

SHARE BUYBACK PROGRAMME

The following paragraphs include the information that must be included in the Board of Directors' report pursuant to Article L. 225-211 of the French Commercial Code and that relates to the description of the share buyback programme in accordance with Article 241-2 of the French Financial Markets Authority (AMF) General Regulations.

Transactions performed by the Company on its own shares during the 2015/16 financial year (1 July 2015 – 30 June 2016)

■ Authorisations granted to the Board of Directors

During the Combined (Ordinary and Extraordinary) Shareholders' Meeting of 6 November 2014, the Company's shareholders authorised the Board of Directors to buy or sell the Company's shares for a period of 18 months as part of the implementation of a share buyback programme. The maximum purchase price was set at €120 per share and the Company was not authorised to purchase any more than 10% of the shares making up the Company's capital; additionally, the number of shares held by the Company could not, at any time, exceed 10% of the shares comprising the Company's capital.

Furthermore, the Combined (Ordinary and Extraordinary) Shareholders' Meeting of 6 November 2015 authorised the Board of Directors to trade in the Company's shares under the same conditions and at a maximum purchase price set at €150 per share, for a period of 18 months. This authorisation cancelled the authorisation granted by the Shareholders' Meeting of 6 November 2014 with effect from 6 November 2015, up to the portion which remained unused.

Pursuant to these authorisations, the liquidity agreement compliant with the AMAFI Code of Conduct and entered into with Rothschild & Cie Banque with effect from 1 June 2012 was renewed on 1 June 2016 for a period of one year. The funds initially allocated to the liquidity account amount to €5,000,000.

The authorisation granted by the Shareholders' Meeting of 6 November 2015, which remains in force at the date this document was filed, will expire on 5 May 2017. The Shareholders' Meeting of 17 November 2016 will be called upon to authorise the Board of Directors to trade in the Company's shares under a new share buyback programme described below, under "Details of the new programme to be submitted for authorisation to the Combined (Ordinary and Extraordinary) Shareholders' Meeting of 17 November 2016".

■ Summary of transactions performed by the Company on its own shares during the 2015/16 financial year

	American call options	Sale and repurchase agreements	Exercise of calls	Purchases of securities ⁽¹⁾	Exercise of the cancellation clause	Exercise of the cancellation clause	Exercise of the cancellation clause	Exercise of the cancellation clause	Exercise of the cancellation clause	Exercise of the cancellation clause
Number of shares	400,000	N/A	N/A	N/A	32,531	424,369	458,481	176,004	253,351	40,000
Maximum term	15.11.2018	N/A	N/A	N/A	11.08.2015	14.06.2016	28.06.2016	25.06.2018	21.06.2019	27.06.2016
Average transaction price	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Average strike price	€102.80	N/A	N/A	N/A	€52.59	€58.41	€66.16	€64.00	€68.54	€78.93
Amounts	€41,120,000	N/A	N/A	N/A	€1,710,805	€24,787,393	€30,333,103	€11,264,256	€17,364,678	€3,157,200

N/A: not applicable.

(1) Purchases of securities excluding liquidity agreements.

The total amount of trading fees incurred during the 2015/16 financial year for authorised programmes was €0.

The shares held by the Company have not been reallocated for other purposes since the last authorisation granted by the Shareholders' Meeting.

Summary table at the close of the 2015/16 financial year

Position on 30 June 2016

Percentage of direct and indirect treasury shares	0.38%
Number of shares cancelled in the last 24 months	None
Number of shares held in the portfolio	995,594
Portfolio gross carrying amount	€81,649,716
Portfolio market value*	€99,658,959

* Based on the closing price on 30.06.2016, i.e. €100.10.

Description of the current share buyback programme (7 November 2015 to 31 July 2016)

Results of the current programme

The following table details the transactions performed by the Company on treasury shares under the share buyback programme authorised by the Combined (Ordinary and Extraordinary) Shareholders' Meeting of 6 November 2015 and implemented by the Board of Directors on 6 November 2015 (period from 7 November 2015 to 31 July 2016).

	Total gross flows from 07.11.2015 to 31.07.2016			Open positions at 31.07.2016			
	Purchases	Sales	Transfers	Long positions		Short positions	
				Call options purchased*	Forward purchases	Call options sold	Forward sales
Number of shares	165,564	165,564	1,330,162 ⁽¹⁾	1,920,850	None	None	None
Maximum term	N/A	N/A	N/A	21.06.2019	-	-	-
Average transaction price	€98.95	€99.04	€70.85	N/A	-	-	-
Average strike price	N/A	N/A	N/A	€82.06	-	-	-
Amounts	€16,382,391	€16,397,421	€94,242,228	-	-	-	-

N/A: not applicable.

* And cancellation clauses attached to sale and repurchase agreements.

(1) See summary of transactions hereafter.

Summary of transactions performed in accordance with the purposes and aims of the current share buyback programme (from 7 November 2015 to 31 July 2016)

Under the share buyback programme approved by the Shareholders' Meeting of 6 November 2015, implemented by the Board of Directors on 6 November 2015, optional hedges corresponding to 400,000 shares were established through the acquisition of the same number of three-year call options (American calls).

Pursuant to authorisations granted by the Combined (Ordinary and Extraordinary) Shareholders' Meeting of 6 November 2015, the Board of Directors implemented a stock option allocation plan and a performance-based share allocation plan on 6 November 2015. The 400,000 American calls, which enabled the same number of Pernod Ricard shares to be acquired, were allocated to hedge part of these stock option and performance-based share allocation plans.

Treasury shares constitute reserves covering the various stock options and performance-based share allocation plans still in force. During the period, transfers were made within these reserves of treasury shares:

- ◆ 292,547 shares allocated to non-tax residents of France benefiting from the performance-based share plan of 27 June 2012 (at the end of the four-year vesting period) and for 605 shares within the frame of early release provided for by the law;
- ◆ 59,001 shares transferred. In order to ensure the entitlement of beneficiaries who exercised stock options.

Option hedges linked to the cancellation clauses attached to shares sold under sale and repurchase agreements were transferred as and when rights were exercised. During the period, 978,009 shares were concerned by exercising the cancellation clauses attached to shares sold under sale and repurchase agreements, at an average price of €68.78.

Under the liquidity agreement signed with Rothschild & Cie Banque, during the period from 7 November 2015 to 31 July 2016, the Company:

- ◆ purchased 165,564 shares for a total amount of €16,382,391; and
- ◆ sold 165,564 shares for a total amount of €16,397,421.

■ **Distribution of treasury shares on 31 July 2016**

Treasury shares are all allocated as reserves for different stock option and performance-based share allocation plans.

■ **Details of the new share buyback programme submitted for authorisation to the Combined (Ordinary and Extraordinary) Shareholders' Meeting of 17 November 2016**

The description of this programme (see below), which was established in accordance with Article 241-3 of the AMF's General Regulations, will not be published separately.

As the authorisation granted by the Shareholders' Meeting of 6 November 2015 allowing the Board of Directors to trade in the Company's shares is due to expire on 5 May 2017, a resolution will be proposed at the Shareholders' Meeting of 17 November 2016 (15th resolution – see Section 7 of this Registration Document "Combined (Ordinary and Extraordinary) Shareholders' Meeting") to grant a further authorisation to the Board to trade in the Company's shares at a maximum purchase price of €150 per share, excluding acquisition costs.

This authorisation would enable the Board of Directors to purchase Company shares representing a maximum of 10% of the Company's share capital. In accordance with the law, the Company may not, at any time, hold a number of shares representing more than 10% of its share capital.

As the Company may not hold more than 10% of its share capital, and given that it held 1,155,594 shares (i.e. 0.44% of the share capital) at the time of the declaration relating to the number of shares and voting rights on 31 July 2016, the maximum number of shares that can be bought will be 25,386,565 (i.e. 9.456% of the share capital), unless it sells or cancels shares it already holds.

The purpose of the share buybacks and the uses that may be made of the shares repurchased in this manner are described in detail in the 15th resolution to be put to the vote of the shareholders on 17 November 2016. The share buyback programme would enable the Company to purchase the Company's shares or have them purchased for the purpose of:

- ◆ allocating or transferring them to employees and Executive Directors of the Company and/or of Group companies (including the allocation of stock options and free and/or performance-based shares) or in connection with covering the Company's commitments under financial contracts or options with cash settlement granted to the employees and Executive Directors of the Company and/or Group companies;
- ◆ using them within the scope of external growth transactions (up to a maximum of 5% of the number of shares comprising the Company's share capital);
- ◆ delivering shares upon the exercise of rights attached to securities granting access to the share capital;
- ◆ cancelling them;
- ◆ stabilising the share price through liquidity agreements.

These shares may be purchased, sold, transferred, delivered or exchanged, on one or more occasions, by any authorised means pursuant to the regulations in force. These means include, in particular, over-the-counter transactions, sales of blocks of shares, sale and repurchase agreements, the use of any financial derivative instruments traded on a regulated or over-the-counter market, and the setting up of option strategies (purchases and sales of puts and calls and any combinations thereof in compliance with the applicable regulations). Transactions involving blocks of shares may account for the entire share buyback programme.

These transactions would be carried out during periods considered appropriate by the Board of Directors. However, during a public offer period, these repurchases would only be carried out provided that they:

- ◆ enable the Company to comply with its commitments subscribed prior to the offer period;
- ◆ are undertaken within the scope of the pursuit of a share buyback programme that was already in progress;
- ◆ cannot cause the offer to fail; and
- ◆ fall within the scope of one of the following objectives:
 - allocation to the beneficiaries of stock options and free and/or performance-based shares,
 - cover of the Company's commitments under financial contracts or options with cash settlement,
 - allocation within the scope of external growth operations (up to the limit of 5% of the capital), or
 - allocation to holders of securities granting access to the share capital.

Transactions involving blocks of shares could account for the entire share buyback programme.

If approved by the Combined (Ordinary and Extraordinary) Shareholders' Meeting of 17 November 2016, this authorisation would cancel, from that date and for the unused part, any authorisation granted to the Board of Directors by the Shareholders' Meeting of 6 November 2014 for the purpose of dealing in the Company's shares. It would be granted for a period of 18 months, i.e. until 16 May 2018.

OTHER LEGAL INFORMATION

Regulated related-party transactions

Transactions with related parties are described in Note 6.6 – *Related parties* of the Notes to the consolidated financial statements (Section 5 of this Registration Document) as well as in Note 10 – *Transactions and balances with subsidiaries and associates and other invested entities* in the Notes to the Parent Company financial statements (Section 6 of this Registration Document).