PRESS RELEASE

DANONE

Full Year Results 2009

February 11th, 2010

Q4 delivering strong sales growth momentum going into 2010

- **Danone sales increased 5.5% in Q4 and 3.2% in FY 09[1]**
- **Volume growth of 8.9% in Q4 and 5.2% in FY 09[1]**
- **Trading operating margin improved 61 bps[1] to 15.31% in FY 09**
- **Underlying fully-diluted EPS increased 10.2%[1] (excl. the impact of the rights issue) to € 2.57 in FY 09**
- **Free cash flow from operations increased 20.6% to € 1,427 mln**
- **Proposal to pay a dividend of € 1.20 per share**
- **Full-year targets aligned with MT outlook and stable EBIT margin expected vs 2009[3]**

Chairman's comment

"2009 marks the end of numerous adjustments which we have implemented in the past 18 to 24 months in order to strengthen our model and adapt it to the new environment: this includes the change in our Asian footprint, the strengthening of our financial structure, the improvements of the category trends in Waters and the focus on global brands in Baby and Medical. It obviously includes as well our reset plans in the Dairy division, which - beyond immediate strong results - have resiliently improved the competitiveness of our brands. These adjustments have been implemented with an unparalleled speed and efficiency by our teams. While facing an environment which, we believe, will remain challenging in 2010 in many respects, Danone is emerging stronger from these two years, and ready to grab the many opportunities that exist in our categories. Our organic sales growth accelerated quarter after quarter in 2009, reaching 5.5% in the fourth quarter, our margins have continued to progress in the second half and our cash flow generation has grown a remarkable 20% in 2009. Last, our underlying EPS has grown +10% on a like for like basis and excluding the impact of the rights issue. But 2009 is already over and we are now entirely turned to 2010, with the ambition to continue to develop our categories, to further strengthen our brands, to keep increasing our competitive position and to continue to expand our cash flow generation."

Financial highlights full year 2009

Key figures	FY 08	**FY 09**	**Change**
Sales (€ mln)	15,220	**14,982**	**+3.2%**[1]
Trading operating income (€ mln)	2,270	**2,294**	**+7.4%**[1]
Trading operating margin	14.91%	**15.31%**	**+61 bps**[1]
Underlying net income (€ mln)	1,313	**1,412**	**+11.4%**[1]
Underlying fully diluted EPS (€)	2.66[4]	**2.57**	**+10.2%**[1,2]
Free cash flow from operations (€ mln)	1,183	**1,427**	**+20.6%**

[1] like-for-like = at constant scope of consolidation and constant exchange rates *[2] excl. impact of rights issue*
[3] please refer to page 5 for more details *[4] TERP adjusted*

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Sales by business line and geographical area for the fourth quarter and full year 2009

€ mln	Q4 08	Q4 09	Change L-f-L [1]	Vol growth L-f-L [1]	FY 08	FY 09	Change L-f-L [1]	Vol growth L-f-L [1]
BY BUSINESS LINE								
Fresh Dairy	2,134	2,142	+4.6%	+9.9%	8,697	8,555	+1.6%	+4.6%
Waters	627	559	+3.8%	+7.6%	2,874	2,578	+1.0%	+6.2%
Baby Nutrition	703	735	+7.0%	+6.0%	2,795	2,924	+7.9%	+4.2%
Medical Nutrition	219	246	+13.6%	+12.1%	854	925	+11.4%	+10.7%
BY GEOGRAPHICAL AREA								
Europe	2,245	2,185	+1.4%	+5.7%	9,524	8,960	-0.3%	+2.2%
Asia	471	453	+11.7%	+15.3%	1,854	1,877	+11.0%	+10.8%
Rest of World	967	1,044	+12.2%	+10.3%	3,842	4,145	+8.0%	+7.0%
Total	3,683	3,682	+5.5%	+8.9%	15,220	14,982	+3.2%	+5.2%

[1] : like-for-like = at constant scope of consolidation and exchange rates

Danone's Board of Directors convened on February 10, 2010 to close the Company's statutory and consolidated accounts for the full year 2009. The certification process of the accounts by the Company's auditors has been largely completed at this date.

Overview of sales performance – FY 2009

Consolidated reported sales decreased by 1.6% to € 14,982 mln in 2009. Excluding the effects of changes in exchange rates (-3.4%) and in scope of consolidation (-1.4%), total sales increased by +3.2% on a like-for-like basis. This like-for-like sales growth was driven by a +5.2% rise in volume and a -2.0% decline in price/mix. The aforementioned effects of changes in exchange rates were mainly driven by the depreciation of the Russian ruble, the Polish zloty, the Mexican peso and the British pound. The change in the scope of consolidation was predominantly driven by the divestiture of Frucor, a beverage-based business based in Australia and New Zealand, which was sold to Suntory Limited and deconsolidated as of January 2009.

Overview of sales performance – Q4 2009

Consolidated reported sales remained stable at € 3,682 mln compared to the fourth quarter of 2008. Excluding the effects of changes in exchange rates (-4.2%) and in scope of consolidation (-1.3%), total sales increased by +5.5% on a like-for-like basis. This like-for-like sales growth was driven by a +8.9% rise in volume and a -3.4% decline in value.

Fresh Dairy

Sales of the Fresh Dairy division increased by +4.6% in the fourth quarter of 2009, on a like-for-like basis. This performance was driven by a significant improvement of volume growth (+9.9%) compared to the negative volume performance of -1.0% in the first quarter of the year. This strong volume and sales growth acceleration throughout 2009 was driven by the Reset Program that was initiated at the start of the year with the aim to rapidly adapt the product and/or price proposition to the changing behaviour and preferences of consumers. The Reset Program – which among others has been implemented in France, Spain, the US, Mexico, Russia, Poland and Hungary – is centered around new product introductions, adjustments of existing formats as well as substantial consumer price reductions, coupled with targeted and intensified advertising campaigns. Next to the significant acceleration in volume growth, this has continued to lead to market share improvements in the majority of the markets in which the reset program has been implemented. All the intended major "resets" were implemented by the end of the year. It is therefore expected that the resulting negative price/mix effect has troughed at -5.3% in the fourth quarter.

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Among brands, Activia and Danacol continued to deliver strong performance, while Actimel continued to show noticeable improvements. Our key brands (Activia, Actimel, Danonino and Danacol) continued to grow faster than the average of the division, resulting in continued positive product mix. The performance of the core range also continued to improve, lead by successful relaunches in various countries.

Waters

Sales in the Waters division increased by +3.8% in the fourth quarter of 2009, on a like-for-like basis. Underlying volumes continued to be strong at 7.6% which were partly offset by a negative value (mainly country mix) effect of -3.8%. Volume growth continued to be entirely driven by the emerging markets (52% of the sales of the division) with continued strong performances in Indonesia, Mexico and Argentina. While the performance of Spain and Japan remained weak, depletion rates in France, the UK, and Germany confirm the underlying performance rebound that started in the third quarter.

Baby Nutrition

The Baby Nutrition division delivered a solid sales growth of 7.0%, on a like-for-like basis, driven by +6.0% volume growth and +1.0% value growth in the fourth quarter of 2009. The division continued to gain market share in the majority of the markets in which it operates, resulting in an overall market share gain of 1% across the markets in which it has a presence. The performance of the Baby Nutrition division continues to reflect the relative underlying resilience of the category coupled with a softer performance in the weaning food category. The baby nutrition operations in Russia continued to operate in a challenging environment but are expected to improve from this quarter onwards. In China, sales were able to maintain the same level as the same quarter last year, despite the very difficult comparable.

Medical Nutrition

Medical Nutrition continued its strong performance with a sales growth of +13.6%, on a like-for-like basis, which continued to be almost entirely driven by volume growth (+12.1%). Overall, growth continued to be supported by all regions with particularly strong performance coming from Southern Europe and new geographies. In addition, all product categories contributed to the growth with continued above-average growth coming from Gastro Intestinal Allergy and Paediatrics.

Trading operating margin improved +61 bps in FY 09 on a like-for-like basis

	FY 08	FY 09	**Change** *like for like [1]*
BY BUSINESS LINE			
Fresh Dairy	14.07%	14.54%	**+ 24 bps**
Waters	12.80%	12.56%	**+ 35 bps**
Baby Nutrition	17.51%	18.32%	**+ 201 bps**
Medical Nutrition	22.15%	20.57%	**- 61 bps**
BY GEOGRAPHICAL AREA			
Europe	15.71%	16.04%	**+ 68 bps**
Asia	16.89%	17.72%	**+ 82 bps**
Rest of World	11.98%	12.64%	**+ 46 bps**
Total	14.91%	15.31%	**+61 bps**

[1] like-for-like = at constant scope of consolidation and constant exchange rates

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Danone's trading operating (EBIT) margin improved by +61 bps to 15.31%, on a like-for-like basis, in 2009. The overall very strong margin improvement can mainly be attributed to a significant improvement of the gross margin due to lower raw material prices, mix, leverage as well as ongoing efficiency and productivity gains and the last part of the Numico cost synergies. In Fresh Dairy, the majority of the positive effect stemming from lower milk prices has been passed on to the consumer through the Reset initiatives which came into full effect in the second half of 2009. The EBIT margin of the Waters division was supported by the positive effect of lower packaging costs due to, on average, lower PET prices which was partly offset by lower fixed cost absorption as well as general cost inflation. The Baby Nutrition division's strong EBIT margin improvement mainly reflects a strong gross margin improvement as a result of lower raw material prices and productivity gains which was partly offset by a step-up in A&P spend. The EBIT margin of the Medical Nutrition division showed an underlying improvement as a result of lower input prices and operational leverage which was offset by several non-recurring elements, including inventory adjustments and organisational restructuring costs. The group's margin performance was achieved on the back of A&P spend that increased by 39 bps to 12.3% as a percentage of sales in 2009.

Underlying like-for-like fully diluted EPS increased by +10.2%[1] to € 2.57 in FY 09

€ mln	FY 08	**FY 09**
Trading operating income	**2,270**	**2,294**
Other operating items	(83)	217
Operating income	**2,187**	**2,511**
Cost of net debt	(439)	(264)
Other financial items	(145)	(225)
Income tax	(443)	(424)
Net result of consolidated companies	**1,160**	**1,598**
Net result of affiliated companies	62	(77)
Net result of discontinued activities	269	-
Net result	1,491	1,521
Attr to minority interests	178	160
Attr to the parent	**1,313**	**1,361**
-/- net result from disc. activities	(269)	-
-/- non-current net result from cont. operations	268	(51)
Underlying net result from cont. activities	**1,313**	**1,412**
Underlying fully diluted EPS (€)	**2.74**	**2.57**
Underlying fully diluted EPS (TERP adjusted)(€)	**2.66**	**-**

Cost of net debt decreased substantially in 2009 driven by the capital increase, the strong free cash flow generation as well as the proceeds from the disposal of selected non-core activities. Other financial items substantially increased due to the higher cost of currency hedging in emerging countries as well as due to IAS 39 mark-to-market valuation of forex hedges which had a positive effect in 2008 and a negative effect in 2009.

The underlying tax rate in 2009 remained stable at 23.4% compared to the preceding year.

Non-current result from continued operations reflects among others the net capital gain from the disposals of Frucor and Britannia, the one-off costs related to the bond buy-back, the contribution of € 100 mln to the *Danone Eco System Fund* and the divestiture of Wahaha.

[1] excl. impact of rights issue

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Underlying net result increased by +11.4%, on a like-for-like basis, to € 1,412 mln and underlying fully diluted earnings per share grew by +10.2% on a like-for-like basis and excluding the effect of the capital increase, to € 2.57 in 2009 compared to 2008. On a reported basis, the fully diluted earnings per share decreased by -3.1% compared to 2008.

Cash flow and debt position

Free cash flow from operations increased by 20.6% to € 1,427 mln, or 9.5% of sales, in 2009, compared to 7.8% of sales, in the same period last year. Capital expenditure was € 699 mln, or 4.7% of sales.

Debt position

The free cash flow and the capital increase, net of dividends paid in cash, resulted in a decrease of the net financial debt (excluding the put options granted to minority interests of € 3,068 mln at 31 December 2009) by € 4,706 mln to € 3,494 mln in 2009. The average net financial debt amounted to € 5,468 mln on which an average interest rate of 4.8% was paid.

Outlook 2010

Danone assumes it will continue to face a challenging financial, economic and social environment in 2010, with continued difficult consumption trends in western economies, weak emerging currencies, and inflation of raw materials.

In this context, we will continue to focus on the development of our categories, the strengthening of our competitive positions and on the development of our brands. The growth of our free cash flow will continue to be one of our key priorities, and we will use productivity gains as well as selective and competitive pricing to manage cost inflation.

Based on the medium-term objectives that were announced in November 2009, Danone targets the following for full year 2010:

- a like-for-like sales growth of at least 5% and
- an increase of the free cash flow from operations of at least 10% on a reported basis.

In addition, Danone targets a stable trading operating (EBIT) margin versus 2009 on a like-for-like basis.

Dividend

Danone will propose to the Annual General Meeting of Shareholders on Thursday 22 April 2010 to pay a dividend related to 2009 of € 1.20 per ordinary share in cash. This implies a stable level of dividend per share compared to 2008, despite the increase in the number of shares that resulted from the capital increase. The ex-dividend date will be Tuesday 4 May 2010. The dividend 2009 will be payable from Friday 7 May 2010 onwards.

Driven by the strength of its free cash flow generation, Danone also considers to start using its share buy-back authorization again in 2010.

Other information

On December 10th 2009, Danone and Clover SA announced that Clover SA had agreed to sell its 45% shareholding in the joint-venture Danone Clover to Danone, for an amount of Rand 1,085 mln (close to € 100 mln) in cash. Post completion of this transaction, Danone holds 100% of Danone Clover, the market leader in fermented fresh dairy products & desserts in South Africa.

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On November 25th 2009, Danone announced it would repurchase an aggregate principal amount of € 1,174,700,000, pursuant to the public Tender Offer launched on some of its bonds. With this transaction, Danone reduced its gross debt, optimised its debt structure and lowered its average cost of debt from 2010 onwards.

On November 18th 2009, Danone stated that it hosted an Investor Seminar in Amsterdam, the Netherlands, on November 17th and 18th 2009. These two days focused, among others, on the Company's corporate mission and strategy, as well as on the long-term business growth drivers of its divisions. At the end of the Investor Seminar, Emmanuel Faber, co-COO of Danone, elaborated on the Company's financial objectives and set the following medium-term objectives:

- Like-for-like annual sales growth of at least 5% and
- Annual free cash flow from operations to reach € 2 bn by 2012.

On November 16th 2009, Danone announced the launch of a public Tender Offer to purchase some of its bonds. The proposed transaction would enable Danone to reduce its gross debt, optimise its debt structure and lower its average cost of debt from 2010 onwards.

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A live and on-demand video web cast of the analyst & investor presentation on Thursday 11 February 2010 will be available as of 9.00 hrs CET today. The related presentation slides will be available on our website (www.finance.danone.com) as of 07.30 hrs CET today.

FORWARD-LOOKING STATEMENTS

This press release contains certain forward-looking statements concerning DANONE. Although DANONE believes its expectations are based on reasonable assumptions, these forward-looking statements are subject to numerous risks and uncertainties, which could cause actual results to differ materially from those anticipated in these forward-looking statements. For a detailed description of these risks and uncertainties, please refer to the section "Risk Factors" in DANONE's Annual Report (which is available on www.danone.com).

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APPENDIX – Sales Overview

€ mln	First Quarter 2008	First Quarter 2009	Second Quarter 2008	Second Quarter 2009	Third Quarter 2008	Third Quarter 2009	Fourth Quarter 2008	Fourth Quarter 2009	Full Year 2008	Full Year 2009
BY BUSINESS LINE										
Fresh Dairy	2,179	2,121	2,179	2,141	2,205	2,151	2,134	2,142	8,697	8,555
Waters	695	614	819	735	733	670	627	559	2,874	2,578
Baby Nutrition	683	723	717	741	692	725	703	735	2,795	2,924
Medical Nutrition	203	216	216	229	216	234	219	246	854	925
BY GEOGRAPHICAL AREA										
Europe	2,394	2,190	2,517	2,327	2,368	2,258	2,245	2,185	9,524	8,960
Asia	445	471	461	479	477	474	471	453	1,854	1,877
Rest of World	921	1,013	953	1,040	1,001	1,048	967	1,044	3,842	4,145
Group	**3,760**	**3,674**	**3,931**	**3,846**	**3,846**	**3,780**	**3,683**	**3,682**	**15,220**	**14,982**

€ mln	First Quarter 2009 *Reported Change*	First Quarter 2009 *Like-for-like Change*	Second Quarter 2009 *Reported Change*	Second Quarter 2009 *Like-for-like Change*	Third Quarter 2009 *Reported Change*	Third Quarter 2009 *Like-for-like Change*	Fourth Quarter 2009 *Reported Change*	Fourth Quarter 2009 *Like-for-like Change*	Full Year 2009 *Reported Change*	Full Year 2009 *Like-for-like Change*
BY BUSINESS LINE										
Fresh Dairy	(2.7)%	(1.2)%	(1.7)%	0.7%	(2.5)%	2.3%	0.4%	4.6%	(1.6)%	1.6%
Waters	(11.7)%	(3.9)%	(10.1)%	(0.1)%	(8.7)%	4.6%	(10.9)%	3.8%	(10.3)%	1.0%
Baby Nutrition	5.9%	10.5%	3.3%	7.4%	4.8%	6.5%	4.6%	7.0%	4.6%	7.9%
Medical Nutrition	6.7%	10.8%	5.7%	8.8%	8.6%	12.2%	12.2%	13.6%	8.3%	11.4%
BY GEOGRAPHICAL AREA										
Europe	(8.5)%	(2.3)%	(7.5)%	(1.2)%	(4.6)%	1.0%	(2.7)%	1.4%	(5.9)%	(0.3)%
Asia	5.7%	10.7%	4.1%	13.3%	(0.7)%	8.5%	(3.7)%	11.7%	1.3%	11.0%
Rest of World	10.0%	4.8%	9.1%	5.8%	4.7%	9.2%	8.0%	12.2%	7.9%	8.0%
Group	**(2.3)%**	**1.0%**	**(2.1)%**	**2.2%**	**(1.7)%**	**4.1%**	**0.0%**	**5.5%**	**(1.6)%**	**3.2%**

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