DANONE

REPORT ON THE SHAREHOLDERS' MEETING

APRIL 25, 2013
CARROUSEL DU LOUVRE

A total of 1,125 shareholders participated in Danone's Shareholders' Meeting, which was held at the Carrousel du Louvre on Thursday April 25, 2013. The number of shareholders present or represented totaled 4,659, with a 58.17% quorum.

Four presentations to shareholders were made at the Meeting:

1. a financial presentation, by Pierre-André TERRISSE, Chief Financial Officer;
2. a presentation on Danone brands, by Bernard HOURS, Deputy General Manager;
3. a presentation on Danone's transformation in order to generate sustainable growth, by Emmanuel FABER, Deputy General Manager; and
4. a talk on the Group's future by Franck RIBOUD, Chairman and Chief Executive Officer.

1. Financial presentation of the 2012 results and first-quarter 2013 sales, by Pierre-André TERISSE

Pierre-André TERISSE began his presentation with a review of key figures for 2012, in particular the sales figure, which exceeded €20 billion for the first time.

Pierre-André TERISSE emphasized the Group's expanded size in 2012. Since 2008 and the refocusing on four business lines (Fresh Dairy Products, Waters, Baby Nutrition and Medical Nutrition), the Group's organic growth has continued apace, propelled by gains at the business line and regional levels and by the Group's various brands such as Dumex, Prostokvashino, Oikos, Cow&Gate and Aqua. He discussed the Group's regional transformation, in particular noting that Europe's sales contribution has diminished from 60% five years ago to 40% today.

Pierre-André TERISSE then explained the concept of sustainability that guides the Group's development and noted that the Group lowered its carbon intensity by 35% in the last five years.

Pierre-André TERISSE next examined the Group's regional trends. In 2012, consumption trends were very depressed in Europe, in particular southern Europe, and European sales contracted by 5% in the fourth quarter. This trend, combined with inflation of certain costs and the difficulties for consumers to cope with price increases, led to a decline of nearly 200 basis points in the trading operating margin. Elsewhere in the world the margin continued to advance thanks to high growth levels in emerging countries.

He explained that these trends significantly impacted the Group's overall growth picture in 2012. Last June, for example, Danone recognized the market disruption in the southern European countries, in particular Spain, and revised its 2012 trading operating margin target from stable to down 50 basis points.

Pierre-André TERISSE continued his presentation with a review of the performance of the Group's four Divisions:

- Fresh Dairy Products recorded contrasting growth trends, with favorable performances in emerging markets and challenging conditions in southern Europe;
- Waters posted double-digit growth, led by the performance of the emerging countries and the success of aquadrinks;
- Baby Nutrition recorded strong and profitable growth. The development model remains powerful and steady, calling for the expansion of Danone's presence in emerging countries, winning market share in countries where the Group is already present, and penetrating other markets;
- Medical Nutrition posted healthy growth despite a challenging European environment (caused by pressure on insurance reimbursements and healthcare restrictions).

Pierre-André TERISSE then discussed the Group's cash flow. Despite the decline in the trading operating margin, Danone reached the free cash-flow target of €2 billion in 2012, which it had set in 2009. This doubling of free cash-flow over five years has not come at the expense of industrial investments, which remain sustained at nearly €1 billion. This free cash-flow also enabled the Group to continue to invest and expand its scope through such acquisitions as Unimilk in 2010 and Wockhardt in 2011.

Pierre-André TERISSE also reviewed the balance sheet as of December 31, 2012, noting that net debt stabilized at around €6.3 billion, with a credit ratio in line with targets. Therefore, net debt currently represents more than two years of EBITDA. Total assets are stable at €26 billion, which reflects the control over capital employed. This control along with increased sales levels were the principal factors behind the increase in the return on invested capital (ROIC). Danone has long been able to create value by making optimum use of its assets to deliver sales growth.

Net earnings per share (EPS) continued to increase, rising by 4.1% to more than €3.01 per share in 2012. These earnings will be negatively impacted by a more than 30% tax rate in 2013.This increase in net EPS combined with a steady dividend rate makes it possible to pay out a dividend of €1.45 per share. Pierre-André TERISSE emphasized that this year's dividend marks the 26th consecutive year without a decrease in the dividend per share, reflecting a steady and consistent dividend policy in the interests of shareholders.

Pierre-André TERISSE then discussed the various priorities for 2013 by region. In growth markets, the Group's efforts will focus on locking in the growth model and continuing to build on the development of its product lines and brands over the long term. In Europe, the goal will be to get back to positive growth and a stable margin, with the first signs of progress expected at the end of 2013 and in 2014.

Pierre-André TERISSE discussed at that point the cost reduction and organizational restructuring plan presented last February. The goal is to generate savings of €200 million in 2013, and to adapt the organizations in Europe so as to enable them to execute faster, accelerate their ability to respond to demand from European consumers and cut costs to become competitive once again. The Group is striving to return to robust, sustainable and profitable growth by 2014, with no decrease in its trading operating margin. 2013 will therefore be a transition year.

Finally, Pierre-André TERISSE concluded his remarks by noting the favorable results in the first quarter of 2013, with 5.6% sales growth – higher than the previous three quarters – driven by the emerging countries. The growth was recorded across all Divisions and notably the Baby Nutrition Division with a 17% growth. The situation in Europe has bottomed out, as evidenced by the 5% decline in sales, which has stabilized. These are the first signs that the Group is headed in the right direction.

2. Presentation by Bernard HOURS on the strength of Danone brands as means of attack and defense for the future: attack better and defend better

Bernard HOURS began by making an analogy between the Group's strategy and the tactics of a soccer team, both of them building their strategy around two complementary game plans: knowing how to attack and how to defend. He discussed the various keys to success on how to attack more effectively and cited examples from the Group's strategy:

- "control the ball": the essential point remains the regional and physical distribution of products. In Brazil, for example, the Group expanded the number of its points of sale (from 98,000 to 150,000 over four years) in a market with strong potential. Moreover, Danone's market share in this country has steadily increased between 2001 and 2012 and now stands at 37%;

- "greater depth": Danone has a competitive advantage that consists of knowing how to replicate product platforms for different brands. In the United States, for example, the Group successfully optimized and extended the Oikos Greek yogurt technology to new products: Light&Fit and Activia. Danone's overall share of this market increased by six points in 15 months;

- “more speed”: in Russia, the Group has a comprehensive portfolio of products to satisfy a strong demand for fresh products, with high stakes in terms of production dates and store turnover. The Group can rely on its robust logistics to satisfy these requirements. The Prostokvashino brand is currently growing at more than 10%;

- “greater cross-functionality”: the Densia brand demonstrates the Group’s ability to promote sharing of best practices from one country to another, whether it involves innovation or communication. The €100 million sales threshold is about to be crossed for this brand;

- “more connections”: digital technology enables Danone to adapt to a changing world and increase its sales rapidly, notably in emerging countries. In China, online sales increased five-fold in the past three years. The *aquadrinks* brand Mizone recorded 43 million hits during the Chinese New Year;

- “more space”: in India, Danone continues to develop its new Blue water campaign. The demographics, which are very favorable in this country, should make it possible to develop new product lines, notably for the Baby Nutrition Division;

- “more goals”: taking the offensive, the Group takes risks and has continuously “attacked” through new concepts and differentiated products depending on the country.

Bernard HOURS then presented the various keys to success in order to defend effectively and spark growth:

- “greater rigor”: in December 2012, Danone announced the launch of a €200 million cost reduction plan in Europe. This plan is also designed to create a more direct and fluid organization. For example, the Activia brand in Europe currently has several hundred different fruit preparations and therefore ample streamlining opportunities. Thanks to the harmonization of the recipes, the goal is to simplify the portfolio while continuing to satisfy consumers;

- “greater coverage”: in Portugal, Danone adapted its pricing and market coverage policy. For example, the Group launched new family-sized formats. These improvements had a tangible impact on market share, which increased from 28% to 35% from September 2012 through March 2013;

- “more experience”: the idea here is first and foremost to build and invest in products that work. In France, the Gallia brand has been around for more than 60 years and its growth accelerated significantly in recent months, with sales rising by 30% in 2012;

- “more vision”: the Group anticipates and has, for example, invested in three products to address the ageing of the population in Europe: Compact (which offers a high concentration of protein), Souvenaid (launch in progress) and Complan;

- “more follow-up”: Danone must also renovate, relaunch and replace its existing product lines. In France, for example, Danone relaunched the packaging of several products (notably Activia and Taillefine). This strategy is already having a positive impact on sales;

- “greater technical sturdiness”: by emphasizing communication, products, services and distribution, the Group has developed its technical sturdiness. The evianchezvous.com service is a perfect example (3,000 monthly deliveries). Similarly, the new Evian advertising campaign is a big hit among the audience.

To conclude his presentation, Bernard HOURS noted that Danone is a team that continues to grow. Danone is in effect “controlling the game” with a significant increase in consolidated sales over the past three years (2012 sales of more than €20 billion). Danone is prepared to have a good year in 2013.

3. Presentation by Emmanuel FABER on Danone’s transformation to generate sustainable growth

Emmanuel FABER began his presentation by noting that the Group has just completed five years of strong sales growth.

The Group also confirmed its international diversification in 2012, since more than 60% of its sales are now generated in growth markets (which include the following countries in particular: Russia, United States, China, Indonesia, Mexico, Argentina and Brazil). This shift marks a true transformation, notably with respect to management of the Group’s staff and their cultural and organizational balance.

The leading contributor to Group sales is now Russia, ahead of France and the United States. Emmanuel FABER emphasized that growth trends and performances vary between the emerging countries, which are leading the way, and Europe (excluding CIS countries), which faces an unfavorable macroeconomic environment.

Emmanuel FABER then explained that the Group’s objective is to adapt and jump start its activity in Europe while continuing to invest and accelerate growth in the emerging markets.

He said that Europe, which is currently in a recessionary environment (resulting in declining consumption and increased unemployment) and undergoing major structural demographic changes, continues to play a strategic and central role for Danone. The Group continues to invest in France and the rest of Europe despite the lack of growth there, notably through investments to adapt the company organizations.

Emmanuel FABER took the opportunity to present the cost reduction and organizational adjustment plan, whose objective is to win back competitive edge through two means: generate €200 million in savings and streamline organizations and processes.

He described the plans to simplify the Group's organizations in Europe, which were presented to the European Works Council on February 19, 2013. This project shall enable the Group to regain fluidity and responsiveness.

Emmanuel FABER noted that implementation of the project, which involves 26 European countries, is in the process of being negotiated with the labor unions and that the Group will give priority to internal job mobility for employees whose jobs are affected.

He then presented the Group's various strategies in the emerging countries.

First and foremost, Danone needs to identify local dietary needs in order to demonstrate the nutritional superiority of the Group's products. He cited the example of Turkey, where the Group's approach consists of reminding the parents of young children about the importance of providing infants over six months old with sufficient quantities of milk, in accordance with World Health Organization (WHO) guidelines. In that country, more than half of the children between the ages of six and 12 months do not receive the minimum daily milk requirement recommended by WHO.

He explained that Danone is among the companies that have worked on the application of the WHO code governing the marketing of infant formulas. In that respect, the Group recently implemented guidelines that apply to all countries and are based on the WHO code. In addition, a green book on this topic is available on Danone's website and the Group's practices in this area were covered in an audit whose findings will be published shortly.

A second strategy consists of attracting, developing and retaining skilled personnel. For example, the Group plans to recruit 350 managers in Brazil, 600 managers in Russia and 1,000 managers in China by 2015 to cover the growing and significant sales increases in these countries. In connection with this objective, Danone has launched ambitious recruiting, training and partnership programs with universities.

The Group also continues to live up to its commitment to employees. As part of the Dan'Cares program, Danone has implemented basic health insurance coverage in countries where none exists. This program covers more than 40,000 employees, and in all the places where it has been implemented, Danone has observed an increased commitment from the staff as well as lower employee turnover and absenteeism.

Finally, Emmanuel FABER noted the Group's commitment to creating value in collaboration with stakeholders and communities outside the Group. Thus since its creation in 2009, the Danone Ecosystem Fund (*Fonds Danone pour l'Ecosystème*) has made it possible to finance more than 40 active projects in a wide range of areas (supply chain, personal services, etc.). These projects have led to the creation of jobs within the Group's overall environment and helped Danone consolidate its ability to develop skills with all stakeholders. Livelihoods Fund, a carbon offset fund, also ties into this approach and constitutes a mechanism for promoting meaningful innovation.

To conclude, Emmanuel FABER reminded those in attendance that Danone's dual project is based on a unique culture that combines agility and entrepreneurial spirit, creativity and pragmatism, joint creation and sharing.

4. Talk by Franck RIBOUD on the Group's overall strategy

After screening the film that looks back at the Group's 40 years of history, Franck RIBOUD began his talk by affirming that in 2013 Danone remains guided by a spirit of conquest and transformation. The Group is still in the construction and expansion phase.

He noted that Danone surpassed in 2012 the threshold of €20 billion in sales, and that this figure will rise to nearly €22 billion in 2013 assuming targets are met. He added that changes in Danone's scope and notably the various disposals in prior years partially offset organic growth and thus prevented the Group from significantly increasing its size in absolute terms. That is no longer the case today.

The number of Danone employees worldwide has also grown significantly, as the Group topped 100,000 employees two years ago and that number continues to grow. Similarly, the number of consumers now totals 900 million, compared with only around 600 million five years ago. The Group expects to have more than 1 billion consumers in the near future.

Franck RIBOUD then discussed the Group's valuable geographic footprint, citing the example of Africa and the recent acquisition of Centrale Laitière (Morocco), a partner of Danone for more than 60 years. The Group is therefore establishing solid foundations on the various continents, which will enable it to gradually expand its presence to neighboring countries. This proximity makes it possible not only to adapt to local nutritional needs but also to the specific constraints of the area, notably with respect to distribution and warehousing. He continued by citing the example of China, which is currently Danone's fourth largest market (accounting for 7% of Group sales). That country's potential will enable the Group to build up leadership positions and a volume of business that makes it a leading player there.

Franck RIBOUD then pointed out that the regional growth trend also applies to so-called mature economies, where the consumer environment is less promising (such as North America where Danone is the uncontested leader in the overall Fresh Dairy Products market). Franck RIBOUD also mentioned Russia, which has become the Group's leading sales contributor just two years after the acquisition of Unimilk. This acquisition demonstrated the Group's ability to integrate newly acquired companies quickly, even large ones, while developping their potential.

He noted that while emerging markets currently represent 60% of the Group's sales and are growing at a 12% average annual rate, the Group is also intent on maintaining its geographic balance through diversification. Currently, no country accounts for more than 10% of Danone's sales.

In this environment, Europe must find its place and reinvent itself, whether in terms of products, communication or even organization. Aside from generating cost savings, the goal is to streamline organizations, shorten management reporting lines and accelerate decision-making processes by giving more responsibility to managers.

Finally, Franck RIBOUD explained that Danone is a collective adventure, and that he sees his role as Chairman and Chief Executive Officer as that of a sports team coach who has special responsibilities:

- to set the goal, the expectations needed to achieve this goal and then to ensure compliance with these expectations by focusing in particular on the quality of execution;

- anticipate strategic shifts and prepare for adjustments and changes. He cited the example of changes in the way companies interact with consumers and the development of new distribution and payment methods as well as product displays;

- ensure Danone’s effective governance. He pointed out that the Company has made significant changes in this area (in three years, the relative share of independent directors on the Board has increased from 43% to 57%, that of female directors went from 7% to 21%, the average age fell by four years and average tenure was cut in half). Nevertheless, the primary function of governance is to contribute value added and support business efficiency and performance. He then noted the value he places on having diverse backgrounds among Danone’s directors and welcomed the recent appointment of Jean LAURENT as Lead Independent Director. Jean LAURENT will ensure the proper functioning of the Board of Directors and will also be a key contact for the Chairman and Chief Executive Officer as well as General Management.

Franck RIBOUD concluded his remarks by mentioning the Group’s significant transformation over the past 40 years since the BSN-Gervais-Danone merger. Danone needs to continuously reinvent itself in order to nourish this entrepreneurial spirit.

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After a question and answer session with the audience (webcast available in full on the Group website), the Chairman put the 24 resolutions on the agenda up to a vote by the shareholders.

All resolutions presented by the Board of Directors were approved, namely:

Resolutions within the authority of the Ordinary Shareholders' Meeting:

1. Approval of the statutory financial statements for the fiscal year ended December 31, 2012;
2. Approval of the consolidated financial statements for the fiscal year ended December 31, 2012;
3. Allocation of earnings for the fiscal year ended December 31, 2012 and setting of the dividend at €1.45 per share;
4. Renewal of the tenure of Mr. Franck RIBOUD as Director;
5. Renewal of the tenure of Mr. Emmanuel FABER as Director;
6. Approval of the agreements referred to in Articles L. 225-38 et seq. of the French Commercial Code;
7. Approval of the agreements referred to in Articles L. 225-38 et seq. of the French Commercial Code entered into by the Company with J.P. Morgan's group;
8. Approval of the agreements and undertakings referred to in Articles L. 225-38 and L. 225-42-1 of the French Commercial Code regarding Mr. Franck RIBOUD;
9. Approval of the agreements and undertakings referred to in Articles L. 225-38 and L. 225-42-1 of the French Commercial Code regarding Mr. Emmanuel FABER;
10. Fixing of the amount of the Directors' attendance fees;
11. Authorization granted to the Board of Directors to purchase, retain or transfer the Company's shares.

Resolutions within the authority of the Extraordinary Shareholders' Meeting:

12. Delegation of authority to the Board of Directors to issue ordinary shares and securities giving access to the Company's share capital, with preferential subscription right of the shareholders;
13. Delegation of authority to the Board of Directors to issue ordinary shares and securities giving access to the Company's share capital, without preferential subscription right of the shareholders, but with the obligation to grant a priority period;
14. Delegation of authority to the Board of Directors to increase the number of securities to be issued in the event of a capital increase without preferential subscription right of the shareholders;

15. Delegation of authority to the Board of Directors to issue ordinary shares and securities giving access to the Company's share capital, without preferential subscription right of the shareholders, in the event of a public exchange offer initiated by the Company;
16. Delegation of powers to the Board of Directors to issue ordinary shares, without preferential subscription right of the shareholders, in consideration for contributions in kind granted to the Company and comprised of equity securities or securities giving access to share capital;
17. Delegation of authority to the Board of Directors to increase the Company's share capital through incorporation of reserves, profits, premiums or any other amounts that may be capitalized;
18. Delegation of authority to the Board of Directors to increase the share capital in favor of employees who are members of a company savings plan and/or to carry out reserved sales of securities, without preferential subscription right of the shareholders;
19. Authorization granted to the Board of Directors to allocate existing or newly issued shares of the Company, without preferential subscription right of the shareholders;
20. Authorization granted to the Board of Directors to reduce the share capital by canceling shares;
21. Amendment of Article 5 of the Company's by-laws in order to extend the term of the Company;
22. Amendment of Article 22.II of the Company's by-laws regarding the representation of the shareholders;
23. Amendment of Article 24.I of the Company's by-laws regarding the calling of shareholders' meetings;
24. Powers to effect formalities.

All of the presentations by management to the Shareholders' Meeting as well as the voting results and a webcast of the entire Shareholders' Meeting are available on the Danone website at the following address: http//finance.danone.fr

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