



Compensation of Danone's Corporate Officers in 2015

At its meeting on February 19, 2015, Danone's Board of Directors, upon recommendation of the Nomination and Compensation Committee, determined the compensation of Danone's corporate officers for the year 2015 and, after having reviewed the achievement of the economic, social and managerial criteria, set the variable part of the corporate officers' compensation for 2014.

1. Fixed and short-term variable compensation

Reminder of the decisions already taken with effect as of October 1st, 2014 and confirmed for 2015:

- *Fixed compensation to be paid in 2015*
- *Short-term variable compensation for 2015, to be paid in 2016 subject to performance conditions*

	Franck Riboud	Emmanuel Faber
	Chairman	Chief Executive Officer
Fixed compensation 2015	€2,000,000	€1,000,000
Target short-term variable compensation 2015	-	€1,000,000

- Fixed compensation

The Board outlined that the fixed compensation awarded to the Chairman and the amount of which was decided for application as from October 1st, 2014 will be his sole compensation component for fiscal year 2015.

It should be noted that this fixed compensation is consistent with the separation of the functions of Chief Executive Officer and Chairman decided by the Board of Directors of September 2, 2014 which, upon recommendation of the Nomination and Compensation Committee and of the Lead Independent Director, accepted the proposal made by Franck RIBOUD to lay the groundwork for his succession. Nonetheless, the Nomination and Compensation Committee wished to ensure that Franck RIBOUD remained involved full-time in the Company life, without assuming executive responsibilities, in order to ensure a smooth and progressive transition, and has thus organized a reinforced Chairmanship enabling Franck RIBOUD to remain totally involved in the Company life.

Jean LAURENT, Lead Independent Director and Chairman of the Nomination and Compensation Committee, commented on the context in which these major decisions for Danone were taken: "For 20 years, as Vice-Chairman and then as Chairman and Chief Executive Officer, Franck RIBOUD, after his father, led the spectacular development of Danone, transforming the Group into a worldwide company, turning it to emerging markets and preparing it for future challenges. Under his leadership, the Danone's value was multiplied by 5 and the dividend per share was never lowered. Beyond the performances, he embodies the company, its values, its management style and its specific culture both internally and externally. For all these reasons, while welcoming the Chairman and Chief Executive Officer's choice to lay the groundwork for his succession before being 60 years old, the Board of Directors considered it essential that Franck RIBOUD remained involved full-time in the Company's life in order to ensure a smoothed and progressive transition. This succession and transmission model seems to us to be in the interest of the Company, its employees and its shareholders."

- Short-term variable compensation

As a reminder, the short-term variable compensation includes the following components:

- a variable economic portion calculated with reference to the Group's objectives communicated to the market in terms of sales, trading operating margin and free cash-flow;
- a variable social and societal portion calculated with reference to the Group's objectives (safety at work, employee training, talent development, environmental parameters and societal initiatives); and
- a variable managerial portion calculated with reference to objectives linked to the development of the Group's activities (product innovation, market shares, expansion into new geographical markets).

Short-term variable compensation decided for 2014, to be paid in 2015

After having reviewed the achievement of the economic, social and managerial objectives, and, upon recommendation of the Nomination and Compensation Committee, the Board of Directors determined the corporate officers' variable portion for 2014 as follows:

	Franck Riboud	Emmanuel Faber
Short-term variable compensation for the first 9 months of 2014	€1,594,688 as Chairman and Chief Executive Officer	€435,690 as Deputy Managing Director
Short-term variable compensation for the last 3 months of 2014	-	€257,500 as Chief Executive Officer

With regard to Franck RIBOUD, the preparation of the organization of his succession was perfectly managed. It enabled to enter into, starting as early as October 1st, a smooth and progressive transition considered as remarkable by the Board and acknowledged as such for the variable portion.

Short-term variable compensation decided for 2015, to be paid in 2016 subject to performance conditions

The short-term variable compensation for the Chief Executive Office remains capped at 200% of his fixed compensation (ceiling applicable as from October 1st, 2014), it being specified that the short-term variable compensation target represents 100% of his fixed compensation.

In accordance with the recommendations of the AFEP-MEDEF Code, allocation of this variable compensation subject to performance conditions shall be communicated in a specific press release after the close of the fiscal year 2015. Details thereof will also be provided in the 2015 Registration Document.

2. Mid-term and long-term variable compensation

- Mid-term variable compensation in the form of Group Performance Units (GPU)

GPU are granted subject to a performance conditions over a three-year period. The GPU were instituted in 2005 by the Nomination and Compensation Committee, with the objective of aligning more closely the compensation of corporate officers and managers with the Group's overall economic performance on a mid-term basis.

Each year, further to a decision of the Board of Directors, GPU are allocated to the corporate officers and to approximately 1,300 managers of the Group.

Mid-term variable compensation (GPU 2012) to be paid in 2015

GPU allocated in 2012 (subject to performance conditions based on the targets communicated to the market for the period 2012, 2013 and 2014) will result in a payment in 2015 of €17 per GPU (as opposed to €30 if all of the performance conditions had been met). Actually, the Group met or exceeded the performance conditions of the GPU in 2012 and 2014 but not those relating to 2013.

	Franck Riboud	Emmanuel Faber
Mid-term variable compensation related to the GPU 2012 (for 2012-2013-2014)	€463,250	€350,625

With regard to 2015, in the continuity with the year 2014, the performance condition will be based on sales growth and will be subject to a progressive achievement scale, associated with an eventual proportional paying scale from €0 to a maximum of €10.

- Long-term variable compensation in the form of Group Performance Shares (GPS)

GPS are Company shares granted subject to long-term performance conditions based, on the one hand, on internal performance conditions linked to the targets communicated to the market by the Group, and on the other hand, on external performance conditions linked to a comparison of the Group's performance with that of a panel of historical benchmark companies in the food and beverages sector. The GPS were instituted in 2010, further to a proposal of the Board of Directors, after approval by the Shareholders' Meeting, to replace the stock option scheme which was, accordingly, closed. The GPS have been allocated each year since 2013 pursuant to an annual resolution.

GPS allocation in 2015 will be decided by the Board of Directors in July subject to authorization by the Shareholders' Meeting to be held on April 29, 2015, and then of a specific press release after the Board meeting. The performance conditions for these GPS have already been determined by the Board of Directors on February 19, 2015, as follows:

- two-thirds of the GPS would be subject to a performance condition based on growth, for three years, in the Group's net sales, compared against a panel of benchmark companies; and
- one-third of the GPS would be subject to an internal performance condition based on the improvement of Danone's trading operating margin on a like-for-like basis, yearly assessed in basis points over a three-year period, as communicated to the market.