



SHAREHOLDERS' GENERAL MEETING OF APRIL 22, 2010

REPORT

A total of 1,287 shareholders attended Danone's Shareholders' General Meeting, which was held at the Carrousel du Louvre on Thursday, April 22, 2010. The number of shareholders present or represented by proxy was 5,903. A quorum was established with 56.58%.

Two presentations were made to shareholders at the meeting:

1. a financial presentation by Mr. Pierre-André Terisse, Chief Financial Officer,
2. a presentation of Danone's new frontiers and international diversification by Mr. Bernard Hours, Deputy General Manager.

Mr. Muhammad Yunus, the founder of the Grameen Bank and winner of the Nobel Peace Prize, then spoke on Danone's social commitment.

The final speaker was Mr. Franck Riboud, Chairman and Chief Executive Officer, who discussed the Group's global strategy.

1. Financial presentation of the Company's 2009 results and first-quarter 2010 sales by Mr. Pierre-André Terisse

Mr. Terisse began his presentation by reviewing the main financial results of 2009. They reflected the Company's sound performance despite the particularly challenging global recession that marked 2009.

He then cited a few indicators to illustrate the changing environment that confronted Danone in 2009: significant market volatility, a sharp slowdown in GDP growth, rising prices, changing consumer behavior and very strained refinancing conditions, all of which caused Danone to make a number of changes to its management parameters.

The first operational and financial "resets" were therefore established. The purpose of these resets is to adjust supply to changing consumer needs and preferences, especially in terms of lower prices and functional, creative products, but also to enable strong business growth driven primarily through increased sales volume.

Operational “reset”

Despite the challenging environment in 2009, the Group’s performance as well as the accelerated growth of its four business lines between the first and fourth quarters attest to the effectiveness of this program. The Group’s like-for-like sales went from 1.0% growth in the first quarter to 5.5% growth in the fourth quarter, resulting in 3.2% average growth over the full year.

On a divisional basis, the Fresh Dairy Products segment provided a good example, with spectacular sales volume growth that reached a new record level of 9.9%. The Waters division also recorded renewed growth led by the very strong momentum in emerging market countries. The Baby Nutrition segment continued to grow, with very robust gains in Asia, for example. Finally, the Medical Nutrition division’s growth rate often exceeded 10%.

From a geographic standpoint, all regions also posted positive results, with Europe achieving renewed growth in the third and fourth quarters of 2009.

These steady revenue gains were accompanied by a 7.4% increase in operating income and a 61 basis point increase in the operating margin at constant scope and exchange rates,.

Financial “reset”

For the first time in 22 years, Danone decided to adjust its financial structure by means of a capital increase. The purpose of this transaction was to strengthen the balance sheet and, more importantly, reduce debt, which had become too high and costly relative to other companies in the sector, notably given the liquidity crisis environment.

Net debt therefore fell from €1.1 billion as of December 31, 2008 to €6.6 billion at the end of last year.

This effort to strengthen the Company’s financial position also affected cash flow, which increased by more than 20%, as did net income attributable to the Group, which increased by 7.5% at constant scope and exchange rates.

Despite the slight erosion in the net earnings per share, the Company’s Board of Directors has decided to propose a 2009 dividend unchanged relative to 2008, i.e. €1.20 per share.

The Company’s stock price gained 5.1% in 2009, while the increase in the Company’s overall market capitalization slightly outpaced that of the CAC 40. The stock price’s momentum accelerated following the publication of 2009 results, with the shares once again trading at a premium relative to the sector average.

Finally, the Company’ shareholding structure remained stable and diversified.

Before commenting on the first-quarter 2010 performance, Mr. Terisse then pointed out that the “reset” objective was to prepare the Group as early and as rapidly as possible for the environment it would face in the years ahead.

First-quarter 2010

Mr. Terisse first recalled the Group's 2010 and medium term objectives: 5% annual revenue growth, €2 billion in free cash flow in 2012 and margins comparable to the actual 2009 levels.

He then discussed the Group's performance during the first quarter of 2010, which was marked by 7% growth, with outstanding performances in the United States, Brazil, Russia and Indonesia, and accelerated growth in the Baby Nutrition and Fresh Dairy Products divisions.

Finally, he concluded his presentation by discussing some innovations that appeared in the first quarter of 2010 and that are indicative of the many opportunities observed in all the business lines. He cited the success of the Choco Milk, Danone and Chiquita brands, which illustrate the tremendous initiative-taking strengths of Danone's teams.

2. Presentation of the Group's international diversification, by Mr. Bernard Hours

After screening a film on the changes in the world and in consumer behavior, Mr. Hours noted that it is important for a food company, whose main mission is to "*bring health to the largest number of people*", to anticipate geographic shifts in demand and to adapt to global changes.

Geographic changes

Mr. Hours first reminded shareholders that in 1995, Western Europe accounted for 85% of the Group's activity, compared with only 45% today. The geographic shift in Danone's sales has been accompanied by a similar shift its employees. Thus when it comes to the building blocks of Danone's growth, the new frontiers and new regions have become essential contributors. There are even new frontiers within the new frontiers: eastern Russia and northern Brazil, for example, areas with very strong growth potential but in which Danone still has only a very limited presence.

More specifically, Danone's overall challenge is to adapt to the demand and economic model of each of these countries, each of which represents its own new challenge.

Various market penetration models

Mr. Hours then outlined Danone's various market penetration models in these new frontiers.

Fresh Dairy Products

The first model is exports: exporting from a country where the Group is already present (e.g.: Uruguay and Paraguay, via Argentina).

The second model is a joint venture, with varying outcomes. The strategy consists of teaming up with a national dairy market leader, with an eye toward ultimately taking control.

The last model is the autonomous model, as in the case of Egypt, where the Group was able to seize 40% market share in three years.

Water

As the logistics costs in this division are high, any development requires a local platform in order to conquer the regions one by one and, ultimately, the entire country.

Baby Nutrition

This division has the advantage of having relatively low logistics costs. The market penetration first involves a local market test, followed by the establishment of an exclusivity agreement with the distributor and, finally, the creation of an actual company.

Medical Nutrition

This division's products are easy to ship, which makes it easier to establish a market penetration model. The model therefore consists of exploring a new country (Japan, India, etc.), then establishing small, local teams that will forge ties with local experts (Mexico, Thailand, etc.) followed by stepped-up sales.

Mr. Hours then noted that these models are flexible, not static. Penetrating new markets requires the Group to constantly think of new models, in terms of organization, operations and types of products.

Adapting the Danone model

Through its management approach, decentralized structure and explorers, Danone has demonstrated its ability to enter different cultures and expand its international diversification with an eye toward providing the most suitable range of products and services to the population of each country.

The idea, therefore, is not to impose an inflexible model but to understand how each region operates.

3. Presentation by Mr. Muhammad Yunus on Danone's social commitment

Mr. Yunus began his remarks by recalling his initial meeting with Mr. Riboud, which led to the creation of Danone Grameen Food in Bangladesh, Danone's first "social business".

Mr. Yunus then discussed the living conditions in Bangladesh that prompted him to initiate this project. He noted that more than half that country's children are malnourished, and that he therefore wanted to work with Danone to provide an accessible product that could help combat malnutrition. His idea appealed to Danone, which agreed to create Grameen Food in collaboration with the Nobel Peace Prize winner.

The two parties immediately made a commitment to the creation of a social business, and the first low-price yogurt containing essential micronutrients for children was launched in Dhaka. The robust sales of this low-priced yogurt quickly demonstrated its great success. In light of this strong growth in demand, Danone and Mr. Yunus decided to establish a second plant to properly address the needs. A third plant is even being considered.

Mr. Yunus then insisted on thanking Danone and its shareholders for their investments and participation in this success.

Finally, Mr. Yunus wrapped up his talk by pointing out that Danone's social model, through the creation of Grameen Food, was a source of inspiration for several large corporations, which are now rethinking their businesses and redefining capitalism.

4. Presentation by Mr. Franck Riboud on the Group's global strategy

Mr. Riboud began his talk first by thanking all Danone shareholders. He noted that Danone had recently confronted a long period marked by uncertainty, a lack of visibility, rising unemployment, a slowdown in consumption, a credit squeeze and a decline in stock market indices. To come through such a crisis, a company needs to be strong, have well-equipped teams and make wise strategic choices. But nothing is possible without the trust and levelheadedness of its shareholders.

One year ago, Danone decided to adopt a resolutely aggressive attitude toward the crisis, and even to use it as a means to bolster its competitive position. Today, what Mr. Riboud remembers most is the momentum Danone built up as early as the latter part of 2008. The first quarter of 2009 was clearly marked by the crisis, and proved to be one of the least dynamic in the history of the Group. But it was also the quarter when Danone laid the groundwork for its recovery and implemented the first measures of its strategy. The impact was more or less immediate. Danone finished the year with an even stronger fourth quarter, organic revenue growth in excess of 5% and nearly 9% sales volume growth. It was one of the best-performing quarters in Group history. The first quarter of 2010 confirmed the result, with 7% revenue growth.

This momentum can be attributed to two factors: the Group not only has the right strategy, it is executing it quickly and with determination. The best strategies are not always the most brilliant or sophisticated. Danone based its strategy on what it observed in the field, which mainly involved common sense. Starting in late 2008, the decision was taken that what counted during a crisis was to bolster demand for the Group's products and to do what it takes to win over new consumers. But boosting sales volume involves tweaking a complex equation with multiple variables. That requires expertise, discipline, precision, a lot of energy, work and the capacity to challenge existing beliefs. It also takes courage. Mr. Riboud thus went on to say that the real difference-maker at Danone was the commitment made by each person. Nor, he added, should anyone think that the Group's strategy in response to the crisis is a short-term solution or one-time event. Danone will continue to be very aggressive in terms of its competitiveness and, naturally, very focused on its global efficiency. By focusing on sales volume and market share, Danone is strengthening its positions and creating momentum for further development. The €3 billion capital increase enables Danone to strengthen its financial position while giving it the necessary flexibility to take advantage of potential acquisition opportunities.

Preparing for the future is not just a matter of growing the company. It also means working toward ensuring long-term sustainability. Socially responsible investments are first and foremost a means of investing in Danone's future. When the Group invests in order to voluntarily reduce CO₂ emissions by 30% over five years on all its business activities worldwide, it is not simply adopting responsible and virtuous behavior. More specifically, Danone is generating important savings for the Group, since it expects that regulatory or tax constraints will be imposed sooner or later. Danone is lining up with the growing aspirations

of society and consumers. By planting 30 million mangroves in Senegal in 2009, another 60 million in 2010 and perhaps 80 million in 2011, Evian will become the first bottled water company to go carbon-neutral, thereby gaining a leg up on the competition. But more important for the Group's future, the contacts made by its managers as part of these operations have helped to broaden their outlook, which will be essential when pursuing the Group's future development. Last year, Danone, with the support of its shareholders, created a €100 million fund to promote economic and social development in the regions where it does business. In so doing, the Company was convinced that by taking care of its "ecosystem" it was also enhancing its own long-term viability. Finally, Danone's contributions through danone.communities to the creation of social development companies operating on a different business model are clearly contributing to the economic and social development of regions and people in great distress. But Danone is not an NGO. Supporting Grameen Danone in Bangladesh, La laiterie du Berger in Senegal or the 1001 fountains in Cambodia are all experiences that inspire the Group, teaching it a new way of working and helping it to understand consumers' needs.

Mr. Riboud concluded his remarks by noting that the Group remains fully committed to a principle that continues to guide and inspire it 40 years after the formalization of its well-known dual economic *and* social mission, namely that the public interest and the company's interest may converge and reinforce one another. In fact, that mission is the key to long-term growth, and the only one that counts whenever one talks about a company.

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After answering questions from shareholders in the room, the Chairman submitted the 17 resolutions on the agenda to the shareholders for a vote.

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

- Approval of the statutory financial statements for the fiscal year ended December 31, 2009;
- Approval of the consolidated financial statements for the fiscal year ended December 31, 2009;
- Allocation of the earnings for the fiscal year ended December 31, 2009 and setting of the dividend at €1.20 per share;
- Renewal of the tenure of Mr. Franck RIBOUD as director;
- Renewal of the tenure of Mr. Emmanuel FABER as director;
- Renewal of PricewaterhouseCoopers Audit as statutory auditor;
- Appointment of Ernst & Young & Autres as statutory auditor;
- Appointment of Mr. Yves Nicolas as substitute statutory auditor;
- Appointment of Auditex as substitute statutory auditor;
- Approval of the agreements referred to in the special report of the statutory auditors;
- 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;
- 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;

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- 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. Bernard HOURS;
- Authorization granted to the Board of Directors to purchase, retain or transfer the Company's shares.
- Authorization granted to the Board of Directors to allocate existing or newly issued shares of the Company;
- Amendment of Article 26, paragraph II of the by-laws regarding the limitation of voting rights;
- Powers to effect formalities.

All of the management presentations to the Shareholders' Meeting, voting results and a webcast of the entire Shareholders' General Meeting are available on the Danone web site <http://finance.danone.fr>