



## **QUESTIONS & ANSWERS**

### **PAYMENT OF THE 2017 DIVIDEND – OPTION FOR THE PAYMENT IN DANONE SHARES**

#### **1. What does the payment of the dividend in shares consist in?**

Dividends can be paid in various forms: the most common is the payment in cash, but it can also be done in shares. In this case, shareholders opting for such payment formula will receive a whole number of shares with, as the case may be, a balancing payment in cash.

The choice between these two formulas belongs to each shareholder, as long as he/she is eligible for the payment of the dividend in shares.

The dividend per share approved by the Shareholders' Meeting of April 26, 2018 amounts to €1.90.

#### **2. What is the issuance price of the new shares and how is it calculated?**

Pursuant to applicable law, the issuance price of these new shares given as dividend payment is set at 90% of the average of the opening Danone's share prices on Euronext over the 20 trading days preceding the date of the Shareholders' Meeting less the amount of the dividend and rounded up to the next euro cent. Therefore, the issuance price of the new shares is €57.17.

If the amount of the dividend to which a shareholder is entitled does not correspond to a whole number of shares, this shareholder will obtain the number of shares immediately below, and a balancing payment in cash.

### **3. Under which conditions can you opt for the payment of the dividend in shares?**

The option for the payment of the dividend for the fiscal year 2017 in shares is open to all shareholders of Danone, except for those residing in countries where such option would require registration with or approval by local securities regulators.

Shareholders residing outside of France must inquire about and comply with any local restrictions. Shareholders are responsible for determining the conditions and consequences of exercising the option which could apply under local laws; they are advised in particular to consult with their tax advisors.

In deciding for or against the payment of the dividend in shares, shareholders must consider the risks associated with a share investment in Danone.

### **4. How do you know the number of shares for which you can subscribe?**

Shareholders wishing to opt for a payment in shares will receive by postal mail from their financial intermediaries (i.e. their banks), as of May 4, 2018, individual option form (called "announcement of a corporate action") indicating the number of shares to which they can subscribe.

### **5. Is it possible to opt for a different number of shares from that proposed?**

No, shareholders may only choose the number of shares indicated by their financial intermediaries.

Besides, the option is exclusively offered for the payment of the whole amount of the dividend shareholders are entitled to.

Failing to exercise the option for the payment of the dividend in shares, the shareholder will automatically receive the full dividend payment due in cash.

### **6. Is the dividend paid in shares subject to any particular tax treatment?**

No, for shareholders residing in France for tax purposes, the dividend paid in shares is subject to the same tax treatment as the dividend paid in cash.

Shareholders residing outside of France for tax purposes should consult with their tax advisors for any specific information related to their situation.

## **7. How are paid the levy for individual shareholders residing in France for tax purposes?**

The compulsory levy, the withholding taxes and social charges are levied at the same rate whether dividends are paid in shares or paid in cash, in the following manner:

- in case of pure registered shares, the compulsory levy, social charges and withholding tax are directly withheld by the account holding institution, under the same conditions as those required for a cash payment.

The social charges and withholding taxes are computed on the amount of the gross dividend depending on the tax situation of the shareholder. The payment of the dividend in shares is possible up to the amount of the gross dividend minus social charges and withholding taxes.

In particular, for the individuals which are French tax residents, the payment of the dividend in shares will be made for an amount of:

- 82.8% of the gross dividend, after deduction of social charges of 17.2% if the shareholder requested to be exempted from paying the 12.8% mandatory levy;
  - 70% of the gross dividend, after deduction of social charges of 17.2% and a 12.8% mandatory levy tax (which is a non-definitive prepayment of the income tax);
  - 7.8% of the gross dividend, after the deduction of social charges of 17.2% and a 75% withholding tax if the dividend is paid on an account opened in the books of a financial institution located outside France in a non-cooperative state or territory; and
- in case of administered registered shares or bearer shares, the shareholder must directly contact his/her financial intermediary, which will be in a position to inform the shareholder of the applicable charges and taxes.

More generally, the shareholders should discuss with their tax advisors for any specific query related to their own tax situation (including the case of shares held in a French share saving plan (Plan d'Epargne en Actions, PEA).

## **8. When do you have to communicate your choice?**

Shareholders have to express their choice as soon as they receive the election form from their financial intermediaries, as from May 4, 2018.

Only shareholders wishing to opt in favor of the payment of the dividend in shares shall communicate their choice, by sending back to their financial intermediaries the election form completed, dated and signed.

Certain financial intermediaries also offer the possibility to answer through their website.

#### **9. What is the deadline for the choice?**

The election form must be received by financial intermediaries **on May 18, 2018 at the latest**, whether through Internet or by postal mail (shareholders answering by postal mail shall take into account postal delivery times).

No Internet or postal election form received after May 18, 2018, whatever the reasons, will be taken into account. In this case, the dividend will automatically be paid in cash.

#### **10. On which date is it necessary to hold DANONE shares in order to receive the 2017 dividend and to opt for a payment in shares?**

Holders of DANONE shares on **May 3, 2018, at the closing of the trading day** ("record date"), will be entitled to receive the 2017 dividend. The ex-date will be May 4, 2018 and is the starting point for the option period for the payment of the dividend in shares.

#### **11. When will shareholders opting for the payment in shares have full ownership of these new shares?**

The new shares will be delivered on May 31, 2018 to financial intermediaries, which will then credit them on the shareholders' accounts. The shares will be immediately available.

These new shares will bear the same characteristics and entitle to the same rights as the existing shares. They will bear rights as from January 1, 2018, which means that their holders will be entitled to receive the dividend attached to these shares for the 2018 fiscal year (paid in 2019).

#### **12. Can a bank charge fees for the payment of the dividend in shares?**

The payment of a dividend, in cash or in shares, to shareholders residing in France does not usually give rise to fees being charged by financial intermediaries. In particular, no fees are charged in relation to the payment of the dividend in shares.

However, a financial intermediary may specify in its contractual financial conditions that fees will be charged in relation to any payment in cash to its client (such as the payment of a dividend in cash or the balancing payment in cash linked to the payment of a dividend in shares).

### **13. Does this year's choice account for the Shareholders' future dividends?**

The choice made this year only applies to the dividend paid for the 2017 fiscal year.

If an option for the payment of all or part the dividend in shares were to be offered again in the future, Danone's shareholders would be asked to make their choice again.