
PRESS RELEASE



DANONE

Paris, October 26, 2011

Danone to cancel 6.6 million treasury shares further to change in covering former stock-option plans

Danone has acquired call options representing around 1.02% of its share capital to cover part of its obligations under former stock-option plans and thus limit future dilution of its capital.

In October 2009, Danone ended its allocation of stock options, replacing them with performance shares. At 30 September 2011, stock-option plans still in effect represented 12.6 million unexercised options or 1.94% of its capital.

To meet its legal obligations, Danone currently holds treasury shares for the express purpose of covering these stock-options programs. To date, the treasury shares had been earmarked for gradual release into circulation on the market as beneficiaries of stock-option plans exercised their options, with the last plans set to expire in October 2017.

To limit the impact of dilution that would result from such exercises, Danone has decided to cover part of these stock options by acquiring call options from a financial institution. While continuing to fully cover the company's obligations under the plans, this transaction will enable Danone to reassign the 6.6 million treasury shares held for this purpose to cancellation.

The financial institution may trade in Danone shares on the market as part of its own hedging management.

About Danone

One of the fastest-growing food companies in the world, Danone is present in over 120 countries on five continents. Its mission is to bring health through food to as many people as possible. In 2010 Danone had more than 160 production plants and around 100,000 employees, generating sales of €17 billion, of which half were in emerging markets. The group holds top positions in healthy food through four businesses: it ranks no. 1 worldwide in Fresh Dairy Products, no. 2 in Bottled Water and Baby Nutrition, and is Europe's no. 1 Medical Nutrition company. Listed on Euronext Paris, Danone is a component stock of leading social responsibility indexes including the Dow Jones Sustainability Indexes DJSI Stoxx and DJSI World, ASPI Eurozone and the Ethibel Sustainability Index.

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