



Pernod Ricard

*FINANCIAL REPORT 2002  
ORDINARY AND EXTRAORDINARY  
SHAREHOLDERS' MEETING MAY 7, 2003  
FOR THE 2002 FISCAL YEAR*

Pernod Ricard

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Limited company with capital of € 218 500 651,10  
Head office: 12, place des États-Unis 75116 Paris / Tel.: 33 (0) 1 41 00 41 00 - Fax: 33 (0) 1 41 00 41 41  
R.C.S. Paris B 582 041 943

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*GROUP MANAGEMENT REPORT*



Pernod Ricard

## Key figures and significant events

(€ million)	2002	2001	2000	1999	1998
Net sales excluding duties and taxes	4,835.7	4,555.2	4,382.0	3,590.3	3,137.7
Wine and Spirits business net sales excluding duties and taxes	3,407.9	1,918.0	1,759.6	1,568.7	1,441.2
Operating profit	750.3	450.5	421.1	372.3	349.4
Net profit	412.8	358.2	195.0	213.2	202.2
Earnings per share (*)	6.82	6.28	3.46	3.78	3.58
Earnings per share before exceptional items, convertible bond costs and goodwill amortisation (**)	7.47	5.23	4.55	4.08	3.74

(\*) Details of the calculation are provided in Note 5 to the consolidated financial statements.

(\*\*) Net income adjusted for exceptional items, the amortisation of goodwill and the interest expense of OCEANE, net of tax and calculated on a basis fully-diluted for the OCEANE issue.

In a turbulent economic climate, the Group achieved better than forecast results for 2002, with all Group 2002 financial year objectives having been achieved or surpassed.

### Success of the SEAGRAM integration

Within a few months, the Group successfully integrated about 3,500 employees and a portfolio of global premium brands. The PERNOD RICARD network is now truly global.

### End of the cooperation with DIAGEO

In accordance with their undertakings, PERNOD RICARD and Diageo sold their principal jointly-owned assets which included the Oddbins chain of off-licence stores, Seagram's Mixers, Four Roses bourbon and Sandeman port and sherry brands. PERNOD RICARD also acquired the Passport Scotch whisky, which was initially due to be sold.

After having signed an agreement in early August 2002 with Vivendi Universal regarding price adjustments following the acquisition of the Seagram assets, PERNOD RICARD and Diageo ended their cooperation on December 21, 2002. This agreement acknowledged, among other things, that all legal obligations concerning the Seagram acquisition had been fulfilled.

### Doubling of the Wine and Spirits business operating profit

The Wine and Spirits business operating profit amounted to € 710 million in 2002, an increase of 106%.

### Quicker-than-expected reduction in net debt

PERNOD RICARD's net debt declined by € 1,400 million from € 3,694 million on December 31, 2001 to € 2,294 million on December 31, 2002. This reduction in net debt was mainly the result of:

- the completion of the disposal programme of PERNOD RICARD's non-core activities or "venture assets" sold in collaboration with Diageo,
- the issue, for € 489 million, of OCEANE convertible bonds (bonds with an option to convert and/or exchange for new or existing shares),
- operating cash-flow generated by the Wine and Spirits business,
- favourable exchange rate movements.

### Re-focusing on our core business

Thus, in 2002, PERNOD RICARD completed its withdrawal from non-core activities by disposing in particular of SIAS MPA (fruit preparations), BWG (wholesale distribution), confectionery businesses, Agros fruit and vegetable operations in Poland and, at the end of the year, of CSR's cider operations.

## Analysis of the consolidated income statement

**Net sales** in 2002 amounted to € 4.836 billion, up 6.2% compared to 2001. This increase covers significant perimeter effects relating both to the integration of the Seagram brands and to the disposal of non-core businesses pursuant to the refocusing begun in 2001 with the disposal of Orangina, Pampryl and Yoo Hoo operations. Wine and Spirits business sales represented more than 70% of Group sales in 2002 compared to 42% in 2001. Excluding perimeter and currency effects, organic sales growth rose by 2.7%.

**Operating profit** in 2002 was € 750 million, an increase of 66.5% compared to the previous year. As with net sales, changes in perimeter, the details of which are provided in Note 2 of the Notes to the Consolidated Financial Statements, had a significant impact on operating profit. The relative importance of Wine and Spirits grew significantly, from 76% of operating profit in 2001 to more than 94% in 2002.

**Net interest expense** totalled € 153 million compared to € 39.5 million in 2001. It consisted of € 153 million in interest expense on the Seagram financing, € 16 million of income from equity investments and currency translation losses and miscellaneous interest expense of € 16 million. In 2002, the cost of the debt, banking margins included, was 4.4%.

**Net exceptional income** amounted to €10 million compared to € 220 million in 2001. It consisted of exceptional expenses of € 14 million for the Seagram acquisition, exceptional income of € 50 million from the disposal of non-core activities (including a capital gain on the disposal of Société Générale shares of € 88 million) and various exceptional expenses of € 26 million, including € 5 million for the depreciation of the Viuda de Romero tequila brand and € 6 million of Wyborowa distribution contract termination costs.

**Income tax rate** for 2002 was 25.1% compared to 27.0% in 2001. Taxation of exceptional income amounted to € 7 million, which increased the tax rate on net profit before goodwill amortisation to 25.9% (before restatement of minority interests and of equity accounted companies).

**Net profit** thus amounted to € 413 million, an increase of 15.3% compared to the previous year. Excluding "non-recurring" items, net profit was € 410 million.

## Wine and Spirits business results

In 2002, the Wine and Spirits business expanded strongly thanks in particular to the major perimeter effect of the integration of the Seagram brands (for which pro forma statements are presented in Note 2 of the Notes to the Consolidated Financial Statements) but also to its ongoing organic growth.

(€ million)	2002	2001	Change	Of which perimeter effect	Of which organic growth	Of which currency impact
<b>Net sales excluding duties and taxes</b>	<b>3,408</b>	<b>1,918</b>	<b>1,490</b>	<b>1,453</b>	<b>86</b>	<b>(49)</b>
% change relative to 2001			77.7%	75.7%	4.5%	(2.5%)
<b>Operating profit</b>	<b>710</b>	<b>344</b>	<b>366</b>	<b>345</b>	<b>26</b>	<b>(5)</b>
% change relative to 2001			106.2%	100.2%	7.5%	(1.5%)

**Wine and Spirits business sales** amounted to € 3.408 billion, an increase of 77.7% compared with 2001. This increase mainly resulted from the integration of the Seagram brands but also from the perimeter of Wyborowa S.A. and Jan Becher. Organic sales also grew by 4.5% compared with the previous year. Currency variations had a negative impact of 2.5%.

**Operating profit** was € 710 million, up 106.2% compared to the previous year. Excluding the perimeter effect and at constant exchange rates, operating profit increased by 7.5%.

## Evolution of key historic brands

In 2002, the Group's key historic brands performed well with sales up 3.5% over the previous year, reflecting the dynamic expansion of growth brands which offset the decline of anise drinks following their strong sales growth of 5% in 2001.

	<b>2002/2001 (12 months)</b>	<b>Volumes 2002 (millions of 9L cases)</b>
Amaro Ramazzotti	+14.3%	1.1
Jacob's Creek	+11.6%	5.9
Havana Club	+11.6%	1.7
Jameson	+6.6%	1.5
Clan Campbell	-0.9%	1.6
Pastis 51	-2.6%	2.0
Ricard	-2.9%	6.5
Wild Turkey	-5.4%	0.7
<b>Total</b>	<b>+3.5%</b>	<b>21</b>

## Evolution of key Seagram brands

2002 was a year of integration for the main Seagram brands (Chivas Regal, Martell, Seagram's Gin and The Glenlivet), with a rationalisation of the market and destocking of the distribution networks. Generally, a recovery could be witnessed in the second half of the year for the 4 key Seagram brands. The Group estimates that this destocking represented about 750,000 L (83,000 9L cases) for Chivas Regal, and 350,000 L (39,000 9L cases) for Martell.

For Chivas Regal and Martell, PERNOD RICARD proceeded with a gradual rationalisation of the market, in particular through price harmonisation. The difficult situation in South America, both from an economic and a political point of view (in Venezuela especially) also had damaging effects on Chivas Regal' sales. The Group estimated the loss of volume at 600,000 L (67,000 9L cases).

Finally, the volumes of Seagram's Gin stabilised in 2002, while The Glenlivet increased its volumes in 2002 compared to 2001 levels.

	<b>1<sup>st</sup> half 2002 / 1<sup>st</sup> half 2001</b>	<b>2002 /2001 (12 months)</b>	<b>Volumes 2002 (millions of 9L cases)</b>
Seagram's Gin	-7.5%	-0.4%	3.2
Chivas Regal	-18.4%	-9.1%	2.8
Martell	-22.1%	-10.5%	1.0
The Glenlivet	-1.8%	+2.3%	0.4
<b>Total</b>	<b>-13.2%</b>	<b>-5.2%</b>	<b>7.4</b>

# Seagram integration:

## 2002 results confirm expected synergies

The forecast doubling of Wine and Spirits operating profit in 2002 was based on the expectation of considerable synergies from the integration of Seagram teams and brands.

The acquisition of prestigious international brands in Europe (including France) enhanced an already-rich portfolio of brands by relying on an efficient international distribution network. PERNOD RICARD now has a critical mass everywhere, thanks to the strengthening of its organisation, especially its sales force, through the integration of the Seagram teams and the acquisition of strong local brands such as Montilla rum in Brazil or Royal Stag whisky in India.

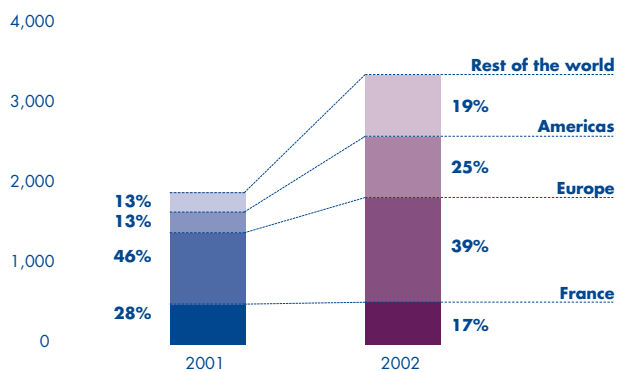
The success of this rapid integration and the resultant synergies enabled PERNOD RICARD to achieve Wine and Spirits results exceeding its set objectives.

In 2002, the operating margin (operating profit/sales) was 20.8%, compared to 17.9% in 2001. This sharp improvement in profitability was accompanied by continuing heavy marketing investment, which represented 21.4% of sales in 2002, compared to 20.7% in 2001.

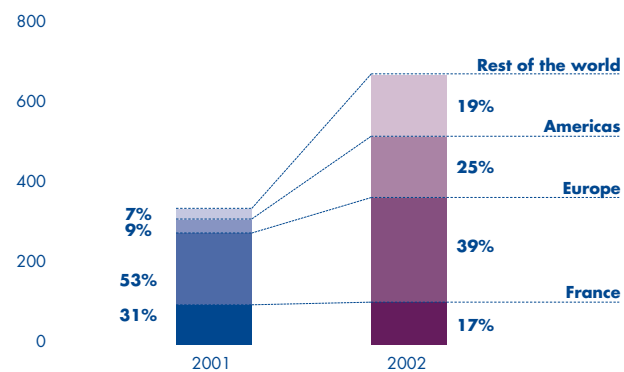
This improvement is therefore the consequence of the relative drop in distribution costs to 3.9% of sales in 2002 compared to 4.3% in 2001, and of overhead costs (selling, general and administrative and other income and costs) which declined from 23.1% of sales in 2001 to 19.0% in 2002.

## Geographic Rebalancing

Analysis of net sales by geographic area (€ million)

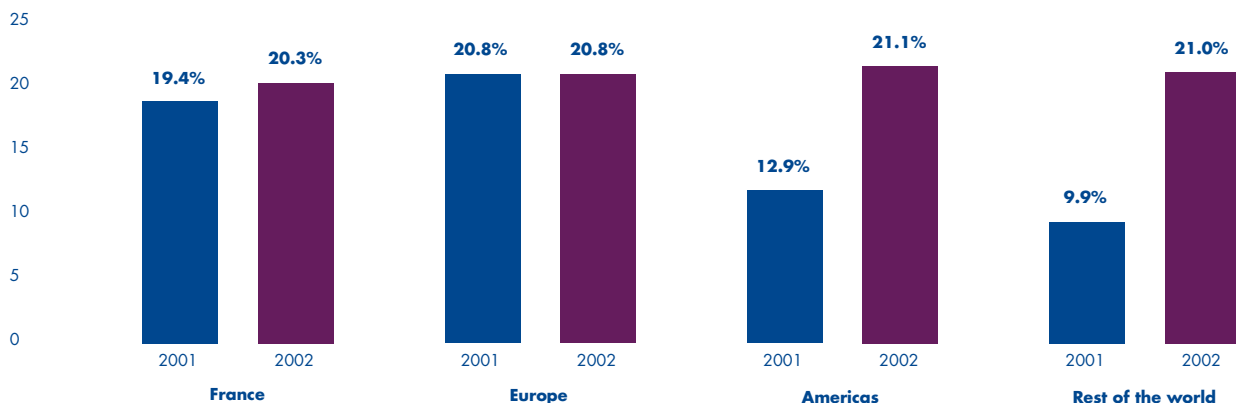


Analysis of operating profit by geographic area (€ million)



## Operating margin

This rebalancing can also be seen at the operating margin level through a very strong improvement in profitability in the Americas and in the rest of the world (mainly Asia). The Group can now rely on homogenous operating margins in each geographic zone.



## Non-core activities

Most of PERNOD RICARD's non-core activities at the beginning of 2002 were disposed of during the year. The detailed list of these disposals and their dates can be seen in Note 2 of the Notes to the Consolidated Financial Statements.

As at December 31, 2002, the principal Group companies whose business is not part of the Wine and Spirits segment are: Foulon Sopagly, a producer of bulk grape juice and C.F.P.O., for which PERNOD RICARD has a sale option for the distribution activities of the Orangina brand in the United Kingdom, South America, Africa, Asia and certain Eastern European countries.

Non-core business net sales were €1.428 billion in 2002, a drop of 45.9% compared to 2001. These mainly represent the activities of SIAS and of BWG operations prior to their disposals. Organic sales growth amounted to 1.4%.

Operating profit was € 40 million, a drop of 61.9% compared to the previous year. Excluding the perimetre and currency effects, the decline was 6.0%.

## Risk management

### Market risks

The monitoring and the management of exchange, interest rate and liquidity risks is carried out by a Treasury Department attached to the Finance Department. This Department, centralising all of the Group's financial exposure, includes 7 executives. A monthly report is sent to general management based on centralised data.

### Liquidity, interest rate and exchange rate risks

All of these points are covered in Notes 1.13, 12 and 14 of the Notes to the Consolidated Financial Statements.

### Equity risk

Through its subsidiary Santa Lina, the Group owned 2,950,800 shares in Société Générale with a net book value of €17.41 per share at December 31, 2002. The market value of these shares was €55.50 (closing price) on December 31, 2002.

### Legal risks

#### Legal claims involving brands owned by PERNOD RICARD

Apart from legal issues related to the general running of its business, which are not material, the following legal claims are in process as in 2001.

#### HAVANA CLUB

The "HAVANA CLUB" global trademark, which is jointly owned with a publicly-owned Cuban corporation, is facing legal claims from a competitor in the United States and Spain.

In the United States, the counterfeit action brought by the Group was frozen during the trial in 1998 by an amendment to the law.

Following a referral by the European Union, the World Trade Organisation ruled this law to be discriminatory and therefore contrary to WTO agreements on industrial property; the United States has requested a delay, extended until June 30, 2003, in order to make the legislation comply with the WTO decision.

The same competitor is simultaneously trying to persuade the US industrial property authorities to cancel this trademark, without success so far.

In Spain, a case launched in 1999 that is still outstanding relates to the ownership of this trademark and remains with no settlement as of today.

## BECHEROVKA

This brand has been subject to counterfeiting in the Czech and Slovak Republics and in Russia. A large number of cases before the civil and criminal courts in these two countries are currently pending seeking to confirm the Group's ownership rights of the "BECHEROVKA" brand and penalise the counterfeits involved.

## Insurance

Under a global insurance programme it has set up, the Group has adequate insurance cover to guarantee (a) all liability from damage to goods and for loss-of-profits of up to € 300 million per claim for the 8 most important industrial sites and of €100 million per claim for the other sites (b) all transport of merchandise for Group companies and (c) the financial consequences of the third party liability of Group companies and their Directors.

In 2002, the Group paid special attention to adapting this insurance cover to the recently-acquired companies and assets, carefully identifying new risks (following the completion of 20 audits by independent consultants) and developing safety training, prevention and protection.

In specific areas, especially insurance for vehicle fleets, Group companies use locally written policies.

## Regulatory matters

PERNOD RICARD's production and marketing of alcoholic drinks is subject to specific legislation and regulations for these products which vary from country to country.

Fully aware of its social responsibilities concerning alcohol, the Group has always been at the forefront of moves in this direction. A founding member of *Entreprise & Prévention* in France and of the Amsterdam Group at the European level, an active member of the Portman Group in the UK and Century Council in the US, PERNOD RICARD has undertaken to develop and finance concrete action on the ground to combat alcohol abuse and to promote a responsible policy in terms of marketing.

Furthermore, in France, the Group helped to set up the Institut de Recherches et d'Études sur les Boissons (IREB), which finances independent research in the bio-medical sector and the human sciences to better understand the causes of alcoholism. The IREB's scientific expertise in these matters is widely acknowledged.

Finally, the GROUP and its French subsidiaries have signed a partnership charter with the French Road Safety Authority on the subject "The person who drives doesn't drink", thus encouraging, in particular, driving while sober and the prevention of road accidents within the company.

## Other

The Group is not technically or commercially significantly dependent on other companies nor is it subject to any specific confidentiality constraints. It has the necessary resources to carry out its business activities.

## *Research and development*

The Group continued its R & D efforts in 2002, in its research centre located in Créteil, France and in laboratories and various subsidiary projects. It allocated approximately 0,3% of its consolidated annual sales to R & D. The funds and the numbers of employees allocated to research and development have decreased compared with previous years, mainly as a result of the disposal of SIAS and the fruit juice activities. The total number of R & D employees was approximately 90 at the end of the year.

## Significant post balance sheet events

- At its meeting on January 28, 2003, the Board of Directors recorded the increase in share capital from € 174,798,646 to € 174,800,521.50, pursuant to the exercise of 605 stock-options during 2002 for € 1,875.50.
- Using the powers granted to it by the second resolution of the Combined Shareholders' Meeting of May 3, 2001 (a resolution within the competence of the Extraordinary Shareholders' Meeting), the Board of Directors decided to increase the share capital at its meeting on January 28, 2003, by € 43,700,129.60, from € 174,800,521.50 to € 218,500,651.10 through the capitalisation of € 43,700,129.60 transferred from the "special reserve for long-term capital gains" account, and to create 14,096,816 new shares to be allocated as bonus shares to the shareholders on the basis of one new share for four existing shares.

These new shares were created and allocated to the shareholders on February 14, 2003, with dividend rights from January 1, 2002. They were entitled to the interim dividend for 2002 of € 0.90 per share, decided by the Board of Directors on December 17, 2002, which was allocated to the holders of these shares on January 14, 2003. This interim dividend was paid as from March 5, 2003. The fractional shares were not listed but paid for in cash. The attribution ratios of the Oceane (convertible bonds) and of stock-options have been adjusted. The by-laws has been updated to take account of the new share capital.

- Given the very low level of share volumes traded in Frankfurt (Germany), the decision was taken to ask the German stockmarket authorities to delist the shares from the Frankfurt Stock Exchange. This delisting took place on March 14, 2003.
- On February 3, 2003, the members of the single delegation of PERNOD RICARD's personnel were elected. The delegates appointed two of their members to represent them at the meetings of the Board of Directors. This representation took effect at the Board of Directors' meeting of March 18, 2003.

## Human resources

### Workforce size

As at 31.12.2002, the Group employed a workforce of 12,526, of which 9,137 outside France. These numbers take into account the integration of Seagram employees and impact of various disposals.

The breakdown of these employees is the following:

	Unlimited-term employment contracts	Limited-term employment contracts	Total
<b>France</b>	<b>3,301</b>	<b>88</b>	<b>3,389</b>
Male	2,298	38	2,336
Female	1,003	50	1,053
<b>Rest of the world</b>	<b>8,419</b>	<b>718</b>	<b>9,137</b>
Male	5,729	456	6,185
Female	2,690	262	2,952
<b>Total</b>	<b>11,720</b>	<b>806</b>	<b>12,526</b>
Male	8,027	494	8,521
Female	3,693	312	4,005

The average age at the Group level is 40 years and 2 months old.

## Recruitments/Redundancies

Recruitments, taking into account the integration of Seagram:

	France	Rest of the world	Total
Unlimited-term employment contracts	230	2,443	2,673
Limited-term employment contracts	402	892	1,294
<b>Total</b>	<b>632</b>	<b>3,335</b>	<b>3,967</b>

Redundancies:

	France	Rest of the world	Total
For economic reasons	72	319	391
For other reasons	69	246	315
<b>Total</b>	<b>141</b>	<b>565</b>	<b>706</b>

## Information concerning plans for reductions in the workforce and for the safeguarding of employment/Efforts to find alternative employment/Reemployment/Assistance measures

In October 2002, Martell & Co announced a restructuring plan affecting the number of company jobs.

The purpose of this plan was to boost the brand on the markets and reduce production costs. It envisaged removing the alcohol stocks from the town of Cognac for safety reasons and to combine the bottling operations of Renault Bisquit and Martell on a single site.

During the first phase (Book IV), Martell consulted the Works Council about the restructuring plan which envisaged the elimination of 149 jobs and the creation of 44 jobs for a total of 414 employees. Martell has undertaken that, of the 44 jobs, 24 will be exclusively offered in priority to Martell employees. The other 20 jobs will be offered in priority to Martell employees to the extent that they can acquire the skills required.

As is usual for PERNOD RICARD in cases of restructuring or disposal of companies, the Group made sure, during the Book III consultation (Plan for the Safeguard of Employment), the social impact was limited and implemented measures such as early retirement financed by the company, initiatives to assist in the creation or the acquisition of a company and proposals for reemployment within the Group.

This procedure has been approved by the Departmental Employment Directorate. The Works Council initiated proceedings under the summary procedure to cancel this plan, but the Court dismissed them on March 19, 2003. The Works Council has since appealed this decision.

## Organisation of working hours

All the French subsidiaries of the Group continued to benefit from agreements for the reduction in working hours. This new work organisation pushed the management of the French companies to review their way of working, to work differently and thereby avoid overtime working.

The employees have thereby benefited from an improvement in the quality of their professional and personal lives, reflected in a more balanced lifestyle.

In 2002, the Group employed 319 part time workers, in particular in France and Europe (representing 295 full-time equivalents). The average age of the part time workers was 43.57 years in 2002.

## Sub-contracting/External labour

The Group only uses sub-contracting and external labour in a marginal manner.

## Absenteeism and reasons

At the worldwide level, absenteeism and its reasons were the following for 2002:

Number of days by related causes	France	Rest of the world	Total
Illness	27,441	35,824	63,265
Maternity	3,131	11,164	14,295
Workplace accidents	3,454	5,498	8,952
Transport accidents	401	166	567
Other	1,927	7,748	9,675
Total in days of absent	36,354	60,400	96,754
<b>Absenteeism rate <sup>(1)</sup></b>	<b>5.274</b>	<b>3.238</b>	<b>3.256</b>

(1) Absenteeism rate: Number of working days absent/(number of working days x real annual average) x 100

## Remuneration and its evolution

PERNOD RICARD has always tried to implement a global, competitive and motivating remuneration policy. PERNOD RICARD stresses variable remuneration depending on personal and/or company performance and enables its employees to share the results of growth (through bonus, incentive and profit-sharing schemes and stock-option plans). This remuneration policy aims both at attracting skills and talent and at being in line with Group objectives.

## Social security contributions

PERNOD RICARD has always paid social security contributions in compliance with legal obligations. However, it has made a special effort for pensions in France and social cover at a global level in order to offer its employees attractive schemes.

## Gender equality

The Group is increasing the number of female employees in qualified jobs, in particular in sales and management functions. In 2002, the Group had 32% of women in its workforce, of which 8.6% in management positions.

## Professional relations and analysis of collective bargaining agreements

As part of the company disposals completed in 2002, the Group signed social guarantee agreements to provide protection to its employees vis-à-vis their new owners.

## Hygiene and safety

Safety at work and prevention of professional illnesses are priorities for all the Group companies.

In order to train employees and make them aware of safety at work and of compliance with legal and regulatory obligations, the Group subsidiaries have made sure that all their employees are provided with training about these obligations as well as about the conditions of use of the equipment and services related to their job, and the consumption of our products.

Training sessions have also been organised by the PERNOD RICARD Training Centre. In 2002, the Group provided 2 sessions on the subject "Quality/Safety/Environment" aimed at executives and serving as the basis for safety management.

The number of workplace accidents fell compared with 2001:

<b>Workplace accidents</b>	<b>France</b>	<b>Rest of the world</b>	<b>Total</b>
Number			
2001	188	510	698
2002	136	280	416
Frequency rate <sup>(1)</sup>			
2001	33.42	21.38	27.4
2002	24.94	10.44	17.69
Seriousness level <sup>(2)</sup>			
2001	1.15	0.25	0.45
2002	0.63	0.13	0.38

(1) Frequency rate: Number of accidents with leave divided by the number of hours worked x 1,000,000

(2) Level of seriousness: Number of working days of leave for accidents divided by the number of hours worked x 1,000

## Training

Being aware of the importance of the training and the development of skills of its employees, PERNOD RICARD enables its employees to benefit from training programmes provided by their subsidiary or by the PERNOD RICARD Training Centre ("CFPR").

Training provided by all of the Group subsidiaries amounted to:

	<b>France</b>	<b>Rest of the world</b>	<b>Total</b>
Training expenditures (€ thousands)	2,884	3,406	6,290
Number of beneficiaries	1,792	4,272	6,064
Expenditure per beneficiary (€ thousands)	1.6	0.8	1.0
% of payroll	2.36	1.02	1.53

In 2002, 30 training sessions and 3 induction seminars were organised by the CFPR involving 350 Group trainees, of whom more than half came from abroad. 2002 was the most active year since its creation.

## Employment and professional insertion of the handicapped

In 2002, PERNOD RICARD employed 97 handicapped people, or 0.77% of the total group workforce.

## Charitable contributions

PERNOD RICARD contributed € 2,647,172 towards charitable causes in 2002.

## Regional impact of operations as regards employment

Drinks' production operations are carried out locally (Cognac in the Cognac region, Scotch Whisky in Scotland, etc), so our products are regional products with local roots. The direct result of this is to generate local activity and employment. There is, therefore, no sub-contracting to foreign countries.

Furthermore, by belonging to the agribusiness sector, the Group has established close ties with the agricultural world (grapes, aniseed, alcohol, raisin, aniseed, alcohol, cereals, beet and gentian producers, etc).

## Relations with insertion associations and teaching establishments

To attract new talent, the Group is present in schools, universities, shows and forums in France and abroad. It sponsors promotions, participates in examination juries, subsidises events and accepts full time trainees, apprentices and sandwich course trainees.

PERNOD RICARD has been able to create a real partnership with numerous teaching establishments. In particular, PERNOD RICARD created a Chair in Competition Policy in 2002 at the University of Toulouse 1, which the Group supports financially and the inauguration of which took place in February 2003.

The Group has also established certain agreements with insertion associations.

## Environment

The data presented below concerns the main French industrial sites of the Wine and Spirits business excluding logistics and transport operations which are sub-contracted. The cider and fruit preparation businesses, disposed of in 2002, have not been taken into account.

Policy in this respect follows PERNOD RICARD's Security and Environment Charter, which is implemented by the subsidiaries under the control of the Quality, Security and Environment team attached to the holding company.

### Consumption, waste and effluents

Consumption*		Per 1,000 litres of finished products
Water consumption	319,223 m <sup>3</sup>	2,740 litres of water
Electricity consumption	16,316,050 kWh	140 kWh of electricity
Natural gas consumption for combustion	19,852,028 kWh	170 kWh of natural gas
Domestic fuel consumption for combustion	1,701,738 kWh	15 kWh of fuel

\* for PERNOD RICARD's 9 French sites representing production of 116.4 million litres

Waste and effluents*		Per 1,000 litres of finished products
CO2** emissions related to combustion	4,498 tonnes	39 kg CO2
CO2** emissions related to fermentation	2.4 tonnes	0.02 kg CO2
Waste water to treatment plant	110,427 m <sup>3</sup>	949 litres of waste water
Clean water discharged into the natural environment	151,905 m <sup>3</sup>	1,305 litres of clean water
Organic waste treated externally including distillation vinasse	12,665 tonnes	109 kg of waste treated
	12,207 tonnes	of which 105 kg of vinasse
Organic waste reused including grape marc	1,411 tonnes	12 kg of waste reused,
	1,065 tonnes	of which 9 kg of grape marc
Solid waste recycled (essentially packaging)	3,047 tonnes	26 kg of packaging recycled
Special Industrial Waste ("DIS") treated externally (in accordance with regulations)	112 tonnes	1 kg of DIS treated

\* for PERNOD RICARD's 9 French sites representing production of 116.4 million litres.

\*\* calculations made in accordance with the MATE circular of 04/15/2002.

The most significant consumption of water and of energy is related to the distillation necessary to produce cognac or anethole. Used in the cooling systems, this water is hardly polluted and as it does not require treatment, it is discharged into the natural environment.

The other liquid effluents are piped to the local treatment plants or to an external centre for treatment.

The energy needs, in addition to the electricity consumption, are mostly covered by the natural gas combustion which limits greenhouse gas emissions, in particular carbon dioxide.

The other carbon dioxide emissions related to the fermentation processes are hardly significant (0.05%).

The Group's industrial operations do not produce discharges in the water and the ground of substances generating acidification or eutrophication or toxic material.

Similarly, they do not generate air emissions of toxic metals, of radioactive, carcinogenic or mutagenic material or substances harmful for reproduction.

Noise or olfactory pollution is not significant.

Apart from the distillation effluents treated externally, the remaining significant waste is recycled or reused.

## **Environmental assessment or certification procedures undertaken**

Out of a total of nine sites in France, three are ISO 14001 certified and two are in the process of certification on the same basis. For the other sites, an environmental impact study has been conducted and a system of environmental management is being set up.

## **Measures taken to ensure the regulatory compliance of the operations**

Monitoring is carried out in the company and by external consultants in order to ensure regulatory compliance. In particular, the operating licences are updated periodically to take into account technical and regulatory changes.

## **Expenditure incurred**

For 2002, € 3.3 million were spent to reduce risks and prevent the harmful impact of operations on the environment.

## **Internal environmental management training and organisation in the event of accidents**

For certified sites, the documentary system defines the responsibilities for the management and control of environmental risks, including in the event of operating accidents.

Similarly, a training plan has been set up, aimed at all levels of responsibility.

A similar process exists or is underway for the other non-certified sites.

The "Quality/Safety/Environment and Risk Management" structure of the Group encourages and assists the subsidiaries in France and abroad in their endeavour to comply with regulations and to promote the protection of the environment (6 persons). Within this structure, a Risk Manager identifies the potential risks caused by the production operations and sets up the technical means and human resources necessary to allow the damage which could affect the customers, the personnel, the environment and the company itself, to be minimised or eliminated.

Every year, the Group organises "Quality/Safety/Environment and Risk Management" seminars, to train subsidiary personnel and to develop the sharing of experiences.

## **Provisions and guarantees for environmental risks**

Despite the absence of pending litigation, provisions of € 4.5 million have been established to ensure the regulatory compliance of industrial sites.

As regards prevention, the Group has taken out insurance cover for the environmental risks related to its operations.

## **Indemnities and compensation for damage caused**

Not applicable during 2002.

## **Subsidiaries abroad**

The Group's "Quality/Safety/Environment" policy applies in the same way to the operations of subsidiaries abroad.

## *Future prospects*

The very good results in 2002 confirm the potential of the new portfolio which provides a very solid base for future growth. The successful start of 2003 confirms this opinion.

## *Additional information*

- As at January 1, 2002, PERNOD RICARD S.A. held none of its own shares pursuant to the previously authorised own-share repurchase programme. During 2002, 61,000 shares were acquired at an average price of €87 and sold at an average price of € 91.58.
- As at March 18, 2003, PERNOD RICARD S.A. no longer held any of its own shares previously acquired pursuant to the own-share repurchase programmes authorised other than those earmarked for reserves for the various stock-options programmes.
- It is recalled that PERNOD RICARD S.A. issued 4,567,757 convertible bonds (OCEANE) for € 488,749,999, bearing interest at 2.5% per annum and with interest rights from February 13, 2002. No request for conversion has been filed during the year.
- At the Combined General Meeting of May 31, 2002, PERNOD RICARD S.A. submitted for the approval of the shareholders the harmonisation of the by-laws with the new legal provisions, in accordance with the New Economic Regulations Law of May 15, 2001. At a meeting on the same day, the Board of Directors decided not to separate the functions of Chairman of the Board of Directors and Chief Executive Officer.  
Messrs. Richard Burrows and Pierre Pringuet have been confirmed in their functions with the title of Director General.
- During 2002, 605 stock-options were exercised under the stock-option plan of December 18, 2001. 605 new shares were thus created. This capital increase was acknowledged by the Board of Directors at its meeting on January 28, 2003. No other stock-option was exercised during the year.  
Details, plan by plan, of stock-options exercised during 2002 can be found in the "Corporate Governance" Chapter.
- We inform you that the Société Paul Ricard and Société SIFA each hold 10% or more of the voting rights in PERNOD RICARD. In the Chapter "General Information on the Company and its share capital", a table of changes in shareholdings and a statement of the declarations of increases beyond or decreases below the legal thresholds or those in the company's by-laws that occurred during the year can be found. The personnel of PERNOD RICARD and of its subsidiaries hold 2.2% of the share capital and 2.8% of the voting rights.
- The total amount of gross remuneration and benefits paid to each board member during the year is presented in the "Corporate Governance" Chapter.

*CONSOLIDATED FINANCIAL STATEMENTS*



Pernod Ricard

## Consolidated Income Statement

(€ million)	12.31.02	12.31.01	12.31.00	2002/2001
<b>Net sales excluding duties and taxes*</b>	<b>4,835.7</b>	<b>4,555.2</b>	<b>4,382.0</b>	<b>6.2%</b>
Cost of goods sold	(2,374.5)	(2,721.6)	(2,630.4)	-12.8%
<b>Gross margin</b>	<b>2,461.2</b>	<b>1,833.6</b>	<b>1,751.6</b>	<b>34.2%</b>
Marketing expenses and distribution costs	(962.5)	(735.5)	(698.7)	30.9%
<b>Contribution after marketing expenses</b>	<b>1,498.7</b>	<b>1,098.1</b>	<b>1,052.9</b>	<b>36.5%</b>
Trading costs and overheads	(748.4)	(647.6)	(631.8)	15.6%
<b>Operating profit</b>	<b>750.3</b>	<b>450.5</b>	<b>421.1</b>	<b>66.5%</b>
Net interest expenses	(153.3)	(39.5)	(52.2)	288.0%
<b>Pretax profit before exceptional items</b>	<b>597.0</b>	<b>411.0</b>	<b>368.9</b>	<b>45.2%</b>
Exceptional items	9.6	220.0	(53.4)	-95.6%
Income taxes	(156.9)	(235.7)	(97.2)	-33.4%
Interest in earnings of equity companies	1.0	0.7	2.1	NS
<b>Net profit before amortisation of goodwill</b>	<b>450.7</b>	<b>396.0</b>	<b>220.4</b>	<b>13.8%</b>
Amortisation of goodwill	(30.0)	(31.4)	(20.4)	-4.5%
<b>Net profit before minority interests</b>	<b>420.7</b>	<b>364.6</b>	<b>200.0</b>	<b>15.4%</b>
Minority interests	7.9	6.4	5.0	21.8%
<b>Net profit</b>	<b>412.8</b>	<b>358.2</b>	<b>195.0</b>	<b>15.3%</b>

Number of shares	56,387,265	56,386,660	56,386,660	-
Number of shares on a fully-diluted basis	62,409,872	57,052,318	56,386,660	-
Net interest expenses for OCEANE (coupon & risk premium)	(12.7)	-	-	-

(in euros)	12.31.02	12.31.01	12.31.00	2002/2001
<b>Earnings per share</b>				
Pretax profit before exceptional items	10.59	7.29	6.54	45.2%
Net profit	7.32	6.35	3.46	15.5%

(in euros)	12.31.02	12.31.01	12.31.00	2002/2001
<b>Fully-diluted earnings per share</b>				
Pretax profit before exceptional items	9.77	7.20	6.54	35.6%
Net profit	6.82	6.28	3.46	8.6%

## Breakdown of operating profit by business segment

### Wine and Spirits business

(€ million)	2002	2001	2000	Change 2002/2001	Organic growth*
Quantities sold (in millions of litres)	631	404	388	-	-
Net sales excluding duties and taxes	3,407.9	1,918.0	1,759.6	77.7%	4.5%
Gross margin	2,220.9	1,267.5	1,149.8	75.2%	-
Contribution after marketing expenses	1,357.6	786.7	712.0	72.6%	-
<b>Operating profit</b>	<b>709.8</b>	<b>344.2</b>	<b>301.9</b>	<b>106.2%</b>	<b>7.5%</b>

### Other business activities

(€ million)	2002	2001	2000	Change 2002/2001	Organic growth
Net sales excluding duties and taxes	1,427.8	2,637.2	2,622.4	-45.9%	1.4%
Gross margin	240.3	566.1	601.8	-57.6%	-
Contribution after marketing expenses	141.1	311.4	340.9	-54.7%	-
<b>Operating profit</b>	<b>40.5</b>	<b>106.3</b>	<b>119.2</b>	<b>-61.9%</b>	<b>- 6.0%</b>

### Total

(€ million)	2002	2001	2000	Change 2002/2001	Organic growth
Net sales excluding duties and taxes	4,835.7	4,555.2	4,382.0	6.2%	2.7%
Gross margin	2,461.2	1,833.6	1,751.6	34.2%	-
Contribution after marketing expenses	1,498.7	1,098.1	1,052.9	36.5%	-
<b>Operating profit</b>	<b>750.3</b>	<b>450.5</b>	<b>421.1</b>	<b>66.5%</b>	<b>4.3%</b>

\* Organic growth corresponds to the annual change excluding currency and perimeter effects.

## Breakdown of Wine and Spirits activity by geographic area

### France

(€ million)	2002	2001	2000	Change 2002/2001	Organic growth
Quantities sold (million of litres)	103	103	100	-	-
Net sales excluding duties and taxes	592.4	545.7	509.8	8.6%	0.8%
Gross margin	454.8	419.7	391.5	8.4%	-
Contribution after marketing expenses	277.5	258.8	246.6	7.2%	-
<b>Operating profit</b>	<b>120.0</b>	<b>105.7</b>	<b>95.3</b>	<b>13.6%</b>	<b>1.5%</b>

### Europe

(€ million)	2002	2001	2000	Change 2002/2001	Organic growth
Quantities sold (million of litres)	265	185	167	-	-
Net sales excluding duties and taxes	1,330.0	872.7	761.4	52.4%	6.4%
Gross margin	835.6	556.6	489.5	50.1%	-
Contribution after marketing expenses	512.2	359.2	317.9	42.6%	-
<b>Operating profit</b>	<b>276.8</b>	<b>181.7</b>	<b>167.6</b>	<b>52.3%</b>	<b>8.5%</b>

### Americas

(€ million)	2002	2001	2000	Change 2002/2001	Organic growth
Quantities sold (million of litres)	123	41	40	-	-
Net sales excluding duties and taxes	834.5	241.5	236.1	245.6%	8.5%
Gross margin	513.6	152.8	141.1	236.0%	-
Contribution after marketing expenses	318.0	91.7	80.6	246.6%	-
<b>Operating profit</b>	<b>176.0</b>	<b>31.2</b>	<b>21.9</b>	<b>464.6%</b>	<b>23.7%</b>

### Rest of the world

(€ million)	2002	2001	2000	Change 2002/2001	Organic growth
Quantities sold (million of litres)	140	75	81	-	-
Net sales excluding duties and taxes	651.0	258.1	252.3	152.3%	1.8%
Gross margin	416.9	138.4	127.7	201.3%	-
Contribution after marketing expenses	249.9	77.0	66.9	224.6%	-
<b>Operating profit</b>	<b>137.0</b>	<b>25.6</b>	<b>17.1</b>	<b>434.8%</b>	<b>5.2%</b>

### Total

(€ million)	2002	2001	2000	Change 2002/2001	Organic growth
Quantities sold (million of litres)	631	404	388	-	-
Net sales excluding duties and taxes	3,407.9	1,918.0	1,759.6	77.7%	4.5%
Gross margin	2,220.9	1,267.5	1,149.8	75.2%	-
Contribution after marketing expenses	1,357.6	786.7	712.0	72.6%	-
<b>Operating profit</b>	<b>709.8</b>	<b>344.2</b>	<b>301.9</b>	<b>106.2%</b>	<b>7.5%</b>

## Other information by segment of activity

### Fixed assets by segment of activity at December 31, 2002

(€ million)	Wine & Spirits	Other Activities	Total
<b>Total fixed assets</b>	<b>3,489</b>	<b>30</b>	<b>3,519</b>

### Average workforce size

	2002	2001	2000
Wine and Spirits business	11,544	7,631	7,341
Other business Activities	7,107	10,951	13,338
<b>Total</b>	<b>18,651</b>	<b>18,582</b>	<b>20,679</b>

## Consolidated Balance Sheet at December 31, 2002

### Assets

(€ million)	12.31.02			12.31.01	12.31.00
	Gross value	Deprec. amortisation & provisions	Net value	Net value	Net value
<b>Fixed assets</b>					
Intangible assets	2,185.4	92.6	2,092.8	2,023.4	591.5
Property, plant and equipment	1,608.7	789.0	819.7	1,122.5	816.1
Goodwill	374.1	131.6	242.5	239.8	396.0
Investments	795.7	432.1	363.6	786.0	184.7
<b>Total fixed assets</b>	<b>4,963.9</b>	<b>1,445.3</b>	<b>3,518.6</b>	<b>4,171.7</b>	<b>1,988.3</b>
<b>Current assets</b>					
Inventories	2,142.1	36.6	2,105.5	2,461.0	1,072.7
Current receivables	1,522.0	84.0	1,438.0	1,671.3	1,238.7
Deferred tax assets	184.6	0.0	184.6	133.8	-
Marketable securities	93.1	2.7	90.4	152.0	128.9
Cash and equivalents	89.4	0.0	89.4	932.7	323.6
<b>Total current assets</b>	<b>4,031.2</b>	<b>123.3</b>	<b>3,907.9</b>	<b>5,350.8</b>	<b>2,763.9</b>
Prepaid expenses and deferred charges	64.3	4.0	60.3	92.1	58.9
Bond redemption premium	50.3	0.0	50.3	-	-
Currency translation adjustment	1.2	0.0	1.2	7.2	1.7
<b>TOTAL ASSETS</b>	<b>9,110.9</b>	<b>1,572.6</b>	<b>7,538.3</b>	<b>9,621.8</b>	<b>4,812.8</b>

## Capital and Liabilities

(€ million)	12.31.02	12.31.01	12.31.00
<b>Shareholders' equity</b>	<b>2,568.7</b>	<b>2,451.8</b>	<b>2,072.2</b>
including Net profit	412.8	358.2	195.0
<b>Minority Interests' equity</b>	<b>24.0</b>	<b>61.1</b>	<b>83.8</b>
including minority interest profit	7.9	6.4	5.0
Convertible Bond Issue	547.9	-	-
Provisions for contingencies	509.1	518.1	134.7
Deferred tax liabilities	-	-	15.5
<b>Liabilities</b>			
Long-term debt	2,473.4	4,779.2	1,326.4
Returnable containers	1.6	4.0	11.5
Trade and other accounts payable	1,064.5	1,407.3	1,070.1
Other liabilities	339.8	395.9	98.0
<b>Total liabilities</b>	<b>3,879.3</b>	<b>6,586.4</b>	<b>2,506.0</b>
Accrued charges and deferred income	9.3	4.4	0.6
<b>TOTAL CAPITAL AND LIABILITIES</b>	<b>7,538.3</b>	<b>9,621.8</b>	<b>4,812.8</b>

## Consolidated statement of changes in shareholders' equity

(€ million)	Shareholders' equity
<b>At December 31, 2000</b>	<b>2,072.2</b>
Dividends paid to shareholders	(84.6)
Treasury stocks	116.8
Additional tax on distribution	(19.3)
Currency impact	(3.6)
Other movements	12.1
2001 consolidated net profit	358.2
<b>At December 31, 2001</b>	<b>2,451.8</b>
Dividends paid to shareholders	(98.4)
Treasury stocks	16.1
Translation adjustment recognised in Shareholders' Equity	71.7
Currency impact	(295.1)
Other movements	9.8
2002 Consolidated net profit	412.8
<b>At December 31, 2002</b>	<b>2,568.7</b>

## Consolidated Cash-Flow Statement

(€ million)	12.31.02	12.31.01	12.31.00
Net profit	412.8	358.2	195.0
Minority interests	7.9	6.4	5.0
Share of equity accounted companies net profits	0.0	(0.7)	0.2
Depreciation of fixed assets	117.4	129.1	106.6
Amortisation of goodwill	29.0	113.0	20.7
Change in provisions and deferred taxes (3)	(44.6)	104.8	22.6
Gains on disposals of fixed assets and other items	(42.3)	(339.3)	(1.7)
<b>Cash flow from operations</b>	<b>480.2</b>	<b>371.5</b>	<b>348.4</b>
Increase (decrease) in working capital requirement (2)	(33.9)	122.4	(65.3)
Acquisition of property, plant and equipment (net of disposals)	(142.5)	(116.6)	(155.7)
Net change in receivables and payables relating to fixed assets	(13.0)	10.3	12.1
<b>Free Cash Flow (5)</b>	<b>290.8</b>	<b>387.6</b>	<b>139.5</b>
Acquisition of financial assets (net of disposals)	107.9	50.6	(98.6)
Effect of changes in Group's structure (4)	396.3	(3,151.2)	(46.1)
Convertible Bond Issue (OCEANE 2002-2008)	488.8	-	-
Dividends paid (including withholding tax)	(102.0)	(108.1)	(107.9)
<b>Decrease (increase) in debt (before currency translation adjustment)</b>	<b>1,181.8</b>	<b>(2,821.1)</b>	<b>(113.1)</b>
Currency translation adjustment	219.1	0.5	(2.8)
<b>Decrease (increase) in net debt (after currency translation adjustment)</b>	<b>1,400.9</b>	<b>(2,820.6)</b>	<b>(115.9)</b>
Net debt at the beginning of the year	(3,694.5)	(873.9)	(758.0)
Net debt at the end of the year (1)	(2,293.6)	(3,694.5)	(873.9)

(1) The change on net debt consists of the change in loans, long-term borrowings and cash. The net debt consists of:

(€ million)	12.31.02	12.31.01	12.31.00
Loans and long-term debt	(2,473.4)	(4,779.2)	(1,326.4)
Marketable securities	90.4	152.0	128.9
Cash	89.4	932.7	323.6
Closing net debt	(2,293.6)	(3,694.5)	(873.9)

(2) Changes in working capital requirements (net of provisions for current assets) are broken down as follows:

(€ million)	12.31.02	12.31.01	12.31.00
Net inventories	(30.0)	2.0	10.6
Net accounts receivable	(160.1)	(70.8)	(90.4)
Accounts payable	172.1	214.1	46.5
Other	(15.9)	(22.9)	(32.0)
Total	(33.9)	122.4	(65.3)

(3) Except for provisions on current assets taken into account in the change in working capital requirement:

(€ million)	12.31.02	12.31.01	12.31.00
Change in provisions for current assets	9.1	28.0	3.5

(4) The 2003 amount includes the following items: effect of the disposals of Seagram assets for € 326 million (including the disposals of Don Julio, Oddbins, Sandeman, etc), other disposals (Sias, BWG, CSR, etc) for € 224 million and acquisition of assets and Seagram costs for € 154 million (Jan Becher, Passport, etc).

(5) As at December 31, 2002, the working capital requirement included a negative € 139 million relating to the payment of tax on the Orangina disposal made in 2001. Restated for this item, Free Cash Flow amounted to 429.8 million.

# Notes to the consolidated financial statements

## Note 1 • Accounting principles

### 1.1 • Consolidation principles

The Group's consolidated financial statements have been prepared in compliance with French legal requirements as set forth in Law No. 85-11 of January 3, 1985, and the related Application Decree No. 86-221 of February 17, 1986.

The financial statements have been drawn up according to French CRC no. 99-02 regulation.

The financial statements of significant subsidiaries which are directly or indirectly over 50%-owned by PERNOD RICARD or effectively controlled are fully consolidated in the consolidated financial statements.

Companies over which the Group exercises significant influence are consolidated using the equity method.

All significant intercompany and intra-Group transactions have been eliminated.

A list of the consolidated company is provided in Note 16. For purposes of simplification and to avoid any serious prejudice to the Group which could result therefrom, only the names and addresses of the main companies included in the scope of consolidation are listed.

### 1.2 • Foreign currency translation

Financial statements prepared in foreign currencies have been translated according to the following principles:

- Balance sheets have been translated at official year-end rates.
- Income statements have been translated using the average yearly rate for each currency.
- Differences in currency translation resulting from the effect of fluctuations in the exchange rate between December 31, 2001 and December 31, 2002 on opening shareholders' equity and from the use of different rates in translating balance sheet and statement of income have been included in consolidated reserves.

Foreign currency transactions are translated at the exchange rate prevailing at the transaction date. Gains and losses resulting from foreign currency translation up until December 31, 2002, are recorded in the income statement.

### 1.3 • Intangible assets

Intangible assets are valued at their original cost. They are amortised when their market value falls below cost.

#### Brands recognised in the context of acquisitions

The book value of brands acquired is determined on the basis of the actuarial calculation of the future profits estimated using operating profit before tax.

The profit projections are made over a 20-year period using management's forecasting systems. In the case of the valuation of strategic brands with significant market value, a residual value corresponding to a prudent estimate of their sale price is taken into account in the actuarial calculation.

The discount rate used takes into account the geographic spread of profits.

The value given to the brands in the context of acquisitions is limited to the residual goodwill after having adjusted the other assets and liabilities of the balance sheet purchased.

The individual value of all the brands recognised in the balance sheet is revised annually on the basis of an update of the method previously described. A provision for depreciation is recognised in the event of a loss in value judged to be lasting.

### 1.4 • Property, plant and equipment

Property, plant and equipment are valued at cost or when applicable, at a revalued cost in compliance with legal requirements.

Depreciation is calculated according to the straight-line method or, when applicable, according to the declining balance method over the estimated useful life of the underlying asset.

Average periods of depreciation for these assets are as follows:

Buildings	15 to 50 years
Machinery and equipment	5 to 15 years
Other fixed assets	3 to 5 years

Real estate of significant value that is acquired through leasing contracts is capitalised and depreciated over the estimated useful life of the asset.

Buildings under sale and leaseback agreements are subject to a similar restatement. Any resulting capital gains are eliminated from the year's income.

Returnable containers are valued at cost. Based on statistics provided by each company, the item is restated to adjust the asset value of the containers to reflect losses from breakages and to recognise unrealised income from non-returns. In the case of changes in deposit rates, the debt corresponding to non-returned containers is valued at the new rates, with possible losses charged to expenses.

Obsolescence is reflected in the depreciation calculations.

## 1.5 • Investments

Equity investments in non-consolidated companies are valued at acquisition cost. A provision for depreciation is established if the market value falls below cost.

This inventory value is equal to the current value, which can generally be estimated based on the market price, or which may correspond to the company's portion of shareholders' equity represented by these securities.

## 1.6 • Goodwill

Since January 1, 1986, good will on acquisition has been reflected in assets and assigned by brand name if appropriate. Goodwill is amortised on a straightline basis over a period appropriate to the acquisition but not exceeding 40 years.

Goodwill on recent acquisition is amortised over a period not exceeding 20 years.

At the end of every accounting period, goodwill is analysed in terms of the development of the subsidiary and may be depreciated where necessary.

## 1.7 • Inventories

Inventories are valued at the lower of cost or market value. A depreciation reserve is set up when the inventory value is less than the net book value.

Most of the inventories are valued using the average weighted cost method.

The cost of long-term inventories is uniformly determined to include distilling and aging costs but excludes interest expense. These inventories are classified in current assets according to the prevailing business practices, although a large part remains in inventory for over one year before being sold.

With regard to Seagram inventories acquired by PERNOD RICARD, work in progress (including ageing inventories of the whisky and cognac business) have been stated according to their fair value, taking into consideration, for slow moving items, any additional costs to be incurred.

## 1.8 • Marketable securities

Marketable securities are recorded on the balance sheet at their original cost. When the market value of these securities at the close of the fiscal period is less than their original value, a depreciation reserve is set up.

## 1.9 • Foreign currency loans

Translation differences for loans in currencies other than the operating currency of the borrowing entity have been treated as follows:

- if the loan is for a net investment in a legal entity in the same operating currency as that of the loan, any translation differences, net of tax, are accounted for under shareholders' equity,
- if the loan is for an asset whose value fluctuates with the borrowed currency, any translation differences, net of tax, are accounted for under shareholders' equity,
- if the loans cannot be related to specific assets, the translation differences are accounted for under net income or expense.

The net translation differences accounted for under shareholders' equity amount to € 71.7 million at December 31, 2002.

The translation differences accounted for under net income or expense are provided in Note 3.

## 1.10 • Convertible loans

PERNOD RICARD issued 4,567,757 bonds on February 13, 2002, convertible into new or existing shares (OCEANE) for € 489 million (maturity date: January 1, 2008) with a redemption premium of € 59.2 million.

In compliance with the recommendations of the Commission des Opérations de Bourse, PERNOD RICARD recognised in its assets the redemption premium of the bonds and will amortise it over the term of the loan from February 13, 2002.

## 1.11 • Provisions for contingencies

This item records all provisions for contingencies made by the Group companies, notably provisions for retirement benefits, excluding related social security charges.

The Group's foreign companies provide for their retirement-related commitments in compliance with local practice and legislation. The Group's French companies record retirement benefits accrued at year-end for those employees 45 years of age and older, who have been employed by the company for more than 10 years, except Martell for which the actuarial method applied is the "Projected Unit Credit" method. This provision is computed by discounting future commitments.

The impact on the provisions of the application of the CRC 99-02 preferential regulation on pensions is stated in Note 10.

## 1.12 • Income taxes

Since January 1, 1977, PERNOD RICARD's tax liability has been determined according to the regulations governing tax consolidation of French companies more than 95% owned.

Deferred tax assets or liabilities resulting from timing differences between taxable income and accounting income are accounted for under the liability method. These primarily concern timing differences, cancellations of regulated provisions and restatements on consolidation.

Deferred tax assets on tax losses carried forward and long-term capital losses have been recorded only if there is a high probability of charging them in the short term to taxable profits.

Both long term and short term deferred tax expenses are recorded as deferred tax liabilities.

For the first consolidation of the Seagram acquisition, deferred tax has been recorded on temporary differences, goodwill on acquisition and brands, except for purchased brands which cannot be sold independently from the companies to which they belong.

Deferred taxation in France is calculated on the current tax rates in force at the balance sheet date excluding future reductions in income tax rates, which are not material to the Group.

## 1.13 • Management of financial risks and interest rate hedging instruments

### 1.13.1 • Management of financial risks

The Group applies a non-speculative exchange rate management policy for:

**operating risks**, including:

- the sales and purchases risks,
- the interest rate risks, and
- the dividend risks.

Generally, the Group hedges at 60 days the booked flows.

Part of the Group's real exposure is hedged by futures contracts during the financial year.

Finally, the setting up of hedging programmes is validated beforehand by the Finance Department as well as by General Management.

**Equity risks** created by the booking of assets in currencies other than the Euro: generally, these assets are financed by a liability denominated in the same currency, thus eliminating equity risk. In the context of the acquisition of companies, certain subsidiaries also take on a liability in the operating currency of the company acquired, different from their accounting currency. In this case, the translation differences are reported in shareholders' equity as specified in Note 1.9.

## 1.13.2 • Accounting for interest rate hedging contracts

Income and expenses relating to interest rate hedging contracts entered into are recorded in the PERNOD RICARD income statement on a pro rata basis over the life of these contracts:

- premiums paid are spread, for accounting purposes, over the duration of the contract,
- interest rate differentials received or paid from time to time are accounted for in the year earned or incurred.

## 1.14 • Monitoring of off balance sheet financial commitments

The Group monitors its off balance sheet financial commitments centrally through a monitoring report which is provided to the Board of Directors.

The Group certifies that it has not omitted the existence of significant off balance sheet items in the presentation of its financial statements.

## Note 2 • Perimetre of consolidation

### 2.1 • Impact of Seagram acquisition on the consolidated financial statements

#### Pro Forma financial statements (\*)

(€ million)	2000	2001	2002(**)	2002 vs 2001
<b>Seagram (*)</b>				
Net sales excluding duties and taxes	1,398.5	1,357.4	1,415.9	4.3%
Contribution after marketing expenses	555.1	529.1	547.0	3.4%
<b>PERNOD RICARD</b>				
<b>Wine and spirits historical scope</b>				
Net sales excluding duties and taxes	1,759.6	1,918.0	1,992.0	3.9%
Contribution after marketing expenses	712.0	786.7	810.6	3.0%
<b>Total</b>				
Net sales excluding duties and taxes	3,158.1	3,275.4	3,407.9	4.0%
Contribution after marketing expenses	1,267.1	1,315.8	1,357.6	3.2%

(\*) the Auditors have only examined the pro forma financial statements on the basis of the quantitative evaluation of the assumptions used to prepare them.

(\*\*) PERNOD RICARD, new perimetre of consolidation, Wines & Spirits only.

In compliance with the recommendations of the Commission des Opérations de Bourse, PERNOD RICARD has produced pro forma financial statements for the Seagram acquisition. However, the preparation of these pro forma financial statements has been hindered by serious technical difficulties related to the nature itself of the transaction (separation of the assets and of the companies between Diageo and PERNOD RICARD), especially:

- Historic unaudited Seagram information for 2000 and 2001 for the companies purchased,
- Available financial information not permitting the preparation of full pro forma statements.

**As such, the pro forma financial statements have only been examined by the Auditors on the basis of the quantitative evaluation of the assumptions used to prepare them.**

# CONSOLIDATED FINANCIAL STATEMENTS

## 2.2 • Impact of additions on disposals from the perimeter of the consolidated financial statements

<b>Wine and Spirits (1)</b>							
(€ million)	2001	Consolidation scope additions	Seagram brands	Total scope impact	Currency impact	Organic growth	2002
Net sales excluding duties and taxes	1,918.0	37.4	1,415.9	1,453.3	(48.8)	85.4	3,407.9
Gross margin	1,267.5	21.0	893.4	914.4	(33.4)	72.4	2,220.9
C.A.M.E.*	786.7	4.2	547.0	551.2	(16.3)	36.0	1,357.6
<b>Operating profit</b>	<b>344.2</b>	<b>(8.9)</b>	<b>353.9</b>	<b>345.0</b>	<b>(5.1)</b>	<b>25.7</b>	<b>709.8</b>

<b>Other activities (2)</b>							
(€ million)	2001	Consolidation scope disposals	Seagram brands	Total scope impact	Currency impact	Organic growth	2002
Net sales excluding duties and taxes	2,637.2	(1,221.4)	-	(1,221.4)	(24.0)	36.0	1,427.8
Gross margin	566.1	(316.3)	-	(316.3)	(3.5)	(6.0)	240.3
C.A.M.E.*	311.4	(160.4)	-	(160.4)	(1.8)	(8.1)	141.1
<b>Operating profit</b>	<b>106.3</b>	<b>(59.4)</b>	<b>-</b>	<b>(59.4)</b>	<b>-</b>	<b>(6.4)</b>	<b>40.5</b>

<b>Total</b>							
(€ million)	2001	Additions and disposals in consolidation scope	Seagram brands	Total scope impact	Currency impact	Organic growth	2002
Net sales excluding duties and taxes	4,555.2	(1,184.0)	1,415.9	231.9	(72.8)	121.4	4,835.7
Gross margin	1,833.6	(295.3)	893.4	598.1	(36.9)	66.4	2,461.2
C.A.M.E.*	1,098.1	(156.2)	547.0	390.8	(18.1)	27.9	1,498.7
<b>Operating profit</b>	<b>450.5</b>	<b>(68.3)</b>	<b>353.9</b>	<b>285.6</b>	<b>(5.1)</b>	<b>19.3</b>	<b>750.3</b>

(1) Details of the changes in the perimeter of consolidation in the Wine & Spirits segment (excluding Seagram):

- Wyborowa SA entered into the perimeter of consolidation on August 1, 2001.
- Jan Becher entered into the perimeter of consolidation on January 1, 2002.

(2) Details of the changes in the perimeter of consolidation in the fruit preparation & distribution segment:

- Disposal of San Giorgio, Orangina Pampryl and Yoo-Hoo in 2001.
- Disposal of SIAS on May 23, 2002.
- Disposal of the various non-strategic operations of Agros during financial years 2001 and 2002.
- Disposal of BWG on August 24, 2002.
- Disposal of CSR (including the cider-making operations and the Loïc Raison brand) on December 4, 2002.

### Details of changes in percentages compared with 2001

(€ million)	2001	2002	% growth	% scope impact	% currency impact	% organic growth
Net sales	4,555.2	4,835.7	6.2%	5.1%	-1.6%	2.7%
Gross margin	1,833.6	2,461.2	34.2%	32.6%	-2.0%	3.6%
C.A.M.E.*	1,098.1	1,498.7	36.5%	35.6%	-1.6%	2.5%
<b>Operating profit</b>	<b>450.5</b>	<b>750.3</b>	<b>66.5%</b>	<b>63.3%</b>	<b>-1.1%</b>	<b>4.3%</b>

The impact of the acquisitions and disposals for the year on the balance sheet items is presented in Notes 6 to 10.

\* Contribution After Marketing Expenses.

## Note 3 • Net interest expenses

(€ million)	2002	2001	2000
Net interest expenses	(152.8)	(56.1)	(69.8)
Investment income	15.8	16.2	15.4
Net translation gains/(losses) and others	(16.3)	0.4	2.2
<b>Total</b>	<b>(153.3)</b>	<b>(39.5)</b>	<b>(52.2)</b>

Interest expense includes € 19.6 million of costs relating to OCEANE, of which € 10.8 million of coupons and € 8.8 million in the redemption premium. Excluding OCEANE, the average cost of the debt amounted to 4.4% in 2002. The translation gains and other item includes € 8.3 million in translation losses.

## Note 4 • Exceptional items

(€ million)	2002	2001	2000
Seagram acquisition	(14.4)	(15.9)	-
Net capital gains on assets sales and provisions or asset write downs relating to disposals of non-core activities	50.3	352.8	2.3
Restructuring charges	(1.9)	(37.3)	(23.9)
Provisions for risks and assets write downs	(13.6)	(60.7)	-
Other	(10.8)	(18.9)	(31.8)
<b>Total</b>	<b>9.6</b>	<b>220.0</b>	<b>(53.4)</b>

The "Seagram acquisition" item mainly corresponds to the compensation paid by Vivendi Universal for distribution over stocking made before the disposal to PERNOD RICARD and to the elimination of the opening inventory margins on the Seagram products.

Net capital gains on assets sales mainly relate to the capital gain realised on the Société Générale securities and the capital loss on the disposals of non-core businesses (BWG, CSR).

Provisions for risks and charges and assets write downs mainly relate to the provisioning for litigation with third parties and various assets write downs, including the Tequila Viuda de Romero brand for € 4.5 million following the test of the value carried out at the year-end.

## Note 5 • Earnings per share after dilution

There was no dilution effect in 2000.

	2002	2001
<b>Numerator (€ million)</b>		
Pretax profit before exceptional items	597.0	411.0
Net profit	412.8	358.2
Neutralisation of OCEANE interest expenses (coupon and redemption premium net of income tax)	12.7	-
<b>Restated pretax profit before exceptional items</b>	<b>609.7</b>	<b>411.0</b>
<b>Restated net profit</b>	<b>425.5</b>	<b>358.2</b>
<b>Denominator</b>		
Number of shares in circulation	56,387,265	56,386,660
Dilution effect of stock-options	1,454,850	665,658
Dilution effect of OCEANE (1)	4,567,757	-
<b>Diluted number of shares in circulation</b>	<b>62,409,872</b>	<b>57,052,318</b>
<b>Pretax profit before exceptional items per share</b>	<b>9.77</b>	<b>7.20</b>
<b>Earnings per share</b>	<b>6.82</b>	<b>6.28</b>

(1) OCEANE issued on February 13, 2002. Figure not prorated.

Excluding exceptional items, the goodwill amortisation and net interest expense for OCEANE bonds, earnings per share on a diluted basis taking into account the OCEANE issue amounted to € 7.47 for 2002.

## Note 6 • Intangible assets, goodwill and goodwill amortisation

Intangible assets recorded at year-end consisted of brands valued at € 2,064 million.

The brands capitalised following the Seagram acquisition amount to € 1,502 million. The increase compared with the previous year amounts to € 45 million and can be explained by:

- Currency fluctuations of - € 130 million, with a large number of the brands being denominated in USD and GBP
- Adjustment in values following the correction of the opening balance sheet of € 175 million.

The brands Chivas Regal, Martell, Seagram's Gin and The Glenlivet represent 95% of the value of Seagram's brands.

The other changes concerning the brands are related to the Wyborowa (Poland) and Jan Becher (Czech Republic) acquisitions.

The change in net goodwill amounts to € 2.7 million. It is the result of an increase in goodwill of € 39.9 million arising from the Jan Becher acquisition and the disposal of the diversification business and amortisation of € 37.2 million recognised for the year, of which € 7.2 million posted to exceptional items.

The Group does not depend on any specific patent or licence.

## Note 7 • Property, plant and equipment

(€ million)	Gross value	Deprec. & provisions	2002 Net value	2001 Net value	2000 Net value
Land	63.4	12.6	50.8	72.8	62.6
Buildings	487.3	187.6	299.7	385.2	274.8
Machinery and equipment	790.2	473.6	316.6	453.7	343.3
Other	224.4	114.9	109.5	140.1	79.5
Work in progress	43.0	0.3	42.7	69.3	55.3
Advances	0.4	-	0.4	1.4	0.6
<b>Total</b>	<b>1,608.7</b>	<b>789</b>	<b>819.7</b>	<b>1,122.5</b>	<b>816.1</b>

Investments in 2002 totalled about € 169 million (€ 155 million net of disposals). They may be broken down as follows by business segment:

Wine and Spirits France	8.4%
Wine and Spirits International	81.1%
Other activities	10.5%

The change in net fixed assets is mainly due to the changes in the perimeter of consolidation (- € 231.6 million) and to translation effects (- € 74.5 million).

## Note 8 • Investments

(€ million)	Gross value	Provisions	2002 Net value	2001 Net value	2000 Net value
Equity accounted shareholdings	0	0	0	3.6	19.5
Other equity investments	656.5	407.9	248.6	542.2	131.4
Receivables on investments	37.9	20.6	17.3	224	19.0
Other investments	101.3	3.6	97.7	16.2	14.8
<b>Total</b>	<b>795.7</b>	<b>432.1</b>	<b>363.6</b>	<b>786.0</b>	<b>184.7</b>

The change in other equity investments can be principally explained by:

- The disposal of the Don Julio shares for € 108 million
- The disposal of Société Générale shares for € 36 million
- The disposal or the provisioning of investments held jointly with Diageo (within the framework of the Seagram transaction) for € 146 million.

The decrease in receivables on investments results from the consolidation of SALB in 2002 (Jan Becher consolidation) and from the repayment and the provisioning of receivables held jointly with Diageo.

The increase in the "other" item mainly reflects the setting-up of vendor credits for the disposals of the SIAS Group and BWG.

## Note 9 • Inventories and work in progress

The net value of inventories and work in progress at the year-end 2002, 2001 and 2000 were as follows:

(€ million)	2002	2001	2000
Raw materials	87.0	183.3	166.8
Work in progress	1,744.1	1,890.1	600.0
Goods in inventory	145.2	177.3	174.3
Finished products	129.2	210.3	131.6
<b>Total</b>	<b>2,105.5</b>	<b>2,461.0</b>	<b>1,072.7</b>

The change in inventories and work in progress is mainly due to consolidation scope changes (- € 222.5 million) and translation effects (- € 159.1 million).

PERNOD RICARD does not have any significant dependence on its suppliers.

## Note 10 • Provisions for contingencies

(€ million)	2002	2001	2000
Provisions for retirement benefits	87.5	77.2	34.3
Provisions for risks	421.6	440.9	100.4
<b>Total</b>	<b>509.1</b>	<b>518.1</b>	<b>134.7</b>

To our knowledge, there are no facts or disputes which could significantly affect the results, financial position or assets of the Group.

The Group has calculated that a uniform application of the actuarial method as currently recommended by International Accounting Standard no.19 would involve the recognition of an additional pension provision of € 53 million. Within the framework of a change in accounting method, this provision would be charged to shareholders' equity, net of tax, for € 40 million.

## Note 11 • Income taxes

### 11.1 • Share of income taxes relating to taxes payable and to deferred taxes

(€ million)	2002	2001	2000
Taxes payable	(158.6)	(245.8)	(98.5)
Deferred taxes	1.7	10.1	1.3
<b>Total</b>	<b>(156.9)</b>	<b>(235.7)</b>	<b>(97.2)</b>

### Deferred taxes

Deferred taxes are calculated according to the accrual method. They are broken down as follows on the balance sheet:

(€ million)	2002	2001	2000
Deferred tax assets	302.3	271.9	57.5
Deferred tax liabilities	117.7	138.1	73.0
<b>Net deferred assets</b>	<b>184.6</b>	<b>133.8</b>	<b>-</b>
<b>Net deferred liabilities</b>	<b>-</b>	<b>-</b>	<b>15.5</b>

### 11.2 • Tax proof

(€ million)	Ordinary activities	Exceptional activities	Total *
<b>Theoretical tax charge at the effective income tax rate in France (35.43%)</b>	<b>(211.5)</b>	<b>(3.4)</b>	<b>(214.9)</b>
Impact of difference in tax rate	30.7	(25.6)	5.1
Impact of non-taxable or non-tax deductible income and expenses and other impacts	30.9	22.0	52.9
<b>Effective tax charge</b>	<b>(149.9)</b>	<b>(7.0)</b>	<b>(156.9)</b>
<b>Real tax rate</b>	<b>25.1%</b>	<b>73.4%</b>	<b>25.9%</b>

\* Total before amortisation of goodwill, equity companies' earnings and income tax.

The real tax rate on 2002 income amounts to 25.9% compared with 37.4% in 2001 and 30.8% in 2000. Restated for exceptional items, the real tax rate amounts to 25.1% compared with 27.0% in 2001 and 28.5% in 2000.

## Note 12 • Debt

### 12.1 • Breakdown of debt by maturity date

#### Breakdown of gross debt by maturity date

(€ million)	2002	2001	2000
Short-term (less than 1 year)	365.4	794.6	1,065.1
Including bank loans	312.9	633.3	991.5
Medium-term (from 1 to 5 years)	2,108.0	3,968.3	154.1
Long-term (more than 5 years)	0	16.3	107.2
<b>Total</b>	<b>2,473.4</b>	<b>4,779.2</b>	<b>1,326.4</b>

### 12.2 • Breakdown of net debt by currency and type

Net debt amounts to € 2.294 million, or € 2.474 million of gross debt less € 180 million of cash and marketable securities.

#### Breakdown of the net debt by type and by currency after currency hedging

(€ million)	Total	Syndicated loan	Commercial paper	Local financing
Euro	1,006	762	217	27
US Dollar	917	961	-	(44)
Japanese Yen	252	245	-	7
Other currencies	119	-	-	119
<b>Total</b>	<b>2,294</b>	<b>1,968</b>	<b>217</b>	<b>109</b>

NB: The details of currency hedging on debt is provided in Note 14

86% of net group debt consists of a syndicated loan set up for the acquisition of the Seagram assets maturing in December 2006 and 14% of other financing (commercial paper programme and local lines of credit), € 750 million of which is covered guaranteed lines fully securing the liquidity risk.

#### Breakdown of the net debt by currency and by maturity date after hedging

(€ million)	Total	< 1 year	> 1 & < 5 years	> 5 years
Euro	1,006	124	882	-
US Dollar	917	(64)	981	-
Japanese Yen	252	7	245	-
Other currencies	119	119	-	-
<b>Total</b>	<b>2,294</b>	<b>186</b>	<b>2,108</b>	<b>-</b>

## Breakdown of types of interest rate cover by currency

(€ million)	Debt by currency	Debt hedged	Including fixed hedges	Including variable rate "caps"	% of debt hedged
Euro	1,006	753	603	150	75%
US Dollar	917	753	582	171	82%
Japanese Yen	252	233	233	-	93%
Other currencies	119	-	-	-	-
<b>Total</b>	<b>2,294</b>	<b>1,739</b>	<b>1,418</b>	<b>321</b>	<b>76%</b>

Of the total of € 1,418 million of debt covered at fixed rates, € 107 million is provided by debt raised at fixed rates, with the balance provided by hedges set up, the details of which by type of contract is shown in Note 14.

On the basis of debt at December 31, 2002, a 1% increase in rates would generate an incremental interest expense of € 8.8 million.

## Ratios to respect for the syndicated loan

PERNOD RICARD has undertaken to comply with certain contractually-defined financial ratios under the syndicated loan agreement concluded for the acquisition of Seagram.

The financial statements at December 31, 2002, show significant leeway as regards these ratios.

Ratios	Level at 12.31.2002	Contractual threshold at 12.31.2002
Total Net Interest Cover (1)	6.63	Must be above 2.25
Cash Flow Cover (2)	2.38	Must be above 1
Net Senior Debt / EBITDA (3)	2.59	Must be less than 4.75

(1) ratio of EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) to net interest expense

(2) ratio of cash flow to interest expense

(3) ratio of net debt to EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation)

A certificate of these ratios is provided by the Auditors to the Syndicated Loan Agent.

## Pledges relating to the syndicated loan

The performance of the obligations of PERNOD RICARD and, as the case may be, of the other Group companies, under the syndicated loan set up for the financing of the Seagram acquisition has been guaranteed by the establishment of guarantees taking the form of pledges of financial instrument accounts and pledges of shares, pledges of brands and of joint and several guarantees. This security indifferently guarantees the obligations of PERNOD RICARD S.A. and those of the other Group companies.

## Other information about the debt

On March 20, 1992, PERNOD RICARD issued bonds outside France in the form of perpetual subordinated floating-rate notes ("TSDI") for a total nominal sum of € 61.0 million. These TSDI were "repackaged" following the signing of an agreement with a third party company at the time of the issue. Net debt at December 31, 2002 of € 20.1 million has been included under "financial debt". This amount represents the nominal value of the issue, from which has been deducted an indemnity paid initially and capitalised since the issue.

## Note 13 • Financial commitments

(€ million)	2002	2001	2000
<b>Commitments given</b>			
Leasing	48.0	48.5	25.2
Bank guarantees	2,072.0	2,951.3	284.9
Purchasing commitments	86.0	86.1	21.4

### Details of the main commitments

- In 2001, PERNOD RICARD guaranteed its subsidiaries PR Finance S.A., PR Larios, E.V.C., PR Newco 1 and Austin Nichols for a syndicated loan set up to finance the acquisition of some of Seagram's wine and spirits business. The amount currently guaranteed is € 1,881.8 million.
- In 2000, PERNOD RICARD guaranteed its subsidiary IDG for bank loans with an outstanding balance of £ 43.4 million (equivalent to € 66.7 million).
- In 1998, PERNOD RICARD guaranteed loans taken out by its subsidiary PR Finance S.A. totalling € 53 million.
- PERNOD RICARD also issued a guarantee to IRISH DISTILLERS in conjunction with matter detailed in Note 16 of the notes to the parent company financial statements.
- In the context of the Seagram acquisition, Martell & Co assumed purchase commitments for cognac. On September 28, 1999, Martell & Co sold a stock of cognac to a third party company in which it holds no equity interest but for which it was to manage the stock sold through a commission and consultancy contract. Martell & Co is irrevocably and unconditionally bound to repurchase this stock from this company, which in turn is committed to selling it to Martell under the same terms. These purchase and sale option contract run for a four-year term commencing October 1, 1999.  
The repurchase price is contractually defined, and at December 31, 2002, totalled a maximum of some € 47 million in the event of the option being exercised on October 1, 2003, and on a stable interest rate basis before then. This item has not been restated like the debt in the financial statements of PERNOD RICARD because it is not material (less than 2% of the consolidated debt).
- PERNOD RICARD also assumed the purchase commitments for cognac made by Martell & Co to:
  - the Union des Viticulteurs Producteurs de Cognac, to apply to fiscal years 2003, 2004 and 2005 for a maximum of € 25.8 million, based on current interest rates.
  - Cognac producers at market price in the fiscal years 2003, 2004 and 2005, representing a total commitment of some € 8.2 million.
- Specific guarantees for the syndicated loan are also set out in Note 12.

## Note 14 • Guaranteed interest and exchange rate contracts

### Interest rate contracts

(€ million)	< 1 year	> 1 and < 5 years	Total
Fixed rate swap	296	779	1,075
Tunnel (Cap and Floor)	-	236	236
Caps	149	172	321

### Exchange rate contracts

Following the sale of GBP assets during the year, the Group converted into Euros the medium-term debt taken out in GBP for the acquisition of these assets (€ 69 million).

## Note 15 • Average workforce and payroll expenses

The average workforce size is presented in the segmented information section in this report.

Payroll costs totalled € 658 million in 2002, € 606 million in 2001 and € 611 million in 2000. These figures include employee profit-sharing and payroll taxes in addition to temporary personnel costs.

## Note 16 • Principal consolidated companies

Company	Country	Finance companies	Wine & Spirits	Other activities	% interest 12.31.02	% interest 12.31.01	Consolidation method
<b>Pernod Ricard S.A.</b>	France	✓			Parent company	Parent company	
<b>PR Finance</b>	France	✓			100	100	FULL
<b>Santa Lina</b>	France	✓			100	100	FULL
- JFA				✓	100	100	FULL
- Distillerie Busnel			✓		100	-	FULL
- Foulon Sopagly				✓	100	-	FULL
- Marmande Production				✓	100	100	FULL
<b>Ricard</b>	France		✓		100	100	FULL
- Galibert & Varon	France		✓	✓	99.98	99.98	FULL
<b>Pernod</b>	France		✓		100	100	FULL
- Cusenier	France		✓		100	100	FULL
- Crus et Domaines de France	France		✓		100	100	FULL
- Société des Produits d'Armagnac	France		✓		100	100	FULL
<b>Pernod Ricard Europe</b>	France		✓		100	100	FULL
- PR Larios	Spain		✓		100	100	FULL
- Pernod Ricard Swiss	Switzerland		✓		100	100	FULL
- Ramazzotti	Italy		✓		100	100	FULL
- PR Portugal	Portugal		✓		95.5	95.5	FULL
- PR Deutschland	Germany		✓	✓	100	100	FULL
- PR Austria	Austria		✓		100	100	FULL
- PR Nederland	Netherlands		✓		100	100	FULL
- PR Hellas	Greece		✓	✓	99.98	99.98	FULL
- PR Belgium	Belgium		✓		100	100	FULL
- PR Rouss	Russia		✓		100	100	FULL
- PR Sweden AS	Sweden		✓		100	100	FULL
- Brand Partners A/S	Norway		✓		50	50	FULL
- PR Denmark	Denmark		✓		100	100	FULL
- PR Finland	Finland		✓		100	100	FULL
- Tinville	France		✓		100	100	FULL
- Yerevan Brandy Company	Armenia		✓		100	100	FULL
- Jan Becher	Czech Republic		✓	✓	100	-	FULL
- SALB	Czech Republic		✓		100	-	FULL
- Pernod Ricard UK	Great Britain		✓		100	100	FULL
<b>PR Asia</b>	France		✓		100	100	FULL
- Pernod Ricard Japan K.K.	Japan		✓		100	100	FULL
- Casella Far East Ltd.	Hong Kong		✓		100	100	FULL
- Casella Taiwan	Republic of China		✓		100	100	FULL
- Perithai	Thailand		✓		100	100	FULL
- PRK Distribution Ltd	Korea		✓		100	100	FULL
- Perising Pte Ltd	Singapore		✓		100	100	FULL
- PR Malaysia	Malaysia		✓		100	100	FULL

# CONSOLIDATED FINANCIAL STATEMENTS

Company	Country	Finance companies	Wine & Spirits	Other activities	% interest 12.31.02	% interest 12.31.01	Consolidation method
- Martell Far East Trading Ltd	Hong Kong		✓		100	100	FULL
- Shangai Yi Jia	China		✓		100	100	FULL
- Seagram Thailand Co. Ltd.	Thailand		✓		100	100	FULL
<b>Établissements Vinicoles</b>							
<b>Champenois (EVC)</b>	France	✓			100	100	FULL
<b>PR North America</b>	France		✓		100	100	FULL
- PRC Diffusion	West Indies		✓		100	100	FULL
- PR Canada	Canada		✓		100	100	FULL
- PR Mexico	Mexico		✓		100	100	FULL
- Seagram do Mexico	Mexico		✓		100	100	FULL
- JDC S.A de C.V	Mexico		✓		100	100	FULL
- JDC Services S.A de C.V	Mexico		✓		100	100	FULL
- Austin Nichols	USA		✓		100	100	FULL
- Boulevard Distillers	USA		✓		100	100	FULL
- PR USA (Lawrenceburg Distillers and Importers)	USA		✓		100	100	FULL
<b>PR CESAM (Central and South America)</b>							
	France		✓		100	100	FULL
- PR Argentina	Argentina		✓		100	100	FULL
- PR Venezuela	Venezuela		✓		100	100	FULL
- Pramsur	Uruguay		✓		100	100	FULL
- PR Chile	Chile		✓		100	100	FULL
- PR Colombia	Colombia		✓		100	100	FULL
- PR Brasil	Brazil		✓		100	100	FULL
- PR Uruguay	Uruguay		✓		100		FULL
- Seagram do Brasil	Brazil		✓		100	100	FULL
<b>Agros</b>	Poland				97.9	97.9	FULL
- Agros Investments S.A	Poland		✓	✓	97.9	97.9	FULL
- Agros Trading Sp. Zo.o	Poland		✓	✓	97.4	97.4	FULL
- Agros Fortuna Sp.zo.o	Poland			✓	88.1	88.1	FULL
- ZPC Agros Optima S.A (1)	Poland			✓	-	88.5	FULL
- Agros-Herby Sp.zo.o	Poland			✓	87.4	87.4	FULL
- PPM Agros-Koszalin S.A (1)	Poland			✓	-	57.0	FULL
- Agrolas Sp.zo.o	Poland			✓	97.4	97.4	FULL
- ZPC Skawa S.A (1)	Poland			✓	-	50.5	FULL
- CH Odnia Koszalin Sp.zo.o (1)	Poland			✓	-	50.2	FULL
<b>Wyborowa</b>	Poland		✓		80	80	FULL
<b>World Brands</b>							
<b>Duty Free</b>	Great Britain		✓		100	100	FULL
<b>Chivas Brothers</b>	Great Britain		✓		100	100	FULL
- Chivas 2000	Scotland		✓		100	100	FULL
- Chivas Brothers Americas Ltd	Scotland		✓		100	100	FULL
- Chivas Brothers Europe Ltd	Scotland		✓		100	100	FULL

# CONSOLIDATED FINANCIAL STATEMENTS

Company	Country	Finance companies	Wine & Spirits	Other activities	% interest 12.31.02	% interest 12.31.01	Consolidation method
- Chivas Brothers Japan Ltd	Scotland		✓		100	100	FULL
- The Glenlivet Distillers Ltd	Scotland		✓		100	100	FULL
- Hill Thomson & Co Ltd	Scotland		✓		100	100	FULL
- Campbell Distillers	Scotland		✓		100	100	FULL
- White Heather Distillers	Great Britain		✓		100	100	FULL
- Aberlour Glenlivet Distillery	Great Britain		✓		100	100	FULL
- PR Newco 1 Ltd	Scotland		✓		100	100	FULL
- PR Newco 2 Ltd	Scotland		✓		100	100	FULL
- PR Newco 3 Ltd	Scotland		✓		100	100	FULL
- PR Newco 4 Ltd	Scotland		✓		100	100	FULL
<b>Irish Distillers Group Ltd</b>	Ireland		✓		100	100	FULL
- Irish Distillers Limited	Ireland		✓		100	100	FULL
- The Old Bushmills Distillery Co Ltd	Northern Ireland		✓		100	100	FULL
- Fitzgerald & Co. Ltd	Ireland		✓		100	100	FULL
- Dillon Bass Limited	Northern Ireland		✓		63	63	FULL
- Watercourse Distillery Ltd	Ireland		✓		100	100	FULL
- BWG Group Ltd	Ireland			✓	100	100	FULL
- BWG Foods Ltd (1)	Ireland			✓	-	100	FULL
- BWG (NI) Limited (1)	Northern Ireland			✓	-	100	FULL
- J&J Haslett Ltd (1)	Northern Ireland			✓	-	100	FULL
- BWG Wholesale (GB) (1)	Great Britain			✓	-	100	FULL
- Appleby Westward Group Plc (G.B.) (1)	Great Britain			✓	-	100	FULL
- Bellevue Cash & Carry Ltd (G.B.) (1)	Scotland			✓	-	100	FULL
- Goodwins of Hanley Ltd (G.B.) (1)	Great Britain			✓	-	100	FULL
- T&A Symonds Ltd (G.B.) (1)	Great Britain			✓	-	100	FULL
- E.V Saxton & Sons Ltd (G.B.) (1)	Great Britain			✓	-	100	FULL
- A.R. Daunt & Co. Limited (G.B.) (1)	Great Britain			✓	-	100	FULL
- Bargain Booze Ltd (1)	Great Britain			✓	-	100	FULL
- PERNOD RICARD South Africa Ltd	South Africa		✓		100	100	FULL
<b>Comrie Plc</b>	Ireland	✓			100	100	FULL
<b>Martell</b>	France		✓		100	100	FULL
- Augier Robin Briand	France		✓		100	100	FULL
- Société des Domaines Viticoles Martell	France		✓		100	100	FULL

# CONSOLIDATED FINANCIAL STATEMENTS

Company	Country	Finance companies	Wine & Spirits	Other activities	% interest 12.31.02	% interest 12.31.01	Consolidation method
- Martell and cie Pty Ltd (South Africa)	South Africa		✓		100	100	FULL
- I.C.H	France		✓		100	100	FULL
- Renault Bisquit	France		✓		100	100	FULL
<b>Pernod Ricard Australia</b>	Australia		✓		100	100	FULL
- Orlando Wyndham Group Pty Limited	Australia		✓		97.9	97.9	FULL
- Two Dogs	Australia		✓	✓	100	100	FULL
- Orlando Wyndham New Zealand Limited	Australia		✓		100	100	FULL
<b>Compagnie Financière des Produits Orangina</b>	France	✓			100	100	FULL
<b>Compagnie Financière CSR (1)</b>	France			✓	-	99.2	FULL
- CSR S.A (1)	France			✓	-	99.2	FULL
<b>SIAS-MPA (1)</b>	France			✓	-	100	FULL
- SIAS-France (1)	France			✓	-	100	FULL
- Ramsey Laboratories (1)	USA			✓	-	100	FULL
- Flavors From Florida (1)	USA			✓	-	100	FULL
- DSF GmbH (1)	Germany			✓	-	60	FULL
- SIAS Port (1)	Mexico			✓	-	100	FULL
- SIAS Mex (1)	Mexico			✓	-	100	FULL
- SIAS Australia (1)	Mexico			✓	-	100	FULL
- SIAS Korea (1)	Mexico			✓	-	95.6	FULL
- SIAS Foods UK Ltd (1)	Great Britain			✓	-	100	FULL
- SIAS (Dachang ) Foods Ingredient co.Ltd (1)	China			✓	-	70	FULL
- YB SIAS GmbH (1)	Austria			✓	-	50	FULL
- SIAS Polska (1)	Poland			✓	-	93.1	FULL
- SIAS Regional (1)	Argentina			✓	-	67	FULL
- SIAS Bohemia (1)	Czech Republic			✓	-	100	FULL
- South Pacific Foods (1)	Fiji			✓	-	100	FULL
- SIAS Flavo Food (1)	South Africa			✓	-	75	FULL
<b>Peri Mauritius</b>	Mauritius		✓		100	100	FULL
<b>United Agencies Limited</b>	India		✓		74	74	FULL
<b>Havana Club</b>	Cuba		✓		50	50	FULL
<b>Seagram India Ltd.</b>	India		✓		100	90	FULL

(1) These companies were sold during 2002. Accordingly, they are no longer consolidated at December 31, 2002. The net profit of these companies between January 1, 2002, and the date of sale has been consolidated with the net profit of PERNOD RICARD.

# *Statutory Auditors' report on the consolidated financial statements*

## **Year ended December 31, 2002**

Ladies and Gentlemen,

In compliance with the assignment entrusted to us by your General Shareholders' Meeting, we have audited the consolidated financial statements of Pernod Ricard S.A., which were prepared in euros, for the year ended December 31, 2002, accompanying this report.

The consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the professional standards. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the operations during the past year and of the financial position and the assets and liabilities of the Group made up of the companies consolidated.

Furthermore, we have verified the information provided in the management report. We have no comments as to the fair presentation and the conformity with the consolidated financial statements of the information given in the management report addressed to the shareholders with respect to the financial position and the financial statements.

Paris, March 19, 2003

### **The Statutory Auditors**

**Compagnie Consulaire  
d'expertise Comptable**  
**Jean Delquié**  
Benoît Fléchon

**Société d'expertise  
Comptable A. & L. Genot**  
**Groupe RSM Salustro Reydel**  
Alain L. Genot

**Mazars & Guérard**  
**Mazars**  
Frédéric Allilaire

*CORPORATE GOVERNANCE*



Pernod Ricard

## Presentation of the management and supervisory bodies

### Board of Directors and Executive Management

First name and surname or corporate name of the member	Date of first appointment	Date of expiry of mandate (1)	Number of shares held as at 12.31.02	Mandates exercised outside of the Group
<b>Chairman and Chief Executive</b> Mr. Patrick Ricard	06.15.1978	2003	506,301	<b>Chairman:</b> FEVS (Fédération des Exportateurs de Vins et Spiritueux) <b>Director:</b> Altadis (Spain), Provimi France, Société Générale, Société Paul Ricard, Société Paul Ricard et Fils, Société Immobilière et Financière pour l'Alimentation (S.I.F.A.)
<b>Vice-President</b> Mr. Thierry Jacquillat	05.10.1989	2003	26,068	<b>Chairman:</b> Association École Normale de Musique de Paris Alfred Cortot <b>Vice-Chairman:</b> Chambre de Commerce et d'Industrie de Paris <b>Director:</b> Société Immobilière et Financière pour l'Alimentation (S.I.F.A.)
<b>Director(s) General</b> Mr. Richard Burrows	05.02.2000	2003	10,435	<b>Deputy Governor:</b> The Bank of Ireland <b>Director:</b> Cork University Foundation, Development Consultants International Ltd., The Enterprise Trust
M. Pierre Pringuet	05.02.2000	2003	11,800	
<b>Directors</b>				
Mrs. Françoise Hémard	06.09.1983	2007	46,174	
Mrs. Danièle Ricard	06.16.1969	2004	60,164	<b>Chairman and Chief Executive:</b> Société Paul Ricard <b>Vice-Chairman and Chief Executive Officer:</b> Société Paul Ricard et Fils <b>Manager:</b> Société Presqu'île de Cassis
Mr. Jean-Claude Beton	06.11.1987	2004	14,759	<b>Chairman and Chief Executive Officer:</b> Forbees S.A. <b>Manager:</b> GFA Grand Ormeau <b>Director:</b> Somecin

First name and surname or corporate name of the member	Date of first appointment	Date of expiry of mandate (1)	Number of shares held as at 12.31.02	Mandates exercised outside of the Group
Mr. Jean-Dominique Comolli Independent Director	05.06.1997	2002	51	<b>Chairman and Chief Executive Officer:</b> SEITA <b>Co-Chairman:</b> Altadis (France) <b>Administrateur:</b> Altadis (Spain)
Lord Douro* Independent Director	03.18.2003	2002	-	<b>Chairman:</b> Framlington Group (Great Britain), Richemont Holding UK Ltd (Great Britain) <b>Director:</b> Compagnie Financière Richemont AG (Switzerland), Global Asset Management Worldwide (Great-Britain), Sanofi-Synthélabo (France)
Mr. François Gérard	12.10.1974	2005	34,100	
Mr. Rafaël Gonzalez Gallarza	07.17.1997	2007	50	<b>Chairman of the Board of Directors:</b> Prensa Malaguena S.A., Société Immobilière et Financière pour l'Alimentation (S.I.F.A.) <b>Director:</b> Endesa
Mr. Jean-Jacques Laffont Independent Director	05.31.2002	2007	80	<b>Member of the Board:</b> Société d'Économétrie <b>Member of the Management Committee:</b> Association Française de Sciences Économiques
Mr. Gérard Théry Independent Director	05.04.1999	2004	125	<b>Chairman:</b> Génération Numérique BFT <b>Chairman of the Board of Directors:</b> Fondation Mécénat Musical (Société Générale) <b>Director:</b> ERAP
Paul Ricard S.A., represented by Mrs. Béatrice Baudinet**	06.09.1983	2002	6,548,373	

\* Lord Douro was coopted at the meeting of the Board of Directors of March 18, 2003.

\*\* Mrs. Béatrice Baudinet is Vice-Chairman of the Board of Directors of Paul Ricard S.A.

(1) The term of office expires at the end of the Shareholders' Meeting deliberating on the financial statements for the year mentioned.

## Other mandates exercised within the Group:

### Mr. Patrick Ricard (Chairman and Chief Executive Officer)

#### French companies:

Director (MARTELL & Co, PERNOD RICARD EUROPE, PR FINANCE S.A.); Permanent Representative of PERNOD RICARD S.A. on the Board of Directors (CUSENIER, JFA, PERNOD, RICARD, SANTA LINA); Permanent Representative of Santa Lina (C.F.P.O.); Member of the Management Board (PR North America, PR Central and South America, PR ASIA); Permanent Representative of International Cognac Holding (RENAULT BISQUIT).

#### Foreign companies:

Chairman of the Board of Directors (COMRIE PUBLIC LIMITED Company); Director (AUSTIN NICHOLS and Co Inc, BOULEVARD Export Sales Inc, CHIVAS Brothers Ltd, DISTILLERIE FRATELLI RAMAZZOTTI, DUNCAN FRASER and Company Limited, GLENFORRES GLENLIVET DISTILLERY, HOUSE OF CAMPBELL Ltd, IRISH DISTILLERS GROUP Ltd, MUIR MACKENZIE and Company Limited, PERIBEL, PERI MAURITIUS, PERNOD RICARD SWISS, PR LARIOS, PR ACQUISITIONS III, PR NEDERLAND SPIRITS AND WINES B.V., POLAIREN TRADING LIMITED, POPULOUS TRADING LIMITED, SANKATY TRADING LIMITED, THE GLENLIVET DISTILLERS, WHITE HEATHER DISTILLERS Limited, W. WHITELEY and Company Limited, WORLD BRANDS Duty Free Ltd, and ABERLOUR GLENLIVET DISTILLERY Company Limited); Permanent Representative of PERNOD RICARD S.A. on the Board of Directors (CAMPBELL DISTILLERS Limited, HAVANA CLUB HOLDING S.A).

### Mr. Thierry Jacquillat (Vice-Chairman)

#### French companies:

Chairman and Chief Executive Officer (PR FINANCE S.A., SANTA LINA); Permanent Representative of PERNOD RICARD S.A. on the Board of Directors (GALIBERT & VARON Lignères, C.F.P.O., ETABLISSEMENTS VINICOLES CHAMPENOIS (E.V.C.)), PERNOD RICARD EUROPE; Member of the Management Board (PR NORTH AMERICA, PR CENTRAL AND SOUTH AMERICA, PR ASIA)); Director (JFA, PERNOD, RICARD).

#### Foreign companies:

Chairman (HAVANA CLUB HOLDING S.A., HOUSE OF CAMPBELL Limited); Member of the Supervisory Board (WYBOROWA SA); Director (BOULEVARD DISTILLERS AND IMPORTERS, PERNOD RICARD JAPAN K.K, PERICEYL PRIVATE LIMITED, COMRIE PUBLIC LIMITED Company, ABERLOUR GLENLIVET DISTILLERY Company Limited, AUSTIN NICHOLS and Co Inc., AUSTIN NICHOLS Export Sales, Inc., BOULEVARD Export Sales Inc., DISTILLERIE FRATELLI RAMAZZOTTI, DUNCAN FRASER and Company Limited, GLENFORRES GLENLIVET DISTILLERY, IRISH DISTILLERS GROUP Ltd, MUIR MACKENZIE and Company Limited, PERIBEL, PR LARIOS, POLAIREN TRADING LIMITED, POPULOUS TRADING LIMITED, PR ACQUISITIONS III, SANKATY TRADING LIMITED, WHITE HEATHER DISTILLERS Limited, W. WHITELEY and Company Limited, WORLD BRANDS Duty Free Ltd, and CAMPBELL DISTILLERS Limited).

### Mr. Richard Burrows (Director General)

#### French companies:

Director General (PR FINANCE S.A.); Director (PERNOD RICARD EUROPE, PERNOD, RICARD, Martell & CO).

#### Foreign companies:

Member of the Supervisory Board (WYBOROWA SA); Director (BOULEVARD DISTILLERS AND IMPORTERS, CHIVAS BROTHERS (AMERICAS) Ltd, CHIVAS BROTHERS (EUROPE) Ltd, CHIVAS BROTHERS (JAPAN) Ltd, CHIVAS BROTHERS Ltd, DILLON BASS Ltd, GALLWEY LIQUEURS Ltd, IRISH DISTILLERS Ltd, IRISH DISTILLERS -TRUSTEES Ltd, IRISH MANAGEMENT INSTITUTE, LONG MOUNTAIN WINES (PTY) Ltd, PERNOD RICARD AUSTRALIA Pty Limited, PR NEWCO 1, PR NEWCO 2, PR NEWCO 3, PR NEWCO 4, PR NEWCO 5, PROUDLEN (NI) Ltd, PROUDLEN DISTILLERY Ltd, PR SOUTH AFRICA (PTY) Ltd, THE GLENLIVET DISTILLERS, AUSTIN NICHOLS and Co Inc., IRISH DISTILLERS GROUP Ltd, POLAIREN TRADING LIMITED, POPULOUS TRADING LIMITED, SANKATY TRADING LIMITED, PERI MAURITIUS, SEAGRAM INDIA and WATERCOURSE DISTILLERY Ltd).

## **Mr. Pierre Pringuet (Director General)**

### French companies:

Director General (PR. FINANCE S.A.); Director (PERNOD RICARD EUROPE, PERNOD, RICARD, Martell & CO).

### Foreign companies:

Chairman of the Board (PR SWISS); Chairman of the Supervisory Board (WYBOROWA SA); Member of the Supervisory Board (AGROS HOLDING SA); Director (PR HONG KONG, G.W.S., PERNOD RICARD AUSTRALIA Pty Limited, PERNOD RICARD BELGIUM, PR DEUTSCHLAND, PR JAPAN K K, SCITRIUM EUROPE INVESTMENTS B.V., TAYLOR BURNHAM INDUSTRIES B.V., AUSTIN NICHOLS and Co Inc., DISTILLERIE FRATELLI RAMAZZOTTI, IRISH DISTILLERS GROUP Ltd, IRISH DISTILLERS Ltd, PR LARIOS, PR. NEDERLAND SPIRITS AND WINES B.V., The GLENLIVET DISTILLERS, CHIVAS BROTHERS Ltd, and SEAGRAM INDIA).

## **Mr. François Gérard (Director)**

### French companies

Director (CUSENIER, MARTELL & Co, PERNOD)

## **Mr. Rafaël Gonzales Gallarza (Director)**

### Foreign companies

Chairman of the Board of Directors (PR LARIOS); Director (CHIVAS BROTHERS, Ltd, PR NEWCO 1, PR NEWCO 2, THE GLENLIVET DISTILLERS, RUAVIEJA).

## **Comments on the Board of Directors' composition**

- Representing the single delegation of PERNOD RICARD S.A.'s personnel on the Board of Directors: Mrs. Nathalie Hody and Mrs. Julia Massies. This representation took effect at the Board of Directors' meeting of March 18, 2003.
- Lord Douro, Arthur Charles Valerian Wellesley, was coopted as a Director at the Board meeting on March 18, 2003, to replace Mr. Jean-René Fourtou who resigned his functions. The ratification of the Lord Douro's coopting is proposed for approval by vote of the present Meeting.
- Lord Douro, of British nationality, was born on August 19, 1945. He is married with five children. He was a Member of the European Parliament from 1979 to 1989 and Chairman of Sun Life and Provincial Holdings plc from 1995 to 2000. He currently exercises the following mandates:
  - Director of Sanofi-Synthélabo (France)
  - Chairman of Framlington Group (United Kingdom)
  - Chairman of Richemont Holding UK Ltd (United Kingdom)
  - Director of Compagnie Financière Richemont AG (Switzerland)
  - Director of Global Asset Management Worldwide (United Kingdom)He owns 50 PERNOD RICARD shares.
- The Board of Directors consists of 12 members elected for 6 years. In accordance with the company's by-laws, every Director must be the owner of 50 shares in the company through his/her term of office. Four Directors qualify as Independent Directors and meet the qualification criteria recommended by the Viénot reports and the Bouton report on corporate governance. They are Messrs. Jean-Dominique Comolli, Jean-Jacques Laffont, Gérard Théry and Lord Douro.
- The Board of Directors is convinced of the importance of having Independent Directors. It recommends the approval by vote of Meeting of May 7, 2003, the appointment of two new Independent Directors; Mr. Didier Pineau-Valencienne and Mr. William Webb.
- There are no Directors elected by the employees.

## Role and operating of the Board of Directors

- At its meeting on December 17, 2002, the Board of Directors approved the company's by-laws. The purpose of the by-laws is to complete the legal, regulatory and statutory rules so as to specify the operating methods of the Board. They stipulate rules of diligence, confidentiality and of conflicts of interest disclosure.
- The by-laws stipulate the various rules for trading in the Company's shares by the Directors. They require the registration of Directors' shares in the nominal form and the duty to declare any trading in the company's shares (in compliance with COB regulation no. 2002-01).

## Committees of the Board of Directors

Independently of the Strategic Committee, the Board of Directors has established an Audit Committee and a Remuneration Committee.

### Strategic Committee

<b>Chairman:</b>	Mr. Patrick Ricard
<b>Members:</b>	Mrs. Danièle Ricard
	Mr. François Gérard
	Mr. Rafaël Gonzalez Gallarza
	Mr. Thierry Jacquillat

The Strategic Committee met 8 times during 2002.

Its mission mainly consists of preparing the strategic decisions submitted for the approval of the Board of Directors. It is also kept informed of the development of the Group's labour relations and the marketing and financial plans.

### Audit Committee

The Audit Committee was created on January 29, 2002.

<b>Chairman:</b>	Mr. Thierry Jacquillat
<b>Members:</b>	Mr. Jean-Dominique Comolli
	Mr. Gérard Théry

As an addition to the operating charter adopted in June, 2002, the Audit Committee approved its by-laws at the Board of Directors' meeting of March 18, 2003.

### Its missions are principally:

- to ensure the relevance and the permanence of the accounting methods adopted for preparing the consolidated and parent company financial statements as well as suitable treatment of significant transactions at the Group level,
- to analyse the options for the preparation of the financial statements,
- to examine the perimeter of the companies consolidated and, as the case may be, the reasons for which companies are not included,
- to give the Board of Directors recommendations about the renewal of the Statutory Auditors' appointment, about the quality of their work and the amount of their remuneration and to monitor compliance with the rules guaranteeing their independence,
- to examine any financial or accounting matter referred to it by the Board of Directors,
- to examine material off balance sheet risks and commitments.

## Activity Report 2002

The Audit Committee was created by a decision of the Board of Directors of January 29, 2002, in a climate that was very new:

- internally, because of the integration of the Wine and Spirits business purchased from Seagram.
  - externally, because of the emergence of statutory provisions and new recommendations as regards corporate governance.
- During 2002, the Committee held 5 meetings very closely associated with the Finance Department and the Group Auditors. The attendance rate was 93%.

The main work of the Committee, which operates in accordance with the annexed by-laws, involved the following matters:

- Analysis of the essential points of French, European and American legislation and regulations, concerning corporate governance, the function of the Committees and recent modifications made thereto.
- Examination of the acquisition structures, of the method of accounting for assets purchased from Seagram and of the opening balance sheet as at January 1, 2002.  
Special attention has been paid to the valuation of intangible assets, to inventories and to provisions for contingencies and risks.
- Monitoring of Group debt during the year.
- Review of the new organisation of the Finance Departments of the Holding Company and of the direct and indirect subsidiaries, which have been considerably strengthened by a doubling of their workforce and by increased competence as regards tax matters, cash management, management control and internal auditing.  
Special attention has been paid to this function which is better designed centrally.

- Adoption of International Accounting Standards.

The Committee was involved in a call for tenders from external consultants which was made to study the implementation of the new European Accounting Standards as soon as possible.

- Examination of the situation as at June 30, 2002, and of the consolidated financial statements as at December 31, 2002. The latter question was examined at the meeting on March 13, 2003.

The Audit Committee met management and the Statutory Auditors several times, with whom it discussed the financial and accounting statements as well as matters where discernment is necessary and the accuracy of the financial statements is involved.

- Examination of the 2002 internal audit reports.
- Review of the organisation of the college of Statutory Auditors.

The remuneration of the college of Statutory Auditors for 2002 is presented in the table on page 53 called "Fees of the Statutory Auditors and of their partners paid by the Group". The fees, other than those for the audit of the financial statements relate mainly to work carried out at the time of the acquisition of Seagram assets and liabilities and to a study of the procurement procedures.

The Audit Committee considered that neither the purpose of nor the remuneration for this work were likely to bring into question the independence of their mission as PERNOD RICARD's Statutory Auditors.

Furthermore, given the expansion of Group operations outside Europe, it seemed suitable to the Board of Directors and to the Statutory Auditors to strengthen the international competence of the college of Statutory Auditors.

A call for tenders was thus made from the following accounting firms:

- PriceWaterhouseCoopers
- Deloitte, Touche & Tohmatsu
- Ernst & Young
- KPMG

The selection of Deloitte, Touche & Tohmatsu was made by the Board of Directors at its meeting on March 18, 2003, following the recommendations made on this matter by the Audit Committee.

2002 was the year of integration of a business, which has virtually doubled the size of the Group Wine and Spirits operations. This has had major consequences for the structure, the organisation and working methods and systems, including in the finance operations. The specialised Group departments accomplished this task with success. 2003 should see the consolidation of this progress and especially in two main areas:

- Examine and establish improved methods and means for strengthening the internal auditing of direct and indirect subsidiaries.
- Assess the accounting and financial matters raised by the changeover to International Accounting Standards as from financial year 2003, whether related or not to the establishing of written accounting procedures.

## Remuneration Committee

The Remuneration Committee was created on February 28, 2000.

**Chairman:** Mr. Jean-Dominique Comolli\*

**Members:** Mrs. Danièle Ricard  
Mr. Jean-Claude Beton

\* To replace Mr. Jean-René Fourtou, a Director who resigned during 2002.

The Remuneration Committee approved its by-laws at the Board of Directors' meeting of March 18, 2003. Two meetings were held in 2002.

## Its missions are principally:

- to recommend to the Board of Directors the means and the amount of the fixed and/or variable remuneration of the Directors, including any benefits in kind and as regards pensions,
- to assess all of the remuneration and benefits received by the Directors, as the case may be, of the other Group companies,
- to ensure the annual application of the rules established by the Board of Directors with a view, in particular, to the calculation of variable remuneration,
- to examine the policy for the remuneration of the leading non-Board member executives of Group companies,
- to recommend to the Board of Directors the general policy for the allocation of stock-options to be granted by the company,
- to examine any matter referred to it by its Chairman, the Board of Directors or the Chairman of the Board of Directors, concerning the above-mentioned matters as well as any proposed capital increases reserved for employees.

In 2002, the Committee's work involved the definition of the remuneration policy for the Executive Directors and the rules for the allocation of the options.

- The Group's remuneration policy for Executive Directors is a policy which is deliberately based on results. Because of this, the variable portion, calculated according to criteria based on operating profit, earnings per share and debt, may represent the main part of their remuneration.
- The rules for the allocation of options to Executive Directors and to high-level executives is part of the overall remuneration policy defined by the Remuneration Committee and approved by the Board of Directors. They are based on the level of responsibility, the realisation of the objectives of the Group or of the relevant subsidiary as well as on individual performance. The table called "Summary of the allocation of stock-options" highlights the share of options allocated to the Executive Directors of PERNOD RICARD S.A. as well as to the ten highest-paid Group employees.

## Future Composition of the Audit and Remuneration Committees

Subject to the appointment by the General Meeting as a new Director of Mr. Didier Pineau-Valenciennes and of the ratification of the coopting of Lord Douro, the Board of Directors envisages approving the following composition of the Audit and Remuneration Committees:

### Audit Committee

**Chairman:** Mr. Thierry Jacquillat  
**Members:** Mr. Gérard Théry  
 Mr. Didier Pineau-Valencienne

### Remuneration Committee

**Chairman:** Mr. Jean-Dominique Comolli  
**Members:** Mrs. Danièle Ricard  
 Lord Douro

## Evaluation of the Board of Directors

Once a year, the Board of Directors raises the question of its own composition as well as that of the various Committees and makes sure of the suitability of its organisation and of that of its operating to its missions. It regularly assesses the level of attendance at the meetings and ensures that the matters on the agenda are properly discussed.

Furthermore, it periodically carries out a formal evaluation of its work. The Board met 8 times during 2002. The attendance rate was 94%.

## Statutory Auditors

### PERNOD RICARD's Statutory Auditors

- Compagnie Consulaire d'expertise Comptable Jean Delqu   (CCCJD), represented by Mr. Beno  t Fl  chon, 84, Boulevard de Reuilly, 75 012 Paris, appointed at the General Meeting of May 12, 1993 and whose mandate was renewed for a term that will end after the General Meeting called to approve the financial statements for 2004.
- Soci  t   d'Expertise Comptable A.&L. Genot Groupe RSM Salustro Reydel, represented by Mr. Alain L. Genot, Le Grand Pavois, 320, Avenue du Prado, 13 268 Marseille Cedex 08, appointed for the first time at the General Meeting of June 11, 1987 and whose mandate will end after the General Meeting called to approve the financial statements for 2004.
- Cabinet Mazars & Gu  rard, represented by Messrs. Fr  d  ric Allilaire and Xavier Charton, Le Vinci, 4 all  e de l'Arche, 92 075 La D  fense Cedex, appointed for the first time at the General Meeting of June 11, 1987 and whose mandate was renewed for a term that will end after the General Meeting called to approve the financial statements for 2003.

### Fees of the Statutory Auditors and of their associate members paid by the Group

	Mazars & Gu��rard				CCCJD				A.&L. Genot				Other			
	Amount (�� thousand)		%		Amount (�� thousand)		%		Amount (�� thousand)		%		Amount (�� thousand)		%	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
<b>AUDIT SERVICES</b>																
• Statutory audits services	3,286	2,686	43	55	130	120	70	97	136	113	60	81	387	57	71	100
• Other financial audit work	4,327*	2,042*	56	42	55	4	30	3	92	26	40	19	158	-	29	-
<b>Sub-total audit</b>	<b>7,613</b>	<b>4,728</b>	<b>99</b>	<b>97</b>	<b>185</b>	<b>124</b>	<b>100</b>	<b>100</b>	<b>228</b>	<b>139</b>	<b>100</b>	<b>100</b>	<b>545</b>	<b>57</b>	<b>100</b>	<b>100</b>
<b>OTHER SERVICES</b>																
• Legal, tax	39	143	1	3	-	-	-	-	-	-	-	-	-	-	-	-
• Information Technology	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other services sub-total</b>	<b>39</b>	<b>143</b>	<b>1</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>7,652</b>	<b>4,871</b>	<b>100</b>	<b>100</b>	<b>185</b>	<b>124</b>	<b>100</b>	<b>100</b>	<b>228</b>	<b>139</b>	<b>100</b>	<b>100</b>	<b>545</b>	<b>57</b>	<b>100</b>	<b>100</b>

\* Missions mainly relating to acquisition audit work carried out at the time of the Seagram acquisition by PERNOD RICARD

## Interests of the Senior Executives and Directors: remuneration and stock-options programme

### Executive Officers and Directors' remuneration

(euros)	Fixed remuneration including subsidiaries' Director's fees	Variable remuneration for 2002	Directors' fees	Total remuneration for 2002
<b>Chairman and CEO</b>				
Mr. Patrick Ricard	880,702	1,426,504	29,400	2,336,606
<b>Vice-president</b>				
Mr. Thierry Jacquillat	595,684		29,400	625,084
<b>Directors General</b>				
Mr. Richard Burrows	579,357	832,696		1,412,053
Mr. Pierre Pringuet	579,444	832,696		1,412,140
<b>Directors</b>				
Mrs. Françoise Hémard			29,400	29,400
Mrs. Danièle Ricard			29,400	29,400
Mr. Jean-Claude Beton	37,041		29,400	66,441
Mr. Jean-Dominique Comolli			44,100	44,100
Mr. Jean-René Fourtou			22,050	22,050
Mr. François Gérard			29,400	29,400
Mr. Rafaël Gonzalez Gallarza	234,688		29,400	264,088
Mr. Jean-Jacques Laffont			22,050	22,050
Mr. Gérard Théry			44,100	44,100
Société Paul Ricard			29,400	29,400

The table of Directors' remuneration provides the fixed portion and the variable portion of the remuneration received for the past year. This represents a change in the method of presentation compared with that made to the previous General Meeting, which took into account the remuneration corresponding to fixed portion received in 2001 for 2001 and the variable portion received in 2001 for 2000.

### Remuneration policy for the Directors

For 2002, total Directors' fees allocated to the Board of Directors amounted to € 382,200. The division was made in equal shares of € 29,400 and the Independent Directors on the Audit Committee received an additional allocation of € 14,700.

It is recommended to the General Meeting of May 7, 2003, to increase total Directors' fees allocated to the Board of Directors to € 528,000 as from 2003. It has been decided to establish, in the rules of allocation, a fixed portion and a variable portion in order to take into account the actual contribution of each Director or independent member of the Committees to the Board's work as well as absenteeism.

## Remuneration policy for the Senior Executives and for the allocation of stock-options

### Remuneration

The variable portion may represent the main part of Senior Executives' remuneration. It is based on the criteria of operating profit, earnings per share and debt. This policy was confirmed at the time of the discussions of the Remuneration Committee in 2002.

### Stock-options

The rules for the allocation of options to executive directors are calculated according to the level of responsibility, the realisation of Group objectives and individual performance.

### Table of stock-options granted to each Director and options exercised by them

	Number of stock-options granted / exercised	€ Price	Due date	Plan n°
<b>Options granted in 2002</b>				
<b>to Executive Officers</b>				
P. RICARD	21,344	92.15	12.17.2012	11
P. PRINGUET	17,076	92.15	12.17.2012	11
R. BURROWS	17,076	92.15	12.17.2012	11
<b>Options exercised in 2002</b>				
<b>by Executive Officers and Directors</b>				
P. RICARD	18,000	40.55	12.19.2006	2
T. JACQUILLAT	15,120	46.85	10.04.2004	1
"	24,000	40.55	12.19.2006	2
P. PRINGUET	3,800	46.85	10.04.2004	1
"	6,000	40.55	12.19.2006	2
"	3,500	56.70	01.28.2009	4

### Table of stock-options granted to the top ten beneficiary salaried executives of the Group and options exercised by them

	Number of options granted / exercised	€ Price	Plan n°
Options granted in 2002 by the parent company to the top ten salaried executives of the parent company and of any company included in the perimeter of consolidation, the number of options for which is the highest.	76,059	92.15	11
Options held for the parent company's shares exercised in 2002 by the top ten salaried executives of the parent company and of any company included in the perimeter of consolidation, the number of options thus exercised is the highest.	86,612	42.81	1/2/4

## Summary of the allocation of stock-options (Situation at December 31, 2002)

	Plan n° 1	Plan n° 2	Plan n° 3	Plan n° 4	Plan n° 5	Plan n° 6	Plan n° 7	Plan n° 8	Plan n° 9	Plan n° 10	Plan n° 11
<b>Date of authorisation by the Extraordinary Shareholders' Meeting</b>	05.12.93	05.12.93	05.12.93	05.05.98	05.05.98	05.05.98	05.05.98	05.03.01	05.03.01	05.03.01	05.03.01
<b>Date of allocation by Board of Directors</b>	10.04.94	12.19.96	12.19.97	01.28.99	01.27.00	09.27.00	12.19.00	09.19.01	12.18.01	02.11.02	12.17.02
<b>Type of options</b>	Purchase	Purchase	Purchase	Purchase	Purchase	Purchase	Purchase	Purchase	Subscription	Subscription	Subscription
<b>Total number of options allocated</b>	775,130	835,800	244,596	233,084	266,842	60,000	299,925	38,674	665,658	111,187	690,438
<b>Comprising options granted to senior executives of PERNOD RICARD S.A.</b>	39,060	56,400	52,846	20,863	25,820	60,000	30,112	0	83,478	0	55,496
<b>To the top ten beneficiary salaried executives of the Group</b>	74,340	76,800	38,465	45,808	45,197	0	49,806	38,674	87,778	21,854	76,059
<b>Opening date for exercise of the options</b>	10.04.94	12.19.96	12.19.97	01.28.99	01.27.00	09.27.00	12.19.00	09.19.01	12.18.01	02.11.02	12.17.02
<b>Expiry date</b>	10.04.04	12.19.06	12.19.07	01.28.09	01.27.10	09.27.10	12.19.10	09.19.11	12.18.11	02.11.12	12.17.12
<b>Subscription price</b>	€ 46.85	€ 40.55	€ 45.89	€ 56.70	€ 59.90	€ 54.50	€ 58.30	€ 78.70	€ 77.00	€ 81.50	€ 92.15
<b>Number of options subscribed as of 12.31.02</b>	601,033	587,350	1,403	5 962	0	0	0	0	605	0	0
<b>Options cancelled during 2002</b>	0	0	0	1,309	2,770	0	2,229	0	4,576	7,252	0
<b>Unexercised options as of 12.31.02</b>	104,167	231,814	213,459	214,479	258,009	60,000	297,059	38,674	660,477	103,935	690,438

In accordance with the authorisation given to it by the Extraordinary General Meeting of shareholders of May 3, 2001, the Board of Directors of PERNOD RICARD set up two company stock-options plans in favour of the senior Group executive on February 11, and December 17, 2002.

The plan of February 11, 2002 involved 111,187 stock-options granted in favour of 84 beneficiaries at an average price of € 81.5 each; corresponding to the average PERNOD RICARD share price during the 20 trading sessions preceding the Board meeting which decided this allocation. A discount of approximately 5% was offered on this price. The Executive Directors of PERNOD RICARD do not benefit from these options.

The plan of December 17, 2002 involved 690,438 stock-options in favour of 398 persons at an average of € 92.15 each. The allocation price corresponds to the average PERNOD RICARD share price during the 20 trading sessions preceding the Board meeting which decided this allocation. No discount was offered on this average price. 55,496 options have been granted to Executive Directors of PERNOD RICARD.

*GENERAL INFORMATION ON THE COMPANY  
AND ITS SHARE CAPITAL*



Pernod Ricard

## General information on the Company

**Business name:** PERNOD RICARD

**Head office:** 12, place des Etats-Unis 75116 PARIS

**Legislation:** PERNOD RICARD is a Société Anonyme incorporated in France with a Board of Directors governed by the "Code of Commerce".

**Date of formation and duration:** It was formed on July 13, 1939 for a period of 99 years which will expire on the same day of the year 2038.

**The purpose of the company,** as mentioned in Article 2 of the company's by-laws, is fully reported as follows:

" The purpose of the company is:

Directly or indirectly, the manufacture, purchase and sale of all wines, spirits and liqueurs, as well as alcohol and food products or raw materials, the use, transformation and trading in all its forms of finished or semi-finished products, by-products and substitutes generated by the main production operations carried out in the distilleries or other industrial establishments of the same type.

The above operations may be carried out on a wholesale, semi-wholesale or retail basis and in any places in France or outside of France.

Storage, purchase and sale arising from the above list.

The representation of any French or foreign manufacturers, producing, manufacturing or selling products of the same type.

Investment in any businesses or operations whatsoever, that may be related to the production or the trading in the same products, in any form whatsoever, through the creation of new companies, contributions, subscriptions, purchases of securities or voting rights, etc.

Any operations connected to the hotel industry and the leisure business in general, notably the investment by the company in any enterprises or companies, created or to be created, businesses or operations whatsoever that may be related to the hotel industry or leisure in general, it being specified that the company may conduct all these transactions on its own account or on behalf of third parties, either alone, or through equity investment or partnerships or companies with any third parties or other companies, and carry them out in any form whatsoever, such as through contributions, mergers, subscriptions or the purchase of securities or voting rights, etc

Investments in any industrial, commercial, agricultural, property, financial or other companies, formed or to be formed, whether French or foreign.

The acquisition, disposal, exchange and any transactions involving shares, equity interests or partnership holdings, non-voting preference shares, convertible bonds, equity warrants, bonds with equity warrants and, generally, any securities and property rights whatsoever.

Any agricultural, crop growing, arboriculture, cattle breeding or wine growing operations etc. Any connected or derived agricultural or industrial operations relating thereto.

And, generally, any industrial, commercial, financial, property or securities operations related directly or indirectly to the above purposes and being capable of encouraging their development".

**Registration number:** The Company is registered in the Paris Commercial and Companies' Register under number RCS 582 041 943 PARIS (58 B 4194).

**Legal documents:** Legal documents (articles of association, minutes of Shareholders' Meetings, reports of auditors, etc) can be consulted at the Head Office, 12, place des Etats-Unis, 75116 PARIS, France.

**Financial year:** The financial year of the company commences on the first of January and ends on the thirty-first of December of each year.

## Statutory allocation of profits:

Net profits are constituted by the income of the company as shown in the income statement, less general expenses and other wage and social security costs, depreciation and amortisation of assets and any provisions for commercial or industrial risks, where they exist.

- From net profits, less, where applicable, previous years' losses, 5% to the legal reserve until it reaches the legal level ;
- From the balance, 6% as an interim dividend ;
- From the available surplus, by decision of the Shareholders' Meeting, to be either carried forward or allocated to a reserve fund ;
- The balance is split among shareholders as an additional dividend.

The Ordinary Shareholders' Meeting is authorised to deduct from non-statutory reserves constituted in prior years, any amounts that it considers should be:

- either distributed to the shareholders or allocated to a total or partial amortisation of the shares
- or capitalised or allocated to the redemption and cancellation of the shares.

The Shareholders' Meeting deliberating on the accounts has the right of granting each shareholder, for some or for all of the dividend distributed or advanced, a choice between payment of dividends either in cash in shares.

## Shareholders' Meetings

The shareholders meet every year for an Ordinary Shareholders' Meeting.

The Shareholders' Meeting is convened by the Board of Directors.

Notice is given by an announcement inserted in one of the newspapers authorised to receive legal announcements in the Department of the registered office, and, furthermore, in the Bulletin des Annonces Légales Obligatoires (BALO) (Bulletin of Mandatory Legal Notices).

The shareholders, who are holders of registered shares for at least one month at the date of the notice of the meeting, are convened to any Shareholders' Meeting by ordinary letter.

The Shareholders' Meeting consists of all the shareholders, whatever the number of shares they hold. No one can represent a shareholder at a meeting if he/she or his/her spouse is not a shareholder him/herself or the spouse of a shareholder him/herself.

The right to attend Shareholders' Meeting or to be represented at them is subject, for the holders of registered shares, to the registration in a securities account of their shares at least five days before the meeting and for the holders of bearer shares, within the same time, to the lodging at the places indicated in the notice of the meeting of a certificate of an authorised intermediary recording the non-availability of their shares until the date of the Meeting.

### a/ Multiple voting rights

A voting right double that conferred on other shares, as regards the quota of authorised share capital it represents, shall be attributed to all fully paid-up shares that can be shown to have been registered in the name of the same shareholder for at least ten years, commencing on May 12, 1986 inclusive. (Extraordinary Shareholders' Meeting of June 13, 1986)

In the event of a capital increase through the capitalisation of reserves, profits or share premiums, the registered shares attributed free of charge to one shareholder, on the basis of existing shares from which he/she benefits from this right, also have a voting right double that conferred on other shares, as from their issue.

Any share converted into bearer form or the ownership of which is transferred loses the double-voting right.

### b/ Restriction on voting rights

Each member of the Shareholders' Meeting has as many votes as he possesses and represents in shares, up to 30% of the voting rights. (Extraordinary Shareholders' Meeting of June 13, 1986)

### c/ Declaration of statutory limits

Any natural person or corporate body who comes to possess a percentage holding greater than 0.5% of the authorised capital must inform the company of the total number of shares possessed by registered letter with acknowledgement of receipt, within a period of fifteen days from the date on which this limit is exceeded. This notification must be repeated, under the same conditions, each time the limit is exceeded by each fraction of 0.5% until the limit of 4.5% inclusive is reached.

In the event of non-compliance with the obligation mentioned in the previous paragraph, shares in excess of the non-declared amount are deprived of voting rights, at the request set down in the minutes of the Shareholders' Meeting of one or more shareholders holding at least 5% of the authorised capital; for any Shareholders' Meeting that is held until expiry of the period stipulated by Article L. 233-14 of the Code of Commerce following the date the notification is regularised. (Extraordinary Shareholders' Meeting of May 10, 1989)

## General information on the share capital

The conditions which the articles of association impose on modifications to the share capital and the rights of shares comply, in all respects, with the legal provisions. The articles of association do not provide for any exceptional treatment and do not impose any particular conditions.

### Paid-up share capital

The capital has been set at TWO HUNDRED AND EIGHTEEN MILLION FIVE HUNDRED THOUSAND AND SIX HUNDRED AND FIFTY-ONE EUROS AND TEN EUROCENTS (€ 218,500,651.10). This is the situation as at February 14, 2003, following the increase in share capital through the capitalisation of reserves and the distribution of bonus shares on the basis of one bonus share for four existing shares.

It is divided into seventy million four hundred and eighty-four thousand and eighty-one (70,484,081) shares, fully paid-up and of the same class.

### Authorised unissued share capital

In the table below, can be found a summary of the resolutions adopted by the Extraordinary Shareholders' Meeting (ESM) authorising the Board of Directors to increase or reduce the authorised share capital:

Date of ESM	Resolution N°.	Purpose	Time set
05/31/02	10	<b>Authorisation to reduce the authorised share capital</b>	<b>24 months</b>
05/03/01	1	<b>Authorisation to issue shares</b> In the company with cancellation of preferential subscription rights in order to grant stock-options to senior executives and directors of the company or of associated companies.	<b>5 years</b>
05/03/01	2	<b>Authorisation to increase the authorised share capital</b> <sup>(2)</sup> With maintenance of the preferential subscription rights for € 304,898,034.47.	<b>26 months</b>
05/03/01	3	<b>Authorisation to issue shares</b> <sup>(1)</sup> and/or securities providing access to the capital of the company with cancellation of preferential subscription rights for € 304,898,034.47.	<b>26 months</b>
05/31/02	11	<b>Cancellation of previous authorisations (resolutions 2 and 3 of the Ordinary Shareholders' Meeting of May 3, 2001)</b> in the event of public bids or exchange offers except for issues of securities approved prior to the declaration of the bid.	<b>Until the next OSM</b>
05/03/01	5	<b>Authorisation to increase the authorised share capital</b> With cancellation of preferential subscription rights, the beneficiaries to be subscribers to a corporate savings scheme and/or a voluntary partnership employee savings scheme, with the overall par value of shares that could be issued to be set at 5% of the current share capital.	<b>5 years</b>

Notes 1 et 2: see following page.

(1) This authorisation was partially used by the Board of Directors for the issue by PERNOD RICARD of bonds (OCEANE) convertible into new shares and/or exchangeable for existing shares on February 13, 2002. The issue concerns 4,567,757 OCEANE bonds for a total amount of € 488,749,999. Following the increase in share capital with effect from February 14, 2003 on the basis of one new share for four existing shares, the allocation ratio has been adjusted with the bond now giving right to the conversion and/or exchange of one bond for 1.25 PERNOD RICARD share.

(2) This authorisation was partially used by the Board of Directors at the time of the increase in share capital through the capitalisation of reserves and distribution of bonus shares, with effect from February 14, 2003, on the basis of one bonus share for four existing shares. The resulting increase in share capital amounted to € 43,700,129.60.

Following these two uses and the creation of 605 new shares resulting from the exercise of stock-options, the residual nominal value of the shares capable of being issued under the 2nd and 3rd resolutions of the Extraordinary Shareholders' Meeting of May 3, 2001, amounts to sixty-eight million six hundred and ninety-seven three hundred and twenty-two Euros and sixty-seven Eurocents (€ 68,697,322.67).

If one takes into account all stock-options issued (and not exercised so far) under the various stock-options plans in favour of the Group personnel, the residual nominal value of the shares capable of being issued amounts to sixty-three million fifty-nine thousand seven hundred and seventy-seven Euros and thirty-seven Eurocents (€ 63,059,777.37).

Resolutions submitted to the ESM of May 7, 2003, authorising the Board of Directors to increase the share capital:

- Resolution 16 authorises the Board of Directors to reduce the capital by the cancellation of shares owned by the company and acquired by it further to Article L.225-209 of the Code of Commerce pursuant to the authorisation given by the Ordinary Shareholders' Meeting of May 7, 2003.
- Resolution 17 cancels the delegation of the same type granted by the ESM of May 3, 2001, which it replaces.
- Resolution 18 cancels the delegation of the same type granted by the ESM of May 3, 2001, which it replaces.
- Resolution 19 cancels the delegation of the same type granted by the ESM of May 3, 2001, which it replaces.
- Resolution 20 suspends the preceding delegation of power at the time of public bids or exchange offers, except for issues of securities approved prior to the declaration of the bid.

Resolution N°.	Purpose	Period
<b>16</b>	<b>Authorisation to reduce the Share Capital</b>	<b>24 months</b>
<b>17</b>	<b>Authorisation to increase the Share Capital</b> With cancellation of preferential subscription rights, the beneficiaries to be subscribers to a corporate savings scheme and/or a voluntary partnership employee savings scheme, with the overall nominal value of shares that may be issued to be set at 5% of the current share capital	<b>5 years</b>
<b>18</b>	<b>Authorisation to increase the Share Capital</b> With maintenance of preferential subscription rights for € 200,000,000.	<b>26 months</b>
<b>19</b>	<b>Authorisation to issue shares</b> and/or securities providing access to the capital of the company with cancellation of preferential subscription rights for € 200,000,000	<b>26 months</b>
<b>20</b>	<b>Cancellation of previous authorisations</b> Resolutions 18 and 19 of the previous Meeting in the event of public bids or exchange offers for the issues of securities approved prior to the declaration of the bid	<b>Until the next OSM</b>

There are currently no securities non-representative of capital.

## OCEANE bonds (providing access subsequently to the share capital)

PERNOD RICARD issued 4,567,757 bonds for € 488,749,999 convertible into new shares and/or exchangeable into existing shares (OCEANE) with a nominal value of € 107 each, exercisable from February 13, 2002. The term of this borrowing is 5 years and 322 days as from February 13, 2002. The normal full redemption will take place on January 1, 2008, by repayment at a price of € 119.95 per OCEANE bond. The OCEANE bonds bear interest at 2.50% per annum, payable in arrears on January 1 of each year.

- The exercise period for the option to convert or exchange the OCEANE bonds is from February 13, 2002 to the 7<sup>th</sup> working day which precedes the redemption date.
- Following the increase in share capital, as from February 14, 2003, through the capitalisation of reserves and creation of new shares on the basis of one bonus share for four existing shares, the allocation ratio of the OCEANE bonds has been adjusted with the one bond now giving right to conversion and/or exchange for 1.25 PERNOD RICARD shares.
- As at December 31, 2002, all of the OCEANE bonds remained in circulation and may give right to conversion or exchange into 5,709,697 PERNOD RICARD shares (after adjustment for the increase in share capital with effect from February 14, 2003).

## Stock-options

As at December 31, 2002, the stock-options issued and not exercised under the various stock-option plans granted to the Group personnel amounted to 1,454,850.

Following the increase in share capital through the capitalisation of reserves with effect from February 14, 2003, the allocation ratio of the stock-options has been adjusted. Thus, the total number of PERNOD RICARD shares capable of being created pursuant to the exercise of the stock-options amounts to 1,818,563 shares (after adjustment for the increase in share capital with effect from February 14, 2003).

## Evolution of capital

Capital before	Shares	Par value	Year	Nature of transaction	Amount	Effective date	Shares created	Share premium	Capital stock	Capital after	Nominal value
FRF 939,777,680	49,988,884	FRF 20	1994	Bonus issue	1 for 5	07.1.94	9,397,776	N/A <sup>(1)</sup>	56,386,660	FRF 1,127,733,200	FRF 20
FRF 1,127,733,200	56,386,660	FRF 20	2001	Conversion into Euros	N/A	10.31.01	N/A	N/A	56,386,660	€ 174,798,646	N/A <sup>(2)</sup>
€ 174,798,646	56,386,660	N/A <sup>(2)</sup>	2003	Exercise of options	N/A	08.12.02 <sup>(3)</sup>	605	€ 73.9	56,387,265	€ 174,800,521.5	N/A <sup>(2)</sup>
€ 174,800,521.5	56,387,265	N/A <sup>(2)</sup>	2003	Bonus issue	1 for 4	02.14.03	14,096,816	N/A	70,484,081	€ 218,500,651.10	N/A <sup>(2)</sup>

(1) N/A: Not Available

(2) At the time of the conversion of the share capital into Euros, PERNOD RICARD decided to suppress the par value of the shares in the Articles of Association.

(3) The shares resulting from the exercise of the options were created on August 12, 2002. The corresponding increase in share capital was recorded by the Board of Directors on January 28, 2003.

## Analysis of share capital and voting rights

Shareholders	Situation as of 03.18.2003			Situation as of 04.15.2002			Situation as of 02.28.2001		
	Number of shares	% of capital	% of the voting rights	Number d'actions	% of capital	% of the voting rights	Number d'actions	% of capital	% of the voting rights
S.A. Paul Ricard	8,435,671 <sup>(1)</sup>	12.0	18.9	6,558,537	11.6	18.6	6,543,032	11.6	18.9
Société Immobilière et Financière pour l'Alimentation (S.I.F.A.)	7,215,373 <sup>(2)</sup>	10.2	16.3	5,772,299	10.2	16.3	5,772,299	10.2	16.6
Shares held by the personnel	1,545,532	2.2	2.8	1,300,198	2.3	3.1	1,371,594	2.5	3.2
FRM Corp and Fidelity International limited	1,993,785 <sup>(3)</sup>	2.8	2.4	2,833,687	5	4.2	-	-	-
Société Générale Group	3,172,483 <sup>(4)</sup>	4.5	3.7	-	-	-	-	-	-
La Caisse des Dépôts et Consignation (CDC Ixis)	2,859,992 <sup>(5)</sup>	4.1	3.4	2,851,151	5.1	4.2	-	-	-
Silchester International Investors Ltd (UK) (*)	1,342,811 <sup>(6)</sup>	1.9	1.6	-	-	-	2,844,093	5	4.3
BNP PARIBAS	366,620 <sup>(7)</sup>	0.5	0.4	-	-	-	-	-	-
ATOUT France EUROPE	400,000 <sup>(8)</sup>	0.6	0.5	-	-	-	-	-	-
PERNOD RICARD									
- Treasury shares	1,734,892	2.5	-	1,704,230	3	-	3,112,004	5.5	-
- Auto-control	-	-	-	173,583	0.3	-	196,583	0.4	-
Others and Public	41,416,922	58.7	50.0	35,192,975	62.5	53.6	36,547,055	64.8	57
<b>TOTAL</b>	<b>70,484,081</b>	<b>100</b>	<b>100</b>	<b>56,386,660</b>	<b>100</b>	<b>100</b>	<b>56,386,660</b>	<b>100</b>	<b>100</b>

For a single declaring shareholder, we only report the most recent declaration.

(\*) Acting on behalf of institutional investors and mutual funds managed by Silchester.

(1) S.A.Paul Ricard is wholly-owned by the Ricard family.

(2) SOCIETE IMMOBILIERE POUR L'ALIMENTATION (S.I.F.A.) is 47.5%-owned by Kirin Brewery Company Limited.

Among the other shareholders, PERNOD RICARD owns a minority interest in the capital of SIFA through its subsidiary Santa Lina.

(3) Declaration of February 19, 2003 (reduction to below the level of 5%).

(4) Declaration of January 24, 2003.

(5) Declaration of March 3, 2003 (reduction to below the level of 5%).

(6) Declaration of February 22, 2002.

(7) Declaration of September 25, 2002.

(8) Declaration of February 10, 2003.

3 declarations have been made as registered intermediaries:

- A declaration of reduction to below the level of 10% by JP Morgan Chase Investor Services with 6,297,312 shares and 8.9% of the share capital was made on February 17, 2003.
- A declaration by The Northern Trust Company for 1.4% of the share capital was made on February 5, 2003.
- A declaration of increase beyond the level of 5% of the share capital was made by State Street Bank and Trust Company on March 7, 2003, with 3,527,150 shares and 5% of the share capital

The information provided was compiled on March 18, 2003, i.e. after the increase in share capital through the capitalisation of reserves and distribution of bonus shares with effect from February 14, 2003. The number of shares in Year – 1 and Year – 2 has not been restated.

The approximate number of shareholders is estimated to be 60,000 (TPI survey).

The total number of voting rights comes to 84,723,944.

There have been no significant changes in the distribution of the share capital during the last three financial years.

To the company's knowledge, there does not exist any other shareholder owning more than 0.5% of the share du capital (statutory threshold) or of the voting rights.

There is no individual or company which, directly or indirectly, separately or in concert, exercises control over the share capital of PERNOD RICARD.

There is no shareholders' pact.

The Group organisation structure is shown in the Chapter "The PERNOD RICARD World" in the first part of the Annual Report.

PERNOD RICARD is the only Group company listed on the stock exchange.

## Market for the issuer's securities

### PERNOD RICARD shares

They are currently traded on the following official markets:

- Premier Marché of Euronext Paris (Système de Règlement Différé: deferred settlement market). Trading volumes during the last 18 months are disclosed under the heading "Stock Market" in the text of the Annual Report.
- Given the very thin volumes traded in the Frankfurt (Germany), it was decided to delist the share from the "Frankfurt Stock Exchange". This delisting took place on March 14, 2003.
- PERNOD RICARD shares are also traded on the SEAQ International Exchange, London.
- In 1993, PERNOD RICARD undertook an ADR (American Depository Receipt) programme backed by the Bank of New York (Over-The-Counter (OTC) market).

### The OCEANE bonds

The PERNOD RICARD 2.5% Feb. 2002/Jan. 2008 OCEANE bonds are currently traded on the official market of: The Paris Bourse (Premier Marché of Euronext Paris S.A.).

The volumes traded in OCEANE bonds were the following:

	Share price in Euros		Volume of transactions	
	High	Low	Number of shares	Capital (in €)
<b>2002</b>				
February*	111.80	107.00	4,722	520,728
March	113.50	110.00	10,959	1,217,026
April	118.90	110.00	118,331	13,540,952
May	119.50	113.20	10,801	1,269,994
June	119.30	110.00	3,819	445,218
July	119.10	108.00	37,342	4,248,406
August	116.10	105.00	1,542	176,982
September	118.50	108.00	19,411	2,265,764
October	133.00	111.00	24,558	3,027,306
November	136.00	116.00	25,951	3,245,710
December	130.00	115.60	13,252	1,598,170
<b>2003</b>				
January	133.00	119.14	89,137	10,840,051
February	123.20	115.00	10,541	1,254,903

Source: Euronext (Convertible bonds market (Marché Central)).

\* from February 13 to 28.

## Dividends

### Review of dividends distributed during the last five years <sup>(1)</sup>

Year	Payment date	Net amount in €	Tax credit in €	Total in €	Total for the year in €
1997	01/14/1998	0.64	0.32	0.96	
	05/13/1998	0.81	0.40	1.21	2.17
1998	01/12/1999	0.72	0.36	1.09	
	05/11/1999	0.78	0.39	1.16	2.25
1999	01/12/2000	0.75	0.375	1.125	
	05/10/2000	0.85	0.425	1.275	2.40
2000	01/11/2001	0.80	0.40	1.20	
	05/10/2001	0.80	0.40	1.20	2.40
2001	01/10/2002	0.80	0.40	1.20	
	06/11/2002	1.00	0.50	1.50	2.70
2002	01/14/2003	0.90	0.45	1.35	(a)
	03/05/2003	0.90	0.45	1.35	(b)

(1) For presentation purpose, the historical amounts in French Francs for 1997, 1998, 1999 and 2000 have been converted into Euros and rounded to the nearest one hundredth of a Euro

The dividends, for which no payment has been requested, are made out to the Public Treasury five years after payment.

(a) The definitive amount of the 2003 dividend will be announced after the Ordinary Shareholders' Meeting 2003 (dividends relating to the financial year 2002).

(b) The securities resulting from the increase in share capital through the capitalisation of reserves and allocation of bonus shares with effect from February 14, 2003, on the basis of one bonus share for four existing shares, have been created with dividend rights from January 1, 2002, and have the right, after registration, to the interim dividend of € 0.90 net paid on the existing shares on January 14, 2003.

*PARENT COMPANY  
FINANCIAL STATEMENTS*



Pernod Ricard

## PERNOD RICARD S.A. Income Statement

(€ thousand)	12.31.2002	12.31.2001	12.31.2000
Royalties	39,608	39,282	36,788
Other income	19,860	28,048	26,912
Reversals of provisions	0	13	0
<b>Total operating income</b>	<b>59,468</b>	<b>67,343</b>	<b>63,700</b>
Outside services	(65,129)	(58,800)	(54,715)
Duties and taxes	(1,669)	(1,144)	(1,115)
Payroll expenses	(17,382)	(10,324)	(7,996)
Depreciation, amortisation and provision charges	(1,538)	(906)	(913)
Other expenses	(358)	(318)	(339)
<b>Total operating expenses</b>	<b>(86,076)</b>	<b>(71,492)</b>	<b>(65,078)</b>
<b>Operating profit/(loss)</b>	<b>(26,608)</b>	<b>(4,149)</b>	<b>(1,378)</b>
Income from equity investments	556,585	143,744	78,630
Other interest and related income	16,913	6,187	4,979
Reversals of provisions	4,026	0	0
Currency translation gains	3,794	3,688	6,133
Net gains on disposals of marketable securities	0	0	0
<b>Total financial income</b>	<b>581,318</b>	<b>153,619</b>	<b>89,742</b>
Provision charges	(15,424)	(4,027)	0
Interest and related expenses	(52,468)	(37,049)	(31,978)
Currency translation losses	(4,005)	(85)	(108)
<b>Total financial expenses</b>	<b>(71,897)</b>	<b>(41,161)</b>	<b>(32,086)</b>
<b>Net financial income</b>	<b>509,421</b>	<b>112,458</b>	<b>57,656</b>
<b>Pretax profit before exceptional items</b>	<b>482,813</b>	<b>108,309</b>	<b>56,278</b>
Exceptional income	240,903	2,718,029	2,927
Exceptional expenses	(448,148)	(2,922,754)	(5,466)
<b>Net exceptional expenses</b>	<b>(207,245)</b>	<b>(204,725)</b>	<b>(2,539)</b>
<b>Profit/(loss) before income taxes</b>	<b>275,568</b>	<b>(96,416)</b>	<b>53,739</b>
Income taxes	70,210	21,878	15,089
<b>Net profit/(loss)</b>	<b>345,778</b>	<b>(74,538)</b>	<b>68,828</b>

## PERNOD RICARD S.A. Balance Sheet

### Assets

(€ thousand)	12.31.2002			12.31.2001	12.31.2000
	Gross value	Depreciation, Amortisation & provisions	Net value	Net value	Net value
<b>Intangible assets</b>	<b>34,845</b>	<b>(2,054)</b>	<b>32,791</b>	<b>32,817</b>	<b>33,283</b>
Licences, brands	34,845	(2,054)	32,791	32,817	33,283
<b>Property, plant and equipment</b>	<b>13,607</b>	<b>(4,337)</b>	<b>9,270</b>	<b>2,942</b>	<b>2,689</b>
Land	1,253	0	1,253	960	960
Buildings	3,489	(1,244)	2,245	1,124	1,160
Machinery and equipment	178	(153)	25	3	4
Other	8,687	(2,940)	5,747	855	565
<b>Investments</b>	<b>1,762,705</b>	<b>(93,194)</b>	<b>1,669,511</b>	<b>2,006,307</b>	<b>1,240,352</b>
Equity investments	1,348,757	(92,840)	1,255,917	1,308,425	833,605
Receivables relating to equity investments	399,677	(354)	399,323	692,057	303,071
Loans	18	0	18	18	28
Other	13,935	0	13,935	37	6,491
Treasury stocks	318	0	318	5,770	97,157
<b>Total fixed assets</b>	<b>1,811,157</b>	<b>(99,585)</b>	<b>1,711,572</b>	<b>2,042,066</b>	<b>1,276,324</b>
<b>Advances and down-payments to suppliers</b>	<b>451</b>	<b>0</b>	<b>451</b>	<b>285</b>	<b>193</b>
<b>Operating receivables</b>	<b>19,899</b>	<b>0</b>	<b>19,899</b>	<b>17,706</b>	<b>17,271</b>
Trade and other accounts receivable	12,704	0	12,704	12,343	12,883
Other	7,195	0	7,195	5,363	4,388
<b>Sundry receivables</b>	<b>336,860</b>	<b>(328)</b>	<b>336,532</b>	<b>307,543</b>	<b>46,392</b>
<b>Marketable securities</b>	<b>76,191</b>	<b>(2,676)</b>	<b>73,515</b>	<b>105,504</b>	<b>116,756</b>
<b>Cash and equivalents</b>	<b>2,686</b>	<b>0</b>	<b>2,686</b>	<b>134,735</b>	<b>11,924</b>
<b>Total current assets</b>	<b>436,087</b>	<b>(3,004)</b>	<b>433,083</b>	<b>565,773</b>	<b>192,536</b>
<b>Prepaid expenses</b>	<b>2,317</b>	<b>0</b>	<b>2,317</b>	<b>1,945</b>	<b>8,502</b>
<b>Bonds redemption premium</b>	<b>50,281</b>	<b>0</b>	<b>50,281</b>	<b>0</b>	<b>0</b>
<b>Deferred expenses</b>	<b>1,123</b>	<b>0</b>	<b>1,123</b>	<b>865</b>	<b>1,313</b>
<b>Currency translation adjustment</b>	<b>5,449</b>	<b>0</b>	<b>5,449</b>	<b>13,707</b>	<b>0</b>
<b>Total adjustment assets</b>	<b>59,170</b>	<b>0</b>	<b>59,170</b>	<b>16,517</b>	<b>9,815</b>
<b>Total assets</b>	<b>2,306,414</b>	<b>(102,589)</b>	<b>2,203,825</b>	<b>2,624,356</b>	<b>1,478,675</b>

## Liabilities and shareholders' equity

(€ thousand)	12.31.2002	12.31.2001	12.31.2000
<b>Share capital</b>	<b>174,801</b>	<b>174,799</b>	<b>171,922</b>
<b>Additional paid-in capital</b>	<b>37,712</b>	<b>37,667</b>	<b>37,955</b>
<b>Reserves</b>	<b>440,739</b>	<b>330,858</b>	<b>330,570</b>
Legal reserves	17,480	17,480	17,192
Regulated reserves	423,259	313,378	313,378
<b>Retained earnings</b>	<b>119,878</b>	<b>402,654</b>	<b>440,603</b>
<b>Net profit/(loss)</b>	<b>345,778</b>	<b>(74,538)</b>	<b>68,828</b>
<b>Regulated provisions</b>	<b>136</b>	<b>144</b>	<b>151</b>
<b>Total shareholders' equity</b>	<b>1,119,044</b>	<b>871,584</b>	<b>1,050,029</b>
<b>Provisions for contingencies</b>	<b>55,092</b>	<b>210,879</b>	<b>3,768</b>
<b>Long-term debt</b>	<b>677,670</b>	<b>1,201,499</b>	<b>148,919</b>
Convertible bonds	547,902	0	0
Non-convertible bonds	0	60,980	60,980
Borrowings from financial institutions	99,313	1,108,591	26,809
Perpetual subordinated notes (T.S.D.I.)	30,455	31,928	33,401
Other long-term debt	0	0	27,729
<b>Current liabilities</b>	<b>50,660</b>	<b>42,968</b>	<b>19,972</b>
Trade and other accounts payable	32,999	34,157	14,200
Taxes and social security	17,661	8,811	5,772
<b>Sundry liabilities</b>	<b>282,187</b>	<b>286,097</b>	<b>254,755</b>
Income taxes	0	84,921	0
Other	282,187	201,176	254,755
<b>Total liabilities</b>	<b>1,010,517</b>	<b>1,530,564</b>	<b>423,646</b>
<b>Deferred income</b>	<b>239</b>	<b>347</b>	<b>431</b>
<b>Currency translation adjustment</b>	<b>18,933</b>	<b>10,982</b>	<b>801</b>
<b>Total adjustment liabilities</b>	<b>19,172</b>	<b>11,329</b>	<b>1,232</b>
<b>Total liabilities and shareholders' equity</b>	<b>2,203,825</b>	<b>2,624,356</b>	<b>1,478,675</b>

**PERNOD RICARD S.A. Cash-Flow Statement**

(€ thousand)	As at December 31 2002
Net profit	345,778
Depreciation of fixed assets	898
Change in provisions	(71,431)
Gains (losses) on disposals of fixed assets	249,047
<b>Cash-flow from operations</b>	<b>524,292</b>
Decrease (increase in working capital requirement)	157,486
<b>Cash provided from operating activities</b>	<b>681,778</b>
Acquisition of property, plant and equipment (net of disposals)	(7,458)
Acquisition of investments (net of disposals)	3,369
<b>Cash used in investment activities</b>	<b>(4,089)</b>
OCEANE bond issue	488,750
Share capital increase	47
Dividends paid and additional tax on distribution	(98,630)
<b>Cash provided from financing activities</b>	<b>390,167</b>
<b>Change in net debt</b>	<b>1,067,856</b>
Net debt at the beginning of the year	(1,019,936)
Net debt at year-end	47,920

**Notice on the presentation of the Cash-Flow Statement**

The change in net debt consists of a change in loans, long-term debt and cash.

The net debt consists of:

(€ thousand)	As at January 1, 2003
Loans and long-term debt	(129,768)
Current Account creditor balance with PR Finance	98,811
Marketable securities	76,191
Cash and equivalents	2,686
<b>Closing net debt</b>	<b>47,920</b>

## *Analysis of the PERNOD RICARD S.A. income statement*

The main role of PERNOD RICARD, the Parent Company of the Group, is to carry out general interest and coordination missions in the fields of strategy, financial control of the subsidiaries, acquisitions, marketing, research and development, human resources and communication. Furthermore, PERNOD RICARD is mandated by its French subsidiaries to purchase their advertising space on their behalf.

Finally, PERNOD RICARD has granted to some of its subsidiaries the right to exploit brands of which it is the owner. Operating profit, which includes royalties received for brands belonging to PERNOD RICARD, amounted to € 59.5 million, down about 12% compared with 2001. Operating costs amounted to nearly € 86 million against € 71.5 million in 2001, an increase of 20%. These changes were mainly due to modifications in the scope of consolidation and to the restructuring of the Parent Company following the acquisition of part of the Seagram's Wine and Spirits operations.

The operating loss thus increased from € 4.1 million to € 26.6 million.

The increase in dividends received from subsidiaries, in particular following the disposal of Orangina-Pampryl in 2001, is shown under financial income which rose sharply from € 112.5 million in 2001 to € 509 million in 2002.

The exceptional loss amounted to € 207 million. This was mainly the result of the effects of the Seagram acquisition in the Parent Company financial statements; such as provisions relating to depreciation of the shares in companies acquired jointly with Diageo and intended to be sold or liquidated or advisory fees for the finalisation of the agreements with Vivendi Universal and/or Diageo, and by disposals of non-core assets.

Net profit for 2002 was thus € 345,8 million, compared with a net loss of € 74.5 million in 2001.

## *Notes to the parent company financial statements*

Prior to appropriation for the fiscal year ended December 31, 2002, the balance sheet amounts to € 2,203,824,979 and the income statement shows a profit of € 345,778,498.

The fiscal year covers a period of 12 months, from January 1 to December 31, 2002.

Notes 1 to 20 below, which are presented in thousands of Euros, form an integral part of the annual financial statements. These financial statements were approved on March 18, 2003, by the Board of Directors.

### **Note 1 • Accounting principles and practices**

General accounting conventions have been applied, with observance of the principle of prudence, in conformity with the basic assumptions of:

- continuity of operations,
- consistency of accounting methods from one period to the next,
- independence of accounting periods,

and in conformity with the general rules for the preparation and presentation of annual financial statements.

The historical cost method is the basic method used for assessing the value of the listed accounting items.

The main methods used are the following:

#### **1.1 • Intangible assets**

Intangible assets have been mainly valued according to the value of the goodwill and brands on the occasion of the merger between Pernod and Ricard in 1975, as well as subsequent mergers.

They are amortised when their market value falls below book value.

## 1.2 • Property, plant and equipment

Property, plant and equipment are valued at acquisition costs (purchase price plus ancillary expenses, excluding acquisition expenses on fixed assets), with the exception of fixed assets acquired prior to December 31, 1976, which have been revalued.

Depreciation is calculated according to the straight-line or declining balance method over the estimated useful life of the underlying assets. Average depreciation periods are as follows:

• Buildings . . . . .	50 years - straight-line
• Fixtures and fittings . . . . .	10 years – straight-line
• Machinery and equipment . . . . .	5 years – declining-balance
• Automotive equipment . . . . .	5 years – straight-line
• Office furniture and equipment . . . . .	10 years – straight-line or 4 years - declining-balance

## 1.3 • Equity Investments, other investments and marketable securities

These are valued at contribution value or at acquisition cost net of ancillary expenses. In compliance with legal provisions, certain securities have been revalued according to their value at December 31, 1976.

If, at year-end, the market value falls below book value, a provision for depreciation is made against the difference.

The inventory value of equity shares is equal to their current value, which generally corresponds to the subsidiary's portion of shareholders' equity represented by these securities.

In certain cases, the Company has also taken the business and financial potential of the subsidiary into account with particular reference to net restated assets.

Shares acquired under employee stock-option plans are recorded as marketable securities and valued at the purchase price paid by the beneficiaries for the shares.

## 1.4 • Receivables

Receivables are valued at their nominal value. A provision for depreciation is made in the event that the market value falls below book value.

## 1.5 • Regulated Provisions

The regulated provisions shown on the balance sheet include the special provision for revaluation of depreciable goods.

## 1.6 • Foreign currency transactions

Income and expenses in foreign currency are recorded at the exchange value on the transaction date. Payables, receivables and cash in foreign currency are recorded on the balance sheet at their year-end exchange rates. The differences arising from the discounting of payables and receivables in foreign currency at these rates are recorded on the balance sheet as currency translation adjustments. Unrealised exchange losses are subject to a provision for risks, at full value.

## 1.7 • Financial instruments: exchange

The Group uses financial instruments (exchange swaps) to manage and reduce its exposure to exchange rate fluctuations.

These instruments are used to hedge assets and liabilities.

When such contracts qualify as hedges, profits and losses on the contracts are accounted for during the same period as the hedged item; where they do not qualify, the changes in market value of these instruments are recorded as a profit or loss for the period.

## 1.8 • Operating provisions

In addition to the usual provisions for accrued expenses, PERNOD RICARD also sets aside a provision to meet retirement-related commitments every year.

## 1.9 • Income taxes

In application of Article 209.6 of the French General Tax Code, PERNOD RICARD has benefited from an authorisation concerning fiscal consolidation for tax purposes since January 1, 1977.

Beginning on January 1, 1988, the Company opted for the new tax system governing groups.

The tax savings and tax losses transferred to the parent company by the subsidiaries under this new tax system are recognised as other liabilities when they are temporary and then booked as corporate income tax when they are finally assigned to PERNOD RICARD.

On the other hand, the gains and surplus costs of fiscal consolidation incurred by the parent company are recognised in the year in which they occur.

## 1.10 • Transfer of cash activity to PR Finance S.A.

As of December 1, 1995, PERNOD RICARD transferred its cash centralisation activity and financing activity for PERNOD RICARD's needs and those of its subsidiaries to PR Finance S.A., a wholly-owned subsidiary.

In connection with the centralised currency exchange procedure, from now on, PR Finance S.A. will handle the multilateral clearing of intra-Group sales flows (netting) and the hedging of the currency exchange exposure of subsidiaries.

Finally, PR Finance S.A. is also responsible for grouping interest rate hedging for PERNOD RICARD and its subsidiaries.

## Note 2 - Fixed assets

(€ thousand)	Gross value at 01.01.02	Increase	Decrease	Gross value at 12.31.02	Historic gross value prior to revaluation
Intangible assets	34,408	437	0	34,845	34,845
Property, plant and equipment	6,865	7,022	280	13,607	12,795
Equity investments & other investments	2,014,129	834,631	1,086,055	1,762,705	1,732,590
<b>Total</b>	<b>2,055,402</b>	<b>842,090</b>	<b>1,086,335</b>	<b>1,811,157</b>	<b>1,780,230</b>

## Investments

Transactions for the fiscal year may be broken down as follows:

(€ thousand)	
Acquisition of equity investments	180,062
Increases in capital	211,497
Increases in receivables related to equity investments	13,248
Other investments	19,214
<b>Total increases</b>	<b>424,021</b>
Disposals of equity investments	(358,695)
Decreases in receivables related to equity investments	(305,982)
Other investments	(10,767)
<b>Total decreases</b>	<b>(675,444)</b>

## Note 3 • Depreciation and amortisation

(€ thousand)	at 01.01.02	Increase	Decrease	at 12.31.02
Intangible assets	677	463	0	1,140
Property, plant and equipment	3,923	434	20	4,337
<b>Total</b>	<b>4,600</b>	<b>897</b>	<b>20</b>	<b>5,477</b>

## Note 4 • Accrual accounts

(€ thousand)	at 01.01.02	Increase	Decrease	at 12.31.02
Repaid expenses	1,945	2,101	1,729	2,317
Bond redemption premiums	0	59,152	8,871	50,281
Deferred expenses	865	653	395	1,123
Currency translation adjustment	13,707	5,783	14,041	5,449
<b>Total</b>	<b>16,517</b>	<b>67,689</b>	<b>25,036</b>	<b>59,170</b>

The main change in this item involves the redemption premium relating to the bond issue convertible into new shares and/or by exchangeable for existing shares (OCEANE), the principal characteristics of which are provided in Note 13. € 8,871,490 of the gross amount of this premium of € 59,152,453 was amortised in 2002, calculated on the basis of the term of the borrowing of 5 years and 322 days.

## Note 5 • Provisions

(€ thousand)	at 01.01.02	Increase	Decrease	at 12.31.02
<b>Regulated provisions</b>				
• Special depreciation change	0	0	0	0
• Special revaluation reserve	143	0	7	136
<b>Total 1</b>	<b>143</b>	<b>0</b>	<b>7</b>	<b>136</b>
<b>Provisions for contingencies</b>				
• Exchange losses	4,026	5,356	4,026	5,356
• Provisions for taxes	2,323	0	0	2,323
• Other provisions	204,530	44,023	201,140	47,413
<b>Total 2</b>	<b>210,879</b>	<b>49,379</b>	<b>205,166</b>	<b>55,092</b>
<b>Provisions for depreciation and amortization</b>				
• On intangible assets	914	0	0	914
• On investments	7,822	85,372	0	93,194
• Other provisions	4,013	0	1,009	3,004
<b>Total 3</b>	<b>12,749</b>	<b>85,372</b>	<b>1,009</b>	<b>97,112</b>
<b>Total provisions</b>	<b>233,771</b>	<b>134,751</b>	<b>206,182</b>	<b>152,340</b>

### Provisions for risks and charges:

- The provision for currency risks mainly relates to unrealised currency losses on the syndicated loan used to finance the Seagram acquisition.
- Of the fiscal provision, about € 2.3 million corresponds to deferred tax resulting from fiscal consolidation, with the balance being miscellaneous fiscal risks..
- Other provisions principally include an exceptional provisions of € 31.7 million associated with the takeover and restructuring of Seagram's distribution network, acquired in partnership with Diageo, and approximately € 1.0 million for retirement and pension provisions.

### Provisions for depreciation:

- The provision for depreciation of securities includes a provision of € 85.4 million relating to shares of companies within the scope of Seagram's consolidation which are due to be sold or liquidated.
- Other provisions  
Shares acquired in conjunction with the stock-options plans established in 1994, 1996, 1997, 1999, 2000 and 2001 have been valued by reference to the beneficiaries' purchase price for the shares.

## Note 6 • Maturities of receivables and liabilities

(€ thousand)			
1) Receivables	Gross amount	Current portion	Long-term portion
<b>Fixed assets</b>			
• Receivables related to equity investments	399,677	93,780	305,897
• Loans	18	0	18
• Other investments	14,254	363	13,891
<b>Current assets</b>	<b>436,087</b>	<b>436,087</b>	<b>0</b>
<b>Total receivables</b>	<b>850,036</b>	<b>530,230</b>	<b>319,806</b>
<b>2) Liabilities</b>			
	Gross amount	Current portion	Long-term portio
Convertible bonds	547,902	0	547,902
Borrowings from financial institutions	99,313	13,493	85,820
Perpetual Subordinated Notes (T.S.D.I.)	30,455	1,474	28,981
Long-term debt	0	0	0
Current liabilities	50,660	50,660	0
Sundry liabilities	282,187	223,763	58,424
<b>Total liabilities</b>	<b>1,010,517</b>	<b>289,390</b>	<b>721,127</b>

## Note 7 • Various balance sheet items

(€ thousand) Balance sheet item (gross value)	Amount concerning	
	Related companies	Companies in which interest is held
Equity investments	1,213,654	135,103
Receivables related to equity investments	399,338	338
Trade and other accounts receivable	10,017	0
Other receivables	246,883	0
Long-term debt	0	0
Trade and other accounts payable	5,285	0
Other liabilities	247,253	15

## Note 8 • Revaluation

Changes in special provisions of revaluation: Reversals of provisions amount to € 7,605.

## Note 9 • Accrued income and accrued expenses

(€ thousand)

### Adjustments assets

Adjustments assets included in following balance sheet items	Amount
• Receivables related to equity investments	1,221
• Other investments	0
• Trade and other accounts receivable	14,764
• Other receivables	9,046
• Cash	2
<b>Total</b>	<b>25,033</b>

### Adjustments liabilities

Adjustments liabilities included in following balance sheet items	Amount
• Borrowings and loans from lending institutions	12,555
• Other long-term debt	0
• Operating debts	36,417
• Other liabilities	3
<b>Total</b>	<b>48,975</b>

## Note 10 • Composition of capital stock

At their meeting on January 28, 2003, the Board of Directors noted the increase in capital stock resulting from the exercising in 2002 of 605 options to subscribe for shares under the stock-options programme. At December 31, 2002, the capital stock amounts to € 174,800,521.50 comprising 56,387,265 shares.

## Note 11 • Perpetual subordinated notes ("TSDI")

On March 20, 1992, PERNOD RICARD proceeded to issue bonds outside France in the form of perpetual subordinated floating-rate notes ("TSDI") for a total nominal sum of FRF 400 million (the equivalent of approximately € 61 million).

These TSDI were "repackaged" following the signing of an agreement with a third party company at the time of the issue.

Net debt at December 31, 2002 of € 30,454,539 has been included under "financial debts". This amount represents the nominal issue from which has been deducted an indemnity initially paid and capitalised since the issue.

## Note 12 • Non convertible bond loans

PERNOD RICARD issued a zero coupon bond in the amount of FRF 400 million (approximately € 61 million), with a 6-year maturity, indexed on changes in PERNOD RICARD stock.

This loan has been fully repaid in accordance with the initial agreements.

## Note 13 • Convertible bond loans

PERNOD RICARD issued 4,567,757 bonds with a nominal value of € 107 each, bearing interest at 2.5% per annum and with the right to interest payments from February 13, 2002, convertible into new shares or in exchange for existing shares (OCEANE) for € 488,749,999. No applications to exercise the right to the allocation of shares have been received during the year.

The term of the bond loan is 5 years and 322 days. Full amortisation is stipulated for January 1, 2008, by repayment at a price of € 119.95.

This bond loan has been recognised at its full value, redemption premium included, and thus for a total of 547,902,452.

## Note 14 • Syndicated loan for the Seagram acquisition

For the Seagram acquisition, PERNOD RICARD subscribed in part to a syndicated loan for a principal amount equivalent to € 1,055, 963,485 on December 31, 2001. This loan has been repaid mainly by OCEANE's issue in February 2002 and the disposal of various non-strategic assets. The amount outstanding has thus been reduced to the equivalent of € 85,820,539 at December 31, 2002.

This funding has also been secured by guarantees as shown in Note 16.

## Note 15 • Breakdown of income tax

(€ thousand)	Total	Operating profit	Exceptional income
Net profit/(loss) before income tax	275,568	482,813	(207,245)
Income tax prior to consolidation	38,514	13,140	25,374
Income tax/Tax grouping	31,696	0	31,696
Net profit/(loss)	345,778	495,953	(150,175)

## Note 16 • Financial commitments

(€ thousand)	Amount
<b>Commitments given</b>	
Guarantees on behalf of subsidiaries	*2,237,792
Guarantees on behalf of third parties	1,057
<b>Total</b>	<b>2,238,849</b>

\* including a guarantee granted to PR FINANCE S.A. in 2002 of € 952.6 million, relating to the syndicated loan for the Seagram acquisition, loans and commercial paper. Total guarantees for the Seagram acquisition involving other PERNOD RICARD subsidiaries amount to € 1,726.6 million.

In setting up the syndicated loan, PERNOD RICARD pledged the main brands it owns, plus shares in the principal subsidiaries of the Group to the banks.

Pursuant to Section 17 of the Companies (Amendment) Act, 1986 (Republic of Ireland), PERNOD RICARD irrevocably guaranteed for the years 1997 to 2002, the liabilities of the following subsidiaries: Comrie Ltd., Irish Distillers Group Ltd., Irish Distillers Ltd., The West Coast Cooler Co. Ltd., Watercourse Distillery Ltd., Fitzgerald & Co. Ltd., Ermine Ltd., Gallwey Liqueurs Ltd., Smithfield Holdings Ltd. and Irish Distillers Holdings Ltd.

The option under the leasing contract in force at December 31, 2001, was exercised in anticipation on July 1st, 2002, and the equipment in question was recognised in PERNOD RICARD's assets for € 1,462,504.

## Note 17 • Increases and decreases in deferred tax liability

(€ thousand)

Nature of timing differences

Amount of tax

### INCREASES

Increase in future tax liability

None

### DECREASES

Reserves not deductible in the accounting year:

• Organic and others	46
• Retirement indemnities	367
• OCEANE redemption premium	3,143

Decreases in future tax liability

3,556

The applicable tax rate is the rate in effect in 2003, that is 35.43%.

## Note 18 • Average staffing 2002

	Staff	Available to the company
Managers	53	
Supervisors et technicians	14	
Employees (1)	7	2
<b>Total</b>	<b>74</b>	

(1) 3 apprenticeship contracts not included

## Note 19 • Royalties

Royalties received under the licensing agreements for brands detailed in paragraph 2.6 of the Auditors' special report are proportional to sales.

PERNOD RICARD receives no other compensation from its subsidiaries for general purpose and coordinating tasks.

# PARENT COMPANY FINANCIAL STATEMENTS

## Note 20 • Subsidiaries and associated companies as at December 31, 2002

(€ thousand)	Shareholder's equity before net profit allocation	% Interest	Book value of share		Loans	Guarantees and pledges	Net sales	Net profit/(loss)	Dividends	
	Capital		Gross	Net						
<b>SHAREHOLDINGS EXCEEDING 1% OF PERNOD RICARD'S CAPITAL (1)</b>										
Ricard, 4 et 6, rue Berthelot, 13014 Marseille	54,000	151,025	99.98	67,227	67,227	-	-	454,399	55,613	39,375
Austin Nichols, 777 Westchester Avenue White Plains, N.Y. 10604 (USA)	1	207,720	100.00	168,118	168,118	-	520,227	531,486	(59,100)	-
Pernod, 120, avenue du Maréchal-Foch, 94015 Créteil	39,322	134,928	99.99	94,941	94,941	-	-	306,602	13,869	4,541
Compagnie Financière des Produits Orangina, 17, boulevard de l'Europe, BP241 13747 Vitrolles Cedex	9,986	24,495	99.97	39,587	39,587	-	-	14,289	(5,335)	292,901
PERNOD RICARD Europe Wines & Spirits 2, rue de Solférino, 75340 Paris cedex 07	40,000	43,071	99.99	36,402	36,402	-	-	31,160	(3,603)	-
Campbell, West Byrehill, Kilwinning, Ayrshire - KA 136 LE (Scotland)	11,530	6,769	95.98	40,198	40,198	-	-	28,837	17,028	46,841
Santa Lina, 2 et 2 bis rue de Solférino 75007 PARIS	4,158	278,627	99.98	145,274	145,274	7,052	-	-	(32,982)	-
PR Finance 12, place des États-Unis 75116 PARIS	77,000		99.99	89,221	89,221	-	425,220	-	46,734	-
Résidences de Cavalière, 83290 Cavalière	3,140	739	99.98	3,125	739	1,807	-	56	(169)	-
PR Australia, 33 Exeter Terrace, Devon Park SA 5008 (Australia)	127,945	116,070	99.99	151,789	151,789	-	-	357,655	40,287	-
Comrie Temple Chambers 3, Burlington Road DUBLIN 4 (Ireland)	64,832	269,554	99.98	64,833	64,833	267,801	120	-	53,027	64,815
Yerevan Brandy Company 2, Admiral Isakov Avenue, Yerevan 375092 (Republic of Armenia)	17,353	31,406	100.00	27,856	27,856	-	19,071	28,407	9,363	-
PR Acquisition II 777 Westchester Avenue White Plains, NY 10604 (USA)	715,171	560,118	20.00	167,038	167,038	-	-	-	64,976	6,113
Établissements Vinicoles Champenois 5, place du Général Gouraud, 51100 Reims	71,675	70,166	99.99	100,955	100,418	-	338,873	-	(12,025)	-

(1) This schedule excludes detailed information relating to the net book value of the shares held in former Seagram non-consolidated companies.

### INFORMATION REGARDING OTHER SUBSIDIARIES AND EQUITY INTERESTS

<b>SUBSIDIARIES:</b>										
• French		208		208		83,519		-	-	-
• Foreign		16,552		13,498		39,027		-	-	2,958
<b>EQUITY INTERESTS:</b>										
• French		426		426		-		-	-	-
• Foreign		135,007		48,324		132		-	-	4,301

## Five-year financial results highlights <sup>(1)</sup>

(in Euros)	1998	1999	2000	2001	2002
<b>Financial position at year-end</b>					
Share capital	171,921,818	171,921,818	171,921,818	174,798,646	174,800,521.15
Number of shares issued	56,386,660	56,386,660	56,386,660	56,386,660	56,387,265
Number of convertible bonds issued	-	-	-	-	4,567,757
February 14, 2003 bonus issue (with dividend rights as from January 1, 2002)	-	-	-	-	14,096,816
<b>Total results of operations</b>					
Net sales excluding duties and taxes	-	-	-	-	-
Profit before taxes, depreciation, amortisation and provisions	171,979,391	128,015,125	55,261,384	110,838,645	292,529,799
Income tax	6,916,158	7,072,514	15,088,284	21,877,829	70,210,817
Net profit/(loss)	176,644,630	133,874,023	68,827,725	(74,537,885)	345,778,498
Dividends distributed	84,579,990	90,218,656	90,218,656	101,495,988	126,871,346
<b>Earnings on dividends per share</b>					
Profit after income tax, before depreciation, amortisation and provisions	3.17	2.40	1.25	2.35	6.43
Profit after income tax, depreciation, amortisation and provisions	3.13	2.37	1.22	(1.32)	6.13
Dividends per share	1.50	1.60	1.60	1.80	1.80
Adjusted dividend per share <sup>(2)</sup>	1.20	1.28	1.28	1.44	1.80
<b>Personnel</b>					
Number of employees	47	49	49	56	88
Total payroll	4,544,983	4,930,059	5,729,006	7,403,821	11,891,471
Social security charges	1,832,102	2,149,730	2,267,518	2,919,785	5,490,206

(1) For comparative purposes, historical data in French Francs for 1998, 1999 and 2000 has been converted into Euros and rounded to the nearest hundredth Euro.

(2) Dividend restated to take into account modifications in the share capital between the year-end statement at December 31, 2002 and the date of the appropriation of income.

## Five-year cash dividend per share distribution <sup>(1)</sup>

Year	Payment date	net amount in €	Tax credit in €	Total in €	Total for the year in €
1997	01.14.1998	0.64	0.32	0.96	
	05.13.1998	0.81	0.40	1.21	2.17
1998	01.12.1999	0.72	0.36	1.09	
	05.11.1999	0.78	0.39	1.16	2.25
1999	01.12.2000	0.75	0.375	1.125	
	05.10.2000	0.85	0.425	1.275	2.40
2000	01.11.2001	0.80	0.40	1.20	
	05.10.2001	0.80	0.40	1.20	2.40
2001	01.10.2002	0.80	0.40	1.20	
	06.11.2002	1.00	0.50	1.50	2.70
2002	01.14.2003	0.90	0.45	1.35	(a)
	03.05.2003	0.90	0.45	1.35	(b)

The dividends, for which payment has not been requested, are made out to the Public Treasury five years after payment.

(a) The definitive amount of the 2003 dividend will be announced after the General Shareholders' Meeting (dividend for the financial year 2002).

(b) The new shares, resulting from the increase in share capital through the capitalisation of reserves and the allocation of bonus shares with effect from February 14, 2003, on the basis of one bonus share for 4 existing shares, were created with dividend rights from January 1, 2002 and on registration had the right to the dividend of € 0.90 per share paid on the existing shares on January 14, 2003.

(1) For comparative purposes, historical data in French Francs for 1997, 1998, 1999 and 2000 has been converted into Euros and rounded to the nearest hundredth Euro.

## Investment holdings as at December 31, 2002

(in Euros)

French securities in which the shareholding exceeds € 100,000

	Number of shares	Net book value
Santa Lina	20,046	145,274,185
EVC	234,991	100,417,394
Pernod	2,579,984	94,940,630
PR Finance S.A.	10,317,433	89,220,484
Ricard	1,749,990	67,227,023
CFPO	11,907	39,587,134
PR Europe	999,989	36,401,518
Résidences de Cavalière	205,950	739,118
SCI du Domaine de Cavalière	18,820	329,775
Galibert et Varon	4,992	117,463
<b>Sub-total</b>		<b>574,254,724</b>
Other French companies' shares	-	187,326
Equity interests in unlisted foreign companies	-	681,474,224
<b>Total</b>		<b>1,255,916,274</b>

# *Statutory Auditors' general report on the financial statements for the year ended December 31, 2002*

## **Year ended December 31, 2002**

Ladies and Gentlemen,

In compliance with the assignment entrusted to us by your General Shareholders' Meeting, we hereby report to you for the year ended December 31, 2002, on:

- The audit of the accompanying financial statements of PERNOD RICARD S.A.,
- The specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

## **1 • Opinion on the financial statements**

We conducted our audit in accordance with the professional standards applied in France. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the Company's operations during the past year and of the financial position and its assets and liabilities as of December 31, 2002.

## **2 • Specific verifications and information**

We also performed the specific verifications required by law in accordance with the professional standards applied in France.

We have no comments as to the fair presentation and the conformity with the financial statements of the information given in the management report addressed to the shareholders with respect to the financial position and the financial statements. In accordance with the law, we verified that the management report contains the appropriate disclosures as to the percentage interests and votes held by the shareholders.

Paris, March 19, 2003

### **The Statutory Auditors**

**Compagnie Consulaire  
d'expertise Comptable  
Jean Delquié  
Benoît Fléchon**

**Société d'expertise  
Comptable A. & L. Genot  
Groupe RSM Salustro Reydel  
Alain L. Genot**

**Mazars & Guérard  
Mazars  
Frédéric Allilaire**

# *Statutory Auditors' special report on regulated agreements*

## **Year ended December 31, 2002**

Ladies and Gentlemen,

In our position as Statutory Auditors of your company, we present herewith our report on company agreements subject to regulation.

In application of Article L.225-40 of the Code of Commerce, we have been advised of the agreements that have the subject of the prior authorisation of your Board of Directors.

It does not fall within the scope of our mission to search out the existence of other agreements, but to communicate to you, on the basis of information that we are given, the nature and essential characteristics of those agreements we have been advised of, without giving any opinion on their utility or purpose. Under the terms of Article 92 of the Decree of March 23, 1967, it is for you to judge whether it is advantageous to enter into these agreements and give your approval to them.

We have carried out our tasks in accordance with professional standards. These standards require the exercise of due diligence in ensuring that the information we are provided with is consistent with the underlying documents it is based on.

## **1 • Previously authorised agreements made during the year**

At its Meetings on January 29, May 31 and October 1, 2002, your Board of Directors authorised the signing of the following agreements:

### **1.1 • Joint guarantee commitment**

- Authorisation of a joint guarantee in favour of Butler Capital Partners of all of the commitments and obligations subscribed by Santa Lina and Austin Nichols under the sale contract to sell SIAS MPA, Ramsey Sias, SIAS Australia and SIAS France.
- Authorisation of a guarantee of all sums owed by Santa Lina or Austin Nichols under the same contract for a maximum cumulative amount of € 50,000,000.
- Directors and Executive Officers concerned: Mr. Patrick Ricard, Mr. Thierry Jacquillat, Mr. Richard Burrows and Mr Pierre Pringuet.

## 1.2 • Acquisition of PR Acquisitions II shares

- Acquisition of two hundred PR Acquisitions II shares from Austin Nichols for a price of € 167,037,862, representing approximately 20% of the share capital of the said company.
- Directors and Executive Officers concerned: Mr. Patrick Ricard, Mr. Thierry Jacquillat, Mr. Richard Burrows and Mr. Pierre PRINGUET.

## 1.3 • Operating licence for the DORVILLE brand

- The granting to Ricard S.A. of an international operating license for the DORVILLE brand in consideration for the payment of a royalty equal to 3% of net sales excluding duties and taxes.
- Royalties paid for 2002 amounted to € 2,279 (ex. taxes)
- Directors and Executive Officers concerned: Mr. Patrick Ricard, Mr. Thierry Jacquillat, Mr. Richard Burrows and Mr. Pierre Pringuet.

## 2 • Agreements made in previous years which were executed during the fiscal year

In addition, pursuant to the Decree of March 23, 1967, we have been informed that the following agreements, approved in previous years, have been made during the last fiscal year.

### 2.1 • Granting of loans by PERNOD RICARD to its subsidiaries

#### 2.1.1 • PR Asia

- Joint Directors concerned: Mr. Patrick Ricard and Mr. Thierry Jacquillat
- Interest-free loan to PR Asia of € 83,518,931 for the acquisition of Asian assets by PR Asia.

#### 2.1.2 • Santa Lina

- Joint Directors concerned: Mr. Patrick Ricard and Mr. Thierry Jacquillat
- Loan to SANTA LINA of € 138,523,119 with interest paid at Euribor plus 1.55% within the framework of the contribution of Santa Lina to the financing of PR Newco 5.  
This contract expired on December 17, 2002, with the interest received by PERNOD RICARD amounting to € 6,849,698.

## 2.2 • Loan to PR Finance S.A.

- Directors and Directors General concerned: Mr. Patrick Ricard, Mr. Thierry Jacquillat, Mr. Richard Burrows and Mr Pierre Pringuet.
- Loan for an initial amount of US\$ 17,426,115 increased to US\$ 82,957,125, with interest paid at Libor plus 1.55%, for the purpose of financing the buyout of various assets as part of the Seagram acquisition.  
The interest rate was reduced to Libor plus 1.125% on July 29, 2002. The outstanding loan due at December 31, 2002, was US\$ 17,891,091.  
Interest invoiced for 2002 amounted to US\$ 876,706.

## 2.3 • Pledge of brands, receivables and financial instruments

Banking finance put in place for the Seagram acquisition was accompanied by the granting of collateral to banks under the following terms and conditions:

- Pledge of financial instrument accounts relating to equity interests owned by PERNOD RICARD
- Pledge of PERNOD RICARD's principal French, European and international brands.
- Pledge of intra-Group loan receivables.

The purpose of these agreements is to guarantee the repayment of all sums made available to PERNOD RICARD SA, and of each of the additional borrowers (PR Finance SA, Etablissements Vinicoles Champenois, Austin Nichols, PR Larios, PR Newco 1 and PR Newco 2).

- Directors and Directors General concerned: Mr. Patrick Ricard, Mr. Thierry Jacquillat, Mr. Rafael Gonzalez Gallarza, Mr. Richard Burrows and Mr. Pierre Pringuet

## 2.4 • Joint guarantee agreements

- PERNOD RICARD has granted joint guarantees to banks to guarantee all the sums owed by the additional borrowers under the loan contract of March 28, 2001. (PR Finance SA, Etablissements Vinicoles Champenois, Austin Nichols, PR Larios, PR Newco 1 and PR Newco 2).
- Directors and Directors General concerned: Mr. Patrick Ricard, Mr. Thierry Jacquillat, Mr. Rafael Gonzalez Gallarza, Mr. Richard Burrows and Mr. Pierre Pringuet

## 2.5 • Advances and guarantees granted to subsidiary companies

### 2.5.1 • PR Finance S.A.

- Directors and Directors General concerned: Mr. Patrick Ricard, Mr. Thierry Jacquillat, Mr. Richard BURROWS and Mr. Pierre Pringuet
- Issue of an irrevocable and unconditional guarantee to PR Finance S.A. for holders of commercial paper, paid for by a commission of 0.10% per annum. The sum guaranteed totalled € 217,000,000 at December 31, 2002.

A total of € 271,460 (ex. tax) has been invoiced by your company under this contract.

- Issue of an irrevocable and unconditional guarantee to PR Finance S.A. in favour of Crédit Agricole Ile de France for the repayment of principal and interest on initial financing of € 30,489,803 granted by that institution to PR Finance S.A., until maturity on August 22, 2002.

This guarantee is compensated by an annual commission of 0.10% of the sums guaranteed.

A total of € 6,488 (ex. tax) has been invoiced by your company under this contract.

- Issue of an irrevocable and unconditional guarantee to PR Finance S.A. in favour of Caisse Régionale du Crédit Agricole Mutuelle de Paris Ile de France for the repayment of principal and interest on initial financing of € 12,195,921 granted by that institution to PR Finance S.A., until maturity on March 31, 2005.

This guarantee is compensated by an annual commission of 0.10% of the sums guaranteed.

A total of € 7,906 (ex. taxes) has been invoiced by your company for the outstanding balance of € 7,317,553.

- Issue of an irrevocable and unconditional guarantee to PR Finance S.A. in favour of Caisse d'Épargne Provence Alpes Corse, for the repayment of principal and interest on initial financing of € 45,734,705 granted by that institution to PR Finance S.A., until maturity on March 14, 2007.

This guarantee is compensated by an annual commission of 0.10% of the sums guaranteed.

A total of € 45,735 has been invoiced by your company for the outstanding balance of € 45,734,705.

### 2.5.2 • Comrie

- Joint Directors concerned: Mr. Patrick Ricard and Mr. Thierry Jacquillat.
- An unremunerated advance whose debit balance was € 267,800,543 as at December 31, 2002.
- Guarantee in favour of Société Générale covering bonds (loans notes) to the amount of € 120,231 as at December 31, 2002.

## 2.6 • Licensing of brands

In fulfilment of brand licence agreements renewed for a period of 10 years from January 1, 1995, and licensing contracts entered into from January 1, 1996, your company has invoiced for this year the following companies:

### 2.6.1 • RICARD

- Directors and Directors General concerned: Mr. Patrick Ricard, Mr. Thierry Jacquillat, Mr. Richard Burrows and Mr. Pierre Pringuet.  
For a total amount of € 25,127,779 (ex. taxes)

### 2.6.2 • PERNOD

- Directors and Directors General concerned: Mr. Patrick Ricard, permanent representative of PERNOD RICARD, Mr. Thierry Jacquillat, Mr. François Gérard, Mr. Richard Burrows and Mr. Pierre Pringuet.  
For a total amount of € 11,556,943 (ex. tax)

### 2.6.3 • CUSENIER

- Joint Directors: Mr. Patrick Ricard, permanent representative of PERNOD RICARD, and Mr. François Gérard.  
For a total amount of € 1,004,588 (ex. tax)

Paris, March 19, 2003

## The Statutory Auditors

**Compagnie Consulaire  
d'expertise Comptable  
Jean Delquié**  
Benoît Fléchon

**Société d'expertise  
Comptable A. & L. Genot  
Groupe RSM Salustro Reydel**  
Alain L. Genot

**Mazars & Guérard  
Mazars**  
Frédéric Allilaire

# *Statutory Auditors' special report to the extraordinary general shareholders' meeting on May 7, 2003*

## **Year ended December 31, 2002**

Ladies and Gentlemen,

### **1 • Reduction in share capital by the cancellation of bought-in shares**

As Statutory Auditors for PERNOD RICARD and pursuant to the provision stipulated in Article L. 225-209, paragraph. 4, of the Code of Commerce, with regard to capital reduction by the cancellation of bought-in shares, we hereby present you with our report on the proposed capital reduction operation.

We have conducted our tasks in accordance with professional standards applied in France. These standards require the exercise of due diligence in ensuring that the causes and conditions of the proposed capital reduction are justified.

This operation falls within the scope of the authorisation for your company to purchase its own shares, for up to 10% of its capital, within the terms prescribed in Article L. 225-209, paragraph. 4, of the Code of Commerce. This purchase authorisation is separately proposed to the Annual General Meeting for its approval for an eighteen-month period.

Your Board of Directors is asking you to delegate its full powers, for a two-year period, to cancel up to 10% of the company's share capital (currently € 21,850,065.11) by eliminating the shares acquired under the programme authorising your company to buy its own shares.

We have no comments to make on the causes and conditions of the proposed capital reduction, but would remind that this can only be achieved insofar as your Shareholders' Meeting first authorises the company to buy back its own shares.

### **2 • Increase in share capital reserved for employees**

As Statutory Auditors of your company and pursuant to the provision stipulated in Article L. 225-188 of the Code of Commerce, we hereby present you with our report on this capital increase operation.

Your Board of Directors is recommending that you delegate to it the power to decide on the methods for increasing the share capital and that you waive your preferential subscription right.

We have examined this proposal as described in the Board of Directors' report, the methods for which are summarised below, by performing the testing we considered necessary based on French professional standards.

#### **Purpose:**

Capital increase, all at one time or in several amounts, reserved for the members of a company savings plan and/or a voluntary employee partnership savings plan, established by the company and the companies associated with it, in accordance with the provisions stipulated in Article L. 225-138 of the Code of Commerce and in Articles L. 443-1 and following of the Labour Code.

#### **Term of the authorisation:**

5 years.

#### **Limit:**

The maximum nominal value of the shares which may be issued is fixed at € 10,925,032.56.

#### **Price:**

The price of the shares to be issued may be neither more than 20% less than, (or 30% within the framework of a voluntary employee partnership savings plan), the average of the opening prices quoted for the share during the twenty trading sessions prior to the decision of the Board of Directors concerning the capital increase, nor in excess of this average.

Subject to subsequent examination of the terms of the issue, we have no comments to make about the methods for establishing the issue price provided in the Board of Directors' report.

Since the issue price of the shares has not been fixed, we give no opinion on the final terms under which this issue will be made, and, accordingly, about the recommendation to suppress the preferential subscription right which is made to you, the principle of which falls within the purpose of the operation submitted for your approval.

In accordance with Article 155-2 of the Decree of March 23, 1967, we will make an additional report when this operation is carried out by your Board of Directors.

## 3 • Capital increase

As Statutory Auditors of your company and pursuant to the provision stipulated in Articles L. 225-135, L.228-92 and L.228-95 of the Code of Commerce, we hereby present you with our report on the proposed issues of securities, which you have been asked to approve.

Your Board of Directors recommends, on the basis of its report, that you delegate to it the power to decide on the methods used for these operations and, for some of them, the methods for which are set out below, to waive your preferential subscription right.

### Resolutions 18 and 19:

- Purpose . . . . . The issue of warrants and/or securities giving access to shares
- Maximum nominal value . . . . . € 200 million
- Validity period of the delegation . . . . . 26 months

We have conducted our tasks in accordance with professional standards applied in France. These standards require the exercise of due diligence in verifying the methods used for establishing the issue price.

Since the issue price of the equity securities to be issued has not been fixed, we give no opinion on the final terms under which the issue will be made and, accordingly, about the recommendation which is made to you to suppress the preferential subscription right, the principle of which, however, falls within the purpose of the operation submitted for your approval.

In accordance with Article 155-2 of the Decree of March 23, 1967, we will make an additional report when this issue is made by your Board of Directors.

Paris, March 19, 2003

### The Statutory Auditors

**Compagnie Consulaire  
d'expertise Comptable  
Jean Delquié**  
Benoît Fléchon

**Société d'expertise  
Comptable A. & L. Genot  
Groupe RSM Salustro Reydel**  
Alain L. Genot

**Mazars & Guérard  
Mazars**  
Frédéric Allilaire

*PRESENTATION AND TEXT  
OF THE RESOLUTIONS RECOMMENDED  
TO THE SHAREHOLDERS' MEETING  
ON MAY 7, 2003*



Pernod Ricard

The draft resolutions recommended by the Board of Directors envisage the following, in particular,:

## *Ordinary resolutions*

We request you to grant formal discharge to your Board of Directors for its management during financial year 2002.

We request that you ratify the transfer of the registered office.

We also recommend that you ratify the coopting of Lord Douro, (Arthur Charles Valerian Wellesley), as a Director. This coopting took place at the Board of Directors' meeting of March 18, 2003, following the resignation of Mr. Jean-René Fourtou during the year.

We submit to your vote the appointment of Messrs. Didier Pineau-Valenciennes and William Webb as new Directors

We also recommend that you re-elect Mr. Jean-Dominique Comolli, Lord Douro, as well as Paul Ricard S.A. (represented by Mrs. Béatrice Baudinet), as Directors, whose terms of office expire at this meeting.

We request you to take note of the resignation of Cabinet CCCJD from its mandate as Statutory Auditor, which, however, remains Statutory Auditor of other Group subsidiaries in France. In fact, after discussions between PERNOD RICARD's Management and the college of Statutory Auditors, and given the expansion of the Group as a result of the acquisition of the Seagram assets, a reorganisation of the statutory auditing of the financial statements has been recommended, involving a new distribution of the mandates. As a replacement, we recommend that you appoint Deloitte Touche Tohmatsu as Statutory Auditors. Furthermore, we recommend that you appoint Société BEAS as Substitute Statutory Auditors.

Your Board recommends increasing the amount of Directors' fees from € 382,200 to € 528,000, as from financial year 2003, which is the result of the increase in the number of Directors and of the decision to allocate remuneration to independent members of the various Board Committees.

We also recommend that you authorise your Company, for a period of eighteen months commencing on the date of the present Meeting, to purchase its own shares, in an amount limited to 10% of the share capital, equivalent to 7,048,408 shares based on the number of shares existing as at March 18, 2003, for the purpose of the following, in decreasing order of priority:

- providing securities upon exercise of the rights attached to stock with rights to reimbursement, conversion, exchange, presentation of a warrant or in any other way, entitling the holder to obtain shares in the company ;
- regulating the share price by systematic intervention in the market against the prevailing trend ;
- selling, exchanging or transferring stock acquired in any way, depending on opportunities ;
- granting shares to employees of the company or of the Group, either by the allocation of share options, or in the context of employee participation in the results of the company's expansion, or according to any other legal method designed to encourage employee saving ;
- the facility to cancel shares with the aim of optimising earnings per share and return on equity capital.

## *Extraordinary resolutions*

The extraordinary resolutions that we are submitting to you are principally designed to renew the delegations of powers granted to the Board of Directors.

### **Authorisation enabling the Board of Directors to cancel treasury stocks acquired by the company**

Under the fifteenth resolution, it is recommended that you again authorise your Board of Directors, pursuant to the provisions of Article L.225-209 of the Code of commerce, to purchase shares in the company, up to a maximum of 10% of the share capital.

Among the intended objectives is the eventual cancellation of shares thus acquired, in order to optimise earnings per share and return on shareholders' equity.

Your Board therefore seeks authorisation to reduce the share capital to cancel some or all of the shares thus acquired by the Company that are not allocated to a stock-option scheme to be awarded to senior executives and executive directors of the company or of companies associated with it under the terms stipulated in Article L.225-180 of the Code of Commerce.

The financial impact of such operations is described in the Information Note published by the company in accordance with the current regulations.

The authorisation sought would be for a period of twenty-four months from the date of this Shareholders' Meeting and would replace the authorisation of a similar nature granted by the Shareholders' Meeting of May 31, 2002.

### **Delegation enabling the Board of Directors to increase Company share capital through the issue of shares reserved for members of a company savings plan and/or voluntary payroll partnership savings plan**

At the Shareholders' Meeting of May 3, 2001, you delegated to the Board of Directors the authorisations necessary to proceed, all at once or several times, on the basis of its sole decisions and with cancellation of preferential subscription rights of the shareholders, with an increase in the share capital through the issue of shares reserved for subscribers to a company savings scheme and/or a voluntary partnership employee savings scheme.

We recommend that you renew this delegation for a period of five years from the date of this Shareholders' Meeting.

We also request that you delegate to the Board of Directors the powers necessary for the purpose of proceeding with the free allocation to the same beneficiaries of shares or other securities giving access to the share capital, on condition that the benefit resulting therefrom does not exceed the limits stipulated by the law, depending on the method chosen.

The total maximum nominal value of the shares that may be thus issued and allocated free of charge is fixed at € 10,925,032.56.

This limit is set independently and, therefore, the nominal value of the shares to be issued by virtue of this delegation would not be deducted from the limit to the increases in share capital that the Board of Directors may be authorised to make by virtue of the general delegations in point 3 below.

In accordance with the law, the price of the shares to be issued in application of the delegation sought, may not be either more than 20% less than (or 30% in the context of a voluntary partnership employee savings scheme) or in excess of the average of the opening prices of the share during the 20 trading sessions prior to the decision of the Board concerning the capital increase and the issue of the corresponding shares.

The delegation that you would give to the Board of Directors for this purpose would cancel and replace the delegation of a similar nature granted by your Shareholders' Meeting of May 3, 2001, which it would replace.

## Realisation of certain financial transactions

At the Shareholders' Meeting of May 3, 2001, you granted to your Board of Directors the authorisation to proceed with the issue of securities entailing an increase in capital, so that the company might tap the financial market quickly.

Using the powers granted to it by this Combined Shareholders' Meeting of May 3, 2001, the Board of Directors decided on January 28, 2003, to increase the share capital by € 43,700,129.60 through the capitalisation of reserves and the creation of 14,096,816 bonus shares allocated to the shareholders on the basis of one bonus share for four existing shares.

We recommend that you renew the authorisation for a further period of twenty-six months from the date of this Shareholders' Meeting.

The powers sought include:

- the right to issue shares, warrants and/or securities giving right to shares in the company, except for priority shares the subscription for which should be reserved in priority for the shareholders, as well as the right to capitalise premiums, reserves and profits ;
- the right to issue, with cancellation of preferential subscription rights, shares, warrants and/or securities giving right to shares in the company, except for priority shares ; it is specified that these securities may be issued for the purpose of paying for securities contributed to the company within the framework of a public exchange offer for securities meeting the conditions stipulated in Article L.225-148 of the Code of Commerce.

The total nominal value of the shares capable of being issued by virtue of these delegations may not exceed a limit of two hundred million euros.

This limit would include the total nominal value of the additional shares eventually to be issued to protect, in accordance with the law, the rights of the holders of securities giving right to shares.

The total maximum nominal value of the debt securities capable of being issued may not exceed one billion five hundred million euros.

To protect the rights of the shareholders, it is envisaged that, in the event of the cancellation of their preferential subscription right, the sum paid, or to be paid, to the company for each of the shares issued, after taking into account, in the event of the issue of equity warrants, the issue price of the said warrants, shall be at least equal to the average of the opening prices of the share recorded in ten consecutive trading days chosen from among the twenty trading days preceding the beginning of the issue, after, as the case may be, adjustment of this average to take into account the date of entitlement to dividend rights.

Furthermore, the Board may grant to shareholders the right to subscribe for the securities issued, when their preferential subscription right shall not apply.

The delegations sought would cancel and replace the delegation of a similar nature granted by your Shareholders' Meeting of May 3, 2001, which they would replace.

## Outcome of the delegations of powers to be granted in order to increase the share capital at the time of a public bid or exchange offer

In the event where the delegations of powers granted under the previous point would be adopted by your Meeting, we recommend that you decide that they will be suspended at the time of a public bid or exchange offer involving the securities issued by the company, except if the issue or the issues of securities entailing an increase in share capital have been approved, in principle, prior to the declaration of the takeover bid.

Your decision would be valid until the date of the Ordinary Annual Shareholders' Meeting deliberating on the financial statements for the financial year ending December 31, 2003.

After presentation of the Statutory Auditors' reports, prepared in accordance with the French Code of Commerce, your Board of Directors is available to provide any further information that you may require.

## Ordinary resolutions

### First resolution (Approval of the parent company financial statements)

The Annual General Shareholders' Meeting, having duly noted the contents of the Management Report and the Statutory Auditors' Reports for the year ended December 31, 2002 and after presentation of the income statement, balance sheet and notes for the financial year, showing a profit of 345,778,498.05 euros, hereby approves the financial statements, balance sheet, notes and all transactions reflected therein, as presented to the Meeting.

### Second resolution (Approval of the consolidated financial statements)

The Annual General Shareholders' Meeting, having duly noted the contents of the Management Report and the Statutory Auditors' Reports on the consolidated financial statements as of December 31, 2002, as presented to the Meeting, hereby approves these financial statements. The Annual General Shareholders' Meeting grants full and final discharge to the Board of Directors for its management in the year 2002.

### Third resolution (Allocation of income)

The Annual General Shareholders' Meeting approves the allocation of income proposed by the Board of Directors and notes that distributable earnings for the year are calculated as follows:

Net profit for the financial year	€ 345,778,498.05
Retained earnings	€ 119,878,482.00
<b>Distributable earnings</b>	<b>€ 465,656,980.05</b>

It resolves to allocate the distributable earnings as follows:

Allocation to the legal reserve	€ 187.55
Allocation to the special reserve for long-term capital gains:	€ 0.00
Amount to be distributed to shareholders as an initial dividend equal to 6% of the share capital, i.e. 0.186 euro per share:	€ 13,110,039.07
Amount to be distributed to shareholders as an additional dividend, equal to 1.614 euro per share	€ 113,761,306.73
Additional tax on distribution	€ 0.00
The remainder allocated to retained earnings	€ 338,785,446.70
<b>Total amount distributed</b>	<b>€ 465,656,980.05</b>

The General Shareholders' Meeting therefore sets the dividend for the year at 1.80 euro for each of the 70,484,081 shares, giving rise to a tax credit of 0.90 euro per share (based on a 50% tax credit). The total dividend for the year thus amounts to 2.70 euros (based on a 50% tax credit). At the time of payment, dividends accruing to shares held by the Company will be deducted from the total dividends and will be allocated to the "retained earnings" account.

The Annual General Shareholders' Meeting resolves that this dividend corresponding to coupon No. 94 shall be paid on May 15, 2003:

- By crossed check for shares held in "pure registered" form;
- By credit to an account at a bank, investment company or custodian financial institution for shares held in "bearer" form or "registered administered" form;

for the above-specified amount of 1.80 euro per share less the interim dividend of 0.90 euro approved on December 17, 2002 and January 28, 2003 and paid on January 14 and March 5, 2003.

The Annual General Shareholders' Meeting formally notes that, pursuant to the provisions of Article 243 bis of the General Tax Code, the Board has given details of the amounts of the dividends distributed for the three preceding years and of the corresponding tax credit, as follows:

	Number of shares	Net amount	Tax credit	Gross amount
1999	56,386,660	€ 1.60	€ 0.80	€ 2.40
2000	56,386,660	€ 1.60	€ 0.80	€ 2.40
2001	56,386,660	€ 1.80	€ 0.90	€ 2.70

#### **Fourth resolution (Approval of regulated agreements)**

The Annual General Shareholders' Meeting, ruling on the Special Report presented by the Statutory Auditors pursuant to the legal provisions in force, approves the agreements detailed in that Report that were in effect or in the process of implementation during fiscal year 2002.

#### **Fifth resolution (Ratification of the transfer of the Group's head offices)**

The General Meeting ratifies the transfer of the Group's head office from 142, boulevard Haussmann, 75008 Paris, to 12, place des Etats-Unis, 75116 Paris and the corresponding change to the by-laws, as decided by the Board of Directors at its meeting of October 1, 2002.

#### **Sixth resolution (Ratification of the co-option of a Director)**

The General Meeting ratifies the co-option of Lord Douro, Arthur Charles Valerian Wellesley, as a Director, to replace Jean-René Fourtou, for the remaining period of Mr. Fourtou's mandate, following the resignation of the latter.

#### **Seventh resolution (Appointment of a new Director)**

The Annual General Shareholders' Meeting appoints Mr. Didier Pineau-Valencienne as Director for a term of six (6) years, which will expire at the end of the Annual General Shareholders' Meeting called in 2009 to approve the financial statements for the previous financial year.

#### **Eighth resolution (Appointment of a new Director)**

The Annual General Shareholders' Meeting appoints Mr. William Webb as Director for a term of six (6) years, which will expire at the end of the Annual General Shareholders' Meeting called in 2009 to approve the financial statements for the previous financial year.

#### **Ninth resolution (Renewal of a Director's mandate)**

The Annual General Shareholders' Meeting renews the Director's mandate of Mr. Jean-Dominique Comolli for a term of six (6) years, which will expire at the end of the Annual General Shareholders' Meeting called in 2009 to approve the financial statements for the previous financial year.

#### **Tenth resolution (Renewal of a Director's mandate)**

The Annual General Shareholders' Meeting renews the Director's mandate of the company Paul Ricard, represented by Mrs. Béatrice Baudinet, for a term of six (6) years, which will expire at the end of the Annual General Shareholders' Meeting called in 2009 to approve the financial statements for the previous financial year.

#### **Eleventh resolution (Renewal of a Director's mandate)**

The Annual General Shareholders' Meeting renews the Director's mandate of Lord Douro for a term of six (6) years, which will expire at the end of the Annual General Shareholders' Meeting called in 2009 to approve the financial statements for the previous financial year.

#### **Twelfth resolution (Resignation of a Statutory Auditor and appointment of a replacement Statutory Auditor)**

The General Meeting, noting the resignation of Compagnie Consulaire d'expertise comptable Jean Delquie from its functions as Statutory Auditor, effective as of the date of this Meeting, decides to appoint Deloitte Touche Tohmatsu, whose head office is at 185, avenue Charles de Gaulle 92524 Neuilly-sur-Seine as the replacement Statutory Auditor, for the remaining term of its predecessor's mandate, i.e. until the end of the Annual General Shareholders' Meeting called to approve the accounts for the period ended December 31, 2004.

## **Thirteenth resolution (Appointment of a substitute Statutory Auditor)**

The General Meeting appoints the company BEAS, whose head office is at 7, 9 Villa Houssay 92524 Neuilly-sur-Seine, as the substitute Statutory Auditor for the Statutory Auditor, Deloitte Touche Tohmatsu, for the term of the latter's mandate, i.e. until the end of the Annual General Shareholders' Meeting called to approve the accounts for the period ended December 31, 2004.

## **Fourteenth resolution (Attendance fees)**

The General Meeting decides to increase the total amount of Directors' fees to 528,000 euros.

This amount, which is applicable as of the current financial year, will be maintained until decided otherwise.

## **Fifteenth resolution (Authorisation for the Board of Directors to purchase the Company's shares)**

On the recommendation of the Board of Directors, the Annual General Shareholders' Meeting:

1/ Authorises the Company, for a period of eighteen months, commencing on the date of this Meeting, to purchase its own shares, in an amount limited to 10% of the share capital, equivalent to 7,048,408 shares based on the number of shares existing as of March 18, 2003, with the intention of the following, in decreasing order of priority:

- issuing securities when rights to the Company's shares, via redemption, conversion, exchange, presentation of a note or any other means, are exercised;
- regulating the share price by intervening on the market against the prevailing trend;
- selling, exchanging or transferring shares in any way, according to opportunities;
- granting shares to employees of the Company or the Group, either in the form of stock purchase options, under an employee profit-sharing scheme, or using any other legal method designed to encourage employee savings;
- canceling shares with a view to optimizing earnings per share and return on equity.

The shares may be purchased on the market or otherwise, in particular by purchasing blocks of securities, using derivatives traded on a regulated or over-the-counter market, or setting up options strategies such as puts, in accordance with the terms and conditions set by the market authorities. The acquisition of blocks of securities may account for the entire share purchase programme. The company reserves the right to use the programme during a takeover bid by buying and selling shares in accordance with stock market regulations.

The maximum purchase price per share will be 120 euros, or the equivalent of this amount in any other currency.

The Company's own shares thus acquired may be sold at a minimum price per share of 40 euros, or the equivalent of this amount in any other currency.

The Board of Directors is authorised, in the event of a change in the nominal value of the shares, a capital increase by the incorporation of reserves, an allocation of free shares, a reverse stock split, distribution of reserves or any other assets, or any other transaction involving the share capital, to adjust the maximum purchase price and the minimum sales price to reflect the impact of these transactions on the share value.

The maximum funds that may be used to carry out this programme will be 845,808,960 euros, or the equivalent of this amount in any other currency.

2/ Gives full powers to the Board of Directors, within the limits defined above, to carry out, or have carried out on its behalf, any transactions falling within the scope of this resolution, to complete any formalities required by the legislation and regulations in force, and generally take all necessary measures relating to the transactions.

This authorisation cancels and replaces the similar authorisation resolved by the Annual General Shareholders' Meeting of May 31, 2002, which it supersedes.

## *Extraordinary resolutions*

### **Sixteenth resolution (Authorisation for the Board of Directors to cancel Company shares that it purchases)**

Having duly noted the contents of the Report of the Board of Directors and the Statutory Auditors' Special Reports, the Annual General Shareholders' Meeting authorises the Board of Directors to reduce the share capital in order to cancel some or all of the shares purchased pursuant to Article L. 225-209 of the Code of Commerce that are not allocated to a stock-option scheme to be awarded to senior executives and senior officers employed by the company or companies associated with it under the terms specified in Article L. 225-180 of the Code of Commerce.

The maximum nominal amount of the capital reduction thus authorised is 21,850,065.11 euros, based on the current share capital.

The Annual General Shareholders' Meeting delegates to the Board of Directors all powers necessary to carry out the authorised capital reduction.

This authorisation, which cancels and replaces the similar authorisation resolved by the Annual General Shareholders' Meeting of May 31, 2002, is granted for a period of twenty-four months from the date of this Meeting.

### **Seventeenth resolution (Authorisation for the Board of Directors to increase the capital by issuing shares reserved for members of the corporate savings scheme, and/or a voluntary partnership employee savings scheme)**

Having duly noted the contents of the Report of the Board of Directors and the Statutory Auditors' Special Reports, and in accordance with article L. 225-138 of the Code of Commerce and articles L. 443-1 and following of the Labor Code, the Annual General Shareholders' Meeting:

- 1/ delegates full powers to the Board of Directors to increase the capital, on one or more occasions, and by its decisions, by issuing shares reserved for members of a corporate savings scheme, and/or a voluntary partnership employee savings scheme, while canceling preferential subscription rights.
- 2/ decides that the beneficiaries of the capital increases thus authorised shall be, either directly or via a company investment fund, subscribers of a corporate savings scheme and/or a voluntary partnership employee savings scheme established by the Company or companies associated with it under Article L. 225-180 of the Code of Commerce, and who also meet any other conditions that may be set by the Board of Directors.
- 3/ delegates full powers to the Board of Directors to allocate free shares or other securities with an equity component to the same beneficiaries, provided that the benefit thus granted does not exceed the limits set by law.
- 4/ sets at five years from this Meeting the duration of this authorisation, which cancels and replaces that granted to the Board of Directors by the Annual General Shareholders' Meeting on May 3, 2001.
- 5/ sets the maximum nominal amount of shares to be thus issued and freely allocated at 10,925,032.56 euros.  
This limit is set independently. As such, the nominal amount of shares to be issued under the present authorisation will not be deducted from the maximum capital increase that the Board of Directors is authorised to make under the three preceding resolutions.
- 6/ decides that the price at which the shares may be issued under paragraph 1 of this authorisation, may not be more than 20% lower, or 30% lower within the framework of a voluntary subsidized employee savings scheme, than the average opening share price over the 20 trading days preceding the Board's decision with respect to the capital increase and the corresponding share issue, nor may it be greater than this average.

7/ decides that the Board of Directors shall have full powers within the aforementioned limits and conditions and those stipulated by the legal and regulatory dispositions that are in force, for the purpose of taking all measures to secure completion of the capital increases, and where applicable, the issue of free shares or other securities granting the right to gain access the share capital and notably to set the terms and conditions thereof, to make any corresponding modifications to the Company by-laws, to charge all related fees against the total amount of the premium paid on issue of the shares and to deduct from the net total the amounts required to increase the legal reserve to one-tenth of the new share capital following each capital increase.

## **Eighteenth resolution (Authorisation for the Board of Directors to increase the capital, maintaining preferential subscription rights)**

Having duly noted the contents of the Report of the Board of Directors and the Statutory Auditors' Special Reports, and in accordance with paragraph 3 of article L. 225-129-III of the Code of Commerce, the Annual General Shareholders' Meeting:

1/ grants the Board of Directors full powers to increase the capital on one or more occasions and in the amounts and on the dates it decides:

a/ by issuing shares, warrants or securities denominated in euros or foreign currency or any other monetary unit established by reference to several currencies, giving access at any moment or on a fixed date to the Company's shares by subscription, conversion, exchange, redemption, presentation of a note or by any other method, with the exception of preferred shares;

b/ and/or by incorporating premiums, reserves, unappropriated retained earnings or other items that can be converted into capital under legal or regulatory provisions, and by allocating free shares or increasing the nominal value of existing shares;

2/ sets the duration of this authorisation at twenty-six months as of the date of this Meeting.

3/ decides to limit the amount of issues made under this authorisation as follows:

- The total nominal amount of shares that may be issued under this authorisation shall not exceed two hundred million euros (200,000,000 euros).

The limit thus decided includes the nominal value of additional shares liable to be issued subsequently to preserve the rights of holders of securities giving access to shares, in accordance with the law.

Moreover, the total nominal amount of shares issued either directly or otherwise under the following resolution will be included within this limit.

- The maximum nominal amount of debt securities that may be issued may not exceed one billion five hundred million euros or the equivalent of this amount in foreign currencies or any other unit of account established with reference to a basket of currencies. The total nominal amount of shares issued under the following resolution will be included within this limit.

4/ if the Board of Directors uses the current authorisation within the framework of the issues identified under 1/a/ above:

a/ decides that the issue(s) will be reserved in priority for shareholders who can subscribe for them on an irrevocable basis,

b/ grants the Board of Directors the option to introduce revocable subscription rights,

c/ decides that if irrevocable subscriptions, and where applicable revocable subscriptions, fail to absorb the whole issue, the Board of Directors may, subject to the conditions set by the law, and in the order it decides, use one of the following options:

— limit the capital increase to the amount of subscriptions provided this amount equals three-quarters of the capital increase decided,

— freely distribute all or some of the shares not subscribed for,

— offer all or some of the remaining shares to the public on the French and/or international market(s),

d/ notes and decides that, as and when necessary, the current authorisation implies, for holders of the shares, the renunciation of their preferential subscription rights to the shares to which the shares issued grant subscription rights.

5/ decides that the Board of Directors will have all the necessary authority within the conditions stipulated by law, to proceed with authorised issues of transferable securities leading to a capital increase, to note the completion thereof and proceed with any related modifications to the Company's by-laws.

6/ The Board of Directors is notably authorised:

- to charge, at its discretion, costs relating to the capital increase against the amount of corresponding additional paid-in capital, and to deduct from this total the amounts required to increase the legal reserve to one-tenth of the new share capital following each capital increase,
- as regards the incorporation of additional paid-in capital, reserves, earnings or other items into capital stock, to decide, where applicable, that the rights will not be negotiable and that the corresponding shares will be sold, with the revenues from the sale allocated to holders of rights within the timescale set by the law,
- to delegate to the Chairman full powers to complete the capital increase, or to suspend it within the limits and according to the terms and conditions that the Board of Directors may set in advance.

7/ This authorisation cancels and replaces the similar authorisation resolved by the Annual General Shareholders' Meeting of May 3, 2001, which it supersedes.

## **Nineteenth resolution (Authorisation for the Board of Directors to increase the capital, canceling preferential subscription rights)**

Having duly noted the contents of the Report of the Board of Directors and the Statutory Auditors' Special Reports, and in accordance with article L. 225-129-III of the Code of Commerce, the Annual General Shareholders' Meeting:

1/ Delegates full powers to the Board of Directors to proceed with a capital increase, on one or more occasions, in the amounts and on the dates it decides, via the French and/or international capital market(s), via a public offering denominated either in euros or foreign currency or in any other unit of account defined with reference to a basket of currencies:

- of shares, warrants and/or securities which grant access either at any time or at a specified date to shares in the Company by subscription, conversion, exchange, redemption, presentation of a note or any other means, with the exception of preferred shares; with it being specified that these securities can be issued for the purpose of remunerating securities tendered to the Company in the event of an exchange offer for its shares under Article L. 225-148 of the Code of Commerce.

2/ sets the duration of this authorisation at twenty-six months as of the date of this Meeting.

3/ decides to limit the amount of issues made under this authorisation to the Board of Directors as follows:

- The total nominal amount of shares that may be issued under this authorisation shall not exceed two hundred million euros (200,000,000 euros).

The limit thus decided includes the nominal value of additional shares liable to be issued to preserve the rights of holders of securities giving access to shares, in accordance with the law.

Moreover, the total nominal amount of shares issued either directly or otherwise under the previous resolution will be included within this limit.

- The maximum nominal amount of debt securities that may be issued may not exceed one billion five hundred million euros or the equivalent of this amount in foreign currencies or any other unit of account established with reference to a basket of currencies. The total nominal amount of debt securities issued under the previous resolution shall be included within this limit.

- 4/ Decides to cancel any preferential subscription rights over securities covered by this resolution, while leaving the Board of Directors the option to grant shareholders, for a period and according to the terms and conditions that it shall set, and for all or part of a completed issue, priority subscription rights which do not give rise to the creation of negotiable rights and which must be exercised in proportion to the number of shares held by each shareholder and which may be complemented by a revocable subscription right; with it being specified that after the period of priority subscriptions has elapsed, the securities that have not been subscribed for will be incorporated within a public offering.
- 5/ notes and decides that, as and when necessary, the current authorisation implies, for holders of existing shares, the renunciation of their preferential subscription rights to the shares to which the shares issued grant subscription rights.
- 6/ decides that the amount paid, or payable, to the Company in respect of each of the shares issued within the framework of this authorisation, and in the event of an issue of freestanding subscription warrants, after having taken into account the issue price of such warrants, will at least be equal to the average opening price on ten consecutive trading days selected from the twenty trading days preceding the issue of the aforementioned transferable securities, after adjusting this average price, where necessary, to take into account the date on which said securities bear interest.
- 7/ decides that the Board of Directors will have all the necessary authority within the conditions stipulated by law to proceed with authorised issues of securities leading to a capital increase, to note the completion thereof and proceed with any related modifications to the Company's by-laws.  
The Board of Directors is notably authorised:
- in the case of an issue of securities designed to remunerate securities tendered to a share exchange offer:
    - to decide on the list of securities tendered to the exchange,
    - to set the terms of the issue, the exchange parity and the amount of any cash payment to be made,
    - to set the terms of the issue,
  - to charge, at its discretion, costs relating to the capital increase against the amount of corresponding additional paid-in capital, and to deduct from this total the amounts required to increase the legal reserve to one-tenth of the new share capital following each capital increase,
  - to delegate to the Chairman full powers to complete the capital increase, or to suspend it within the limits and according to the terms and conditions that the Board of Directors may set in advance.
- 8/ This authorisation cancels and replaces the similar authorisation resolved by the Annual General Shareholders' Meeting of May 3, 2001, which it supersedes.

### **Twentieth resolution (Suspension of authority granted to the Board of Directors to increase the capital when a public share purchase or exchange bid is made for the Company's shares)**

The Annual General Shareholders' Meeting decides that the authorisations granted to the Board of Directors by the preceding resolutions for the purpose of increasing the capital, will be suspended when a bid is made to purchase or exchange the Company's shares, unless the issue(s) of securities leading to the increase in capital have been approved in principle prior to the bid being made.

This authorisation is valid until the date of the Ordinary Annual General Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2003.

### **Twenty-first resolution (Formalities)**

The Annual General Shareholders' Meeting grants full powers to the bearer of a copy or extract of the minutes of this meeting for the purposes of registration or to carry out any attendant legal formalities for publication or otherwise.

*PERSONS RESPONSIBLE  
FOR THE REFERENCE DOCUMENT*



Pernod Ricard

# PERSONS RESPONSIBLE FOR THE REFERENCE DOCUMENT

## Person responsible for the reference document

M. Patrick RICARD, Chairman and Chief Executive Officer.

## Certification of the person responsible for the reference document

To our knowledge, the information presented in this reference document conforms to reality ; it includes all necessary information required by investors to form a judgement on the assets, business, financial situation, results and outlook for PERNOD RICARD ; it does not include any omissions likely to affect such a judgement.

### Chairman and Chief Executive Officer

Patrick RICARD

## Certification of the Statutory Auditors

In our position of Statutory auditors of the accounts of PERNOD RICARD S.A. and in accordance with COB regulation 98-01, we have carried out, applying professional standards applicable in France, an audit of the information presented in this reference document concerning the financial situation and prior period accounts of the company.

The reference document was drawn up under the responsibility of the Board of Directors. It is our mission to issue an opinion on the sincerity of the information relating to the financial situation and accounts of the company contained within it.

The diligence we have exercised, applying professional standards applicable in France, has consisted in forming an opinion on the sincerity of the information concerning the financial situation and accounts of the company, and in verifying their consistency with the accounts that have been the subject of a report. It has also consisted in reading other information contained in the reference document in order to identify any significant inconsistencies with respect to information regarding the financial situation and accounts of the company and in making known any information that is clearly erroneous that we have identified on the basis of our general knowledge of the company acquired in the context of our mission.

We have audited the annual accounts and the consolidated accounts approved by the Board of Directors for the financial periods ending December 31, 2002, 2001 and 2000 on the basis of professional standards applicable in France and we certify them without reservation or comment.

Signed in Paris on April 9, 2003

### The Statutory Auditors

**Compagnie Consulaire  
d'expertise Comptable  
Jean Delquié**

Benoît Fléchon

**Société d'expertise  
Comptable A. & L. Genot  
Groupe RSM Salustro Reydel**

Alain L. Genot

**Mazars & Guérard  
Mazars**

Frédéric Allilaire

## Persons responsible for the information

**Francisco de la VEGA**

Vice-President, Communication

12, place des Etats-Unis

75783 Paris cedex 16

Telephone: (33) 1 41 00 40 95

Fax: (33) 1 41 00 40 85

E-mail: corporate.comunication@pernod-ricard.com

**Patrick de BORREDON**

Director of Investor Relations

12, place des Etats-Unis

75783 Paris cedex 16

Telephone: (33) 1 41 00 41 71

Fax: (33) 1 41 00 41 42

Email: patrick.deborredon@pernod-ricard.com

## Shareholder information

### How to participate in the meetings ?

Shareholders are informed of the meetings by means of notices published in the Bulletin des Annonces Légales Obligatoires (BALO) (Bulletin of Mandatory Legal Notices). Notices are also published in economic and financial publications with national coverage. Registered shareholders (those who have owned shares for at least one month as of the date of publication of the notice) are invited to all meetings by ordinary letter. The owners of bearer shares wishing to be represented or to vote by correspondence first lodge their shares five full days before the Meetings at Société PERNOD RICARD or at one of the institutions listed below (\*). Registered shareholders, who have held their shares for at least five days prior to the meeting may attend, delegate a representative or vote by correspondence with no formalities required.

The forms required for voting by correspondence may be obtained at the Company's Registered Office. Votes by correspondence are only accepted for forms reaching SOCIETE GENERALE or the Registered Office of Société PERNOD RICARD at least three days before the meetings. Admission cards for the meetings will be sent to all shareholders requesting them at the Company's Registered Office at 12 Place des Etats Unis, 75116 Paris, or at one of the following (\*) banking institutions. The holders of bearer shares must provide a certificate that the shares have been lodged in accordance with the terms above.

(\*) SOCIETE GENERALE, 29 Boulevard Haussmann, 75009 PARIS • BNP PARIBAS, 16 Boulevard des Italiens, 75009 PARIS • CREDIT LYONNAIS, 19 Boulevard des Italiens, 75002 PARIS • CREDIT DU NORD, 59 Boulevard Haussmann, 75008 PARIS • CREDIT COMMERCIAL DE FRANCE, 103 Avenue des Champs-Élysées, 75008 PARIS • SOCIETE MARSEILLAISE DE CREDIT, 75 Rue de Paradis, 13006 MARSEILLE • CREDIT AGRICOLE INV, 9 Quai du Président Paul Daumer, 92220 PARIS LA DEFENSE • CAISSE DES DEPOTS ET DE CONSIGNATION, 56 Rue de Lille, 75007 PARIS and at all branches in Paris or in the French provinces of these establishments and at the custodian financial institution for the shares.

The holders of pure registered shares can issue their buy or sell orders directly to Société Générale, with whom preferential brokerage fees have been arranged.

For information and to obtain order forms, please contact:

- PERNOD RICARD  
Finance Department: Antoine Pernod  
Tel: 01 41 00 40 81 – Fax: 01 41 00 40 50
- Société Générale: Securities Department  
32 Avenue du Champ de Tir - 44024 NANTES Cedex 01

### Investor Relations Service

► N° Vert 0 800 880 953 \* Toll free number

For all transactions related to the pure registered shares, please contact the Société Générale on the PERNOD RICARD toll free number.

► N° Vert 0 800 190 757 \* Toll free number

\* Only calls in France

### Internet

(<http://www.pernod-ricard.com>)

Annual statements as well as up-to-date information on company stock can be downloaded

<http://www.cob.fr>

Sophie: financial data base of listed companies and annual reports.





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This document is the translation of a reference document lodged with the Paris Stock Exchange Regulatory Authority (Commission des Opérations de Bourse) on April 24, 2003.

It may only be used with a financial transaction if it is accompanied by an operation note prescribed by the Commission des Opérations de Bourse.



**Pernod Ricard**  
Corporate Communications

Francisco de la Vega

12, place des États-Unis / 75116 Paris

Tel.: 33 (0)1 41 00 41 00 / [www.pernod-ricard.com](http://www.pernod-ricard.com)

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