

PRESS RELEASE



DANONE

Paris, May 25th 2009

Danone intends to strengthen its financial and strategic flexibility through a Rights Issue of approximately € 3 bn

Danone, today, announces its intention to raise approximately € 3 billion of equity capital through a Rights Issue. Danone's Board of Directors takes the view that, in the current changing environment, it is appropriate and in the best interest of shareholders to proactively optimise the capital structure of the Company thereby increasing the financial and strategic flexibility of the Company.

The Rights Issue will be structured as an offering of preferential subscription rights to existing shareholders, enabling them to preserve their proportionate interests. The proceeds of the Rights Issue will be used principally for the reduction of Danone's net financial debt thereby enabling Danone

- to strengthen its capital structure, reduce its financial leverage and improve its credit metrics;
- to increase its financial and strategic flexibility, with a view to support its organic growth model and finance potential add-on acquisitions.

With regards to the proposed payment of the 2008 dividend in shares, the results show a wide acceptance by Danone's shareholders. Shareholders representing 62% of outstanding shares elected to receive the dividend in new shares, corresponding to the issuance of 11,216,756 new shares. Shares received pursuant to the option to receive the dividend in shares will be paid on May 27th 2009 and will be eligible for attribution of the aforementioned preferential subscription rights.

The Company reiterates its targets for full year 2009, excluding the dilutive effect of this intended transaction for the purpose of its underlying fully-diluted earnings per share target:

- like-for-like¹ sales growth of a few points below the medium-term guidance;
- like-for-like¹ continued improvement of the trading operating (EBIT) margin;
- a +10% growth of its underlying fully-diluted earnings per share on a like-for-like¹ basis.

Danone is being advised by J.P. Morgan and CALYON in contemplation of the Rights Issue. Danone intends to launch the Rights Issue in the near future, subject both to market conditions and internal corporate approval of final terms and conditions. The launch of the Rights Issue will also be subject to the clearance (*visa*) by the French "*Autorité des marchés financiers*" (*Financial Markets Authority*) on the related prospectus.

¹ *Comparable basis : at constant scope of consolidation and constant exchange rates.*

Conference call for financial analysts and investors

Emmanuel Faber (COO) and Pierre-André Térissé (CFO) will host a conference call for analysts and investors on **Tuesday 26 May at 09.00 am CET**. To participate in this conference call, please dial **+44 207 138 0825**. The audio of this conference call and the related presentation slides can be accessed live on www.danone.com as of 9.00 am CET on Tuesday 26 May.

Conference call for media

Emmanuel Faber (COO) and Pierre-André Térissé (CFO) will host a conference call for the media on **Tuesday 26 May at 11.30 am CET**. To participate in this conference call, please dial **+44 207 138 0844**.

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More comprehensive information about Danone may be obtained on its website (www.danone.com), including in its "document de référence" filed under no. D.09-0143 on March 20, 2009 with the Autorité des marchés financiers (also available on the website of the Autorité des marchés financiers, www.amf-france.org). Danone draws the attention of investors to the risk factors section of its "document de référence".

About Danone

Danone is a Fortune 500 company and one of the most successful healthy food companies in the world. Its mission is to bring health through tasty, nutritious and affordable food and beverage products to as many people as possible. Fulfilling this mission is a major contributor to Danone's continuous fast growth. Danone with 160 plants and around 80,000 employees has a presence in all five continents and over 120 countries. In 2008, Danone recorded € 15.2 billion sales. Danone enjoys leading positions on healthy food in four businesses: fresh dairy products (n°1 worldwide), waters (n°2 on the packaged water market), baby nutrition (n°2 worldwide) and medical nutrition. Listed on Euronext Paris, Danone is also ranked among the main index of social responsibility: Dow Jones Sustainability Index Stoxx and World, ASPI Eurozone and Ethibel Sustainability index.