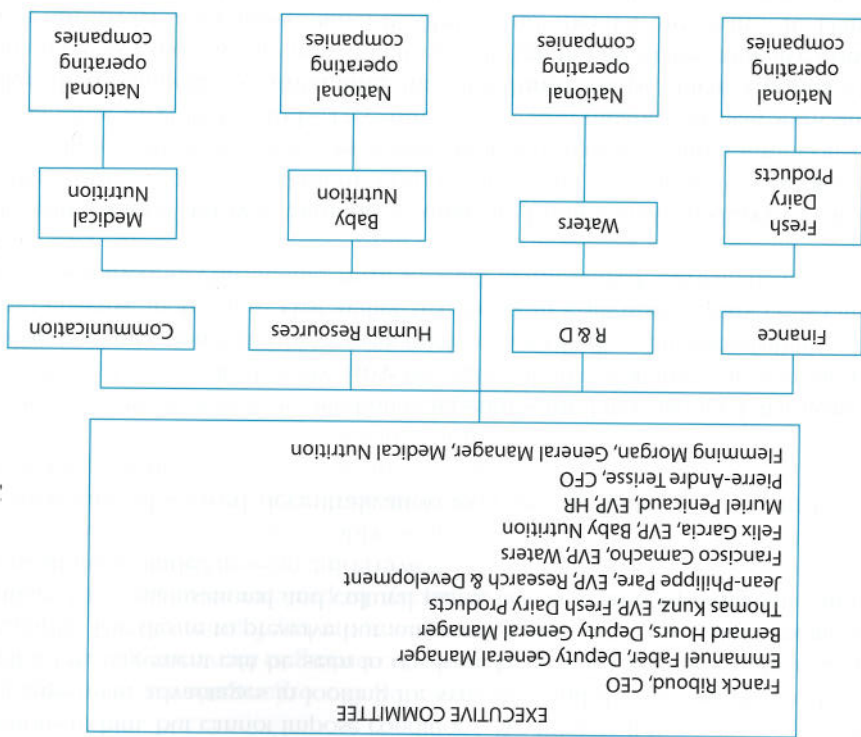


FIGURE 3 The organizational structure of Groupe Danone



The top management team of the Danone is the executive committee, the members of which are shown in Figure 3. Operational management is undertaken by the four business divisions, each of which coordinates a number of national operating companies. These are listed in Appendix 1.

When companies are acquired, they are integrated within Danone's existing business sectors, often being renamed: Olat, acquired in 2006, became Danone Dairy Egypt; when Danone took 100% ownership of its Japanese joint venture, Calpis Ajinomoto Danone, it was renamed Danone Japan. To accommodate larger acquisitions, Danone may reorganize its corporate structure. On acquiring Numico, Danone created two new business divisions, Baby Nutrition and Medical Nutrition, to which Numico's different products and brands were allocated together with existing Danone products and products (e.g., Danone transferred its Bledina products from Fresh Dairy Products to Baby Nutrition).

Management Systems and Style

Among large multinational corporations, Danone is distinguished by its exceptional level of decentralization. According to Franck Mouglin, a former head of HR:

Our President reiterates his commitment to decentralisation and his desire to remain in touch with the markets. In the group, a managing director who is in

%	2006	%
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60.0	6,814	56.5
12.9	2,206	18.3
27.1	3,048	25.3
00.0	12,068	100.0

55.3	1,024	64.1
10.4	206	12.9
24.3	367	23.0
00.0	1,597	100.0

and the Rest of the
any (5%), the
(7%), the