



Paris, February 23, 2016

2016 compensation of Danone corporate officers

At its February 22, 2016 meeting, the Danone Board of Directors, acting on the recommendation of the Nomination and Compensation Committee, determined all compensation for the Group's corporate officers in 2016 and, after reviewing the attainment of the applicable economic, social and managerial targets, determined the variable compensation for the Chief Executive Officer.

For the record, it should be noted that the compensation principles applicable to Danone's corporate officers are the same as those applicable to members of the Executive Committee and approximately 1,300 managers worldwide.

1. Compensation due in 2016

- 2016 fixed compensation

The Board notes that the €2,000,000 in fixed compensation granted to the Chairman was determined in September 2014 as part of the decision to separate the functions of Chairman and Chief Executive Officer and that this amount has remained unchanged since then. It was established in light of the expanded scope of the chairmanship assumed by Franck Riboud during the transition period. This transition period is scheduled to end as planned in the course of 2017, and Franck Riboud will then perform his duties by exercising the traditional prerogatives of a Chairman of the Board.

Emmanuel Faber's €1,000,000 in fixed compensation is stable since his appointment as Chief Executive Officer.

- Annual variable compensation for 2015 due in 2016

Emmanuel Faber's annual variable compensation target for 2015 was €1,000,000, or 100% of his annual fixed compensation.

This annual variable compensation was capped at a maximum of 200% of annual fixed compensation, with no guaranteed minimum or floor.

For 2015, this annual variable compensation was calculated in accordance with predetermined performance conditions based on the following components:

- (i) an economic, quantitative portion, established using targets disclosed by Danone to the market, representing 60% of the target and with a variation range of between 0% and 120%, consisting of the following items:
 - for 25%, organic growth in net sales, with a variation range of between 0% and 50% of the target;
 - for 25%, increase in trading operating margin, with a variation range of between 0% and 50% of the target; and
 - for 10%, free cash-flow in millions of euros, with a variation range of between 0% and 20% of the target;

- (ii) a social and societal portion, established with reference to Danone's objectives (job security, employee training, development of young talent, environmental parameters and societal initiatives), representing 20% of the target and with a variation range of between 0% and 40%, consisting of the following items:
 - for 10%, achievement of the "100,000 talents" development program; and
 - for 10%, achievement of the main objectives related to the definition and launch of the Danone 2020 program;

and

- (iii) a managerial portion, calculated using objectives related to the development of Danone's business (product innovations, market share, market penetration in new regions, implementation of strategic plans,...), representing 20% of the target and with a variation range of between 0% and 40%, consisting of the following items:
 - for 10%, management of Danone's leaders teams; and
 - for 10%, achievement of the Executive Committee's priorities, with the same range.

At its February 22, 2016 meeting, the Board of Directors, acting on the recommendation of the Nomination and Compensation Committee, determined the attainment level for Emmanuel Faber's annual variable compensation.

Regarding the economic, quantitative portion, after validation of the financial components by the Audit Committee, the Board of Directors determined that the rate of attainment of this component was 115%, based on the achievement of targets disclosed to the market, namely 4.4% net sales growth on a like-for-like basis, +17 basis points rise in trading operating margin on a like-for-like basis and a free-cash flow generation of €1.529 million without exceptional items. Concerning net sales, the Board of Directors considered that its progression, while being very solid in view of the market context and the volatile economy of some countries, came out slightly below the guidance's median fixed between 4 and 5%. Concerning the operating margin, the Board recognizes the effectiveness of transformation actions aiming at structurally improving Danone's growth model towards a better balance between profitability and sales growth, while continuing to prioritize the investments necessary for the company's future development. As such, the Board highlights that the performance exceeds expectations, as does the FCF, the significant progression of which proves the solidity of Danone's fundamentals in this area.

At this same meeting, the Board of Directors decided that the rate of attainment of the social and societal component was 150% of the target, notably in light of the achievement of remarkable results in terms of Danone's teams' commitment, as demonstrated by a recent anonymous opinion poll carried out by an independent firm with the participation of more than 82% of Danone's employees around the world; the success of the implantation of the "Campus for all" development program in Danone's key geographical areas; the ongoing

improvement of working conditions (further decrease of 14% of the frequency of accidents); the realization of major objectives related to the definition and the start of the deployment of the Danone 2020 project such as, the sharing of “Roadmap Danone 2020” with Danone’s different strategic stakeholders, the definition of the climate policy, and the finalization of the new “Beyond Budget” process (rolling forecasts instead of the traditional budget process).

Furthermore, the Board of Directors considered that the attainment rate of the managerial component was 125% of the target, notably in consideration of the creation of a new Executive Committee and its alignment on strategic priorities as well as the commitment by the 200 managers of subsidiaries and principal Danone corporate functions to support the priorities, and finally the attention given to the achievement of the Executive Committee’s 13 business priorities for 2015.

The details of this calculation is indicated below:

Indicators	Weighting	Percentage fulfillment	Percentage after weighting	Fulfillment amount
Economic	60%	115%	69%	€690,000
Social and societal	20%	150%	30%	€300,000
Managerial	20%	125%	25%	€250,000
2015 total variable compensation	100%	-	124%	€1,240,000

The details of the percentage attainment of the economic component is hereafter described:

Indicators	Weighting	Percentage fulfillment	Percentage after weighting
Net sales	25%	90%	22,5%
Margin	25%	130%	32,5%
FCF	10%	140%	14%
2015 total variable compensation	60%	115%	69%

- Medium- and long-term variable compensation due in 2016

Medium-term variable compensation in Group Performance Units (GPU)

GPU are paid out subject to multi-annual performance conditions over three years. GPU were created in 2005 by the Nomination and Compensation Committee, with a goal of linking the compensation of corporate officers more closely with Danone’s overall and medium-term operating and economic performance.

GPU are granted each year to the Chief Executive Officer and approximately 1,300 Danone managers pursuant to a decision by the Board of Directors.

GPU granted in 2013 (subject to performance conditions based on targets disclosed to the market for 2013, 2014 and 2015) will not result in any payment. The reference targets for the 2013 GPU were only partially achieved in 2014 and 2015 and were not achieved at all in

2013. Pursuant to the rule under which GPU have no value if the target(s) is (are) not 100% achieved in at least one of the years, the 2013 GPU have no value.

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

GPS are Company shares subject to long-term performance conditions based in part on internal performance criteria linked to targets disclosed to the market by the Group and in part on external performance criteria linked to a comparison of the Group’s performance with that of a panel of its historical peers. Since 2013, GPS grants have been subject to an annual resolution.

GPS granted in 2013 were subject to two conditions: the first applied to one-third of the grants linked to the trading operating margin target, while the second applied to the remainder and were linked to sales growth.

The February 19, 2014 Board of Directors meeting noted the failure to achieve the trading operating margin target for 2013 and 2014. The review to determine the possible fulfillment of the second condition will take place in the first half of 2016 after the companies included in the reference panel have published their sales figures.

Summary of compensation due in 2016

	Franck Riboud	Emmanuel Faber
Fixed compensation	€2,000,000€	€1,000,000
Annual variable compensation	n.a	€1,240,000
GPU medium-term variable compensation granted in 2013	€0	€0
GPS long-term variable compensation	n.a	n.a

In 2016, no GPS will be delivered as in 2013, GPS were submitted to a 4-year acquisition period. Consequently, no GPS will be delivered in 2016.

2. Annual variable compensation for 2016, due in 2017

The target amount of annual variable compensation for the Chief Executive Officer in 2016 as well as the components and maximum compensation percentage remain unchanged. As in 2015, it will consist of three components: an economic component established relative to Danone’s objectives disclosed to the market, a social and societal component and a managerial component, with the identical weightings.

In accordance with AMF recommendation No. 2012-02 of February 9, 2012, the expected level of fulfillment for each of these criteria has been precisely determined in advance by the Board of Directors, acting on the recommendation of the Nomination and Compensation Committee, but cannot be disclosed for reasons of confidentiality.

In accordance with AFEP-MEDEF Code recommendations, a special disclosure on the grant of this variable compensation subject to performance conditions will be made at the end of the 2016 fiscal year. It will also be described in the 2016 Registration Document.

3. Medium- and long-term variable compensation for 2016

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

The possible grant of GPU in 2016 will be determined by the Board of Directors in July and disclosed in a special release following the Board meeting. GPU may be granted to the Chief Executive Officer and approximately 1,300 Danone managers. It should be noted that Franck Riboud does not receive any GPU.

The performance condition attached to these GPU was determined by the Board of Directors at its February 22, 2016 meeting and consists on the increase of operating margin. This condition will be subject to a sliding scale of attainment.

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

The possible grant of GPS in 2016 will be determined by the Board of Directors in July, subject to the approval of the Shareholders' Meeting to be held on April 28, 2016, with a special disclosure to be made following the Board meeting. GPS may be granted to the Chief Executive Officer and approximately 1,300 Danone managers. It should be noted that Franck Riboud does not receive any GPS.

The performance conditions attached to these GPS were determined by the Board of Directors at its February 22, 2016 meeting as follows:

- 50% of the GPS would be subject to a performance condition linked to the increase of net sales of Danone during three fiscal years, compared to that of a panel of peers; and
- 50% of the GPS would be subject to an internal performance condition linked to the increase of the Group's current operating margin of at least +35 basis points on a like-for-like basis, measured over a period of three years.