management regularly attended these meetings. The auditors attended meetings of the Audit Committee on one occasion. Direct access for the auditors to the Audit Committee is guaranteed at all times. No external consultants took part in meetings of the Board of Directors in the year under review.

→ Information on the auditor see page 47

Compensation & Nomination Committee — The Compensation & Nomination Committee consists of three non-executive members of the Board of Directors, namely: Dr Kurt Widmer (Chairman), Antonio Bulgheroni and Dkfm. Elisabeth Gürtler. The committee sets guidelines for the compensation of the Board of Directors, the Group management as well as the Vice Presidents International and the Managing Directors of the subsidiaries, and supervises the adherence of the fixed parameters. In line with these principles, it decides every year on the overall total and the individual compensation (salaries, bonus payments and allocations in the framework of the employee stock option plan) of each member of the Board of Directors and the Group Management, as well as of the aforementioned persons. The committee approves and sets guidelines for employment agreements with the Group Management and other employees in key positions. The committee verifies and decides on changes to the bonus and stock option plans. In the above areas the committee has authority to take decisions.

Furthermore, the committee submits suggestions to the Board of Directors regarding the appointment and dismissal of members of the Group Management, Vice Presidents International and Managing Directors of subsidiaries as well as the criteria for election and re-election of the Board of Directors. The committee only has a consultative role in these areas, the relevant decisions being taken by the Board of Directors as a whole. The committee meets at least twice a year. In the year under review, two regularly scheduled meetings were held. The meetings generally lasted for one to two hours. As the duration depends upon the agenda in each case, it varied from meeting to meeting. Members of the Group Management regularly attended these meetings. No external consultants attended these meetings.

Corporate Social Responsibility Committee — The Corporate Social Responsibility Committee consists of three members of the Board of Directors. These may be both executive and non-executive members of the Board of Directors. The following members belong to this committee: Dr Rudolf K. Sprüngli (Chairman), Dr Kurt Widmer and Ernst Tanner. This committee supports the Board of Directors in setting the strategic direction for the activities of the company, whilst aiming for comprehensive sustainable management. Furthermore, it is responsible for the development and adaption of all globally valid corporate policies in this area, and monitors compliance in the legal aspects. The committee has advisory as well as preparatory competences. It meets as often as business requires, at least once a year. One regularly convened meeting took place in the year under review and lasted for around two hours. The CFO attended this meeting with consultative function. No external consultants were present at this meeting.

ALLOCATION OF COMPETENCES — The essential principles for allocating the competences and responsibilities among the Board of Directors and the Group Management are set forth in the organizational regulation. Below is a summary of the basic principles:

Board of Directors:

- Takes over the irrevocable regulatory duties; in this way the Board of Directors has the responsibility of the company for the overall guidance and the supervision of the management.
- Determines strategic, organizational, accounting and financial planning guidelines.
- Changes to the legal structure of the Group (especially incorporation of new subsidiary companies, acquisitions, joint ventures, as well as liquidation of companies.)
- Appointment and dismissal of the chairman, the delegate, the secretary and the Lead Director of the Board of Directors together with the members of the Group Management and chief executive officers of the subsidiary companies.
- Approves the budgets for the Group and the individual subsidiaries.

The Board of Directors has assigned the management of day-to-day operations to the delegate of the Board of Directors and the Group Management, as stipulated in the business and organizational regulations of the company.

Delegate of the Board of Directors (CEO) — The delegate of the Board of Directors is the Chairman of the Group Management for which he is responsible. The delegate is likewise responsible for ongoing contacts with the Group Management and must take care of the procurement and forwarding of information to the other members of the Board of Directors. The delegate must also ensure that the decisions and instructions of the Board of Directors are acted upon by the Group Management. Last but not least, he is responsible for managing the operational business of the Group within the framework of its strategic and political objectives, and for the planning of the entire business and reporting within the Group.

Group Management — The Group Management is responsible for the implementation of the Group strategies. In addition, the individual members of the Group Management must lead their allocated functional and responsibility areas within the framework of the Group policy and in compliance with the instructions given by the delegate of the Board of Directors. On the basis of a matrix structure, the individual Group Management members are given line responsibility for entire country organizations and geographical areas, together with functional responsibility for specific areas.

In that context, the delegate of the Board of Directors, Ernst Tanner, together with Uwe Sommer and Hansjürg Klingler, have divided among themselves line responsibility for particular geographical markets. The individual markets and country organizations enjoy a high degree of autonomy under their particular local management; this ensures the best possible conditions for business activities and enables close ties to be maintained with the market. Uwe Sommer is also responsible for the marketing and sales functions at Group level. Dieter Weisskopf is in charge of the other functions at Group level. This includes in particular the areas of finance, administration, purchasing and production.

→ More details on the Group Management on page 44.

INFORMATION AND CONTROLLING INSTRUMENTS

— At each meeting of the Board of Directors the CEO and the Group Management will provide orientation concerning the current progress of business and the major business occurrences. The members of the Board of Directors will be notified immediately about extraordinary occurrences.

Additionally, the Board of Directors will be regularly informed on a quarterly basis by means of an extensive and complete Management Information System (MIS) about profit and loss, balance sheet, cash flow, investments and personnel both of the Group and the subsidiaries. Information will be available on a historical basis and as year-end projection. On request, the same extensive historical information will be forwarded to the members of the Board of Directors on a monthly basis.

Furthermore, the members of the Board of Directors receive, on an annual basis, a detailed overall budget, together with a three-year medium-term plan with forecasts of the future development of the individual subsidiaries and the consolidated group of companies, covering the income statement, profit and loss, balance sheet, cash flow, investments and personnel. An annually updated Group-wide analysis of the strategic, operational and financial risks – including valuations, actions taken to limit risks and responsibilities – will also be presented.

To enable the risk parameters of the Group to be assessed, the Audit Committee also receives a quarterly report on securities and cash investments, currencies, raw material procurement, and liquidity (risk control reporting). On request, the same Group-wide information can be provided on an ongoing basis. Members of the Group Management regularly attended the meetings of the audit committee. The Group has no internal audit department. Accordingly, management information and risk management reporting at Chocoladefabriken Lindt & Sprüngli AG is given very special attention. Within the framework of the yearly audit, the auditors may be charged with special assignments, which go over and beyond the legal and statutory requirements.

GROUP MANAGEMENT

On December 31, 2010, Chocoladefabriken Lindt & Sprüngli AG's Group Management had four members.

Name, responsibility	Since
Ernst Tanner, Chief Executive Officer	1993
Hansjürg Klingler, Duty-Free & Country Responsibility	1993
Uwe Sommer, Marketing/Sales & Country Responsibility	1993
Dr Dieter Weisskopf, Chief Financial Officer, Finance/Administration/Procurement/Operations	1995

Ernst Tanner (CH) For details refer to “Board of Directors” on page 39 of this Annual Report.

Hansjürg Klingler (CH) Lawyer – Mr Klingler has been a member of the Group Management since 1993 and is responsible for establishing Overseas and Duty-Free markets. Previously, he was Head of Legal and Administration, and then Deputy Group Head at Forbo, an international construction-material supplying group.

Uwe Sommer (D) Economist, MA. – Mr Sommer joined the Lindt & Sprüngli Group in 1993 as a member of the Group Management, responsible for Marketing and Sales with country responsibilities. He gained his professional experience as an executive in the marketing/sales sector of Procter & Gamble, Mars in Germany and England, and as CEO with Johnson & Johnson in Austria.

Dr Dieter Weisskopf (CH) PhD in Economics/Business Administration – Mr Weisskopf joined the Lindt & Sprüngli Group in 1995 as Head of Finance, Administration and Purchasing. Since 2004, he is also responsible for manufacturing. Starting his career at Swiss Union Bank, he gained additional experience in the banking sector in Mexico and Brazil, later changing to the food industry, namely the Jacobs Suchard Group. At Jacobs Suchard and at Klaus Jacobs Holding, he held executive management positions in the financial sector, lastly as CFO in Canada and Switzerland.

Except for the above-mentioned Board assignments of Mr Tanner, the members of the Group Management are not active in other management or supervisory bodies. They are not active in managing or consulting functions with closely related parties, nor do they hold public or political office. There are no management agreements with either legal entities or natural persons outside the Group.

COMPENSATION, EQUITY PARTICIPATIONS AND LOANS

COMPENSATION GOVERNANCE – The Compensation & Nomination Committee sets guidelines for the compensation of members of the Board of Directors, the Group Management and key persons (managing directors and management of the subsidiary companies and Vice Presidents International), verifies each year whether these guidelines are still appropriate and supervises compliance with them. On the basis of these compensation guidelines, the Committee determines each year the overall total and the individual compensation of the members of the Board of Directors and of the Group Management and key persons. The individual members of the Board of Directors abstain when a vote is taken on their own compensation. The Committee likewise determines the principles and number of employee stock options for an extended group of employees. In the last financial year, the Compensation & Nomination Committee did not use any external consultants.

COMPENSATION PRINCIPLES – The compensation system at Lindt & Sprüngli has four main objectives:

1. long-term motivation of staff,
2. creating long-term loyalty between key personnel and the company,
3. making sure that the costs of compensation are suitably related to the results, and
4. ensuring that the Management acts in the long-term interests of the owners.

Staff loyalty is regarded as particularly important at Lindt & Sprüngli, and is reflected in particular in the extraordinarily high permanence of the management over a number of years. This is particularly important for the maker of

a premium product working with long-term objectives. The compensation principles at Lindt & Sprüngli are intended to produce a medium and long-term effect and remain sustainable. Continuity is a high priority. No changes were made to the existing compensation system in the financial year 2010.

COMPENSATION SYSTEM — The compensation guidelines are implemented by means of a simple and traceable compensation system. This consists of a mix of basic salary, short-term cash bonuses and long-term performance incentives in the form of equity capital instruments appropriate to the position held. The basic salary essentially reflects the functional grade, competences and experience of each employee. The variable components provide a performance incentive and reward for the attainment of the set objectives. The equity capital instruments strengthen shareholder focus within the business management and ensure that the interests of the Management coincide in the long-term with those of the shareholders.

COMPENSATION OF THE BOARD OF DIRECTORS — The members of the Board of Directors receive a compensation package in form of a fixed fee plus, subject to the approval of the General Meeting, in form of a profit-sharing bonus. The total compensation is paid in cash after the general Meeting. This form of compensation releases the Board of Directors from possible conflicts of interest in assessing the performance of the business. The amount of the total compensation corresponds to that of persons with comparable activities and responsibilities in listed Swiss companies.

COMPENSATION OF THE GROUP MANAGEMENT AND KEY PERSONS — The compensation of the Group Management members and key persons consists of a basic salary, a cash bonus and long-term variable compensation in the form of employee stock options. The amount of the overall compensation is determined by the requirements and responsibility of the recipients and is regularly verified by making horizontal and vertical comparisons within the Group. When new appointments are made, market data from the consumer goods sector are also taken into consideration for the post which is to be newly occupied. The contracts of employment make no provision for severance compensation.

Basic compensation — The basic salary is paid monthly in 12 or 13 equal installments. Members of the Group Management and key persons belong to the same pension fund plans as employees of the particular subsidiary companies.

Variable cash compensation — The variable bonus of the CEO and Group Management members is determined by the result reported for the Group and by the attainment of personal qualitative objectives for the year which are assessed by the Compensation & Nomination Committee. Particular account is taken of the management conduct and contribution to the further development of the business. Lindt & Sprüngli is convinced of the benefits of its decentralized organization which gives the country managers great freedom of corporate action. Accordingly, their annual cash bonus is determined in full by the financial performance of the particular country or region. The profit targets (operating profit) set for the individual country companies during the budget process are the determining factors for the managing directors of the subsidiary companies. Both minimum and maximum values are set here. In exceptional cases, the bonus may be adjusted at the discretion of the Group Management members on the basis of an overall assessment.

Fixed equity compensation — In addition, the CEO receives a fixed number of shares each year which remain blocked for five years. This long-term agreement which was contractually adopted at the time of his appointment in 1993 ensures concordance between the interests of the CEO and those of the shareholders. As distinct from a fixed sum, the value of the compensation package received by the CEO is lower when the share price falls and vice versa.

Option plan — The option plan involves the Group Management, key persons and an extended circle of employees in the long-term development of the business. In the year under review, the options were allocated to the beneficiaries on April 1. The number of options is determined by the Compensation & Nomination Committee and depends on the position of the employee concerned and his/her influence on the long-term success of the company. The option strike price is equivalent to the market value at the time of allocation, based on the average closing price on five trading

days. After three, four and five years these options pass into the ownership of the employees in proportions of 35%, 35% and 30% respectively.

ADDITIONAL FEES, COMPENSATION AND LOANS —

Apart from the payments listed on pages 86 and 87 of this report, no further compensation was allocated in the year under review – neither on a private basis nor via a consulting company – to executive and non-executive members of the Board of Directors or the Group Management. Moreover, as of December 31, 2010, no loans, advances or credits of the Group or of any of its subsidiary companies were made to members of the Board of Directors and Group Management or to key persons. In 2010, no compensation was paid out to former members of the Board of Directors or Group Management.

COMPENSATION, ALLOCATION AND OWNERSHIP OF SHARES AND OPTIONS —

Details of the fixed and variable gross compensation, allocation of shares and option rights paid or set aside in the year under review, together with the ownership of shares, participation certificates and options on participation certificates for members of the Board of Directors, Group Management and former members of the corporate bodies are set out as required by Art. 663bbis OR in the notes of the consolidated financial statements on pages 86 and 87 of this report.

SHAREHOLDERS' RIGHTS OF PARTICIPATION

RESTRICTION OF VOTING RIGHTS AND PROXY —

The transfer of nominal shares and consequently the recognition of the buyer of nominal shares as a shareholder with voting rights, as well as the registering of nominees as shareholders with voting rights are subject to certain restrictions. According to article 3, subsection 6 of the Articles of Association in particular, the Board of Directors may refuse full shareholder status to a buyer of shares if the number of shares held by that buyer exceeds 4% of the total registered shares as entered in the Commercial Register. Details of the restrictions placed on the transfer of registered shares and the limitations of nominee registrations, the Group clause included in the Articles of Association and the rules for granting exceptions, will be found on page 37 of this Annual Report and in the respective regulation of the Board of Directors “Eintragung der Namenaktien und Führung des Aktienregisters der Chocoladefabriken Lindt & Sprüngli AG.”

 www.lindt.com/int/swf/eng/investors

According to article 12, subsection 3 of the Articles of Association, no shareholder may combine, in the aggregate, directly or indirectly, whether with his own shares or with those voted by proxy, more than 6% of total voting shares when exercising the voting rights at the General Meeting. Natural persons or legal entities, which either by the number of shares or the pooling of votes or similar are linked to each other or are under common custody, are considered as one shareholder. In special cases, the Board of Directors may make exceptions to the voting rights restrictions. In the reporting year, the Board of Directors granted no such exception.

The restriction on voting rights does not apply to the corporate proxy, the independent proxy and the custodial proxy designated by the company, provided that they are appointed to act as proxy by the shareholders, nor does it apply to shareholders who are listed in the share register as owning more than 6% of the equity. As the “Fund for Pension Supplements of Chocoladefabriken Lindt & Sprüngli AG” is entered in the share register with a shareholding interest of more than 6%, the voting right limitation does not apply to that fund.

A revocation of the statutory restrictions of voting rights requires a three-quarter majority of the votes represented at the General Meeting.

According to article 12, subsection 2 of the Articles of Association, a shareholder can be represented at the General Meeting by another shareholder by written proxy.

STATUTORY QUORUM — The General Meeting passes its resolutions by an absolute majority of the votes represented, unless the Articles of Association or the law prescribe otherwise.

According to article 15, subsection 3 of the Article of Association, amendments of the Articles of Association regarding the relocation of headquarters, transformation of nominal shares into bearer shares, the assignment of nominal shares, the representation of shares at the General Meeting, the amendment of article 15, subsection 3 of the Articles of Association as well as the dissolution or the merger of the company requires a three-quarter majority vote of represented shares.

CALLING OF THE ANNUAL GENERAL MEETING, AGENDA AND SHARE REGISTER — Shareholders are given notice by the Board of Directors at least 20 days prior to the date of the General Meeting via publication in the Swiss “Handelsamtsblatt.”

A shareholder whose name appears in the share register as owning at least 2% of the equity capital of the company may ask for an item to be placed on the agenda. The request for an item to be placed on the agenda must be sent to the Board of Directors in writing no less than 60 days before the meeting stating the matters to be discussed and the proposals made. These requests for items to be placed on the agenda and the accompanying proposals must be placed before the General Meeting together with the opinion of the Board of Directors on them. During the General Meeting, requests and justifications therefore for items not on the agenda may be brought up before the meeting for discussion. A decision about these items, however, may not be taken until the next General Meeting after review by the Board of Directors.

Requests made within the realm of the agenda items do not need prior announcement.

Shares will be entered into the register up to 20 days before the General Meeting.

CHANGE IN CONTROL AND DEFENSIVE MEASURES

In the event of a change in control of the company, the employee options granted can be exercised without regard to the three to five year blocking period. Other than that, there are no special agreements concerning a change in control that would favor either the members of the Board of Directors or the Group Management or any other management members of the company.

The Articles of Association of incorporation make no special provision for “opting out” or “opting up” pursuant to article 22 BEHG of March 24, 1995 about stock exchange and stock trading.

AUDITORS

MANDATE — The General Meeting first appointed PricewaterhouseCoopers AG, Zürich, as its statutory auditor in April 2002. According to the Articles of Association of the company, the auditors must be newly appointed or confirmed each year by the General Meeting. The 2010 reporting year is the fifth year for the responsible lead auditor Matthias von Moos. Pursuant to the provisions of the Swiss Code of Obligations, the responsible lead auditor may not hold office for more than seven years. Matthias von Moos will therefore be allowed to serve as responsible lead auditor until the end of the 2012 financial year at the latest.

AUDIT FEE — The total audit fees billed by the auditing company in the reporting year 2010 amounted to TCHF 1,275.

ADDITIONAL FEES — The total sum of additional fees mainly related to tax and EDP consulting, billed by the audit company in the reporting year 2010 totalled TCHF 120.

SUPERVISORY AND CONTROLLING BODIES — Supervision and control with respect to the performance of the auditors is exercised by the whole Board of Directors. The Audit Committee supports the whole Board of Directors in this task. The committee also ensures that the ongoing communication with the auditors is intact. It regularly discusses with their representatives the results of the audit activities in the areas of control and accounting activities as well as the suitability of the internal control systems.

Before the interim audit, the auditors prepare an audit plan which is then submitted to the members of the Audit Committee. Based on an analysis of the current business and audit risks, the main points to be audited are proposed in this plan. The audit plan is approved by the Audit Committee and then also by the whole Board of Directors. The appropriate nature of the audit fee is also reviewed on this occasion. The report on the final audit for the annual financial statement is dispatched to all the members of the Board of Directors. It is previously discussed in the Audit Committee with the auditors, and then approved by the whole Board of Directors at the meeting called to adopt the annual report.

In the year under review 2010, the auditors once attended a meeting of the Audit Committee. Direct access for the auditors to the Audit Committee is granted at all times. Information about the organization and the scope of duties can be found on page 41 of this Annual Report.

SHAREHOLDER INFORMATION

Chocoladefabriken Lindt & Sprüngli AG issues business-related shareholder communications as follows:

End of January	Net sales of the previous year
Beginning of March	Income statement and full-year results
End of April	Annual General Meeting
End of August	Half-year report

→ For details refer to “Information” on the cover

The statutory publication is the Swiss “Handelsamtsblatt.” In addition, information about the company is published and analyzed by the Swiss and international media and by leading international banks.

All company information is also available on the Internet under “Investor Relations” at the Website. Company press releases can also be consulted on that Web site.

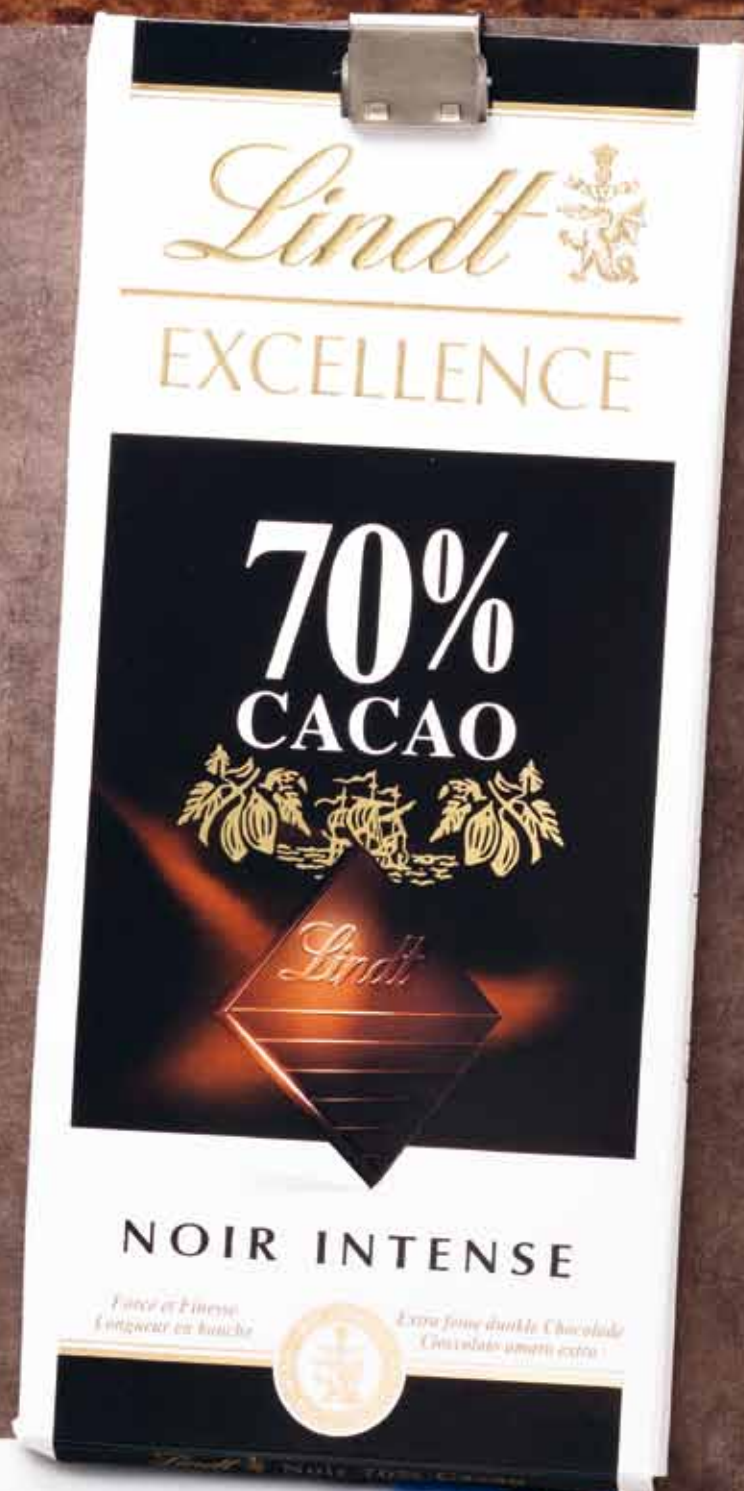
 www.lindt.com/int/swf/eng/investors

Both the annual and the interim reports can be obtained in hardcopy and free of charge at the Group’s headquarters, Seestrasse 204, 8802 Kilchberg. For further information contact the investor relations department via phone number +41 44 716 25 37 or e-mail investors@lindt.com.



**No. 1
in the French tablet segment**

The EXCELLENCE tablets are one of our most successful products by far, and not only in France. Our leading position in the market is strengthened by a consistently high innovation rate.



2010 Around 800 employees make the finest chocolate bars and pralinés at the production company of Lindt & Sprüngli SAS in Oloron Sainte-Marie.

AT THE FOOT OF THE PYRENEES

“As the Group’s pioneer for tablets with a high cocoa content, many of the popular EXCELLENCE tablets are made at our plant in Oloron-Sainte-Marie in south-west France. We started this back in the late 1980s, and played a key part in shaping the trend towards dark chocolate from the outset. With this and other innovations, LINDT keeps on proving its great knack of identifying consumers’ tastes.”

ALAIN GERMIQUET
CEO LINDT & SPRÜNGLI SAS

LINDT & SPRÜNGLI IN PARIS AND OLORON-SAINTE-MARIE, FRANCE

The full acquisition of the then licensee in France was completed in 1989. This marked the birth of the French subsidiary, based in Paris. The production site is situated in Oloron-Sainte-Marie, at the foot of the Pyrenees. This area also gave its name to the best-known local praliné creation LES PYRENEENS, which is only available in France. In addition, the factory is one of the biggest employers in the region. With around 13% of sales revenue, France is currently one of the most important LINDT markets in Europe after Germany.



Salon du Chocolat

The LINDT Maîtres Chocolatiers enchanted over 150,000 visitors with their creations at the 2010 Salon du Chocolat in Paris.



ALAIN GERMIQUET

LES PYRENEENS

These pralinés are a regional specialty, and are traditionally only available in the cold winter months.



Alain Germiquet

Initially CEO of Lindt & Sprüngli UK Ltd., then CEO of Lindt & Sprüngli France since 2009.

Every praliné is a treasure

Production of the finest pralinés requires not only the most exquisite raw materials, but also a high level of creativity and extensive expertise.



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CONSOLIDATED BALANCE SHEET

CHF million	Note	December 31, 2010		December 31, 2009	
ASSETS					
Property, plant, and equipment	7	740.1		834.2	
Intangible assets	8	14.7		17.9	
Financial assets	9	92.0		84.0	
Deferred tax assets	10	5.2		4.1	
Total non-current assets		852.0	33.7 %	940.2	38.0 %
Inventories	11	392.1		424.6	
Accounts receivable	12	647.6		656.0	
Other receivables		47.6		62.9	
Accrued income		8.3		9.0	
Derivative assets	13	20.9		8.2	
Marketable securities and short-term financial assets	14	15.8		7.9	
Cash and cash equivalents	15	540.4		367.2	
Total current assets		1,672.7	66.3 %	1,535.8	62.0 %
Total assets		2,524.7	100.0 %	2,476.0	100.0 %
LIABILITIES					
Share and participation capital	16	23.0		22.8	
Treasury stock		−33.5		−29.5	
Retained earnings and other reserves		1,683.0		1,624.4	
Total shareholders' equity		1,672.5	66.2 %	1,617.7	65.3 %
Loans	17	0.8		1.1	
Deferred tax liabilities	10	26.2		25.6	
Pension liabilities	18	124.2		135.6	
Other non-current liabilities		10.4		10.7	
Provisions	19	48.0		47.9	
Total non-current liabilities		209.6	8.3 %	220.9	8.9 %
Accounts payable to suppliers	20	152.3		172.7	
Other accounts payable		34.2		37.9	
Current tax liabilities		29.4		30.3	
Accrued liabilities	21	390.1		364.3	
Derivative liabilities	13	20.7		13.4	
Bank and other borrowings	17	15.9		18.8	
Total current liabilities		642.6	25.5 %	637.4	25.8 %
Total liabilities		852.2	33.8 %	858.3	34.7 %
Total liabilities and shareholders' equity		2,524.7	100.0 %	2,476.0	100.0 %

The accompanying notes form an integral part of the consolidated statements.

CONSOLIDATED INCOME STATEMENT

CHF million	Note	2010		2009	
INCOME					
Sales		2,579.3	100.0%	2,524.8	100.0%
Other income	22	12.6		13.9	
Total income		2,591.9	100.5 %	2,538.7	100.6 %
EXPENSES					
Material expenses		-963.8	-37.4%	-905.6	-36.0%
Changes in inventories		23.8	0.9%	-7.2	-0.3%
Personnel expenses	23	-564.7	-21.9%	-571.8	-22.6%
Operating expenses		-663.9	-25.7%	-672.0	-26.6%
Depreciation, amortization, and impairment	7, 8	-98.0	-3.8%	-117.3	-4.6%
Total expenses		-2,266.6	-87.9 %	-2,273.9	-90.1 %
Operating profit		325.3	12.6%	264.8	10.5%
Income from financial assets	24	4.3		5.4	
Expense from financial assets	24	-5.6		-7.2	
Income before taxes		324.0	12.6%	263.0	10.4%
Taxes	25	-82.1		-69.9	
NET INCOME		241.9	9.4 %	193.1	7.6 %
Attributable to shareholders		241.9		193.1	
Non-diluted earnings per share/10 PC (in CHF)	26	1,060.6		850.9	
Diluted earnings per share/10 PC (in CHF)	26	1,055.1		850.9	

The accompanying notes form an integral part of the consolidated statements.

STATEMENT OF COMPREHENSIVE INCOME

CHF million	2010			2009		
	Before taxes	Taxes	After taxes	Before taxes	Taxes	After taxes
Net income	241.9	–	241.9	193.1	–	193.1
Other comprehensive income and losses						
Hedge accounting	–3.4	0.4	–3.0	29.0	–2.7	26.3
Unrealized gains/(losses) on available-for-sale financial assets	–0.252	0.018	–0.2	0.647	–0.047	0.6
Currency translation	–124.8	–	–124.8	5.6	–	5.6
Total comprehensive income/(loss)	113.5	0.4	113.9	228.3	–2.7	225.6
Attributable to shareholders	113.5	0.4	113.9	228.3	–2.7	225.6

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CHF million	Share-/ PC-capital	Treasury stock	Share premium	Hedge accounting	Retained earnings	Currency translation	Share- holders' equity
Balance as at January 1, 2009	22.7	–0.8	307.1	–25.9	1,269.2	–93.4	1,479.0
Total comprehensive income				26.3	193.7	5.6	225.6
Capital increase ¹⁾	0.141		13.3				13.4
Purchase of own shares ²⁾		–29.9					–29.9
Sale of own shares ³⁾		1.3					1.3
Share-based payment ⁴⁾					10.7		10.7
Distribution of profits/emoluments to directors					–82.4		–82.4
Balance as at December 31, 2009	22.8	–29.5	320.4	0.4	1,391.4	–87.8	1,617.7
Total comprehensive income				–3.0	241.7	–124.8	113.9
Capital increase ¹⁾	0.185		21.1				21.3
Purchase of own shares ⁵⁾		–26.0					–26.0
Sale of own shares ⁶⁾		22.0			3.1		25.1
Share-based payment ⁴⁾					12.2		12.2
Distribution of profits/emoluments to directors					–91.7		–91.7
Balance as at December 31, 2010	23.0	–33.5	341.5	–2.6	1,556.7	–212.6	1,672.5

1) All directly attributable transaction costs are netted against the premium realized on exercise of options (2010: TCHF 306, 2009: TCHF 192).

2) The Group acquired 1,246 of its own registered shares on May 27, 2009. The amount per share paid to acquire the shares was CHF 24,018.

3) The Group sold 13 and 37 of its own registered shares on April 22, 2009, and November 4, 2009, at an average sales price of CHF 22,300 and CHF 26,862 per share, respectively. The gain on sale of TCHF 22 has been recognized in shareholders' equity.

4) For options granted after November 7, 2002, the expenses are charged to the income statement in straight proportion to the option's expected period of expiry. The recorded expenses amount to CHF 12.2 million (CHF 10.7 million in 2009). The assumptions to calculate the expenses are disclosed in note 28 of the notes to the consolidated financial statements.

5) The Group acquired 940 and 1 of its own registered shares on October 28, 2010 and December 31, 2010, respectively. The amount per share paid to acquire the shares was CHF 27,613 and CHF 30,424, respectively.

6) During the periods October 20 to 29, 2010 and November 4 to 11, 2010, the Group sold 800 and 100 of its own registered shares at an average sales price of CHF 27,726 and CHF 28,690 per share, respectively. The gains on sale of TCHF 2,967 and TCHF 108, respectively, have been recognized in shareholders' equity.

The accompanying notes form an integral part of the consolidated statements.

CONSOLIDATED CASH FLOW STATEMENT

CHF million	Note	2010	2009
Net income		241.9	193.1
Depreciation, amortization, and impairment	7, 8	98.0	117.3
Changes in provisions and value adjustments		-1.2	7.5
Decrease (+)/increase (-) of accounts receivable		-69.8	71.3
Decrease (+)/increase (-) of inventories		-8.3	15.3
Decrease (+)/increase (-) of prepayments and other receivables		9.3	6.0
Decrease (+)/increase (-) of accrued income		-3.6	20.2
Decrease (-)/increase (+) of accounts payable		2.4	2.6
Decrease (-)/increase (+) of other payables and accrued liabilities		72.6	34.9
Non-cash effective items		22.4	1.9
Cash flow from operating activities (operating cash flow)		363.7	470.1
Investments in property, plant, and equipment	7	-83.0	-115.2
Disposals of property, plant, and equipment		0.7	0.9
Investments in intangible assets	8	-5.6	-8.3
Disposals (+)/investments (-) in financial assets		0.2	-1.0
Marketable securities and short-term financial assets			
Investments		-9.8	-9.3
Disposals		1.6	14.0
Cash flow from investment activities		-95.9	-118.9
Repayments of bonds/borrowings	17	-1.2	-77.5
Proceeds from Loans		0.4	-
Repayments of loans		-	-0.1
Capital increase (including premium)	16	21.3	13.4
Purchase of treasury stock		-26.0	-29.9
Sale of treasury stock		25.1	1.3
Distribution of profits/emoluments to directors		-91.7	-82.4
Cash flow from financing activities		-72.1	-175.2
Net increase (+)/decrease (-) in cash and cash equivalents		195.7	176.0
Cash and cash equivalents as at January 1	15	367.2	192.0
Exchange gains/(losses) on cash and cash equivalents		-22.5	-0.8
Cash and cash equivalents as at December 31	15	540.4	367.2
Interest received from third parties ¹⁾		3.9	4.1
Interest paid to third parties ¹⁾		6.4	7.0
Income tax paid ¹⁾		72.7	81.0

1) Included in cash flow from operating activities.

The accompanying notes form an integral part of the consolidated statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION, BUSINESS ACTIVITIES, AND GROUP COMPANIES

Chocoladefabriken Lindt & Sprüngli AG and its subsidiaries manufacture and sell premium chocolate products. The products are sold under the brand names Lindt, Ghirardelli, Caffarel, Hofbauer and Küfferle. Worldwide the Group has eight manufacturing plants (six in Europe and two in the United States) and sells mainly in countries within Europe and the NAFTA.

The Company is a limited liability company incorporated and domiciled in Kilchberg ZH, Switzerland.

The Company is listed on the SIX Swiss Exchange (ISIN number: registered shares CH0010570759, participation certificates CH0010570767).

These consolidated financial statements were approved for publication by the Board of Directors on March 14, 2011.

The subsidiaries of Chocoladefabriken Lindt & Sprüngli AG as at December 31, 2010, are:

Country	Domicile	Subsidiary	Business activity	Percentage of ownership	Currency	Capital in million
Switzerland	Kilchberg	Chocoladefabriken Lindt & Sprüngli (Schweiz) AG	P & D	100	CHF	10.0
		Indestro AG ¹⁾	M	100	CHF	0.1
		Lindt & Sprüngli (International) AG ¹⁾	M	100	CHF	0.2
		Lindt & Sprüngli Financière AG ¹⁾	M	100	CHF	5.0
Germany	Aachen	Chocoladefabriken Lindt & Sprüngli GmbH ¹⁾	P & D	100	EUR	1.0
France	Paris	Lindt & Sprüngli SAS	P & D	100	EUR	13.0
Italy	Induno	Lindt & Sprüngli SpA ¹⁾	P & D	100	EUR	5.2
	Luserna	Caffarel SpA	P & D	100	EUR	2.2
Great Britain	London	Lindt & Sprüngli (UK) Ltd. ¹⁾	D	100	GBP	1.5
USA	Stratham, NH	Lindt & Sprüngli (USA) Inc. ¹⁾	P & D	100	USD	1.0
	San Leandro, CA	Ghirardelli Chocolate Company	P & D	100	USD	0.1
Spain	Barcelona	Lindt & Sprüngli (España) SA	D	100	EUR	3.0
Austria	Vienna	Lindt & Sprüngli (Austria) Ges.m.b.H. ¹⁾	P & D	100	EUR	4.5
Poland	Warsaw	Lindt & Sprüngli (Poland) Sp. z o.o. ¹⁾	D	100	PLN	7.0
Canada	Toronto	Lindt & Sprüngli (Canada) Inc. ¹⁾	D	100	CAD	2.8
Australia	Sydney	Lindt & Sprüngli (Australia) Pty. Ltd. ¹⁾	D	100	AUD	1.0
Mexico	Mexico City	Lindt & Sprüngli de México SA de CV ¹⁾	D	100	MXN	248.1
Sweden	Stockholm	Lindt & Sprüngli (Sweden) AB ¹⁾	D	100	SEK	0.5
Czech Republic	Prague	Lindt & Sprüngli (Czechia) s.r.o. ¹⁾	D	100	CZK	0.2
Japan	Tokio	Lindt & Sprüngli Japan Co., Ltd.	D	100	JPY	165.0
Hong Kong	Hong Kong	Lindt & Sprüngli (Asia-Pacific) Ltd. ¹⁾	D	100	HKD	0.5
Guernsey	St. Peter Port	Lindt & Sprüngli (Finance) Ltd.	M	100	EUR	0.1

D – Distribution, P – Production, M – Management

¹⁾ Subsidiaries held directly by Chocoladefabriken Lindt & Sprüngli AG.

2. ACCOUNTING PRINCIPLES

BASIS OF PREPARATION — The consolidated financial statements of Chocoladefabriken Lindt & Sprüngli AG (Lindt & Sprüngli Group) were prepared in accordance with International Financial Reporting Standards (IFRS).

With the exception of the marketable securities and the derivative financial instruments, which are recognized at fair value, the consolidated financial statements are based on historical costs.

When preparing the financial statements, Management makes estimates and assumptions that have an impact on the disclosed assets and liabilities in the annual report, the disclosure of contingent assets and liabilities as at closing date of the financial statements and the disclosed expenses and income in the reporting period. The actual results may differ from these estimates.

NEW IFRS STANDARDS AND INTERPRETATIONS — The new standards, amendments to standards and interpretations, which must be applied for the reporting period 2010, did not have any impact on the financial position and performance of the Group. Lindt & Sprüngli assessed the potential impact of new standards and interpretations which became or will become effective after January 1, 2011. Lindt & Sprüngli concluded that with the exception of IFRS 9 – Financial Instruments – Classification and Measurement none of the standards or interpretations which have been published by the time of the release of these consolidated financial statements will have a significant effect on the Group's result and financial position. IFRS 9 must be adopted by January 1, 2013. This standard will change the classification and measurement of financial instruments and hedging requirements.

CONSOLIDATION METHOD — The consolidated financial statements include the accounts of the parent company and all the entities it controls (subsidiaries) up to December 31 of each year. An entity is controlled if the parent company has the possibility to govern its financial and operating policies and as a result realizes an economic benefit.

At the time an entity is acquired, the subsidiary's assets, liabilities and contingent liabilities are valued at fair value. If the purchase price exceeds the fair value of the identifiable net assets, the difference is reported as goodwill. Negative goodwill exists when the acquisition price is below the fair value of the net assets; this is reflected in the income statement in the financial year of the business combination. The shares acquired of minority interests are disclosed pro rata as part of the fair value of recorded assets and liabilities.

The results of subsidiaries acquired or sold during the year are included in the Group's income statement when the acquisition or the sale takes place.

Intercompany receivables and liabilities, as well as expenses and income are offset against each other. Unrealized profits resulting from intercompany transactions are fully eliminated. The reporting and valuation methods of the subsidiaries are – if necessary – changed so that a single method is applied to the entire Group's balance sheet.

FOREIGN CURRENCY TRANSLATION

Functional currency and reporting currency — The subsidiaries prepare their financial statements in the currency of the primary economic environment in which the entity operates, the so-called functional currency. The consolidated financial statements are presented in Swiss francs, which is the Group's reporting currency.

Business transactions and balances — Foreign currency transactions are translated into the functional currency at the rates valid at the date of transaction. Currency gains and losses resulting from these transactions or from the conversion of foreign exchange positions are reflected in the income statement. In order to hedge against currency risks, the Group engages in currency forwards and options trading. The methods of recording and evaluating these derivative financial instruments in the balance sheet are explained below.

Subsidiaries — All subsidiaries which use a functional currency other than the Swiss franc (CHF) are translated into the Group's reporting currency as follows (none of the subsidiaries use a highly inflationary currency):

- Assets and liabilities of the entities are translated at the closing rate at balance sheet date.
- Income and expenses are translated at a weighted yearly average exchange rate.
- All resulting translation differences are disclosed in a separate category of shareholders' equity not affecting operating result ("currency translation").

Differences of exchange resulting from the translation of loans to be considered as net investments in foreign entities at the time of consolidation, are initially recorded separately in shareholders' equity. In the financial year of the disposal or repayment, currency translation differences are recorded as part of the proceeds or losses from sales.

Foreign exchange rates — The Group applied the following exchange rates:

		Balance sheet year-end rates		Income statement average rates	
		2010	2009	2010	2009
Euro zone	1 EUR	1.25	1.49	1.38	1.51
USA	1 USD	0.94	1.03	1.02	1.07
Great Britain	1 GBP	1.45	1.66	1.60	1.68
Canada	1 CAD	0.94	0.98	0.99	0.96
Australia	1 AUD	0.95	0.93	0.96	0.86
Poland	100 PLN	31.55	36.04	34.95	35.15
Mexico	100 MXN	7.57	7.88	8.27	7.98
Sweden	100 SEK	13.94	14.47	14.48	14.30
Czech Republic	100 CZK	4.99	5.62	5.47	5.74
Japan	100 JPY	1.15	–	1.20	–

PROPERTY, PLANT, AND EQUIPMENT — Property, plant, and equipment are valued at historical cost, less the accumulated depreciation. The assets are depreciated using the straight-line method over the period of their expected useful economic life.

Historical cost includes all costs associated with the acquisition. Subsequent costs increasing the value of an asset are, depending on the case, either recorded in the book value of the asset or as a separate asset, to the extent that it can be assumed that it is likely that the Group will benefit from it in the future and that its costs can be calculated in a reliable manner. All other repair or maintenance costs are reflected in the income statement in the year of their occurrence.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to write down their cost to their residual values. The following useful lives have been applied:

- Buildings (incl. installations): 5 – 40 years
- Machinery: 10 – 15 years
- Other fixed assets: 3 – 8 years

Profits and losses from disposals are recorded in the income statement.

INTANGIBLE ASSETS

Software — Acquired computer software licences, as well as development costs, are capitalized with the costs incurred to bring the software to use. The capitalized costs are amortized using the straight-line method over the period of the economic useful life (three to five years).

IMPAIRMENT — The Group records the difference between the realizable value and the book value of fixed assets, goodwill or intangible assets as impairment. The valuation is made for an individual asset or, if this is not possible, on a group of assets to which separate sources of cash flows are allocated. In order to appraise the future benefits, the expected future cash flows are discounted.

LEASING — Leasing agreements are classified as finance leases if the leasing conditions transfer most risks and benefits resulting from ownership to the lessee. All other leasing agreements are classified as operating leases.

Assets held under finance leasing agreements are recorded at the lower of fair value and the net present value of the minimum leasing rates in the balance sheet. The resulting liabilities towards the lessor are recorded as payables to finance leases. The leasing rates are spread in proportion to the interest expense and the decrease in leasing liabilities, thus generating a constant interest rate for the remaining balance of the liabilities for each reporting period.

Payments made under operating leases (net of any incentives received or expected from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

INVENTORIES — Inventories are valued at the lower of cost and net realizable value. Costs include all direct material and production costs, as well as overhead, which are incurred in order to bring inventories to their current location and condition. Costs are calculated using the FIFO method. Net realizable value equals the estimated selling price in the ordinary course of business less cost of goods produced and applicable variable selling expenses.

CASH AND CASH EQUIVALENTS — Cash and cash equivalents includes cash on hand, cash in bank, other short-term highly liquid investments with an original maturity period of up to ninety days.

FINANCIAL ASSETS — The Group classifies its financial assets into four categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. At each balance sheet date, Management re-assesses the classification of its investments at initial recording.

Financial assets at fair value through profit or loss — This category of financial assets is subdivided into the following two categories:

- financial assets held for trading, and
- those designated “at fair value through profit or loss” at the time of acquisition

Financial assets are allocated to this category if they were acquired with the intention to be sold in the short term or if Management categorized them as such voluntarily. Derivative financial instruments are also allocated to the category “at fair value through profit or loss” unless they are designated as hedging transactions. Financial assets allocated to this category are disclosed as short-term assets unless they belong to the category “held for trading” or it is expected that they will be sold within a maximum of twelve months after the balance sheet date.

Loans and receivables — Loans and receivables are considered non-derivative financial assets with fixed and determinable payments and for which no quoted market rate exists in an active market. They include credit loans and trade receivables in as far as they are not intended for resale (otherwise they are to be allocated to “available for sale”). Loans and receivables are categorized as short-term assets, unless their remaining post-balance sheet date life exceeds twelve months. Within the reporting period the majority of loans and receivables have been accounted for as short-term commitments; they were included in the balance sheet items “accounts receivable” and “other receivable.” Value adjustments are made to outstanding receivables for which repayment is considered doubtful.

Financial investments held to maturity — Financial investments held to maturity are non-derivative financial assets with fixed and determinable payments and maturities and for which Management has the intention – and the possibility – to hold until their final maturity elapses.

“Available for sale financial assets” — The category “available for sale” consists of non-derivative financial assets which either cannot be allocated to any other category or which are allocated to this category voluntarily. They are disclosed as long-term assets, unless Management intends to sell them within the twelve months following the balance sheet date.

Purchases and sales of financial assets are recorded on trade-date – the date on which the Group has committed to buy or sell the asset. Investments in financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried “at fair value through profit or loss.” The derecognition of a financial investment occurs at the moment when the right to receive future cash flows from the investment expires or has been transferred to a third party and the Group has transferred substantially all risks and benefits of ownership. Financial investments categorized as “available-for-sale” and “at fair value through profit or loss” are valued at fair value. “Loans and receivables” and “held-to-maturity” investments are valued at amortized cost using the effective interest method. Realized and unrealized profits and losses arising from changes in the fair value of financial investments categorized as “fair value through profit or loss” are reflected in the income statement in the reporting period in which they occur.

The fair value of listed investments is defined by using the current paid or, if not available, bid price. If the market for a financial asset is not active and/or the security is unlisted, the Group can determine the fair value by using valuation procedures. These are based on recent arm's length transactions, reference to similar financial instruments, the discounting of the future cash flows and the application of the option pricing models.

Available-for-sale financial assets which have a market value of more than 40% below their original costs or are, for a sustained 18-month period, below their original costs are considered as impaired and the accumulated fair value adjustment in equity will be recognized in the income statement. Impairment losses recognized in the income statement for an investment in an equity instrument classified as "available-for-sale" shall not be reversed through the income statement. If, in a subsequent period, the fair value of a debt instrument classified as "available-for-sale" increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the income statement, the impairment loss shall be reversed in the income statement.

PROVISIONS — Provisions are recognized when the Group has a legal or constructive obligation arising from a past event, where it is likely that there will be an outflow of resources and a reasonable estimate can be made thereof.

DIVIDENDS — In accordance with Swiss law and the Company's Articles of Association, dividends are treated as an appropriation of profit in the year in which they are ratified at the Annual General Meeting and subsequently paid.

BORROWINGS — Borrowings are recognized initially when the Group commits to a contract and records the amount of the proceeds (net of transaction costs) received. Borrowings are then valued at amortized cost using the effective interest method. The amortized cost consists of a financial obligation at its initial recording, minus repayment, plus or minus accumulated amortization (the difference possible between the original amount and the amount due at maturity). Profits or losses are recognized in the income statement as a result of amortization or when a borrowing is written off. A borrowing is written off when it is repaid, abandoned or when it expires.

EMPLOYEE BENEFITS — The expense and defined benefit obligations for the significant defined benefit plans and other long-term employee benefits in accordance with IAS 19 are determined using the Projected Unit Credit Method. This takes into account insurance years up to the valuation date. Valuation of defined benefit obligations for the material benefit plans is carried out yearly, for the other plans periodically. Valuation of pension assets is done annually, at market value.

Current service costs are recorded in the income statement for the period in which they are incurred.

Past-service costs are recognized immediately in the income statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortized on a straight-line basis over the vesting period.

Actuarial gains and losses arising from changes in actuarial assumptions and experience adjustments in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation are charged or credited to income over the employees' expected average remaining working lives.

The limitation of the pension asset is calculated according to the requirements of IFRIC 14 – IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interactions.

REVENUE RECOGNITION — Revenue consists of delivery of goods and services to third parties net of value-added taxes and minus price reductions and all payments to trade partners with the exception of payments for distinctly and clearly identifiable services, rendered by trade partners, which could also be rendered by third parties at comparable costs. Revenue is to be recorded in the income statement once the risks and rewards of the goods are transferred to the buyer. For goods returned or other types of payments regarding the sales, adequate accruals are recorded.

Interest income is recognized on an accrual basis, taking into consideration the outstanding sums lent and the actual interest rate to be applied.

Dividend income resulting from financial investments is recorded upon legal entitlement to payment of the share owner.

OPERATING EXPENSES — Operating expenses include marketing, distribution and administrative expenses. Trade promotion payments for which distributors or retailers perform clearly identifiable services are not deducted from sales but are disclosed as marketing expenses.

BORROWING COSTS — Interest expenses incurred from borrowings used to finance the construction of fixed assets are capitalized for the period in which it takes to build the asset for its intended purpose. All other borrowing costs are immediately expensed in the income statement.

TAXES — Taxes are based on the yearly profit and include non-refundable taxes at source levied on the amounts received or paid for dividends, interest and licence fees. These taxes are levied according to a country's directives.

Deferred income taxes are accounted for according to the Balance-Sheet-Liability Method, on temporary differences arising between the tax and IFRS bases of assets and liabilities. In order to calculate the deferred income taxes, the legal tax rate in use at the time is applied.

Deferred tax assets – for unutilized tax losses – are recorded to the extent that it is probable that future taxable profit is likely to be achieved against which the temporary differences can be offset.

RESEARCH AND DEVELOPMENT COSTS — Research and development costs are fully expensed in the income statement in the year in which they are incurred. Development costs for new products are not capitalized because the certainty of a future economic benefit is only proven once the newly developed products have been introduced to the market.

SHARE-BASED PAYMENTS — In compliance with the transitional directives, IFRS 2 was applied to all equity instruments granted after November 7, 2002. The Group grants several employees options on officially listed participation certificates. These options have a blocking period of three to five years and a maximum maturity of seven years. The options expire once the employee leaves the company. Cash settlements are not allowed. The disbursement of these equity instruments is valued at fair value at grant date. The fair value determined at grant date is recorded in a straight-line method over the vesting period. This is based on the estimated number of participation certificates, which entitles a holder to additional benefits. The fair value was defined with the help of the binomial model used to determine the price of the options. The anticipated maturity period included the conditions of the employee option plan, such as the blocking period and the non-transferability.

On March 2, 2010, the vesting conditions for 5,000 of the 38,155 outstanding options, granted in 2010, have been modified. All the other parameters, especially the blocking periods of three, four and five years, as well as the exercise price of CHF 2,200, remained unchanged. Based on the modification, the total fair value of these options must be directly charged to the income statement in the period under review and cannot be spread over three years. This impact increased the expenses for share-based payment in 2010 by CHF 2.0 million and will relieve the expenses for the following years.

ACCOUNTING FOR DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES — Derivative financial instruments are recorded when the contract is entered into and valued at fair value. The treatment of recognizing the resulting profit or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivative financial instruments as hedges of a particular risk associated with a recognized asset or liability or a highly probable forecast transaction (securing the cash flow).

At the beginning of the business transaction, the Group documents the relationship between the hedge and the hedged items, as well as its risk management targets and strategies for undertaking the various hedging transactions. Furthermore, the Group also documents its assessment, both at hedge inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are effective in offsetting changes in fair values or cash flows of hedged items.

The effective portion of changes in fair value of derivatives which are designated and qualify as cash flow hedges is accounted for in equity. Profit and loss from the ineffective portion of the value adjustment are recognized immediately in the income statement.

Amounts accumulated in equity are recognized in the income statement in the same reporting period when the hedged item affects profit and loss.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS — The “Fonds für Pensionsergänzungen der Schokolade-fabriken Lindt & Sprüngli AG” is disclosed as a pension fund according to IAS 19.48 (defined benefit pension plan). The fund takes over disbursements to employees who take early retirement and the inflationary adjustment on pension payments as well as a part of the contributions of the employer and employees to Swiss pension funds related to the defined pension plans. The plan assets of the fund cannot be repatriated to the Company. The future obligations, as well as the benefits, were calculated according to the rules stipulated in IAS 19. The recorded assets comply with the requirements of IFRIC 14 – IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interactions. As at December 31, 2010, the calculated benefit amounted to CHF 86.8 million (CHF 78.2 million in 2009) and is disclosed in the item “Financial Assets” (see note 9).

3. RISK MANAGEMENT

Due to its global activity, the Group is exposed to a number of risks: strategic, operational, and financial. Within the scope of the annual risk management process, the individual risk positions are classified into these three categories, where they are assessed, limited and assigned to authorities.

In view of the existing and inevitable strategic and operating risks of the core business, Management's objective is to minimize the impact of the financial risks on the operating and net profit for the reporting period.

FINANCIAL RISK MANAGEMENT — The Group is exposed to financial risks. The financial instruments are divided, in accordance with IFRS 7, into the following categories: market risks (exchange rates, interest rates, and commodities), credit risks, and liquidity risks. The central treasury department (Corporate Treasury) is responsible for the coordination of risk management and works closely with the operational Group companies. The decentralized Group structure gives strong autonomy to the individual operational Group companies, particularly with regard to the management of exchange rate and commodity risks. The risk policies issued by the Audit Committee serve as guidelines for the entire risk management.

Centralized systems, specifically for the regular recording and consolidation of the Group-wide foreign exchange and commodity positions, as well as regular internal reporting, ensure that the risk positions can be consolidated and managed in a timely manner despite the Group's decentralized management system. The Group only engages in derivative financial transactions if a highly probable forecast transaction or a recognized asset or liability exists.

Market risks

Exchange rate risks — The Group's reporting currency is the Swiss franc, which is exposed to fluctuations in foreign exchange rates, primarily with respect to the euro, the various dollar currencies, and pound sterling. Foreign exchange rate risk is not generated from sales, since the operational Group companies invoice in their local functional currencies. On the other hand, the Group is exposed to exchange rate risk on trade payables for goods and services. These transactions are hedged to a great extent using forward currency contracts. The operational Group companies transact all currency instruments with Corporate Treasury, which hedges net positions by means of financial instruments with credit-worthy financial institutes (short-term rating A1/P1).

Since the operational Group companies transact the majority of their transactions in their own functional currencies and any remaining non-functional currency-based transactions are hedged with currency forward contracts, the exchange rate risk at balance sheet date is not material. The changes, in exchange rates, include the fair value of the currency forward contracts since entering into the contract and are recognized in accordance with IAS 39.

Interest rate risks — Corporate Treasury monitors and minimizes interest rate risks from a mismatch of quality, maturity period, and currency of the liquid funds on a continuous basis. Corporate Treasury may use derivative financial instruments in order to manage the interest rate risk of balance sheet assets and liabilities, and future cash flows. As of December 31, 2010, there were no material transactions.

The most material financial assets as of December 31, 2010 and 2009, are not interest-bearing. Therefore no material sensitivities exist on these positions. A part of the financial assets as of December 31, 2010 and 2009, bears variable interest rates. No material sensitivities exist on these positions.

Commodity price risks — The Group's products are manufactured with raw materials (commodities) that are subject to strong price fluctuations due to climatic conditions, seasonal conditions, seasonal demand, and market speculation. In order to mitigate the price and quality risks of the expected future net demand, the manufacturing Group companies enter into contracts with suppliers for the future physical delivery of the raw materials. In exceptional market conditions, commodity futures are also used; however, they are only processed centrally by Corporate Treasury. The commodity futures of cocoa beans of a necessary quality are always traded for physical-delivery agreements. The number of outstanding commodity futures is dependent on the expected production volumes and price development and so can be at various levels throughout the year. Based on the existing contract volume as of December 31, 2010 and 2009, no material sensitivities exist on these positions. The changes in commodity prices include the fair value of the futures since entering into the agreement and are recognized in accordance with IAS 39.

Credit risks — Credit risks occur when a counterparty, such as a supplier, a client or a financial institute is unable to fulfil its contractual duties. This risk is minimized since the operational Group companies have implemented standard processes for defining lending limits for clients and suppliers and monitor adherence to these processes on an ongoing basis. Due to the geographical spread of the turnover and the large number of clients, the Group's concentration of risk is limited. Financial credit risks are limited by investing (liquid funds and/or derivative financial instruments) with various lending institutions holding a short-term A1/P1-rating only. The maximum risk of loss of balance sheet assets is limited to the carrying values of those assets, as reflected in the notes to the financial statements (including derivative financial instruments).

Liquidity risks — Liquidity risk exists when the Group or a Group company does not settle or meet its financial obligations (untimely repayment of financial debt, payment of interest). The Group's liquidity is ensured by means of regular Group-wide monitoring and planning of liquidity as well as an investment policy coordinated by Corporate Treasury. Liquidity, which the Group defines as the net liquidity position (cash and cash equivalents, marketable securities less bank borrowings), is continually monitored on a company-by-company basis by Corporate Treasury. As of December 31, 2010, the net liquidity position amounted to CHF 540 million (CHF 356 million in 2009). For extraordinary financing needs, adequate credit lines with financial institutes have been arranged.

The tables below present relevant maturity groupings based on the remaining periods, as at December 31, 2010 and 2009, of the contractual maturity date:

CHF million December 31, 2010	< 3 months	Between 3 and 12 months	Between 1 and 3 years	Over 3 years	Total
Loans	–	–	0.6	0.2	0.8
Other long-term borrowings	–	–	2.3	8.1	10.4
Accounts payable	145.8	6.5	–	–	152.3
Other accounts payable	32.5	1.5	0.1	0.1	34.2
Net value derivative instruments	0.9	–0.3	–0.8	–	–0.2
Bank and other borrowings	15.4	0.5	–	–	15.9
Total contractually fixed payments	194.6	8.2	2.2	8.4	213.4

CHF million December 31, 2009	< 3 months	Between 3 and 12 months	Between 1 and 3 years	Over 3 years	Total
Loans	–	–	0.7	0.4	1.1
Other long-term borrowings	–	–	2.7	8.0	10.7
Accounts payable	172.4	0.3	–	–	172.7
Other accounts payable	36.5	1.2	0.1	0.1	37.9
Net value derivative instruments	3.7	0.6	0.9	–	5.2
Bank and other borrowings	18.3	0.5	–	–	18.8
Total contractually fixed payments	230.9	2.6	4.4	8.5	246.4

4. CAPITAL MANAGEMENT

The goal of the Group with regards to capital management is to support the business with a sustainable and risk adjusted capital basis and to achieve an accurate return on the invested capital. The Group assesses the capital structure on an ongoing basis and makes adjustments in view of the business activities and the changing economical environment.

The Group monitors its capital based on the ratio of shareholders' equity in percentage to total assets, which was 66.2% as of December 31, 2010 (65.3% in 2009). As of December 31, 2010, the goals and procedures related to capital management have not been changed compared to the previous year.

5. SEGMENT INFORMATION: ACCORDING TO GEOGRAPHIC SEGMENTS

The management of the Group is organized by means of companies of individual countries. For the definition of business segments to be disclosed, the Group has aggregated companies of individual countries on the basis of similar economic structures (foreign exchange risks, growth perspectives, element of an economic area), similar products and trade landscapes, and economic attributes (gross profit margins).

The three segments to be disclosed are:

- Business segment “Europe,” consisting of the European companies and business units.
- Business segment “NAFTA,” consisting of the companies in the USA, Canada, and Mexico.
- Business segment “All other segments,” consisting of the companies in Australia and Japan as well as the business units distributors and duty-free.

The Group considers the operating result as the segment result. Transactions between segments are valued and recorded in accordance with the cost plus method.

SEGMENT INCOME

	Segment Europe		Segment NAFTA		All other segments		Total	
CHF million	2010	2009	2010	2009	2010	2009	2010	2009
Sales	1,759.0	1,779.0	733.1	683.6	302.6	277.7	2,794.7	2,740.3
./. Sales between segments	213.5	212.2	1.9	3.3	–	–	215.4	215.5
Third party sales	1,545.5	1,566.8	731.2	680.3	302.6	277.7	2,579.3	2,524.8
Operating profit	232.4	207.8	65.2	24.9	27.7	32.1	325.3	264.8
Net financial result							–1.3	–1.8
Income before taxes							324.0	263.0
Taxes							–82.1	–69.9
NET INCOME							241.9	193.1

The following subsidiaries achieved Group-wide the highest sales turnover in 2010:

- Chocoladefabriken Lindt & Sprüngli GmbH, Germany CHF 451.4 million
- Chocoladefabriken Lindt & Sprüngli (Schweiz) AG, Switzerland CHF 328.5 million
- Lindt & Sprüngli SAS, France CHF 321.6 million

BALANCE SHEET AND OTHER INFORMATION

	Segment Europe		Segment NAFTA		All other segments		Total	
CHF million	2010	2009	2010	2009	2010	2009	2010	2009
Assets ¹⁾	1,937.5	1,895.8	479.6	482.2	107.6	98.0	2,524.7	2,476.0
Liabilities ¹⁾	655.5	693.0	120.0	106.8	76.7	58.5	852.2	858.3
Investments	61.1	71.0	25.1	49.5	2.4	3.0	88.6	123.5
Depreciation and amortization	70.0	71.6	24.5	23.4	1.8	1.3	96.3	96.3
Impairment	0.5	14.8	1.2	5.6	–	0.6	1.7	21.0

1) Assets and liabilities which cannot be clearly allocated to a particular segment are disclosed in the category "All other segments."

The following subsidiaries held Group-wide the greatest portion of fixed and intangible assets in 2010:

- Chocoladefabriken Lindt & Sprüngli (Schweiz) AG, Switzerland CHF 183.7 million
- Chocoladefabriken Lindt & Sprüngli GmbH, Germany CHF 131.2 million
- Lindt & Sprüngli (USA) Inc., USA CHF 122.9 million
- Lindt & Sprüngli SpA, Italy CHF 105.1 million
- Ghirardelli Chocolate Company, USA CHF 91.8 million

6. FINANCIAL INSTRUMENTS, FAIR VALUE, AND HIERARCHY LEVELS

The following table shows the carrying values and fair values of financial instruments recognized in the consolidated balance sheet analyzed by categories and hierarchy levels at year-end:

		2010		2009	
CHF million	Level	Carrying amount	Fair value	Carrying amount	Fair value
FINANCIAL ASSETS					
Loans and receivables					
Cash and cash equivalents		540.4	540.4	367.2	367.2
Accounts receivable		647.6	647.6	656.0	656.0
Other receivables		37.5	37.5	50.3	50.3
Loans to third parties		0.2	0.2	0.5	0.5
Total loans and receivables		1,225.7	1,225.7	1,074.0	1,074.0
Fair value through profit or loss					
Derivatives	1	2.8	2.8	3.7	3.7
Derivatives	2	18.1	18.1	4.5	4.5
Marketable securities	1	11.7	11.7	3.1	3.1
Total fair value through profit or loss		32.6	32.6	11.3	11.3
Available for sale					
Marketable securities	1	4.1	4.1	4.8	4.8
Investments third parties	2	2.6	2.6	2.7	2.7
Total available for sale		6.7	6.7	7.5	7.5
Total financial assets					
		1,265.0	1,265.0	1,092.8	1,092.8
FINANCIAL LIABILITIES					
Fair value through profit or loss					
Derivatives	1	0.4	0.4	1.3	1.3
Derivatives	2	20.3	20.3	12.1	12.1
Total fair value through profit or loss		20.7	20.7	13.4	13.4
Loans and payables					
Loans		2.4	2.4	2.1	2.1
Other non-current liabilities		10.4	10.4	10.7	10.7
Accounts payable		152.3	152.3	172.7	172.7
Other accounts payable		34.2	34.2	37.9	37.9
Bank and other borrowings		14.3	14.3	17.8	17.8
Total loans and payables		213.6	213.6	241.2	241.2
Total financial liabilities					
		234.3	234.3	254.6	254.6

Level 1 – The fair value measurement of some financial instruments is based on quoted prices in active markets or dealer and supplier quotes.

Level 2 – The fair value measurement of some financial instruments is based on observable market data, other than quoted prices in Level 1.

7. PROPERTY, PLANT, AND EQUIPMENT

CHF million	Land/ buildings	Machinery	Other fixed assets	Construction in progress	2010 Total
Acquisition costs as at January 1, 2010	699.6	928.0	168.7	66.7	1,863.0
Additions	18.4	38.1	12.0	14.5	83.0
Retirements	-13.5	-20.6	-10.8	-	-44.9
Transfers	12.8	34.4	4.1	-51.3	-
Currency translation	-66.6	-108.6	-19.4	-3.8	-198.4
Acquisition costs as at December 31, 2010	650.7	871.3	154.6	26.1	1,702.7
Accumulated depreciation as at January 1, 2010	326.4	572.4	130.0	-	1,028.8
Additions	26.0	48.7	14.8	-	89.5
Impairments	0.3	1.3	0.1	-	1.7
Retirements	-13.4	-19.9	-10.5	-	-43.8
Transfers	-	-0.1	0.1	-	-
Currency translation	-30.0	-67.8	-15.8	-	-113.6
Accumulated depreciation as at December 31, 2010	309.3	534.6	118.7	-	962.6
Net fixed assets as at December 31, 2010	341.4	336.7	35.9	26.1	740.1

CHF million	Land/ buildings	Machinery	Other fixed assets	Construction in progress	2009 Total
Acquisition costs as at January 1, 2009	685.6	851.1	162.4	107.3	1,806.4
Additions	21.4	44.2	13.0	36.6	115.2
Retirements	-14.7	-22.8	-10.6	-0.1	-48.2
Transfers	9.7	60.7	3.8	-76.7	-2.5
Currency translation	-2.4	-5.2	0.1	-0.4	-7.9
Acquisition costs as at December 31, 2009	699.6	928.0	168.7	66.7	1,863.0
Accumulated depreciation as at January 1, 2009	303.5	537.4	126.1	-	967.0
Additions	26.5	48.5	15.0	-	90.0
Impairments	11.5	9.1	-	-	20.6
Retirements	-13.2	-21.8	-10.5	-	-45.5
Transfers	-0.9	1.5	-0.6	-	-
Currency translation	-1.0	-2.3	-	-	-3.3
Accumulated depreciation as at December 31, 2009	326.4	572.4	130.0	-	1,028.8
Net fixed assets as at December 31, 2009	373.2	355.6	38.7	66.7	834.2

Advance payments of CHF 19.6 million (CHF 29.3 million in 2009) are included in the position construction in progress. The insurance value of property, plant, and equipment amounts to CHF 2,095.0 million (CHF 2,218.1 million in 2009). No mortgages exist on land and buildings.

The impairment charge of CHF 1.7 million (CHF 20.6 million in 2009) consists mainly of writedowns of production equipment (CHF 1.5 million, CHF 9.8 million in 2009) and of fixed assets in own stores (CHF 0.2 million, CHF 0.6 million in 2009). In addition, 2009 includes an impairment charge on a warehouse in Italy amounting to CHF 10.2 million.

The net book value (NBV) of capitalized assets, under financial lease, amounted to CHF 1.2 million (CHF 1.8 million in 2009). Operating lease commitments are expensed immediately.

8. INTANGIBLE ASSETS

CHF million	EDP software and consultancy	
	2010	2009
Acquisition costs as at January 1	56.0	47.7
Additions	5.6	8.3
Retirements	-1.6	-3.1
Transfers	-	2.5
Currency translation	-6.4	0.6
Acquisition costs as at December 31	53.6	56.0
Accumulated amortization as at January 1	38.1	34.3
Additions	6.8	6.3
Impairments	-	0.4
Retirements	-1.4	-3.1
Currency translation	-4.6	0.2
Accumulated amortization as at December 31	38.9	38.1
Net intangible assets as at December 31	14.7	17.9

Research and development expenditures amounted to CHF 7.1 million (CHF 7.0 million in 2009) and are expensed immediately.

9. FINANCIAL ASSETS

CHF million	2010	2009
Prepaid pension funds ¹⁾	89.2	80.8
Loans to third parties	0.2	0.5
Investments third parties (available for sale)	2.6	2.7
Total	92.0	84.0

1) See note 18.

10. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The net value of deferred tax liabilities is as follows:

CHF million	2010	2009
At January 1	21.5	26.1
Deferred income tax expense	0.9	-14.3
Tax charged to equity	0.1	10.2
Currency translation	-1.5	-0.5
At December 31	21.0	21.5

Deferred tax assets and liabilities have been generated from the following balance sheet positions:

CHF million	2010	2009
Deferred tax assets		
Property, plant, and equipment, intangible assets	3.6	3.9
Pension assets and liabilities	15.7	17.0
Receivables	6.9	7.1
Inventories	5.6	8.3
Payables and accruals	15.7	18.6
Derivative assets and liabilities	1.2	2.2
Other	0.7	0.6
Deferred tax assets gross	49.4	57.7
Netting	-44.2	-53.6
Total	5.2	4.1
Deferred tax liabilities		
Property, plant, and equipment, intangible assets	24.3	34.0
Pension assets and liabilities	27.5	25.6
Receivables	2.5	2.1
Inventories	4.6	6.0
Payables and accruals	8.9	8.7
Derivative assets and liabilities	2.5	2.6
Other	0.1	0.2
Deferred tax liabilities gross	70.4	79.2
Netting	-44.2	-53.6
Total	26.2	25.6
NET DEFERRED TAX	21.0	21.5

TAX LOSS CARRY-FORWARDS

Deferred tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. The Group did not recognize deferred tax assets on tax loss carry-forwards. The expiration of tax loss carry-forwards are:

CHF million	2010	2009
Between one and five years	5.3	2.0
Between six and ten years	20.4	26.8
Over ten years	52.4	58.7
Total	78.1	87.5

Tax loss carry-forwards utilized in 2010 amounted to CHF 12.5 million (CHF 0.2 million in 2009).

11. INVENTORIES

CHF million	2010	2009
Raw material	77.4	90.4
Packaging material	65.8	71.0
Semi-finished and finished products	280.9	300.9
Value adjustment	-32.0	-37.7
Total	392.1	424.6

In 2010, CHF 3.7 million (CHF 4.5 million in 2009) of the value adjustment as at the end of 2009 has been released to the benefit of the profit and loss.

12. ACCOUNTS RECEIVABLE

CHF million	2010	2009
Accounts receivable, gross	668.0	676.6
Value adjustment	-20.4	-20.6
Total	647.6	656.0

CHF million	2010	2009
Value adjustment as at January 1	-20.6	-21.2
Addition	-5.5	-7.4
Utilization	3.1	3.3
Release	0.8	4.7
Currency translation	1.8	-
Value adjustment as at December 31	-20.4	-20.6

The following table presents the aging of accounts receivable:

CHF million	2010	2009
Not yet past due	515.3	501.3
Past due 1 – 30 days	91.5	94.8
Past due 31 – 90 days	42.0	51.5
Past due over 91 days	19.2	29.0
Accounts receivable gross	668.0	676.6

Historically, the default rate for accounts receivable in the age category “not yet past due” was lower than 1%. Hence the default risk is considered to be low. Value adjustments are calculated based on the assessment of the default risk with regards to accounts receivable balances already past due.

The carrying amounts of accounts receivable are denominated in the following currencies:

CHF million	2010	2009
CHF	63.5	60.4
EUR	327.9	366.5
USD	116.1	84.4
GBP	33.7	30.0
Other currencies	106.4	114.7
Accounts receivable net	647.6	656.0

13. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING RESERVES

At the balance sheet date, the fair value of derivative financial instruments was as follows:

CHF million	2010		2009	
	Assets	Liabilities	Assets	Liabilities
Derivatives (cash flow hedges and raw material contracts)	13.9	19.0	7.9	8.6
Other derivatives	7.0	1.7	0.3	4.8
Total	20.9	20.7	8.2	13.4

The carrying amount (contract value) of the outstanding forward-currency and raw-material contracts as at December 31, 2010, is CHF 652.1 million (CHF 542.1 million in 2009). The majority of gains and losses recognized in the hedging reserve, as shown in the Consolidated Statement of Changes in Equity in the amount of CHF 3.0 million in net gains (CHF 26.3 million in net losses in 2009), on forward-currency and raw-material contracts as of December 31, 2010, will be released to material expense in the income statement at various dates within the next twenty-four months. Other derivative instruments which have been executed in accordance with the risk policy and do not qualify for hedge accounting under the criteria of IAS 39 as well as the ineffective portion of designated derivative instruments, have been recognized immediately in the income statement.

14. MARKETABLE SECURITIES AND SHORT-TERM FINANCIAL ASSETS

Available-for-sale financial asset

CHF million	2010	2009
At January 1	4.8	7.1
Additions	1.1	9.4
Disposals	-1.3	-17.5
Net gains/(losses) transfer to equity	-0.2	0.6
Impairment	-0.3	5.2
At December 31	4.1	4.8
Whereof current	4.1	4.8
Whereof non-current	-	-

In 2010, the Group released losses of CHF 0.3 million (CHF 0 in 2009), related to available-for-sale financial assets, from equity, as impairment into the income statement.

The carrying amount of available-for-sale financial assets as at December 31, consists of:

CHF million	2010	2009
CHF equity securities	4.1	4.8
Total	4.1	4.8

Fair-value-through-profit-or-loss financial assets

CHF million	2010	2009
CHF equity securities	5.5	0.5
EUR equity securities	5.6	1.9
USD equity securities	0.6	0.7
Total	11.7	3.1

The carrying amounts of the above financial assets are designated as fair value through profit or loss upon initial recognition. Changes in the fair values of these assets are recorded in the positions “Income from financial assets” and “Expenses from financial assets” in the income statement.

The fair value of all quoted securities is based on their currently paid or, if not available, bid prices in an active market.

15. CASH AND CASH EQUIVALENTS

CHF million	2010	2009
Cash at bank and in hand	450.0	235.1
Short-term bank deposits	90.4	132.1
Total	540.4	367.2

The effective interest rate on short-term bank deposits reflects the average interest rate of the money market as well as the development of the currencies invested with an original maturity period of up to three months.

16. SHARE AND PARTICIPATION CAPITAL

CHF million	Number of registered shares (RS) ¹⁾	Number of participation certificates (PC) ²⁾	Registered shares	Participation certificates	Total
At January 1, 2009	140,000	869,219	14.0	8.7	22.7
Capital increase	–	14,079	–	0.141	0.1
At December 31, 2009	140,000	883,298	14.0	8.8	22.8
Capital increase	–	18,501	–	0.185	0.2
At December 31, 2010	140,000	901,799	14.0	9.0	23.0

1) At par value of CHF 100.–

2) At par value of CHF 10.–

The conditional capital has a total of 658,426 participation certificates (PC) (526,927 in 2009) with a par value of CHF 10.–. Of this total, 303,976 (172,477 in 2009) are reserved for employee stock option programs; the remaining 354,450 participation certificates (354,450 in 2009) are reserved for capital market transactions. There is no other authorized capital. In 2010, a total of 18,501 (14,079 in 2009) of the employee options were exercised at an average price of CHF 1,166.21 (CHF 968.42 in 2009). The participation certificate has no voting right, but otherwise has the same ownership rights as the registered share.

17. BORROWINGS

CHF million	2010	2009
Non-current		
Bank borrowings	0.8	1.1
Current		
Bank borrowings	15.9	18.8
Total borrowings	16.7	19.9

The carrying amounts of the Group's borrowings denominated in the following currencies are:

CHF million	2010	2009
EUR	12.8	15.8
Other currencies	3.9	4.1
Total	16.7	19.9

18. PENSION PLANS AND OTHER LONG-TERM EMPLOYEE BENEFITS

In accordance with local laws and practices, the Group operates various benefit plans. Among these plans are defined benefits and defined contribution plans. These plans cover the majority of employees for death, disability, and retirement. There are also plans for anniversary benefits or other benefits related to years of service, which qualify as plans for other long-term employee benefits.

Benefits are usually dependent on one or more factors such as the number of years the employee was covered in the plan, age, insurable salary, and to some extent on the accumulated old age capital. The assets of the funded pension plans are held within separate foundations or insurances and may not revert to the employer.

The economic benefit available, as reduction in future employer contributions, is determined annually according to the applicable plan rules and the statutory requirement in the jurisdiction of the plan based on IFRIC 14. During the financial year 2010, the Group did not recognize a change of the economic benefit net of deferred taxes (increase of CHF 4.1 million in 2009) in the income statement.

DEFINED BENEFITS PENSION PLANS AND OTHER LONG-TERM EMPLOYEE BENEFITS —

The following amounts have been recorded in the income statement as personnel expense:

Employee benefits expense

CHF million	Pension plans		Other long-term employee benefits	
	2010	2009	2010	2009
Current service cost	10.3	10.2	1.8	2.7
Interest on obligation	13.8	14.3	0.5	0.4
Expected return on plan assets	-47.4	-42.4	—	—
Changes in unrecognized assets (IAS 19.58)	126.8	87.3	—	—
Gains (-)/losses (+) on curtailments or settlements	—	-1.6	—	—
Net actuarial gains (-)/losses (+) recognized	-104.4	-63.4	0.2	0.1
Others	0.1	—	—	—
Total included in employee benefits expense	-0.8	4.4	2.5	3.2
Actual return on plan assets	155.4	111.2		

Changes in the present value of the defined benefit obligation

CHF million	Pension plans		Other long-term employee benefits	
	2010	2009	2010	2009
Defined benefit obligation as at January 1	392.2	392.7	10.0	8.0
Current service cost	10.3	10.2	1.8	2.7
Plan participants' contributions	3.4	3.2	—	—
Interest on obligation	13.8	14.3	0.5	0.4
Benefits and net transferal paid through pension assets	-12.2	-19.2	—	—
Benefits paid by employer	-3.6	-3.9	-1.4	-1.2
Curtailments and settlements	-0.1	-1.5	—	—
Actuarial gains (-)/losses (+)	16.0	-3.6	0.2	0.1
Past service costs and others	0.1	—	0.1	—
Currency translation	-13.4	—	-1.4	—
Defined benefit obligation as at December 31	406.5	392.2	9.8	10.0

Changes in the fair value of plan assets

CHF million	Pension plans	
	2010	2009
Fair value of plan assets as at January 1	974.6	877.5
Plan participants' contributions	3.4	3.2
Contributions by employer	2.5	1.9
Benefits and net transferal paid through pension assets	-12.2	-19.2
Expected return on plan assets	47.4	42.4
Actuarial gains (+)/losses (-)	108.0	68.8
Settlements	-0.1	—
Currency translations	-1.3	—
Fair value of plan assets as at December 31	1,122.3	974.6

The pension assets are composed of the following essential asset classes:

Asset classes

Valuation date December 31	Pension plans	
	2010 in %	2009 in %
Equities	82	80
Bonds	7	8
Real estate	8	9
Others including cash	3	3
Total	100	100

The pension assets as at December 31, 2010, include shares of Chocoladefabriken Lindt & Sprüngli AG with a market value of CHF 884.2 million (CHF 786.0 million in 2009). The market value of real estate rented by the Group is CHF 13.6 million (CHF 13.8 million in 2009).

Expected employer contributions for 2011 amount to CHF 2.6 million.

The net position of pension obligations in the balance sheet can be summarized as follows:

Amounts recognized in the balance sheet

CHF million Valuation date December 31	Pension plans		Other long-term employee benefits	
	2010	2009	2010	2009
Present value of funded obligation	389.8	372.6	–	–
Fair value of plan assets	–1,122.3	–974.6	–	–
Underfunding (+)/Overfunding (–)	–732.5	–602.0	–	–
Present value of unfunded obligations	16.7	19.7	9.8	10.0
Unrecognized actuarial gains (+)/losses (–)	11.5	24.5	–	–
Unrecognized prepaid pension costs	729.5	602.6	–	–
Net pension liability	25.2	44.8	9.8	10.0

Amounts in the balance sheet

Pension liabilities	114.4	125.6	9.8	10.0
Assets (prepaid pension funds) ¹⁾	–89.2	–80.8	–	–
Net pension liability	25.2	44.8	9.8	10.0

1) See note 9.

The following principal assumptions form the basis for the actuarial calculation:

Calculation of defined benefit obligations

	Pension plans		Other long-term employee benefits	
Valuation date December 31	2010	2009	2010	2009
Discount rate	3.3 %	3.7 %	4.6 %	5.4 %
Future salary increases	2.0 %	2.1 %		
Future pension increases	1.3 %	1.3 %		

Calculation of yearly expense

Discount rate	3.7 %	3.7 %	5.4 %	5.4 %
Expected return on plan assets	4.9 %	4.9 %		

The following table shows how the actual development of obligations and assets for the benefit plans deviates from their expected development.

CHF million	2010	2009	2008	2007	2006
Valuation date December 31					
Defined benefit obligation	406.5	392.2	392.7	399.8	403.5
Fair value of assets	-1,122.2	-974.6	-877.5	-1,424.5	-1,132.1
Underfunding (+)/Overfunding (-)	-715.7	-582.4	-484.8	-1,024.7	-728.6
Experience adjustments on plan liabilities	5.4	1.4	2.3	-9.8	-1.2
Experience adjustments on plan assets	108.0	68.8	-612.1	253.5	249.6
Net pension liability	25.2	44.8	46.2	88.6	114.0

DEFINED CONTRIBUTION PLANS — In the 2010 financial year, contributions to defined contribution plans came to CHF 6.3 million (CHF 6.0 million in 2009).

19. PROVISIONS

CHF million	Business risks	Other	2010 Total
Provisions as at January 1	35.0	12.9	47.9
Addition	9.7	11.2	20.9
Utilization	-2.0	-5.4	-7.4
Release	-7.5	-3.7	-11.2
Currency translation	-1.5	-0.7	-2.2
Provisions as at December 31	33.7	14.3	48.0

CHF million	2010	2009
Current	25.2	26.8
Non-current	22.8	21.1
Total	48.0	47.9

Other provisions for business risks include unsettled claims, onerous contracts as well as legal and administrative proceedings, which arise during the normal course of business. Provisions are recognized at balance sheet date when a present legal or constructive obligation as a result of past events occurs and the expected outflow of resources can be reliably estimated.

In Management's opinion, after taking appropriate legal and administrative advice, the outcome of these business risks will not give rise to any significant loss beyond the amounts provided at December 31, 2010.

20. ACCOUNTS PAYABLE

The carrying amounts of the Group's accounts payable to suppliers are denominated in the following currencies:

CHF million	2010	2009
CHF	14.4	16.8
EUR	104.2	124.1
USD	15.9	9.5
GBP	10.5	10.2
Other currencies	7.3	12.1
Total	152.3	172.7

21. ACCRUED LIABILITIES

CHF million	2010	2009
Trade	215.5	187.8
Salaries/wages and social costs	71.0	72.0
Other	103.6	104.5
Total	390.1	364.3

Trade-related accrued liabilities comprise year-end rebates, returns, markdowns on seasonal products, and other services provided by trade partners.

The line “Salaries/wages and social costs” is related to bonuses, overtime, and outstanding vacation days.

The position “Other” comprises accruals for third-party services rendered as well as commissions.

22. OTHER INCOME

CHF million	2010	2009
Fees from third parties	3.0	3.1
Insurance reimbursements	1.5	0.9
Other	8.1	9.9
Total	12.6	13.9

The position “Fees from third parties” comprises mainly the reimbursement of freight charges. The position “Other” includes mainly licence fees, rental income, and company-produced additions involving investments in fixed assets.

23. PERSONNEL EXPENSES

CHF million	2010	2009
Wages and salaries	408.3	414.2
Social benefits	97.9	106.5
Other	58.5	51.1
Total	564.7	571.8

For the year 2010, the Group employed an average of 7,572 people (7,409 in 2009).

24. NET FINANCIAL RESULT

CHF million	2010	2009
Interest income	4.3	4.3
Interest expense	-6.9	-6.8
Income (+)/expense (-) from financial assets		
Fair value through profit or loss	0.2	0.6
Available for sale, realized gains (+)/losses (-)	-	0.5
Available for sale, impairment	-0.3	-
Other	1.4	-0.4
Total	-1.3	-1.8

The details of the impairment on available-for-sale financial assets are given in note 14.

25. TAXES

CHF million	2010	2009
Current taxes	76.1	81.5
Deferred taxes	0.9	-14.3
Other taxes	5.1	2.7
Total	82.1	69.9

The tax on the Group's income before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated companies as follows:

CHF million	2010	2009
Income before taxes	324.0	263.0
Expected tax¹⁾ calculated on profits in the respective countries	79.6	64.7
Change in applicable tax rates on temporary differences	0.4	-
Utilization of unrecognized tax loss carry-forwards from prior years	-4.5	-
Adjustments related to prior years	-1.0	1.2
Revaluation of fixed assets in tax accounts	0.1	-4.5
Other	7.5	8.5
Total	82.1	69.9

1) Based on the average expected applicable tax rate (2010: 24.6%, 2009: 24.6%)

26. EARNINGS PER SHARE

	2010	2009
Non-diluted earnings per share/10 PC (CHF)	1,060.6	850.9
Net income (CHF million)	241.9	193.1
Weighted average number of registered shares/10 participation certificates	228,071	226,929
Diluted earnings per share/10 PC (CHF)	1,055.1	850.9
Net income (CHF million)	241.9	193.1
Weighted average number of registered shares/10 participation certificates/outstanding options on 10 PC	229,258	226,514

27. DIVIDEND PER SHARE

CHF	2010	2009
Dividend per share/10 PC	450.00 ¹⁾	400.00

1) Proposal of the Board of Directors

During the period January 1 to April 29, 2011 (one business day before the ex-date on May 2, 2011), the dividend-bearing capital (the number of registered shares and participation certificates) can change as a result of additions and retirements within either class of treasury stock (registered shares and participation certificates) as well as the exercise of options, granted through the employee stock option plan.

28. SHARE-BASED PAYMENTS

Options on participation certificates (PC) of Chocoladefabriken Lindt & Sprüngli AG are only outstanding within the scope of the existing employee stock option program. An option entitles an employee to a participation certificate at an exercise price, which consists of an average of the price of the five days preceding the issue date. The options have a blocking period of three to five years and if not exercised, they expire after seven years. Changes in outstanding options can be viewed in the table below:

CHANGES IN THE OPTION RIGHTS

	2010		2009	
	Number of options	Weighted average exercise price (CHF/PC)	Number of options	Weighted average exercise price (CHF/PC)
Outstanding options as at January 1	145,648	2,011.07	124,062	2,035.14
New option rights	38,155	2,200.00	37,205	1,543.00
Exercised rights	-18,501	1,166.21	-14,079	968.42
Cancelled rights	-2,960	2,045.56	-1,540	2,174.10
Outstanding options as at December 31	162,342	2,151.13¹⁾	145,648	2,011.07
of which exercisable at December 31	42,022	1,746.16	44,766	1,438.80
Average remaining time to expiration (in days)	548		678	

1) The exercise price varies between CHF 1,095.- and CHF 3,149.-.

For options granted after November 7, 2002, the expenses are charged to the income statement proportionally according to the option's expected period of expiration. The recorded expenses amount to CHF 12.2 million (CHF 10.7 million in 2009). The assumptions used to calculate the expenses for the grants 2007 to 2010 are listed in the following table:

Date of issue	2.3.2010	1.4.2009	18.3.2008	15.3.2007
Number of issued options	38,155	37,205	14,340	28,000
of which in bracket A (blocking period three years)	13,317	13,022	5,018	9,780
of which in bracket B (blocking period four years)	13,388	13,022	5,020	9,820
of which in bracket C (blocking period five years)	11,450	11,161	4,302	8,400
Issuing price in CHF	2,200	1,543	3,149	2,983
Price of participation certificates on date of issue in CHF	2,218	1,507	3,099	3,000
Value of options on issuing date				
bracket A (blocking period three years) in CHF	403.23	250.72	575.17	563.21
bracket B (blocking period four years) in CHF	428.06	277.41	623.18	603.28
bracket C (blocking period five years) in CHF	462.68	302.31	653.39	627.60
Maximum life span (in years)	7.00	7.00	7.04	7.04
Form of compensation	PC from conditional capital			
Expected life span (in years)	4–6	4–6	4–6	4–6
Expected rate of retirement per year	2.7%	2.8%	2.8%	3.1%
Expected volatility	22.3%	21.7%	20.8%	19.3%
Expected dividend yield	1.24%	1.16%	1.11%	1.14%
Risk-free interest rate	1.50–1.72%	1.69–1.95%	2.88–2.97%	2.63–2.67%
Model	Binomial model			

29. CONTINGENCIES

The Group had no guarantees in favor of third parties either at December 31, 2010, or December 31, 2009.

30. COMMITMENTS

Capital expenditure contracted for at the balance sheet date but not yet incurred is:

CHF million	2010	2009
Property, plant, and equipment	9.4	8.8

The future lease payments under operating lease commitments are:

CHF million	2010	2009
Up to one year	26.8	28.3
Between one and five years	83.6	82.1
Over five years	43.2	46.0
Total	153.6	156.4

Leasing commitments are related to the rental of retail stores, warehouse and office space, cars and IT hardware.

31. TRANSACTIONS WITH RELATED PARTIES

A family member of a member of the Board of Directors has a majority share in a company, to which products were sold at arm's length for the value of CHF 19.1 million (CHF 18.9 million in 2009) and with which rental income of CHF 0.3 million (CHF 0.1 million in 2009) were generated. Receivables outstanding against this company were CHF 12.3 million (CHF 10.8 million in 2009) at the balance sheet date.

1,070 registered shares were bought in 2010 (130 registered shares in 2009 at a price of CHF 18,628.– per share) from the “Fonds für Pensionsergänzungen der Schokoladefabriken Lindt & Sprüngli AG.”

- 130 shares at a price of CHF 24,967.– per share, which corresponds to the five-day average of the closing prices of the share at the SIX Swiss Exchange for the period February 25 to March 3, 2010.
- 940 shares at a price of CHF 27,592.– per share, which corresponds to the five-day average of the closing prices of the share at the SIX Swiss Exchange for the period October 18 to October 22, 2010.

REMUNERATION OF THE BOARD OF DIRECTORS AND GROUP MANAGEMENT (ART. 663B^{BIS} OR)

I Board of Directors

		2010	2009
CHF thousand		Cash compensation ¹⁾	Cash compensation ¹⁾
E. Tanner ²⁾	Chairman and CEO, member of the CSR Committee ³⁾	260	260
A. Bulgheroni ⁴⁾	Board member, member of the Audit and Compensation Committee, lead director	145	145
Dr K. Widmer	Board member, member of the Compensation and CSR Committee ³⁾	145	145
Dkfm E. Gürtler	Board member, member of the Compensation Committee	145	73
Dr R. K. Sprüngli	Board member, member of the Audit and CSR Committee ³⁾	145	145
Dr F. P. Oesch	Board member, member of the Audit Committee	145	145
Total		985	913

1) Total gross cash compensation and allowances (excluding social charges paid by employer), in the form of board fees and emoluments to directors.

2) Cash compensation for the function as Chairman of the Board.

3) CSR Committee: Corporate Social Responsibility Committee.

4) In addition to his remuneration as member of the Board, as Lead Director, and as member of the Audit and Compensation Committee in 2010 Mr. Bulgheroni received a grant of 2,000 options on Lindt & Sprüngli participation certificates (2,000 in 2009) under the term and conditions of the Lindt & Sprüngli employee share option plan, valued at TCHF 551 (TCHF 355 in 2009). He further received a gross fee of TCHF 33 (TCHF 39 in 2009) for his function as Chairman of the Board of Lindt & Sprüngli Italy and Caffarel SpA.

II Group Management

						2010
CHF thousand	Fixed cash compensation ¹⁾	Variable bonus component ²⁾	Other compensation ³⁾	Options ⁴⁾	Registered shares ⁵⁾	Total remuneration
Ernst Tanner, CEO ⁶⁾	1,269	1,600	327	1,378	2,425	6,999
Other members of Group Management ⁷⁾	1,915	1,756	94	1,654	–	5,419
Total	3,184	3,356	421	3,032	2,425	12,418

						2009
CHF thousand	Fixed cash compensation ¹⁾	Variable bonus component ²⁾	Other compensation ³⁾	Options ⁴⁾	Registered shares ⁵⁾	Total remuneration
Ernst Tanner, CEO ⁶⁾	1,282	1,600	143	888	1,810	5,723
Other members of Group Management ⁷⁾	1,951	1,750	230	1,066	–	4,997
Total	3,233	3,350	373	1,954	1,810	10,720

						2008
CHF thousand	Fixed cash compensation ¹⁾	Variable bonus component ²⁾	Other compensation ³⁾	Options ⁴⁾	Registered shares ⁵⁾	Total remuneration
Ernst Tanner, CEO ⁶⁾	1,293	1,600	205	1,016	2,828	6,942
Other members of Group Management ⁷⁾	1,953	1,750	182	1,119	–	5,004
Total	3,246	3,350	387	2,135	2,828	11,946

1) Total gross cash compensation and allowances including pension benefits paid by employer (excluding social charges paid by employer).

2) Accrual at year end for expected pay-out in April of following year (excluding social charges paid by employer).

3) Employees part of social charges (AHV) upon exercising of options, paid by employer.

4) Option grants on Lindt & Sprüngli participation certificates under the terms and conditions of the Lindt & Sprüngli employee share option plan (see also note 28). The valuation reflects the tax value of the options, i.e. based on Black Scholes option value minus respective tax allowance for the blocking period. The total number of granted share options in 2010 to Mr. Tanner was 5,000 units (5,000 units in 2009, 2,500 units in 2008) and to all other members of the Group Management 6,000 units (6,000 units in 2009, 2,750 units in 2008).

5) Grant of 130 Lindt & Sprüngli registered shares in 2010 (130 in 2009, 110 in 2008), based on initial working contract from 1993. Value calculation based on tax value of grant minus tax allowance for the five-year vesting period.

6) Compensation for function as CEO, fixed base salary of CHF 1.3 million (including pension benefits paid by employer) unchanged since 1993.

7) The number of other Group Management members is three.

Apart from the payments mentioned above, no payments were made – neither on a private basis nor via consulting companies – to either an executive or non-executive member of the Board or a member of Group Management. As of December 31, 2010, there were no loans, advances or credits due to the Group or any of its subsidiaries by any of the members of the Board or Group Management.

PARTICIPATION OF THE BOARD OF DIRECTORS AND GROUP MANAGEMENT IN THE LINDT & SPRÜNGLI GROUP AS AT DECEMBER 31 (ART. 663C OR)

		Number of registered shares (RS)		Number of participation certificates (PC)		Number of options	
		2010	2009	2010	2009	2010	2009
E. Tanner	Chairman and CEO	2,800	2,150	3,580	4,530	32,500	29,000
A. Bulgheroni	Member of the Board	1,004	1,004	1,230	2,290	10,000	12,000
Dr K. Widmer	Member of the Board	35	35	–	–	–	–
Dkfm E. Gürtler	Member of the Board	–	–	–	–	–	–
Dr R. K. Sprüngli	Member of the Board	1,014	1,005	–	–	–	–
Dr F. P. Oesch	Member of the Board	17	17	–	–	–	–
H. J. Klingler	Group Management	10	10	2,650	2,000	9,250	7,900
U. Sommer	Group Management	10	5	260	240	11,000	9,800
Dr D. Weisskopf	Group Management	5	5	1,800	–	9,000	8,800
Total		4,895	4,231	9,520	9,060	71,750	67,500

32. RISK MANAGEMENT DISCLOSURES REQUIRED BY SWISS LAW

The identification and assessment of strategic, operational and financial risks is coordinated by the Group's CFO. Once a year a comprehensive risk inventory, including assessment of risk exposure and likelihood, is established and financial risks, including raw materials, are quantified based on respective volatilities. The Audit Committee and the Board of Directors are informed on a regular basis about the nature and assessment of risks and measures taken to mitigate them. Corporate functions such as Controlling, Treasury, Legal, Human Resources, Operations and Marketing & Sales review continuously the effectiveness of the risk management at subsidiary and Group level.

33. EVENTS AFTER THE BALANCE SHEET DATE

The consolidated financial statements were approved for publication by the Board of Directors on March 14, 2011. The approval of the consolidated financial statements by the shareholders will take place at the Annual General Meeting. No events have occurred up to March 14, 2011, which would necessitate adjustments to the carrying values of the Group's assets or liabilities, or which require additional disclosure.

REPORT OF THE STATUTORY AUDITOR ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the general meeting of Chocoladefabriken Lindt & Sprüngli AG, Kilchberg

REPORT OF THE STATUTORY AUDITOR ON THE CONSOLIDATED FINANCIAL STATEMENTS

As statutory auditor, we have audited the consolidated financial statements of Chocoladefabriken Lindt & Sprüngli AG, which comprise the balance sheet, income statement, statement of comprehensive income, statement of changes in equity, cash flow statement, and notes (pages 54 to 88), for the year ended December 31, 2010.

BOARD OF DIRECTORS' RESPONSIBILITY

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing, and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An

audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements for the year ended December 31, 2010, give a true and fair view of the financial position, the results of operations, and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

REPORT ON OTHER LEGAL REQUIREMENTS

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PRICEWATERHOUSECOOPERS 

PricewaterhouseCoopers AG



Matthias von Moos
Audit expert
Auditor in charge



Roger Kunz
Audit expert

Zurich, March 14, 2011

BALANCE SHEET

CHF thousand	Note	December 31, 2010	December 31, 2009
ASSETS			
Investments		449,344	440,328
Intangible assets		41,409	41,409
Loans to subsidiaries		–	17,630
Total non-current assets		490,753	499,367
Receivables			
from third parties		5,932	6,487
from subsidiaries		2,189	58,629
Accrued income			
from third parties		–	21
from subsidiaries		9,650	14,347
Financial investments		13,905	5,857
Treasury stock	10	38,141	31,146
Cash and cash equivalents		388,410	230,743
Total current assets		458,227	347,230
Total assets		948,980	846,597
LIABILITIES AND SHAREHOLDERS' EQUITY			
Share capital		14,000	14,000
Participation capital	11	9,018	8,833
Legal reserves			
General legal reserve		76,040	163,682
Reserve from capital contribution		108,724	–
Reserve for treasury stock		33,513	29,504
Special reserve		484,111	415,120
Retained earnings		178,570	185,133
Total shareholders' equity		903,976	816,272
Accounts payable to subsidiaries		28,285	14,371
Tax liabilities		13,311	14,064
Accrued liabilities			
to third parties		1,461	1,414
to subsidiaries		875	–
Other liabilities		1,072	476
Total liabilities		45,004	30,325
Total liabilities and shareholders' equity		948,980	846,597

INCOME STATEMENT

CHF thousand	2010	2009
Dividends and other income from subsidiaries	178,304	177,571
Other income	120	1
Total operating income	178,424	177,572
Administrative and miscellaneous overhead costs	– 13,742	– 12,110
Operating profit	164,682	165,462
Income from financial assets	17,890	26,583
Expense from financial assets	– 10,083	– 11,513
Income before taxes	172,489	180,532
Taxes	– 14,325	– 14,870
NET INCOME	158,164	165,662

NOTES TO THE FINANCIAL STATEMENTS

1. LIABILITIES ARISING FROM GUARANTEES AND PLEDGES IN FAVOR OF THIRD PARTIES

Contingent liabilities as at December 31, 2010, amounted to CHF 190.7 million (CHF 169.0 million in 2009). This figure comprises guarantees to third parties for subsidiaries, mainly to banks in the form of allocating credit lines for subsidiaries.

The companies, Chocoladefabriken Lindt & Sprüngli AG, Chocoladefabriken Lindt & Sprüngli (Schweiz) AG, Lindt & Sprüngli Financière AG, Lindt & Sprüngli (International) AG, and Indestro AG together form a Swiss-VAT group. According to Art. 15, paragraph 1, item c of the Swiss Value Added Tax Law and Art. 22, paragraphs 1 and 2 of the Swiss Value Added Tax Ordinance, all members participating in VAT-group taxation are jointly liable for all taxes owed by the VAT group (including interest), which arose during their period of membership.

2. ASSETS PLEDGED OR ASSIGNED

There were no pledged or assigned assets as at December 31, 2010.

3. LEASING LIABILITIES

The company has no leasing liabilities.

4. FIRE INSURANCE VALUES

The company does not own fixed assets.

5. LIABILITIES DUE TO WELFARE SCHEMES

The company does not have any outstanding accounts payable due to welfare schemes.

6. INVESTMENTS

The investments in subsidiaries are listed on page 58 of the notes to the consolidated financial statements.

7. DISSOLUTION OF UNDISCLOSED RESERVES

No undisclosed reserves were dissolved during 2010, that would have had any significant effect on the results.

8. REVALUATIONS

No revaluations which exceed acquisition costs were recognized.

9. CHANGE IN PRESENTATION OF COMPARATIVE INFORMATION

The presentation of the balance sheet, compared to the prior period, has been changed. The accrued income and accrued liabilities from/to subsidiaries are shown separately.

10. ACQUISITION AND SALE OF TREASURY STOCK (REGISTERED SHARES [RS] AND PARTICIPATION CERTIFICATES [PC])

	2010		2009	
	RS	PC	RS	PC
Inventory of treasury stock				
Inventory as at January 1	1,226	–	30	–
Additions	941	–	1,246	–
Retirements	–900	–	–50	–
Inventory as at December 31	1,267	–	1,226	–
Average cost of additions (in CHF)	27,616	–	24,018	–
Average sales price of retirements (in CHF)	27,887	–	25,676	–

11. CONDITIONAL AND APPROVED CAPITAL

As of December 31, 2010, the conditional capital had a total of 658,426 participation certificates (526,927 participation certificates in 2009) with a par value of CHF 10.–. Of this total, 303,976 (172,477 in 2009) are reserved for employee stock option programs and the remaining 354,450 (354,450 in 2009) for capital market transactions. In the year under review, a total of 18,501 employee stock options (14,079 employee stock options in 2009) were exercised at an average price of CHF 1,166.21 (CHF 968.42 in 2009).

12. MANDATORY DISCLOSURE OF INTEREST POSITIONS PURSUANT TO ART. 663C OR

As of December 31, 2010, Chocoladefabriken Lindt & Sprüngli AG disclosed the following shareholders (in accordance with Art. 663c OR, Swiss Commercial Code and the articles of association), which own voting shares of more than 4%: Fonds für Pensionsergänzungen der Chocoladefabriken Lindt & Sprüngli AG, 20.9% (22.0% in 2009).

13. REMUNERATION AND OWNERSHIP OF THE BOARD OF DIRECTORS AND GROUP MANAGEMENT ACCORDING TO ART. 663B^{BIS} AND 663C OR

The details of remuneration of and ownership held by the Board of Directors and Group Management are given on pages 86 to 88 of the notes to the consolidated financial statements.

14. RISK MANAGEMENT DISCLOSURES

Chocoladefabriken Lindt & Sprüngli AG is fully integrated into the Group-wide risk assessment process of the Lindt & Sprüngli Group. This Group risk assessment process also addresses the nature and scope of business activities and the specific risks of Chocoladefabriken Lindt & Sprüngli AG. Refer to note 32 in the notes to the consolidated financial statements on page 88.

PROPOSAL FOR THE DISTRIBUTION OF AVAILABLE RETAINED EARNINGS

CHF	December 31, 2010	December 31, 2009
Balance brought forward	20,406,710	19,471,145
Net income	158,163,596	165,662,325
Available retained earnings	178,570,306	185,133,470
Dividend-bearing shares and participation certificates of CHF 23,017,990 (CHF 22,832,980 in 2009)		
5% statutory dividend	– 1,150,900 ¹⁾	– 1,141,649
445% (395% in 2009) additional dividend	– 102,430,056 ¹⁾	– 90,190,271
Options exercised from January 1 to April 23, 2010		
5% statutory and 395% additional dividend	–	– 405,240
Dividends on treasury stock held on April 23, 2010	–	490,400
Unclaimed, expired dividends	485	–
Emoluments to directors	– 480,000	– 480,000
Allocations to special reserves	– 47,000,000	– 73,000,000
Balance carried forward	27,509,835	20,406,710

1) Number of registered shares and participation certificates, status as at December 31, 2010: During the period January 1 to April 29, 2011 (one business day before the ex-date on May 2, 2011), the dividend-bearing capital (the number of registered shares and participation certificates) can change as a result of additions and retirements within either class of treasury stock as well as the exercise of options, granted through the employee stock option plan.

REPORT OF THE STATUTORY AUDITOR ON THE FINANCIAL STATEMENTS

To the general meeting of Chocoladefabriken Lindt & Sprüngli AG, Kilchberg

REPORT OF THE STATUTORY AUDITOR ON THE FINANCIAL STATEMENTS

As statutory auditor, we have audited the financial statements of Chocoladefabriken Lindt & Sprüngli AG, which comprise the balance sheet, income statement, and notes (pages 90 to 93), for the year ended December 31, 2010.

BOARD OF DIRECTORS' RESPONSIBILITY

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing, and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we

have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements for the year ended December 31, 2010, comply with Swiss law and the company's articles of incorporation.

REPORT ON OTHER LEGAL REQUIREMENTS

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PRICEWATERHOUSECOOPERS 

PricewaterhouseCoopers AG



Matthias von Moos
Audit expert
Auditor in charge



Roger Kunz
Audit expert

Zurich, March 14, 2011

GROUP FINANCIAL KEY DATA – FIVE-YEAR REVIEW

		2010	2009	2008	2007	2006
INCOME STATEMENT						
Sales	CHF million	2,579.3	2,524.8	2,573.2	2,605.6	2,312.1
EBITDA	CHF million	423.3	382.1	460.5	444.3	381.2
in % of sales	%	16.4	15.1	17.9	17.1	16.5
EBIT	CHF million	325.3	264.8	361.2	350.8	297.2
in % of sales	%	12.6	10.5	14.0	13.5	12.9
Net income	CHF million	241.9	193.1	261.5	250.5	209.2
in % of sales	%	9.4	7.6	10.2	9.6	9.0
in % of average shareholders' equity	%	14.7	12.5	18.2	19.7	19.7
Operating cash flow	CHF million	363.7	470.1	294.7	217.4	276.6
in % of sales	%	14.1	18.6	11.5	8.3	12.0
Depreciation, amortization, and impairment	CHF million	98.0	117.3	99.3	93.5	84.0
BALANCE SHEET						
Total assets	CHF million	2,524.7	2,476.0	2,409.9	2,469.4	2,134.1
Current assets	CHF million	1,672.7	1,535.8	1,474.2	1,599.4	1,419.6
in % of total assets	%	66.3	62.0	61.2	64.8	66.5
Non-current assets	CHF million	852.0	940.2	935.7	870.0	714.5
in % of total assets	%	33.7	38.0	38.8	35.2	33.5
Non-current liabilities	CHF million	209.6	220.9	205.7	221.6	319.7
in % of total assets	%	8.3	8.9	8.5	8.9	15.0
Shareholders' equity	CHF million	1,672.5	1,617.7	1,479.0	1,389.4	1,157.9
in % of total assets	%	66.2	65.3	61.4	56.3	54.2
Investments in PPE/intangible assets	CHF million	88.6	123.5	198.6	235.1	146.4
in % of operating cash flow	%	24.4	26.3	67.4	108.1	52.9
EMPLOYEES						
Average number of employees		7,572	7,409	7,712	7,793	7,044
Sales per employee	TCHF	340.6	340.8	333.7	334.4	328.2

DATA PER SHARE/PARTICIPATION CERTIFICATE – FIVE-YEAR REVIEW

		2010	2009	2008	2007	2006
SHARE						
Registered shares at CHF 100.– par ¹⁾	Number	140,000	140,000	140,000	140,000	140,000
Participation certificates at CHF 10.– par ²⁾	Number	901,799	883,298	869,219	842,717	816,616
Non-diluted earnings per share/10 PC ³⁾	CHF	1,061	851	1,158	1,123	948
Operating cash flow per share/10 PC	CHF	1,580	2,059	1,299	969	1,248
Shareholders' equity per share/10 PC ⁴⁾	CHF	7,266	7,085	6,518	6,195	5,224
Payout ratio	%	42.8	47.3	31.2	29.5	29.2
REGISTERED SHARE						
Year-end price	CHF	30,100	25,405	22,600	39,770	30,700
High of the year	CHF	31,150	29,835	41,530	44,500	31,800
Low of the year	CHF	24,350	18,090	22,600	27,000	22,005
Dividend	CHF	450.00 ⁵⁾	400.00	360.00	330.00	275.00
P/E ratio ⁶⁾	Factor	28.37	29.85	19.52	35.41	32.38
PARTICIPATION CERTIFICATE						
Year-end price	CHF	2,826	2,220	1,960	3,920	3,008
High of the year	CHF	2,925	2,516	4,000	4,148	3,050
Low of the year	CHF	2,124	1,500	1,903	2,680	2,118
Dividend	CHF	45.00 ⁵⁾	40.00	36.00	33.00	27.50
P/E ratio ⁶⁾	Factor	26.64	26.09	16.93	34.91	31.73
Market capitalization ⁶⁾	CHF million	6,762.5	5,517.6	4,867.7	8,871.3	6,754.4
in % of shareholders' equity ⁴⁾	%	404.3	341.1	329.1	638.5	583.3

1) ISIN number CH0010570759, security number 1057075.

2) ISIN number CH0010570767, security number 1057076.

3) Based on weighted average number of registered shares/10 participation certificates.

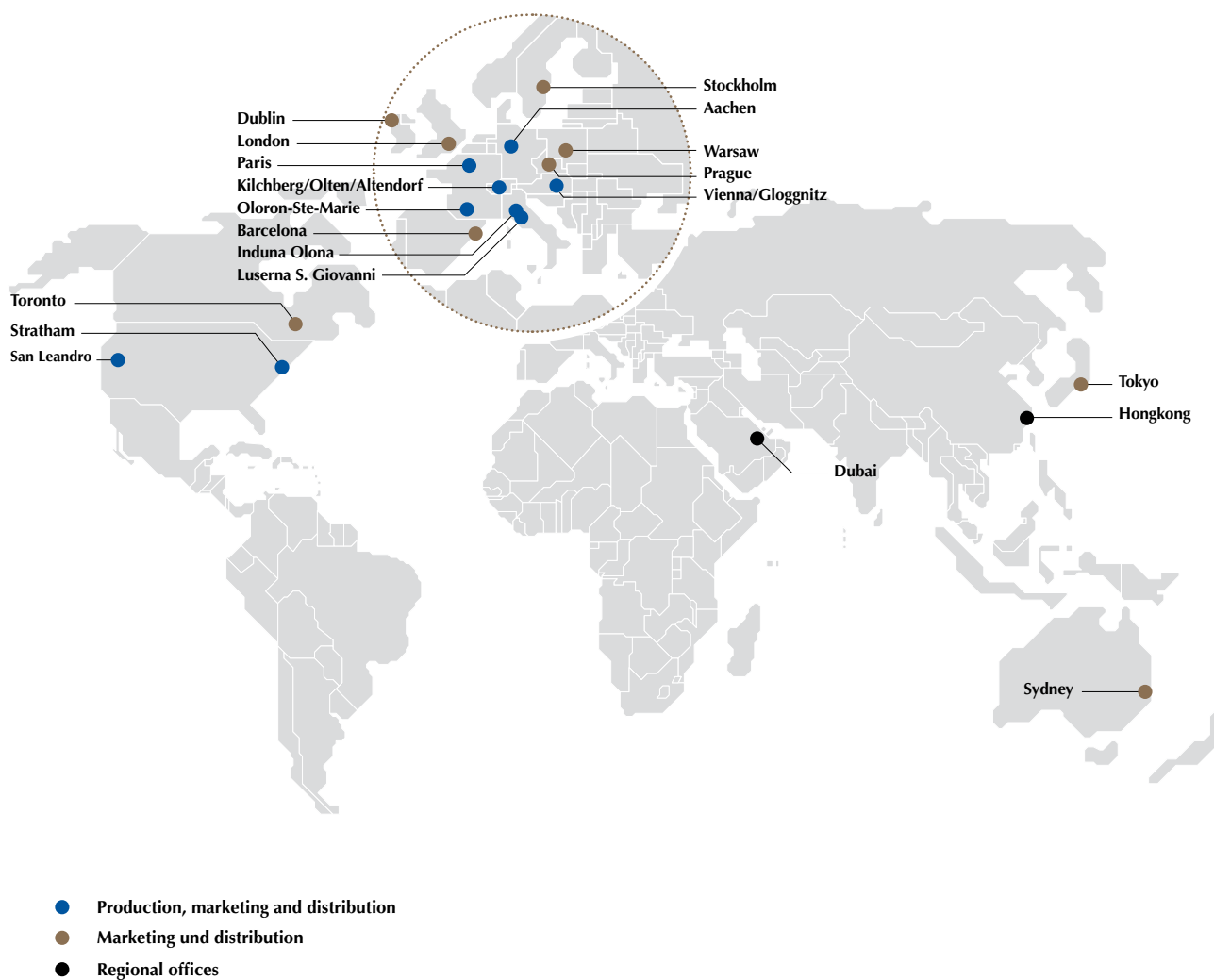
4) Year-end shareholders' equity.

5) Proposal of the Board of Directors.

6) Based on year-end prices of registered shares and participation certificates.

ADDRESSES OF THE LINDT & SPRÜNGLI GROUP

For more than 165 years, Lindt & Sprüngli confirms its reputation as one of the most innovative and creative companies in the Premium chocolate market. LINDT quality chocolate is distributed via 17 own subsidiary companies as well as countless independent distributors around the globe. The main markets are Switzerland, Germany, France, Italy, Great Britain, Spain, and other European countries, as well as North America, Canada and Australia. Lindt & Sprüngli also operates rep offices in Dubai and in Hongkong. The LINDT brand with its extensive and innovative global and local range of finest quality chocolate is present in around 100 countries worldwide.



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INFORMATION

AGENDA

April 28, 2011	113 th Annual Shareholders' Meeting
May 05, 2011	Payment of dividend
August 23, 2011	Semi-annual report 2011
January 17, 2012	Net sales 2011
Beginning of March, 2012	Full-year results 2011
April 26, 2012	114 th Annual Shareholders' Meeting

INVESTOR RELATIONS

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The actual results may vary from these. The annual report is published
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