



DANONE

DANONE
€7,000,000,000
Euro Medium Term Note Programme

Under the Euro Medium Term Note Programme (the “**Programme**”) described in this document (the “**Base Prospectus**”), Danone (formerly Groupe Danone), (“**Danone**” or the “**Issuer**”), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Euro Medium Term Notes (the “**Notes**”). The aggregate nominal amount of Notes outstanding will not at any time exceed €7,000,000,000 (or the equivalent in other currencies) and may be denominated in any currency. The Notes will be issued in such denomination(s) as may be agreed between the Issuer and the relevant Dealer and as specified in the relevant Final Terms save that the minimum denomination of each Note listed and admitted to trading on a Regulated Market in a Member State of the European Economic Area in circumstances which require the publication of a Base Prospectus under the Prospectus Directive (given that any exemption regime, as set out in the Prospectus Directive, could apply in contemplation of the relevant issue) will be at least €100,000 (or the equivalent amount in any other currency at the issue date).

This Base Prospectus replaces and supersedes the Base Prospectus dated 27 October 2011.

Application has been made to the Autorité des marchés financiers (the “**AMF**”) in France for approval of this Base Prospectus, in its capacity as competent authority pursuant to Article 212-2 of its Règlement Général which implements Directive 2003/71/EC of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading. References in this Base Prospectus to the “**Prospectus Directive**” shall include the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in the relevant Member of the European Economic Area (“**EEA**”).

Application may be made to Euronext Paris for the period of 12 months from the date of the approval of this Base Prospectus by the AMF for Notes issued under the Programme to be listed and admitted to trading on Euronext Paris and/or to the competent authority of any other Member State of the EEA for Notes issued under the Programme to be listed and admitted to trading on a Regulated Market (as defined below) in such Member State. Euronext Paris is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC, appearing on the list of regulated markets issued by the European Commission (a “**Regulated Market**”).

However, Notes that are not listed and admitted to trading on a Regulated Market may also be issued pursuant to the Programme.

The relevant final terms (the “**Final Terms**”) (a form of which is contained herein) in respect of the issue of any Notes will specify whether or not such Notes will be listed and admitted to trading and if so, the relevant Regulated Market in the EEA.

Danone may be replaced and substituted by any of its Subsidiaries (as defined in Condition 16) as principal debtor (the “**Substituted Issuer**”) in respect of any Notes, subject to the satisfaction of certain conditions (as described in Condition 16).

Notes may be issued either in dematerialised form (“**Dematerialised Notes**”) or in materialised form (“**Materialised Notes**”), as more fully described herein.

Dematerialised Notes may, at the option of the Issuer, be (a) in bearer dematerialised form (au porteur) inscribed as from the issue date in the books of Euroclear France (“**Euroclear France**”) (acting as central depository) which shall credit the accounts of Account Holders (as defined in “**Terms and Conditions of the Notes-Form, Denomination, Title and Redenomination**”) including Euroclear Bank S.A./N.V. (“**Euroclear**”) and the depository bank for Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”) or (b) in registered dematerialised form (au nominatif) and, in such latter case, at the option of the relevant Noteholder (as defined in Condition 1(c)(iii)), in either fully registered form (au nominatif pur), in which case they will be inscribed either with the Issuer or with the registration agent (designated in the relevant Final Terms) for the Issuer, or in administered registered form (au nominatif administré) in which case they will be inscribed in the accounts of the Account Holders designated by the relevant Noteholders.

Dematerialised Notes will at all times be in book entry form in compliance with Articles L.211-3 and R.211-1 of the French Code monétaire et financier. No physical documents of title will be issued in respect of the Dematerialised Notes.

Materialised Notes will be in bearer form only and may only be issued outside France. A temporary global certificate in bearer form without interest coupons attached (a “**Temporary Global Certificate**”) will initially be issued in connection with Materialised Notes. Such Temporary Global Certificate will subsequently be exchanged for definitive Materialised Notes in bearer form with, where applicable, coupons for interest and talons attached on or after a date expected to be on or about the 40th day after the issue date of the Notes (subject to postponement as described in “**Temporary Global Certificates issued in respect of Materialised Bearer Notes**”) upon certification as to non-U.S. beneficial ownership as more fully described herein.

Temporary Global Certificates will (a) in the case of a Tranche (as defined below) intended to be cleared through Euroclear and/or Clearstream, Luxembourg, be deposited on the issue date with a common depository on behalf of Euroclear and/or Clearstream, Luxembourg and (b) in the case of a Tranche intended to be cleared through a clearing system other than or in addition to Euroclear and/or Clearstream, Luxembourg or delivered outside a clearing system, be deposited as agreed between the Issuer and the relevant Dealer (as defined below).

Notes issued under the Programme may be rated or unrated. The rating, if any, will be specified in the relevant Final Terms. The relevant Final Terms will specify whether or not such credit ratings are issued by a credit rating agency established in the European Union and registered under the Regulation (EC) No. 1060/2009 as amended on credit ratings agencies. Credit ratings are subject to revision, suspension or withdrawal at any time by the relevant rating organisation. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

The final terms of the relevant Notes will be determined at the time of the offering of each Tranche based on the then prevailing market conditions and will be set out in the relevant Final Terms.

This Base Prospectus and the documents incorporated by reference in this Base Prospectus shall be published on and may be obtained from the website of the Issuer (www.danone.com).

Prospective investors should carefully review and consider the section of this Base Prospectus entitled “**Risk Factors**” prior to purchasing any Notes.

Arranger
BNP PARIBAS

Dealers

BNP PARIBAS

CITIGROUP

CRÉDIT AGRICOLE CIB

HSBC

J. P. MORGAN

MITSUBISHI UFJ SECURITIES INTERNATIONAL PLC

SOCIETE GENERALE CORPORATE & INVESTMENT BANKING

THE ROYAL BANK OF SCOTLAND

This document constitutes a base prospectus for the purpose of Article 5.4 of the Prospectus Directive and for the purpose of giving information with regard to the Issuer, the Issuer and its subsidiaries taken as a whole (the “Group”) and the Notes which, according to the particular nature of the Issuer and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.

This Base Prospectus should be read and construed in conjunction with any supplement hereto and with any other documents incorporated by reference (see “Documents Incorporated by Reference”) and, each of which shall be incorporated in, and form part of this Base Prospectus in relation to any Series (as defined herein) of Notes, should be read and construed together with the relevant Final Terms, the Base Prospectus and the Final Terms being together, the “Prospectus”.

No person has been authorised to give any information or to make any representation other than those contained in this Base Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, or any of the Dealers or the Arranger (each as defined in the “Summary”). Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Group since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer or of the Group since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Base Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. No Notes may be offered or sold, directly or indirectly, and none of this Base Prospectus, any Final Terms or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations and the Dealers have represented that all offers and sales by them will be made on the same terms. Persons into whose possession this Base Prospectus comes are required by the Issuer, the Dealers and the Arranger to inform themselves about and to observe any such restriction. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the United Kingdom, Japan, France, Hong-Kong, PRC and Singapore. For a description of certain restrictions on offers and sales of Notes and distribution of this Base Prospectus, see “Subscription and Sale” below.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”), or with any securities regulatory authority of any state or other jurisdiction of the United States, and the Notes may include Materialised Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered or sold or, in the case of Materialised Notes in bearer form, delivered within the United States or to or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (“Regulation S”) or, in the case of Materialised Notes in bearer form, the U.S Internal Revenue Code of 1986, as amended (the “U.S Internal Revenue Code”)).

This Base Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Dealers or the Arranger to subscribe for, or purchase, any Notes.

The Arranger and the Dealers have not separately verified the information contained in this Base Prospectus. None of the Dealers or the Arranger makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Base Prospectus. Neither this Base Prospectus nor any other information incorporated by reference in this Base Prospectus is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Arranger or the Dealers that any recipient of this Base Prospectus or any other information incorporated by reference should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Base Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Arranger undertakes to review the financial condition or affairs of the Issuer or the Group during the life of the arrangements contemplated by

this Base Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.

In connection with the issue of any Tranche (as defined in the “Summary”), the Dealer or Dealers (if any) named as the stabilising manager(s) (the “Stabilising Manager(s)”) (or any person acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the relevant Tranche is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to “€”, “Euro”, “EUR” or “euro” are to the single currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on European Union, as amended, references to “£”, “pounds sterling”, “GBP” and “Sterling” are to the lawful currency of the United Kingdom, references to “\$”, “USD” and “US Dollars” are to the lawful currency of the United States of America, references to “¥”, “JPY”, “Japanese yen” and “Yen” are to the lawful currency of Japan and references to “CHF”, “Swiss francs” are to the lawful currency of Switzerland and references to “Renminbi” or “RMB” are to the currency of the People’s Republic of China (“PRC”).

Table of Contents

	Page
RISK FACTORS	5
GENERAL DESCRIPTION OF THE PROGRAMME.....	13
DOCUMENTS INCORPORATED BY REFERENCE.....	19
SUPPLEMENT TO THE BASE PROSPECTUS.....	22
TERMS AND CONDITIONS OF THE NOTES.....	23
TEMPORARY GLOBAL CERTIFICATES ISSUED IN RESPECT OF MATERIALISED BEARER NOTES.....	56
USE OF PROCEEDS	58
DESCRIPTION OF DANONE	59
RECENT DEVELOPMENTS	63
TAXATION	67
SUBSCRIPTION AND SALE	84
PRO-FORMA OF THE GUARANTEE	88
FORM OF FINAL TERMS FOR USE IN CONNECTION WITH ISSUES OF SECURITIES WITH A DENOMINATION OF AT LEAST €100,000 TO BE ADMITTED TO TRADING ON A REGULATED MARKET	90
GENERAL INFORMATION	100
PERSONS RESPONSIBLE FOR THE INFORMATION GIVEN IN THE BASE PROSPECTUS.....	102

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes issued under the Programme. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.

Words and expressions defined under “Terms and Conditions of the Notes” shall have the same meanings in this section.

RISK FACTORS RELATING TO THE ISSUER

Please refer to (i) pages 23-35 of the 2011 *Document de Référence* and (ii) page 9 of the 2012 Interim Financial Report of Danone which are incorporated by reference in this Base Prospectus.

RISK FACTORS RELATING TO THE NOTES

The following paragraphs describe some risk factors that are material to the Notes to be offered and/or listed and admitted to trading in order to assess the market risk associated with these Notes. They do not describe all the risks of an investment in the Notes. Prospective investors should consult their own financial and legal advisers about risks associated with investment in a particular Series of Notes and the suitability of investing in the Notes in light of their particular circumstances. These risk factors may be completed in the Final Terms of the relevant Notes for a particular issue of Notes.

1 General Risks Relating to the Notes

1.1 *Independent Review and Advice*

Each prospective investor of Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes is fully consistent with its financial needs, objectives and condition, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it and is a fit, proper and suitable investment for it, notwithstanding the clear and substantial risks inherent in investing in or holding the Notes.

A prospective investor may not rely on the Issuer or the Dealer(s) or any of their respective affiliates in connection with its determination as to the legality of its acquisition of the Notes or as to the other matters referred to above.

1.2 *Modification and waivers*

The conditions of the Notes contain provisions for calling General Meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant General Meeting and Noteholders who voted in a manner contrary to the majority.

1.3 *No active Secondary/Trading Market for the Notes*

Notes issued under the Programme will be new securities which may not be widely distributed and for which there may be no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single Series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although in relation to Notes to be listed and admitted to trading on Euronext Paris and/or any other Regulated Market in the EEA, the Final Terms of the Notes will be filed with the AMF in Paris and/or with the competent authority of the Regulated Market of the EEA where the Notes will be listed and admitted to trading, there is no assurance that such filings will be accepted, that any particular Tranche of Notes will be so listed and admitted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes.

1.4 *Provision of Information*

None of the Issuer, the Dealer(s) or any of their respective affiliates makes any representation as to the Inflation Indices (as defined herein). Any of such persons may have acquired, or during the term of the Notes may acquire, non-public information with respect to the Inflation Indices that is or may be material in the context of Inflation Linked Notes. The issue of Inflation Linked Notes will not create any obligation on the part of any such persons to disclose to the Noteholders or any other party such information (whether or not confidential).

1.5 *Potential Conflicts of Interest*

All or some of the Dealers and their affiliates have and/or may in the future engage, in investment banking, commercial banking and other financial advisory and commercial dealings with the Issuer and its affiliates and in relation to securities issued by any entity of the Group. They have or may (i) engage in investment banking, trading or hedging activities including activities that may include prime brokerage business, financing transactions or entry into derivative transactions, (ii) act as underwriters in connection with offering of shares or other securities issued by any entity of the Group. In the context of these transactions, certain of such Dealers have or may hold shares or other securities issued by entities of the Group. Where applicable, they have or will receive customary fees and commissions for these transactions.

The Issuer may from time to time be engaged in transactions involving an index or related derivatives which may affect the market price, liquidity or value of the Notes and which could be deemed to be adverse to the interests of the Noteholders.

Potential conflicts of interest may arise between the calculation agent, if any, for a Tranche of Notes and the Noteholders, including with respect to certain discretionary determinations and judgements that such calculation agent may make pursuant to the Terms and Conditions that may influence the amount receivable upon redemption of the Notes.

1.6 *Exchange Rates*

Prospective investors of the Notes should be aware that an investment in the Notes may involve exchange rate risks. The reference assets or the Notes may be denominated in a currency other than the currency of the purchaser's home jurisdiction; and/or the reference assets or the Notes may be denominated in a currency other than the currency in which a purchaser wishes to receive funds. Exchange rates between currencies are determined by factors of supply and demand in the international currency markets which are influenced by macro economic factors, speculation and central bank and government intervention (including the imposition of currency controls and restrictions). Fluctuations in exchange rates may affect the value of the Notes or the reference assets.

1.7 *Risks Relating to Renminbi-denominated Notes*

Notes denominated in RMB ("**RMB Notes**") may be issued under the Programme. RMB Notes contain particular risks for potential investors, including the following:

Renminbi is not freely convertible; there are significant restrictions on remittance of Renminbi into and outside the PRC.

Renminbi is not freely convertible at present and despite a movement towards liberalisation of cross-border RMB remittances, notably in the current account activity, there is no assurance that the PRC government will continue so in the future or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC.

There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of RMB Notes and the Issuer's ability to source Renminbi outside the PRC to service such RMB Notes.

As a result of the restrictions by the PRC Government on cross-border Renminbi fund flows, the availability of Renminbi outside of the PRC is limited. However, pursuant to arrangements between the PRC Central Government and the Hong Kong government, all corporations are now allowed to open RMB accounts in Hong Kong. There is no longer any limit on the ability of corporations to convert RMB and there is no longer any restriction on the transfer of RMB funds between different accounts in Hong Kong.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange and of requirements by the Hong Kong Monetary Authority (such as maintaining no less than 25 per cent. of Renminbi deposits in cash or in the form of settlement account balance with the RMB Clearing Bank).

There is no assurance that a change in PRC regulations will not have the effect of restricting availability of Renminbi offshore. The limited availability of Renminbi outside the PRC may affect the liquidity of its RMB Notes. To the extent the Issuer is required to source Renminbi in the offshore market to service its RMB Notes, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all.

RMB Notes issued under the Programme may only be held in Euroclear France, Euroclear and Clearstream, Luxembourg.

Noteholders may only hold RMB Notes if they have an account with Euroclear France or maintained with an Account Holder which itself has an account with Euroclear France (which include Euroclear and Clearstream, Luxembourg).

Investment in RMB Notes is subject to exchange rate risks

The value of Renminbi against the Euro, the U.S. dollar and other foreign currencies fluctuates and is affected by changes in the PRC and international political and economic conditions and by many other factors. All payments of interest and principal with respect to RMB Notes will be made in Renminbi. As a result, the value of these Renminbi payments in Euro or U.S. dollar terms may vary with the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against the Euro, the U.S. dollar or other foreign currencies, the value of investment in Euro, U.S. dollar or other applicable foreign currency terms will decline.

Investment in RMB Notes is also subject to interest rate risks

The PRC government has gradually liberalised the regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. Notes denominated in RMB will generally carry a fixed interest rate. Consequently, the trading price of such Notes will vary with fluctuations in Renminbi interest rates. If a Noteholder tries to sell such Notes before their maturity, he may receive an offer that is less than his original investment.

Developments in other markets may adversely affect the market price of any RMB Notes

The market price of RMB Notes may be adversely affected by declines in the international financial markets and world economic conditions. The market for Chinese securities is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issuers in other countries, including China. Since the sub-prime mortgage crisis in 2008, the international financial markets have experienced significant volatility. Should similar developments occur in the international financial markets in the future, the market price of RMB Notes could be adversely affected.

1.8 *Legality of Purchase*

None of the Issuer, the Dealer(s) or any of their respective affiliates has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective investor of the Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it.

1.9 *Credit ratings may not reflect all risks*

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

1.10 *Taxation*

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for financial instruments such as the Notes. Potential investors are advised not to rely upon the tax summary contained in this Base Prospectus but should ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, holding, sale and redemption of the Notes. Only these advisors are in a position to duly consider the specific situation of the potential investor. This investment consideration has to be read in connection with the taxation sections of this Base Prospectus.

1.11 *EU Savings Directive*

On 3 June 2003, the European Council of Economic and Finance Ministers adopted a directive 2003/48/EC regarding the taxation of savings income in the form of interest payments (the "**Directive**"). The Directive requires Member States, subject to a number of conditions being met, to provide to the tax authorities of other Member States details of payments of interest and other similar income made by a paying agent located within its jurisdiction to, or for the benefit of, an individual resident in that other Member State, except that, for a transitional period, Luxembourg and Austria will instead withhold an amount on interest payments unless the relevant beneficial owner of such payment elects otherwise and authorises the paying agent to disclose the above information (see section entitled "**Taxation - EU Taxation**" in this Base Prospectus). If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. If a withholding tax is imposed on payments made by a Paying Agent following implementation of the Directive, the Issuer will be required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Directive.

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. The European Parliament has adopted an amended version of this proposal on 24 April 2009. If any of those proposed changes are implemented, they should broaden the scope of the Directive.

1.12 *Market Value of the Notes*

The market value of the Notes will be affected by the creditworthiness of the Issuer and a number of additional factors, including the value of an index, including, but not limited to, the volatility of an index, market interest and yield rates and the time remaining to the maturity date.

The value of the Notes or the Inflation Indices depends on a number of interrelated factors, including economic, financial and political events in France or elsewhere, including factors affecting capital markets generally and the stock exchanges on which the Notes are traded. The price at which a Noteholder will be able to sell the Notes prior to maturity may be at a discount, which could be substantial, from the issue price or the purchase price paid by such purchaser.

1.13 *Change of Law*

The Terms and Conditions of the Notes are based on French law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in French law or the official application or interpretation of French law after the date of this Base Prospectus.

1.14 *French Insolvency Law*

Under French insolvency law, holders of debt securities are automatically grouped into a single assembly of holders (the “**Assembly**”), further to the proposal of a plan by two creditors’ committees, if an accelerated financial preservation procedure (*procédure de sauvegarde financière accélérée*), a preservation procedure (*procédure de sauvegarde*) or a judicial reorganisation procedure (*procédure de redressement judiciaire*) is opened in France with respect to the Issuer.

The Assembly comprises holders of all debt securities issued by the Issuer (including the Notes), whether or not under a debt issuance programme (such as a Euro Medium Term Notes programme), regardless of their governing law and notwithstanding any other contrary clause.

The members of the Assembly defend their common interests and deliberate on the proposed safeguard plan (*projet de plan de sauvegarde*), proposed accelerated financial safeguard plan (*projet de plan de sauvegarde financière accélérée*) or judicial reorganisation plan (*projet de plan de redressement*) applicable to the Issuer and may further agree to:

- increase the liabilities (*charges*) of holders of debt securities (including the Noteholders) by rescheduling due payments and/or partially or totally writing off receivables in the form of debt securities;
- establish an unequal treatment between holders of debt securities (including the Noteholders) as appropriate under the circumstances; and/or
- decide to convert debt securities (including the Notes) into securities that give or may give right to receive share capital.

Decisions of the Assembly will be taken by a two-third majority (calculated as a proportion of the value of debt securities held by the holders attending such Assembly or represented thereat). No quorum is required for the receiver (*administrateur judiciaire*) to convoke the Assembly. Holders of debt securities issued by the Issuer (including the Notes) have the right to dispute such decisions within ten days of the Assembly.

For the avoidance of doubt, the provisions relating to the Representation of the Noteholders described in the Terms and Conditions of the Notes set out in this Base Prospectus will not be applicable, to the extent they are not in compliance with compulsory insolvency law provisions that apply in these circumstances.

1.15 *Change of Control*

Exercise of Change of Control Put Option in respect of certain Notes may affect the liquidity of the Notes of the same Series in respect of which such option is not exercised.

Depending on the number of Notes of the same Series in respect of which the Change of Control Put Option provided in the relevant Final Terms is exercised, any trading market in respect of those Notes in respect of which such option is not exercised may become illiquid.

In addition, if further to the exercise of such Put Option, 80 per cent. or more of the initial aggregate principal amount of the Notes has been redeemed, the Issuer has the option to redeem all of the remaining Notes without obtaining the prior consent of their holders.

2 **Risks related to the structure of a particular issue of Notes**

The Programme allows for different types of Notes to be issued. Accordingly, each Tranche of Notes may carry varying risks for potential investors depending on the specific features of such Notes such as, inter alia, the provisions for computation of periodic interest payments, if any, redemption and issue price.

2.1 *Notes subject to optional redemption by the Issuer*

The Issuer has the option, if so specified in the relevant the Final Terms, to redeem the Notes under a make-whole call option as provided in Condition 6 (c).

Furthermore, in the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the country of domicile (or residence for tax purposes) by the Issuer, or on behalf of France, or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Terms and Conditions.

In addition, if in the case of any particular Tranche of Notes the relevant Final Terms specifies that the Notes are redeemable at the Issuer's option in certain other circumstances set out in the Terms and Conditions of the Notes the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. During a period when the Issuer may elect, or has elected, to redeem Notes, such Notes may feature a market value not substantially above the price at which they can be redeemed. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

2.2 *Fixed Rate Notes*

Investment in Notes which bear interest at a fixed rate involves the risk that subsequent changes in market interest rates may adversely affect the value of the relevant Tranche of Notes.

2.3 *Floating Rate Notes*

Investment in Notes which bear interest at a floating rate comprise (i) a reference rate and (ii) a margin to be added or subtracted, as the case may be, from such base rate. Typically, the relevant margin will not change throughout the life of the Notes but there will be a periodic adjustment (as specified in the relevant Final Terms) of the reference rate (e.g., every three months or six months) which itself will change in accordance with general market conditions. Accordingly, the market value of floating rate Notes may be volatile if changes, particularly short term changes, to market interest rates evidenced by the relevant reference rate can only be reflected in the interest rate of these Notes upon the next periodic adjustment of the relevant reference rate.

2.4 *Fixed to Floating Rate Notes*

Fixed to Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a Fixed Rate to a Floating Rate, or from a Floating Rate to a Fixed Rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a Fixed Rate to a Floating Rate, the spread on the fixed to Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new Floating Rate at any time may be lower than the rates on other Notes. If the Issuer converts from a Floating Rate to a Fixed Rate, the Fixed Rate may be lower than then prevailing rates on its Notes.

2.5 *Inverse Floating Rate Notes*

Investment in Notes which bear interest at an inverse Floating Rate comprise (i) a fixed base rate minus (ii) a reference rate. The market value of such Notes typically is more volatile than the market value of Floating Rate Notes based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

2.6 *Notes issued at a substantial discount or premium*

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

2.7 *Inflation-Linked Notes*

Inflation Linked Notes are debt securities which do not provide for predetermined interest payments and/or in respect of which the principal is indexed. Interest amounts and/or principal will be dependent upon the performance of either (i) the consumer price index (excluding tobacco) for all households in metropolitan France (the “CPI”), as calculated and published monthly by the *Institut National de la Statistique et des Etudes Economiques* (“INSEE”), or (ii) the harmonised index of consumer prices excluding tobacco, or the relevant successor index, measuring the rate of inflation in the European Monetary Union excluding tobacco as calculated and published monthly by Eurostat (the “HICP”) (each an “Inflation Index” and together, the “Inflation Indices”). If the value of the relevant index calculated at anytime prior to the maturity date is lower than the value of the relevant index at the time of the issue of the Notes or at the time of purchase by the Noteholders, then the amount of interest payable by the Issuer and/or the principal of Inflation Linked Notes may vary. Noteholders may receive no interest. However, if the nominal amount to be repaid at maturity is below par, the Inflation Linked Notes will be redeemed at par.

Neither the current nor the historical levels of any of the Inflation Indices should be taken as an indication of future performance of such index during the term of any Inflation Linked Notes.

Inflation Linked Notes are not in any way sponsored, endorsed, sold or promoted by the INSEE or Eurostat, as the case may be, and the INSEE or Eurostat, makes no warranty or representation whatsoever, express or implied, either as to the results to be obtained from the use of any of the Inflation Indices and/or the figure at which such indices stand at any particular time. The Inflation Indices are determined, composed and calculated by the INSEE or Eurostat, as the case may be, without regard to the Issuer or the Notes. The INSEE or Eurostat, as the case may be, is not responsible for or has not participated in the determination of the timing of, prices of, or quantities of the Inflation Linked Notes to be issued or in the determination or calculation of the interest payable under such Notes.

None of the Issuer, the Dealer(s) or any of their respective affiliates makes any representation as to the Inflation Indices. Any of such persons may have acquired, or during the term of the Notes may acquire, non-public information with respect to the Inflation Indices that is or may be material in the context of Inflation Linked Notes. The issue of Inflation Linked Notes will not create any obligation on the part of any such persons to disclose to the Noteholder or any other party such information (whether or not confidential).

GENERAL DESCRIPTION OF THE PROGRAMME

The following overview is qualified in its entirety by the remainder of this Base Prospectus.

Issuer:	Danone
Guarantor	Danone if there is a substitution of the Issuer (as described in Condition 16).
Substituted Issuer	Danone may be replaced and substituted by any of its Subsidiaries (as defined in Condition 16) as principal debtor in respect of the Notes.
Description:	Euro Medium Term Note Programme for the continuous offer of Notes (the “ Programme ”).
Arranger:	BNP Paribas
Dealers:	BNP Paribas Citigroup Global Markets Limited Crédit Agricole Corporate and Investment Bank HSBC France J.P. Morgan Securities plc Mitsubishi UFJ Securities International plc Société Générale The Royal Bank of Scotland plc
	The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Base Prospectus to “ Permanent Dealers ” are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and to “ Dealers ” are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.
Programme Limit:	Up to €7,000,000,000 (or the equivalent in other currencies) aggregate nominal amount of Notes outstanding at any one time. Pursuant to its corporate authorisations, Danone can issue Notes up to a maximum aggregate nominal amount of €7,000,000,000. The maximum aggregate principal amount of Notes which may be outstanding under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Amended and Restated Dealer Agreement.
Fiscal Agent and Principal Paying Agent:	Citibank, N.A., London Branch.
Paris Paying Agent:	Citibank International plc, Paris Branch.

Method of Issue:	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a “ Series ”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a “ Tranche ”) on the same or different issue dates. The specific terms of each Tranche will be set out in a final terms to this Base Prospectus (the “ Final Terms ”).
Maturities:	Subject to compliance with all relevant laws, regulations and directives, any maturity from seven days from the date of original issue.
Currencies:	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in Euro, US Dollars, Japanese yen, Swiss francs, Sterling, RMB and in any other currency agreed between the Issuer and the relevant Dealers.
Denomination(s):	<p>The Notes will be issued in such denomination(s) as may be agreed between the Issuer and the relevant Dealer and as specified in the relevant Final Terms save that the minimum denomination of each Note listed and admitted to trading on a Regulated Market in a Member State of the European Economic Area (“EEA”) in circumstances which require the publication of a prospectus under the Prospectus Directive will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).</p> <p>Notes having a maturity of less than one year will constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent.</p> <p>Dematerialised Notes will be issued in one denomination only.</p>
Status of the Notes;	The Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and rank and will at all times rank <i>pari passu</i> and without any preference among themselves and (subject to such exceptions as are from time to time mandatory under French law) equally and rateably with all other present or future unsecured and unsubordinated financial obligations of the Issuer, from time to time outstanding.
Negative Pledge:	There will be a negative pledge in respect of the Notes as set out in Condition 4. See “Terms and Conditions of the Notes - Negative Pledge”.
Events of Default: (including cross default)	There will be events of default and a cross-default in respect of the Notes as set out in Condition 9. See “Terms and Conditions of the Notes - Events of Default”.
Redemption:	The relevant Final Terms will specify the basis for calculating

the redemption amounts payable. Unless permitted by then current laws and regulations, Notes (including Notes denominated in sterling) having a maturity of less than one year from the date of issue and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).

Optional Redemption:

The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders and, if so, the terms applicable to such redemption.

Redemption by Instalments:

The Final Terms issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.

Early Redemption:

Except as provided in “Optional Redemption” above and “Make-Whole Redemption by the Issuer” below, Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons.

Redemption at the option of Noteholders following a Change of Control

If a Change of Control Put Option is specified in the relevant Final Terms, following the occurrence of a Change of Control, the Noteholders will be entitled to request the Issuer to redeem the Notes, or, at the Issuer’s option, procure the purchase of their Notes. See “Terms and Conditions of the Notes - Redemption, Purchase and Options”.

Make-Whole Redemption by the Issuer:

If so specified in the relevant Final Terms, in respect of any issue of Notes, the Issuer will have the option to redeem the Notes, in whole or in part, at any time or from time to time, prior to their Maturity Date.

Taxation in respect of the Notes:

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes will be made free and clear of, and without withholding or deduction for, any taxes or duties of whatever nature imposed, levied or collected by or on behalf of France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

If such a withholding or deduction is required, the Issuer will have to gross-up its payments to the fullest extent then permitted by law and subject to certain exceptions.

See section “Taxation”.

Interest Periods and Interest Rates:

The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such

information will be set out in the relevant Final Terms.

Fixed Rate Notes:

Fixed interest will be payable in arrears on the date or dates in each year specified in the relevant Final Terms.

Floating Rate Notes:

Floating Rate Notes will bear interest determined separately for each Series as follows:

- (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc.; or
- (ii) (by reference to LIBOR, EURIBOR or EUR CMS (or such other benchmark as may be specified in the relevant Final Terms), in each case as adjusted for any applicable margin. Interest periods will be specified in the relevant Final Terms.

Zero Coupon Notes:

Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.

Inflation Linked Notes:

Inflation Linked Notes may be issued by the Issuer where the interest and/or the principal in respect of such Notes will be calculated by reference to an inflation index ratio derived from either:

- (i) the consumer price index (excluding tobacco) for all households in metropolitan France, as calculated and published monthly by the *Institut National de la Statistique et des Etudes Economiques*; or
- (ii) the harmonised index of consumer prices excluding tobacco, or the relevant successor index, measuring the rate of inflation in the European Monetary Union excluding tobacco as calculated and published monthly by Eurostat.

Redenomination:

Notes issued in the currency of any Member State of the EU which will participate in the single currency of the EMU may be redenominated into Euro, all as more fully provided in “Terms and Conditions of the Notes - Form, Denomination, Title and Redenomination” below.

Consolidation:

Notes of one Series may be consolidated with Notes of another Series as more fully provided in “Terms and Conditions of the Notes - Further Issues and Consolidation”.

Form of Notes:

Notes may be issued in either dematerialised form (“**Dematerialised Notes**”) or in materialised form (“**Materialised Notes**”).

Dematerialised Notes may, at the option of the Issuer be issued in bearer dematerialised form (*au porteur*) or in registered dematerialised form (*au nominatif*) and, in such latter case, at the option of the relevant Noteholder, in either *au nominatif pur* or *au nominatif administré* form.

In the case of Dematerialised Notes issued in both bearer and

registered form the Noteholders will have the option to convert from bearer to registered (in such latter case in both *nominatif pur* and *nominatif administré* form) and *vice versa*. No physical documents of title will be issued in respect of Dematerialised Notes. See “Notes – Form, Denomination, Title and Redenomination”.

The relevant Final Terms will specify whether Dematerialised Notes are to be issued in bearer form only, in registered (including both *nominatif pur* and *nominatif administré*) form only or in both bearer and registered form.

Materialised Notes will be in bearer form (“**Materialised Bearer Notes**”) only. A Temporary Global Certificate will be issued initially in respect of each Tranche of Materialised Bearer Notes. Materialised Notes may only be issued outside France.

Substitution of the Issuer:

There may be a substitution of Danone in respect of the Notes by the Substituted Issuer.

Guarantee:

If there is a substitution of the Issuer pursuant to Condition 16, Danone as the Guarantor will unconditionally and irrevocably guarantee the due payment of all sums expressed to be due and payable by the Substituted Issuer under the Notes and in accordance with the applicable terms and conditions. The obligations of the Guarantor in this respect will arise pursuant to a Guarantee which will be substantially in the form of the Pro-Forma Guarantee, to be executed by the Guarantor (the “**Guarantee**”).

See "Pro-Forma of the Guarantee"

Governing Law:

French law.

Central Depository:

Euroclear France in relation to Dematerialised Notes.

Clearing Systems:

Clearstream, Luxembourg, Euroclear or any other clearing system (provided proper clearing and settlement procedures have previously been put in place) that may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer in relation to Materialised Notes.

Initial Delivery of Dematerialised Notes:

One Paris business day before the issue date of each Tranche of Dematerialised Notes, the *Lettre Comptable* relating to such Tranche shall be deposited with Euroclear France as central depository.

Initial Delivery of Materialised Notes:

On or before the issue date for each Tranche of Materialised Bearer Notes, the Temporary Global Certificate issued in respect of such Tranche shall be deposited with a common depository for Euroclear and Clearstream, Luxembourg or with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Fiscal Agent and the relevant Dealer.

Issue Price:

Notes may be issued at their nominal amount or at a discount or premium to their nominal amount.

Listing and Admission to Trading:

Euronext Paris or as otherwise specified in the relevant Final Terms. A Series of Notes may or may not be listed and admitted to trading.

Method of Publication of this Base Prospectus and the Final Terms:

This Base Prospectus, any supplement to this Base Prospectus and the Final Terms related to the Notes listed and admitted to trading on any Regulated Market in the EEA will be published on the websites of the Issuer (*www.danone.com*) and of the AMF (*www.amf-france.org*). The Final Terms will indicate where the Base Prospectus may be obtained.

Selling Restrictions:

There are restrictions on the sale of Notes and the distribution of offering material in various jurisdictions. See “Subscription and Sale”.

The Notes to be issued qualify under Category 2 for the purposes of Regulation S under the Securities Act.

Materialised Notes will be issued in compliance with US Treas. Reg. §1.163-5(c)(2)(i)(D) (the “**D Rules**”) unless the relevant Final Terms states that such Materialised Notes are issued in compliance with US Treas. Reg. §1.163-5(c)(2)(i)(C) (the “**C Rules**”), or (ii) such Materialised Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“**TEFRA**”), which circumstance will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

The TEFRA rules do not apply to any Dematerialised Notes.

DOCUMENTS INCORPORATED BY REFERENCE

This Base Prospectus should be read and construed in conjunction with the following:

- (a) the sections referred to in the table below included in the 2010 *Document de Référence* in the French language¹, filed with the AMF on 25 March 2011 under n°11-0182, which contains the audited consolidated annual financial statements of Danone for the financial year ended 31 December 2010 (the “**2010 Document de Référence**”);
- (b) the sections referred to in the table below included in the 2011 *Document de Référence* in the French language¹, filed with the AMF on 21 March 2012 under n°12-0181, which contains the audited consolidated annual financial statements of Danone for the financial year ended 31 December 2011 (the “**2011 Document de Référence**”);
- (c) the pages 12 to 29 of the interim financial report of the Issuer, in French language¹, for the six-month period ended 30 June 2012 (the “**2012 Interim Financial Report**”) referred to in the section “Description of Danone” below;
- (d) the press release published by Danone on 19 June 2012 commenting on the adjustment of operating margin target and reiterating sales growth and free cash flow targets for 2012,

which shall be deemed to be incorporated by reference, save that any statement contained in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

This Base Prospectus and copies of all documents incorporated by reference in this Base Prospectus shall be published on and may be obtained from the website of the Issuer (www.danone.com).

The cross-reference tables below set out the relevant page references for the information incorporated herein by reference:

Prospectus Regulation – Annex IX	2011 Document de Référence/2012 Interim Financial Report	2010 Document de Référence
A9.3 RISK FACTORS		
A9.3.1 Prominent disclosure of risk factors that may affect the issuer’s ability to fulfil its obligations under the securities to investors in a section headed "Risk Factors".	Pages 23-35 of the 2011 Document de Référence Page 9 of the 2012 Interim Financial Report	Not applicable
A9.5 BUSINESS OVERVIEW		
A9.5.1 <u>Principal activities:</u>		
A9.5.1.1 A brief description of the issuer’s principal activities stating the main categories of products sold and/or services performed; and	Pages 11-12 of the 2011 Document de Référence	Not applicable
A9.5.1.2 The basis for any statements in the registration document made by the issuer regarding its competitive position.	Page 7 of the 2011 Document de Référence	Not applicable

¹ For information purposes only, the English language translations of (i) the 2010 Document de Référence, (ii) the 2011 Document de Référence and (iii) the 2012 Interim Financial Report may be obtained without charge from the website of the Issuer (www.danone.com). For ease of reference, the page numbering of the English language translations of the documents incorporated by reference is identical to the French versions. These English language translations are not incorporated by reference herein.

Prospectus Regulation – Annex IX	2011 Document de Référence/2012 Interim Financial Report	2010 Document de Référence
A9.6 ORGANISATIONAL STRUCTURE		
A9.6.1 If the issuer is part of a group, a brief description of the group and of the issuer's position within it.	Pages 23, 126-133 of the 2011 Document de Référence	Not applicable
A9.9 ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES		
A9.9.1 Names, business addresses and functions in the issuer of the following persons, and an indication of the principal activities performed by them outside the issuer where these are significant with respect to that issuer: (a) members of the administrative, management or supervisory bodies; (b) partners with unlimited liability, in the case of a limited partnership with a share capital.	(a) Page 170, page 186 and pages 271-299 of the 2011 Document de Référence (b) Not applicable	Not applicable
A9.9.2 <u>Administrative, Management, and Supervisory bodies conflicts of interests</u> Potential conflicts of interests between any duties to the issuing entity of the persons referred to in item 10.1 and their private interests and or other duties must be clearly stated. In the event that there are no such conflicts, make a statement to that effect.	Page 172 and page 177 of the 2011 Document de Référence	Not applicable
A9.10 MAJOR SHAREHOLDERS		
A9.10.1 To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom and describe the nature of such control, and describe the measures in place to ensure that such control is not abused.	Not applicable	Not applicable
A9.10.2 A description of any arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer.	Not applicable	Not applicable
A9.11 FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES		
A9.11.1 <u>Historical Financial Information</u> Audited historical financial information covering the latest 2 financial years (or	Pages 64-135 of the 2011 Document de Référence	Pages 54-119 of the 2010 Document de Référence

Prospectus Regulation – Annex IX	2011 Document de Référence/2012 Interim Financial Report	2010 Document de Référence
such shorter period that the issuer has been in operation), and the audit report in respect of each year.		
(a) balance sheet;	Pages 66-67 of the 2011 Document de Référence	Pages 56-57 of the 2010 Document de Référence
(b) income statement;	Pages 64 of the 2011 Document de Référence	Page 54 of the 2010 Document de Référence
(c) cash flow statement; and	Page 68 of the 2011 Document de Référence	Page 58 of the 2010 Document de Référence
(d) accounting policies and explanatory notes	Pages 71-133 of the 2011 Document de Référence	Pages 60-117 of the 2010 Document de Référence
A9.11.3 <u>Auditing of historical annual financial information</u>	Pages 134-135 of the 2011 Document de Référence	Pages 118-119 of the 2010 Document de Référence
A9.11.5 <u>Legal and arbitration proceedings</u>	Pages 42 of the 2011 Document de Référence	Not applicable
A9.12 MATERIAL CONTRACTS		
A9.12 A brief summary of all material contracts that are not entered into in the ordinary course of the issuer’s business, which could result in any group member being under an obligation or entitlement that is material to the issuer’s ability to meet its obligation to security holders in respect of the securities being issued.	Page 42 of the 2011 Document de Référence	Not applicable

Any information not listed above but included in the documents incorporated by reference is given for information purposes only.

SUPPLEMENT TO THE BASE PROSPECTUS

If at any time the Issuer is required to prepare a prospectus supplement pursuant to provisions of Article 212-25 of the *Règlement Général* of the AMF implementing Article 16 of the Prospectus Directive, the Issuer will prepare and make available an appropriate supplement to this Base Prospectus or a further Base Prospectus which, in respect of any subsequent issue of Notes to be listed and admitted to trading on Euronext Paris or on a Regulated Market for a Member State of the EEA, shall constitute a prospectus supplement as required by Article 16 of the Prospectus Directive.

The Issuer has given an undertaking to the Dealers that if at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to information contained in this Base Prospectus which is capable of affecting the assessment of any Notes and whose inclusion in or removal from this Base Prospectus is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, and the rights attaching to the Notes, the Issuer shall prepare a supplement to this Base Prospectus or publish a replacement Base Prospectus for use in connection with any subsequent offering of the Notes and shall supply to each Dealer such number of copies of such supplement hereto as such Dealer may reasonably request.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions that, subject to completion in accordance with the provisions of the relevant Final Terms, shall be applicable to the Notes. In the case of Dematerialised Notes, the text of the terms and conditions will not be endorsed on physical documents of title but will be constituted by the following text as completed by the relevant Final Terms. In the case of Materialised Notes, either (i) the full text of these terms and conditions together with the relevant provisions of the Final Terms or (ii) these terms and conditions as so completed (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on Definitive Materialised Bearer Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Final Terms. References in the Conditions to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

An amended and restated agency agreement dated 26 October 2012 (as amended or supplemented from time to time, the “**Amended and Restated Agency Agreement**”) has been agreed between Danone (formerly Groupe Danone) (“**Danone**” or the “**Issuer**”), Citibank, N.A., London Branch as fiscal agent and the other agents named in it. The fiscal agent, the paying agents, the redenomination agent, the consolidation agent and the calculation agent(s) for the time being (if any) are referred to below respectively as the “**Fiscal Agent**”, the “**Paying Agents**” (which expression shall include the Fiscal Agent), the “**Redenomination Agent**”, the “**Consolidation Agent**” and the “**Calculation Agent(s)**”. The holders of Dematerialised Notes and Materialised Notes, the holders of the interest coupons (the “**Coupons**”) relating to interest bearing Materialised Notes and, where applicable in the case of such Notes, talons (the “**Talons**”) for further Coupons (the “**Couponholders**”) and the holders of the receipts (the “**Receipts**”) for the payment of instalments of principal (the “**Receiptholders**”) relating to Materialised Notes of which the principal is payable in instalments are deemed to have notice of all of the provisions of the Amended and Restated Agency Agreement applicable to them. Copies of the Amended and Restated Agency Agreement are available for inspection during normal business hours at the specified offices of each of the Paying Agents.

Terms between square brackets shall apply to Notes guaranteed by Danone when Danone is replaced and substituted by the Substituted Issuer, as provided in Condition 16. References below to “**Guarantor**” shall mean Danone, in its capacity as guarantor of Notes if there is a substitution of the Issuer in accordance with Condition 16.

References below to “**Conditions**” are, unless the context requires otherwise, to the numbered paragraphs below.

For the purpose of these Terms and Conditions, “**Regulated Market**” means any regulated market situated in a Member State of the European Economic Area (“**EEA**”) as defined in the Markets in Financial Instruments Directive 2004/39/EC.

1 Form, Denomination(s), Title and Redenomination

- (a) **Form:** Notes may be issued either in dematerialised form (“**Dematerialised Notes**”) or in materialised form (“**Materialised Notes**”).

Title to Dematerialised Notes will be evidenced in accordance with Articles L.211-3 and R.211-1 of the French *Code monétaire et financier* (the “**Code**”) by book entries (*inscriptions en compte*). No physical document of title (including *certificats représentatifs* pursuant to Article R.211-7 of the Code) will be issued in respect of the Dematerialised Notes.

Dematerialised Notes are issued, at the option of the Issuer and as specified in the relevant Final Terms (the “**Final Terms**”), in either bearer dematerialised form (*au porteur*), in which case they are inscribed in the books of Euroclear France S.A. (acting as central depository) (“**Euroclear France**”) which shall credit the accounts of Account Holders, or in registered dematerialised form (*au nominatif*) and, in such latter case, at the option of the relevant Noteholder in either administered registered form (*au nominatif administré*) inscribed in the books of an Account Holder or in fully registered form (*au nominatif pur*) inscribed in an account in the books of Euroclear France maintained by the Issuer or the Registration Agent (designated in the relevant Final Terms) acting on behalf of the Issuer (the “**Registration Agent**”).

For the purpose of these Conditions, “**Account Holder**” means any financial intermediary institution entitled directly or indirectly to hold accounts on behalf of its customers with Euroclear France, and includes the depository bank for Clearstream Banking, *société anonyme* (“**Clearstream, Luxembourg**”) and Euroclear Bank S.A./N.V. (“**Euroclear**”).

Materialised Notes are issued in bearer form (“Materialised Bearer Notes”). Materialised Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

In accordance with Articles L.211-3 and R.211-1 of the Code, securities (such as Notes) which are governed by French law and are in materialised form must be issued outside the French territory.

(b) **Denomination(s):**

Notes shall be issued in the specified denomination(s) as set out in the relevant Final Terms (the “**Specified Denomination(s)**”) save that the minimum denomination of each Note listed and admitted to trading on a Regulated Market in a Member State of the EEA in circumstances which require the publication of a Base Prospectus under the Prospectus Directive will be at least €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency at the issue date) or such other higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency. Dematerialised Notes shall be issued in one Specified Denomination only.

(c) **Title:**

- (i) Title to Dematerialised Notes in bearer dematerialised form (*au porteur*) and in administered registered form (*au nominatif administré*) shall pass upon, and transfer of such Notes may only be effected through, registration of the transfer in the accounts of Account Holders. Title to Dematerialised Notes in fully registered form (*au nominatif pur*) shall pass upon, and transfer of such Notes may only be effected through, registration of the transfer in the accounts of the Issuer or of the Registration Agent.
- (ii) Title to Materialised Bearer Notes in definitive form having, where appropriate, Coupons, Receipt(s) and/or a Talon attached thereto on issue (“**Definitive Materialised Bearer Notes**”), shall pass by delivery.
- (iii) Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, or an interest in it, any writing on it or its theft or loss and no person shall be liable for so treating the holder.
- (iv) In these Conditions, “**holder of Notes**”, “**holder of any Note**” or “**Noteholder**” means (i) in the case of Dematerialised Notes, the person whose name appears in the account of the relevant Account Holder or the Issuer or the Registration Agent (as the case may be) as being entitled to such Notes and (ii) in the case of Materialised Notes, the bearer of any Definitive Materialised Bearer Note and the Receipts, Coupons, or Talon relating to it, and capitalised terms have the meanings given to them in the relevant Final Terms, the absence of any such meaning indicating that such term is not applicable to the Notes.

(d) **Redenomination:**

The Issuer may (if so specified in the relevant Final Terms), without the consent of any of the holders of any Note, Receipt, Coupon or Talon, by giving at least 30 days’ notice in accordance with Condition 15, redenominate on any Interest Payment Date all, but not some only, of the Notes of any Series into Euro and

adjust the aggregate principal amount and the Specified Denomination(s) set out in the relevant Final Terms accordingly on or after the date on which the Member State of the European Union in whose national currency such Notes are denominated has become a participant member in the third stage of the European economic and monetary union (as provided in the Treaty establishing the European Community (the “EC”), as amended from time to time (the “Treaty”)), or events have occurred which have substantially the same effects (in either case, “EMU”).

2 Conversion and Exchanges of Notes

(a) Dematerialised Notes:

- (i) Dematerialised Notes issued in bearer dematerialised form (*au porteur*) may not be converted into Dematerialised Notes in registered dematerialised form, whether in fully registered form (*au nominatif pur*) or in administered registered form (*au nominatif administré*).
- (ii) Dematerialised Notes issued in registered dematerialised form (*au nominatif*) may not be converted into Dematerialised Notes in bearer dematerialised form (*au porteur*).
- (iii) Dematerialised Notes issued in fully registered form (*au nominatif pur*) may, at the option of the Noteholder, be converted into Notes in administered registered form (*au nominatif administré*), and vice versa. The exercise of any such option by such Noteholder shall be made in accordance with Article R.211-4 of the Code. Any such conversion shall be effected at the cost of such Noteholder.

(b) Materialised Notes:

Materialised Bearer Notes of one Specified Denomination may not be exchanged for Materialised Bearer Notes of another Specified Denomination.

3 Status of the Notes

The Notes and, where applicable, any relative Receipts and Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and rank and will at all times rank *pari passu* and without any preference among themselves and (subject to such exceptions as are from time to time mandatory under French law) equally and rateably with all other present or future unsecured and unsubordinated financial obligations of the Issuer, from time to time outstanding.

4 Negative Pledge

So long as any of the Notes or, if applicable, any Receipts or Coupons relating to them, remain outstanding (as defined below), the Issuer [or, as the case may be, the Guarantor,] will not create any mortgage, charge, pledge or other security interest (*sûreté réelle*) upon any of its assets or revenues, present or future, to secure any Relevant Indebtedness (as defined below) or any guarantee in respect of any Relevant Indebtedness (whether before or after the issue of Notes), except the Guarantee (as defined in Condition 16), unless such Issuer’s obligations under the Notes, Receipts and Coupons are equally and rateably secured therewith.

For the purposes of this Condition:

“**Relevant Indebtedness**” means any indebtedness for borrowed money represented by bonds or notes (*obligations*) issued by the Issuer or any of its Principal Subsidiaries, [or, as the case maybe, the Guarantor] which are for the time being, or are capable of being, quoted, listed or ordinarily dealt in on any stock exchange or any other regulated securities market;

“**Principal Subsidiary**” shall mean any subsidiary of Danone:

- whose total consolidated assets or gross consolidated revenues attributable to Danone represent not less than 15 per cent. of the consolidated total assets or, consolidated gross revenues, as the case may be, of Danone and its subsidiaries taken as a whole, all as calculated by reference to the then latest consolidated audited accounts of Danone and its subsidiaries; or

- to which is transferred the whole or substantially the whole of the assets and undertakings of a subsidiary which immediately prior to such transfer was a Principal Subsidiary.

“**outstanding**” means, in relation to the Notes of any Series, all the Notes issued other than (a) those that have been redeemed in accordance with these Conditions, (b) those in respect of which the date for redemption has occurred and the redemption moneys (including all interest accrued on such Notes to the date for such redemption and any interest payable after such date) have been duly paid (i) in the case of Dematerialised Notes in bearer form and in administered registered form, to the relevant Account Holders on behalf of the Noteholder as provided in Condition 6(a), (ii) in the case of Dematerialised Notes in fully registered form, to the account of the Noteholder as provided in Condition 6(a) and (iii) in the case of Materialised Notes, to the Fiscal Agent and remain available for payment against presentation and surrender of Materialised Bearer Notes, Receipts and/or Coupons, as the case may be, (c) those which have become void or in respect of which claims have become prescribed, (d) those which have been purchased and cancelled as provided in these Conditions, (e) in the case of Materialised Notes (i) those mutilated or defaced Materialised Bearer Notes that have been surrendered in exchange for replacement Materialised Bearer Notes, (ii) (for the purpose only of determining how many such Materialised Bearer Notes are outstanding and without prejudice to their status for any other purpose) those Materialised Bearer Notes alleged to have been lost, stolen or destroyed and in respect of which replacement Materialised Bearer Notes have been issued and (iii) any Temporary Global Certificate to the extent that it shall have been exchanged for one or more Definitive Materialised Bearer Notes, pursuant to its provisions.

This Condition 4 shall not apply to or be applicable in respect of any of the following security interest created by the Issuer [or, as the case may be, the Guarantor] in respect of any Relevant Indebtedness over:

- (i) any office buildings or production facilities (or any equipment located therein) of Danone in each case acquired or constructed after the Issue Date by Danone for the sole purpose of financing or re-financing such acquisition or construction and securing a principal, capital or nominal amount not exceeding 100 per cent. of the cost of that acquisition or construction; and
- (ii) any shares or stock acquired by Danone after the Issue Date for the sole purpose of financing or re-financing such acquisition and securing a principal, capital or nominal amount not exceeding 100 per cent. of the cost of such acquisition.

5 Interest and other Calculations

- (a) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“**Business Day**” means:

- (i) in the case of euro, a day on which the Trans European Automated Real Time Gross Settlement Express Transfer system launched on 19 November 2007 (known as TARGET 2 system) or any successor thereto (the “**TARGET System**”) is operating (a “**TARGET Business Day**”); and/or
- (ii) in relation to any sum payable in Renminbi, a day on which commercial banks and foreign exchange markets settle payments in Renminbi in Hong Kong and in the relevant Business Centre(s) (if any); and/or
- (iii) in the case of a specified currency other than euro and Renminbi, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (iv) in the case of a currency and/or one or more Business Centres specified in the relevant Final Terms (the “**Business Centre(s)**”), a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres so specified.

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or Interest Accrual Period, the “Calculation Period”):

- (i) if “**Actual/365**” or “**Actual/Actual - ISDA**” is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365)
- (ii) if “**Actual/Actual-ICMA**” is specified in the relevant Final Terms:
 - (A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
 - (B) if the Calculation Period is longer than one Determination Period, the sum of:
 - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
 - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where: “**Determination Period**” means the period from and including a Determination Date in any year to but excluding the next Determination Date and

“**Determination Date**” means the date specified as such hereon or, if none is specified, the Interest Payment Date

- (iii) if “**Actual/365 (Fixed)**” is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365
- (iv) if “**Actual/360**” is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 360
- (v) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{DAY COUNT FRACTION} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y1**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y2**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M1**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M2**” is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

“**D1**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

“**D2**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30; and

- (vi) if “**30E/360**” or “**Eurobond Basis**” is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{DAY COUNT FRACTION} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y1**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y2**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M1**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M2**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D1**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

“**D2**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30

- (vii) if “**30E/360 (ISDA)**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{DAY COUNT FRACTION} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y1**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y2**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M1**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M2**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D1**” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

“**D2**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30

“**Euro-zone**” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended

“**Interest Accrual Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date

“**Interest Amount**” means the amount of interest payable, and in the case of Fixed Rate Notes, means the Fixed Coupon Amount or Broken Amount, as the case may be

“**Interest Commencement Date**” means the Issue Date or such other date as may be specified in the relevant Final Terms

“**Interest Determination Date**” means, with respect to a Rate of Interest and Interest Accrual Period or the interest amount in relation to RMB Notes, the date specified as such in the relevant Final Terms or, if none is so specified, (i) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro or (ii) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (iii) the day falling two Business Days in the city specified in the Final Terms for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro

“**Interest Payment Date**” means the date(s) specified in the relevant Final Terms

“**Interest Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date

“**Interest Period Date**” means each Interest Payment Date unless otherwise specified in the relevant Final Terms

“**ISDA Definitions**” means the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc., as may be supplemented or amended as at the Issue Date.

“**Rate of Interest**” means the rate of interest payable from time to time in respect of the Notes and that is either specified or calculated in accordance with the provisions in the relevant Final Terms

“**Reference Banks**” means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent or as specified in the relevant Final Terms

“**Reference Rate**” means the rate specified as such in the relevant Final Terms

“**Relevant Screen Page**” means such page, section, caption, column or other part of a particular information service as may be specified in the relevant Final Terms

“**RMB Note**” means a Note denominated in Renminbi and

“**Specified Currency**” means the currency specified as such in the relevant Final Terms or, if none is specified, the currency in which the Notes are denominated

- (b) **Interest on Fixed Rate Notes:** Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date.

If a Fixed Coupon Amount or a Broken Amount is specified in the relevant Final Terms, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount or, if applicable, the Broken Amount so specified and in the case of the Broken Amount will be payable on the particular Interest Payment Date(s) specified in the relevant Final Terms.

- (c) **Interest on Floating Rate Notes and Inflation Linked Notes:**

- (i) *Interest Payment Dates:* Each Floating Rate Note and Inflation Linked Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear (except as otherwise provided in the relevant Final Terms) on each Interest Payment Date. Such Interest Payment Date(s) is/are either shown in the relevant Final Terms as Specified Interest Payment Dates or, if no Specified Interest

Payment Date(s) is/are shown in the relevant Final Terms, Interest Payment Date shall mean each date which falls the number of months or other period shown in the relevant Final Terms as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

- (ii) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day. Notwithstanding the foregoing, where the applicable Final Terms specifies that the relevant Business Day Convention is to be applied on an “unadjusted” basis, the Interest Amount payable on any date shall not be affected by the application of the Business Day Convention.
- (iii) *Rate of Interest for Floating Rate Notes:* The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified in the relevant Final Terms and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the relevant Final Terms.

(A) *ISDA Determination for Floating Rate Notes:*

Where ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), “**ISDA Rate**” for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (a) the Floating Rate Option is as specified in the relevant Final Terms;
- (b) the designated Maturity is a period specified in the relevant Final Terms; and
- (c) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified in the relevant Final Terms.

For the purposes of this sub-paragraph (A), “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Option**”, “**designated Maturity**”, “**Reset Date**” and “**Swap Transaction**” have the meanings given to those terms in the ISDA Definitions.

(B) *Screen Rate Determination for Floating Rate Notes:*

- (a) Where Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:
 - (i) the offered quotation or
 - (ii) the arithmetic mean of the offered quotations,(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the

case of LIBOR or Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the relevant Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the relevant Final Terms.

- (b) If the Relevant Screen Page is not available or if sub-paragraph (a)(i) applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (a)(ii) applies and fewer than three such offered quotations appear on the Relevant Screen Page, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and
- (c) If paragraph (b) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the

Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

- (d) Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined and the Reference Rate in respect of the Floating Rate Notes is specified as being the EUR CMS, the Rate of Interest for each Interest Period will, subject as provided below, be the offered quotation (expressed as a percentage rate per annum) for EUR CMS relating to the relevant maturity (the relevant maturity year mid swap rate in EUR (annual 30/360)), which appears on the Relevant Screen Page, being Reuters page “ISDAFIX2” under the heading “EURIBOR Basis”, as at 11.00 a.m. Frankfurt time, in the case of the EUR-ISDA-EURIBOR Swap Rate-11:00 on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Calculation Agent.

Notwithstanding anything to the contrary in this Condition 5, in the event that the Reference Rate does not appear on the Relevant Screen Page, the Calculation Agent shall determine on the relevant Interest Determination Date the applicable rate based on quotations of five Reference Banks (to be selected by the Calculation Agent and the Issuer) for EUR CMS relating to the relevant maturity (in each case the relevant mid-market annual swap rate commencing two TARGET2 Business Days following the relevant Interest Determination Date). The highest and lowest (or, in the event of equality, one of the highest and/or lowest) quotations so determined shall be disregarded by the Calculation Agent for the purpose of determining the Reference Rate which will be the arithmetic mean (rounded if necessary to five significant figures with halves being rounded up) of such provided quotations.

If, for any reason, the Reference Rate is no longer published or if fewer than three quotations are provided to the Calculation Agent in accordance with the above paragraph, the Reference Rate will be determined by the Calculation Agent in its sole discretion, acting in good faith and in a commercial and reasonable manner.

(iv) *Rate of Interest for Inflation Linked Notes:*

1. Consumer Price Index (CPI)

Where the consumer price index excluding tobacco for all households in metropolitan France, as calculated and published by the *Institut National de la Statistique et des Etudes Economiques* (the “INSEE”) (“CPI”) is specified as the Index in the relevant Final Terms, this Condition 5(c)(iv)(1) shall apply. Terms defined herein shall have the meanings set out below only when this Condition 5(c)(iv)(1) shall apply.

The Rate of Interest in respect of Inflation Linked Notes indexed to the CPI (the “CPI Linked Interest”) will be determined by the Calculation Agent on the following basis:

- (A) On the fifth Business Day before each Interest Payment Date (an “Interest Determination Date”) the Calculation Agent will calculate the Inflation Index Ratio.

For the purpose of this Condition 5(c)(iv)(1), the “Inflation Index Ratio” or “IIR” is the ratio between (i) the CPI Daily Inflation Reference Index (as defined below) applicable upon any Interest Payment Date or the redemption date, as the case may be and (ii) the base reference defined as the CPI Daily Inflation Reference Index (as defined below) applicable on the date specified in the applicable Final Terms (the “Base Reference”). Notwithstanding Condition 5(g)(iii), the IIR will be rounded if necessary to five significant figures (with halves being rounded up).

“**CPI Daily Inflation Reference Index**” means (A) in relation to the first day of any given month, the CPI Monthly Reference Index of the third month preceding such month, and (B) in relation to a day (D) (other than the first day) in any given month (M), the linear interpolation of the CPI Monthly Reference Index pertaining respectively to the third month preceding such month (M - 3) and the second month preceding such month (M - 2) calculated in accordance with the following formula:

CPI Daily Inflation Reference Index=

$$\text{CPI Monthly Reference Index}_{M-3} + \frac{D-1}{ND_M} \times (\text{CPI Monthly Reference Index}_{M-2} - \text{CPI Monthly Reference Index}_{M-3})$$

With:

“**ND_M**”: number of days in the relevant month M and, in the case of payment of principal and interest, shall be equal to 31;

“**D**”: actual day of payment in the relevant month M and, in the case of payment of principal and interest, shall be equal to 25;

“**CPI Monthly Reference Index_{M-2}**”: price index of month M - 2;

“**CPI Monthly Reference Index_{M-3}**”: price index of month M - 3.

Notwithstanding Condition 5(g)(iii), the CPI Daily Inflation Reference Index will be rounded if necessary to five significant figures (with halves being rounded up).

For information purposes, such CPI Daily Inflation Reference Index appears on the *Agence Française du Trésor* Reuters page OATINFLATION01 or on Bloomberg TRESOR <GO> pages and on the website www.aft.gouv.fr. In the case of doubt in the interpretation of the methods used to calculate the Inflation Index Ratio, such methods shall be interpreted by reference to the procedures selected by the French Treasury (*Trésor*) for its *obligations assimilables du Trésor indexées sur l'inflation*.

“**CPI Monthly Reference Index**” refers to the definitive consumer price index excluding tobacco for all households in metropolitan France, as calculated and published monthly by the INSEE as such index may be adjusted or replaced from time to time as provided herein.

- (B) The calculation method described below is based on the recommendation issued by the French Bond Association (*Comité de Normalisation Obligataire – www.cnofrance.org*) in its December 2010 Paper entitled “Inflation Indexed Notes” (*Obligations et autres instruments de taux d'intérêt en euro, Normes et usages des marchés de capitaux – Chapitre II: Les obligations indexées sur l'inflation*). In the case of any conflict between the calculation method provided below and the calculation method provided by the Bond Association (*Comité de Normalisation Obligataire*), the calculation method provided by the Bond Association (*Comité de Normalisation Obligataire*) shall prevail.

The CPI Linked Interest applicable from time to time for each Interest Period (as specified in the relevant Final Terms) will be equal to the rate per annum specified in the relevant Final Terms multiplied by the Inflation Index Ratio (as defined above).

(C)

- (1) If the CPI Monthly Reference Index is not published in a timely manner, a substitute CPI Monthly Reference Index (the “**Substitute CPI Monthly Reference Index**”) shall be determined by the Calculation Agent in accordance with the following provisions:

- (x) If a provisional CPI Monthly Reference Index (*indice provisoire*) has already been published, such index shall automatically be used as the Substitute CPI Monthly Reference Index. Such provisional CPI Monthly Reference Index would be published under the heading "*indice de substitution*". Once the definitive CPI Monthly Reference Index is released, it would automatically apply from the day following its release to all calculations taking place from this date.
- (y) If no provisional CPI Monthly Reference Index is available, a substitute index shall be calculated on the basis of the most recently published figure adjusted as set out in the following formula:

Substitute CPI Monthly Reference Index_M=

$$\text{CPI Monthly Reference Index}_{M-1} \times \frac{\text{CPI Monthly Reference Index}_{M-1}^{\frac{1}{12}}}{\text{CPI Monthly Reference Index}_{M-13}}$$

- (2) In the event INSEE decides to proceed with one or more base changes for the purpose of calculating the CPI Monthly Reference Index, the two CPI Monthly Reference Indexes which have been calculated on a different basis will be chained on the basis of the December CPI Monthly Reference Index of the last year of joint publications, which corresponds to the CPI Daily Inflation Reference Index for 1st March of the following year. Such chaining will be carried out in accordance with the following equation:

$$\text{Key} = \frac{\text{CPI Monthly Reference Index}_{\text{pertaining to December calculated on the new basis}}}{\text{CPI Monthly Reference Index}_{\text{pertaining to December calculated on the previous basis}}}$$

Such that:

$$\text{CPI Monthly Reference Index}_{\text{Date D New Basis}} = \text{CPI Monthly Reference Index}_{\text{Date D Previous Basis}} \times \text{Key}$$

2. Harmonised Index of Consumer Prices (HICP)

Where the harmonised index of consumer prices excluding tobacco measuring the rate of inflation in the European Monetary Union excluding tobacco as calculated and published monthly by Eurostat (the "**HICP**") is specified as the Index in the relevant Final Terms, this Condition 5(c)(iv)(2) shall apply. Terms defined herein shall have the meanings set out below only when this Condition 5(c)(iv)(2) shall apply.

The Rate of Interest in respect of Inflation Linked Notes indexed to the HICP (the "**HICP Linked Interest**") will be determined by the Calculation Agent on the following basis:

- (A) On the fifth Business Day before each Interest Payment Date (an "**Interest Determination Date**") the Calculation Agent will calculate the Inflation Index Ratio.

For the purpose of this Condition 5(c)(iv)(2), the "**Inflation Index Ratio**" or "**IIR**" is the ratio between (i) the HICP Daily Inflation Reference Index (as defined below) applicable upon any Interest Payment Date or the redemption date, as the case may be and (ii) the base reference defined as the HICP Daily Inflation Reference Index (as defined below) applicable on the date specified in the applicable Final Terms (the "**Base Reference**"). Notwithstanding Condition 5(g)(iii), the IIR will be rounded if necessary to five significant figures (with halves being rounded up).

"**HICP Daily Inflation Reference Index**" means (A) in relation to the first day of any given month, the HICP Monthly Reference Index of the third month preceding such month, and (B) in relation to a day (D) (other than the first day) in any given month (M), the linear interpolation of the HICP Monthly Reference Index pertaining respectively to the third month preceding such

month (M - 3) and the second month preceding such month (M - 2) calculated in accordance with the following formula:

HICP Daily Inflation Reference Index =

$$\text{HICP Monthly Reference Index}_{M-3} + \frac{D-1}{ND_M} \times (\text{HICP Monthly Reference Index}_{M-2} - \text{HICP Monthly Reference Index}_{M-3})$$

With:

“**ND_M**”: number of days in the relevant month M and, in the case of payment of principal and interest, shall be equal to 31;

“**D**”: actual day of payment in the relevant month M and, in the case of payment of principal and interest, shall be equal to 25;

“**HICP Monthly Reference Index_{M-2}**”: price index of month M - 2;

“**HICP Monthly Reference Index_{M-3}**”: price index of month M - 3.

Notwithstanding Condition 5(g)(iii), the HICP Daily Inflation Reference Index will be rounded if necessary to five significant figures (with halves being rounded up).

For information purposes, such HICP Daily Inflation Reference Index appears on the Agence Française du Trésor Reuters page OATEI01, on the website www.aft.gouv.fr and on Bloomberg page TRESOR.

“**HICP Monthly Reference Index**” refers to the harmonised index of consumer prices excluding tobacco measuring the rate of inflation in the European Monetary Union excluding tobacco as calculated and published by Eurostat as such index may be adjusted or replaced from time to time as provided herein.

(B) The HICP Linked Interest applicable from time to time for each Interest Period (as specified in the relevant Final Terms) will be equal to the rate per annum specified in the relevant Final Terms multiplied by the Inflation Index Ratio (as defined above).

(C)

(1) If the HICP Monthly Reference Index is not published in a timely manner, a substitute HICP Monthly Reference Index (the “**Substitute HICP Monthly Reference Index**”) shall be determined by the Calculation Agent in accordance with the following provisions:

(x) If a provisional HICP Monthly Reference Index has already been published by Eurostat, such index shall automatically be used as the Substitute HICP Monthly Reference Index. Once the definitive HICP Monthly Reference Index is released, it would automatically apply from the day following its release to all calculations taking place from this date.

(y) If no provisional HICP Monthly Reference Index is available, a substitute index shall be calculated on the basis of the most recently published figure adjusted as set out in the following formula:

Substitute HICP Monthly Reference Index_M =

$$\text{HICP Monthly Reference Index}_{M-1} \times \frac{\text{HICP Monthly Reference Index}_{M-1}}{\text{HICP Monthly Reference Index}_{M-13}}^{\frac{1}{12}}$$

- (2) In the event Eurostat decides to proceed with one or more base changes for the purpose of calculating the HICP Monthly Reference Index, the two HICP Monthly Reference Indexes which have been calculated on a different basis will be chained on the basis of the December HICP Monthly Reference Index of the last year of joint publications, which corresponds to the HICP Daily Inflation Reference Index for 1st March of the following year. Such chaining will be carried out in accordance with the following equation:

$$\text{Key} = \frac{\text{HICP Monthly Reference Index}^{\text{pertaining to December calculated on the new basis}}}{\text{HICP Monthly Reference Index}^{\text{pertaining to December calculated on the previous basis}}}$$

Such that:

$$\text{HICP Monthly Reference Index}^{\text{Date D New Basis}} = \text{HICP Monthly Reference Index}^{\text{Date D Previous Basis}} \times \text{Key}$$

- (d) **Fixed/Floating Rate Notes:** Fixed/Floating Rate Notes may bear interest at a rate (i) that the Issuer may elect to convert on the date set out in the Final Terms from a Fixed Rate to a Floating Rate, or from a Floating Rate to a Fixed Rate or (ii) that will automatically change from a Fixed Rate to a Floating Rate, or from a Floating Rate to a Fixed Rate on the date set out in the Final Terms.
- (e) **Zero Coupon Notes:** Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(g)(i)).
- (f) **Accrual of Interest:** Interest shall cease to accrue on each Note on the due date for redemption unless (i) in the case of Dematerialised Notes, on such due date or (ii) in the case of Materialised Notes, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgement) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date.
- (g) **Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts, and Rounding:**
- (i) If any Margin is specified in the relevant Final Terms (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (c) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.
- (ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified in the relevant Final Terms, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
- (iii) For the purposes of any calculations required pursuant to these Conditions, (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of Yen, which shall be rounded down to the nearest Yen. For these purposes “**unit**” means the lowest amount of such currency that is available as legal tender in the country(ies) of such currency.
- (h) **Calculations:** The amount of interest payable in respect of any Note for any period shall be calculated by multiplying the product of the Rate of Interest and the outstanding nominal amount of such Note by the Day

Count Fraction, unless an Interest Amount is specified in respect of such period in the Final Terms, in which case the amount of interest payable in respect of such Note for such period shall equal such Interest Amount. Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period shall be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.

- (i) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Optional Redemption Amounts, Early Redemption Amounts and Instalment Amounts:** The Calculation Agent shall, as soon as practicable on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts in respect of each Specified Denomination of the Notes for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Optional Redemption Amount, Early Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Optional Redemption Amount, Early Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed and admitted to trading on a Regulated Market and the rules of such Regulated Market so require, such exchange as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(c)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 9, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.
- (j) **Calculation Agent:** The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them in the relevant Final Terms and for so long as any Note is outstanding (as defined in Condition 4). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal Paris office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.
- (k) **RMB Notes:** Notwithstanding the foregoing, each RMB Note which is a Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate per annum equal to the Rate of Interest. For the purposes of calculating the amount of interest, if any Interest Payment Date would otherwise fall on a day which is not a Business Day, it shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month in which case it shall be brought forward to the immediately preceding Business Day. Interest will be payable in arrear on each Interest Payment Date.

The Calculation Agent will, as soon as practicable after 11.00 a.m. (Hong Kong time) on each Interest Determination Date, calculate the amount of interest payable per Specified Denomination for the relevant Interest Period. The determination of the amount of interest payable per Specified Denomination by the Calculation Agent shall (in the absence of manifest error and after confirmation by the Issuer) be final and binding upon all parties.

The Calculation Agent will cause the amount of interest payable per Specified Denomination for each Interest Period and the relevant Interest Payment Date to be notified to each of the Paying Agents and to be notified to Noteholders as soon as possible after their determination but in no event later than the fourth Business Day thereafter. The amount of interest payable per Specified Denomination and Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 9, the accrued interest per Specified Denomination shall nevertheless continue to be calculated as previously by the Calculation Agent in accordance with this provision but no publication of the amount of interest payable per Specified Denomination so calculated need be made.

Interest shall be calculated in respect of any period by applying the Rate of Interest to the Specified Denomination, multiplying such product by the actual number of days in the relevant Interest Period or, as applicable, other period concerned and dividing it by 365, and rounding the resultant figure to the nearest Renminbi sub-unit, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

6 Redemption, Purchase and Options

- (a) **Final Redemption:** Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified in the relevant Final Terms at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount) or, in the case of a Note falling within Condition 6(b) below, its final Instalment Amount.
- (b) **Redemption by Instalments:** Unless previously redeemed, purchased and cancelled as provided in this Condition 6, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified in the relevant Final Terms. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused (i) in the case of Dematerialised Notes, on the due date for such payment or (ii) in the case of Materialised Notes, on presentation of the related Receipt, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.
- (c) **Make-Whole Redemption by the Issuer:** If so specified in the relevant Final Terms, in respect of any issue of Notes, the Issuer may, subject to compliance by the Issuer with all relevant laws, regulations and directives and on giving not less than 15 nor more than 30 days' irrevocable notice in accordance with Condition 15 to the Noteholders (or such other notice period as may be specified in the relevant Final Terms) redeem the Notes, in whole or in part, at any time or from time to time, prior to their Maturity Date (the "**Optional Redemption Date**"). The Optional Redemption Amount will be calculated by the Calculation Agent and will be the greater of (x) 100 per cent. of the nominal amount of the Notes so redeemed and, (y) the sum of the then present values of the remaining scheduled payments of principal and interest on such Notes (not including any interest accrued on the Notes to, but excluding, the relevant Optional Redemption Date) discounted to the relevant Optional Redemption Date on an annual basis at the Redemption Rate (as specified in the relevant Final Terms) plus a Redemption Margin (as specified in the relevant Final Terms), plus in each case (x) or (y) above, any interest accrued on the Notes to, but excluding, the Optional Redemption Date.

The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

In the case of a partial redemption, the relevant provisions of Condition 6(d) shall apply *mutatis mutandis* to this Condition 6(c).

- (d) **Redemption at the Option of the Issuer and Partial Redemption:** If a Call Option is specified in the relevant Final Terms, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice in accordance with Condition 15 to the Noteholders (or such other notice period as may be specified in the relevant Final Terms) redeem, all or, if so provided in the relevant Final Terms, some, of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to, but excluding, the date fixed for redemption (including, where applicable, any Arrears of Interest), if any. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified in the relevant Final Terms and no greater than the Maximum Redemption Amount to be redeemed specified in the relevant Final Terms.

All Notes in respect of which any such notice is given shall be redeemed, on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption in respect of Materialised Notes, the notice to holders of such Materialised Notes shall also contain the number of the Definitive Materialised Bearer Notes to be redeemed which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements of the Regulated Market on which the Notes are listed and admitted to trading.

In the case of a partial redemption in respect of Dematerialised Notes of any Series, the redemption may be effected, at the option of the Issuer, either (i) by reducing the nominal amount of all such Dematerialised Notes in proportion to the aggregate nominal amount redeemed or (ii) by redeeming in full some only of such Dematerialised Notes and, in such latter case, the choice between those Dematerialised Notes that will be fully redeemed and those Dematerialised Notes that will not be redeemed shall be made in accordance with Article R.213-16 of the Code, subject to compliance with any other applicable laws and stock exchange or other relevant authority requirements.

So long as the Notes are listed and admitted to trading on Euronext Paris or on any Regulated Market and the rules of such Regulated Market so require, the Issuer shall, once in each year in which there has been a partial redemption of the Notes, cause to be published in accordance with Articles 221-3 and 221-4 of the General Regulations (*Règlement Général*) of the *Autorité des marchés financiers* (the "AMF") and on the website of any other competent authority and/or Regulated Market of the EEA Member State where the Notes are listed and admitted to trading, a notice specifying the aggregate nominal amount of Notes outstanding and, in the case of Materialised Notes, a list of any Definitive Materialised Bearer Notes drawn for redemption but not surrendered.

- (e) **Redemption at the Option of Noteholders:** If a Put Option is specified in the relevant Final Terms, the Issuer shall, at the option of the Noteholder, upon the Noteholder giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified in the relevant Final Terms) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption (including, where applicable, any Arrears of Interest).

To exercise such option the Noteholder must deposit with a Paying Agent at its specified office during usual business hours a duly completed option exercise notice (the "**Exercise Notice**") in the form obtained during usual business hours from any Paying Agent, within the notice period. In the case of Materialised Bearer Notes, the Exercise Notice shall have attached to it the relevant Notes (together with all unexpired Receipts and Coupons and unexchanged Talons). In the case of Dematerialised Notes, the Noteholder shall transfer, or cause to be transferred, the Dematerialised Notes to be redeemed to the account of the Fiscal Agent or the Paying

Agent with a specified office in Paris as specified in the Exercise Notice. No option so exercised and, where applicable, no Note so deposited or transferred, may be withdrawn without the prior consent of the Issuer.

- (f) **Redemption of Inflation Linked Notes:** If so specified in the relevant Final Terms, the Final Redemption Amount in respect of Inflation Linked Notes will be determined by the Calculation Agent on the following basis:

Final Redemption Amount = IIR x nominal amount of the Notes

“IIR” being for the purpose of this Condition 6(f) the ratio determined on the fifth Business Day before the Maturity Date between either (i) if the CPI is specified as the Index applicable in the Final Terms, the CPI Daily Inflation Reference Index or (ii) if the HICP is specified as the Index applicable in the Final Terms, the HICP Daily Inflation Reference Index, on the Maturity Date and the Base Reference on the date specified in the relevant Final Terms.

If the Final Redemption Amount calculated as set out above is below par, the Notes will be redeemed at par.

- (g) **Early Redemption:**

(i) *Zero Coupon Notes:*

- (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, upon redemption of such Note pursuant to Condition 6(h) or Condition 6(l) or upon it becoming due and payable as provided in Condition 9 shall be the Amortised Nominal Amount (calculated as provided below) of such Note.
- (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Nominal Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown in the relevant Final Terms, shall be such rate as would produce an Amortised Nominal Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(h) or Condition 6(l) or upon it becoming due and payable as provided in Condition 9 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Nominal Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Amortised Nominal Amount becomes due and payable were the Relevant Date. The calculation of the Amortised Nominal Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(f).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown in the relevant Final Terms.

(ii) *Inflation Linked Notes:*

- (A) If the relevant Final Terms provides that Condition 6(f) shall apply in respect of Inflation Linked Notes, the Early Redemption Amount upon redemption of such Notes pursuant to Condition 6(h) or Condition 6(l) or upon it becoming due and payable as provided in Condition 9, the Put Amount, the Optional Redemption Amount in respect of such Notes will be determined by the Calculation Agent on the following basis:

Early Redemption Amount/Put Amount = IIR x nominal amount of the Notes

“**IIR**” being for the purposes of this Condition the ratio determined on the fifth Business Day before the date set for redemption between either (i) if the CPI is specified as the Index applicable in the Final Terms, the CPI Daily Inflation Reference Index or (ii) if the HICP is specified as the Index applicable in the Final Terms, the HICP Daily Inflation Reference Index on the date set for redemption and the Base Reference specified in the relevant Final Terms.

If the Early Redemption Amount calculated as set out above is below par, the Notes will be redeemed at par.

(B) If the Inflation Linked Notes (whether or not Condition 6(f) applies) fall to be redeemed for whatever reason before the Maturity Date, the Issuer will pay the Early Redemption Amount together with interest accrued to the date set for redemption. Such accrued interest will be calculated by the Calculation Agent in respect of the period from, and including the immediately preceding Interest Payment Date or, as the case may be, the Interest Commencement Date to, but excluding, the date set for redemption of such Notes at a rate per annum on the basis of the provisions of Condition 5 (iv) above except that, for such purposes the relevant Interest Determination Date shall be the fifth Business Day prior to the relevant Early Redemption Date.

(iii) *Other Notes:* The Early Redemption Amount payable in respect of any Note (other than Notes described paragraphs “*Zero Coupon Notes*” and “*Inflation Linked Notes*” above), upon redemption of such Note pursuant to Condition 6(h) or Condition 6(l), or upon it becoming due and payable as provided in Condition 9 shall be the Final Redemption Amount together with interest accrued to the date fixed for redemption (including, where applicable, any Arrears of Interest).

(h) **Redemption for Taxation Reasons:**

(i) If, by reason of any change in, or any change in the official application or interpretation of, French law, becoming effective after the Issue Date, the Issuer [or, as the case may be, the Guarantor (in respect of the Guarantee)] would on the occasion of the next payment of principal or interest due in respect of the Notes, not be able to make such payment without having to pay additional amounts as specified under Condition 8 below, the Issuer may, at its option, on any Interest Payment Date or, if so specified in the relevant Final Terms, at any time, subject to having given not more than 45 nor less than 30 days’ notice to the Noteholders (which notice shall be irrevocable), in accordance with Condition 15, redeem all, but not some only, of the Notes at their Early Redemption Amount together with any interest accrued to the date set for redemption (including, where applicable, any Arrears of Interest) provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer [or, as the case may be, the Guarantor] could make payment of principal and interest without withholding for such French taxes.

(ii) If the Issuer [or, as the case may be, the Guarantor (in respect the Guarantee)] would, on the next payment of principal or interest in respect of the Notes, be prevented by French law from making payment to the Noteholders or, if applicable, Couponholders of the full amounts then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 8 below, then the Issuer, shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall upon giving not less than seven days’ prior notice to the Noteholders in accordance with Condition 15, redeem all, but not some only, of the Notes then outstanding at their Early Redemption Amount (as described in Condition 6(g) above) together with any interest accrued to the date set for redemption (including, where applicable, any Arrears of Interest) on the latest practicable Interest Payment Date on which the Issuer [or the Guarantor, as the case may be,] could make payment of the full amount then due and payable in respect of the Notes or, if applicable, Receipts or Coupons, or, if that date is passed, as soon as practicable thereafter.

(i) **Redemption at the Option of Noteholders following a Change of Control:** If a Change of Control Put Option is specified in the Final Terms, and if at any time while any Note remains outstanding there occurs a Put Event, the holder of each Note will have the option (the “**Change of Control Put Option**”) (unless, prior to the giving of the Put Event Notice (as defined below), the Issuer gives notice of its intention to redeem the Notes under

Condition 6(h)) to require the Issuer to redeem or, at the Issuer's option, to procure the purchase of that Note on the Put Optional Redemption Date (as defined below) at the Put Amount (as defined below).

A "**Put Event**" shall be deemed to have occurred at each time (i) a Change of Control occurs and (ii) within the Change of Control Period a Rating Downgrade occurs as a result, in whole or primarily, of that Change of Control or of a Potential Change of Control.

A "**Change of Control**" shall be deemed to have occurred at each time (whether or not approved by Danone) that any Relevant Person(s), at any time following the Issue Date of the Notes, acquire(s) Control of Danone unless all or substantially all of the shareholders of the Relevant Person (the "**Relevant Shareholders**") are, or immediately prior to the event which would otherwise have constituted a Change of Control were, the shareholders of Danone with the Relevant Person holding the same (or substantially the same) pro rata interest in the share capital of Danone as the Relevant Shareholders have, or as the case may be, had in the share capital of Danone and the Relevant Shareholders holding all or substantially all of the share capital and voting rights of the Relevant Person.

"**Relevant Person**" means any person or persons acting in concert (as defined in Article L.233-10 and L.233-10-1 of the French *Code de commerce*) [or any person or persons acting on behalf of any such person(s)].

"**Control of Danone**" means: the holding or acquisition, directly or indirectly, by any Relevant Person of such number of shares in the capital of Danone carrying more than 50 per cent. of the total voting rights normally exercisable at an ordinary or extraordinary shareholders' general meeting of Danone;

"**Put Agent**" means the relevant Paying Agent specified in the Put Event Notice;

"**Put Amount**" means in respect of any Note an amount equal to 100 per cent. of its principal amount together with (or, where purchased, together with an amount equal to) accrued interest to but excluding the Put Optional Redemption Date.

A "**Rating Downgrade**" shall be deemed to have occurred in respect of a Change of Control if:

- (i) within the Change of Control Period:
 - (A) the investment grade credit rating (Baa3/BBB-, or equivalent, or better) previously assigned to the Notes by any Rating Agency is (x) either downgraded to a non-investment grade credit rating (Ba1/BB+, or equivalent, or worse) or withdrawn and (y) is not within the Change of Control Period subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to an investment grade credit rating by such Rating Agency; or
 - (B) the non-investment grade credit rating (Ba1/BB+, or equivalent, or worse) assigned to the Notes by any Rating Agency is (x) downgraded by one or more notches (for illustration, Ba1/BB+ to Ba2/BB being one notch) or withdrawn and (y) is not within the Change of Control Period subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to its earlier credit rating or better by such Rating Agency; or
 - (C) the Notes have no credit rating, and no Rating Agency assigns within the Change of Control Period an investment grade credit rating to the Notes, unless Danone has a credit rating, in which case paragraphs (A) and (B), as the case may be, shall apply to the credit rating assigned to Danone by any Rating Agency; and
- (ii) in making the relevant decision(s) referred to (A) and (B) above, the relevant Rating Agency announces publicly or confirms in writing to Danone, that such decision(s) resulted, in whole or primarily, from the occurrence of the Change of Control or from the occurrence of the Potential Change of Control, provided that if the rating designations employed by any Rating Agency are changed from those in force at the time of the Issue Date, Danone shall determine the rating designations of such Rating Agency as are most equivalent to the prior rating designations of such Rating Agency and this Condition 6 shall be read accordingly.

“**Rating Agencies**” means Standard & Poor’s Rating Services, and/or Moody’s Investor Services and/or Fitch Ratings and their respective successors or affiliates and/or any other rating agency of equivalent international standing specified from time to time by the Issuer which has a current rating of the Notes at any relevant time or, in the event mentioned in paragraph (i) (C) of the above definition of “Rating Downgrade”, by Danone (each a “**Rating Agency**”).

“**Change of Control Period**” means:

- (i) the period starting the earlier of (x) the date of the first public announcement of the result (*avis de résultat*) by the AMF (or any other competent authority) of the relevant Change of Control or (y) the date of the first public announcement by Danone of the relevant Change of Control; in each case (x) and (y), ending on the date which is 120 days thereafter (inclusive); or
- (ii) the period commencing 180 days prior to the date of the first public announcement of the result (*avis de résultat*) by the AMF (or any other competent authority) of the relevant Change of Control and ending on the date of such announcement (inclusive).

“**Potential Change of Control**” means any public announcement or statement by the Issuer, any actual or potential bidder relating to any potential Change of Control of Danone.

Within 3 Paris business days after receipt of a written official notice or after a public announcement issued by the relevant Rating Agency that a Put Event has occurred, the Issuer shall give notice (a “**Put Event Notice**”) to the Noteholders in accordance with Condition 15 specifying the nature of the Put Event and the procedure for exercising the Put Option contained in this Condition 6.

To exercise the Put Option to require the redemption or, as the case may be, purchase of a Note under this Condition 6 the holder of that Note, in the case of Dematerialised Notes, must transfer or cause to be transferred by its Account Holder its Notes to be so redeemed or purchased to the account of, or, in the case of Materialised Notes, deposit or cause to deposit such Note (together, if applicable, with all unmatured Receipts and Coupons and unexchanged Talons) to the specified office of the Put Agent specified in the Put Event Notice for the account of the Issuer within the period of 45 days after the Put Event Notice is given (the “**Put Period**”), together with a duly signed and completed notice of exercise in the form (in the then current form) obtainable from the specified office of any Paying Agent (a “**Put Option Notice**”) and in which the holder may specify a bank account to which payment is to be made under this Condition 6.

The Issuer shall redeem or, at the option of the Issuer, procure the purchase of the Notes in respect of which the Put Option has been validly exercised as provided above, and subject to the transfer of such Notes to the account of the Put Agent for the account of the Issuer as described above, on the date which is the tenth business day following the end of the Put Period (the “**Put Optional Redemption Date**”). Payment in respect of any Note so transferred will be made in the relevant currency specified in the Final Terms to the holder to the bank account specified in the relevant Put Option Notice on the Put Optional Redemption Date via the relevant Account Holder.

If 80 per cent. or more in nominal amount of the Notes issued under the same Series then outstanding have been redeemed pursuant to this Condition 6(i), the Issuer may, on not less than 30 or more than 60 days’ notice to the Noteholders given within 30 days after the Put Date, redeem, at its option, the remaining Notes as a whole at the Put Amount.

- (j) **Purchases:** The Issuer shall have the right at all times to purchase Notes (provided that, in the case of Materialised Notes, all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price, subject to the applicable laws and regulations. Unless the possibility of holding and reselling is expressly excluded in the Final Terms, all Notes so purchased by the Issuer may be held and resold for the purpose of enhancing the liquidity of the Notes in accordance with Articles L.213-1 A and D.213-1 A of the Code.

- (k) **Cancellation:** All Notes purchased for cancellation by or on behalf of the Issuer will forthwith be cancelled, in the case of Dematerialised Notes, by transfer to an account in accordance with the rules and procedures of Euroclear France and, in the case of Materialised Bearer Notes, by surrendering the Materialised Bearer Notes in question together with all unmatured Receipts and Coupons and all unexchanged Talons to the Fiscal Agent and, in each case, if so transferred or surrendered, will, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with, in the case of Dematerialised Notes, all rights relating to payment of interest and other amounts relating to such Dematerialised Notes and, in the case of Materialised Notes, all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so cancelled or, where applicable, transferred or surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.
- (l) **Illegality:** If, by reason of any change in French law or any change in the official application of such law, becoming effective after the Issue Date, it will become unlawful (i) for the Issuer to perform or comply with one or more of its obligations under the Notes, [or (ii) for the Guarantor to perform and comply with one or more of its obligations under the Guarantee], the Issuer will, subject to having given not more than 45 nor less than 30 days' notice to the Noteholders (which notice shall be irrevocable), in accordance with Condition 15, redeem all, but not some only, of the Notes at their Early Redemption Amount together with any interest accrued to the date set for redemption.

7 Payments and Talons

- (a) **Dematerialised Notes:** Payments of principal and interest (including, for the avoidance of doubt, any Arrears of Interest, where applicable) in respect of Dematerialised Notes shall be made (i) (in the case of Dematerialised Notes in bearer dematerialised form or administered registered dematerialised form) by transfer to the account denominated in the relevant currency of the relevant Account Holders for the benefit of the relevant Noteholder and (ii), (in the case of Dematerialised Notes in fully registered form, to an account denominated in the relevant currency with a Bank designated by the relevant Noteholder). All payments validly made to such Account Holders will constitute an effective discharge of the Issuer in respect of such payments.
- (b) **Materialised Bearer Notes:** Payments of principal and interest (including, for the avoidance of doubt, any Arrears of Interest, where applicable) in respect of Materialised Bearer Notes shall, subject as mentioned below, be made against presentation and surrender during usual business hours of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Materialised Bearer Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(f)(vi)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the Noteholder, by transfer to an account denominated in such currency with, a Bank. “**Bank**” means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.
- (c) **Payments in the United States:** Notwithstanding the foregoing, if any Materialised Bearer Notes are denominated in US Dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer [or the Guarantor, if payment is being made under the Guarantee].
- (d) **Payments Subject to Fiscal Laws:** All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

- (e) **Appointment of Agents:** The Fiscal Agent, the Paying Agents, the Calculation Agent, the Redenomination Agent and the Consolidation Agent initially appointed under the Amended and Restated Agency Agreement and their respective specified offices are listed below. The Fiscal Agent, the Paying Agents, the Redenomination Agent, the Registration Agent and the Consolidation Agent act solely as agents of the Issuer and the Calculation Agent(s) act(s) as independent experts(s) and, in each case such, do not assume any obligation or relationship of agency for any Noteholder or Couponholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Redenomination Agent, the Registration Agent and the Consolidation Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) one or more Calculation Agent(s) where the Conditions so require, (iii) a Redenomination Agent and a Consolidation Agent where the Conditions so require, (iv) Paying Agents having specified offices in at least two major European cities, (v) in the case of Dematerialised Notes, in fully registered form, a Registration Agent (vi) in the case of Materialised Notes, a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC of 3 June 2003 on the taxation of savings income in the form of interest payments or any other EU Directive implementing the conclusions of the ECOFIN Council Meeting of 26th-27th November 2000 on the taxation of savings income, or any law implementing or complying with, or introduced in order to conform to, such European Council Directive 2003/48/EC of 3 June 2003 and (vii) such other agents as may be required by the rules of any other Regulated Market on which the Notes may be listed and admitted to trading.

In addition, the Issuer [or the Guarantor, if payment is being made under the Guarantee] shall forthwith appoint a Paying Agent in New York City in respect of any Materialised Bearer Notes denominated in US Dollars in the circumstances described in paragraph (c) above.

On a redenomination of the Notes of any Series pursuant to Condition 1(d) with a view to consolidating such Notes with one or more other Series of Notes, in accordance with Condition 14, the Issuer shall ensure that the same entity shall be appointed as both Redenomination Agent and Consolidation Agent in respect of both such Notes and such other Series of Notes to be so consolidated with such Notes.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders in accordance with Condition 15.

(f) **Unmatured Coupons and Receipts and unexchanged Talons:**

- (i) Upon the due date for redemption of Materialised Bearer Notes which comprise Fixed Rate Notes (other than Dual Currency Notes or Index Linked Notes), should be surrendered for payment together with all unmaturing Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmaturing Coupon (together, where applicable, with the amount of any Arrears of Interest corresponding to such Coupon) (or, in the case of payment not being made in full, that proportion of the amount of such missing unmaturing Coupon (together, where applicable, with the amount of any Arrears of Interest corresponding to such Coupon) that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Amortised Nominal Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 10) provided that, if any Materialised Bearer Note should be issued with a maturity date and an Interest Rate or Rates such that, on the presentation for payment of any such Note without any unmaturing Coupons attached thereto or surrendered therewith, the amount required to be deducted in respect of such unmaturing Coupons would be greater than the relevant Redemption Amount otherwise due for payment, then, upon the due date for redemption of any such Note, such unmaturing Coupons (whether or not attached) shall become void (and no payment shall be made in respect thereof) as shall be required so that, upon application of the foregoing provisions in respect of such Coupons as have not so become void, the amount required by this paragraph to be deducted would not be greater than the relevant Redemption Amount otherwise due for payment. Where

the application of the foregoing provisions requires some but not all of the unmatured Coupons relating to a Materialised Bearer Note to become void and shall select for such purpose Coupons maturing on later dates in preference to Coupons maturing on earlier dates.

- (ii) Upon the due date for redemption of any Materialised Bearer Note comprising a Floating Rate Notes, Dual Currency Note or Index Linked Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
 - (iii) Upon the due date for redemption of any Materialised Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
 - (iv) Upon the due date for redemption of any Materialised Bearer Note that is redeemable in instalments, all Receipts relating to such Materialised Bearer Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
 - (v) Where any Materialised Bearer Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any such Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer [and the Guarantor, as the case may be,] may require.
 - (vi) If the due date for redemption of any Materialised Bearer Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, (including, for the avoidance of doubt, any Arrears of Interest if applicable) shall only be payable against presentation (and surrender if appropriate) of the relevant Definitive Materialised Bearer Note. Interest accrued on a Materialised Bearer Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Materialised Bearer Notes.
- (g) **Talons:** On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Materialised Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 10).
- (h) **Non-Business Days:** If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the Noteholder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, “business day” means a day (other than a Saturday or a Sunday) (A) (i) in the case of Dematerialised Notes, on which Euroclear France is open for business or (ii) in the case of Materialised Notes, on which banks and foreign exchange markets are open for business in the relevant place of presentation, (B) on which banks and foreign exchange markets are open for business in such jurisdictions as shall be specified as “Financial Centres” in the relevant Final Terms and (C) (i) in the case of a payment in a currency other than euro, where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency or (ii) in the case of a payment in euro, which is a TARGET Business Day.
- (i) **Payment of US Dollar Equivalent:** Notwithstanding any other provision in these Conditions, if an Inconvertibility, Non-Transferability or Illiquidity occurs or if Renminbi is otherwise not available to the Issuer as a result of circumstances beyond its control and such unavailability has been confirmed by a Renminbi Dealer, following which the Issuer is unable to satisfy payments of principal or interest (in whole or in part) in respect of RMB Notes, the Issuer on giving not less than five nor more than 30-day irrevocable notice to the Noteholders prior to the due date for payment, may settle any such payment (in whole or in part) in US dollars on the due date at the US Dollar Equivalent of any such Renminbi denominated amount.

In such event, payments of the US Dollar Equivalent of the relevant principal or interest in respect of the Notes shall be made by transfer to the US dollar account of the relevant Account Holders for the benefit of the Noteholders. For the avoidance of doubt, no such payment of the US Dollar Equivalent shall by itself constitute a default in payment within the meaning of Condition 9.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 7 (i) by the RMB Rate Calculation Agent, will (in the absence of manifest error) be binding on the Issuer, the Agents and all Noteholders.

For the purposes of this Condition 7:

“**Governmental Authority**” means any *de facto* or *de jure* government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong.

“**Illiquidity**” means that the general Renminbi exchange market in Hong Kong becomes illiquid, other than as a result of an event of Inconvertibility or Non-Transferability, as determined by the Issuer in good faith and in a commercially reasonable manner following consultation with two Renminbi Dealers.

“**Inconvertibility**” means the occurrence of any event that makes it impossible for the Issuer to convert any amount due in respect of RMB Notes in the general Renminbi exchange market in Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation).

“**Non-Transferability**” means the occurrence of any event that makes it impossible for the Issuer to deliver Renminbi between accounts inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation).

“**Renminbi Dealer**” means an independent foreign exchange dealer of international repute active in the Renminbi exchange market in Hong Kong reasonably selected by the Issuer.

“**RMB Note**” means a Note denominated in Renminbi.

“**RMB Rate Calculation Agent**” means the agent appointed from time to time by the Issuer for the determination of the RMB Spot Rate or identified as such in the relevant Final Terms.

“**RMB Rate Calculation Business Day**” means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in Hong Kong and in New York City.

“**RMB Rate Calculation Date**” means the day which is two RMB Rate Calculation Business Days before the due date for payment of the relevant Renminbi amount under the Conditions.

“**RMB Spot Rate**” for a RMB Rate Calculation Date means the spot CNY/US dollar exchange rate for the purchase of US dollars with CNY in the over-the-counter CNY exchange market in Hong Kong for settlement on the relevant due date for payment, as determined by the RMB Rate Calculation Agent at or around 11 a.m. (Hong Kong time) on such RMB Rate Calculation Date, on a deliverable basis by reference to Reuters Screen Page TRADCNY3 or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF. If neither such rate is not available, the RMB Rate Calculation Agent will determine the RMB Spot Rate at or around 11 a.m. (Hong Kong time) on the RMB Rate Calculation Date as the most recently available CNY/U.S. dollar official fixing rate for settlement on the relevant due date for payment reported by The State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuter Monitor Money

Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate.

“**US Dollar Equivalent**” means the relevant Renminbi amount converted into US dollars using the RMB Spot Rate for the relevant RMB Rate Calculation Date, as calculated by the RMB Rate Calculation Agent.

8 Taxation

- (a) **Tax exemption for Notes:** All payments of principal, interest and other revenues by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within France or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.
- (b) **Additional amounts:** If French law should require that payments of principal or interest in respect of any Note, Receipt or Coupon [or payments under the Guarantee] be subject to deduction or withholding in respect of any taxes or duties whatsoever, the Issuer will [or, as the case may be, the Guarantor in the case of payments under the Guarantee], to the fullest extent then permitted by law, pay such additional amounts as shall result in receipt by the Noteholders or, if applicable, the Receiptholders and the Couponholders, as the case may be, of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon, as the case may be:
- (i) **Other connection:** to, or to a third party on behalf of, a Noteholder or, if applicable, a Receiptholder or Couponholder, as the case may be, who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with the Republic of France other than the mere holding of the Note, Receipt or Coupon; or
 - (ii) **Presentation more than 30 days after the Relevant Date:** in the case of Materialised Notes, more than 30 days after the Relevant Date except to the extent that the Noteholder or, if applicable, the Receiptholder or Couponholder, as the case may be, would have been entitled to such additional amounts on presenting it for payment on the thirtieth such day; or
 - (iii) **Payment to individuals:** where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council Meeting of 26-27 November 2000 on the taxation of savings income, or any law implementing or complying with, or introduced in order to conform to, such Directive; or
 - (iv) **Payment by another Paying Agent:** in respect of Definitive Materialised Bearer Notes, presented for payment by or on behalf of a holder of any Note, Receipt or Coupon, as the case may be, who would be able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the EU; or
 - (v) **Excess interest paid to a shareholder of the Issuer:** to, or to a third party of, a Noteholder or, if applicable, a Receiptholder or a Couponholder, as the case may be, who is liable to such taxes in respect of such Notes, Receipt or Coupon solely by reason of (x) his being a shareholder of the Issuer and (y) the payment of interest being made to him at a rate in excess of the limit set forth in the French *Code général des impôts* (Article 39, 1, 3°) for the deduction of interest paid to shareholders of a borrowing company; or
 - (vi) **Non-cooperative State or territory:** if the Notes do not benefit from any exception² provided in the *Bulletins officiels des Finances Publiques-Impôts*, BOI – ANNX – 000364 – 20120912 and BOI – ANNX

² The Notes benefit from the exceptions provided by the *Bulletins officiels des Finances Publiques-Impôts* when:

– 000366 – 20120912 of the French tax authorities and when such withholding or deduction is required to be made by reason of that interest, Receipt or Coupon being (x) paid to an account held in, or (y) paid or accrued to a person established or domiciled in, a non-cooperative State (*Etat ou territoire non-coopératif*) as defined in Article 238-0 A of the French *Code général des impôts* pursuant to Articles 125 A III, 119 bis and 238 A of the same code.

As used in these Conditions, “**Relevant Date**” in respect of any Note, Receipt or Coupon means the date on which payment in respect of it first becomes due (and, for the avoidance of doubt, in the case of Arrears of Interest, references to “becomes due” shall be interpreted in accordance with the provisions of Condition 5(f) or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or, in the case of Materialised Notes (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note, Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) “**principal**” shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Nominal Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) “**interest**” shall be deemed to include all Interest Amounts and all other amounts (including, for the avoidance of doubt, all arrears of interest) payable pursuant to Condition 5 or any amendment or supplement to it and (iii) “**principal**” and/or “**interest**” shall be deemed to include any additional amounts that may be payable under this Condition.

- (c) **Supply of information:** Each Noteholder shall be responsible for supplying to the relevant Paying Agent, in a timely manner, any information as may be required in a timely manner in order to comply with the identification and reporting obligations imposed on it by the European Council Directive 2003/48/EC or any other European Directive implementing the conclusions of the ECOFIN Council Meeting dated 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directive.

9 Events of Default

The Representative (as defined under Condition 11(b)), upon request of any Noteholder, may, upon written notice to the Issuer and the Fiscal Agent given before all defaults shall have been cured, cause the principal amount of all the Notes (but not some only), if the relevant Final Terms specifies “Contractual Masse”, held by such Noteholder and, if the relevant Final Terms specifies “Full Masse”, held by all Noteholders, to become immediately due and payable at their principal amount, together with accrued interest thereon, as of the date on which such notice for payment is received by the Fiscal Agent without further formality, if any of the following events (each an “**Event of Default**”) shall occur:

- (i) the Issuer defaults in any payment when due of principal or interest on any Note [or the Guarantor defaults in any payment when due under the Guarantee] (including the payment of any additional amounts pursuant to the provisions set forth under “Taxation” above) if such default shall not have been cured within 15 days; or
- (ii) there is a default by the Issuer [or the Guarantor, as the case may be,] in the due performance of any other material provision of the Notes [or the Guarantee, as the case may be,] and such default shall not have

-
- (i) the Notes are offered by means of a public offer within the meaning of Article L.411.1 of the Code or pursuant to an equivalent offer in a State other than a non-cooperative State. For this purpose, an “**equivalent offer**” means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or
 - (ii) the Notes are admitted to trading on a regulated market or on a French or foreign multilateral securities trading system provided that such market or system is not located in a non-cooperative State, and the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, provided further that such market operator, investment services provider or entity is not located in a non-cooperative State; or
 - (iii) the Notes are admitted, at the time of their issue, to the clearing operations of a central depository or of a securities clearing and delivery and payments systems operator within the meaning of Article L.561-2 of the Code, or of one or more similar foreign depositories or operators provided that such depository or operator is not located in a non-cooperative State.

been cured within 30 days after receipt by the Fiscal Agent of written notice of default given by the Representative upon request of the Noteholder; or

- (iii) any other present or future financial indebtedness of the Issuer [or the Guarantor] or any Principal Subsidiary for or in respect of monies borrowed equal or in excess of 150,000,000 (or its equivalent in any other currency), becomes due and payable prior to its stated maturity as a result of a default thereunder, or any such financial indebtedness shall not be paid when due and payable or, as the case may be, within any applicable grace period under the relevant contract in force prior to the date on which that financial indebtedness fell due or any guarantee or indemnity in excess of such aforesaid amount given by the Issuer [or the Guarantor] or any Principal Subsidiary for, or in respect of, any such financial indebtedness of others shall not be honoured when due and called upon, or, as the case may be, within any applicable grace period unless the Issuer [or the Guarantor] or such Principal Subsidiary, as the case may be, has disputed in good faith that such borrowed money is due or such guarantee is callable, and such dispute has been submitted to a competent court in which case such event shall not constitute, an Event of Default hereunder so long as the dispute shall not have been finally adjudicated; this Condition 9(iii) shall not apply (a) when it relates to any financial indebtedness owed by a Principal Subsidiary to a member of the Group and (b) if the failure to pay is caused by an error or omission or impediment of an administrative, operational, legal or regulatory nature, and the funds were otherwise available to such Principal Subsidiary to enable it to make the relevant payment when due; or
- (iv) Danone or any Principal Subsidiary applies for the appointment of a *mandataire ad hoc* under French bankruptcy law or enters into an conciliation procedure (*procédure de conciliation*) with its creditors or a judgment is issued for the judicial liquidation (*liquidation judiciaire*) or for a judicial transfer of the whole of the business (*cession totale de l'entreprise*) or, Danone is wound up or dissolved except (i) in connection with a merger, provided that the entity resulting from such merger assumes the obligations under each Note [or Guarantee]; or
- (v) [the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect.]

“Principal Subsidiary” shall have the meaning given to it in Condition 4.

“Group” means the Issuer and its subsidiaries taken as a whole.

10 Prescription

Claims against the Issuer for payment in respect of the Notes, Receipts and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within five years (in the case of principal and interest) from the appropriate Relevant Date in respect of them.

11 Representation of Noteholders

In respect of the representation of the Noteholders, the following shall apply:

- (a) If the relevant Final Terms specifies “Full Masse”, the Noteholders will, in respect of all Tranches in any Series, be grouped automatically for the defence of their common interests in a Masse and the provisions of the French *Code de commerce* relating to the Masse shall apply subject to the below provisions of this Condition 11(a).

The names and addresses of the initial Representative (as defined below) of the Masse and its alternate will be set out in the relevant Final Terms. The Representative appointed in respect of the first Tranche of any Series of Notes will be the representative of the single Masse of all Tranches in such Series.

The Representative will be entitled to such remuneration in connection with its functions or duties as set out in the relevant Final Terms.

In the event of death, retirement or revocation of appointment of the Representative, such Representative will be replaced by another Representative. In the event of the death, retirement or revocation of appointment of the

alternate Representative, an alternate will be elected by the general meeting of the Noteholders (the “**General Meeting**”).

In accordance with Article R.228-71 of the French *Code de commerce*, the right of each Noteholder to participate in General Meetings will be evidenced by the entries in the books of the relevant Account Holder of the name of such Noteholder as of 0:00, Paris time, on the third business day in Paris preceding the date set for the meeting of the relevant General Meeting

The place where of a General Meeting shall be held will be set out in the notice convening such General Meeting; or

- (b) If the relevant Final Terms specifies “Contractual Masse”, the Noteholders will, in respect of all Tranches in any Series, be grouped automatically for the defence of their common interests in a *masse* (in each case, the “**Masse**”) which will be subject to the below provisions of this Condition 11(b).

The Masse will be governed by the provisions of the French *Code de commerce* with the exception of Articles L.228-48, L.228-59, the second sentence of Article L.228-65 II, R.228-63, R.228-67 and R.228-69 subject to the following provisions:

(i) Legal Personality:

The Masse will be a separate legal entity and will act in part through a representative (the “**Representative**”) and in part through a General Meeting.

The Masse alone, to the exclusion of all individual Noteholders, shall exercise the common rights, actions and benefits which now or in the future may accrue respectively with respect to the Notes.

(ii) Representative:

The office of Representative may be conferred on a person of any nationality. However, the following persons may not be chosen as Representatives:

- the Issuer, the members of its Board of Directors (*Conseil d'administration*), its general managers (*directeurs généraux*), its statutory auditors, or its employees as well as their ascendants, descendants and spouses; or
- companies guaranteeing all or part of the obligations of the Issuer, their respective managers (*gérants*), general managers (*directeurs généraux*), members of their Board of Directors, their statutory auditors, or employees as well as their ascendants, descendants and spouses; or
- companies holding 10 per cent. or more of the share capital of the Issuer or companies having 10 per cent. or more of their share capital held by the Issuer; or
- persons to whom the practice of banker is forbidden or who have been deprived of the right of directing, administering or managing an enterprise in whatever capacity.

The names and addresses of the initial Representative of the Masse and its alternate will be set out in the relevant Final Terms. The Representative appointed in respect of the first Tranche of any Series of Notes will be the Representative of the single Masse of all Tranches in such Series.

The Representative will be entitled to such remuneration in connection with its functions or duties as set out in the relevant Final Terms.

In the event of death, retirement or revocation of appointment of the Representative, such Representative will be replaced by another Representative. In the event of the death, retirement or revocation of appointment of the alternate Representative, an alternate will be elected by the General Meeting.

All interested parties will at all times have the right to obtain the names and addresses of the initial Representative and the alternate Representative at the head office of the Issuer and the specified offices of any of the Paying Agents.

(iii) Powers of the Representative:

The Representative shall (in the absence of any decision to the contrary of the General Meeting) have the power to take all acts of management necessary in order to defend the common interests of the Noteholders.

All legal proceedings against the Noteholders or initiated by them, must be brought by or against the Representative.

The Representative may not interfere in the management of the affairs of the Issuer.

(iv) General Meeting:

A General Meeting may be held at any time, on convocation either by the Issuer or by the Representative. One or more Noteholders, holding together at least one-thirtieth of the principal amount of the Notes outstanding, may address to the Issuer and the Representative a demand for convocation of the General Meeting. If such General Meeting has not been convened within two months after such demand, the Noteholders may commission one of their members to petition a competent court in Paris to appoint an agent (*mandataire*) who will call the General Meeting.

Notice of the date, time, place and agenda of any General Meeting will be published as provided under Condition 15 not less than 15 days prior to the date of such General Meeting.

Each Noteholder has the right to participate in a General Meeting in person, by proxy, correspondence, or, if the *statuts* of the Issuer so specify³, videoconference or any other means of telecommunications allowing the identification of the participating Noteholders. Each Note carries the right to one vote or, in the case of Notes issued with more than one Specified Denomination, one vote in respect of each multiple of the lowest Specified Denomination comprised in the principal amount of the Specified Denomination of such Note.

(v) Powers of the General Meetings:

The General Meeting is empowered to deliberate on the dismissal and replacement of the Representative and the alternate Representative and also may act with respect to any other matter that relates to the common rights, actions and benefits which now or in the future may accrue with respect to the Notes, including authorising the Representative to act at law as plaintiff or defendant.

The General Meeting may further deliberate on any proposal relating to the modification of the Conditions including any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions, it being specified, however, that the General Meeting may not increase the liabilities (*charges*) of the Noteholders, nor establish any unequal treatment between the Noteholders, nor to decide to convert Notes into shares.

General Meetings may deliberate validly on first convocation only if Noteholders present or represented hold at least one fifth of the principal amount of the Notes then outstanding. On second convocation, no quorum shall be required. Decisions at meetings shall be taken by a simple majority of votes cast by Noteholders attending such General Meetings or represented thereat.

In accordance with Article R.228-71 of the French *Code de commerce*, the rights of each Noteholder to participate in General Meetings will be evidenced by the entries in the books of the relevant Account Holder of the name of such Noteholder as of 0:00, Paris time on the third business day in Paris preceding the date set for the meeting of the relevant General Meeting.

³ At the date of this Base Prospectus, the *statuts* of the Issuer do not contemplate the right for a Noteholder to participate in a General Meeting by videoconference or any other means of telecommunication allowing the identification of the participating Noteholders.

Decisions of General Meetings must be published in accordance with the provisions set forth in Condition 15.

(vi) Information to Noteholders:

Each Noteholder or Representative thereof will have the right, during the 15-day period preceding the holding of each General Meeting, to consult or make a copy of the text of the resolutions which will be proposed and of the reports which will be presented at the General Meeting, all of which will be available for inspection by the relevant Noteholders at the registered office of the Issuer, at the specified offices of any of the Paying Agents during usual business hours and at any other place specified in the notice of the General Meeting.

(vii) Expenses:

The Issuer will pay all expenses relating to the operation of the Masse, including expenses relating to the calling and holding of General Meetings and, more generally, all administrative expenses resolved upon by the General Meeting, it being expressly stipulated that no expenses may be imputed against interest payable under the Notes.

(viii) Single Masse:

The holders of Notes of the same Series, and the holders of Notes of any other Series which have been assimilated with the Notes of such first mentioned Series in accordance with Condition 14, shall, for the defence of their respective common interests, be grouped in a single Masse. The Representative appointed in respect of the first Tranche of any Series of Notes will be the Representative of the single Masse of all such Series.

For the avoidance of doubt, in this Condition 11, the term “**outstanding**” shall not include those Notes subscribed or purchased by the Issuer pursuant to L.213-1 A of the Code that are held by it and not cancelled.

12 Modifications

These Conditions may be completed in relation to any Series of Notes by the terms of the relevant Final Terms in relation to such Series.

13 Replacement of definitive Notes, Receipts, Coupons and Talons

If, in the case of any Materialised Bearer Notes, a Definitive Materialised Bearer Note, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange regulations, at the specified office of the Fiscal Agent or such other Paying Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Definitive Materialised Bearer Note, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Definitive Materialised Bearer Notes, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Materialised Bearer Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

14 Further Issues and Consolidation

- (a) **Further Issues:** The Issuer may, without the consent of the Noteholders, Receiptholders or Couponholders create and issue further Notes to be assimilated (*assimilables*) with the Notes provided such Notes and the further Notes carry rights identical in all respects (or in all respects save for the principal amount thereof and the first payment of interest specified in the relevant Final Terms) and that the terms of such Notes provide for such assimilation and references in these Conditions to “**Notes**” shall be construed accordingly.
- (b) **Consolidation:** The Issuer, with the prior approval of the Consolidation Agent, may from time to time on any Interest Payment Date occurring on or after the Redenomination Date on giving not less than 30 days’ prior notice to the Noteholders in accordance with Condition 15, without the consent of the Noteholders, Receiptholders or Couponholders, consolidate the Notes of one Series with the Notes of one or more other Series issued by it, whether or not originally issued in one of the European national currencies or in euro, provided such

other Notes have been redenominated in euro (if not originally denominated in euro) and which otherwise have, in respect of all periods subsequent to such consolidation, the same terms and conditions as the Notes.

15 Notices

- (a) Notices to the holders of Dematerialised Notes in registered form (*au nominatif*) shall be valid if either, (i) they are mailed to them at their respective addresses, in which case they will be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the mailing, or, (ii) at the option of the Issuer, they are published (a) so long as such Notes are listed on Euronext Paris, in a leading daily newspaper of general circulation in France (which is expected to be *Les Echos*), or (b) they are published in a leading daily newspaper of general circulation in Europe (which is expected to be the *Financial Times*) or (c) they are published in accordance with Articles 221-3 and 221-4 of the General Regulations (*Règlement Général*) of the AMF and so long as such Notes are listed and admitted to trading on any stock exchange and the rules of such stock exchange(s) so require, in a leading daily newspaper with general circulation in the city/ies where the stock exchange(s) on which such Notes are listed and admitted to trading is located, and on the website of any other competent authority or Regulated Market of the EEA Member State where the Notes are listed and admitted to trading.
- (b) Notices to the holders of Materialised Bearer Notes and Dematerialised Notes in bearer form (*au porteur*) shall be valid if published (i) so long as such Notes are listed and admitted to trading on Euronext Paris, in a leading daily newspaper of general circulation in France (which is expected to be *Les Echos*), or (b) they are published in a leading daily newspaper of general circulation in Europe (which is expected to be the *Financial Times*) or (c) they are published in accordance with Articles 221-3 and 221-4 of the General Regulations (*Règlement Général*) of the AMF and so long as such Notes are listed and admitted to trading on any stock exchange, in a leading daily newspaper with general circulation in the city/ies where the stock exchange(s) on which such Notes are listed and admitted to trading is located and on the website of any other competent authority or Regulated Market of the EEA Member State where the Notes are listed and admitted to trading.
- (c) If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Materialised Bearer Notes in accordance with this Condition.
- (d) Notices required to be given to the holders of Dematerialised Notes (whether in registered or in bearer form) pursuant to these Conditions may be given by delivery of the relevant notice to Euroclear France, Euroclear, Clearstream, Luxembourg and any other clearing system through which the Notes are for the time being cleared in substitution for the mailing and publication of a notice required by Conditions 16(a) and (b) above; except that (i) so long as such Notes are listed and admitted to trading on a Regulated Market or other stock exchange and the rules of such Regulated Market(s) or other stock exchange so require, notices shall also be published in a leading daily newspaper of general circulation in the city/ies where the Regulated Market(s) or other stock exchange on which such Notes are listed and admitted to trading is located, which, and (ii) notices relating to the convocation and decision(s) of the General Meetings pursuant to Condition 11 shall also be published in a leading daily newspaper of general circulation in Europe.

16 Substitution of the Issuer

Danone may be replaced and may be substituted by any of its Subsidiaries as principal debtor in respect of the Notes, without the consent of the Noteholders, provided that no payment in respect of the Notes is at the relevant time overdue. If Danone determines that any of its Subsidiaries will become the principal debtor (in such capacity, the “**Substituted Issuer**”), Danone shall give no less than 30 nor more than 45 days’ notice to the Noteholders of each Note then outstanding of such event and, immediately on the expiry of such notice, the Substituted Issuer shall become the principal debtor in respect of the Notes in place of Danone and Noteholders shall thereupon cease to have any rights or claims whatsoever against Danone as principal debtor. However, no such substitution shall take effect:

- (i) if the effect of such substitution would, at the time of such substitution, be that payments in respect of any Note would be required to be made subject to any withholding or deduction which would not otherwise arise in the absence of such substitution;
- (ii) until Danone has entered into an unconditional and irrevocable guarantee, which is substantially in the form of the Pro-Forma Guarantee, in respect of the obligations of such Substituted Issuer (the “**Guarantee**”);
- (iii) in any case, until the Substituted Issuer shall have provided to the Fiscal Agent and the Paying Agents such documents as may be necessary to make each Note and the Amended and Restated Agency Agreement legal, valid and binding obligations;
- (iv) if the relevant Notes cease to be listed and admitted to trading on the relevant Regulated Market where they have been initially admitted for trading;
- (v) until such Substituted Issuer shall have obtained all authorisations and approval necessary for the substitution and the fulfilment of the obligations arising under the Notes and shall have been approved by the competent authorities of the Member State where the Notes are admitted to trading.

In the event of such substitution, any reference in the Conditions to Danone shall from then on be deemed to refer to the Substituted Issuer and any reference in the Conditions to the Republic of France shall from then on be deemed to refer to the country of incorporation of the Substituted Issuer.

For the purposes of this Condition:

“**Subsidiary**” means, in relation to any person or entity at any time, a “*filiiale*” as defined in Article L.233-1 of the French *Code de commerce* (modified or re-enacted from time to time) or any other person or entity controlled directly or indirectly by such person or entity within the meaning of Article L.233-3 of the French *Code de commerce*.

17 Governing Law and Jurisdiction

- (a) **Governing Law:** The Notes (and, where applicable, the Receipts, the Coupons and the Talons) are governed by, and shall be construed in accordance with, French law.
- (b) **Jurisdiction:** Any claim against the Issuer in connection with any Notes, Receipts, Coupons or Talons may be brought before any competent court located in Paris.

TEMPORARY GLOBAL CERTIFICATES ISSUED IN RESPECT OF MATERIALISED BEARER NOTES

Temporary Global Certificate

A Temporary Global Certificate, without interest Coupons, will initially be issued in connection with Materialised Bearer Notes. Upon the initial deposit of such Temporary Global Certificate with a common depositary for Euroclear and Clearstream, Luxembourg (the “**Common Depositary**”), Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

The Common Depositary may also (if indicated in the relevant Final Terms) credit the accounts of subscribers with other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems with a nominal amount of Notes. Conversely, a nominal amount of Notes that is initially deposited with any clearing system other than Euroclear or Clearstream, Luxembourg may similarly be credited to the accounts of subscribers with Euroclear or Clearstream, Luxembourg.

Exchange

Each Temporary Global Certificate issued in respect of Notes will be exchangeable, free of charge to the holder, on or after its Exchange Date (as defined below):

- (i) if the relevant Final Terms indicates that such Temporary Global Certificate is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable, in whole, but not in part, for Definitive Materialised Bearer Notes; and
- (ii) otherwise, in whole but not in part, for Definitive Materialised Bearer Notes upon certification in the form set out in the Amended and Restated Agency Agreement (and which shall be available at the specified offices of the Paying Agents) as to non-US beneficial ownership.

A Noteholder must exchange its share of the Temporary Global Certificate for Materialised Bearer Notes before interest or any amount payable in respect of the Notes will be paid.

Delivery of Definitive Materialised Bearer Notes

On or after its Exchange Date, the holder of the Temporary Global Certificate must surrender such Temporary Global Certificate to or to the order of the Fiscal Agent. In exchange for the Temporary Global Certificate so surrendered, the Issuer will deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Materialised Bearer Notes.

In this Base Prospectus, “Definitive Materialised Bearer Notes” means, in relation to any Temporary Global Certificate, the Definitive Materialised Bearer Notes for which such Temporary Global Certificate may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Temporary Global Certificate and a Talon). Definitive Materialised Bearer Notes will be security printed in accordance with any applicable legal requirements of the Regulated Market in, or substantially in, the form set out in Schedule 2 Part A to the Amended and Restated Agency Agreement (and which shall be available at the specified offices of the Paying Agents).

Exchange Date

“**Exchange Date**” means, in relation to a Temporary Global Certificate, the day next succeeding the day that is 40 days after its issue date, provided that, in the event any further Materialised Notes are issued prior to such day pursuant to Condition 14,

the Exchange Date for such Temporary Global Certificate shall be postponed to the day falling after the expiry of 40 days after the issue of such further Materialised Notes.

USE OF PROCEEDS

The net proceeds of the issue of the Notes will be used for Danone's general corporate purposes. If in respect of any particular issue of Notes, there is a particular identified use of proceeds, this will be stated in the relevant Final Terms.

DESCRIPTION OF DANONE

HISTORY AND DEVELOPMENT OF DANONE

Corporate Name, Seat and Registered Office The corporate name of the issuer is Danone (“Danone” or the “Issuer”).

Its registered and head office is: 17 Boulevard Haussmann, 75009 Paris, France. Its telephone number is +33 1 44 35 20 20.

Legal form, Governing law and Registration

Danone is a *société anonyme* (public limited liability company) organised and existing under the laws of the Republic of France.

The Issuer is registered at the *Registre du Commerce et des Sociétés* in Paris under number 552 032 534.

Date of Incorporation and Duration of Danone

The Issuer was incorporated on 2 February 1899 and registered on 23 January 1908 under the name CIE Des Glaces et Verres Spéciaux de France. Its term shall expire in 13 December 2040 except in the case of early dissolution or further extension.

Purpose of Danone

The corporate purpose (*objet social*) of Danone, which may be found in article 2 of its *statuts*, is as follows:

- manufacturing and commercial activities in all types of food products;
- execution of all types of financial operations, portfolio management of all types of securities and rights, listed and unlisted, French or foreign; acquisition and management of all types of properties and real estate;
- acquisition of equity interests in all types of companies.

Financial Year

The Issuer’s financial year starts on 1 January and ends on 31 December of each year.

Authorised and Issued Share Capital

At the date of this Base Prospectus, the share capital of Danone is €160,790,500, divided into 643,162,000 shares of €0.25 nominal per share.

All shares may be held in registered or bearer form and are freely negotiable. The shares are listed on Euronext Paris (Compartment A – Differed Settlement Service; ISIN Code: FR0000120644).

BUSINESS OVERVIEW

Principal Activities

For a description of Danone’s principal activities stating the main categories of products sold and/or services performed, please refer to pages 11-12 of the 2011 Document de Référence which are incorporated by reference in this Base Prospectus.

The basis for any statements made by Danone regarding its competitive position is given in page 7 of the 2011 Document de Référence which is incorporated by reference in this Base Prospectus.

ORGANISATIONAL STRUCTURE

Please refer to pages 23 and 126-133 of the 2011 Document de Référence of Danone which are incorporated by reference in this Base Prospectus.

ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

The Board of Directors and Executive Committee

Please refer to pages 170, 186 and to pages 271-299 of the 2011 Document de Référence of Danone which are incorporated by reference in this Base Prospectus.

Administrative Management and Supervisory bodies conflict of interests

Please refer to page 172 and page 177 of the 2011 Document de Référence of Danone, which are incorporated by reference in this Base Prospectus.

FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES

Historical Financial Information

For the audited historical financial information covering the latest 2 financial years and the audit report in respect of each year, please refer to pages 64-135 of the 2011 Document de Référence which are incorporated by reference in this Base Prospectus and to pages 54-119 of the 2010 Document de Référence which are incorporated by reference in this Base Prospectus.

For Danone's balance sheet, please refer to pages 66-67 of the 2011 Document de Référence which are incorporated by reference in this Base Prospectus and to pages 56-57 of the 2010 Document de Référence which are incorporated by reference in this Base Prospectus.

For Danone's income statement, please refer to page 64 of the 2011 Document de Référence which is incorporated by reference in this Base Prospectus and to page 54 of the 2010 Document de Référence which is incorporated by reference in this Base Prospectus.

For Danone's cash flow statement, please refer to page 68 of the 2011 Document de Référence which is incorporated by reference in this Base Prospectus and to page 58 of the 2010 Document de Référence which is incorporated by reference in this Base Prospectus.

For Danone's accounting policies and explanatory notes, please refer to pages 71-133 of the 2011 Document de Référence which are incorporated by reference in this Base Prospectus and to pages 60-117 of the 2010 Document de Référence which are incorporated by reference in this Base Prospectus.

Auditing of historical annual financial information

Please refer to pages 134-135 of the 2011 Document de Référence of Danone which are incorporated by reference in this Base Prospectus and to pages 118-119 of the 2010 Document de Référence which are incorporated by reference in this Base Prospectus.

Legal and arbitration proceedings

Please refer to page 42 of the 2010 Document de Référence of Danone which is incorporated by reference in this Base Prospectus.

MATERIAL CONTRACTS

For a brief summary of all material contracts that are not entered into in the ordinary course of the issuer's business, which could result in any group member being under an obligation or entitlement that is material to Danone's ability to meet its obligation to security holders in respect of the securities being issued, please refer to page 42 of the 2011 Document de Référence of Danone which is incorporated by reference in this Base Prospectus.

AUDITORS

The statutory auditors of Danone for the financial years ended 31 December 2010 and 2011 were:

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine – Cedex

Duly represented by Etienne BORIS and Philippe VOGT.

Ernst & Young et Autres
Tour First, 1, place des Saisons
92037 Paris-La Défense Cedex

Duly represented by Jeanne BOILLET and Gilles COHEN

Alternate auditors:
Yves NICOLAS and AUDITEX

PricewaterhouseCoopers Audit and Ernst & Young et Autres are registered with the Versailles regional office of the *Compagnie Nationale des Commissaires aux Comptes* (“CNCC”).

PricewaterhouseCoopers Audit and Ernst & Young et Autres are regulated by the *Haut Conseil du Commissariat aux Comptes* and duly authorised as *Commissaires aux Comptes*.

SELECTED FINANCIAL INFORMATION

The following selected financial information was extracted without material adjustment from the audited consolidated financial statements of Danone for the years ended 31 December 2010 and 31 December 2011, and from the unaudited condensed interim consolidated financial statements as of and for the six month period ended 30 June 2012 which were prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

	2009	2010 ⁽¹⁾	2011
Sales ⁽²⁾	14,982	17,010	19,318
Like for like growth ⁽³⁾	+3.2%	+6.9%	+7.8%
Trading operating income ⁽³⁾	2,294	2,597	2,843
Trading operating margin ⁽³⁾	15.31%	15.27%	14.72%
Like for like growth ⁽³⁾	+61 bp	+3 bp	+20 bp
Net income ⁽²⁾	1,521	2,040	1,855
Earnings per share - Group share ⁽⁴⁾	2.41	3.05	2.77
Underlying diluted earnings per share ⁽⁴⁾ ⁽³⁾	2.50	2.72	2.89
Free cash flow ⁽²⁾ ⁽³⁾	1,427	1,713	1,874

(1) 2010 consolidated financial statements have been restated as described in Note 2 of the Notes to the 2011 consolidated financial statements.

(2) In € millions.

(3) Financial indicators not defined by IFRS, see definition in Section 3.6 Financial indicators not defined by IFRS in the 2011 Document de Référence incorporated by reference in this Base Prospectus. For ease of reference, the page numbering of the English language translation of the documents incorporated by reference is identical to the French versions.

(4) In € per share.

Financial highlights first half 2012

Key figures	For the six months period ended	
	30 June 2011 (restated ¹ and unaudited)	30 June 2012 (unaudited)
- Sales ² (€ mln)	9,728	10,475
- Free Cash Flow	925	890
- Trading operating income ³ (€ mln)	1,407	1,451

- Trading operating margin ³	14.47%	13.85%
- Underlying net income ³ (€ mln)	874	911
- Underlying EPS ³ (fully diluted) (€)	1.44	1.51

¹ See Note 2 of consolidated financial statements at June 30, 2012 concerning restatement of consolidated accounts as of June 30, 2011 in the 2012 Interim Financial Report

² Net sales

³ See page 9 of the 2012 Interim Financial Report for details on calculation of financial indicators not defined in IFRS

Interim and other financial information

Please refer to pages 12-29 of the 2012 Interim Financial Report which are incorporated by reference in this Base Prospectus.

RECENT DEVELOPMENTS

The press release published by Danone on 19 June 2012 is incorporated by reference in this Base Prospectus.

Sales in the third quarter and first nine months of 2012

Sales by business line and geographical area in the 3rd quarter and first 9 months of 2012

€ millions	Q3 2012				9M 2012			
	Q3 11	Q3 12	Change Like-for- like[1]	Volume growth Like-for- like[1]	9M 11	9M 12	Change Like-for- like[1]	Volume growth Like-for- like[1]

BY BUSINESS LINE

	Q3 11	Q3 12	Change Like-for- like[1]	Volume growth Like-for- like[1]	9M 11	9M 12	Change Like-for- like[1]	Volume growth Like-for- like[1]
Fresh Dairy Products	2,785	2,910	0.7%	-0.7%	8,457	8,816	2.2%	-0.4%
Waters	816	962	12.3%	5.4%	2,483	2,817	10.5%	5.3%
Baby Nutrition	906	1,062	11.5%	3.6%	2,723	3,152	11.4%	4.8%
Medical Nutrition	298	323	4.9%	5.9%	869	948	6.0%	6.7%

BY GEOGRAPHICAL

AREA

	Q3 11	Q3 12	Change Like-for- like[1]	Volume growth Like-for- like[1]	9M 11	9M 12	Change Like-for- like[1]	Volume growth Like-for- like[1]
Europe	2,661	2,682	-1.5%	-2.6%	8,203	8,231	-0.6%	-2.6%
Asia	740	946	18.3%	8.9%	2,135	2,708	18.2%	12.4%
Rest of World	1,404	1,629	10.5%	5.0%	4,194	4,794	11.3%	4.4%
Total	4,805	5,257	5.0%	1.6%	14,532	15,733	5.6%	2.0%

[1] Like-for-like; see Section 3.6 (Financial indicators not defined in IFRS) page 62 in the 2011 Document de Référence incorporated by reference in this Base Prospectus). For ease of reference, the page numbering of the English language translation of the document incorporated by reference is identical to the French version.

Overview of sales performance – Q3 2012

Consolidated sales increased +9.4% to €5,257 million in the third quarter of 2012. Excluding the impact of changes in the basis for comparison, including changes in exchange rates and scope of consolidation, sales were up +5.0%. This organic growth reflects a +1.6% increase in sales volume and a +3.4% increase due to the price/mix effect.

The +4.3% exchange-rate effect reflects favorable trends in currencies including the US dollar and the Chinese yuan.

Fresh Dairy Products

Fresh Dairy Products division sales were up +0.7% like-for-like in the third quarter of 2012, reflecting a slight -0.7% easing in volume and a +1.4% increase in value.

Sales in Latin America and the Africa-Middle East region remained extremely buoyant with continued double-digit growth, while the CIS region and North America are performing according to plan, with sales growing at a faster pace each quarter.

The CIS region has thus continued to grow since the beginning of the year and is on track to meet growth and margin targets. Unimilk's priority brands continued to report double-digit growth this quarter, following the example of Prostokvashino—still the top contributor to growth in this areas well as the Bio Balance and Tēma brands. Integration of Danone-Unimilk's operations is moving ahead, with shared systems being deployed and a gradual merger of logistics and sales force resources.

Sales have also continued to gather pace in the United States, strengthening Danone's leading position in a market that has grown more competitive than in the first half. In particular, the Group is winning further market share in the very fast-growing Greek yogurt segment with its Oikos and Light&Fit Greek brands, benefiting from new production capacity added on 1 July.

Operations in Europe fell back more sharply this quarter as conditions deteriorated in Southern Europe, particularly Spain and Italy, where sales declined by over -10%.

Waters

The Waters division reported strong third-quarter growth, with a +12.3% like-for-like increase driven by a +5.4% rise in sales volumes and a +6.9% rise due to the price/mix effect.

Strong growth in emerging markets continues to drive the division's performance. In Western Europe, sales benefited from a favorable basis of comparison with Q3 2011, which helped offset adverse weather conditions that prevailed in July 2012.

Growth in value continues to benefit from aquadrinks and their positive price/mix effect, and also reflects the strong performance in Western Europe this quarter. The impact of price increases introduced in emerging countries in 2011 is tapering off.

Baby Nutrition

The Baby Nutrition division reported robust growth in all geographical markets, with sales up +11.5% like-for-like in the third quarter of 2012. This includes a +3.6% rise in volume and +7.9% growth in value.

Key to the division's success is a very strong performance in Asia, particularly China, where the Dumex range—Danone's flagship brand for baby nutrition in this country—has been completely revamped. As before, changes in the division's product mix made a positive contribution to performance, while the growing-up milk segment again reported double-digit growth and weaning foods continued to decrease.

Medical Nutrition

Medical Nutrition sales increased +4.9% like for like in the third quarter of 2012, driven by volume growth of +5.9%.

Slowing growth reflects deteriorating conditions on some markets in Western Europe.

In contrast, China, Turkey and Brazil maintained their momentum, driving strong growth for key brands like Nutrison, Nutrini and Neocate.

In October, the Group introduced its new Souvenaid product on four markets: Germany, Belgium, the Netherlands and Brazil.

Share buyback

As announced when results for the first half of 2012 were released, Danone has bought back 6,110,039 of its own shares over the past three months. These replace treasury shares used to pay minority shareholders for their sale of shareholdings in Danone SA (Spain) on 26 July 2012, and thus eliminate any dilution resulting from that transaction.

On the basis of steady debt ratios and taking into account its robust generation of free cash flow, Danone expects to buy back from €500 million to €700 million worth of shares over the next four months.

Sales by division and by region

€ millions	First quarter		Second quarter		Third quarter		First 9 months																																																																																																													
	2011	2012	2011	2012	2011	2012	2011	2012																																																																																																												
BY BUSINESS LINE																																																																																																																				
Fresh Dairy Products	2,851	2,960	2,821	2,946	2,785	2,910	8,457	8,816																																																																																																												
Waters	718	841	949	1,014	816	962	2,483	2,817																																																																																																												
Baby Nutrition	910	1,014	907	1,076	906	1,062	2,723	3,152																																																																																																												
Medical Nutrition	278	302	293	323	298	323	869	948																																																																																																												
BY GEOGRAPHICAL AREA																																																																																																																				
Europe	2,697	2,710	2,845	2,839	2,661	2,682	8,203	8,231																																																																																																												
Asia	661	829	734	933	740	946	2,135	2,708																																																																																																												
Rest of World	1,399	1,578	1,391	1,587	1,404	1,629	4,194	4,794																																																																																																												
Group	4,757	5,117	4,970	5,359	4,805	5,257	14,532	15,733																																																																																																												
<table border="1"> <thead> <tr> <th></th> <th colspan="2">First quarter 2012</th> <th colspan="2">Second quarter 2012</th> <th colspan="2">Third quarter 2012</th> <th colspan="2">First 9 months 2012</th> </tr> <tr> <th></th> <th>Reported change</th> <th>Like-for-like change[1]</th> <th>Reported change</th> <th>Like-for-like change[1]</th> <th>Reported change</th> <th>Like-for-like change[1]</th> <th>Reported change</th> <th>Like-for-like change[1]</th> </tr> </thead> <tbody> <tr> <td colspan="9">BY BUSINESS LINE</td> </tr> <tr> <td>Fresh Dairy Products</td> <td>3.8%</td> <td>3.8%</td> <td>4.4%</td> <td>2.1%</td> <td>4.5%</td> <td>0.7%</td> <td>4.3%</td> <td>2.2%</td> </tr> <tr> <td>Waters</td> <td>17.1%</td> <td>16.4%</td> <td>6.9%</td> <td>4.6%</td> <td>17.8%</td> <td>12.3%</td> <td>13.4%</td> <td>10.5%</td> </tr> <tr> <td>Baby Nutrition</td> <td>11.4%</td> <td>9.0%</td> <td>18.6%</td> <td>13.6%</td> <td>17.2%</td> <td>11.5%</td> <td>15.7%</td> <td>11.4%</td> </tr> <tr> <td>Medical Nutrition</td> <td>8.3%</td> <td>6.4%</td> <td>10.3%</td> <td>6.7%</td> <td>8.4%</td> <td>4.9%</td> <td>9.0%</td> <td>6.0%</td> </tr> <tr> <td colspan="9">BY GEOGRAPHICAL AREA</td> </tr> <tr> <td>Europe</td> <td>0.5%</td> <td>0.9%</td> <td>-0.2%</td> <td>-1.0%</td> <td>0.8%</td> <td>-1.5%</td> <td>0.3%</td> <td>-0.6%</td> </tr> <tr> <td>Asia</td> <td>25.4%</td> <td>19.4%</td> <td>27.1%</td> <td>17.2%</td> <td>27.8%</td> <td>18.3%</td> <td>26.8%</td> <td>18.2%</td> </tr> <tr> <td>Rest of World</td> <td>12.8%</td> <td>12.7%</td> <td>14.1%</td> <td>10.7%</td> <td>16.1%</td> <td>10.5%</td> <td>14.3%</td> <td>11.3%</td> </tr> <tr> <td>Group</td> <td>7.6%</td> <td>6.9%</td> <td>7.8%</td> <td>5.0%</td> <td>9.4%</td> <td>5.0%</td> <td>8.3%</td> <td>5.6%</td> </tr> </tbody> </table>										First quarter 2012		Second quarter 2012		Third quarter 2012		First 9 months 2012			Reported change	Like-for-like change[1]	BY BUSINESS LINE									Fresh Dairy Products	3.8%	3.8%	4.4%	2.1%	4.5%	0.7%	4.3%	2.2%	Waters	17.1%	16.4%	6.9%	4.6%	17.8%	12.3%	13.4%	10.5%	Baby Nutrition	11.4%	9.0%	18.6%	13.6%	17.2%	11.5%	15.7%	11.4%	Medical Nutrition	8.3%	6.4%	10.3%	6.7%	8.4%	4.9%	9.0%	6.0%	BY GEOGRAPHICAL AREA									Europe	0.5%	0.9%	-0.2%	-1.0%	0.8%	-1.5%	0.3%	-0.6%	Asia	25.4%	19.4%	27.1%	17.2%	27.8%	18.3%	26.8%	18.2%	Rest of World	12.8%	12.7%	14.1%	10.7%	16.1%	10.5%	14.3%	11.3%	Group	7.6%	6.9%	7.8%	5.0%	9.4%	5.0%	8.3%	5.6%						
	First quarter 2012		Second quarter 2012		Third quarter 2012		First 9 months 2012																																																																																																													
	Reported change	Like-for-like change[1]	Reported change	Like-for-like change[1]	Reported change	Like-for-like change[1]	Reported change	Like-for-like change[1]																																																																																																												
BY BUSINESS LINE																																																																																																																				
Fresh Dairy Products	3.8%	3.8%	4.4%	2.1%	4.5%	0.7%	4.3%	2.2%																																																																																																												
Waters	17.1%	16.4%	6.9%	4.6%	17.8%	12.3%	13.4%	10.5%																																																																																																												
Baby Nutrition	11.4%	9.0%	18.6%	13.6%	17.2%	11.5%	15.7%	11.4%																																																																																																												
Medical Nutrition	8.3%	6.4%	10.3%	6.7%	8.4%	4.9%	9.0%	6.0%																																																																																																												
BY GEOGRAPHICAL AREA																																																																																																																				
Europe	0.5%	0.9%	-0.2%	-1.0%	0.8%	-1.5%	0.3%	-0.6%																																																																																																												
Asia	25.4%	19.4%	27.1%	17.2%	27.8%	18.3%	26.8%	18.2%																																																																																																												
Rest of World	12.8%	12.7%	14.1%	10.7%	16.1%	10.5%	14.3%	11.3%																																																																																																												
Group	7.6%	6.9%	7.8%	5.0%	9.4%	5.0%	8.3%	5.6%																																																																																																												

[1] Like-for-like; see Section 3.6 (Financial indicators not defined in IFRS) page 62 in the 2011 Document de Référence incorporated by reference in this Base Prospectus). For ease of reference, the page numbering of the English language translation of the document incorporated by reference is identical to the French version.

TAXATION

EU TAXATION

The following is a summary limited to certain tax considerations applicable under the laws of the European Union relating to the Notes that may be issued under the Programme. Each prospective holder or beneficial owner of Notes should consult its tax advisor as to the tax consequences of any investment in or ownership and disposition of the Notes.

On 3 June 2003, the European Council of Economic and Finance Ministers adopted the Directive 2003/48/EC on the taxation of savings income (the “**Directive**”). Pursuant to the Directive and subject to a number of conditions being met, Member States are required, since 1 July 2005, to provide to the tax authorities of another Member State, *inter alia*, details of payments of interest within the meaning of the Directive (interest, products, premiums or other debt income) made by a paying agent located within its jurisdiction to, or for the benefit of, an individual resident in that other Member State (the “**Disclosure of Information Method**”).

For these purposes, the term “paying agent” is defined widely and includes in particular any economic operator who is responsible for making interest payments, within the meaning of the Directive, for the immediate benefit of individuals.

However, throughout a transitional period, certain Member States (the Grand-Duchy of Luxembourg and Austria), instead of using the Disclosure of Information Method used by other Member States, unless the relevant beneficial owner of such payment elects for the Disclosure of Information Method, withhold an amount on interest payments. The rate of such withholding tax is 35 per cent. until the end of the transitional period.

Such transitional period will end at the end of the first full fiscal year following the later of (i) the date of entry into force of an agreement between the European Community, following a unanimous decision of the European Council, and the last of Switzerland, Liechtenstein, San Marino, Monaco and Andorra, providing for the exchange of information upon request as defined in the OECD Model Agreement on Exchange of Information on Tax Matters released on 18 April 2002 (the “**OECD Model Agreement**”) with respect to interest payments within the meaning of the Directive, in addition to the simultaneous application by those same countries of a withholding tax on such payments at the rate applicable for the corresponding periods mentioned above and (ii) the date on which the European Council unanimously agrees that the United States of America is committed to exchange of information upon request as defined in the OECD Model Agreement with respect to interest payments within the meaning of the Directive.

A number of non-EU countries and dependent or associated territories have agreed to adopt similar measures (transitional withholding or exchange of information) with effect since 1 July 2005.

On 13 November 2008, the European Commission published a detailed proposal for amendments to the Savings Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of these proposed changes are made in relation to the Savings Directive they may amend or broaden the scope of the requirements described above.

LUXEMBOURG

The following is a general description of certain tax laws relating to the Notes as in effect and as applied by the relevant tax authorities as at the date hereof and does not purport to be a comprehensive discussion of the tax treatment of the Notes.

Prospective investors should consult their own professional advisers on the implications of making an investment in, holding or disposing of Notes and the receipt of interest with respect to such Notes under the laws of the countries in which they may be liable to taxation.

Withholding tax

Under Luxembourg tax law currently in effect and with the possible exception of interest paid to certain individual Noteholders, there is no Luxembourg withholding tax on payments of interest (including accrued but unpaid interest). There is also no Luxembourg withholding tax, with the possible exception of payments made to certain individual Noteholders, upon repayment of principal in case of reimbursement, redemption, repurchase or exchange of the Notes.

Luxembourg non-resident individuals

Under the Luxembourg laws dated 21 June 2005 implementing the European Council Directive 2003/48/EC on the taxation of savings income (the “**Directive**”) and several agreements concluded between Luxembourg and certain dependent or associated territories of the European Union (“EU”), a Luxembourg based paying agent (within the meaning of the Directive) is required since 1 July 2005 to withhold tax on interest and other similar income paid by it to (or under certain circumstances, to the benefit of) an individual resident in another Member State or in certain EU dependent or associated territories, unless the beneficiary of the interest payments elects for the procedure of exchange of information or for the tax certificate procedure. The same regime applies to payments of interest and other similar income made to certain “residual entities” within the meaning of Article 4.2 of the Directive established in a Member State or in certain EU dependent or associated territories (i.e., entities which are not legal persons (the Finnish and Swedish companies listed in Article 4.5 of the Directive are not considered as legal persons for this purpose), whose profits are not taxed under the general arrangements for the business taxation, that are not UCITS recognised in accordance with the Council Directive 85/611/EEC or similar collective investment funds located in Jersey, Guernsey, the Isle of Man, the Turks and Caicos Islands, the Cayman Islands, Montserrat or the British Virgin Islands and have not opted to be treated as UCITS recognised in accordance with the Council Directive 85/611/EEC).

The withholding tax rate is 35 per cent. The withholding tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain third countries.

Luxembourg resident individuals

Interest payments made by Luxembourg paying agents (defined in the same way as in the Directive) to Luxembourg individual residents are subject to a 10 per cent. withholding tax.

FRANCE

The following is a summary limited to certain tax considerations in France relating to the Notes that may be issued under the Programme. Each prospective holder or beneficial owner of Notes should consult its tax advisor as to the tax consequences of any investment in or ownership and disposition of the Notes.

The Directive was implemented into French law under Article 242 *ter* of the French *Code général des impôts*, which imposes on paying agents based in France an obligation to report to the French tax authorities certain information with respect to interest payments made to beneficial owners domiciled in another Member State, including, among other things, the identity and address of the beneficial owner and a detailed list of the different categories of interest paid to that beneficial owner.

French law No. 2009-1674, dated 30 December 2009, modified the withholding tax rules set out in Article 125 A III of the French *Code général des impôts*, applicable to interest paid on notes such as the Notes. As a result of such new law, as interpreted by the French tax authorities in the *Bulletins officiels des Finances Publiques-Impôts*, BOI – ANNX – 000364 – 20120912 and BOI – ANNX – 000366 – 20120912, payments of interest and other revenues on the Notes made by the Issuer in its capacity as issuer of the Notes will be exempt from the 50 per cent. withholding tax set out in Article 125 A III of the French tax code as follows:

- a. Interest and other similar revenues paid on Notes issued (or deemed issued) outside France as provided under Article 131 *quater* of the French General Tax Code (*Code général des impôts*) before 1 March 2010 (or on Notes that are issued on or after 1 March 2010 and which are to be consolidated (*assimilables* for the purpose of French law) and form a single series with such Notes) are exempt from the withholding tax set out under Article 125 A III of the French *Code général des impôts*.
- b. Interest and other similar revenues paid on Notes issued on or after 1 March 2010 (except Notes that are issued on or after 1 March 2010 and which are to be consolidated with Notes issued (or deemed issued) outside France as provided under Article 131 *quater* of the French *Code général des impôts* before 1 March 2010) and Notes that were issued prior to 1 March 2010 without the benefit of Article 131 *quater* of the French *Code général des impôts*, are exempt from the withholding tax set out under Article 125 A III of the French *Code général des impôts*, regardless of where or to whom they are paid, to the extent that they are:
 - (i) offered by means of a public offer within the meaning of Article L.411-1 of the French *Code monétaire et financier* or pursuant to an equivalent offer in a State other than a Non-Cooperative State (as defined below). For this purpose, an "equivalent offer" means any offer requiring the registration or submission of an offer document by or with a foreign securities market authority; or

- (ii) admitted to trading on a regulated market or on a French or foreign multilateral securities trading system provided that such market or system is not located in a Non-Cooperative State, and provided further that the operation of such market is carried out by a market operator or an investment services provider, or by such other similar foreign entity, is not located in a Non-Cooperative State; or
- (iii) admitted, at the time of their issue, to the operations of a central depository or of a securities clearing and delivery and payments systems operator within the meaning of Article L.561-2 of the French *Code monétaire et financier*, or of one or more similar foreign depositories or operators provided that such depository or operator is not located in a Non-Cooperative State.

c. Interest and other similar revenues paid by the Issuer in its capacity as issuer on those Notes that do not fall within the categories described in a or b above, will not be subject to the withholding tax set out under Article 125 A III of the French *Code général des impôts* provided that such interest and revenues are not paid outside France in a non-cooperative State or territory (*Etat ou territoire non coopératif*) within the meaning of Article 238-0 A of the French *Code général des impôts* (a "**Non-Cooperative State**").

If such payments under the Notes are made in a Non-Cooperative State, and the Issuer cannot prove that the main purpose and effect of the issue of notes was not that of allowing the payments of interest and other similar revenues to be made in a Non-Cooperative State, the 50 per cent. withholding tax set out under Article 125 A III of the French *Code général des impôts* will be applicable (subject to the more favorable provisions of any applicable double tax treaty).

Interest and other revenues on Notes issued on or after 1 March 2010 (other than Notes which are assimilated (*assimilables* for the purpose of French law) to Notes issued before that date) and which are paid or accrued to persons established in a Non-Cooperative State or paid in such a Non-Cooperative State may, if they do not meet the conditions set out in (b)(i), (ii) or (iii) above, no longer be deductible from the Issuer's taxable income, as from the fiscal years starting on or after 1 January 2011. Under certain conditions, any such non-deductible interest and other revenues may be recharacterised as constructive dividends, in which case such non-deductible interest and other revenues may be subject to dividend withholding tax, at a rate of 30 per cent. or 55 per cent.

See "*Terms and Conditions of the Notes – Taxation*".

BELGIUM

The following summary describes the principal Belgian tax considerations with respect to the holding of Notes obtained by an investor in Belgium.

This information is of a general nature and does not purport to be a comprehensive description of all Belgian tax considerations that may be relevant to a decision to acquire, to hold or to dispose of the Notes. In some cases, different rules can be applicable. Furthermore, the tax rules can be amended in the future, possibly implemented with retroactive effect, and the interpretation of the tax rules may change.

This summary does not describe the tax consequences for a holder of Notes that are redeemable in exchange for, or convertible into shares, of the exercise, settlement or redemption of such Notes.

Each prospective holder of Notes should consult a professional adviser with respect to the tax consequences of an investment in the Notes, taking into account the influence of each regional, local or national law.

Individuals resident in Belgium

Individuals who are Belgian residents for tax purposes, i.e. individuals subject to the Belgian individual income tax ("*Personenbelasting*" / "*Impôt des personnes physiques*") and who hold the Notes as a private investment, are subject to the following tax treatment in Belgium with respect to the Notes. Other tax rules apply to Belgian resident individuals holding the Notes not as a private investment but in the framework of their professional activity or when the transactions with respect to the Notes fall outside the scope of the normal management of their own private estate.

Under Belgian tax law, "interest" income includes: (i) periodic interest income, (ii) any amount paid by the Issuer in excess of the issue price (whether or not on the maturity date), and (iii) if the Notes qualify as "fixed income securities" (in the meaning of article 2, §1, 8° Belgian Income Tax Code), in the case of a realisation of the Notes between two interest payment dates, the interest accrued during the detention period. In general, notes are qualified as fixed income security if there is a causal link

between the amount of interest income and the detention period of the notes, on the basis of which it is possible to calculate the amount of pro rata interest income at the moment of the sale of the notes during their lifetime.

Payments of interest on the Notes made through a paying agent in Belgium will in principle be subject to a 21 per cent. withholding tax in Belgium (calculated on the interest received after deduction of any non-Belgian withholding taxes). Belgian resident individuals do not have to declare the interest in their personal income tax return, provided that the 21 per cent. Belgian withholding tax and the 4 per cent. additional tax on investment income (see below) have been withheld by the paying agent in Belgium.

Subject to the above, the interest (after deduction of any non-Belgian withholding tax) must be declared in the personal income tax return and will be taxed at a flat rate of 21 per cent. (according to the current text of the Law local surcharges will apply, however the Belgian federal government has approved a draft bill which, if adopted by the Belgian legislator, would abolish local surcharges) and increased, as the case may be, with the 4 per cent. additional tax on investment income (see below). The Belgian withholding tax and the 4 per cent. additional tax on investment income withheld by the Belgian paying agent, if any, may be credited and any excess may be refunded.

Belgian resident individuals who receive qualifying investment income (qualifying interest and qualifying dividends) in an amount exceeding EUR 20,020 (amount for income year 2012) on a yearly basis will be subject to an additional tax on investment income of 4 per cent. on the income exceeding EUR 20,020. Certain investment income is not subject to the additional tax on investment income, i.e. dividend income taxed at 25 per cent., liquidation bonuses, the part of interest on regulated savings accounts taxed at 15 per cent., the income from government bonds issued and subscribed between 24 November and 2 December 2011 and income not considered as taxable moveable income (including the exempt part of interest on regulated savings accounts); however, this investment income is in principle first taken into account to determine whether the EUR 20,020 threshold is exceeded, except for liquidation bonuses, the income from the above mentioned government bonds and income not considered as taxable moveable income (including the exempt part of interest on regulated savings accounts).

If the payment of interest is made through a Belgian paying agent, such paying agent will be required to communicate the identity of the holder of Notes and the amount of the interest to a central contact point, which in turn will automatically communicate such amount and identity to the Belgian income tax authorities if the total amount of investment income communicated with respect to that holder in the relevant year exceeds the abovementioned threshold of EUR 20,020. Such communication to the central contact point can be avoided if the holder of Notes allows the paying agent to levy the 4 per cent. tax in addition to the Belgian withholding tax. In such case, the holder is not required to declare the interest in his/her personal income tax return.

Capital gains realised upon the sale of the Notes are in principle tax exempt, unless the capital gains are realised outside the scope of the management of one's private estate or unless the capital gains qualify as interest (as defined above). Capital losses are in principle not tax deductible.

Belgian resident corporations

Corporations that are Belgian residents for tax purposes, i.e., corporations subject to Belgian Corporate Income Tax ("*Vennootschapsbelasting*" / "*Impôt des sociétés*") are subject to the following tax treatment in Belgium with respect to the Notes.

Interest derived by Belgian corporate investors on the Notes and capital gains realised on the Notes will be subject to Belgian corporate income tax at the ordinary rate of 33.99 per cent. Capital losses on the Notes are in principle tax deductible.

Payments of interest (as defined in the section "Individuals resident in Belgium") on the Notes made through a Belgian establishment of a financial intermediary will in principle be subject to a 21 per cent. withholding tax in Belgium (calculated on the interest received after deduction of any non-Belgian withholding taxes). However, the interest can under certain circumstances be exempt from withholding tax, provided a special certificate is delivered. For zero or capitalisation bonds, the above exemption will not apply, unless the Belgian company and the Issuer are associated companies within the meaning of article 105,6° RD/ITC. The Belgian withholding tax that has been levied is creditable and refundable in accordance with the applicable legal provisions.

Other Belgian legal entities

Legal entities that are Belgian residents for tax purposes, i.e. that are subject to Belgian tax on legal entities (*“Rechtspersonenbelasting”/“Impôt des personnes morales”*) are subject to the following tax treatment in Belgium with respect to the Notes.

Payments of interest (as defined in the section “Individuals resident in Belgium”) on the Notes made through a Belgian establishment of a financial intermediary will in principle be subject to a 21 per cent. withholding tax in Belgium and no further tax on legal entities will be due on the interest.

However, if the interest is paid outside Belgium, i.e. without the intervention of a financial intermediary in Belgium, the legal entity itself is liable for the payment of the Belgian 21 per cent. withholding tax.

Capital gains realised on the sale of the Notes are in principle tax exempt, unless the capital gain qualifies as interest (as defined in the section “Individuals resident in Belgium”). Capital losses on the Notes are in principle not tax deductible.

Organisation for Financing Pensions

Belgian pension fund entities that have the form of an Organisation for Financing Pensions (**“OFP”**) are subject to Belgian Corporate Income Tax (*“Vennootschapsbelasting”/“Impôt des sociétés”*). OFPs are subject to the following tax treatment in Belgium with respect to the Notes.

Interest derived on the Notes and capital gains realised on the Notes will not be subject to Belgian Corporate Income Tax in the hands of OFPs. Any Belgian withholding tax that has been levied is creditable and refundable in accordance with the applicable legal provisions.

Belgian non-residents

The interest income on the Notes paid to a Belgian non-resident outside of Belgium, i.e. without the intervention of a Belgian establishment of a financial intermediary, is not subject to Belgian withholding tax.

Interest income on the Notes paid through a Belgian intermediary will in principle be subject to a 21 per cent. Belgian withholding tax, unless the Note holder is resident in a country with which Belgium has concluded a double taxation agreement and delivers the requested affidavit.

Non-resident Noteholders that have not allocated the Notes to business activities in Belgium can also obtain an exemption of Belgian withholding tax on interest from the Notes if they are the owners or usufructors of the Notes and they deliver an affidavit confirming that they have not allocated the Notes to business activities in Belgium and that they are non-residents, provided that (i) the interest is paid through a Belgian credit institution, stock market company or clearing or settlement institution and that (ii) the Notes are not used by the Issuer for carrying on a business in Belgium.

Non-resident Noteholders using the Notes to exercise a professional activity in Belgium through a permanent establishment are subject to the same tax rules as the Belgian resident corporations (see above). Non-resident Noteholders who do not allocate the Notes to a professional activity in Belgium are not subject to Belgian income tax, save, as the case may be, in the form of withholding tax.

Tax on stock exchange transactions

A stock exchange tax (*“Taxe sur les opérations de bourse”, “Taks op de beursverrichtingen”*) will be levied on the purchase and sale in Belgium of the Notes on a secondary market through a professional intermediary. The rate applicable for secondary sales and purchases in Belgium through a professional intermediary is 0.09 per cent. with a maximum amount of EUR 650 per transaction and per party. The tax is due separately from each party to any such transaction, i.e., the seller (transferor) and the purchaser (transferee), both collected by the professional intermediary.

However, the tax will not be payable by exempt persons acting for their own account, including investors who are Belgian non-residents provided they deliver an affidavit to the financial intermediary in Belgium confirming their non-resident status and certain Belgian institutional investors, as defined in Article 126/1, 2° of the Code of various duties and taxes (*“Code des droits et taxes divers”, “Wetboek diverse rechten en taksen”*).

EU Savings Directive

The Savings Directive has been implemented in Belgium by the law of 17 May 2004. The Savings Directive entered into force on 1 July 2005.

Individuals not resident in Belgium

Interest paid or collected through Belgium on the Notes and falling under the scope of application of the Savings Directive was subject to the Disclosure of Information Method as from 1 January 2010.

Individuals resident in Belgium

An individual resident in Belgium will be subject to the provisions of the Savings Directive, if he receives interest payments from a paying agent (within the meaning of the Savings Directive) established in another EU Member State, Switzerland, Liechtenstein, Andorra, Monaco, San Marino, the Curaçao, Bonaire, Saba, Sint- Maarten and Sint-Eustatius (former the Netherlands Antilles), Aruba, Guernsey, Jersey, the Isle of Man, Montserrat, the British Virgin Islands, Anguilla, the Cayman Islands or the Turks and Caicos Islands.

If the interest received by an individual resident in Belgium has been subject to a withholding pursuant to the Savings Directive (“**Source Tax**”), such Source Tax does not liberate the Belgian individual from declaring the interest income in the personal income tax declaration. The Source Tax will be credited against the personal income tax. If the Source Tax withheld exceeds the personal income tax due, the excessive amount will be reimbursed, provided it reaches a minimum of €2.5.

FEDERAL REPUBLIC OF GERMANY

The following summary does not consider all aspects of income taxation in the Federal Republic of Germany (“**Germany**”) that may be relevant to a holder of the Notes in the light of the holder’s particular circumstances and income tax situation. The summary applies to investors holding the Notes as private investment assets (except where explicitly stated otherwise) and is not intended to be, nor should it be construed to be, legal or tax advice. This discussion is based on German tax laws and regulations, all as currently in effect (except where explicitly stated otherwise) and all subject to change at any time, possibly with retroactive effect. In particular, the discussion herein is limited to Notes that are issued and acquired after 31 December 2008. The tax treatment of Notes that were issued and acquired prior to 1 January 2009 may, subject to certain transition rules in connection with the introduction of the flat tax (*Abgeltungsteuer*) on investment income, differ significantly from the description in this summary. **Prospective holders should consult their own tax advisers as to the particular tax consequences to them of subscribing, purchasing, holding and disposing of the Notes, including the application and effect of state, local, foreign and other tax laws and the possible effects of changes in the tax laws of Germany.**

German resident Noteholders

Interest income

If the Notes are held as private assets (*Privatvermögen*) by an individual investor whose residence or habitual abode is in Germany, payments of interest under the Notes are taxed as investment income (*Einkünfte aus Kapitalvermögen*) at a 25 per cent. flat tax (*Abgeltungsteuer*) (plus a 5.5 per cent. solidarity surcharge thereon and, if applicable to the individual investor, church tax).

The flat tax is generally collected by way of withholding (see succeeding paragraph – “Withholding tax”) and the tax withheld shall generally satisfy the individual investor’s tax liability with respect to the Notes. If, however, no or insufficient tax was withheld the investor will have to include the income received with respect to the Notes in its income tax return and the flat tax will then be collected by way of tax assessment. The investor may also opt for inclusion of investment income in its income tax return if the aggregated amount of tax withheld on investment income during the year exceeded the investor’s aggregated flat tax liability on investment income (e.g., because of an available loss carry forward or a foreign tax credit). If the investor’s total income tax liability on all taxable income including the investment income determined by generally applicable graduated income tax rates is lower than 25 per cent. the investor may opt to be taxed at graduated rates with respect to its investment income.

Individual investors are entitled to a tax allowance (*Sparer-Pauschbetrag*) for investment income of Euro 801 per year (Euro 1,602 for married couples filing their tax return jointly). The tax allowance is taken into account for purposes of the withholding tax (see succeeding paragraph – “Withholding tax”) if the investor files a withholding tax exemption request

(*Freistellungsauftrag*) with the respective bank or financial institution where the securities deposit account to which the Notes are allocated is held. The deduction of related expenses for tax purposes is not possible.

If the Notes are held as business assets (*Betriebsvermögen*) by an individual or corporate investor who is tax resident in Germany (i.e., a corporation with its statutory seat or place of management in Germany), interest income from the Notes is subject to personal income tax at graduated rates or corporate income tax (each plus solidarity surcharge thereon) and trade tax. Where Notes qualify as zero bonds each year the part of the difference between the issue or purchase price and the redemption amount attributable to such year must be taken into account. The trade tax liability depends on the applicable trade tax factor of the relevant municipality where the business is located. In the case of individual investors the trade tax may, however, be partially or fully creditable against the investor's personal income tax liability depending on the applicable trade tax factor and the investor's particular circumstances. The interest income will have to be included in the investor's personal or corporate income tax return. Any German withholding tax (including surcharges) is generally fully creditable against the investor's personal or corporate income tax liability or refundable, as the case may be.

Withholding tax

If the Notes are kept or administered in a domestic securities deposit account by a German credit or financial services institution (or by a German branch of a foreign credit or financial services institution), or by a German securities trading firm (*Wertpapierhandelsunternehmen*) or a German securities trading bank (*Wertpapierhandelsbank*) (altogether the "**Domestic Paying Agent**") which pays or credits the interest, a 25 per cent. withholding tax, plus a 5.5 per cent. solidarity surcharge thereon, resulting in a total withholding tax charge of 26.375 per cent., is generally levied on the interest payments. The applicable withholding rate is in excess of the aforementioned rate if church tax is collected for the individual investor.

Capital gains from disposal or redemption of the Notes

Subject to the tax allowance for investment income described under Interest income above capital gains from the sale or redemption of the Notes held as private assets are taxed at the 25 per cent. flat tax (plus a 5.5 per cent. solidarity surcharge thereon and, if applicable to the individual investor, church tax). The capital gain is generally determined as the difference between the proceeds from the sale or redemption of the Notes and the acquisition costs.

Expenses directly related to the sale or redemption are taken into account. Otherwise, the deduction of related expenses for tax purposes is not possible.

Where the Notes are denominated in a currency other than Euro, the acquisition costs and the proceeds from the sale or redemption are computed in Euro, each at the time of the acquisition, sale or redemption, respectively.

Capital losses from the Notes held as private assets are tax-recognised irrespective of the holding period of the Notes. The losses may, however, not be used to offset other income like employment or business income but may only be offset against investment income subject to certain limitations. Losses not utilised in one year may be carried forward into subsequent years but may not be carried back into preceding years. In case the terms and conditions of certain types of Notes, provide for a risk that no re-payment of principal is made upon maturity or redemption date, it can not be excluded that capital losses will not be recognised by the German tax authorities.

The flat tax is generally collected by way of withholding (see succeeding paragraph – "Withholding tax") and the tax withheld shall generally satisfy the individual investor's tax liability with respect to the Notes. With respect to the return filing investors are referred to the description under "Interest income" above.

If the Notes are held as business assets (*Betriebsvermögen*) by an individual or corporate investor that is tax resident in Germany, capital gains from the Notes are subject to personal income tax at graduated rates or corporate income tax (plus solidarity surcharge thereon) and trade tax. The trade tax liability depends on the applicable trade tax factor of the relevant municipality where the business is located. In the case of an individual investor the trade tax may, however, be partially or fully creditable against the investor's personal income tax liability depending on the applicable trade tax factor and the investor's particular circumstances. The capital gains or losses will have to be included in the investor's personal or corporate income tax return. It cannot be excluded that certain Notes may be classified as forward transaction (*Termingeschäft*) for tax purposes. In this case the losses from the Notes could only be offset against gains from other forward transactions (ring-fencing of losses). Any German withholding tax (including surcharges) is generally fully creditable against the investor's personal or corporate income tax liability or refundable, as the case may be.

Withholding tax

If the Notes are kept or administered by a Domestic Paying Agent from the time of their acquisition, a 25 per cent. withholding tax, plus a 5.5 per cent. solidarity surcharge thereon, is levied on the capital gains, resulting in a total withholding tax charge of 26.375 per cent. If the Notes were sold or redeemed after being transferred to another securities deposit account, the 25 per cent. withholding tax (plus solidarity surcharge thereon) would be levied on 30 per cent. of the proceeds from the sale or the redemption, as the case may be, unless the investor or the previous account bank was able and allowed to provide evidence for the investor's actual acquisition costs to the new Domestic Paying Agent. If the previous account bank from which the Notes were transferred was a Domestic Paying Agent it would be required to remit the acquisition costs to a new Domestic Paying Agent. The applicable withholding rate is in excess of the aforementioned rate if church tax is collected for the individual investor.

In addition, subject to certain requirements and restrictions the Domestic Paying Agent may credit foreign withholding taxes levied on investment income in a given year regarding securities held by the investor in the deposit account with the Domestic Paying Agent.

No withholding tax is generally required on capital gains derived by German resident corporate noteholders and upon application by individual noteholders holding the Notes as business assets.

Non-German resident Noteholders

Income derived from the Notes by holders who are not tax resident in Germany is in general exempt from German income taxation, and no withholding tax shall be withheld, provided however (i) the Notes are not held as business assets of a German permanent establishment of the investor or by a permanent German representative of the investor or (ii) the Notes are not presented for payment or credit at the offices of a German credit or financial services institution including a German branch of a foreign credit or financial services institution (over-the-counter transaction).

If the income derived from the Notes is subject to German taxation according to (i) or (ii) above, the income is subject to withholding tax similar to that described above under the paragraphs "Withholding tax". Under certain circumstances, foreign investors may benefit from tax reductions or tax exemptions under applicable double tax treaties (*Doppelbesteuerungsabkommen*) entered into with Germany.

Inheritance tax/gift tax

The transfer of Notes to another person by way of gift or inheritance is subject to German gift or inheritance tax, respectively, if

(i) the testator, the donor, the heir, the donee or any other acquirer had his residence, habitual abode or, in the case of a corporation, association (*Personenvereinigung*) or estate (*Vermögensmasse*), had its seat or place of management in Germany at the time of the transfer of property,

(ii) except as provided under (i), the testator's or donor's Notes belong to a business asset attributable to a permanent establishment or a permanent representative in Germany.

Special regulations apply to certain German expatriates.

Investors are urged to consult with their tax advisor to determine the particular inheritance or gift tax consequences in light of their particular circumstances.

Other taxes

The purchase, sale or other disposal of Notes does not give rise to capital transfer tax, value added tax, stamp duties or similar taxes or charges in Germany. However, under certain circumstances entrepreneurs may choose liability to value added tax with regard to the sales of Notes which would otherwise be tax exempt. Net wealth tax (*Vermögensteuer*) is, at present, not levied in Germany.

UNITED KINGDOM

The comments below apply only to persons who are beneficial owners of the Notes and are of a general nature based on current United Kingdom law as applied in England and Wales and published HM Revenue & Customs practice (which may not

be binding on HM Revenue & Customs) and are not intended to be exhaustive. Some aspects do not apply to certain classes of persons (such as dealers) to whom special rules may apply. They assume that the Issuer is not resident in the United Kingdom and that the Issuer does not act through a permanent establishment in the United Kingdom in relation to the Notes. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to changes in the future. Any Noteholders who are in doubt as to their own tax position should consult their professional advisers.

Interest on the Notes

On the basis that interest on the Notes is not expected to have a United Kingdom source, there should be no United Kingdom withholding tax.

Persons in the United Kingdom (i) paying interest to or receiving interest on behalf of another person who is an individual, or (ii) paying amounts due on redemption of any Notes which constitute deeply discounted securities as defined in Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005 to or receiving such amounts on behalf of another person who is an individual, may be required to provide certain information to HM Revenue & Customs regarding the identity of the payee or person entitled to the interest and, in certain circumstances, such information may be exchanged with tax authorities in other countries. However, in relation to amounts payable on the redemption of such Notes, HM Revenue & Customs published practice indicates that HM Revenue & Customs will not exercise its power to obtain information where such amounts are paid or received on or before 5 April 2013. Note, however, that if the reporting obligations in the Directive apply to such a payment then information on the amounts payable on redemption of such Notes will have to be provided to HM Revenue & Customs.

THE NETHERLANDS

This taxation paragraph solely addresses the Dutch withholding tax consequences of the payments under the Notes. It does not consider other aspects of taxation that may be relevant to a particular holder of Notes. Each prospective holder should consult a professional tax adviser with respect to the tax consequences of an investment in the Notes. Where in this paragraph English terms and expressions are used to refer to Dutch concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Dutch concepts under Dutch tax law.

This paragraph is based on the tax law of the Netherlands (unpublished case law not included) as it stands on the date of this Prospectus. The law upon which this paragraph is based is subject to change, possibly with retroactive effect. Any such change may invalidate the contents of this paragraph, which will not be updated to reflect such change. This paragraph assumes that the place of effective management of the Issuer and, if applicable, the Substituted Issuer(s) is not situated in the Netherlands and that the Issuer and, if applicable, the Substituted Issuer(s), are not otherwise a resident of the Netherlands for Dutch dividend tax (*dividendbelasting*) purposes.

Withholding tax

All payments under the Notes may be made free from withholding or deduction of Dutch dividend tax (*dividendbelasting*), or any taxes of a similar nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

ITALY

The statements herein regarding taxation are based on the laws and/or practice in force as at the date of this Base Prospectus and are subject to any changes in law and/or practice occurring after such date, which changes could be made on a retroactive basis. This summary will not be updated to reflect changes in law and/or practice and, if any such change occurs, the information in this summary could be superseded. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules.

Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Notes.

Interest Income

Tax treatment of the Notes qualifying as bonds or securities similar to bonds

Legislative Decree No. 239 of 1 April 1996, as subsequently amended (“**Decree 239**”), provides for the tax treatment applicable to interest, premium and other income (including the difference between the redemption amount and the issue price; such interest, premium and other income collectively referred to as the “Notes Income”) arising from notes falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*), including those issued by banks residing outside of Italy, such as the Notes, provided that such securities are deposited with banks, qualified financial intermediaries (*SIMs*), fiduciary companies, asset management companies (*SGRs*), stockbrokers or the other entities identified with a decree of the Ministry of Finance (each an “Intermediary”). An Intermediary must (i) be resident in Italy, or be the Italian permanent establishment of a non-Italian resident financial intermediary, and (ii) intervene, in any way, in the collection of interest accrued on, or in the transfer of, the Notes. For the purpose of the application of Decree 239, a transfer of the Notes includes any assignment or transfer, made either with or without consideration, which results in a change of the ownership of the relevant Notes or in a change of the Intermediary with which the Notes are deposited.

Italian resident Noteholders

Pursuant to Decree 239, a withholding tax, referred to as “*imposta sostitutiva*”, currently levied at a rate of 20 per cent. on Notes Income accrued as of 1 January 2012, applies on Notes income cashed or deemed to be cashed upon disposal for a consideration of the Notes by (i) an Italian individual not engaged in an entrepreneurial activity to which the Notes are connected (unless the individual has opted to entrust the management of his financial assets, including the Notes, with an Italian authorised financial intermediary and has opted for the *risparmio gestito* regime – see under Capital Gains Tax, *regime del risparmio gestito*), (ii) an Italian non-commercial partnership, (iii) an Italian non-commercial private or public institution, or (iv) an Italian investor exempt from Italian corporate income tax.

In case the Noteholders falling under (i) to (iii), above are engaged in an entrepreneurial activity to which the Notes are connected, the Notes Income is currently included in their overall year-end taxable income on an accrual basis and taxed at progressive rates of personal income tax (IRPEF) with respect to individuals doing business either directly or through a partnership (currently, the marginal rate equals 43 per cent. and additional surcharges of up to 3.13 per cent. for years 2011 and 2012) also apply depending on the Holders’ region and municipality of residence; an additional surcharge, the so-called “solidarity tax”, currently applies at a 3 per cent. rate on any income exceeding Euro 300,000 for the 2011-2013 tax periods, although the government is already empowered to extend its application to future years, such “solidarity tax” is deductible from taxable income) or corporate income tax (IRES) with respect to private and public institutions, currently levied at a rate of 27.5 per cent. (IRES rate may be increased from 27.5 per cent. up to 38 per cent. depending on the status of the Noteholders).

Where an Italian resident Noteholder is a company or similar commercial entity (or a permanent establishment in Italy of a foreign enterprise, to which the Notes are effectively connected) and the Notes are deposited with an intermediary, the Notes income would not be subject to the *imposta sostitutiva*, but currently included in the Noteholder’s overall year-end income as accrued and is therefore subject to IRES. In addition, in certain circumstances, depending on the “status” of the Noteholder (i.e., generally, in the case of banks or financial institutions), the Notes Income is subject to a regional income tax (IRAP), generally levied at a rate which may vary between 3.9 per cent. and 6.9 per cent., depending on the Noteholder’s actual “status” and region of residence.

If the Noteholder is an Italian pension fund subject to the regime provided under Legislative Decree No. 252 of 5 December 2005, and the Notes are deposited with an Intermediary, the Notes Income would not be subject to the *imposta sostitutiva* but currently included in the annual net accrued results of such pension fund, which are subject to a substitute tax 11 per cent.

The *imposta sostitutiva* is withheld by the Intermediary intervening in the collection of the Notes Income. The Notes Income received by (i) Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 25 January 1998, or (ii) pursuant to Law Decree No. 225 of 29 December 2010, an Italian resident open-ended or closed-ended investment fund, or a SICAV, is not subject to any withholding or substitute tax at the level of the fund.

Holders resident outside of Italy

No Italian tax is applicable to payments of Notes Income made to a non- Italian resident Noteholder that does not have a permanent establishment in Italy through which the Notes are held, provided that such Noteholder makes a statement to that effect, if and when required according to the applicable Italian tax regulations.

Tax treatment of the Notes qualifying as atypical securities

Atypical securities

The Notes Income relating to Notes that are not deemed to fall within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) and are treated as atypical securities for Italian tax purposes would be subject to a final withholding tax, levied at the rate of 20 per cent. For this purpose, debentures similar to bonds are securities that incorporate an unconditional obligation to pay, at maturity, an amount not lower than their nominal value and do not embed any profit-participating feature. In this respect, the Italian tax authorities have clarified (Italian Revenue Agency Circular No. 4/E of 18 January 2006) that securities having a maturity that is not scheduled at a specific date, such as perpetual bonds, but it is linked to the maturity of the issuing company or to the liquidation thereof, if the company has been set-up with an undetermined maturity pursuant to Article 2328 (2), No. 13, of the Italian Civil Code, shall be characterised as bonds for tax purposes.

The 20 per cent. withholding tax would be levied on a provisional basis in the case of individuals engaged in an entrepreneurial activity to which the securities are connected and credited against the ordinary personal income tax due on the income relating to such securities. Such withholding tax would not apply with respect to payments made to a non-Italian resident Noteholder that does not have a permanent establishment in Italy through which the Notes are held, and to an Italian resident Noteholder, which is (i) a company or similar commercial entity (including the Italian permanent establishment of foreign entities), (ii) a commercial partnership, or (iii) a commercial private or public institution. Interest payments made to taxpayers falling under (i) to (iii), above, are currently included in their overall year-end taxable income and subject to their ordinary tax regime.

Tax treatment of Capital gains

Capital gains tax

Capital gains realised upon any disposal, sale or redemption of the Notes is currently included in the overall taxable income of an Italian company or a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Notes are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected. As such, they would be subject to corporate or personal income tax, as the case may be, at the rates illustrated above. In addition, in certain circumstances, depending on the “status” of the Noteholder, they may also be subject to *IRAP*.

Capital gains arising from the disposal, sale or redemption of the Notes realised by an Italian resident Noteholder who is an individual not engaged in an entrepreneurial activity to which the Notes are connected, are subject to a capital gains tax (*imposta sostitutiva*), currently levied at the rate of 20per cent., pursuant to one of the following regimes:

(i) Under the tax return regime (*regime della dichiarazione*), the capital gains tax is chargeable, on a cumulative basis, on all capital gains net of any incurred capital loss realised by any such taxpayer on the disposal, sale or redemption of the Notes occurring in any given tax year. Such gain, net of any relevant incurred capital loss, must be reported in the year-end tax return and the tax must be paid on the capital gain together with any income tax due for the relevant tax year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years. This regime automatically applies if the Noteholders do not expressly opt for one of the following regimes; or

(ii) Under the non-discretionary portfolio regime (*regime del risparmio amministrato*), such taxpayer may elect to pay the tax separately on capital gains realised on each sale or redemption of the Notes. This separate taxation of capital gains is allowed subject to (x) the Notes being deposited with an authorised Intermediary and (y) the taxpayer making a timely election in writing for the regime del *risparmio amministrato*, addressed to any such Intermediary. The Intermediary is then responsible for accounting for the tax in respect of capital gains realised on each disposal, sale or redemption of the Notes (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, withholding and remitting to the Treasury the tax due. Losses may be deducted from capital gains subsequently realised

within the same securities portfolio in the same tax period. Losses in excess can be carried forward in the following years up to the fourth. Under the regime del *risparmio amministrato*, the Noteholder is not required to report the capital gains in his annual tax return;

(iii) Under the discretionary portfolio regime (*regime del risparmio gestito*), eligible when the Notes are included in a portfolio discretionarily managed by an authorised intermediary, the 20 per cent. tax is paid on the appreciation of the investment portfolio accrued as of 1 January 2012 (including the gains realised on the disposal, sale or redemption of the Notes). The tax is paid by the authorised Intermediary. Any depreciation of the investment portfolio accrued at year-end may be carried forward and netted against the appreciation accrued in any of the four succeeding tax years. Under such regime, the Noteholder is not required to report the gains realised in his year-end tax return.

Capital gains realised by Italian-resident pension funds, certain Italian investment funds and real estate funds from the disposal, sale or redemption of the Notes are subject to the same tax regime described above under section “Interest Income.”

Capital gains realised by non-Italian resident Noteholders from the sale or redemption of the Notes are not subject to Italian taxation, provided that the Notes (i) are held outside Italy or (ii) are traded on a regulated market.

Italian inheritance and gift tax

Pursuant to Law Decree No. 262 of 3 October 2006, as converted in law, with amendments, pursuant to Law No. 286 of 24 November 2006, a transfer of the Notes by reason of death or gift is subject to an inheritance and gift tax levied on the value of the inheritance or gift, as follows:

- Transfers to a spouse or direct descendants or ancestors up to Euro 1,000,000 to each beneficiary are exempt from inheritance and gift tax. Transfers in excess of such threshold will be taxed at a 4 per cent. rate on the value of the Notes exceeding such threshold;
- Transfers between relatives up to the fourth degree other than siblings, and direct or indirect relatives by affinity up to the third degree are taxed at a rate of 6 per cent. on the value of the Notes (where transfers between siblings up to a maximum value of Euro 100,000 for each beneficiary are exempt from inheritance and gift tax); and
- Transfers by reason of gift or death of Notes to persons other than those described above will be taxed at a rate of 8 per cent. on the value of the Notes.

If the beneficiary of any such transfer is a disabled individual, whose handicap is recognised pursuant to Law No. 104 of 5 February 1992, the tax is applied only on the value of the assets (including the Notes) received in excess of Euro 1,500,000 at the rates illustrated above, depending on the type of relationship existing between the deceased or donor and the beneficiary.

Stamp Duty on the Notes

Pursuant to Article 13(2-ter) of the Tariff attached to Presidential Decree No. 642 of 26 October 1972 (as amended with Law Decree No. 201 of 6 December 2011, converted into law with Law No. 214 of 22 December 2011), regulating the Italian stamp duty, a proportional stamp duty applies on the periodic reporting communications sent by financial intermediaries to their clients (with the exception of pension funds and health funds) with respect to any financial instruments (including bonds, such as the Notes) deposited therewith.

Such stamp duty is generally levied by the relevant financial intermediary, and computed on the fair market value of the financial instruments or, in case the fair market value cannot be determined, on their face or redemption values at the following rates: (i) 0.1 per cent. for 2012, with a cap of Euro 1,200 just for that year, and (ii) 0.15 per cent. as of 2013. The stamp duty is levied on an annual basis and cannot be lower than Euro 34.20. In case of reporting periods of less than 12 months, the stamp duty is pro-rated.

Moreover, pursuant to Article 19(18-23) of Law Decree No. 201 of 6 December 2011, a similar duty applies, as of 2011, on the fair market value determined at the end of each year (or, in case the fair market value cannot be determined, on their face or redemption values) of any financial asset (including bonds such as the Notes) held abroad by Italian resident individuals. Such duty will apply at the following rates: (i) 0.1 per cent. for 2011 and 2012, and (ii) 0.15 per cent. as of 2013. A tax credit is granted for any foreign property tax levied abroad on such financial assets.

Prospective investors are urged to consult their own tax advisors as to the tax consequences of the application of these new duties on their investment in Notes.

HONG-KONG

The statements below regarding taxation are based on the law and practice of Hong Kong at the date of this Base Prospectus and are subject to any subsequent changes in law or practice (which could be made on a retrospective basis). The following statements do not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and may not apply equally to all persons. Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the tax consequences of their ownership of the Notes.

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Notes or in respect of any capital gains arising from the sale of the Notes.

Profits Tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Under the Inland Revenue Ordinance (Cap. 112) of Hong Kong, as it is currently applied by the Inland Revenue Department, interest on the Notes may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

- (i) interest on the Notes is derived from Hong Kong and is received by or accrues to a company, carrying on a trade, profession or business in Hong Kong; or
- (ii) interest on the Notes is derived from Hong Kong and is received by or accrues to a person, other than a company, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business; or
- (iii) interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance) and arises through or from the carrying on by the financial institution of its business in Hong Kong.

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal or redemption of Notes will be subject to profits tax.

Sums derived from the sale, disposal or redemption of Bearer Notes will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source. Similarly, such sums in respect of Registered Notes received by or accrued to either the aforementioned person and/or a financial institution will be subject to Hong Kong profits tax if such sums have a Hong Kong source.

The source of such sums will generally be determined by having regard to the manner in which the Notes are acquired and disposed.

Stamp Duty

Stamp duty will not be payable on the issue of Bearer Notes provided either:

- (i) such Bearer Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or
- (ii) such Bearer Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117) of Hong Kong).

If stamp duty is payable, it is payable by the Issuer on issue of Bearer Notes at a rate of 3 per cent. of the market value of the Notes at the time of issue.

No stamp duty will be payable on any subsequent transfer of Bearer Notes.

No stamp duty is payable on the issue of Registered Notes. Stamp duty may be payable on any transfer of Registered Notes if the relevant transfer is required to be registered in Hong Kong. Stamp duty will, however, not be payable on any transfers of Registered Notes provided that either:

- (i) the Registered Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or
- (ii) the Registered Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117) of Hong Kong).

If stamp duty is payable in respect of the transfer of Registered Notes it will be payable at the rate of 0.2 per cent. (of which 0.1 per cent. is payable by the seller and 0.1 per cent. is payable by the purchaser) normally by reference to the value of the consideration. If, in the case of either the sale or purchase of such Registered Notes, stamp duty is not paid, both the seller and the purchaser may be liable jointly and severally to pay any unpaid stamp duty and also any penalties for late payment. If stamp duty is not paid on or before the due date (two days after the sale or purchase if effected in Hong Kong or 30 days if effected elsewhere) a penalty of up to 10 times the duty payable may be imposed. In addition, stamp duty is payable at the fixed rate of HK\$5 on each instrument of transfer executed in relation to any transfer of the Registered Notes if the relevant transfer is required to be registered in Hong Kong.

Estate Duty

No estate duty will be payable in respect of Bearer Notes and Registered Notes in Hong Kong.

JAPAN

The payment of principal and interest in respect of the Notes issued by an Issuer to a non-resident of Japan or a non-Japanese corporation will, under Japanese tax laws currently in effect, not be subject to any Japanese income or corporation tax unless the receipt of the relevant payment is the income of such non-resident or non-Japanese corporation from sources in Japan.

Gains derived from the sale outside Japan of Notes by a non-resident of Japan or a non-Japanese corporation are in general not subject to Japanese income or corporation taxes. Gains derived from the sale in Japan of Notes by a non-resident of Japan or a non-Japanese corporation are in general not subject to Japanese income or corporation taxes except where such seller is a non-Japanese corporation which has a permanent establishment in Japan.

Japanese inheritance and gift taxes at progressive rates may be payable by an individual having domicile in Japan or Japanese national, who has acquired Notes as legatee, heir or donee.

No stamp, issue, registration or similar taxes or duties will, under present Japanese law, be payable by Noteholders in connection with the issue of the Notes.

PEOPLES REPUBLIC OF CHINA (PRC)

The following summary describes the principal PRC tax consequences of ownership of the Notes by beneficial owners who, or which, are residents of mainland China for PRC tax purposes. These beneficial owners are referred to as PRC holders in this section. If you are considering the purchase of the Notes, you should consult your own tax advisors with regard to the application of PRC tax laws to your particular situations as well as any tax consequences arising under the laws of any other tax jurisdiction.

If the holder of the Notes is a PRC entity or individual who, or which, is a resident of mainland China, for PRC tax purposes, pursuant to the PRC Enterprise Income Tax Law and the PRC Individual Income Tax Law and their implementation rules, an income tax shall be levied on both capital gains and payment of interest gained by a PRC resident in respect of the Notes. The current rates of such income tax are twenty per cent. (20%) (for individual PRC resident) and twenty five per cent. (25%) (for any enterprise incorporated in the PRC).

Moreover, the PRC Enterprise Tax Law provides that, if an enterprise incorporated outside the PRC has its “de facto management body” located within the PRC, such enterprise may be regarded as a “PRC Resident Enterprise” thus may be subject to the enterprise income tax at the rate of twenty five per cent. (25%) on its worldwide income. Under the Implementation Rules on the PRC Enterprise Tax Law, “de facto management body” is defined as the bodies that substantially exert comprehensive management and control on the business, personnel, accounts and assets of an enterprise. In April 2009,

the PRC tax authority promulgated a circular clarifying the criteria for determining whether a “de facto management body” is located within the PRC with respect to the enterprises incorporated overseas with controlling shareholders being PRC enterprises. If any holder of the Notes is determined as a PRC Resident Enterprise because its “de facto management body” is located in the territory of the PRC, any interest and capital gains paid to such holders may be subject to PRC enterprise income tax at a rate of twenty five per cent. (25%).

PRC Taxation

The holders of RMB Notes who are not resident in the PRC for PRC tax purposes will not be subject to withholding tax, income tax or any other taxes or duties imposed by any governmental authority in the PRC in respect of their RMB Notes or any repayment of principal and payment of interest made thereon.

SINGAPORE

The statements below regarding Singapore taxation are based on the law and practice of Singapore at the date of this Base Prospectus and are subject to any subsequent changes in law or practice (which could be made on a retrospective basis). The following statements do not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and may not apply equally to all persons. In particular, additional or complex tax considerations may apply in relation to structured Notes issued under the Programme. Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the tax consequences of their ownership of the Notes.

General

Individual taxpayers who are Singapore tax residents are subject to Singapore income tax on income accruing in or derived from Singapore. Foreign-sourced income received in Singapore on or after 1 January 2004 by a Singapore tax resident individual (except for income received through a partnership in Singapore) is exempt from Singapore income tax if the Comptroller of Income Tax of Singapore (the “**Comptroller**”) is satisfied that the tax exemption would be beneficial to the individual.

Non-resident individuals, subject to certain exemptions, are subject to Singapore income tax on income accruing in or derived from Singapore.

An individual is a tax resident in Singapore in a year of assessment if in the preceding year such individual was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if such individual resides in Singapore.

Corporate taxpayers are subject to Singapore income tax on income accruing in or derived from Singapore and, subject to certain exceptions, on foreign-sourced income received or deemed to be received in Singapore.

Qualifying Debt Securities Scheme

If the dealers for more than half of the issue of a tranche of Notes are: (i) financial institutions in Singapore where their staff based in Singapore have a leading and substantial role in the distribution of the debt securities; or (ii) financial sector incentive (bond market) companies (as defined in the ITA), such tranche of Notes issued as debt securities under the Programme during the period from the date of this Base Prospectus to 31 December 2013 (such tranche of notes being referred to as “**Relevant Notes**”) would be “qualifying debt securities” under the ITA to which the following treatment shall apply.

Subject to certain conditions having been fulfilled (including the furnishing to the Comptroller and the Monetary Authority of Singapore by the Issuer (or such other person as the Comptroller may direct) of a Return on Debt Securities for the Relevant Notes within a specified period and such other particulars in connection with the Relevant Notes as the Comptroller may require), interest, discount income (excluding discount income from secondary trading), redemption premium, break cost and prepayment fee (collectively, the “**Qualifying Income**”) from the Relevant Notes derived by any company or a body of persons as defined in the ITA) in Singapore is subject to tax at a concessionary rate of 10%.

The 10% concessionary rate of tax referred to above will not apply to holders of Relevant Notes which are Financial Sector Incentive (Standard-Tier) Companies (within the meaning of section 43Q of the ITA) (FSI-ST) or which are otherwise subject to a special tax regime. Holders of the Notes who may be subject to the tax treatment for FSI-STs or which are otherwise subject to any special tax regime should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Relevant Notes.

However, notwithstanding the foregoing:

- (a) if during the primary launch of the Relevant Notes, the Relevant Notes are issued to fewer than four persons and 50% or more of the issue of the Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Issuer, the Relevant Notes would not qualify as "qualifying debt securities"; and
- (b) even though the Relevant Notes qualify as "qualifying debt securities", if, at any time during the tenure of the Relevant Notes, 50% or more of the issue of the Relevant Notes is held beneficially or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived by:
 - (i) any related party of the Issuer; or
 - (ii) any other person where the funds used by such person to acquire the Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the concessionary rate of tax of 10% described above.

The term "related party", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms "break cost", "prepayment fee" and "redemption premium" are defined in the ITA in relation to debt securities and qualifying debt securities, as follows:

"break cost" means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

"prepayment fee" means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and

"redemption premium", means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

These terms have the same meanings in this Singapore tax disclosure as in the ITA.

Enhanced Tax Incentives for Certain Long-Term Qualifying Debt Securities

Subject to compliance with the conditions described above in respect of qualifying debt securities and for the concessionary tax rate thereunder, Qualifying Income derived by investors (including companies and bodies of persons in Singapore) from qualifying debt securities (excluding Singapore Government Securities) which:

- (a) are issued during the period from 16 February 2008 to 31 December 2013;
- (b) have an original maturity of not less than 10 years;
- (c) cannot be redeemed, called, exchanged or converted within 10 years from the date of their issue; and
- (d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date,

may enjoy tax exemption.

Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Notes who are applying FRS 39 – Financial Instruments: Recognition and Measurement ("FRS 39") for Singapore income tax purposes may be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 39. Please see the section below on "Adoption of FRS 39 Treatment for Singapore Income Tax Purposes".

Adoption of FRS 39 Treatment for Singapore Income Tax Purposes

The Inland Revenue Authority of Singapore has issued a circular entitled "Income Tax Implications Arising from the Adoption of FRS 39 – Financial Instruments: Recognition and Measurement" (the "**FRS 39 Circular**"). The ITA has since been amended to give legislative effect to the FRS 39 Circular.

The tax treatments in the FRS 39 Circular generally apply, subject to certain "opt-out" provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

Holders of the Notes who may be subject to the tax treatment under the FRS 39 Circular should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

SUBSCRIPTION AND SALE

Summary of Amended and Restated Dealer Agreement

Subject to the terms and on the conditions contained in an amended and restated dealer agreement dated 26 October 2012 (as amended or supplemented from time to time, the “**Amended and Restated Dealer Agreement**”) between Danone, the Permanent Dealers and the Arranger, the Notes will be offered on a continuous basis to the Permanent Dealers. The Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Amended and Restated Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

Danone will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it unless otherwise agreed. Danone has agreed to reimburse the Arranger for certain of its expenses incurred in connection with the Programme and the Dealers for certain of their activities in connection with the Programme. The commissions in respect of an issue of Notes on a syndicated basis will be stated in the relevant Final Terms.

Danone has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealers have agreed to indemnify Danone against certain liabilities in connection with the offer and sale of the Notes. The Amended and Restated Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

Selling Restrictions

France

Each of the Dealers has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Base Prospectus, the relevant Final Terms or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (a) persons providing investment services relating to portfolio management for the account of third parties, and/or (b) qualified investors (*investisseurs qualifiés*), as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 to D.411-3 of the French *Code monétaire et financier*.

United States

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Materialised Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended and regulations thereunder.

Each Dealer has agreed that, except as permitted by the Amended and Restated Dealer Agreement, it will not offer, sell or deliver the Notes of any identifiable Tranche, (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of such Tranche as determined, and certified to the Fiscal Agent by the relevant Dealer, or in the case of Notes issued on a syndicated basis, the Lead Manager, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for

the account of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering of such Notes) may violate the registration requirements of the Securities Act.

United Kingdom

Each Dealer has agreed that:

- (a) in relation to any Notes which have a maturity of less than one year from the date of issue, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the “FSMA”) by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

Italy

The offering of the Notes has not been registered with *the Commissione Nazionale per le Società e la Borsa* (“CONSOB”) pursuant to Italian securities legislation and, accordingly, each Dealer has acknowledged and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or delivered, and will not offer, sell or deliver any Notes or any copy of this Base Prospectus or any other offer document in the Republic of Italy (“Italy”), except:

- (a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 34-ter, paragraph 1, letter b), of CONSOB Regulation No. 11971 of 14 May 1999 (the “Issuers Regulation”), all as amended from time to time; or
- (b) in any other circumstances where an express exemption from compliance with the restrictions on offers to the public applies, as provided under Article 100 of Legislative Decree No/ 58 of 24 February 1998 (the “Consolidated Financial Services Act”) and its implementing regulations, including Article 34-ter of the Issuers Regulation.

Moreover, and subject to the foregoing, any offer, sale or delivery of the Notes or distribution of copies of this Base Prospectus or any other document relating to the Notes in Italy under (a) or (b) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Consolidated Financial Services Act, Legislative Decree No. 385 of 1 September 1993 (the “Banking Act”), and CONSOB Regulation No. 16190 of 29 October 2007, all as from time to time amended;
- (ii) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the offering or issue of securities in Italy; and
- (iii) in compliance with any securities, tax, exchange control and any other applicable laws and regulations, including any limitation or requirement which may be imposed from time to time, *inter alia*, by CONSOB or the Bank of Italy.

Any investor purchasing the Notes in this offering is exclusively responsible for ensuring that any offer or resale of the Notes it purchased in this offering occurs in compliance with applicable laws and regulations.

Article 100-bis of the Consolidated Financial Services Act affects the transferability of the Notes in Italy to the extent that any placing of the Notes is made solely with qualified investors and such Notes are then systematically resold to non-qualified investors on the secondary market at any time in the 12 months following such placing. Should this occur without the publication of a prospectus in Italy in compliance with the Prospectus Directive or, outside of the application of one of the exemptions referred to above, purchasers of Notes who are acting outside of the course of their business or profession are entitled to have such purchase declared void and to claim damages from any authorised intermediary at whose premises the Notes were purchased.

This Base Prospectus, any other document relating to the Notes, and the information contained herein are intended only for the use of its recipient and are not to be distributed to any third-party resident or located in Italy for any reason. No person resident or located in Italy other than the original recipients of this document may rely on it or its contents.

Germany

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it shall only offer Notes in the Federal Republic of Germany in compliance with the provisions of the German Securities Prospectus Act (“**Wertpapierprospektgesetz**”), as amended from time to time, or any other laws applicable in the Federal Republic of Germany governing the offer and sale of securities.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (the “**Financial Instruments and Exchange Act**”). Accordingly, each of the Dealers has severally represented, warranted and agreed that it has not, directly or indirectly, offered or sold and shall not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, a resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Hong Kong

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) to —professional investors‡ as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a —prospectus‡ as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to —professional investors‡ as defined in the Securities and Futures Ordinance (Cap. 571) and any rules made under that Ordinance.

PRC

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that neither it nor any of its affiliates has offered or sold or will offer or sell any of the Notes in the PRC (excluding Hong Kong, Macau and Taiwan) except as permitted by the securities laws of the PRC.

Singapore

Each Dealer has acknowledged that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree that it has not offered or sold any Notes or caused such Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

General

These selling restrictions may be modified by the agreement of Danone and the Dealers following a change in a relevant law, regulation or directive. Any such modification or supplement will be set out in a supplement to this Base Prospectus.

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Base Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Base Prospectus, any other offering material or any Final Terms and obtain any consent, approval or permission required for the purchase, offer or sale of Notes under the laws and regulations in force in any jurisdiction in which it makes such purchase, offer or sale and neither Danone, or any other Dealer shall have responsibility therefore.

PRO-FORMA OF THE GUARANTEE

The undersigned Danone, a public limited liability company (a *société anonyme*) with a share capital of Euro [●] whose head-office is located at 17, Boulevard Haussmann, 75009 Paris, France, represented by [●], duly authorised to deliver this guarantee (the “**Guarantee**”) by [●] hereinafter referred to as the “**Guarantor**” or “**Danone**”, hereby refer to:

The issuance of Euro Medium Term Notes (the “**Notes**”) by [●], a company incorporated under the laws of [●], whose head-office is located at [●] (the “**Substituted Issuer**”) under a Euro Medium Term Notes Programme in the aggregate nominal amount of Notes outstanding not exceeding at any time Euro 7,000,000,000 (or the equivalent in any other currencies) (the “**Programme**”), and under which the Substituted Issuer can issue Notes in the aggregate nominal amount of Notes outstanding not exceeding at any time Euro [●] (or the equivalent in any other currencies), all in accordance with (i) the terms and conditions (the “**Terms and Conditions**”) of the Notes, (ii) the Amended and Restated Agency Agreement dated 26 October 2012 entered into between Danone as Issuer and Citibank N.A., London Branch as fiscal agent and the other agents named in it, as amended from time to time (the “**Amended and Restated Agency Agreement**”) and (iii) the Amended and Restated Dealer Agreement dated 26 October 2012 entered into between Danone as Issuer and the Permanent Dealers and the Arranger, as amended from time to time (the “**Amended and Restated Dealer Agreement**”). The Amended and Restated Agency Agreement and the Amended and Restated Dealer Agreement are together hereinafter referred to as the “**Agreements**”.

The Guarantor hereby declares being fully aware of all the Terms and Conditions of the Notes, the Agreements and the Programme.

The Guarantor hereby irrevocably and unconditionally guarantees up to a maximum outstanding principal amount of Euro [●] (or the equivalent in any other currencies) to the holders of the Notes issued by the Substituted Issuer under the Programme (collectively the “**Noteholders**” and individually a “**Noteholder**”) the due payment of interest and principal of the Notes, when and as the same becomes due and payable (including any additional amounts required to be paid pursuant to the terms of the Notes) by the Substituted Issuer, whether at maturity, upon redemption by acceleration of maturity or otherwise, at the first written demand from any Noteholder in the form attached as appendix to this Guarantee. The Guarantor thus undertakes to pay any sum due under the Notes and unpaid by the Substituted Issuer in accordance with the Terms and Conditions of the Notes at the first written demand from any Noteholder in the form attached as appendix to this Guarantee.

The Guarantor shall be liable under this Guarantee as if it was the sole principal issuer under the Terms and Conditions of the Notes issued by the Substituted Issuer. The Guarantor hereby waives any requirement that the Noteholder, in the event of any default in payment by the Substituted Issuer, seeks to enforce remedies against the Substituted Issuer before seeking to enforce this Guarantee.

This Guarantee shall enter into force from the date of its signature and shall remain fully valid until there are no more outstanding Notes issued by the Substituted Issuer under the Programme.

Any delay, provided that it has not resulted from an administrative error or a technical or operational problem, unless such administrative error or technical or operational problem has not been cured within 15 days, between the due date of the amounts (as stated in the Noteholder(s)’ payment demand) owed by the Guarantor to the Noteholders and their effective payment date shall automatically bear a rate of interest equal to Euribor one month plus a margin of 1 per cent.

The Guarantee shall remain valid even in the case where the Guarantor would no longer hold the original level of its participation in the share capital and/or the voting rights of the Substituted Issuer. In addition, it is hereby expressly agreed that any modification in the legal situation of the Guarantor, whatsoever, shall not release the Guarantor from its obligations under the present Guarantee, especially in case of merger, the absorbing entity or the new entity shall endorse the present undertakings with regard to the merger agreement and in case of split, the beneficiaries of the contributions resulting of such split shall endorse jointly and severally the Guarantor’s undertakings.

For so long as any amount remains payable in respect of the Notes, the Guarantor will not exercise any right of subrogation against the Substituted Issuer pursuant to this Guarantee or take any other action that would result in asserting claims of the Guarantor at the same time as claims of the Noteholders.

If French law should require that payments of principal or interest in respect of any Note, Receipt or Coupon be subject to deduction or withholding in respect of any taxes or duties whatsoever, the Guarantor will, to the fullest extent then permitted by law, pay such additional amounts as shall result in receipt by the Noteholders or, if applicable, the Receiptholders and the

Couponholders, as the case may be, of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon, as the case may be, as indicated in Condition 8(b) of the Terms and Conditions of the Notes.

The obligations of the Guarantor under the Guarantee, if any, constitute direct, unconditional and unsubordinated and (subject to the provisions of Condition 4 of the Terms and Conditions of the Notes) unsecured obligations of the Guarantor and shall at all times rank (save for certain obligations required to be preferred by law) equally and rateably with all other present or future unsecured and unsubordinated financial indebtedness of the Guarantor.

If, at any time when any amount remains payable in respect of the Notes or, if applicable, the receipts or coupons relating thereto, the Guarantor shall grant any mortgage, charge, pledge or other security interest (*sûreté réelle*) upon any of its assets or revenues, present or future, to secure any Relevant Indebtedness (as defined in the Terms and Conditions of the Notes), incurred or guaranteed by it, this Guarantee shall be secured by the same ranking security.

The Guarantor hereby represents and warrants to the Noteholders that:

- (a) it is incorporated and validly existing under the laws of France and has the power to execute the present Guarantee and to perform the obligations expressed in it;
- (b) all corporate actions to authorize the execution or the performance of the obligations of the present Guarantee have been duly taken;
- (c) the execution of this undertaking and the exercise of its obligations under the present Guarantee will not conflict with (i) any constitutive document or any rule of the Guarantor ; (ii) any material agreement or undertaking to which the Guarantor is a party ; and (iii) any applicable law, regulation or judicial order;
- (d) the obligations expressed to be assumed by the Guarantor under the present Guarantee are legal, valid, binding and enforceable obligations in accordance with the terms hereof; and
- (e) no authorization, notification or specific procedure whatsoever is required from any public authority whatsoever for the execution of this Guarantee or the performance of Guarantor's obligations hereunder, or the exercise by the Noteholders of their rights hereunder.

All terms not otherwise defined in the present Guarantee shall have the meaning assigned to them in the Terms and Conditions of the Notes.

This Guarantee shall be governed by French law. Any dispute arising out of or in connection with, without limitation, its validity, interpretation, or Performance, shall be subject to the exclusive jurisdiction of the Commercial Court of Paris (*Tribunal de Commerce de Paris*).

Executed in [●], on [●].

For the Guarantor, [●].]

FORM OF FINAL TERMS FOR USE IN CONNECTION WITH ISSUES OF SECURITIES WITH A DENOMINATION OF AT LEAST €100,000 TO BE ADMITTED TO TRADING ON A REGULATED MARKET

Final Terms dated [●]

[LOGO, if document is printed]

Danone

Euro 7,000,000,000
Euro Medium Term Note Programme
for the issue of Notes
Due from one month from the date of original issue

SERIES NO: [●]

TRANCHE NO: [●]

[Brief description and Amount of Notes]

Issued by Danone (the “Issuer”)

[Name(s) of Dealer(s)]

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 26 October 2012 which has received visa no. 12-521 from the *Autorité des marchés financiers* (the “AMF”) on 26 October 2012 [and the supplement(s) to it dated [●] which has received visa no. [●] from the AMF on [●]] which [together] constitute[s] a base prospectus for the purposes of the Directive 2003/71/EC (and amendments thereto, including the Directive 2010/73/EU, to the extent implemented in the Relevant Member State) (the “Prospectus Directive”) (the “Base Prospectus”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing on the website of the AMF (www.amf-france.org) and of Danone (www.danone.com) and printed copies may be obtained from Danone at 17, boulevard Haussmann, 75009 Paris, France.

The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “Conditions”) set forth in the Base Prospectus dated [original date] [and the supplement(s) to it dated [●]]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus dated 26 October 2012 which has received visa no. 12-521 from the *Autorité des marchés financiers* (the “AMF”) on 26 October 2012 [and the supplement(s) to it dated [●] which has received visa no. [●] from the AMF on [●]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the “Base Prospectus”), save in respect of the Conditions which are extracted from the Base Prospectus dated [original date] [and the supplement(s) to it dated [●]]. Full information on the Issuer, the Notes and the offer of the Notes is only available on the basis of the combination of

these Final Terms, the Conditions and the Base Prospectus. The Base Prospectus is available for viewing on the website of the AMF (www.amf-france.org) and of Danone (www.danone.com) and printed copies may be obtained from Danone at 17, boulevard Haussmann, 75009 Paris, France.

[Include whichever of the following apply or specify as “Not Applicable”. Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote guidance for completing the Final Terms.]

1	Issuer:	Danone
2	(i) Series Number:	[●]
	(i) [Tranche Number:	[●]
	(ii) [Date on which the Notes become fungible:	[Not Applicable/ The Notes will be assimilated (<i>assimilées</i>) and form a single series with the existing [<i>insert description of the Series</i>] issued by the Issuer on [<i>insert date</i>] (the “ Existing Notes ”) as from the date of assimilation which is expected to be on or about 40 days after the Issue Date (the “ Assimilation Date ”).]
3	Specified Currency or Currencies:	[●]
4	Aggregate Nominal Amount:	[●]
	[(i) Series:	[●]
	[(ii) Tranche:	[●]]
5	Issue Price:	[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [<i>insert date</i>] (<i>in the case of fungible issues only if applicable</i>)]
6	Specified Denomination(s):	[●]
7	(i) Issue Date:	[●]
	(ii) Interest Commencement Date:	[Specify/Issue Date/Not Applicable]
8	Maturity Date:	[specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]
9	Interest Basis:	[[●] per cent. Fixed Rate] [[specify particular reference rate] +/- [●] per cent. Floating Rate] [Zero Coupon] [CPI Linked Interest] [HICP Linked Interest] (further particulars specified below)
10	Redemption Basis:	Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [100] per cent. of their nominal amount.
11	Change of Interest Basis:	[Applicable/Not Applicable] [Specify the date when any fixed to floating rate change occurs or refer to paragraphs 14 and 15 below and identify there]
12	Put/Call Options:	[Investor Put] [Issuer Call] [Make-Whole Redemption by the Issuer] [Put Option in case of Change of Control] [(further particulars specified below)]
13	(i) Status of the Notes:	Unsubordinated
	(ii) [Date of [Board] approval for issuance of Notes obtained:	[●] [and [●], respectively]]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14	Fixed Rate Note Provisions	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Rate[(s)] of Interest:	[●] per cent. per annum payable in arrear on each Interest Payment Date
	(ii) Interest Payment Date(s):	[●] in each year [adjusted in accordance with the Business Day Convention specified below ¹] [specify Business Day Convention and any applicable Business Centre(s) for the definition of “Business Day”]/not adjusted.]
	(iii) Fixed Coupon Amount[(s)] ² :	[●] per [●] in nominal amount
	(iv) Broken Amount(s):	[●] payable on the Interest Payment Date falling [in/on] [●]
	(v) Day Count Fraction:	[30/360 / Actual/Actual ([ICMA] / [ISDA])]/[include any other option from the Conditions]]
	(vi) [Determination Dates:	[●] in each year <i>(insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA))</i>
	(vii) [Business Day Convention ³ :	[Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other <i>(give details)</i>]]
	(viii)[Party responsible for calculating Interest Amounts (if not the Calculation Agent) ⁴ :	[●]/[Not Applicable]]
15	Floating Rate Note Provisions	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
	(i) Interest Period(s):	[●]
	(ii) Specified Interest Payment Dates:	[[●] in each year , subject to adjustment in accordance with the Business Day Convention set out in (iii) below]
	(iii) Business Day Convention:	[Floating Rate Business Day Convention/Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention]
	(iv) Business Centre(s):	[●]
	(v) Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination]
	(vi) Interest Period Date(s):	[Not Applicable / <i>Specify dates</i>]
	(vii) Party responsible for calculating the	[●]

¹ RMB Notes only

² Not applicable for RMB Notes

³ RMB Notes only

⁴ RMB Notes only

Rate(s) of Interest and/or Interest Amount(s) (if not the Calculation Agent):

(viii) Screen Rate Determination:

– Reference Rate: [●]

– Interest Determination Date(s): [●]

– Relevant Screen Page: [●]

(ix) ISDA Determination:

– Floating Rate Option: [●]

– Designated Maturity: [●]

– Reset Date: [●]

(x) Margin(s): [+/-][●] per cent. per annum

(xi) Minimum Rate of Interest: [●] per cent. per annum

(xii) Maximum Rate of Interest: [●] per cent. per annum

(xiii) Day Count Fraction: [●]

16 **Zero Coupon Note Provisions**

[Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Amortisation Yield: [●] per cent. per annum

(ii) Day Count Fraction: [●]

17 **Inflation Linked Notes - Provisions relating to CPI or HICP Linked Interest**

[Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Index: [CPI/HICP]

(ii) Party responsible for calculating the Rate of Interest and/or Interest Amount(s) (if not the Calculation Agent):

[●]

(iii) Interest Period(s): [●]

(iv) Interest Payment Dates: [●]

(v) Base Reference: [CPI/HICP] Daily Inflation Reference Index applicable on *[specify date]* (amounting to: [●])

(vi) Rate of Interest: [●] per cent. per annum multiplied by the Inflation Index Ratio

(vii) Day Count Fraction: [●]

PROVISIONS RELATING TO REDEMPTION

18 **Call Option**

[Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) Optional Redemption Date(s): [●]

- (ii) Optional Redemption Amount(s) of [●] per Note of [●] Specified Denomination each Note:
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [●]
- (b) Maximum Redemption Amount: [●]
- (c) Notice period:⁵ [●]
- 19 **Make-Whole Redemption by the Issuer** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Notice period:⁶ [●]
- (ii) Redemption Rate: [●]
- (iii) Redemption Margin: [●]
- (iv) Party, if any, responsible for calculating the principal and/or interest due (if not the Calculation Agent): [●]
- 20 **Put Option** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s) of [●] per Note of [●] Specified Denomination each Note:
- (iii) Notice period:⁷ [●]
- 21 **Change of Control Put Option** [Applicable/Not Applicable]
- 22 **Final Redemption Amount of each Note** [●] per Note of [●] Specified Denomination
- Inflation Linked Notes – Provisions relating to the Final Redemption Amount: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Index: [CPI/HICP]
- (ii) Final Redemption Amount in respect of Inflation Linked Notes: [Condition 6 (f) applies]
- (i) Base Reference: [CPI/HICP] Daily Inflation Reference Index applicable on [*specify date*] (amounting to: [●])

⁵ If setting notice periods are different to those provided in the terms and conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and its fiscal agent.

⁶ If setting notice periods are different to those provided in the terms and conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and its fiscal agent.

⁷ If setting notice periods are different to those provided in the terms and conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and its fiscal agent.

- (i) Party responsible for calculating the Rate of Interest and/or Interest Amount(s) (if not the Calculation Agent): [●]

23 **Early Redemption Amount**

- (i) Early Redemption Amount(s) of each Note payable on redemption for taxation reasons (Condition 6(h)), for illegality (Condition 6(l)) or on event of default (Condition 9): [●]
- (i) Redemption for taxation reasons permitted on days others than Interest Payment Dates: [Yes/No]
- (ii) Unmatured Coupons to become void upon early redemption (Materialised Bearer Notes only): [Yes/No/Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 24 Form of Notes: [Dematerialised Notes/Materialised Notes] (*Materialised Notes are only in bearer form and may only be issued outside France.*)
[Delete as appropriate]
- (i) Form of Dematerialised Notes: [Not Applicable/specify whether Bearer dematerialised form (*au porteur*)/Administered Registered Dematerialised form (*au nominatif administré*)/Fully Registered dematerialised form (*au nominatif pur*)]
- (ii) Registration Agent: [Not Applicable/Applicable] [*if applicable give name and details*] (*note that a registration agent must be appointed in relation to Fully Registered Dematerialised Notes only*)
- (iii) Temporary Global Certificate: [Not Applicable/Temporary Global Certificate exchangeable for Definitive Materialised Notes on [●] (the “**Exchange Date**”), being 40 days after the Issue Date subject to postponement as specified in the Temporary Global Certificate]
- (iv) Applicable TEFRA exemption: [C Rules/D Rules/Not Applicable] (*Only applicable to Materialised Notes*)
- 25 Financial Centre(s) (Condition 7(h)): [Not Applicable/give details. *Note that this item relates to the date and place of payment, and not interest period end dates, to which items 14 (ii) and 15(ii) relates*]
- 26 Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. *If yes, give details*]
- 27 Details relating to Instalment Notes: [Not Applicable/give details]
- (i) Instalment Amount(s): [●]
- (ii) Instalment Date(s): [●]
- (iii) Minimum Instalment Amount: [●]
- (iv) Maximum Instalment Amount: [●]
- 28 Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions [in Condition 1(d)] apply]

- 29 Purchase in accordance with [Not Applicable/Applicable]
Article L.213-1 A and D.213-1 A of the
French *Code monétaire et financier*:
- 30 Consolidation provisions: [Not Applicable/The provisions [in Condition 14(b)] apply]
- 31 Masse (Condition 11): [Full Masse]/[Contractual Masse] shall apply
(Note that: (i) in respect of any Tranche of Notes issued outside France, Condition 11 (b) (Contractual Masse) may be elected by the Issuer, and (ii) in respect of any Tranche of Notes issued inside France, Condition 11(a) (Full Masse) shall apply.)
Name and address of the Representative: [●]
[Name and address of the alternate Representative: [●]]
[The Representation will receive no remuneration/The Representative will receive a remuneration of [●]]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [*Relevant third party information*] has been extracted from (*specify source*). [The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by (*specify source*), no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of [name of the Issuer]:

By:
Duly authorised

PART B – OTHER INFORMATION

1.

- (i) Listing and admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [specify relevant regulated market] with effect from [●].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [specify relevant regulated market]] with effect from [●].] [Not Applicable]
- (Where documenting a fungible issue need to indicate that original Notes are already admitted to trading)*
- (ii) Estimate of total expenses related to admission to trading: [●]

2. RATINGS

Ratings:

[Not Applicable]/[The Notes to be issued [have been/are expected to be] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:

[S & P: [●]]

[Moody's: [●]]

[[Other]: [●]]

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating)

(Include appropriate Credit Rating Agency Regulation (Regulation (EC) No 1060/2009 as amended) disclosure)

[Insert one (or more) of the following options, as applicable:

[[Insert credit rating agency/ies] [is/are] established in the European Union and [has/have each] applied for registration under Regulation (EC) No 1060/2009 (as amended), although notification of the corresponding registration decision has not yet been provided by the relevant competent authority]

[[Insert credit rating agency/ies] [is/are] established in the European Union and registered under Regulation (EC) No 1060/2009 (as amended)]]

[[Insert credit rating agency/ies] [is/are] not established in the European Union and [has/have each] not applied for registration under Regulation (EC) No 1060/2009 (as amended)]]

3. [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER]

(Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the statement below):

“Save as discussed in [“Subscription and Sale”], so far as the Issuer is aware, no person involved in the offer of the

Notes has an interest material to the offer.” *(Amend as appropriate if there are other interests)*]

[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive)]

4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES⁸

[(i) Reasons for the offer: [●]

(See [“Use of Proceeds”] wording in Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here)]

[(ii)] Estimated net proceeds: [●]

(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding)

[(iii)] Estimated total expenses: [●]

[Include breakdown of expenses]

5. [Fixed Rate Notes only – YIELD

Indication of yield: [●]

[The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield]

6. [Floating Rate Notes only - HISTORIC INTEREST RATES

Details of historic [LIBOR/EURIBOR/EUR CMS *replicate other as specified in the Conditions*] rates can be obtained from [Reuters]]

7. [Inflation Linked Notes only – PERFORMANCE OF INDEX AND OTHER INFORMATION CONCERNING THE UNDERLYING

(i) Name of underlying index: Consumer Price Index excluding tobacco for all households in metropolitan France (“CPI”) as calculated and published monthly by the *Institut National de la Statistique et des Etudes Economiques*. / Harmonised Index of Consumer Prices excluding tobacco measuring the rate of inflation in the European Monetary Union excluding tobacco (“HICP”) as calculated and published by Eurostat.]

(ii) Information about the Index: [●]

The Issuer [intends to provide post-issuance information [*specify what information will be reported and where it can be obtained*]] [does not intend to provide post-issuance information]

8. OPERATIONAL INFORMATION

ISIN Code: [●]

Common Code: [●]

Depositories

⁸ Required for derivatives securities to which Annex 12 to the Prospectus Directive Regulation applies

- (i) Euroclear France to act as Central Depository: [Yes/No]
- (ii) Common Depository for Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme*: [Yes/No]
- Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]
- Delivery: Delivery [against/free of] payment
- Names and addresses of additional Paying Agent(s) (if any): [•]

9. DISTRIBUTION

- (i) Method of distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated:
- (A) Names of Managers: [Not Applicable/*give names*]
(Include names of entities agreeing to underwrite the issue on a firm commitment basis and names of the entities agreeing to place the issue without a firm commitment or on a “best efforts” basis if such entities are not the same as the Managers)
- (B) Stabilising Manager(s) if any: [Not Applicable/*give name*]
- (iii) If non-syndicated, name and address of Dealer: [Not Applicable/*give name*]
- (iv) US Selling Restrictions (Categories of potential investors to which the Notes are offered): Reg. S Compliance Category 2 applies to the Notes; [TEFRA C/TEFRA D/ TEFRA not applicable]

GENERAL INFORMATION

- (1) This Base Prospectus has received visa n°12-521 from the AMF on 26 October 2012. Application has been made to list and admit the Notes to trading on Euronext Paris and/or on any other Regulated Market in a Member State of the EEA, as the case may be.

In compliance with Article 18 of the Prospectus Directive, application may also be made for the notification of certificate of approval to any competent authority of any Member State of the EEA.

- (2) Danone has obtained all necessary corporate and other consents, approvals and authorisations in the Republic of France in connection with the establishment of the Programme. Any drawdown of Notes under the Programme, to the extent that such Notes constitute *obligations*, requires the prior authorisation of (i) the *Conseil d'administration* of Danone or (ii) the Ordinary General Meeting of the Issuer's shareholders if (a) the *statuts* of the Issuer so require (at the date hereof the *statuts* of Danone do not require a resolution of the Ordinary General Meeting) or (b) the shareholders at an Ordinary General Meeting decide to authorise an issue of *obligations*, all pursuant to Article L.228-40 of the French *Code de commerce*. Any drawdown of Notes, to the extent that such Notes do not constitute *obligations*, falls within the general powers of the *Président Directeur Général* or to any of its *Directeurs Généraux Délégués*.

Any issue of Notes constituting *obligations* by Danone must be authorised by a resolution of its *Conseil d'administration*. On 23 October 2012, the *Conseil d'administration* of Danone has renewed its consent to issue Notes up to a maximum outstanding principal amount of €7,000,000,000, pursuant to Article L.228-40 of the French *Code de commerce*, the *Conseil d'administration* of Danone delegated to Mr. Franck Riboud, *Directeur Général*, to Mr. Emmanuel Faber and to Mr. Bernard Hours, *Directeurs Généraux Délégués* of Danone (acting separately), all power to issue Notes up to a maximum outstanding principal amount of €7,000,000,000 and to determine their terms and conditions (such authority to expire one year after the date of such meeting of the *Conseil d'administration*). To the extent that the Notes do not constitute *obligations*, their issue will fall within the general authority of the *Président Directeur Général* of the Issuer or to any of its *Directeurs Généraux Délégués*.

- (3) Any issue of notes or bonds, since the last audited consolidated financial statements, whether issued under the Programme or not, is subject to a publication by the Issuer on its website (www.danone.com).
- (4) Except as disclosed in this Base Prospectus, there has been no significant change in the financial or trading position of Danone or the Group since 30 June 2012.
- (5) There has been no material adverse change in the prospects of Danone or of the Group since 31 December 2011 other than as stated in a press release published by the Issuer on 19 June 2012 which is incorporated by reference in this Base Prospectus.
- (6) Except as disclosed in this Base Prospectus, Danone is not or has not been involved in any litigation or arbitration proceedings (including any such proceeding which are pending or threatened of which Danone is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on the financial position or profitability of Danone or the Group.
- (7) Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems which are entities in charge of keeping the records. The Common Code, the International Securities Identification Number (ISIN) or the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms.

The address of Euroclear is 1 boulevard du Roi Albert II, 1210 Bruxelles, Belgium and the address of Clearstream, Luxembourg is 42 avenue John Fitzgerald Kennedy, L- 1855 Luxembourg, Grand-Duchy of Luxembourg.

- (8) Dematerialised Notes will be inscribed in the books of Euroclear France (acting as central depository). Dematerialised Notes which are in registered form (*au nominatif*) are also inscribed either with the Issuer or with the registration agent.

The address of Euroclear France is 115 rue Réaumur, 75081 Paris Cedex 02, France.

- (9) For so long as Notes issued under the Programme are outstanding, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the office of the Issuer, or otherwise, using any kinds of communication means, permitted by law, at the choice of the Issuer:
- (i) the *statuts* of the Issuer;
 - (ii) the published annual report of the Issuer, the audited non-consolidated and consolidated accounts of the Issuer for the two financial years ended 31 December 2010 and 2011;
 - (iii) each Final Terms for Notes that are listed and admitted to trading on Euronext Paris or any other regulated market in the EEA;
 - (iv) all reports, letters and other documents, historical financial information, valuations and statements prepared by any expert at the Issuer's request any part of which is included or referred to in this Base Prospectus.
- (10) For so long as Notes may be issued pursuant to this Base Prospectus, the following documents will be available, on the websites of the Issuer (www.danone.com) and, except, in respect of the 2012 Interim Financial Report, of the AMF (www.amf-france.org):
- (i) the Final Terms for Notes that are listed and admitted to trading on Euronext Paris and/or in any Member State of the EEA;
 - (ii) the Base Prospectus; and
 - (iii) the documents incorporated by reference in this Base Prospectus.
- (11) Copies of the latest annual report and non-consolidated and consolidated accounts of Danone (in English and French) (in each case as soon as they are published) may be obtained, and copies of the Amended and Restated Agency Agreement will be available for inspection, at the specified offices of the Issuer and the Paying Agents during normal business hours, so long as any of the Notes is outstanding.
- (12) In respect of derivatives securities as defined in Article 15.2 of Commission Regulation no. 809/2004, the Final Terms will indicate whether or not the Issuer intends to provide post-issuance information concerning the underlying. If the Issuer intends to report such information, the Final Terms will specify what information will be reported and where such information can be obtained.
- (13) PricewaterhouseCoopers Audit and Ernst & Young et Autres have audited and rendered unqualified audit reports on the consolidated financial statements of Danone for the years ended 31 December 2010 and 2011 prepared in accordance with IFRS as adopted by the European Union. Both entities are regulated by the *Haut Conseil du Commissariat aux Comptes*, duly authorised as *Commissaires aux comptes* and members of the *Compagnie Régionale des Commissaires aux Comptes de Versailles*.

PERSONS RESPONSIBLE FOR THE INFORMATION GIVEN IN THE BASE PROSPECTUS

We declare, to the best of our knowledge (having taken all reasonable care to ensure that such is the case), that the information contained in this Base Prospectus is in accordance with the facts and contains no omission likely to affect its import. The Issuer accepts responsibility accordingly.

Danone
17, Boulevard Haussmann
75009 Paris
France

Duly represented by:
Pierre-André TERISSE
Chief Financial Officer
Authorised Signatory
pursuant to a power of attorney
dated 23 October 2012
on 26 October 2012



Autorité des marchés financiers

In accordance with Articles L. 412-1 and L. 621-8 of the French *Code monétaire et financier* and with the General Regulations (*Règlement Général*) of the *Autorité des marchés financiers* ("AMF"), in particular Articles 212-31 to 212-33, the AMF has granted to this Base Prospectus the visa No. 12-521 on 26 October 2012. This document may only be used for the purposes of a financial transaction if completed by Final Terms. It was prepared by the Issuer and its signatories assume responsibility for it. In accordance with Article L. 621-8-1-I of the French *Code monétaire et financier*, the visa was granted following an examination by the AMF of "whether the document is complete and comprehensible, and whether the information it contains is coherent". It does not imply that the AMF has verified the accounting and financial data set out in it. This visa has been granted subject to the publication of Final Terms in accordance with Article 212-32 of the AMF's General Regulations, setting out the terms of the securities being issued.

Issuer

DANONE
17, Boulevard Haussmann
75009 Paris
France

Arranger

BNP Paribas
10 Harewood Avenue
London NW1 6AA
United Kingdom

Dealers

BNP Paribas
10 Harewood Avenue
London NW1 6AA
United Kingdom

Citigroup Global Markets Limited
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

Crédit Agricole Corporate and Investment Bank
9, quai du Président Paul Doumer
92920 Paris La Défense Cedex
France

HSBC France
103, avenue des Champs Elysées
75008 Paris
France

J.P. Morgan Securities plc
25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

Mitsubishi UFJ Securities International plc
Ropemaker Place,
25 Ropemaker Street,
London EC2Y 9AJ
United Kingdom

Société Générale
29, boulevard Haussmann
75009 Paris
France

The Royal Bank of Scotland plc
135 Bishopsgate
London EC2M 3UR
United Kingdom

**Fiscal Agent, Paying Agent, Redenomination Agent,
Consolidation Agent and Calculation Agent**

Citibank, N.A., London Branch
13th Floor, Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

Paris Paying Agent

Citibank International plc, Paris Branch

Citicentre,
19 le Parvis
La Défense 7 Cedex 36
92073 Paris
France

Statutory Auditors Danone

PricewaterhouseCoopers Audit

63, rue de Villiers
92208 Neuilly-sur-Seine Cedex
France

Ernst & Young et Autres

41, rue Ybry
92576 Neuilly-sur-Seine
France

Legal Advisers

As to French law

To the Issuer

Orrick Rambaud Martel

31, avenue Pierre 1er de Serbie
75782 Paris Cedex 16
France

To the Dealers

Linklaters LLP

25, rue de Marignan
75008 Paris
France