Annual Report 2007/2008

Pernod Ricard

A winning strategy

Since its creation in 1975, Pernod Ricard has witnessed uninterrupted growth, which has made it the joint world leader in Wines & Spirits today. The Group's performances registered in 2007/2008, in terms of both sales and results, continue to demonstrate the relevance of its business model.

The implementation of its Premiumisation strategy allows the Group to offer up-market, high- margin products. Through its wholly-owned worldwide distribution network, it is able to sell its fifteen strategic global brands and its leading local brands on a large scale. With the acquisition of the Swedish company Vin&Sprit in 2008, the Group has complemented perfectly its brand portfolio. It has integrated ABSOLUT Vodka, the global leader in the Premium vodka segment and the No. 4 brand of spirits in the world.

On the strength of its presence on every continent and in particular in very high-potential emerging markets, Pernod Ricard intends to continue its momentum of growth and international development.

Sales

€6,589 million

Operating margin

23%

Organic growth in sales

+9%

Group net profit

€840 million

Profit from recurring operations

€1,522 million

Growth in Group net profit

+1%

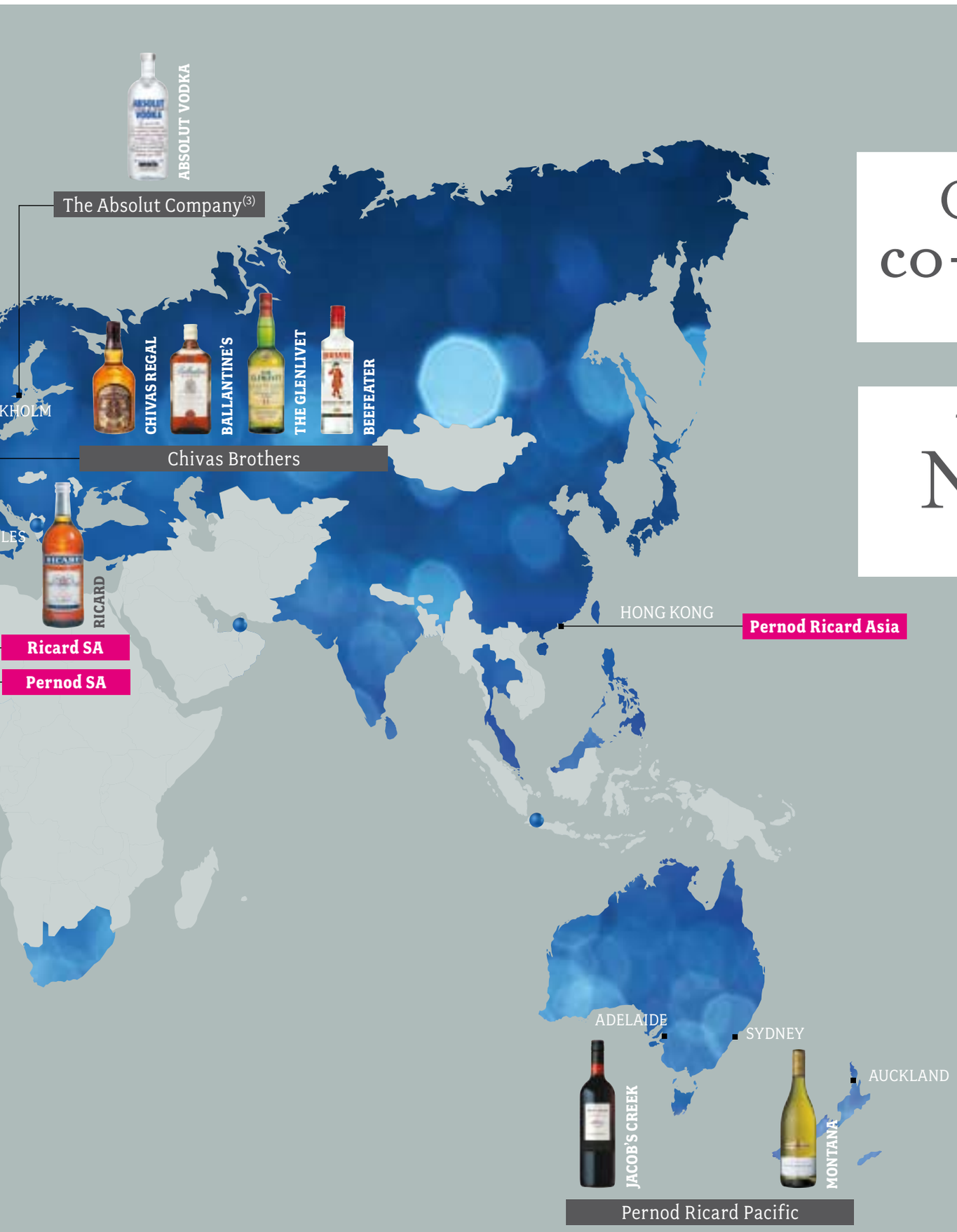
Organic growth in profit
from recurring operations

+13%

A decentralised

(1) Pernod Ricard Market View, based on the IWSR (2007) – Local and international spirits including V&S, excluding RTDs and distributed brands.
(2) Pernod Ricard Market View, based on the IWSR (2007) – Wines > USD 3 a bottle.
(3) Brand Owner set up on 24, July 2008.
(4) Excluding The Stolichnaya Brand Organisation, which currently distributes the Stolichnaya brand for a transition period.
(5) Asia and Rest of the World, Americas, Europe (except France) and France.

organisation



Global co-leader

in spirits(1)

The World's

No. 4

in wines(2)

15 strategic brands

Annual Report
2007/2008

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Building to last

Chairman's Message

From dream to reality. More than thirty years have passed since the creation of Pernod Ricard. Who could possibly have imagined at the time where we would be today, co-leader on the market and the leading global producer of Premium spirits? We could only dream about it, and this dream has now come true. In thirty years, our sales have risen twenty-fold, and our market capitalisation is now nearly sixty times higher than the original figure. We now do business all over the world and our most important brands, from Chivas to Martell, Ballantine's, Beefeater, Mumm or Jameson, are known and appreciated everywhere. As a crowning glory, we have just acquired ABSOLUT Vodka, the queen of vodkas, thereby perfectly complementing out our portfolio and strengthening our presence in the United States. I am proud of what Pernod Ricard has become, thanks to the contributions made by all of us, the men and women who bring their enthusiasm and talents to bear each day, our ever-growing number of customers, our loyal shareholders and all the partners who have accompanied us on this great adventure...

A natural transition. As I hand over Operational Management responsibilities for Pernod Ricard to Pierre Pringuet, who will become the Group's Chief Executive Officer, I would like to express all my confidence in the future. This is a natural transition, as Pierre has already worked by my side for many years to promote the Group's development. He has been one of the architects behind the new Pernod Ricard, playing an essential role in the Allied Domecq acquisition, and more recently in that of Vin&Sprit. In addition to his outstanding technical and financial skills, he has good insight into people, and understands marketing and sales, which is crucial in our profession. Pierre Pringuet has my full confidence and that of our family, and the support of the Board of Directors which chose him. I know that he will be fully committed to pursuing our winning strategy – because it is important is to continue on our successful path and build for the future.

Key success factors. Although a lot has changed since our beginnings, and our business will continue to evolve in the future, the key factors of our success remain the same: trust in the people who make up our company, a decentralised business model, a product-centred culture, marketing and sales excellence, and a commitment to ethics – all supported by the long-term vision vitally needed to ensure sustainable growth.

Our first asset is undoubtedly the high quality of our teams, motivated from the start by the same values: conviviality, simplicity, entrepreneurial spirit, integrity and commitment. Their productivity is enhanced tenfold by the efficiency of our organisation that has always been based on a fundamental principle: that of decentralisation. A head office of modest size drives a dozen direct subsidiaries (Brand Owners and major regional Distribution Networks), each of which is fully responsible for its own product and sales policies, which guarantees responsiveness and efficiency.

But the best talents and the best organisation would not get us anywhere without the best products. We are driven by a strong product-centred culture, founded in authenticity, quality and the constant pursuit of innovation. Our products are enhanced by our marketing and sales excellence, which is expressed in our branding, design, packaging, advertising and marketing campaigns. Together with action on the ground, these are the true catalysts for our growth. Finally, we have always maintained a strong ethical commitment to responsible drinking and corporate citizenship.

All this must continue, and I hope that we will do even better than before. Our overall objective remains the same: to develop our brands while always being better tomorrow than we were the day before.

"Our overall objective remains the same: to develop our brands while always being better tomorrow than we were the day before."

Challenges for the future. Although a lot has already been accomplished, much still remains to be done to meet tomorrow's challenges. We have always played a key role in a continuously consolidating market. In just a few years, we have risen to the level of global co-leader. No doubt my successor, and the Board of Directors, have the ambition to go even further. Today, our priorities remain the successful integration of Vin&Sprit and rapid debt reduction. Once these prerequisites have been achieved, I am convinced that new opportunities will arise, and that Pernod Ricard will once again be ready to seize them.

For now, part of the growth to come will be from the continued development of our fifteen strategic brands. These international brands have considerable development potential on the global spirits market, particularly in emerging markets characterised by rising standards of living and the growing appeal of branded products. We will also continue to implement our Premiumisation strategy, progressively creating true luxury brands. With current consumer trends, Premiumisation will allow us to increase sales and generate much higher margins, which will compensate for possibly stagnating sales of less exclusive products.

Finally, our ambition today as a global Group is to develop ever more multicultural management teams, through appropriate mobility, training and talent management programmes.

I have complete confidence in Pierre Pringuet to face these challenges and to inject new energy into our Group, with the help of his four Deputy Managing Directors, Emmanuel Babeau, Thierry Billot, Michel Bord, Bruno Rain, and all of our teams. For my part, after thirty years at the operational helm, I will naturally continue to care for the future of the company in my role as Chairman of the Board, and will always play a part in the major phases in our development. Finally if I could make a wish, it would be that Pernod Ricard will continue on the road to excellence, while remembering that the ultimate excellence is to tread our path with simplicity and commitment to our values.

Patrick Ricard
Chairman and Chief Executive Officer

A remarkable year from every perspective

Analysis by Pierre Pringuet, Managing Director

What conclusions can you draw from the last financial year?

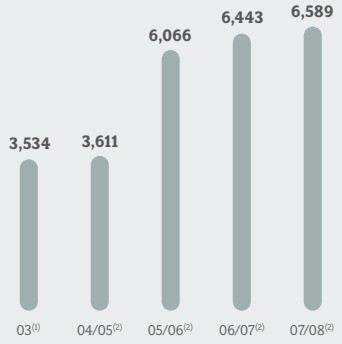
2007/2008 was another bumper year for Pernod Ricard, with sharp growth in sales (up 9% on an organic basis) and operating profit (up 13% on an organic basis). Our operating margin rose strongly on the back of robust business momentum, the very favourable impact of price increases and portfolio Premiumisation efforts. The Group fully capitalised on its global reach, thanks to rising consumption in emerging economies and an upbeat trading environment in mature markets. Although signs of a slowdown could be detected in the last quarter, particularly in Europe, they were largely offset by the performance of other markets and we are extremely satisfied with this year's achievements. I would like to take the opportunity to thank all Pernod Ricard's teams who played a part in this success. On the strength of these assets, we can face the future with equanimity and confidence.

Tell us about your main projects over the past year.

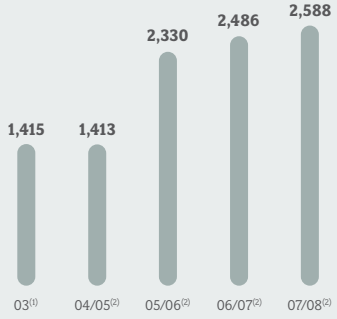
We have seen a host of new developments in the last 12 months. For example, new advertising campaigns were designed for Malibu and Kahlua, Chivas Regal 25-year-old was launched across the globe, and new-look bottles were created for Martell Grand Extra and just recently, l'Or de Martell. In our Champagne business, we launched the R.Lalou vintage, while Perrier-Jouët's By and For – the most expensive champagne in the world – was unveiled last spring. Our teams' strong sales efforts, coupled with an increase in marketing investments (up 12% this year) support our new upscale focus. The year's main event, though, naturally remains our acquisition of ABSOLUT Vodka. More of that later...

Key figures

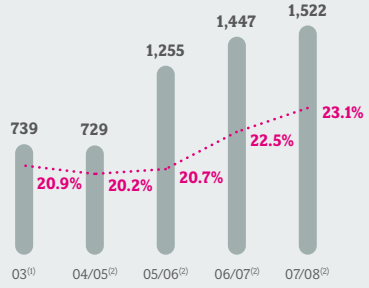
Sales
In euro million



Contribution after Advertising & Promotion expenses
In euro million

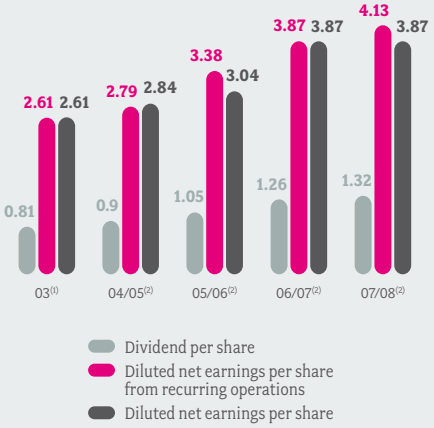


Profit from recurring operations/ operating margin
In euro million and as % of sales

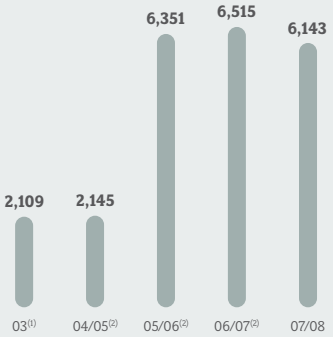


Net profit from recurring operations/Net profit
In euro million

Earnings per share/ Dividend per share
In euro

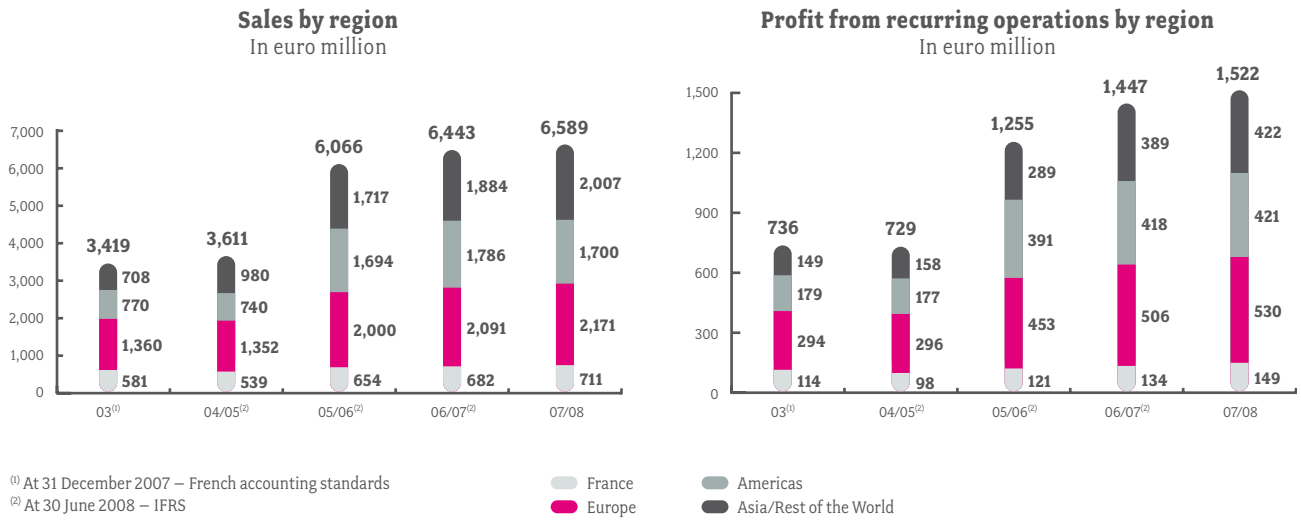


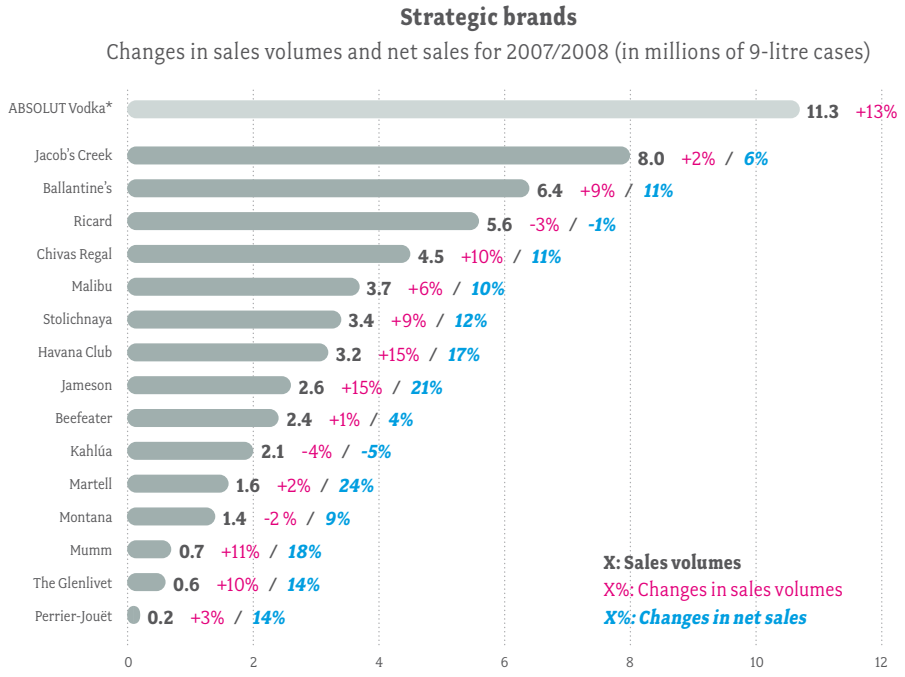
Change in net financial debt
In euro million



(1) At 31 December 2007 – French accounting standards
(2) At 30 June 2008 – IFRS

Figures by region & by brand





*Acquired by Pernod Ricard in July 2008, 2007/2008 sales by Vin&Sprit.

Despite this showing, the Pernod Ricard share seems to be under pressure. How do you account for this?

I can give two reasons. Firstly, the global financial crisis drove down all price/earnings ratios and Pernod Ricard was no exception. Our share price therefore fell broadly in line with the drop in the CAC 40 index.
The other reason is linked to our acquisition of ABSOLUT Vodka. Investors did not question either the strategic wisdom of this move, or the price paid, which was in fact very attractive for such a prestigious, unique brand. Instead, their concerns focused more on our indebtedness. I would say first of all, that at six times EBITDA, our level of debt is exactly the same as it was after the acquisitions of Seagram and Allied Domecq. That said, our overriding objective is to scale back debt as soon as possible by generating significant cash flow, rapidly unlocking synergies and implementing our €1 billion asset divestment plan. To do this, we have announced a time scale for reducing our debt with a precise objective: that of restoring a net debt/EBITDA ratio of 4 within a period of three years.

Regarding the asset divestment programme, could you tell us what assets you intend to sell and why?

Our first step will be to complete the divestments demanded by the European Commission as a result of their review of the V&S transaction. Most importantly though, from a strategic standpoint our acquisition of ABSOLUT Vodka will naturally focus the Group's attention on its key international brands as well as certain major local market leaders. The divestments will therefore help us achieve this redefine priorities in managing our portfolio.

How will the ABSOLUT acquisition change the Group's profile?

ABSOLUT gives us a unique, exceptional brand, in terms of scale (11.3 million cases), global reach, growth performance (10% per annum), and last but not least its "cult" brand status. The acquisition will in fact fundamentally change the Group's profile, adding new growth potential and increased cash-flow generating capacity thanks to ABSOLUT Vodka's status as a highly profitable product, for which no aging is required. This acquisition also changes the geographical makeup of our portfolio: it has propelled us into the No. 2 spot in the US market, where we are building up our positions. For its part, ABSOLUT Vodka will quickly derive full benefit from its integration within Pernod Ricard's sales network, especially in emerging countries which represent an enormous potential.
We needed a major vodka to boost and balance our product range. Stolichnaya signalled our first step in the vodka market and we are proud of our achievements in developing this fine brand. But with ABSOLUT, we have now made a giant leap forward!

How has the initial phase of the Vin&Sprit integration been progressing?

The integration process began the day after the acquisition, and is being implemented easily and swiftly thanks to excellent cooperation from V&S's management. I should stress how well our corporate cultures are matched. The new structure is simple and fits perfectly within the Pernod Ricard business model, based around a Brand Owner ("The Absolut Company") and distribution entity ("Pernod Ricard Nordic").

Are you going to be able to unlock the expected synergies?

We have confirmed the targeted synergies and even increased our target, initially within the range of €125-€150 million, to a firm €150 million. Furthermore, the early termination of the distribution contracts with Fortune Brands and Maxxium effective as from 1 October 2008 will allow us to unlock synergies far sooner than originally planned. At least 50% of the synergies will be achieved this year and they will be unlocked in their entirety in 2009/2010.

Do you think the momentum will continue in emerging countries and offset any slowdown in mature markets?

To date, consumption of our products in emerging countries remains dynamic. The economic climate in mature markets is nevertheless unquestionably less favourable this year than last, particularly in Western Europe, although the situation tends to differ widely depending on each country. However, thanks to our worldwide presence, we are ideally placed to leverage all growth opportunities. Take the example of India, where we have made significant headway with the local flagship brand, Royal Stag. Last year, Royal Stag sold over six million cases and recorded double-digit growth once again.

You are soon to become Chief Executive Officer of Pernod Ricard. How do you intend to steer the Group in the years ahead?

First of all, I would like to thank Patrick Ricard profusely for the trust he has shown in me. True to the saying, "You don't change a winning team", I will work closely alongside a team of four Deputy Managing Directors: Emmanuel Babeau in charge of Finance, Thierry Billot in charge of Brands, Michel Bord in charge of the Distribution Network and Bruno Rain in charge of Human Resources. This structure exactly reflects the four pillars on which we have built the Group, year-in-year-out. As to the direction to pursue, it is obvious to me: it will follow on exactly from the winning strategy implemented by Patrick Ricard.

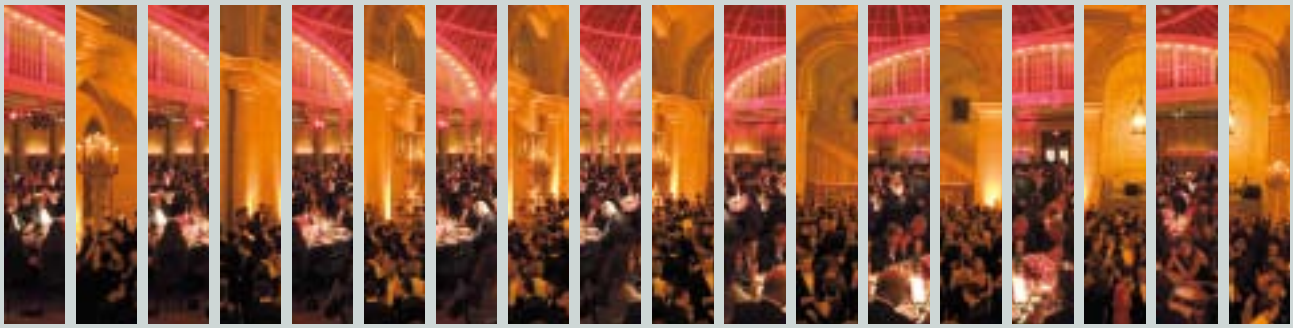
Key events of the 2007/2008 financial year

07

SEPTEMBER

Sale of the Framingham wine brand and cellars in New Zealand to Sogrape.

Worldwide launch of Chivas Regal 25 Year Old at the New York Public Library.



OCTOBER

Sale of the Italian wine brand Canei by Pernod Ricard Italia to Baarsma Wine Group Holding.

DECEMBER

Creation of the "Prestige Brand Management" Chair at HEC School of Management, with the signature of a partnership agreement between Bernard Ramanantsoa, Dean of HEC, and Patrick Ricard, Chairman and CEO of Pernod Ricard.

08

JANUARY

Pernod Ricard two-for-one share split brings the par value per share to €1.55 euros, compared with €3.10 previously.

MARCH

Launch of Perrier-Jouët "By and For", the world's most expensive champagne, at the Garnier Opera House in Paris.

Signature of an agreement with the Kingdom of Sweden for acquisition of 100% of the shares of the Vin&Sprit group, owner in particular of the ABSOLUT Vodka brand, is announced.

APRIL

Sale of the Spanish brandies: Carlos I, Carlos III and Felipe II and of the Spanish sherries La Ina and Rio Viejo.

JUNE

Acquisition of the Lillet Company by Ricard S.A.

POST-YEAR-END EVENT

23 July 2008: Acquisition of Vin&Sprit.

A transformational acquisition

Pernod Ricard becomes global co-leader on the Wine and Spirits market

The acquisition of Vin&Sprit and its ABSOLUT Vodka brand gives the Group a new dimension. With total spirits volumes equal to 95 million cases[1] Pernod Ricard has become the co-leader in the global Wine and Spirits industry, and market leader on the Premium and superior quality products segment[2] (with a 27% market share).

A complete portfolio and an expanded Premium offer

The Group already owned a wide range of wines and spirits: whisky (Chivas, Ballantine's, Jameson, etc.), champagne (Mumm, Perrier-Jouët), rum (Havana Club), cognac (Martell), gin (Beefeater), anise (Ricard), liqueur (Malibu) and wine (Montana, Jacob's Creek). What it lacked was a major vodka brand.

This gap has now been filled with ABSOLUT, the leading Premium vodka and fourth-ranking international spirit. Pernod Ricard now holds the most comprehensive and diversified portfolio in the sector.

Another strong point: consistent with the Group's Premiumisation strategy, ABSOLUT is the ideal addition to its top-of-the-range offer, and opens up new growth perspectives, as the "vodka" category – and in particular Premium vodka – is the most dynamic on the market.

(1) Including the Vin&Sprit brands acquired in 2008 and excluding those whose transfer was announced before 29 August 2008.
(2) Spirits and champagne costing over USD 17 per bottle; wines costing over USD 5 per bottle.

From left to right: **Mats Odell**, Minister for Local Government and Financial Markets, Sweden, **Patrick Ricard,** Chairman and CEO, Pernod Ricard and **Pierre Pringuet,** Managing Director.

Number two in the United States

The Vin&Sprit acquisition strengthens Pernod Ricard's positions in the United States, where the Group has become the second-ranking player on the market. The largest market in the world for wines and spirits, the United States are by far ABSOLUT Vodka's top market, with over five million cases sold in 2007.

The operation also allows the Group to anchor its presence in the Nordic countries, thanks to the dynamism of Vin&Sprit's local brands.

In the rest of the world, ABSOLUT Vodka will benefit from Pernod Ricard's distribution network on both mature and high-growth emerging markets. These benefits will be felt rapidly, as the Group has already announced the early termination, as of October 2008, of the distribution contracts with Fortune Brands in most of the United States and Maxxium in the rest of the world.

Following the successive acquisitions of Seagram in 2001 and Allied Domecq in 2005, the Vin&Sprit acquisition is the third transformational external growth operation for Pernod Ricard. A real Big Bang, this acquisition will profoundly modify the Group's profile, expand its brand portfolio, strengthen its positioning in the United States and around the world, and offer new growth potential.

Increased growth potential, creating high shareholder value

ABSOLUT Vodka also improves Pernod Ricard's growth profile. The acquisition will boost the operating margin by two percentage points. It will create significant value for the Group's shareholders, with an impact on net earnings per share which should be neutral the first year, and significantly positive in subsequent years, with a return on investment at the latest by the fourth year following the acquisition. The operation's "growth" effect will be further enhanced by the synergies created, generating some 150 million euros in the areas of distribution, logistics, production and purchasing.

The agreements which have just been reached with Fortune Brands and Maxxium will allow financial and commercial synergies on the relevant markets to be implemented more quickly than anticipated, thanks to the accelerated integration of ABSOLUT Vodka into Pernod Ricard's network.

The Absolut Company Management Committee

Front row from the left: **Kicki Alm,** Vice President, Human Resources, **Paula Eriksson,** Vice President, Corporate Communications, **Ketil Eriksen,** CEO, **Matthias Aeppli,** Vice President, Marketing.
Back row from the left: **Mikael Spångberg,** Vice President, Legal Affairs, **Andreas Berggren,** Vice President, Commercial, **Krister Asplund,** Vice President, Manufacturing, **Stéphane Longuet,** Vice President, Finance.

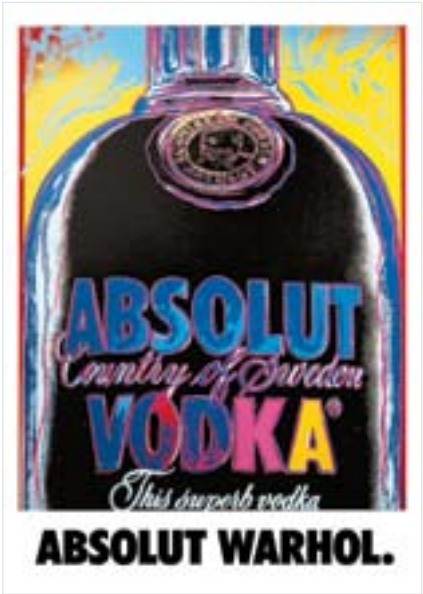
World's **No. 1** Premium vodka

4th-ranking international spirit

11.3 million cases sold in 2007/2008

+13% growth in 2007/2008

BRAND LIFE



©1985 The Andy Warhol Foundation for the Visual Art. Used by V&S Vin&Sprit Aktiebolag.
ABSOLUT is a registered trademark of V&S Vin&Sprit Aktiebolag.

ABSOLUT, an iconic brand

Pernod Ricard has acquired a unique asset with ABSOLUT. Exceptional in terms of its size (11.3 million cases sold in 2007/2008), growth (+13% by volume in 2007/2008), immense international reach and consumer recognition, extending well beyond the Wine and Spirits universe.

This brand recognition is based on impactful communication campaigns. Andy Warhol sketched the famous bottle in 1985 (left), followed by other artists and then fashion designers, from Gianni Versace to Jean-Paul Gaultier. Creativity, modernity and leadership are the ingredients which have elevated ABSOLUT beyond the realm of a mere spirits brand. As illustrated by its latest advertising campaign (see inset), ABSOLUT Vodka incarnates an entire world vision. *"An iconic brand around the world, ABSOLUT Vodka has become the Group's top brand. It is a dream come true,"* says Pierre Pringuet, Managing Director, Pernod Ricard.

CAMPAIGN

"In an Absolut World", a cult campaign
With their blend of creativity, audacity and humour, ABSOLUT Vodka's advertising campaigns, that have won numerous awards, have given the brand cult status. After twenty-five years of communication centred exclusively on the "ABSOLUT" name, the latest campaign was launched in the United States in May 2007 with the slogan "In an Absolut World". It evokes an iconoclastic world in which factories would blow bubbles, demonstrations would turn into pillow fights, and we would sculpt our bodies swimming a single length of the pool.

EVENT

A rapid integration
As with its previous acquisitions, Pernod Ricard has been highly proactive in integrating the new company. As soon as the transaction was announced, nine task forces made up of Vin&Sprit and Pernod Ricard employees were created to carry out the first stages of integration.

Furthermore, a new organisation came into being as soon as the transaction closed, based on two new structures: The Absolut Company (Brand Owner) and Pernod Ricard Nordic (Distribution Cluster).

See photo opposite: At the end of August 2008, two welcome event days were organised in Sweden to celebrate the entry of The Absolut Company and Pernod Ricard Nordic cluster teams to Pernod Ricard.

Absolut Vodka on Swedish Midsummer

At the end of June, the Swedes celebrate the summer solstice by dancing in town squares and on lakeshores around poles decorated with leaves, flowers and ribbons. During the longest day of the year, Sweden unites nature with ancestral rituals in the hope of good autumn harvests.

Over 30 years of growth

1975-1980

Creation of Pernod Ricard

1975
Creation of Pernod Ricard
through the link-up of two French anise-based spirits companies, Pernod and Ricard

Acquisition of Campbell Distillers
(Scotch whiskies) and CDC (Dubonnet, Byrrh, etc.)

1980-1985

First international acquisitions

1981
Acquisition of Austin Nichols Ltd
(producer and distributor of Wild Turkey bourbon)

1982
Takeover of SIAS MPA
The world's No.1 producer of fruit preparations for dairy-based desserts

1984
Acquisition of Orangina

1985-1997

Building a worldwide network

1985
Acquisition of Ramazzotti
(bitters) in Italy

1988
Acquisition of Irish Distillers
(Irish whiskeys: Jameson, Paddy, Powers, etc.)

1989
Acquisition of Orlando Wines
(wines) in Australia and formation of the Orlando Wyndham group in 1990

1993
Creation of Havana Club International
(rum) in Cuba

Pernod Ricard was created in 1975 out of the link-up of the two leading French anise-based spirits specialists: Pernod, founded in 1805 and Ricard, created by Paul Ricard in 1932.

The objectives pursued were to diversify the product range and above all to win new markets. The Group gradually set up a portfolio of major international brands and a global distribution network, developing its own sales teams in over 70 countries.

In the 2000's, Pernod Ricard shifted its strategic focus by withdrawing from the non-alcohol sector to concentrate on wines and spirits. A series of three acquisitions: part of the Seagram businesses in 2001, Allied Domecq in 2005 and Vin&Sprit in July 2008 have made the Group the world co-leader in the sector and the Number 1 in Premium and superior quality spirits.

1997-2001

Consolidation and organisation

Implementation of regionalisation strategy (Brand Owner subsidiaries and Distribution subsidiaries)

1997

Acquisition of Larios (gin) in Spain

Purchase of an equity stake in Jan Becher

1999

Acquisition of Yerevan Brandy Company

Acquisition of Agros and the international rights for Wyborowa

2001-2008

Strategic refocusing

2001

Sale of Orangina-Pampryl and Yoo Hoo
Purchase of 39.1% of Seagram's Wines & Spirits businesses

2002/2003

Continued strategic refocusing: Sale of BWG, SIAS-MPA and Agros
Integration of the Seagram businesses and re-launching of brands

2005/2006

Acquisition of Allied Domecq in partnership with Fortune Brands
Sale of The Old Bushmills Distillery and Larios gin
Sale of Dunkin' Brands Inc. (Quick Service Restaurants)

2006/2007

Integration of Allied Domecq and re-launching of brands

2007/2008

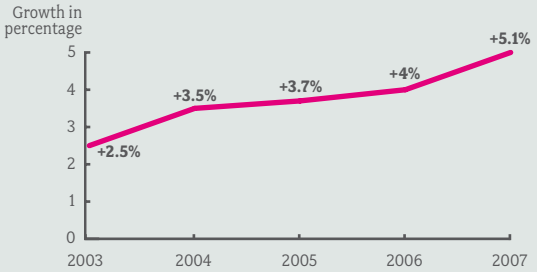
Acquisition of Vin&Sprit

The market in the Premiumisation era

The trends observed in the Wine & Spirits market over the last few years have been confirmed. While the local spirits segment, that represents most of the volumes, remains relatively stable, international spirits are growing rapidly. This growth is spearheaded by vodka and whisky, the first categories to be affected by the shift towards Premium products or the development of age qualities. On the wine market, quality wines are tending to grow. New World vintages continue to be the trendsetters.
Although emerging markets represent new growth engines, the United States continues to be the primary contributor to growth[1].

On a Wine and Spirits market which is stable overall, international spirits are showing steady growth. Although they account for only 15% of sales by volume, they represent 65% of sales value and are growing more and more rapidly year by year.
International spirits sales rose twice as fast in 2007/2008 (+5.1%) as in 2003/2004 (+2.5%).

Global sales growth of international spirits

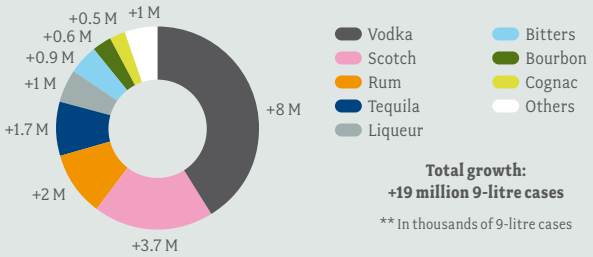


Breakdown of international spirits by category*

Vodka, a major growth contributor

The dynamic growth in international spirits is driven by those categories which already have the highest sales volumes: vodka, whisky and rum.
Vodka has been the primary contributor to this growth for the past ten years or so: with eight million additional 9-litre cases sold between 2006 and 2007, it accounted for almost half of all growth in international spirits sales. One third of vodka's sales growth is in the United States.
Scotch whiskies (which account for almost a fifth of growth) and rum (for 10%) are the two other most dynamic categories.

Contribution of the major international spirits categories to sales growth (2006-2007 financial year)**



Pernod Ricard's major assets

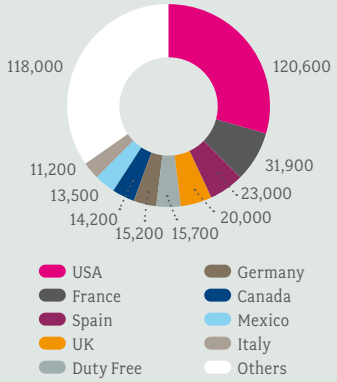
- A comprehensive, rich brand portfolio including vodka, whisky and rum.
- 1/3 of the portfolio comprised of "Premium and higher quality" brands.
- A leading position on the Premium and higher quality segment.
- A new asset: ABSOLUT Vodka.

(1) Source of all the data for this article: Pernod Ricard Market View, based on IWSR, data for 2007.

The United States, the largest market in the world

The United States is the largest market for international spirits sales (30% of total sales, or 121 million cases in 2007). They are also the primary contributor to growth for these products. In 2007, sales in the United States. rose faster than in the world as a whole (+5.7% in the United States compared with a +5.1% world average).
Emerging markets in Central and Eastern Europe (Russia, Poland and others), Asia (mainly China and India) and Latin America (Brazil, Argentina and others) are now also significant contributors to the dynamic growth on this market.
Finally, mature markets in Western Europe (for example France and the United Kingdom) continue to account for a significant share of sales growth for international spirits.

Contribution of the major markets to worldwide international spirits sales*



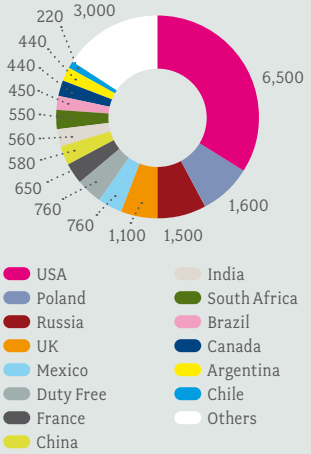
Total: 383 million 9-litre cases

* In thousands of 9-litre cases

Premiumisation, a prominent trend

While the spirits market is stable overall in terms of volumes, it is growing in value. Higher and higher quality products, which also command higher prices, are being consumed. The fastest growing category is "Premium and higher quality products" (spirits and champagnes whose price exceeds US$17 and wines exceeding US$5 per bottle), with even more rapid growth for the highest categories, such as "Prestige" products. This trend towards moving up the range is observed in both mature and emerging markets. In these latter countries, the rise in the standard of living for certain portions of the population makes Premium brand products accessible.

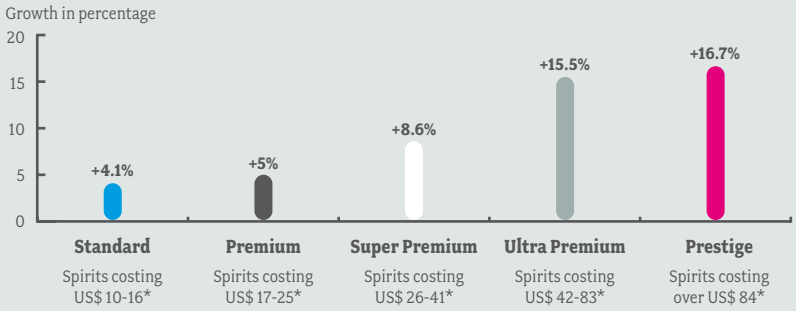
Contribution of the major markets to worldwide growth in international spirits**



Total growth: +19 million 9-litre cases

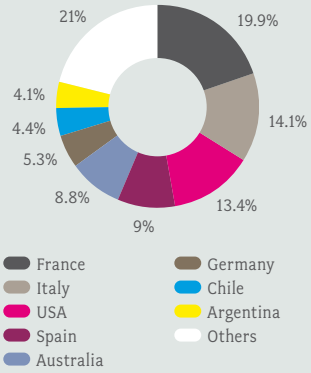
** In thousands of 9-litre cases

Sales growth by price segment (from 2006 to 2007)



* Price for a 75 cl bottle

Countries of origin of wines consumed



Strong growth in New World wines

In a world market for still wines that has remained stable, sales of brand wines costing over US$ 3 per bottle have increased by 4% a year over the last ten years. Although this market continues to be dominated by traditional wine-producing countries (France, Italy, Germany, etc.), New World wines are the main growth drivers.

Four major strategic focuses

In 2007/2008, Pernod Ricard pressed ahead with its strategy, which is anchored around four main goals:
- Developing its 15 strategic brands as a top priority
- Premiumising its brand portfolio
- Cementing its positions in international markets – in particular in the emerging markets
- Pursuing external growth opportunities

Priority focus on the 15 strategic brands

Over the years, Pernod Ricard has increasingly focused on building a portfolio of prestigious international brands. 15 flagship brands currently form the core of the Group's strategy: Chivas Regal, Ballantine's, Beefeater, The Glenlivet, Jameson, Ricard, Malibu, Kahlúa, Havana Club, Martell, Mumm, Perrier-Jouët, Jacob's Creek, Montana and now ABSOLUT Vodka. These 15 brands have enjoyed vigorous growth in recent years and now alone account for more than 50% of the Group's sales.

In 2007/2008, sales of these brands climbed +5% in terms of volumes and +11% in terms of value. To boost their development, the Group has made significant investments: these represented more than 70% of its advertising and promotional expenses over the last financial year. To enhance the image of the brands across the globe, Pernod Ricard has devised powerful, versatile advertising campaigns that can be adapted to the specific context of each market.

The acquisition of Swedish company Vin&Sprit and of its iconic brand ABSOLUT Vodka is emblematic of the Group's strategic focus on very high potential international brands. ABSOLUT Vodka provides Pernod Ricard with the leading Premium vodka in the world and the fourth largest international spirits brand.

In certain markets such as Mexico or India, consumer habits or high customs barriers have led Pernod Ricard to acquire and develop local brands of wines & spirits. These brands have allowed the Group to achieve a critical commercial size in these markets and have helped it to gradually introduce its strategic brands.

Accelerating brand Premiumisation efforts

Since its acquisition of a number of prestigious brands in 2001 (Chivas Regal, Martell, Royal Salute and The Glenlivet), Pernod Ricard has sought to develop the Prestige, Premium and Ultra Premium quality products in its brand range. This approach – dubbed "Premiumisation" – is a response to the rise in purchasing power of certain categories of consumers across the globe.

Premium brands help boost sales as well as margins. They are also the top-performing products on the spirits market, being less sensitive to changes in the economic climate than more conventional products.

As a result of this situation, Pernod Ricard is driving forward its Premiumisation strategy by acting on three key imperatives: improving quality, strengthening communication and encouraging innovation. An "obsession" with superior quality is a key Group priority: for example, in the case of its Martell cognac, more and more eaux-de-vie are used in the preparation

of upscale products in this range (Martell XO and other Ultra Premium products). In terms of communication, the emphasis has been placed on advertising campaigns carrying a strong emotional message, for example *El Culto a la Vida* for Havana Club or *Leave an impression* for Ballantine's. Lastly, Pernod Ricard pursues its ongoing innovation efforts that have yielded exceptional results, including super aged qualities like Chivas Regal 25 Year Old and prestigious champagne vintages such as R.Lalou and Perrier-Jouët « By and For ». This push for quality and a strong image justifies the upward trend in selling prices for these products, with high prices being characteristic of the luxury segment and a source of high margin growth.

Pernod Ricard has applied the same approach in the strategic Wine sector, by carving out a firm position for itself in internationally renowned New World brands.

Sustained geographical expansion and in particular in emerging countries

Present in seventy countries throughout the world, Pernod Ricard is particularly well established on all major mature markets in North America and Western Europe. The recent acquisition of Vin&Sprit enhances the Group's footprint, especially in the United States (where the Group has moved up from fourth to second place) and the Nordic countries.

Pernod Ricard is the leading international group in emerging economies. Thanks to a robust growth momentum, these countries now account for almost 30% of the Group's activity and two-thirds of its growth. The Group's product offering within emerging countries is perfectly in tune with the profile of the region's consumers, who have demonstrated a strong taste for categories of products sold by the Group (for example tequila and vodka in Russia, whisky and cognac in Asia), an interest in branded wine and spirits, and preference for Premium labels. Although China, India and Russia are the three biggest contributors to Group revenues, sales are on the rise in all emerging countries (Central and Eastern Europe, Latin America and South Africa). Pernod Ricard's success in these markets is largely down to its proprietary distribution network – a key asset in these areas. The Group "sells its brands its own people". Pernod Ricard also relies on its local brands for its development in these countries.

Emerging countries represent nearly

30%

of Pernod Ricard's activity.

Pursuing external growth opportunities after restoring financial capacity

After Pernod Ricard's acquisitions of certain Seagram brands in 2001 and of Allied Domecq in 2005, the external growth momentum continued during the year with the acquisition of Swedish company Vin&Sprit and its ABSOLUT Vodka label. The Group remains at the forefront of industry consolidation trends, cementing its position as a leading world player.

Pernod Ricard is currently implementing a number of measures to swiftly restore its financial capacity. The synergies expected from the Vin&Sprit acquisition, along with a large-scale asset divestment programme, will be instrumental in achieving this goal.

Decentralisation, Pernod Ricard's main strength

The principle of decentralisation inherited from Ricard and Pernod has been implemented by Pernod Ricard since its creation in 1975. Its structure is based on an equilibrium between autonomous subsidiaries, close to the market, and a modest-sized holding company, which defines strategies and the rules that apply to the Group.

Pernod Ricard derives much of its strength from its decentralised business model.

While the Holding Company concentrates on driving strategy and overseeing the Group's business activities, the subsidiaries are responsible for operational matters within the geographical areas. Decentralisation therefore allows decision-making to take place as near as possible to our customers and consumers.

Based on consultation, transparency and trust, this approach creates a strong, federating culture for all employees within the Group. The subsidiaries' operational autonomy has helped them to develop a sense of responsibility and teamwork. The sharing of common values is moreover an important means of forging solidarity.

The room for initiative given to each Manager encourages commitment and resourcefulness. All staff members are therefore responsible for their own performance.

By encouraging an entrepreneurial spirit and the emergence of new talents, decentralisation is seen by everyone as a key source of motivation.

The Holding Company defines the Group's strategy and oversees its business activities. It coordinates and drives forward advances in the following areas: Human Resources, Finance, Audit and Development, Marketing, Legal Affairs, Industrial Operations, Public Affairs, Information Systems and Communication.

It is also in charge of external growth transactions, shareholder relations and corporate governance matters. There are 145 people working at the Holding Company's head office in Paris.

Following the acquisition of Vin&Sprit, Pernod Ricard set up two new Swedish-based operating structures: **The Absolut Company, Brand Owner** responsible, in particular, for the ABSOLUT Vodka brand worldwide (including production) and **Pernod Ricard Nordic,** attached to Pernod Ricard Europe, in charge of marketing Pernod Ricard's local and international brands on the Swedish, Danish, Finnish, Norwegian, Baltic and Icelandic markets.

Pernod Ricard SA

Thierry Billot[1]
Deputy Managing Director
in charge of Brands

Brand Owners

- The Absolut Company
- Chivas Brothers
- Martell Mumm Perrier-Jouët
- Irish Distillers
- Pernod Ricard Pacific
- Malibu-Kahlúa International
- Havana Club International

Brand Owner subsidiaries, the "Brand Champions" responsible for:

• implementing the overall strategy for strategic brands;

• production, quality assurance and protection of intellectual property.

Distribution Network

- Pernod Ricard Americas
- Pernod Ricard Asia
- Pernod Ricard Europe
- Pernod SA
- Ricard SA

Michel Bord[2]
Deputy Managing Director
in charge of the Distribution Network

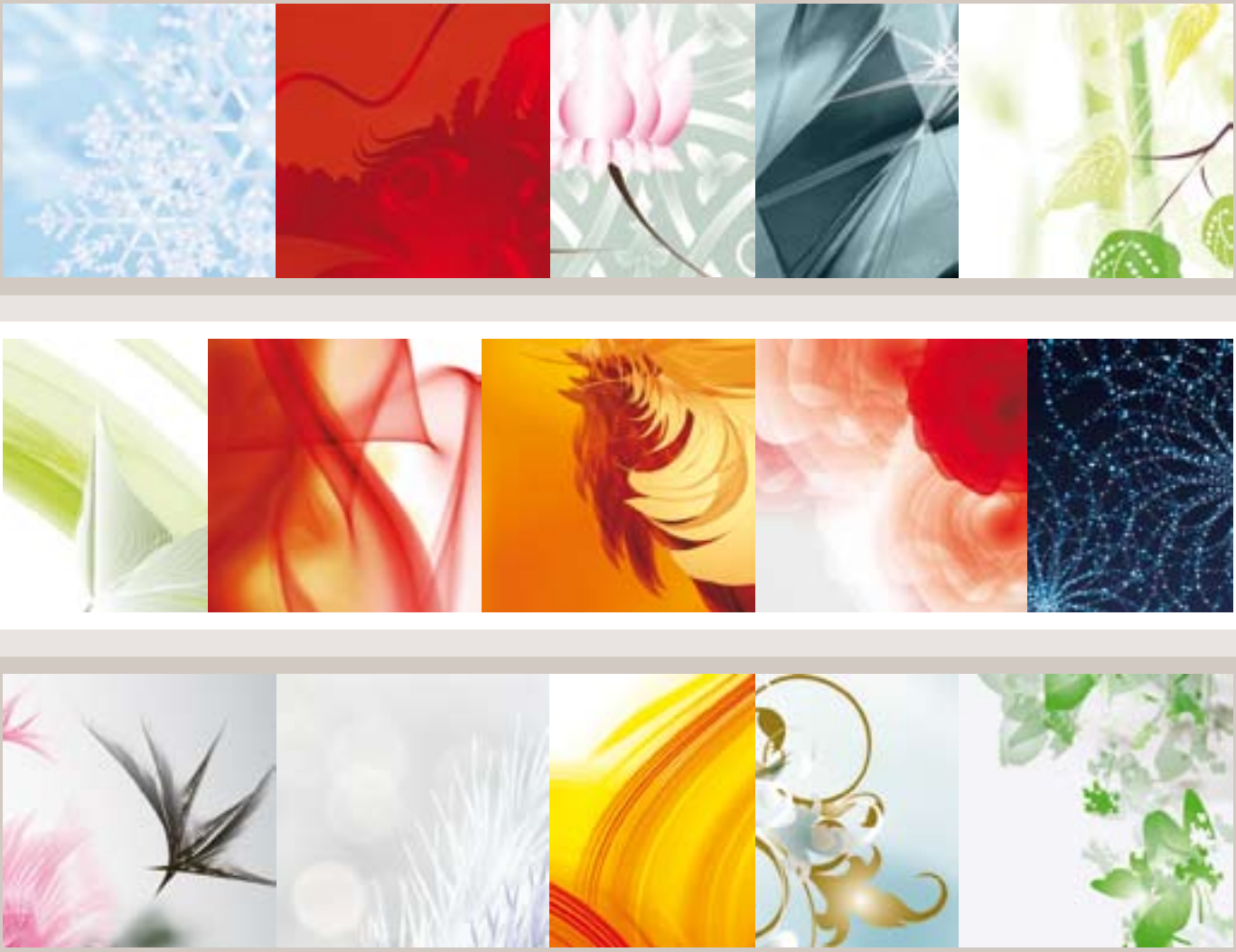
Distribution Subsidiaries, the "Country champions", responsible for:

• adapting international brand strategy to local markets;

• marketing and promoting both local and international brands.

(1) **Thierry Billot** joined Pernod Ricard in 1982 as an Internal Auditor. He then became Chief Financial Officer of Pernod in 1985 before being appointed Chief Financial Officer of Pernod Ricard from 1986 to 1991. He was Chairman and Chief Executive Officer of Austin Nichols (United States) from 1992, he was then appointed Chairman and Chief Executive Officer of Pernod in October 1996. In 2002, he became Chairman and Chief Executive Officer of Pernod Ricard Europe. He has been the Deputy Managing Director in charge of Brands since 1 July 2008.

(2) **Michel Bord** joined the Group as Managing Director of PRACSA (a Group subsidiary located in Spain) in 1991. He was appointed Chairman and Chief Executive Officer of Pernod Ricard USA in 1996 before becoming Chairman and Chief Executive Officer of Pernod Ricard North America. In 2006, he was appointed as Chairman and Chief Executive Officer of Pernod Ricard Americas. He has been the Deputy Managing Director in charge of the Distribution Network since 1 July 2008. Before joining the Group, Michel Bord held various management positions at Seagram.



15 STRATEGIC BRANDS

RICARD

BALLANTINE'S

CHIVAS REGAL

MALIBU

ABSOLUT VODKA

PERRIER-JOUËT

HAVANA CLUB

THE GLENLIVET

JACOB'S CREEK

MONTANA

BEEFEATER

MARTELL

KAHLÚA

MUMM

JAMESON

A complete and Premium quality portfolio

By Thierry Billot, Deputy Managing Director in charge of Brands

"I think we can be proud today of holding the most Premium and the most comprehensive portfolio in our industry, allowing us to seize all growth opportunities. Within this product range, our 15 strategic brands are the Group's core assets. They are the primary focus of our advertising and marketing investments. As an iconic Premium quality brand with dynamic growth, ABSOLUT Vodka perfectly complements this portfolio."

Chivas Brothers

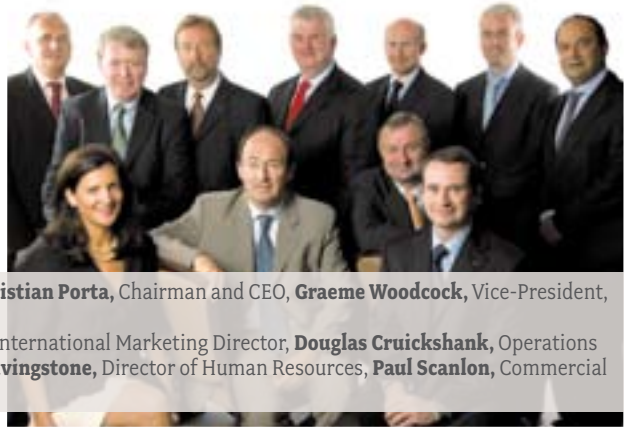
Chivas Brothers is the world's leading luxury Scotch whisky company selling more than 85% of Scotch whiskies aged 21 years old and over worldwide. The company has an internationally acclaimed portfolio of iconic brands including Chivas Regal, Ballantine's, The Glenlivet and Royal Salute. It also includes Beefeater the world's leading Premium gin. As the Ultra Premium and Prestige spirits market maintains its growth, Chivas Brothers continues to focus on the quality of its brands, which have performed exceptionally well over the past year.

Chivas Regal

During the year ending 30 June 2008, Chivas Regal, which comprises Chivas Regal 12, 18 and 25 Year Old has sold over 4.5 million 9-litre cases (+10% versus previous year), its highest ever volume. Three noteworthy initiatives began during the financial year.
First of all, the launch of the Chivas Regal 25 Year Old luxury blend, now available in markets such as China, USA, Hong Kong, Brazil, UK, and Dubai all of which are key to Chivas Regal, reinforced the outstanding quality of the range.

Another initiative, the Chivas Studio – the experiential platform from Chivas Regal that brings exuberant luxury to life has enjoyed great success in some of the world's greatest cities. Designed to attract key opinion leaders from the worlds of gastronomy, design, music, fashion and cinema, Chivas Studios have taken place in Barcelona, Madrid, Hong Kong and La Parva (Chile).

Finally, Chivas Regal also developed a unique musical experience – The Chivas Live event which presents a globally recognised music artist to an exclusive audience for a one-night-only performance. The first Chivas Live event took place in Shanghai. The event was dedicated to the victims of the 12 May earthquake in the Sichuan Province. Pernod Ricard China together with Chivas Brothers donated over €600,000 to the China Red Cross relief effort.



MANAGEMENT COMMITTEE

Front row from the left: **Vanessa Wright,** Communications Director, **Christian Porta,** Chairman and CEO, **Graeme Woodcock,** Vice-President, Brand Security and **Gordon Buist,** Technical Director.
Back row from the left: **Tony Schofield,** Finance Director, **Martin Riley,** International Marketing Director, **Douglas Cruickshank,** Operations & Spirit Supply Director, **Rick Connor,** Director of Public Affairs, **Scott Livingstone,** Director of Human Resources, **Paul Scanlon,** Commercial Director and **Aziz Jetha,** Business Development Director.

BRAND LIFE

From left to right and top to bottom:

Chivas Brothers
September 2007 – Chivas Brothers named Distiller of the Year for the fourth time at the International Spirit Challenge.

Chivas Regal 25 Year Old
September 2007 – Chivas Regal unveils Chivas Regal 25 Year Old luxury blend at the New York Public Library.

Barclays Scottish Open
July 2008 – The Barclays Scottish Open took place at Loch Lomond Golf Club and offered Ballantine's the perfect opportunity to combine golf with the brand's Scottish heritage. Ballantine's is an officials sponsor for the second consecutive year, offering corporate hospitality including VIP spectator passes, a visit to Glenburgie Distillery, a blending masterclass led by Master Blender Sandy Hyslop and an exclusive tasting of Ballantine's 30 Year Old cask samples.

Chivas Regal at the Diwali festival in India

For two days at the end of October/ beginning of November, India marks the arrival of the new year and celebrates the victory of good over evil, light over darkness and knowledge over ignorance. Hindus decorate the ground at the entrance to their homes with traditional floral or geometric designs using coloured sands, as a sign of welcome to their guests and to Lakshmi, goddess of wealth.

Ballantine's

Ballantine's also achieved its highest volume ever in 2007/2008 selling 6.4 million 9-litre cases (+9%). This performance confirms Ballantine's as the world's undisputed No 2 Scotch whisky brand in volume and value.

Such success for Ballantine's is the result of two major investments. First, the global €40 million "Leave an impression" advertising campaign which was launched in May 2007. Paying homage to the icons that have left their own impression on the world, the multi-media campaign features heroes renowned for their flair, authenticity and individuality – traits synonymous with Ballantine's whisky.

The second major investment is golf. Ballantine's is reinforcing its commitment to international golf with the prestigious Ballantine's Championship in Korea and the Barclays Scottish Open in Loch Lomond in Scotland. The Korean Championship took place in March 2008 involving a €2 million title sponsorship deal. It is the first European Tour event to be held in Korea and is co-sanctioned by the Asian Tour and the Korea PGA. Ballantine's is committed to the tournament for at least three years, which will help reinforce its position as the No 1 Ultra Premium Scotch whisky in Korea and across Asia.

The Glenlivet

The Glenlivet's unrivalled provenance has continued to drive the brand forward with volumes growing by 10% to 600,000 9-litre cases in 2007/2008. In response to the rapidly increasing worldwide demand for The Glenlivet and its defining style, Chivas Brothers has recently announced plans to expand its operations in Speyside in Scotland which will significantly increase capacity at The Glenlivet distillery.

In addition, the single malt that started it all has once again stamped its authority on the 2008 International Wine and Spirit Competition (IWSC) with an award for every expression in the permanent The Glenlivet range, including Gold Best in Class accolades for The Glenlivet 12 Year Old First Fill and The Glenlivet 21 Year Old. With exciting new global advertising in development and a number of programmes to reinforce its whisky credentials the future looks as bright as first envisaged by its founder George Smith back in 1824.

Beefeater

Chivas Brothers continued to invest in Beefeater, the world's leading Premium gin brand, which sold 2.4 million 9-litre cases in 2007/2008. The "Forever London" advertising campaign launched in early 2007, has now been rolled out to 30 markets with supporting activities in both the on and off trade. The refurbishment and modernisation of the Beefeater distillery, based in the heart of London, has attracted an unprecedented 2,000 trade and press visitors over the past year which has continued to raise the profile of this iconic brand. Beefeater now wants to capitalise on the Super Premium sector.

BRAND LIFE

Royal Salute
April 2008 – Royal Salute unveils brand new prestigious website – www.royalsalute.com.

BRAND LIFE

From left to right:

Ballantine's 12 Year Old
October 2007 – Ballantine's unveils new packaging for Ballantine's 12 Year Old.

Ballantine's championships
March 2008 – Ballantine's inaugurates its first Golf Championship tournament in Korea.

The Glenlivet XXV
April 2008 – The Glenlivet celebrates the arrival of Super Premium The Glenlivet XXV.

Irish Distillers

In another excellent financial year for Irish Distillers, the subsidiary registered its strongest ever growth for Jameson since its creation in 1780, and the brand reaffirmed its position as the fastest-growing whiskey in the world (Top 100 spirits ranking). In 2008, Irish Distillers celebrates twenty years as part of Pernod Ricard, two decades crowned with success.

Jameson

An international success. Jameson sold 2.6 million cases in 2007/2008, with double-digit growth in over forty markets. Global sales rose by 15% overall, the strongest growth rate registered by the brand over the past ten years. Growth in value terms is even more spectacular, at +21%, a clear indication of the brand's successful Premiumisation. In the United States, where the subsidiary has strong ambitions for Jameson, sales rose by 24%. Other markets contributed strongly to this historic growth, including Russia (+36%), Eastern Europe (+35%) and Travel Retail (+20%).

For the seventh consecutive year, Jameson was awarded "Hot Brand" status in the United States. The brand is now in 38th place in the Impact Top 100 ranking of elite international spirits, over ten years after entering this ranking in 90th place. Jameson received numerous awards during the 2007/2008 financial year, including a Double Gold Medal at the world-renowned San Francisco World Spirits Competition, in which over 800 spirits brands took part. Jameson Rarest Vintage Reserve also received a Gold Medal and the prize for best Irish whiskey.

Furthermore, Jameson continued its support for cinema with, at the heart of this commitment to the 7th art, the brand's sponsorship of the Jameson Dublin International Film Festival. Since its beginnings six years ago, this partnership has been extended and strengthened: Jameson has agreed to be the Festival's title sponsor until 2012. The brand has also partnered with the Tribeca Film Festival in New York for the past three years, as well as other festivals of note around the world, including major initiatives in South Africa, Spain, Australia, France and Russia.

MANAGEMENT COMMITTEE

From left to right: **Peter Gallogly,** Commercial Director Ireland, **Denis O'Flynn,** Human Resources Director, **Mohit Lal,** Chief Financial Officer, **Peter Morehead,** Production Director, **Alexandre Ricard,** Chairman and Chief Executive Officer, **Conor McQuaid,** International Commercial Director.

BRAND LIFE

Jameson Reserves
The Jameson Reserve Collection was created by the four Jameson Masters: the Master Distiller, the Master of Maturation, the Master Blender and the Master of Whiskey Science. The goal: to showcase the artistic talent and professional expertise which are the two founding elements in every Jameson whiskey. This range includes Jameson 12 Year Old Special Reserve, Jameson Gold Reserve, Jameson 18 Year Old and Jameson Rarest Vintage Reserve.

CAMPAIGN

International campaign
Jameson's new international advertising campaign, entitled "Jameson. Seriously Playful" was launched in the United Kingdom in March 2008, before being extended to other markets including Russia, Spain and Ireland. Produced by the British photographer John Rankin, it consists of a series of portraits of charismatic people expressing themselves with humour and originality.

Ricard SA

In France, the Ricard brand is holding its own on a shrinking anise market, in spite of the ban on smoking in public places and unfavourable weather conditions. Ricard's performance is better overall than that of the anise market (-1.3%* in volume compared with -3.1%* for the market) and the brand has strengthened its leadership (by +0.7* points to a 37.8%* market share) with regard to spirits.

Ricard

An offensive strategy. In France, with its new slogan *"Ricard, un apéritif, un vrai!"* the brand clearly announces its goal of becoming a part of all "aperitif moments". The advertising campaign, backed up by radio ads, celebrates Ricard as an essential aperitif. Three visuals evoke the aperitif's major "territories", including its place alongside a meal, a trend which is growing in popularity.
Sales of the Ricard brand in North America have risen strongly, with 27% growth in Canada and 20% in the United States. More recently accessed markets have also shown encouraging results, such as in Bulgaria (+30%). On the Travel Retail segment, the Ricard O+R bottle has strongly enhanced the brand's visibility and supported sales. In European markets, Ricard's sales have dropped by around two points, but the brand remains the second-ranking** spirit, holding up well in Belgium (+0.4% in volume***), where the brand remains the most consumed spirit.

A year of new ideas. Launched in supermarkets in the summer of 2007, the new two-litre format is registering excellent results, with weekly sales 84%** higher than those of its competitor for the same format. With a market share of almost 38% in volume (end June 2008) and 44.8% in value***, Ricard has reenergised the anise-based spirits shelves with its new 2-litre format.
On the design front, the Ricard "Plein Air" line has added a new creation: the ice bucket. Another design by Robert Stadler, this item was launched in April 2008.
To mark the Company's 75th anniversary and that of its flagship brand, a limited edition bottle "75 ans de soleil" ("75 years in the sun") was launched for the end-of-year holiday season. To celebrate this event, artist Gérard Traquandi also created a special collector's bottle around the theme of the acanthus leaf.

* Source: Nielsen cumulative annual mobile data at end June 2008, weighted average monthly sales by numerical distribution/distribution value [DN/DV].
** Source: PR market view, based on IWSR 2007.
*** Source: Nielsen cumulative annual mobile data at end June 2008.

MANAGEMENT COMMITTEE

From left to right: **Bruno Pierrain,** Director of Finance and Administration, **Guillaume Girard-Reydet**, National Sales Director, **Jean-Charles Castellano,** Direcor of Human Resources, **Philippe Savinel,** Chairman and CEO, **Jean-Michel Senaud,** Director of Operations, **Michael Merolli,** Marketing Director and **Frédéric Ferrer,** Communications Director.

BRAND LIFE

From left to right and top to bottom:

***"Ricard, un apéritif, un vrai!"* campaign**
The diversity and universality of the Ricard moment are illustrated through clever wordplay. The national campaign appeared on almost 8,000 billboards in cities with over 100,000 inhabitants beginning in April 2008, with particularly dense coverage in Paris.

www.pastisricard.fr: to explore the Ricard brand
The contemporary, colourful graphics of the www.pastisricard.fr website reflect Ricard's values: dynamism, conviviality and good humour. Each heading uses symbolic imagery to introduce one aspect of the brand.

Launch of the R. Stadler ice bucket (Plein Air line) in April 08
After the jug and the presentation box launched in 2007, the Ricard *"Plein Air"* line has added something new: the ice bucket. Another creation by the designer Robert Stadler, this item appeared in bars in summer 2008.

Ricard at the Quebec Winter Carnival in Canada

From late January to mid-February, Quebec celebrates the most famous winter carnival in the world. Snow and ice sculpture competitions, musical shows and firework displays, snow bathing, dogsled, toboggan and ski races take place to the sounds of the famous carnival trumpets.

Malibu-Kahlúa International

For Malibu-Kahlúa International (MKI), 2007/2008 was a year focused on enhancing the Premium status of the Malibu, Kahlúa and Tia Maria brands. Consumers are rediscovering all three brands through new campaigns, new positioning, updated packaging, an extended range of flavours and dynamic marketing initiatives.

Malibu

Malibu registered strong growth in 2007/2008 (+6%), with 3.7 million cases sold. In addition to its main markets – the United States, the United Kingdom, Canada, Spain and France – the brand has significant growth potential in emerging markets such as Poland, the Czech Republic, Ukraine and Russia. It currently registers double-digit growth in over 33 markets, with sales of more than 50,000 cases in ten markets around the world.
To highlight the brand's Caribbean essence, Malibu-Kahlúa International launched the "Get Your Island On" campaign in December. Its centrepiece is a pair of TV commercials showing men and women in an urban setting filled with the positive energy and vibrant of the Caribbean. The new campaign debuted in numerous markets around the world, using both traditional and new media. For example, in the Netherlands, Malibu consumers were able to design their own virtual "flip flops" in the brand's colours. In Canada, Malibu events have brought the Caribbean to the ski slopes, injecting a little summer into the cold of winter, while winter "beach bashes" were organised in fourteen cities in the United States.

Kahlúa

Kahlúa benefits from a very positive image in its major markets, including the United States and Canada, and has major potential in countries such as South Africa, Australia and Korea. The brand is also dynamic in the Duty Free segment, particularly in North America and the Pacific, which both registered double-digit growth. The subsidiary launched an advertising campaign titled "Explore Your Curiosity," which highlights the brand's origin and depicts pre-Columbian kings and queens in contact with contemporary consumers.
Kahlúa also unveiled a bold new Premium packaging to reflect the brand's unique personality.
Finally, the brand expanded its range by launching a new flavour, Kahlúa Mocha, in May 2008 in the U.S. market. Kahlúa Hazelnut and Kahlúa French Vanilla were also introduced this year in Canada, Australia, the Nordic countries and the Duty Free segment.

MANAGEMENT COMMITTEE

Front row from the left: **Patrick O'Driscoll,** Chairman and CEO, **Thierry Pourchet,** Chief Financial Officer and Chief Operating Officer.
Back row from the left: **Kieran Stevens,** Vice-President, Commercial, **Sandrine Ricard,** Vice-President, Communications, **Cyril Claquin,** Sr. Vice President, Global Marketing, **Janice Jarrett,** Vice-President, Human Resources.

BRAND LIFE

From left to right:

Malibu: a new print execution. Malibu shared its vibrant Caribbean energy and outlook with markets such as Belgium, Croatia and Ukraine with a bright, eye-catching print and outdoor execution.

Kahlúa: Itza ad. Kahlúa launched a new advertising campaign this year inspired by its pre-Columbian heritage. The press, television and poster campaigns ignite consumer curiosity with their offbeat delivery.

Tia Maria: new packaging. With this new, more contemporary packaging, Tia Maria reinforces its Premium status.

Malibu at the New York Ball Drop in the United States

In Manhattan, thousands of people crowd into Times Square at midnight on 31 December to watch a sparkling crystal ball slide down One Times Square. During its descent, hundreds of thousands of voices count down the final seconds of the year.

Havana Club International

The iconic Cuban rum Havana Club achieved a new milestone in 2007: with sales exceeding three million cases, it entered the Top 30 in the Impact ranking of international Premium spirits brands, thanks to uninterrupted double-digit growth since 1994.

Havana Club

Becoming a benchmark on the aged rums market. Havana Club has registered strong growth in sales every year since 1994, with an average annual increase of 16%. Progress continued in the 2007/2008 financial year, with over 400,000 additional cases sold and total sales which now reach 3.2 million cases overall. The brand's success is rooted in Cuba, as well as in numerous countries in Europe and America, including Italy, Germany, Spain, France, Greece, the UK, Chile, Canada and Mexico.
Premiumisation is the way of the future on the rum market as well: this is the segment which shows the most rapid growth, and where significant development potential exists. Havana Club International is ideally placed to seize this growth opportunity, thanks to its product range and *savoir-faire*. The subsidiary can rely on its new distillery in San José, Cuba, with one of the largest rum aging capacities in the world. The quality of products in the range and the enthusiastic response of professionals and consumers are all assets which will help Havana Club to become the global benchmark for aged rums.

Havana Club or "El Culto a la Vida". Havana Club's authentic character is one of the keys to the brand's success with consumers, centred in particular around the image of the city of Havana. Havana Club International inaugurated a new international, multimedia communication campaign in May 2008, depicting the vibrancy of Havana and its inhabitants today. This campaign is an extension of the successful "El Culto a la Vida" campaign launched in 2006.
Havana Club International provides further opportunities to explore contemporary Cuban culture at the website www.havana-cultura.com, and through entertainment events such as "Havana 7 en vivo", showcasing singers, musicians and dancers.

MANAGEMENT COMMITTEE

Front row (from left to right): **Juan Gonzalez,** Vice-Chairman of Cuba Ron, **Aurora Callejo,** Finance Director, **Alejandro Roca,** Cuban Minister of the Food Industry and **Santiago Rueda,** Director of Logistics and Procurement.
Back row (from left to right): **André Leymat,** Industrial Director, **Marc Beuve-Méry,** Chief Executive Officer, **Luis Perdomo,** Chairman, **Yves Schladenhaufen,** Marketing Director, **Sergio Valdes,** Export Director and **Osvaldo Águila,** Sales Director - Cuba.

BRAND LIFE

From left to right:

New advertising campaign
In May 2008, Havana Club updated its famous "El Culto a la Vida" campaign with new posters expressing once again the Cuban "thirst for life".

www.havana-cultura.com, a window on contemporary Cuban culture
Launched in 2007 and updated monthly, the havana-cultura.com website transports visitors to Havana for an intimate look at the city's artists, writers, musicians and directors. It is designed as a Web TV and is accessible in six languages.

Havana Club at the Las Fallas festival in Valencia, Spain

In mid-March, Valencia is visited by immense cardboard statues (placed at every street corner. For a week, the mood is one of celebration, with parades, firecrackers and fireworks leading up to a huge final fire which will reduce these ephemeral sculptures to ashes.

The Stolichnaya Brand Organisation*

Since joining the Pernod Ricard portfolio in 2005, the iconic Russian vodka Stolichnaya has shown spectacular growth in sales, up from 2.1 million to 3.4 million cases. The brand received several awards in 2007, including "Best New Product" in the United States and "Best New Event" in the United Kingdom. Its benchmark Ultra Premium Stolichnaya Elit also received the highest rating ever attributed by the U.S. Beverage Tasting Institute.

Stolichnaya

A continually renovated brand. Stolichnaya registered significant growth again this year in several countries around the world, particularly in Greece, Great Britain and Mexico. The United States is still the brand's largest market, accounting for over two-thirds of total sales, with growth of 4%. Thanks to the brand's high profile in this country, The Stolichnaya Brand Organisation continued to successfully market its two new flavours, Stolichnaya Blueberi, launched in 2006, and Stolichnaya Blakberi launched in 2008. The company also deployed a fully integrated 360° communication platform for Stolichnaya Red.

Vodka that offers a unique experience. The advertising campaign inspired by Russian Constructivist style was brought to life in three-dimensional spaces this year, such as the Stoli Bar in London's prestigious Harvey Nichols department store and the "Rise Up and Join the Party" global re-launch event.

Marketing efforts also aimed to develop new "experiential expressions" for the brand, with particular attention to flavour, including cocktail and cooking classes built around drink-food pairings. Finally, fusing classical Russian music with modern rhythms and beats has given rise to a unique "Stolichnaya sound", showcased in the remix created by Gabriel Prokofiev, grandson of Sergei, once an official composer for the former USSR and creator of "Romeo and Juliet".

* The company is distributing the Stolichnaya brand for a transition period.

MANAGEMENT COMMITTEE

From left to right: **Howard Southern,** Vice-President Marketing, **Tom Ray,** Commercial Director, **Julia Massies,** Director of Finance & Business Development and **Ian Jamieson,** Chairman & CEO.

BRAND LIFE

From left to right:

Blakberi Campaign
The advertising campaign for the new flavour Stolichnaya Blakberi targets a young, feminine audience, incorporating the key values expressed in the parent brand's "Choose Authenticity" campaign, with an added note of youthful energy. Music for the commercial was composed by Gabriel Prokofiev, and blends Russian choir music with a contemporary sound.

A branded bar in London
Stolichnaya launched a completely new concept in the spirits sector with a bar entirely dedicated to the brand. Located on the top floor of the Harvey Nichols department store in London, the Stoli Bar offers a completely novel experience of drinks, food, music, graphics and services all inspired by the Stolichnaya brand universe. Stoli bar hosted a number of prestigious events this year, such as Russian New Year.

Martell Mumm Perrier-Jouët

Martell Mumm Perrier-Jouët's performances this year reconfirm the success of its "value" strategy, adopted in 2005 and based on developing the superior qualities of Martell cognac and Mumm and Perrier-Jouët champagnes. The launch of Ultra Premium vintages, limited editions and partnerships with prestigious houses and designers, help to solidly anchor the company in the luxury universe.

Martell

An exceptional product. Martell strengthened its position on the Premium segment over the past financial year. By making quality a top priority and effectively managing scarcity, Martell Mumm Perrier-Jouët is doing everything possible to offer unique taste experiences to consumers, working in particular to craft subtle and delicate blends using the best vintages from the Cognac region. With Martell Cordon Bleu and Martell XO, the brand is already the international leader in the "XO" (extra old) category.

To enhance its brand image, Martell Mumm-Perrier-Jouët has entered into partnerships with prestigious establishments such as the Hôtel Ritz in Paris. The company will continue to develop unique relationships in future to highlight its creative flair and respond to the demands of a clientele seeking ever more exceptional products.

International success. Martell registered an overall performance of 24% (internal growth in sales), with Asia as a clear driving force for the brand with volumes increasing by 28%, and China playing the leading role at +41%. Remarkable results were also achieved in Eastern Europe, particularly in Russia and Ukraine, as well as on other expanding markets such as Mexico (+17% growth in volume).

MANAGEMENT COMMITTEE

Front row (from left to right): **Jean-Marc Morel,** Assistant Managing Director, Martell, **Lionel Breton,** Chairman and CEO, Martell Mumm Perrier-Jouët (MMPJ), **Michel Letter,** Assistant Managing Director, Mumm Perrier-Jouët .
Back row (from left to right): **Jean Étienne Gourges,** Commercial Director, MMPJ, **Éric Douvier,** Director of Human Resources, MMPJ, **Éric Benoist,** International Marketing Director, MMPJ, **Christophe Danneaux,** Director of Finance and Administration, MMPJ.

BRAND LIFE

From left to right:

Cordon Bleu by Paolo Roversi
The Italian fashion photographer Paolo Roversi was entrusted with designing the advertising campaign for the iconic Martell Cordon Bleu brand, launched in 2008. He captured the brand's intrinsic qualities to convey a prestigious, contemporary image. Paolo Roversi is among the four artists to receive awards at "Martell Artists of the Year 2007", an international event organised each year in China to recognise creatively independent artists.

A new campaign for Martell XO
The "Shape your World" campaign has played an essential role in developing Martell XO's exceptional reputation. Based on the values of "architectural inspiration", it highlights a modern approach through the aesthetics of the bottle.

Mumm

Distinction and personality. The "red ribbon" brand experienced another successful year. Sales rose 11% by volume and 18% in value terms, driven in particular by the European market (+13%).
The G.H Mumm champagne house extended distribution of its prestige vintage, Cuvée R. Lalou, to several new countries this year, including France, the United Kingdom and the United States. This benchmark product demonstrates the essential pillars for creating a luxury brand: history, *savoir-faire* and unstinting quality.
In its communications, G.H Mumm is developing an events strategy built around the celebration of success achieved through daring and panache: Mumm is first and foremost the victory champagne on Formula 1 podiums. The brand also celebrates major transoceanic yacht races, or adventures such as the series of gourmet dinners organised this year in partnership with the adventurer Mike Horn in some of the most exceptional locations on the planet: Greenland, the South Pole, the Great Barrier Reef...

Perrier-Jouët

The first custom-made champagne. With 3% growth by volume and 14% in value terms, Perrier-Jouët continued to develop on its major markets this year: the United States, United Kingdom, France, Italy and Japan. Martell Mumm Perrier-Jouët has chosen a "luxury" approach, supporting its star vintage Perrier-Jouët Belle Epoque and promoting its brands in prestigious establishments (five-star hotels, gourmet restaurants, etc.).
The launch in March 2008 of the world's most expensive champagne, Perrier-Jouët "By & For", was highly favourable to the brand's reputation. It was a first for a champagne house to create a truly custom-made champagne. Buyers are invited to blend their own vintage, and receive a reserved space in the house cellars. Perrier-Jouët "By & For" is offered to only one hundred exclusive clients in seven countries: the United States, Great Britain, Japan, China, Russia, Switzerland and France.
Martell Mumm Perrier-Jouët chose to celebrate the launch of this vintage at the Garnier Opera House in Paris, and invited international style icons such as actresses Sophie Marceau and Gong Li. The champagne house turned to the jeweller Van Cleef & Arpels to recreate its own version of the anemone symbol of the Cuvée Belle Époque, drawn by Emile Gallé in 1902.

BRAND LIFE

From left to right:

G.H Mumm, official Formula 1 champagne
Since 2000, the Mumm Cordon Rouge jeroboam is present on all Formula 1 Grand Prix podiums throughout the world.

The famous anemone swirl by Emile Gallé revisited by the jeweller Van Cleef & Arpels
This unusual anemone is composed of 450 diamonds and 259 yellow sapphires.

EVENT

From left to right:

Exceptional dinners with Mumm
On 14 July 1904, Commander Charcot and his crew celebrated the first expedition to the South Pole.
On 9 July 2008, master chef Sylvestre Wahid and adventurer Mike Horn celebrate the beauty of nature on an iceberg in Greenland. Mumm is the companion in these extraordinary adventures.

The Perrier-Jouët house launches the world's most expensive champagne
On 20 March 2008, Martell Mumm Perrier-Jouët launched Perrier-Jouët By and For, a prestige vintage sold at more than 4,000 euros a bottle (€50,000 for a dozen bottles).
The event was celebrated at the Garnier Opera House in Paris, in the presence of celebrities such as the actress Gong Li.

Mumm at the Carnival of Venice in Italy

Masks appear in the streets of Venice in February, during the twelve days before Mardi Gras, ensuring that those who wear them remain anonymous. During this period of complete freedom, the Venetians go for a walk along the city's canals, and Venice is transformed into a huge baroque theatre.

Pernod Ricard Pacific

In Australia and New Zealand, Orlando Wines and Pernod Ricard New Zealand share a wine-making philosophy that marries traditional techniques with leading-edge technologies to craft intensely flavoured, fruit forward wines. New world wines are attractive because they are easy to understand and correspond perfectly to today's consumer expectations.

Montana

Premiumisation of the range. Montana pursued growth once again this year, with sales value up 9%. Following a smaller than planned harvest in 2007 due to spring frosts the 2007/2008 financial year witnessed significant price rises in all major markets. With a clear and well-structured range (Classics, Reserve, Letter Series), Montana is ideally placed to capitalise on the growing popularity of New Zealand Sauvignon Blanc, Pinot Noir and, more recently, Pinot Grigio.
The introduction of nine new wines, including three Montana Terroir Series Pinot Noirs demonstrates that innovation at a Premium level will continue to be a strategic priority for the brand. With the objective to successfully combine the best of New Zealand with the best of Montana, the brand will address two strategic challenges in 2008/2009: translating the new brand platform into a successful advertising campaign and revitalising its packaging.

Jacob's Creek

Renewed dynamism. In 2007/2008, Jacob's Creek registered 6% growth in value. The brand's success is based on three strategic pillars: Premiumisation, connection and innovation. As part of an overall quality approach, Premiumisation focuses on extending the brand's footprint through a full brand ladder. Strong growth for the Reserve range and the continued development of Jacob's Creek sparkling wines are tangible demonstrations of this strategy. The second pillar, connection, has been supported by the "Welcome to Our Place" advertising campaign which highlights the brand's authentic character and Australian heritage. Finally, innovation has allowed consumers to discover new wine experiences through the successful launch of Jacob's Creek Three Vines and the introduction of new varietals.

MANAGEMENT COMMITTEE

Front row, from left: **Tim Paech,** Travel Retail and Business Development Director of Pernod Ricard Pacific (PRP), **Nicolas Krantz,** Chief Financial Officer, PRP, **Jean-Christophe Coutures,** Chairman and CEO, PRP, **Bruno Goimier,** General Manager Communications, PRP. Back row, from left: **Fabian Partigliani,** Managing Director of Pernod Ricard New Zealand, **Andrew Davie,** Human Resources Director, PRP, **Alan Mitchell,** Compliance Director, PRP, **Brett McKinnon,** General Manager Viticulture and Winemaking, Orlando Wines, **Philip Laffer,** Group Chief Winemaker, PRP, **Pierre-Yves Calloc'h,** Chief Information Officer, PRP, **Stephen Couche,** Managing Director of Orlando Wines, **Reuben Summerell,** Regional Supply Chain Director, PRP, **Darryn Hakof,** International Sales Director, PRP, **Mark O'Connell,** Managing Director of Pernod Ricard Australia.

BRAND LIFE

From left to right:

Montana Terroir Series release a milestone for Pinot Noir
Pinot Noir in New Zealand has reached a new milestone with the release of three Montana Terroir Series wines that purposely showcase how this variety responds to different regional terroirs. The wines are produced in three of New Zealand's most prominent Pinot Noir regions: Marlborough, Waipara and Central Otago.

Fresh, vibrant new varietals for Jacob's Creek
Jacob's Creek introduced a Pinot Noir in the Reserve range and a Pinot Grigio in the Reserve and Classic ranges on selected markets in 2007/2008. These two varietals complement the brand's existing range with fresh and vibrant new wines.

Jacob's Creek on Saint Valentine's Day in Ireland

On 14 February, the Irish celebrate love under the patronage of Saint Valentine, the saint of lovers. Couples exchange love notes and gifts, including red roses to symbolise their passion.

4 MAJOR REGIONS*

A powerful distribution network

By Michel Bord, Deputy Managing Director in charge of Pernod Ricard's Distribution Network

"The strength and size of Pernod Ricard's distribution network is without a doubt one of the pillars of our success. Because it is our own wholly-owned network, we can rely on our own people to develop and sell our brands. Its decentralised structure helps promote individual autonomy and responsibility, which are crucial elements in our entrepreneurial spirit. Our network covers both the "traditional" markets that are a true powerhouse for our brands, as well as "emerging" markets where we hold strong positions and in regions providing the real growth engine for the Group."

* Asia and Rest of the World, Americas, Europe (except France) and France.

Asia and Rest of the World

The Asia/Rest of the World region constitutes a major source of growth for the Group, with total sales of over €2 billion, up by 7% over the financial year (+13% internal growth).

Asia

With the leading presence across Asia, Pernod Ricard occupies the number one position among international companies in the key countries of China, India, Japan and South Korea (where it is the co-leader). The Group responds to the expectations of a market dominated by dark spirits (whiskies and cognac) and Premium products. Martell, Ballantine's and Chivas Regal generated 60% of the growth in the region.
Other segments on which Pernod Ricard focuses its investments, such as Premium vodka, champagne, wines and liqueurs, continue to deliver strong performances, and the arrival of ABSOLUT Vodka will strengthen the Group's portfolio in Asia. The region should offer continued growth opportunities in the coming years, with China, India and South Korea as key markets.

China. Pernod Ricard is the market leader in China, where internal growth of 29% make it the primary contributor to the Group's overall internal growth. In a country where brand equity is the deciding factor in purchasing decisions, Pernod Ricard China's focus is on building Premium brands, which comprise 90% of its portfolio.
Martell is the second largest cognac brand, but it is the market leader in the Prestige category (over 84 US dollars a bottle), through the continued strong performance of Martell XO and Martell Cordon Bleu.
Chivas Regal continues its leadership of the imported spirits segment, whilst the rapid growth of Ballantine's has ensured it the No. 3 position among Premium whiskies. Royal Salute remains the leading brand of Prestige whisky in China.
With the distribution strength that comes with these leading brands, Pernod Ricard China continues to develop wine and champagne brands, such as Jacob's Creek, Mumm and Perrier-Jouët, to capture the opportunities this dynamic market has to offer.
In the vodka segment, ABSOLUT Vodka is the uncontested leader with a 38% market share. By integrating the brand into its portfolio, Pernod Ricard China will strengthen its market share position.

India. India remains one of the largest spirits markets in the world, and Pernod Ricard is the market leader among international operators. Sales rose by 39% this year, with outstanding performances by local whisky brands: +20% for Royal Stag (with sales exceeding 6 million 9-litre cases), +36% for Blender's Pride, and +26% for Imperial Blue. Royal Stag's continued success has been underpinned by the successful communication campaign, "Make it Large", expressing India's passion for Indian movies, music and cricket. Pernod Ricard India continues to invest in the development of its key local brands ensuring a solid distribution footprint to leverage increased distribution and promotion of the International Brands portfolio.

REGIONAL EXECUTIVE COMMITTEE

Sitting at the front, from left to right: **Jenny To,** Managing Director Pernod Ricard Hong Kong, **Nicola Sangster,** VP Human Resources Pernod Ricard Asia.
From left to right: **Alban Marignier,** VP Finance Pernod Ricard Asia, **Cyril Sayag,** VP Public Affairs Pernod Ricard Asia, **Paul-Robert Bouhier,** Managing Director Pernod Ricard Singapore, **Horace Ngai,** Managing Director Pernod Ricard Taiwan, **Fabrice Audan,** President and CEO Pernod Ricard Japan, **Kevin Lee,** Managing Director Pernod Ricard Philippines, **Thibaut de Poutier de Sone,** Managing Director Pernod Ricard Asia Duty Free, **Philippe Dreano,** President and CEO Pernod Ricard Asia, **Phanuwat Wongrisiphant,** Managing Director Pernod Ricard Thailand, **Franck Lapeyre,** Managing Director Pernod Ricard Korea, **Param Uberoi,** President and CEO Pernod Ricard India, **Philippe Guettat,** Managing Director Pernod Ricard China, **Cheng Keang Tan,** Managing Director Pernod Ricard Malaysia, **Bryan Fry,** VP Marketing Pernod Ricard Asia.

This successful model assisted the continued market share increase for Chivas Regal, with sales growth of 42% by volume.
Vodka's popularity is on the rise in India, and this trend is a promising sign for ABSOLUT Vodka, which, in spite of high taxes on imported spirits, represents an important growth opportunity.

South Korea. Pernod Ricard is the joint leader in South Korea, the world's leading market for aged whisky. Pernod Ricard Korea's comprehensive whisky portfolio is centred on the Ballantine's, Royal Salute and Imperial brands. The Imperial whisky brand is a major asset, which benefited this year from the launch of new packaging and advertising campaign in line with the global strategy of "Premiumisation". A 23% growth in volume for Imperial 17 Year Old during the financial year was a strong response to these initiatives.
As with other Asian markets, the wine and champagne category is recording robust growth, to which Pernod Ricard Korea continues to contribute, through structured investment in the Perrier-Jouët, Mumm, Jacob's Creek, Montana and Wyndham Estate brands.
ABSOLUT Vodka holds 27% of the Korean vodka market, which, when combined with the Havana Club, Beefeater and Commander brands as well as Jose Cuervo (a distributed brand), makes Pernod Ricard Korea the unrivalled leader in the imported white spirits segment.

CHINA

Martell Cordon Bleu "Art in Blue" campaign in China
From May to September 2007, Martell Cordon Bleu organised a series of events across China, around the theme of the "Art in Blue" campaign. In all, nearly 80 "Blue Nights" were celebrated in KTVs and around twenty soirées were organised in the major cities of China.

INDIA

First edition of the "Chivas Fashion Tour" in India
The very first "Chivas Fashion Tour" took place from 5 October to 23 November 2007. Launched in Bombay, the event showcased the major names in Indian haute couture, and toured four other cities across India before travelling to Dubai for the final show.

KOREA

Ballantine's golf tournament in Korea
Ballantine's sponsored the first European Tour golf tournament ever organised in South Korea, and one of the largest golf events in Asia from 13 to 16 March 2008, on the island of Jeju. A major advertising platform was activated for the occasion encompassing Korea, China, Japan, Taiwan and the Duty Free sector.

JAPAN

Perrier-Jouët "Anemone" Spring Party
A Perrier-Jouët "Anemone" Spring Party was held at the Grand Prince Hotel Takanawa, Kihinkan & Prince room in April 2008 with press, opinion leaders, celebrities and selected VIP customers.

ASIA

Launch of Chivas Regal 25 Years across Asia
Following the official launch of Chivas Regal 25 Year Old in New York, in September 2007, key major Asian cities celebrated the renaissance of this legendary Scotch whisky: Shanghai, Dubai, Hong-Kong, Singapore, and India (above, the October launch in Singapore).

Japan. Pernod Ricard Japan's takeover of distribution of Mumm and Perrier-Jouët in 2007 was further consolidated this year, through continued strong investment in distribution and account development in key on-premise channels, leveraging the strength of our sales network in the country.
Chivas Regal maintains its leadership on the imported Super Premium whisky segment (12 Year Old). Chivas 18 Year Old made favourable gains in the on-premise sector.
Beefeater remains the leading brand of gin in Japan, with strong loyalty amongst opinion-leading bartenders.
Malibu registered the strongest growth rate in the imported spirits segment, and the Kahlúa brand, operating within a difficult liqueurs market, benefited from the implementation of a new marketing campaign and innovative promotional initiatives.
The vodka market is relatively large in Japan, but quite fragmented. However, ABSOLUT Vodka enjoys strong brand awareness and distribution in leading Tokyo on-premise accounts.

Taiwan. This year Pernod Ricard rose from fifth to equal third place on the Taiwanese market through a 14% growth in sales, thanks to focused efforts on the Ballantine's, The Glenlivet, Royal Salute and Martell brands.
ABSOLUT Vodka is the leader in the vodka category with a 41% market share.

Singapore and Malaysia. Pernod Ricard Singapore had an excellent year, with sales up by 14% and rising profitability. This success is due to innovative marketing around the Chivas Regal and Martell brands, whilst continuing investment on Mumm champagne, in a rapidly growing champagne market.
Pernod Ricard Malaysia also delivered an excellent performance, with sales up by 12%, thanks to the continued development of Chivas Regal and Martell.
In both countries, ABSOLUT Vodka holds a leading market share with strong brand equity. This will complement our existing strong brand portfolio to assist Pernod Ricard Singapore and Pernod Ricard Malaysia further strengthen their respective leading market positions.

Thailand. Despite a difficult economic environment and increasing restrictions on the sales and marketing of alcohol, Pernod Ricard Thailand maintains its leading position, led by the flagship Scotch whisky brand, 100 Pipers.
ABSOLUT Vodka will deliver Pernod Ricard Thailand a strong brand position to capitalise on a very dynamic vodka market.

Travel Retail. Sales in the Duty Free channel are the Group's third largest source of profits in Asia, and Pernod Ricard retains the No. 1 position in this channel. The Group holds a market share of nearly 70% in the Ultra Premium and Prestige whiskies categories, and 40% in the Super Premium category. For cognacs, market share held steady at 24% on the Ultra Premium and Prestige segments, and at 14% on the Super Premium segment. In all, sales are up by 12% in terms of volume. Given the rise in passenger traffic across all key Asian markets, the Duty Free segment has a very positive outlook.
The integration of ABSOLUT Vodka in its portfolio provides Pernod Ricard with the leadership of the vodka category. The brand holds over 49% of the market, in a segment which continues to deliver double-digit growth.

Pacific region

Through its entities Pernod Ricard Australia, Pernod Ricard New Zealand and Pernod Ricard Pacific Travel Retail, Pernod Ricard Pacific's efforts have continued towards innovation and Premiumisation of its brands. In 2007/2008, the region focused primarily on driving growth in value, stimulated by price increases and supported by significant marketing investments.

Australia. Pernod Ricard Australia registered strong results in 2007/2008 driven by new product development and the implementation of price increases for both its wine and spirits brands. The new Three Vines range was a growth engine for Jacob's Creek, whilst Wyndham Estate reinforced its status as an upscale Shiraz specialist with the launch of the Bin 515 Shiraz Viognier. Stoneleigh and Montana expanded their footprint with the introduction of new varietals, Pinot Grigio and Chardonnay. Premiumisation of the spirits portfolio also continued through strategic partnerships set up around Chivas Regal, Jameson, Ballantine's and Wild Turkey.

New Zealand. Pernod Ricard New Zealand is the leading wine company in New Zealand with just over 40% value market share. 2007/2008 has been a pivotal year for Pernod Ricard New Zealand which delivered strong profit growth sustained by large price increases across the portfolio and increased investments behind core brands Montana, Stoneleigh, Jacob's Creek and Lindauer. Building on its wine strength and leadership, Pernod Ricard New Zealand has strong growth ambitions for its spirits brands, in particular for Jameson, ABSOLUT Vodka, Havana Club, Kahlúa and Malibu.

Pacific Travel Retail. The excellent performance of the Australian Duty Free sector was largely driven by the Group's Premium spirits, in particular Chivas Regal, The Glenlivet and Martell. The New Zealand Duty Free sector registered double-digit growth, with excellent results for Jameson, Ballantine's Finest, Kahlúa and Stoneleigh. Finally, in the Pacific Islands, Jacob's Creek enjoyed strong sales, confirming its position as the leading Premium wine in the region.

AUSTRALIA

Intensity Captured
Wyndham Estate launched a new advertising campaign using the headline "Intensity Captured" conveying the idea that Wyndham Estate offers intensely flavoured wines that dazzle the senses.

MANAGEMENT COMMITTEE

See photo of the Pernod Ricard Pacific Management Committee page 38.

Africa and Middle East

Activity in the zone represented by Pernod Ricard Africa & Middle East has registered very strong growth over the past two years (+20% by volume this year). This dynamism is largely due to the success of the strategic brands (+25%) and in particular Chivas Regal (+46%), the portfolio's flagship brand, as well as Ballantine's (+23%) and Jameson (+37%). The company is focusing its efforts on a Premiumisation approach.

Middle East. Our performances here is largely superior to market averages. The whisky category continues to dominate the market, thanks to its role as a status symbol. The vodka segment is also growing rapidly, particularly in Israel.
In structured markets such as in Lebanon, Israel or Cyprus, Premiumisation has led to the introduction of higher quality aged whiskies, or price increases supported by marketing and advertising initiatives.
On emerging markets and those with more limited access (such as Iraq, Iran and Syria), volumes are rising thanks to specific efforts devoted to whiskies, such as Chivas Regal and Ballantine's.

Africa. Whisky's dominance is strong, while the vodka category is also emerging, in particular in North Africa (Morocco and Egypt). The Premiumisation strategy is allowing brands such as Chivas Regal and Ballantine's to achieve strong growth. Other brands owe their success to a local success story, such as Clan Campbell in West Africa. The anise-based spirits segment is significant and dominated by Ricard.

SENEGAL

Ricard – Dakar – May 2008
In West and Central Africa, coordination of distributors is carried out by the Group's local offices in the Ivory Cost and in Cameroon. Thanks to a steady promotional campaign, Ricard is now the only veritable brand on anise-base spirits on the market.

Americas

Pernod Ricard is now the No. 2 in the Americas region (comprising all of North, Central and South America), which accounts for nearly 26% of the Group's turnover. Sales amounted to €1.7 billion and rose by 8% (organic growth).
With the acquisition of Vin&Sprit, Pernod Ricard now ranks second in the United States for international spirits, holding a 13% market share in the world's largest spirits market.

Americas

Pernod Ricard occupies a strong position in the American continent, both in mature markets (No. 2 in the United States for international spirits – following the acquisition of Vin&Sprit – and in Canada) and in emerging markets (market leader in Mexico and Argentina).
While consumption in the United States is mainly oriented towards vodka and tequila, whisky dominates in the remainder of the region. Pernod Ricard benefits from solid positioning in this category, thanks in particular to long-term efforts in Mexico, Venezuela and Argentina, and to a high-powered portfolio which includes brands such as Ballantine's (with 23% growth over the financial year), Chivas Regal (+11%), The Glenlivet (+4%), Wiser's (+7%), and Wild Turkey (+6%). Jameson also maintains its star ranking on the American market, with annual double-digit growth for the past ten years, and Malibu makes a significant contribution to the Group's business in the region.

Another key factor defining this market is the success of Ultra Premium and Prestige products. In this area also, the Group's brands fit perfectly with consumer expectations.

North America

United States. Pernod Ricard USA's dynamic, Premium spirits and wines business brought in excellent results during the financial year, despite the economic slowdown in the United States.

The subsidiary was able to rely on its wide-ranging and prestigious portfolio, as well as its Premiumisation program, to deliver solid growth in both volume and value terms.

Among the most dynamic brands are Jameson, whose sales have registered annual double-digit growth for the past nine years, and Wild Turkey, whose performance was driven in part by

REGIONAL EXECUTIVE COMMITTEE

Front row, from left to right: **Eduardo Otero,** CEO, Pernod Ricard Argentina Cluster, **Frédéric Villain,** Chief Financial Officer, Pernod Ricard Americas, **Alain Barbet,** Chairman and CEO, Pernod Ricard Americas, and **Béatrice Leon,** Chief Information Officer, Pernod Ricard Americas.
At the back, from left to right: **Elvis Ippoliti,** CEO, Pernod Ricard Venezuela Cluster, **Gilles Bogaert,** Chairman and CEO, Pernod Ricard Brazil/Paraguay Cluster, **Con Constandis,** Chairman and CEO, Corby Distilleries, **Paul Duffy,** Chairman and CEO, Pernod Ricard USA, **Christophe Lemarie,** CEO, Pernod Ricard Americas Travel Retail, **François Bouyra,** CEO, Casa Pedro Domecq, **Cedric Ramat,** Vice President, Human Resources, Pernod Ricard Americas, **Pascal de Marchi,** Vice President, Operations, Pernod Ricard Americas, **Mark Orr,** Vice President, North American Affairs, Pernod Ricard Americas, and **Sumeet Lamba,** Vice President, Marketing, Pernod Ricard Americas.

Jameson on Saint Patrick's Day in France

On 17 March, in Chicago, Paris and the rest of the world, Irish expatriates celebrate the patron saint of Ireland together with the local populations. The famous Irish pubs are decorated for the occasion with shamrocks and decked in green.

CANADA

150th anniversary of Wiser's
For the 150th anniversary of Wiser's whisky, all of the company's employees assembled in its home region of Windsor, Ontario (Canada) to celebrate the brand's success.

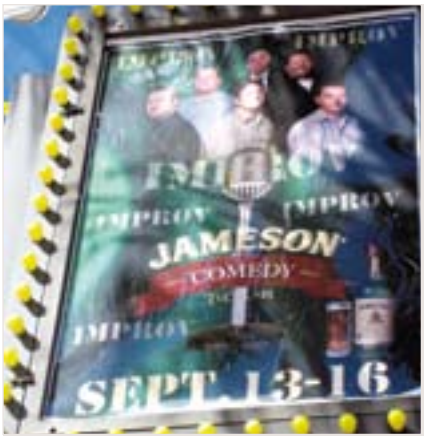
USA

Star brands
Pernod Ricard USA has established an unprecedented presence for its portfolio of products within the very influential Hollywood community. The subsidiary's key brands starred in over 30 events in the entertainment sector, and appeared in some twenty films and television series. Chivas Regal played a role in the film *Charlie Wilson's War;* Jameson partnered with talk-show host Jimmy Kimmel to celebrate his thousandth episode; Perrier-Jouët organised a dinner in honour of Sandra Oh, the Emmy-nominated actress from the TV series *Grey's Anatomy,* while The Glenlivet invited actors from the popular series *Mad Men* to a day of golf and scotch tasting.

the success of the new bourbon liqueur Wild Turkey American Honey. Malibu, for its part, registered strong growth thanks to a new brand platform titled "Get Your Island On". Finally, The Glenlivet was propelled by its Premium products.
In the area of Premium wines and champagne, Perrier-Jouët, Mumm Napa and Campo Viejo enjoyed exceptional results on their respective markets, thanks to the success of the Premiumisation strategy and improved distribution. Jacob's Creek achieved a milestone, as one million cases were sold in the United States this year. Innovation was also a major growth factor, with the launch of new brands such as Jameson Rarest Vintage Reserve, Chivas Regal 25 Year Old, The Glenlivet 1969 and Kahlúa Mocha, as well as a range based on the popular Pinot Grigio varietal, under the Jacob's Creek and Graffigna brands. Pernod Ricard USA also developed programs aiming to heighten brand equity, tripling the number of on-premise events in nightclubs and bars, and expanding its brands' presence with major show business trendsetters. The Premium quality of the subsidiary's wine portfolio has been recognised by the most important critics in the American press. The acquisition of Vin&Sprit has lifted Pernod Ricard USA to the No. 2 spot in the world's largest and most profitable international spirits market, with market share rising from 8.6% to 13%. ABSOLUT's extremely strong position in the on-premise segment opens doors to other brands in the portfolio. With five million cases sold in 2007 (4% internal growth), ABSOLUT Vodka is both the leading imported spirit and the leading Premium vodka in the United States.

Canada. Corby, Pernod Ricard's Canadian subsidiary, is one of the market's major players, holding eight of the twenty-five highest-selling spirits in the country and a 24% market share (over four million cases sold annually in all). The company is also one of the leaders on the imported wine segment, with sales of approximately 900,000 cases. Over the past financial year, Corby further strengthened the positioning of several strategic brands, such as The Glenlivet (+13%), Havana Club (+62%), Malibu (+5%), Jameson (+30%) and Jacob's Creek (+27%). These brands' performances place them at the top of their respective categories.
Corby's activity is also driven by the country's best-selling local whisky, Wiser's. This year, Wiser's consolidated its leadership with growth higher than the market average for Canadian whisky. The subsidiary also celebrated the brand's 150th anniversary in 2007.
The recent acquisition of Vin&Sprit and its ABSOLUT brand will provide Corby with a leading product on the Premium import category, as Canada is ABSOLUT Vodka's third largest market in the world.

USA



Jameson Comedy Tour
Jameson's enjoys great success in the United States thanks to programmes which promote the brand's unique personality among young adults. The success of the Jameson Comedy Tour is one of the best illustrations. Several of the United States' most popular comics participated in this twenty-city tour, which drew a large audience and received significant media coverage (television, radio and print).

Mexico. Casa Pedro Domecq strengthened its leadership, maintaining its No. 1 position on the Mexican wine and spirits sector, with a 17% market share. It also received an award as the best company in the industry.
This year, increased attention to Super Premium brands has led to overall sales growth of 17% for Martell, allowing the cognac to increase its leadership and achieve a 67% market share. Sales of Chivas Regal also rose by 20%, thanks to the development of new distribution channels and local marketing initiatives. Next to these international references, the local Premium brandy, Azteca de Oro, saw its sales rise by 3% in a declining segment.
Olmeca tequila has grown moderately in volume with average volume growth of over 20% in recent years. The brand remains the unrivalled leader on such rapidly developing tequila markets as Russia and South Africa, and ranks third on the Travel Retail circuit. Pursuing strategic innovations, including the launch of Olmeca Pure Gold and the Ultra Premium "Tequila Tezón", will further heighten already strong brand equity.

In July 2007, Casa Pedro Domecq launched two new tequila brands on its domestic market: Agavia and Real Hacienda, each targeting a different category of consumer. Extremely well-received by retailers, these brands have benefited from exclusive distribution contracts in the county's main supermarket chain.
Mexico is ABSOLUT Vodka's sixth most important market today, with consumption of some 420,000 cases per annum. Growth was stronger for this brand than for the other vodkas.

MEXICO

From left to right:

Azteca de Oro has confirmed its potential on the Premium quality Mexican brandies market this year.

The latest version of Olmeca Pure Gold has strengthened the brand's leadership on the dynamic tequila market.

MEXICO

Agavia et Real Hacienda, two new brands of tequila that were successfully launched on the Mexican market in 2007.

Central and South America

Pernod Ricard experienced exceptional organic growth in Central and South America, with a rise of 6% driven in particular by Chivas Regal, Havana Club, Ballantine's and Something Special.

Brazil. The Brazilian market had a very positive year in 2007/2008 and continues to offer significant potential. The growth of the whisky category – with sales up by 8% over five years, driven by imported products (+16%) – supported Pernod Ricard's performance on this market.
In order to profit from this trend, Pernod Ricard has focused on upgrading its distribution network to stimulate sales of imported spirits, particularly in the modern off-premise segment. Result: 21% growth on this channel, thanks in large part to imported whiskies: +34% for Ballantine's in the modern off-premise segment (+25% for overall sales), and +88% for Chivas Regal (+42% for overall sales).
Concerning local products, Pernod Ricard maintains the leadership with Montilla rum, a major reference on the Brazilian market, with sales of more than 2.7 million cases and a market share of almost 76% on its segment. Montilla's market share reaches 93% in the Northeast of the country, with 100% brand recognition.
Brazil is a growth territory for imported vodka. ABSOLUT Vodka dominates what remains a niche market, but which nonetheless registers the highest growth rate of all segments, with an annual progression of 50% since 2006.

BRAZIL

Montilla
In Brazil, Montilla rum continues to be the market leader, with a 76% market share.

ARGENTINA

The Argentine wine Graffigna
The Argentine wine Graffigna is progressively building up a worldwide reputation.
Above, one of the new products in the range, Graffigna Centenario Malbec.

TRAVEL RETAIL

Travel Retail segment
The momentum of the Travel Retail segment, energised by the construction or expansion of airports and terminals offering additional shopping space, is stimulating growth in wine and spirits sales, both in volume and value terms. Key global brands such as Chivas Regal are increasing their recognition through targeted strategies: airport advertising, custom displays, specific packaging, gift boxes, and other marketing initiatives destined to enrich the customer experience.

Argentina. The financial year was a good one for Pernod Ricard Argentina, whose Premiumisation strategy brought in excellent results on the domestic market as well as for export.
A star brand in the Americas, Graffigna wine is progressively expanding into the global arena, and creating Premium positioning on its key markets – the United Kingdom, the United States, Brazil and Argentina – with the goal of conquering the world market. This year, the brand was officially revived in the United States, via its Premium range: Graffigna Centenario, Graffigna Grand Reserve and Santiago Graffigna. These products have been extremely well-received by trendsetters and consumers, in particular the Malbecs and Pinot Grigios. Graffigna Grand Reserve Malbec was chosen by The New York Times as one of the ten best Argentine Malbecs, and Graffigna Centenario Malbec was awarded 90 points by *Wine News magazine.*
On the whisky segment, Pernod Ricard Argentina has reaffirmed its leading role with a 50% market share by volume, a 5% increase over the preceding financial year. To support this growth, the sixth edition of the "Whiskies of the World" advertising campaign was rolled out across the country.
Specific marketing initiatives were organised at points of sale. Together with the launch of economy packs, these have strongly stimulated market share for the leading brands on their respective segments. Chivas Regal now holds a 30% market share, Ballantine's 13%, and Blenders' Pride 30%.
On the vodka segment, ABSOLUT will make it possible to improve market share for local brands on the on-premise circuit.

Chile, Peru, Bolivia and Ecuador. Pernod Ricard Andes (a cluster created in 2002 which oversees all the Group's activities in Chile, Peru, Bolivia and Ecuador) registered strong growth in sales (+53%) and income (+90%), thanks in particular to the performances of whisky and rum.
In Chile and Ecuador, where all of the Group's priority brands registered double-digit growth, Pernod Ricard Andes strengthened its leading position for Super Premium and higher quality spirits.
In 2007/2008, business was driven by extraordinary growth for whiskies, and in particular for Chivas Regal (+57 % by volume and +79% in sales).
In the rum segment, for the fifth year running, Havana Club brought in better-than-market performances (61% growth compared with 40% for the market as a whole). The brand's volumes exceeded 130,000 9-litre cases in Chile and more than 160,000 cases were sold in the four countries of the cluster. Havana Club thus constitutes the second-ranking rum brand in sales, in a particularly competitive environment (up from a fifth-place ranking in 2006).
ABSOLUT vodka is the leader for sales in its category in all Andean markets.

Travel Retail. Pernod Ricard Americas Travel Retail is responsible for sales of the Group's wines and spirits on the Duty Free channels in North America (Canada, United States, Mexico, Brazil) and the Caribbean Duty Paid markets.
In North America, the transformation of Duty Free boutiques into true shopping centres, the increase in passenger traffic, and a trend in favour of more Premium products, are all factors supporting the development of the Group's brands, such as Chivas Regal (+50%).
The Caribbean region offers a multitude of distribution channels. The domestic circuit, including at-home and on-premise clienteles, offers the greatest long-term growth potential. Pernod Ricard Americas Travel Retail continues to prove itself as a first-rate player. The Duty Free channel highlights the unique attributes of the Group's brands in the eyes of customers arriving from all over the world.
Cruise companies are also essential partners for Pernod Ricard. The Group has established programmes with the sector's major players, such as Carnival, Royal Caribbean, Silver Sea and Celebrity Cruise Lines.
The arrival of ABSOLUT, No. 1 imported vodka in the Travel Retail environment as well constitute a major asset for Pernod Ricard's Travel Retail segment. The brand benefits from high recognition in all Duty Free markets.

Kahlúa at the Carnival of Cultures in Berlin, Germany

In May, Berlin hosts one of the largest street festivals in which artists from all around the world produce and share their cultural uniqueness in a warm and festive atmosphere. Dancers, musicians, DJs, actors and artists from the four corners of the globe come together to exhibit their talents to a multicultural audience.

Europe (except France)

Europe (except France) is the most important region in terms of sales and the role played by Pernod Ricard. During the 2007/2008 financial year, European sales – over €2.1 billion – accounted for nearly a third of Group sales, with organic growth of almost +7%.
Most profit is still generated in Western Europe, despite stable or decreasing levels of consumption. Eastern Europe has been the region's growth engine for many years, buttressed by Central Europe since the integration of the Allied Domecq networks.
Priority attention to emerging economies, particularly efforts devoted to the 15 strategic brands and the Premiumisation policy, are the pillars of Pernod Ricard's winning strategy in the region.

Mature markets

Spain. In the Group's third-largest market worldwide, Premiumisation of our brands is based on innovative initiatives.
Ballantine's unveiled new iterations of its "Leave an Impression" campaign, featuring the faces of John McEnroe and Steve McQueen – a launch which made a big impression.
Chivas Regal launched the "Chivas Studios" in Madrid and Barcelona. Visitors were welcomed into a transitory space devoted to the brand, with events organised around art, cinema, fashion and fine dining.
Consistent with its signature "El Culto a la Vida", Havana Club sponsored the tour of the Colombian singer Juanes, an artist who embraces life in the same way. The brand thus increased its recognition with a more diverse public.
Sales of Beefeater (one million 9-litre cases), the market's leading Premium gin in value, were supported by the success of the "Forever London" campaign, with recognition scores of 40%, 86% attribution to the brand and an overall assessment of 77%.

United Kingdom. Pernod Ricard UK had good results this year in both wines and spirits, boosted by its strategy of concentrating on value. The UK market is the biggest importer of wine in Europe. Pernod Ricard UK responds perfectly to this demand thanks to the Group's vast wines and champagnes portfolio. The UK subsidiary capitalises on new trends offering strong development, such as sparkling wines and rosé. The launch of Cuvée R. Lalou 1998 in the United Kingdom has also helped to enhance Mumm's significant brand equity.

REGIONAL EXECUTIVE COMMITTEE

Front row (from left to right): **Francesco Taddonio,** Managing Director, Pernod Ricard Central Europe, **Bernard Coulaty,** Director of Human Resources, **Philippe Meert,** Managing Director, Pernod Ricard Benelux, **Noël Adrian,** President & Managing Director, Pernod Ricard Italia.
Middle row (from left to right): **César Giron,** Chairman & CEO, Wyborowa, **David de Mardt,** Managing Director, Pernod Ricard South Africa, **Vincent Fraitot,** Information Systems Director, **Béatrice Morane,** Marketing & Business Development Director, **Camille Méry,** Industrial Director, **Michel Rodini,** International Customer Director, **Jean-Louis Laborde,** Managing Director, Pernod Ricard Africa & Middle-East, **David Haworth,** Managing Director, Pernod Ricard Hellas-Turkey, **Eric Laborde,** Managing Director, Pernod Ricard Eastern Europe, **Laurent Lacassagne,** Chairman & CEO, **Ian Williams,** Managing Director, Pernod Ricard Travel Retail Europe, **Frank Boivin,** International Commercial Development Director, **Jean-Manuel Spriet,** Managing Director, Pernod Ricard UK, **Philippe Hébert,** Vice President Finance.
Back row (from left to right): **Philippe Coutin,** Managing Director, Pernod Ricard Iberia, **Michel Mauran,** Managing Director, Pernod Ricard Nordic.

In the field of spirits, ABSOLUT Vodka is going to join the Group's other brands, which are all part of high-growth categories. The brand also strengthens Pernod Ricard's positions in the Premium vodka segment, which is witnessing strong growth of nearly 30%. It will enable Pernod Ricard to take the best advantage of the success of top-of-the-range products and a strong cocktail culture.

Italy. The Italian market has been negatively impacted by the country's flagging economy and the introduction of legal restrictions on alcohol consumption. The subsidiary is focused on the pursuit of excellence and is concentrating its efforts on three star product categories: champagne, rum and vodka.

The year's most resounding success is the repositioning of the Mumm brand. A partnership with Dsquared2, the brand launched by Canadian design duo Dean and Dan Caten, has catapulted Mumm into the upper stratosphere of the Milanese fashion scene. For the 2007 holiday season, a photograph exhibition around the theme of opening a bottle of Mumm graced the most elegant streets of Milan and Rome, carpeted in red for the occasion.
Havana Club also held its ground in Italy, the brand's second largest market. A 360° communication plan based on the international "El culto a la vida" campaign, together with higher price positioning and a focus on aged rums, contributed to the brand's continued success in a very competitive environment.

Nordic countries. Pernod Ricard's product range puts it in a solid position in the Nordic countries. In the spirits segment, Jameson is the No. 1 whiskey in Finland and Iceland. The brand has experienced strong growth in the area (+12% in volume in 2007/2008). Chivas Regas continues to hold the No. 1 spot for blended Premium Scotch whisky, with a particularly strong presence in the Travel Retail segment. Finally, Havana Club has performed well in the region (+21% in volume). Champagne, a category which shows particular promise, is well represented by the Mumm brand (+28% en volume). The integration of ABSOLUT Vodka and the local V&S brands has made Pernod Ricard the unrivalled leader in the Nordic countries.

SPAIN

Ballantine's campaign
One of the posters in Ballantine's "Leave an Impression" campaign depicts John McEnroe, a top tennis player known for his powerful personality and strong character which, together with his winning attitude, have made him a sporting legend.

UNITED KINGDOM

Launch of Mumm Cuvée R. Lalou 1998 in the United Kingdom
To celebrate the launch of the Cuvée R. Lalou 1998, Pernod Ricard UK invited journalists to make individual tours of the G.H. Mumm champagne cellars in France (see opposite, Didier Mariotti, cellar master at G.H. Mumm). Consumers of top-end products were invited to a lunch in London, prepared by two Michelin three-star chefs. These events received wide media coverage and the champagne is now sold by many prestigious stores, such as Harrods and Selfridges, which are world renowned.

ITALY

Mumm, symbol of Italian elegance
The Mumm champagne bar in the Dsquared2 flagship boutique at the heart of Milan's fashion district has become the VIP destination for enjoying Mumm champagne in a cosy and discreet setting. Standout detail: each of the 136 Canadian wood niches ornamenting the walls is personalised with a magnum of Cordon Rouge.

GERMANY

Ramazzotti television campaign
The Ramazzotti TV advertising campaign launched in June 2008 aims to break with clichés about Italy. It associates the brand with a certain *art de vivre* based on spontaneity, optimism and independence. A variety of scenes depict situations in which Italians demonstrate their open and candid spirit. The slogan *"Lebe Ramazzotti"* (Live Ramazzotti) invites consumers to live life to the fullest, as if each day were the last.

RUSSIA

Opening of the Mumm terrace in Moscow
In May 2008, one of Moscow's trendiest restaurants inaugurated its new summer terrace with Mumm champagne.

Germany. The German spirits market is stable overall, and remains dominated by inexpensive brands (55% of spirits consumed are sold for less than €5.50 per bottle). However, this market still represents significant growth potential, particularly in the international spirits segment on which Pernod Ricard Deutschland (PRD) is well positioned thanks to its brands with high volume growth: Havana Club (+17%), The Glenlivet (+50%) and Jameson (+13%). ABSOLUT Vodka will perfectly complement this range: The Swedish vodka registered double-digit growth this year.
Ramazzotti is one of the most popular spirits brands in Germany, accounting for a large share of volumes sold by the subsidiary. In 2008, PRD launched a new 360° advertising campaign aimed at revitalising the brand's image. Less focused on the bitter's Italian origins, it captures and highlights the positive associations already conjured up by the brand.

Other countries. Belgium is an atypical market, as both the largest per capita champagne market in the world after France, and the most important domestic market for Ricard, except France. The brand is a real competitor for beer as an aperitif, and the market leader for spirits in Belgium and the Grand Duchy of Luxembourg.
Liqueurs dominate the market in the Netherlands, and benefit from Group communication efforts to ensure their differentiation and Premiumisation.

In Austria, where the Group only recently became active, several brands are already well positioned, including Malibu, Ramazzotti, Havana Club and Chivas Regal. The country's high per capita purchasing power provides fertile ground for developing Premium brands.
Pernod Ricard has a longstanding presence in Switzerland, where it is the market leader for whiskies with Ballantine's and Chivas Regal. The Group also makes a strong showing on the sparkling wines and champagnes segment, in particular with Perrier-Jouët Belle Époque. Havana Club is in vogue in the spirits market, particularly Havana Club Anejo Reserva. Switzerland leads the world in per capita sales of this quality.
Greece is a promising market for Premium spirits, particularly luxury whiskies – of which Chivas Regal is the uncontested leader – and dark rums, whose exponential growth over the past few years has been of great benefit to Havana Club. A new consumption trend in favour of Super Premium products is beginning to appear, offering excellent growth opportunities to Pernod Ricard Hellas on this new segment.
There is great development potential for Pernod Ricard brands in Turkey, a country which is opening up and drawing ever closer to the Western model.

Emerging markets

In Central and Eastern Europe, the rapid increase in living standards has led to rising interest in Premium products and international brands. The emergence of new modes of consumption is sparking rapid growth in the number of prestigious restaurants and other establishments in which Pernod Ricard's Premium brands can be appreciated to the fullest. In responding to these trends, the Group can rely on the strength and efficiency of its distribution networks around Europe.

Russia. In Russia, Pernod Ricard is the leader for international Super Premium and higher quality spirits. Its flagship brands Jameson Irish whiskey, Chivas Regal whisky, Olmeca tequila and ArArAt brandy are all number one in their segment, while Havana Club rum is number two and Martell cognac number three in their categories.
While ArArAt holds place of pride in the portfolio of Pernod Ricard Rouss, whiskies are also a very promising segment,

with Chivas Regal and Jameson, for example, benefiting from high brand awareness.
The emergence of a very wealthy group among the population also contributes to the success of Ultra Premium and Prestige products. The more Premium benchmarks among the Group's strategic brands are particularly sought after: Chivas Regal 25 Year Old, Olmeca Tezon, Martell Création Grand Extra or Royal Salute Hundred Casks.
Alongside these star products, tequila is also highly appreciated in Russia. Today, through its benchmark Olmeca brand, Pernod Ricard practically holds a market share of nearly 42% on this segment.
The wine market is growing rapidly as well (+30 to +125% for New World and Spanish wines in 2007). Russians are travelling and discovering the culture of winemaking countries such as France, Spain and Italy, and the subsidiary has been able to seize upon these new opportunities. It has progressively introduced a variety of products to the portfolio: Australian, New Zealand, South African and Argentine wines (wine volumes in 2008 were three times greater than in the previous year).

Poland. The Polish market is driven by vodka consumption, and is also very dynamic for whiskies, which register double-digit growth. Ballantine's in particular benefits from strong brand awareness. The wine market is also progressing, although it is still dominated by mid-range products (around €5 per bottle). Poland's entry into the European Union in 2004 and the subsequent lowering of customs duties are progressively making more Premium wines increasingly accessible.
Vodka still holds place of pride in Poland, particularly Wyborowa, which leads the Impact ranking for the strongest growth among the top 100 global brands in 2007 (+52% at end December 2007, with 1.8 million 9-litre cases sold). Driving this growth is the Polish market, where this brand's showing is the strongest among vodkas.

Central Europe. In Central Europe, sales of imported wines and spirits show strong growth. With a particularly dense distribution network across the entire zone, the Group has subsidiaries in nearly every country and enjoys a significant head start compared with its main competitors. Among the greatest success stories: Chivas Regal (+64% growth in volume in Romania, for example), Jameson, Havana Club and above all, Ballantine's. In just a few years, this brand has become the benchmark scotch across the entire region, achieving unprecedented market shares (57% in Croatia and 37% in Slovenia).

Other countries. The spirits market in the Baltic states (Estonia, Latvia and Lithuania) is driven by vodka and by inexpensive local brands, but also imported products, led by whisky and rum, with sales up by 34% and 50% respectively this year. Among the star brands for Pernod Ricard Baltics: Ballantine's, number four on the Baltic Scotch whisky market with sales up by 36%, and Jameson, one of the leading whiskies, registering 33% growth. Havana Club, which ranks second in its segment, registered the strongest growth of all imported rums (10%). Jacob's Creek, leader among Australian wines, saw sales growth of 22%. Beefeater is the market leader on the gin segment in Estonia. Finally, ArArAt brandy registered extremely strong growth: +38% since 2007.

POLAND

Wyborowa campaign
A poster for the international advertising campaign "There is no V in Wodka" launched by Wyborowa, which celebrates the vodka's polish roots.

ROMANIA

Ballantine's campaign
In 2008, Pernod Ricard Romania launched Ballantine's "Expressence parties" at the Gossip Club in Mamaia, a Romanian seaside resort located on the Black Sea. On the outdoor patio, a film about Ballantine's was projected on a 70-square-metre screen. Viewers discover the brand's style and personality through a variety of visual effects (lasers, projectors, banners, etc.).

France

In France, the 2007/2008 financial year witnessed excellent results for the two French subsidiaries and founding companies of Pernod Ricard, both for the Group's strategic brands and for their historic flagship brands: Premiumisation, growth and successful performances are the watchwords.

Ricard SA[1]

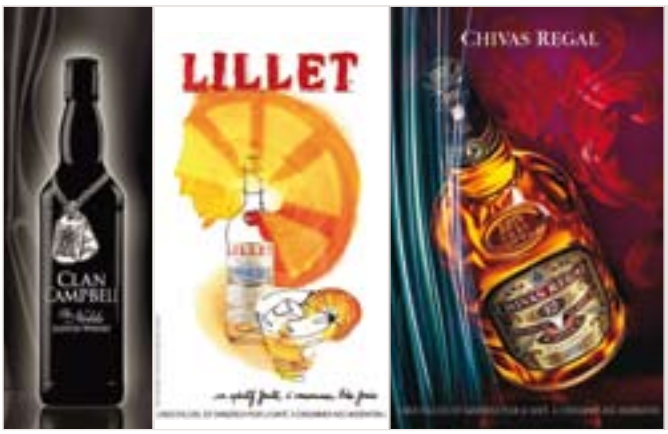
Confirmed success for whisky brands. The unrivalled leader for whiskies in the French market, Ricard SA registered record sales for the financial year, with 12% growth for Chivas Regal, a record volume of 190,000 cases reached for Jameson, accelerated growth of 11% for The Glenlivet and 3% growth for Clan Campbell.
These successes were accompanied by numerous initiatives. A new Chivas Regal campaign was rolled out in mid-December 2007 all across France, its two visuals representing the new luxury styles with discreet elegance. In October, the subsidiary launched the limited edition "Night" by Clan Campbell. This high spot for the brand pursued a single objective: to strengthen its leadership on the on-trade segment. As for Jameson, the brand united the film world for its "Take it Irish" evening at the close of the first Close-up Festival celebrating young talents of the cinema industry.

Accelerating Premiumisation. Ricard SA continues to focus on Premiumisation as its priority brand development strategy. Chivas Regal 18 Years registered exceptional results and today accounts for 11% of total Chivas volumes (25% growth), success supported by the "Pearls" bottle created by Andrée Putman. Premiumisation is also illustrated by the increasing reach of Perrier-Jouët Belle Époque in nightclubs and high-class restaurants. Public relations operations were carried out with female chefs for the launch of the champagne's 1999 vintage.

A very dynamic white spirits market. Malibu maintains its positions on the stable modern liqueur market, thanks to the success of its "Caribbean Creation" campaign and the launch of the new Malibu Banana flavour. Among vodkas, Wyborowa maintained its growth in the on-trade sector. The subsidiary expects the new "There is no V in Wodka" campaign, launched in June 2008, to revitalise supermarket sales.

(1) For the Ricard brand's performances, see page 28 of this Report.

BRAND LIFE



From left to right:

New limited edition "Night" for Clan Campbell
The new limited edition "Night" by Clan Campbell was launched in October 2007 in some 2000 discothèques and nightclubs. Its luminescent photo image against a black background shines in the dark, expressing all the mystery of Scottish lands.

Ricard SA acquires Lillet
On 18 June 2008, Ricard SA acquired the Bordeaux-based Lillet company, maker of a wine- and citrus liqueur-based aperitif. Lillet was already sold by Ricard SA in France since the Allied Domecq acquisition. In 2007, worldwide sales of Lillet reached 60,000 9-litre cases, of which half were sold in France and almost 40% in the United States.

Chivas Regal campaign in Metropolitan France
The new Chivas Regal campaign has been on display in France since the end of 2007.

MANAGEMENT COMMITTEE

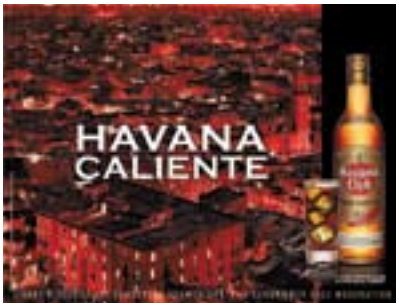
See the photograph of Ricard SA's Management Committee on page 28.

Pernod SA

Ultra-dynamic strategic brands. With exceptional growth of 11% by volume and 17% in sales, the strategic brands are the growth engine for Pernod SA in France.
Once again this year, Havana Club is the star of the portfolio, and with growth of 21% by volume and 23.5% in value, it has now crossed the threshold of one million litres sold. The brand became the number-one *ron* across all channels in the second half of the year, thanks to the advertising campaign rolled out throughout the year around the "Havana Caliente" theme.
Mumm champagne had an outstanding year: with growth of 17% by volume and 22% in terms of sales, the brand's development is only limited by the quantities available. Growth is identical across all channels: in supermarket retail, where Mumm has become the sales leader with a 6.4% market share, but also on-trade, with the Club Sixties Mumm soirées, its presence at the Cannes Film Festival, and the successful launch of the prestige vintage Cuvée R. Lalou 1998.
Finally, Ballantine's growth reached 8% by volume and 13% in terms of sales value. With Ballantine's Finest, the brand registered the highest increase in the world for this quality of whisky (over 600,000 litres), supported by the "Leave an impression" campaign. This year also witnessed the rejuvenation of Ballantine's 12 Year Old, with new packaging and a number of communication initiatives: tastings, advertising campaign, boxed set and a dedicated website.

Historic brands in good health. Pastis 51 brought in an honourable performance at -2% sales by volume and -1% in value terms, in a market made difficult by adverse meteorological conditions and the impact of the ban on smoking in public establishments, which took effect at the start of 2008. The brand nonetheless gained 0.2% in supermarket retail market share, thanks to a number of promotional initiatives implemented throughout the year: Rugby World Cup programme, limited-edition "51 vu par Éric Cantona" for the Euro 2008, and "Bodegas" bottles offered during the férias – all with the support of the "51, tout un numéro" ("51, quite a number") events-based marketing campaign.
Aberlour continued its Premiumisation and confirmed its leading status among malts in metropolitan France. With the successful launch of the 10 Year Old Sherry Cask Finish, Aberlour has further increased its share of superior qualities, which are growing faster in sales (+12%) than in volume terms (+6%).
Finally, as its 120th anniversary year approaches, the historic Suze brand is enjoying a second youth and has found renewed growth: +1% by volume and +5% in sales.

CAMPAIGN



Havana Caliente campaign
In December 2007 and June 2008, a major Havana Club poster campaign titled "Havana Caliente" appeared on walls around Paris. This was followed in July 2008 by a media wave in several French cities. The poster shows Havana by night. Since its arrival on the French market twelve years ago, Havana Club has experienced average growth in the double digits.

BRAND LIFE

From left to right:

Ballantine's 12 Year Old
Poster advertisement for the new Ballantine's 12 Year Old.

« 51 vu par Éric Cantona »
In June 2008, the "51 vu par Éric Cantona" limited-edition bottle was launched on the French market. Several on-trade sector and non-media marketing initiatives were organised in 2008 in Southeast France and Corsica.

MANAGEMENT COMMITTEE

From left to right: **Xavier Beysecker,** Marketing and International Director, **Frantz Hotton,** Commercial Director, France, **Estelle Rivals,** Director of Human Resources, **Pierre Coppéré,** Chairman and CEO, **Jean-François Lalu,** Business Development and Projects Director, **Régis Souillet,** Director of Administration and Finance, **Sylvie Machenaud,** Director of Communications and **Jean-Marc Roué,** Director of Operations.

ETHICS:
A SINCERE AND SUSTAINABLE COMMITMENT

Pernod Ricard's social and environmental responsibility translates into concrete action through its longstanding commitment. Since its creation, the Group has always defended the values of transparency, respect for people and different cultures and an impeccable code of ethics to promote responsible drinking.

The trustful relationship linking the company to its various stakeholders and the spirit of conviviality that exists in the relations within the Group are the result of this sincere commitment.

Our commitment to Sustainable Development

	Shareholders	Employees
COMMITMENTS	**OFFER** **an attractive investment**	**DEVELOP** **a relationship of trust**
CHALLENGES	- Promoting shareholder value creation. - Ensuring transparent and ethical decision-making. - Communicating with shareholders regularly and transparently on Group strategy and topical issues.	- Developing employees' personal careers and professional paths. - Rewarding performance. - Encouraging entrepreneurial spirit. - Promoting diversity. - Favouring a dialogue between employees and management.
RESPONSES	- Broadcasting of live/recorded press conferences on the website. - 25 press releases issued this year. - The best press service among CAC 40 companies (Novamétrie survey in 2006). - Created in 2006, the Club Premium, dedicated to shareholders who own more than 24 shares, now has over 10,000 members. - Two issues of the *Entreprendre* magazine were published this year with a special luxury feature and a focus on Europe and emerging countries. - 50,000 visits to the Group's website every month.	- All teams are made to feel responsible due to decentralisation. - 30% of the 285 managers recruited this year came from inside the Group. - 2.62% of payroll was devoted to training this year. - Annual appraisal interviews are conducted for 69% of employees. - Competitiveness of remuneration is verified through routine surveys of salary practices. - 77% of Group employees are actively represented by employee representatives. - 71% of the Group's employees received training in 2007/ 2008 (up by 3%). - An average of 1,400 euro is spent per employee trained. - The number of employees concerned by the distribution of free shares and stock options has been increased to 800, corresponding to 4% of the Group's headcount.

Consumers

PROMOTE
responsible drinking and offer quality products

- Promoting prevention of risky alcohol consumption, particularly among young adults, drivers and pregnant women.
- Responding to evolving tastes and consumption patterns.
- Justifying the "Premium" status of our brands through impeccable product quality.

- Compliance with an internal code on commercial communications since June 2007.
- Displaying a "pregnant women" warning logo on all bottles sold in the European Union and inclusion of a moderate drinking message on all advertising since 2006.
- Strengthening of internal control procedures with regard to ethical advertising: 150 campaigns were assessed this year (144 of these received a "green" opinion).
- Operation of an intranet site devoted to best practices in the area of responsible drinking since October 2007.
- Creation of six networks of research and development experts in 2007.
- Quality controls at every stage of production and storage, right up to the store shelves. 11,000 products were controlled this year in Europe and the United States.
- 87 out of 102 production sites were certified to ISO 9001 as of 30 June 2008, and 93 are scheduled to be certified by the end of June 2009.

Environment

PRESERVE
the environment and conserve natural resources

- Limiting the environmental impact of our business activities by promoting energy conservation and raw material savings, recycling and the protection of water resources.
- Extending the ISO 14001 certification process to all industrial sites.
- Promoting dissemination of best practices among the Group's subsidiaries.

- 71 out of 102 active production sites were certified to ISO 14001 as of 30 June 2008.
- Annual monitoring of environmental indicators on all the production sites and implementation of action plans to handle the impact of our activities.
- Programme to reduce energy consumption implemented on major sites.
- Conducting of assessments of greenhouse gas emissions (Bilan Carbone) generated directly and indirectly by the Group's activities.
- Roll-out of the training programme for packaging and marketing teams with regard to eco-design methods for products developed by the Group. Introduction of these methods in the Brand Owner subsidiaries.
- Initiation of a project at Group level to reduce the quantity of glass used.
- Pursuit of cross-audits on our sites, use of such audits to share expertise and dissemination of best practices in subsidiaries across the globe.

Suppliers & Business Partners

SHARE
our ethics

- Ensuring respect for ethical rules relating to employment law.
- Guaranteeing compliance with ethical rules by the Group's Purchasing function.
- Sharing the Group's environmental commitments with our suppliers.

- Implementation in all subsidiaries of new Supply Chain and planning processes to improve sales forecasting and communication between the commercial and industrial functions, in order to upgrade activities and thereby reduce waste production.
- Involvement of the Group's Supply Chain teams in the development of alternative solutions for transporting finished products.
- Deployment of strategies per category of purchase, including a Sustainable Development dimension.
- Implementation of projects to optimise packaging weight in order to generate less waste.
- Close involvement of our employees and packaging suppliers in our eco-design initiative.

Transparency, dialogue and value creation

QUESTIONS WITH

Jean-Dominique Comolli
Member of Pernod Ricard's Board of Directors and Chairman of the Appointments Committee

As from November 2008, Pierre Pringuet will become Pernod Ricard's sole Chief Executive Officer. What role did the Appointments Committee play in his nomination (which is pending approval by the 2008 Annual General Meeting)? What recommendations did you make?

The appointment of Pierre Pringuet signals a change in governance at Pernod Ricard. The Chief Executive Officer will now be responsible for all executive management duties, as Patrick Ricard wishes to concentrate on his functions as Chairman of the Board.
The success of the partnership between these two executive officers over the last few years proves that Pierre Pringuet is the right man for the job.
In the view of the Appointments Committee, Pierre's appointment was an appropriate and timely move. Pierre Pringuet knows the Group inside out. He is an ingenious, diligent executive officer able to combine a fine sense of detail with a long-term vision. He will be able to use his skills to best effect when confronting the current challenges facing the Group, from successfully integrating Vin&Sprit to pursuing the Premiumisation strategy and expanding Pernod Ricard's international reach.

The Appointments Committee has endorsed the new management structure. What advantages does it offer?

The new organisation will allow the Chief Executive Officer to concentrate on the Group's key strategies, and leave more day-to-day management tasks to four Deputy Managing Directors, who will be in permanent contact with executive officers of the Group's subsidiaries. This new structure introduces an intermediate level of management within Pernod Ricard. Rather than hampering communication between executive officers of subsidiaries and the Group's General Management, the new structure means that General Management will be more readily available to assist subsidiaries via the Deputy Managing Directors.
This change is designed to respond to the Group's new scale and will allow more effective decision-making. To coordinate the new structures successfully, Pierre Pringuet has chosen a team of renowned professionals with extensive international experience.
As a final point, the collegiality of the new General Management team, which will now be comprised of a Chief Executive Officer and four Deputy Managing Directors, echoes the spirit of consultation that has underpinned Pernod Ricard since its creation.

Ballantine's at Chinese New Year

On the first day of the lunar calendar, the Chinese celebrate their New Year, the country's most important holiday. Parades, dances and fireworks light up the cities in red for good luck, with dragons participating as ancient symbols of prosperity and luck.

Board of Directors

Responsibilities and Composition

The Board of Directors is composed of fourteen members, six of whom have the status of Independent Directors* according to the criteria set forth in the consolidated AFEP-MEDEF report on Corporate Governance. In accordance with the decision made by the Extraordinary Shareholders Meeting of 17 May 2004, the length of the directors' term of office was reduced from six to four years. The Board of Directors moreover decided, at its meeting on 31 May 2002, not to separate the office of Chairman of the Board of Directors from that of Chief Executive Officer, considering that entrusting the same person with both offices was the most appropriate structure at the time.

The Board of Directors reviews the Group's strategy and oversees its implementation by General Management. It is responsible for monitoring and overseeing the proper functioning of the company based on the opinions and recommendations of the specialised Board Committees. It approves investment projects and any significant acquisition or sale.

* A Director is deemed to be independent when he/she has no relations of any kind with the company, its Group or management, which could compromise the exercise of his/her independent judgment.

Directors

Patrick Ricard
Chairman & CEO

Pierre Pringuet
Managing Director

Béatrice Baudinet
Permanent representative of Paul Ricard SA

Richard Burrows

François Gérard

Rafaël Gonzalez-Gallarza

Françoise Hémard

Danièle Ricard

Six independent Directors

Jean-Dominique Comolli

Lord Douro

Didier Pineau-Valencienne

Gérard Théry

William H. Webb

Nicole Bouton**

** Mrs Bouton was appointed at the Shareholders Meeting in November 2007.

The Board of Directors in 2007/2008

During the financial year ended 30 June 2008, the Board of Directors met nine times with an attendance rate of 98%. It approved the annual and interim financial statements, convened the Combined Shareholders Meeting, set the meeting agenda and performed acts of day-to-day management.

Within the framework of its decisions with regard to the main strategic objectives, the Board of Directors examined, in particular, the conditions for the privatisation by the Swedish government of Vin&Sprit, owner of ABSOLUT Vodka, and decided to submit a purchase offer that was ultimately accepted.

Board Committees*

The Strategic Committee

Chairman: **Mr Patrick Ricard**
Members: **Mr Rafaël Gonzalez-Gallarza**
Mr François Gérard
Ms Danièle Ricard

The Strategic Committee met six times during the financial year 2007/2008. Its main responsibility is to prepare the strategy guidelines for the Board's approval.

Appointments Committee

Chairman: **Mr Jean-Dominique Comolli,** Independent Director
Members: **Lord Douro,** Independent Director
Ms Danièle Ricard

The Chairman of the Board of Directors, Mr Patrick Ricard, is associated with the thought process regarding new appointments.

The Appointments Committee's main responsibilities include studying, on behalf of the Board of Directors, all measures aimed at selecting new Directors, deciding on the procedure to be used to look for new members to reappoint Directors and from time to time verifying compliance with the independence criteria. It also ensures the continuity of the Company's managing bodies by preparing a succession plan for both the Executive Directors and other Directors. During the financial year 2007/2008, the Appointments Committee met five times. It worked, in particular, on defining the responsibilities of the different managing entities within the framework of the Group's new organisation. As in the past, the Appointments Committee also studied succession plans for the key management positions.

* For further information, see pages 29 to 32 of the Reference Document.

Remuneration Committee

Chairman: **Mr Jean-Dominique Comolli,** Independent Director
Members: **Lord Douro,** Independent Director
Mr William H. Webb, Independent Director

The Remuneration Committee's main task is to propose to the Board of Directors the terms and conditions and the amounts of remuneration and all the benefits granted to Executive Directors. The Committee also proposes to the Board of Directors the general policy for awarding stock options, plans for free allocation of shares by the Company, and all measures aimed at promoting employee share ownership. During the financial year 2007/2008, the Remuneration Committee met five times. It dealt with all the matters under its responsibility and worked, inter alia, on bringing into compliance the financial commitments entered into in the past in favour of the Executive Officers and proposed implementing the Special Bonus. The terms of this Bonus were posted on Pernod Ricard's website, in accordance with the Law of 2007 to promote work, employment and purchasing power, known as the TEPA law.

Audit Committee

Chairman: **Mr Didier Pineau-Valencienne,** Independent Director
Members: **Mr François Gérard**
Mr Gérard Théry, Independent Director

The Audit Committee's main responsibilities are to oversee the Group's accounting operations, to monitor the efficiency of the internal control systems and to examine any issue of a financial or accounting nature submitted to the Committee by the Board of Directors. During the financial year 2007/2008, the Audit Committee met 6 times. It validated the recommendations made in the reports issued following the audit assignments carried out within the Group during the financial year 2007/2008. The work of the Audit Committee also focused on analysis of risk management, a topic which will be reviewed again during the Committee's work in 2008/2009.

Management structures

The Executive Committee

The Executive Committee (COMEX) is responsible for directing the Group and comprises the Group Managing Directors, the General Counsel and the Managing Directors of the main Group subsidiaries.
The Executive Committee ensures coordination between the Holding Company and its subsidiaries and between the subsidiaries themselves (both Brand Owners and Distribution Companies). The Group Managing Directors empower the Executive Committee to ensure and oversee the Group's activities and the adherence to Group policies and procedures. Accordingly, the Executive Committee:

- reviews the performance of the Group against market plans,
- participates in the setting of objectives (profit targets, debt and qualitative criteria),
- regularly reviews brand strategy,
- reviews the performance of the Group's network of Distribution Subsidiaries and recommends any required organisational changes,
- ratifies and ensures adherence to the main Group policies (Human ressources, good Marketing & Sales practices, Quality Security and Environment, Social Responsibility...).

The Executive Committee meets six to eight times a year.

Members of the Executive Committee

Holding Company

1. **Patrick Ricard:** Chairman and CEO
2. **Pierre Pringuet:** Managing Director
3. **Emmanuel Babeau:** Deputy Managing Director in charge of Finance
4. **Thierry Billot:** Deputy Managing Director in charge of Brands[1]
5. **Michel Bord:** Deputy Managing Director in charge of the Distribution Network[1]
6. **Bruno Rain:** Deputy Managing Director in charge of Human Resources
7. **Ian FitzSimons:** Vice-President, General Counsel

Brand Owners

8. **Lionel Breton:** Chairman & CEO of Martell Mumm Perrier-Jouët
9. **Jean-Christophe Coutures:** Chairman & CEO of Pernod Ricard Pacific[1]
10. **Ketil Eriksen:** CEO of The Absolut Company[2]
11. **Christian Porta:** Chairman & CEO of Chivas Brothers
12. **Alexandre Ricard:** Chairman & CEO of Irish Distillers[1]

Distribution network

13. **Alain Barbet:** Chairman & CEO of Pernod Ricard Americas[1]
14. **Pierre Coppéré:** Chairman & CEO of Pernod S.A.
15. **Philippe Dréano:** Chairman & CEO of Pernod Ricard Asia
16. **Laurent Lacassagne:** Chairman & CEO of Pernod Ricard Europe[1]
17. **Philippe Savinel:** Chairman & CEO of Ricard S.A.

[1] Since 1 July 2008
[2] Since 24 July 2008

Executive Board

The Executive Board is the permanent body responsible for coordinating and directing the Group. It is comprised of the Group Managing Directors and the General Counsel. The Executive Board initiates and reviews all decisions relating to Group affairs and submits such matters to the Board of Directors where its approval is required. It also organises the work of the Executive Committee.

General Management

The Group's General Management is currently carried out by the Chairman & Chief Executive Officer and the Managing Director. To accompany the Group's new corporate governance structure which will be proposed to the Board of Directors at its meeting on 5 November 2008, the organisation of the Group's General Management is also being changed (subject to approval by the Board of Directors) as follows: the Group's General Management shall consist of the Chief Executive Officer and four Deputy Managing Directors. Legal Affairs and the Communication Department shall come under the direct responsibility of the Chief Executive Officer.

Holding Company Management

Front row, from left to right: **Emmanuel Babeau,** Deputy Managing Director in charge of Finance, **Michel Bord,** Deputy Managing Director in charge of the Distribution Network, **Bruno Rain,** Deputy Managing Director in charge of Human Resources

Middle row, from left to right: **Ian FitzSimons,** Vice-President, General Counsel, **Francisco de la Vega,** Vice-President, Communications, **Jean-Paul Richard,** Vice-President, Marketing, **Thierry Billot,** Deputy Managing Director in charge of Brands, **Patrick Ricard,** Chairman and CEO, **Pierre Pringuet,** Managing Director, **Jean Rodesch,** Vice-President, Institutional Affairs, **Armin Ries,** Vice-President, Special Advisor to General Management

Back row, from left to right: **Denis Fiévet,** Vice-President, Financial Communication & Investor Relations, **Jean Chavinier,** Vice-President, Information Systems, **Armand Hennon,** Vice-President, Public Affairs, France, **Jean-Pierre Savina,** Vice-President, Industrial Operations, **Jérôme Cottin-Bizonne,** Vice-President, Audit and Development

Creating lasting value

The past financial year delivered high quality results, in a morose economic climate, which was marked by the subprime crisis at the very beginning, in July 2007. Against this unfavourable background, the Pernod Ricard share held up better than the CAC 40, its reference index. Furthermore, the loyalty of our shareholders is rewarded once again by a proposed dividend that has increased by nearly +5%.

QUESTIONS WITH

Emmanuel Babeau
Deputy Managing Director in charge of Finance

2007/2008 was a particularly fertile year. To what do you attribute this success?

Last year's bumper results reflect strong organic growth in profit from recurring operations, which came in at 13%. Two factors helped drive this performance: firstly, vigorous growth in business, and secondly, a sharp increase in our margins. With regard to growth in sales (organic growth of 9%), it was extremely dynamic in the Americas, Europe and Asia, and in particular emerging markets such as China, India and Russia, which spearheaded this growth push. Margins also improved (an increase of nearly 2% in our gross margin on a constant exchange rate basis) on the back of robust momentum from our 15 strategic brands and the success of our Premiumisation strategy. These two factors were so powerful that they allowed us to outpace other main industry players as regards growth in operating income, although our advertising and promotion expenses also increased more significantly.

The Group's acquisition of Vin&Sprit completed in July 2008 is the largest M&A transaction in France this year. What strengths helped make the transaction a success?

Despite fierce competition for V&S, we were able to convince the Swedish government that Pernod Ricard would be the ideal buyer for Absolut. The price offered, together with the certainty that the transaction could be completed swiftly and Absolut's superior growth prospects within Pernod Ricard were instrumental in its choice.
The trust shown in the Group by the banks that helped us finance the transaction in a difficult economic climate testifies to Pernod Ricard's ability to complete major acquisitions successfully. Although our level of debt currently stands at around six times EBITDA, it is on a par with our position following the acquisitions of Seagram in 2001 and Allied Domecq in 2005. In both cases, the Group proved that it was capable of scaling back debt to three or four times EBITDA in under three years.

What will your priorities be over the next couple of years?

Our roadmap is clear and we have two priorities: successful integration of Vin&Sprit and a rapid reduction in our level of debt.
In terms of the Vin & Sprit integration, the agreements reached during the summer to terminate our distribution contracts with Fortune Brands and Maxxium will allow us to incorporate Absolut within our worldwide distribution network as of 1 October 2008. Absolut will therefore be able to benefit immediately from Pernod Ricard's powerful sales infrastructure and see an upturn in growth as a result. We will also be able to unlock more than half of our €150 million in targeted annual synergies by 2008/2009, with all synergies in place by 2009/2010.
As far as debt reduction is concerned, our target is to restore a net debt/EBITDA ratio of around four within the next three years at the latest, along the lines of what we did for the acquisitions of Seagram and Allied Domecq. Our profit growth, strong operating cash flow and our €1 billion asset divestment plan will allow us to make rapid progress towards achieving this target.

Career path

Emmanuel Babeau joined Pernod Ricard in 1993 as a Financial Auditor. He then held the position of Head of Financial Services. In 1997, he became Director of Administration and Finance at Pernod Ricard España. In January 2001 he was appointed as Director of Business Development at Pernod Ricard and then as Vice-President, Finance in 2003.
He became the Deputy Managing Director in charge of Finance in September 2006.

Share performance over the year

ANALYSIS

Denis Fiévet
Financial Communication & Investor Relations

The Pernod Ricard share price, in the financial year 2006/2007, had risen by 26.4%, surpassing the Paris market's leading index, which advanced 21.4%. In a highly volatile stock market in which share prices have fallen sharply, shaken by the subprime crisis and by the signs of a slowdown in consumption in most Western European markets, the Pernod Ricard once again "outstripped" the Paris Market share index and STET by 20.4%, in the face of a CAC 40 index that dropped by 26.8%, over the period from 1 July 2007 to 30 June 2008.

Pernod Ricard and the cac 40

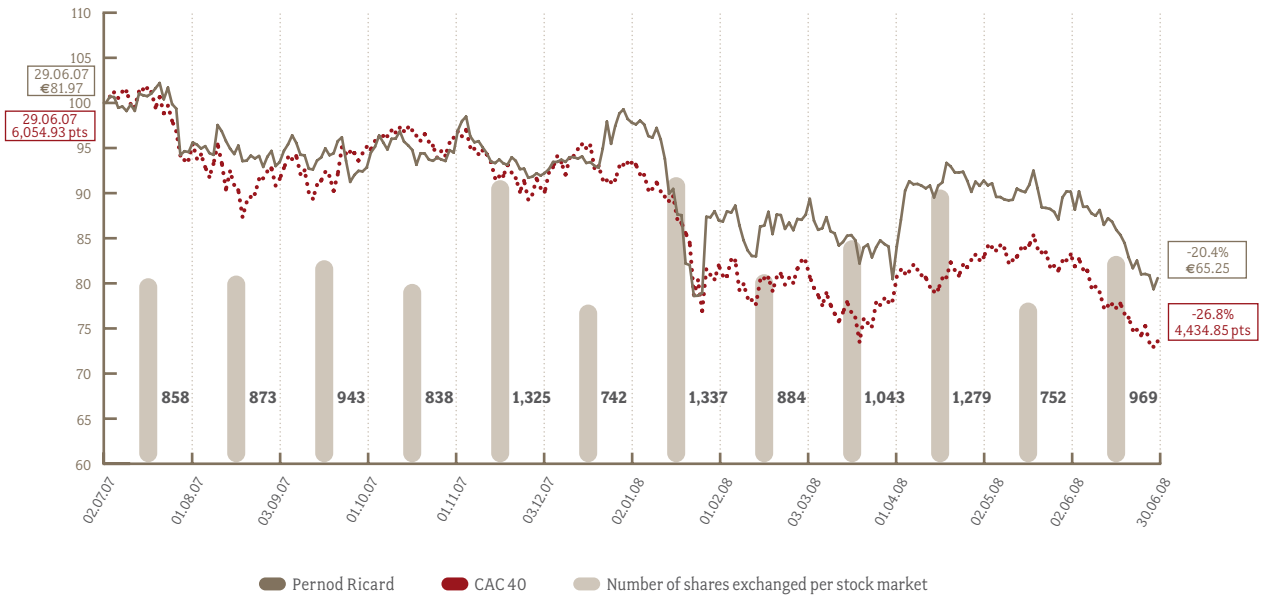
Pernod Ricard is listed on the Paris stock exchange on the NYSE Euronext SA Paris Eurolist (compartment A), SRD (deferred settlement service). The Group is a component of the CAC 40 index, accounting for 1.50% of total market capitalisation (information at 30 June 2008). The Pernod Ricard share is eligible for inclusion in French share savings plans (*Plan d'Épargne en Actions* - PEA) and for the SRD.

Summary of stock market data

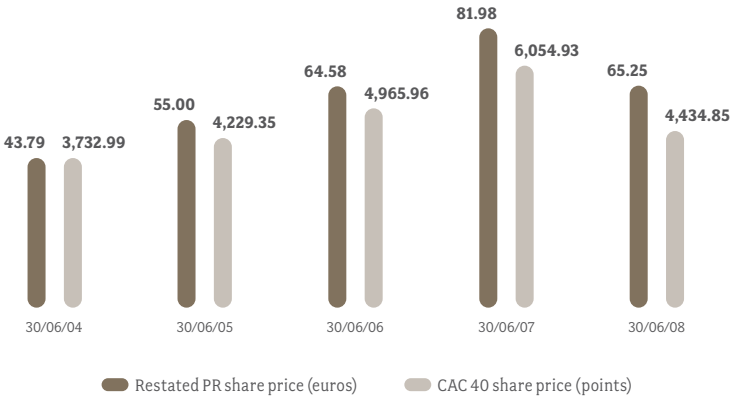
	2005/2006	2006/2007	2007/2008
Number of listed shares at 30 June	93,672,230	109,296,135	219,682,974
Average number of shares (excl. treasury shares)	87,650,000	107,491,000	217,234,000
Stock market capitalisation at 30 June (€ m)	14,519	17,920	14,334
Diluted earnings per share	8.12	7.75	4.13
Diluted earnings per share (after restatement)*	3.38	3.87	4.13
Dividend per share	2.52	2.52	1.32**
Dividend per share after restatement*	1.05	1.26	1.32
Average monthly volume of trades	9,655	12,013	21,039
Average monthly volume of trades after restatement*	23,172	24,026	21,039
Highest share price for the financial year	160.9	165	83.33
Highest share price for the financial year after restatement*	67.04	82.5	83.33
Lowest share price for the financial year	128.8	120.42	61.65
Lowest share price for the financial year after restatement*	53.67	60.21	61.65
Average share price for the financial year	146.35	145.26	74.03
Average share price for the financial year after restatement*	60.98	72.63	74.03
Share price at 30 June	155	163.95	65.25
Share price at 30 June after restatement*	64.58	81.98	65.25

* Historical data has been restated to take into account the increase in the share capital by capitalisation of reserves and the distribution of bonus shares effective as of 16 January 2007 on the basis of one new share for five old shares and the two-for-one stock split that took place on 15 January 2008.
** Amount submitted for the approval of this Shareholders Meeting.

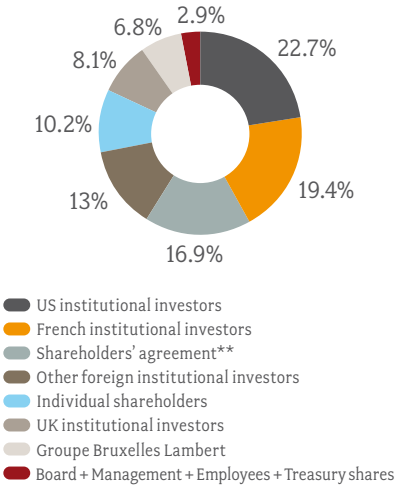
Change in the share price over one year, in comparison with the CAC 40 index, and volumes of trades



Value of Pernod Ricard share over five years



Breakdown of share capital at 30 June 2008*



* For further information, see page 179 of the Reference Document.

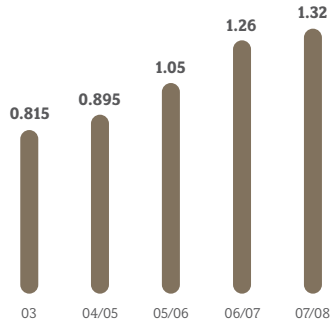
** A shareholders' agreement exists between SA Paul Ricard and certain members of the Ricard family, Kirin International B.V. and Kirin Brewery Company Ltd and Mr Rafaël Gonzalez-Gallarza (reference will be made to the table showing changes in the breakdown of share capital over the last three financial years).

Change in net dividend over the last five financial years

For the financial year 2007/2008, an interim dividend of €0.63 was paid on 3 July 2008. A proposal will be submitted to this year's Shareholders Meeting that a balance of €0.69 should be paid per share; this would give a total dividend of €1.32, an increase of nearly 5%.

The ex dividend date will be 13 November 2008 and the dividend will be paid on 18 November 2008.

Change in net dividend over the last five financial years (in euros)



FOCUS

Stock split

The Pernod Ricard Combined Shareholders Meeting held on 7 November 2007 decided, in its seventeenth resolution, to carry out a two-for-one stock split with regard to Pernod Ricard shares and, accordingly, to exchange each share with a par value of €3.10 for two new shares with a par value of €1.55 each, with this stock split being effective from 15 January 2008.
Since that date, the number of shares comprising the share capital was multiplied by two and the share is traded on the basis of a share price divided by two.
This transaction was carried out without fees, without any formalities and with no loss of rights for all the Pernod Ricard shareholders.
At 30 June 2008, the number of shares comprising the share capital of Pernod Ricard totalled 219,682,974 shares with a par value of €1.55 each.

The shareholders at the Annual Shareholders Meeting in 2007.

Supporting strategy

Communication plays a strategic role in a fast-evolving group such as Pernod Ricard, in terms of both planning for the future and accompanying existing developments. Premiumisation and acquisitions are just two of the key challenges facing the Group going forward that have to be described to the company's stakeholders, beginning with its employees.

QUESTIONS WITH

Francisco de la Vega
Vice-President, Communications

Pernod Ricard is increasingly positioning itself as a luxury name. What impact does this have on the Group's communications policy?

Our communications policy is resolutely focused on showcasing the Group's new Premium qualities. All available resources are being used to drive home the "luxury" message. For example, a new leitmotif – *"Luxury in a bottle"* – has been created, and the 51st edition of our *Entreprendre* shareholder magazine has been given a special luxury make-over. We have revamped our website and given our Annual Report a new, upscale design, which won a silver *Top Com* award. We also gave a presentation of this new positioning to the journalists and financial analysts who accompanied us to Moscow in April 2008. Both internally and externally, we strive to convey an image and culture suffused with connotations of luxury. Furthermore, we endeavour to be available and transparent with regard to our stakeholders. Our press service has been recognised as one of the most effective in the CAC 40

2007/2008 was an extremely eventful year. What principles underpinned the communications policy regarding the Vin&Sprit acquisition?

The two key moments for us were before and after the transaction. Ahead of the event itself, we had to convince the Swedish state that our offer made perfect sense. To do this, we adopted a transparent and unassuming approach to our communications based on solid, well-informed arguments. Our upbeat attitude was anchored around several key messages: V&S would remain Swedish, and we would be attentive to respecting the company's products and cultural values. In a hands-on approach, Pernod Ricard's general management visited production facilities on the ground, and held talks with local stakeholders (politicians, farmers, journalists, trade unions, etc.). Our low profile paid off. Later on, once the operation had been set in motion, our more conventional communications strategy kicked in. Nine task forces were set up internally – including one focusing on communication – to inform, explain, reassure and oversee the rapid integration of teams. To prove the wisdom of the transaction to people outside the Group, we organised road shows in London and New York along with press conferences in Sweden and Paris, which were widely reported in the media.

There will be a change at the helm of the Group in 2008/2009, with Patrick Ricard focusing exclusively on his duties as Chairman of the Board and Pierre Pringuet becoming sole Chief Executive Officer. What role will the Communications department play in accompanying these changes?

The handover will take place smoothly and naturally. As Chairman of the Board, Patrick Ricard will remain heavily involved in the Group's strategy, a winning formula refocused on wine and spirits that has been rolled out by Pierre Pringuet alongside Patrick Ricard since 2000. To illustrate the Group's success, a special publication entitled "Building for the long term" will be circulated among employees. *"Building for the long term"* will be Patrick Ricard's opportunity to speak of his experience within the Group, explain the reasons behind its success, thank all those who have contributed along the way, and above all, give it fresh impetus going forward... Our roadmap, in other words!

Career path

Francisco de la Vega joined the Group in 1987 and successively held the positions of Marketing Manager of the alcohol business line, Group Vice-President, Marketing, Chairman & CEO of Pernod Ricard Canada, and then Chairman & CEO of Pernod Ricard Argentina up until 2003.

Entreprendre, an upmarket magazine

Twice a year, Pernod Ricard addresses its shareholders and employees in *Entreprendre.* This informative magazine contains some 50 pages which take an in-depth look at the Group's latest news, as well as its activities, brands, management and environment. Launched in 1983, the magazine has gradually moved upmarket, illustrating Pernod Ricard's rise towards the luxury segment. In the two latest issues, readers can find a special luxury feature and a focus on Europe and emerging countries. Offering general information and details of the Group's strategy alongside discussions on topical issues of society, *Entreprendre* is a means of communication eagerly awaited by its 50,000 faithful readers!

Corporate website: a vital instrument of financial communication

Featuring clear, up-to-the-minute information in real time, the corporate website is undoubtedly an all-important Group tool, in particular, for communicating financial information to analysts, investors, journalists or shareholders. Users of the website can access a wealth of financial data including share price, press releases, financial presentations, live and recorded webcasts of analyst meetings, press conferences and AGMs. They can also consult archived annual reports dating back to 1975 – with annual reports from 2002 onwards available in an interactive version – as well as the shareholder magazine, Entreprendre. Shareholders who are members of the "Club Premium" also have access to a special mini-website designed especially for them. Functional and user-friendly, the corporate website is constantly being upgraded with new features. As from 2008/2009, analysts and investors will be able to follow telephone conferences online and also ask questions during live webcasts of annual and half-year results presentations.

Success of "Club Premium"

Pernod Ricard created the "Club Premium" in 2006 with a view to strengthening the Group's relationship with its shareholders. The club is now fully operational, with over 10,500 members (shareholders with more than 24 shares). The 25 events organised by the club this year were a resounding success. They included a tour of the Beaubourg and Quai Branly museums in Paris, concerts by the Ostinato orchestra, visits to production sites (Epernay and Reims for champagne, London for Beefeater, and Spanish wine cellars) and open days allowing participants to taste new product ranges. The informative, interactive and convivial nature of these events is a key to their success, and helps cement the ties between the Group and its shareholders.
The *Premium Newsletter* circulated every four months provides further information for club members, taking a closer look at the Group's latest financial news and the club's activities. The Newsletter regularly focuses on a specific brand and market.

Shareholder's agenda

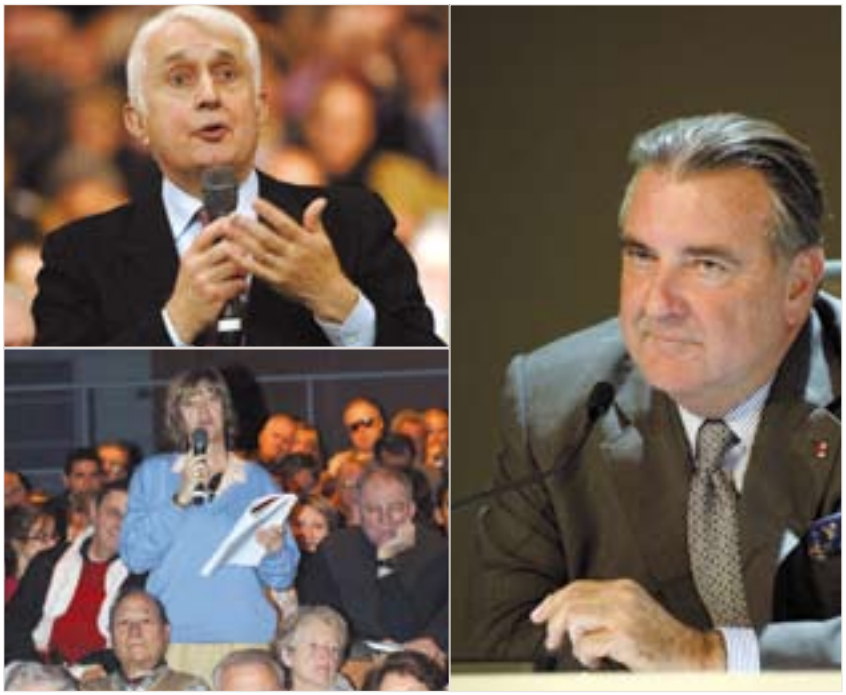
Combined Shareholders' Meeting:
5 november 2008

2008/2009 Half-year sales and results:
13 February 2009

2008/2009 3rd quarter sales:
30 April 2009

2008/2009 full-year sales:
23 July 2009

1,500
people
attended the Annual Shareholders' Meeting in November 2007



TESTIMONIAL

France
Martine Folton-Haudeville
A Pernod Ricard shareholder

Why did you become a Pernod Ricard shareholder?

I have been a shareholder since 2003 and feel a strong affinity with the Group, perhaps because I am a southerner by adoption! I appreciate Pernod Ricard's products and admire the human and professional qualities of its leadership team. Moreover, its profitability guarantees shareholders an excellent return on their investment.

What do you think makes Pernod Ricard's approach to individual shareholders stand out?

As a shareholder of several CAC 40 groups, I have to admit that Pernod Ricard's attentiveness to its shareholders is truly unique. I have had a number of unforgettable experiences as a member of the "Club Premium" since its creation in 2006, including a Mumm champagne open day in May 2008, a private tour of the Yves Klein exhibition at the Beaubourg museum, and a cigar and rum tasting event in Bordeaux. These events are meticulously organised, friendly and convivial without being ostentatious. The chance to meet and talk directly with Pernod Ricard's management on such occasions allows us to gain a better understanding of the Group and boost our confidence in its future success.

What other communication tools do you find useful for learning about Pernod Ricard?

I enjoy reading the financial press as well as publications such as the Annual Report, *Entreprendre* magazine and the Premium Newsletter. I am also a regular visitor to the Group's corporate website, a mine of up-to-the-minute news and information.

As a shareholder, what was your reaction to the Group's recent acquisition of Vin&Sprit?

I believe that the acquisition of Vin&Sprit and its flagship ABSOLUT Vodka label is a perfect complement to the Group's already diverse offering, and enhances its international stature. Pernod Ricard's transformation from its humble beginnings in France to a huge international player today is truly remarkable.

Beefeater at the O-Hanami festival in Japan

In celebration of spring, from late March to late April, the Japanese hold banquets among friends under the blossoming cherry trees, which symbolise the fragility and beauty of human life.

Internationalising, promoting, integrating: the human challenges ahead of us

QUESTIONS WITH

Bruno Rain
Deputy Managing Director in charge of Human Resources

The Group is expanding its international reach, and currently has operations in more than 70 countries. What part has the Human Resources department played in this expansion?

Our international development is built on three pillars. The first is our access to skilled local teams to ensure that the business runs effectively. 80% of senior executive positions at our subsidiaries are held by local employees, and we endeavour to offer them attractive career opportunities.
The second pillar is the development of international mobility. We hone the expertise of talented employees by giving them experience of different international environments, an approach we term "cross-fertilisation", a guarantee of mutual enrichment. Mobility opportunities go hand-in-hand with a competitive remuneration package and relocation assistance for the employees concerned. Pernod Ricard has developed bespoke tools for identifying high-performing employees: these include the Potential Development Review process, Careers Committees organised for each function, and a dedicated HR information system for the Group's 2,500 managerial-grade staff.
Finally, the third pillar guarantees our international success and consists in passing on our culture rooted in the values of simplicity, conviviality, an entrepreneurial spirit and transparency. Our approach is supported, in particular, by our dedicated Training Centre in the Paris region, which provides a convivial platform where managers from around the world come together to enhance their professional and personal skills. Induction courses organised around a programme of ten intensive days of visits also allow new recruits to learn about Pernod Ricard's historic subsidiaries and their leaders.

What is your policy concerning young, high-performing employees?

High-performers first have to be recruited and then given the room to develop. In terms of recruitment, we have a large number of alliances with top universities and prestigious graduate business schools and schools of management across the globe. Our recent creation of a Prestige Brand Management Chair at HEC positions us firmly within the luxury segment and affords us a visibility that is likely to attract new talents. Once potential high-performers have been recruited, our role is to partner them and help them evolve all over the world.

What makes the management teams at Pernod Ricard so successful?

It's the right combination of several factors. An acute understanding of the business (gleaned from both operational and functional roles) together with good knowledge of one another, helps leadership to function effectively from the inside. In this regard, our emblematic annual meeting in Les Embiez in the south of France helps to build very close-knit teams. We share pragmatism and common sense, as well as a strong personal commitment. Our focus on local operations is naturally an important advantage, as it frees the Group from a heavy "superstructure" and provides a subtle balance between extensive decentralisation and coordination.

The Group's recent acquisition of Vin&Sprit will further boost its standing. What do you think are the ingredients needed to integrate human teams successfully?

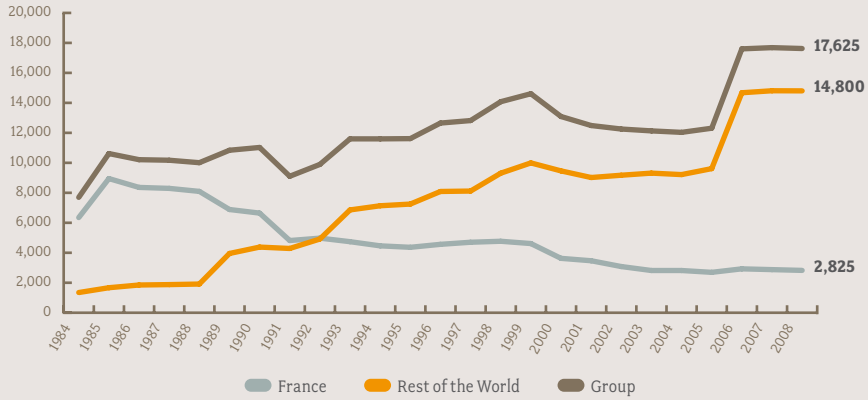
While this is not our first experience of integrating an outside firm, each transaction is different and should be approached pragmatically and with an open mind. Vin&Sprit gives us first-hand experience of Scandinavian culture, with efficient, professional and direct local teams who are proud of their unrivalled prowess. We work together openly and constructively to ensure that the transaction is a success and that it is mutually enriching for both parties.

Career path

Bruno Rain has joined the Group in 1987 as Internal Auditor at the Holding. In 1989, he is appointed Finance and Administration Director at SEGM (presently Pernod Ricard Europe), before becoming the Group Finance Director in 1994. In 1997 he is appointed Chairman and CEO of Pernod Ricard Argentina and becomes, three years later, Chairman and CEO of Pernod Ricard Larios, today Pernod Ricard España, before becoming Deputy Managing Director in charge of Human Resources in 2006. He became the Deputy Managing Director in charge of Human Resources in September 2008.

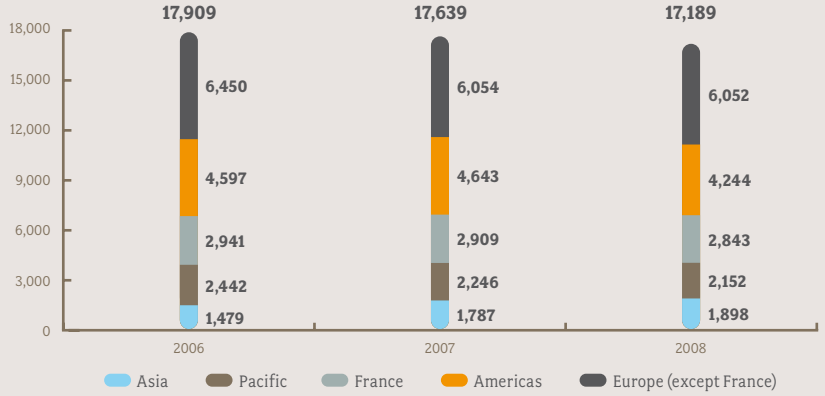
Pernod Ricard's employees

Changes in Group headcount since 1984



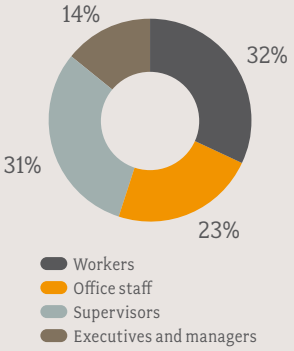
In 2007/2008, the number of Pernod Ricard employees remained stable overall.

Change in the average number of employees per region over the last three years

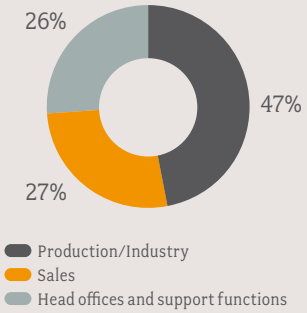


Almost half of the Group's employees now work outside Europe, one-third in Europe (except France) and 17% in France. For the last three years, the number of employees has remained relatively stable although significant growth in the number of employees has been recorded in Asia (+28% over a period of three years).

Breakdown of workforce by employment category



Breakdown of workforce by activity

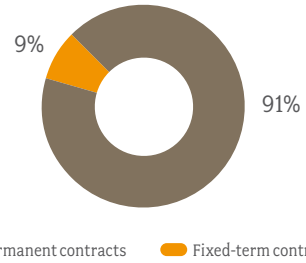


17,625

employees

(on both permanent and fixed-term contracts) at 30 June 2008

Breakdown of workforce by type of employment contract



The proportion of permanent contracts has increased due to a decrease in the number of employees on fixed-term contracts as compared to last year, while the number of employees on permanent contracts has remained relatively stable.

7,914

employees in the

Production/ Industrial activity

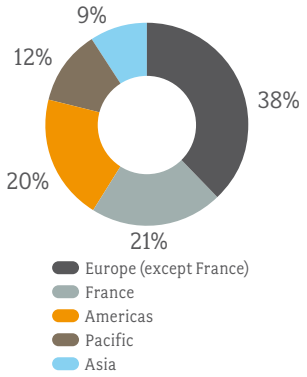
4,867

Sales persons

1,177

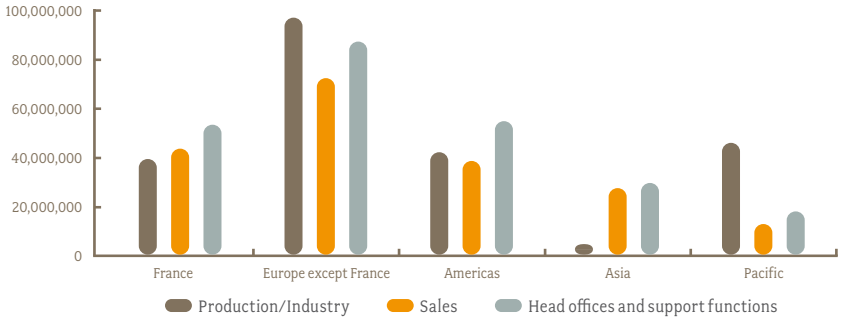
working in viticulture

Payroll by region

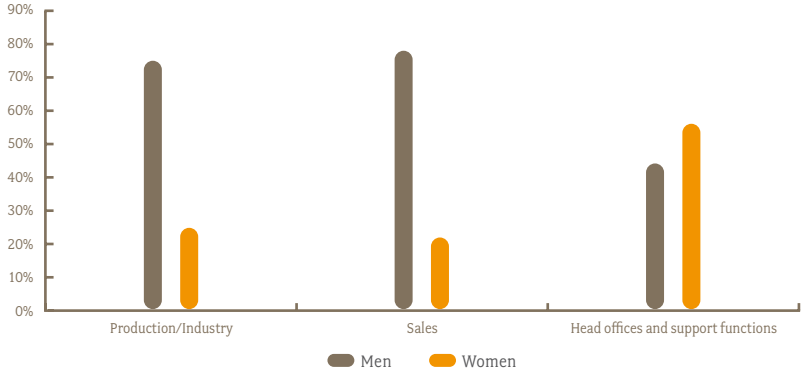


The Group's total payroll amounted to over €670 million at 30 June 2008 including 38% in Europe (except France). Variable remuneration represented 15% of payroll.

Payroll by activity (in euros)

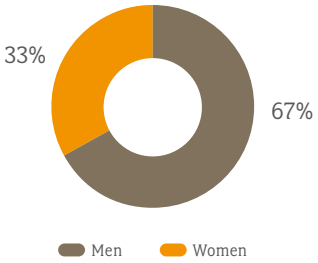


Breakdown of workforce by activity and by gender



Women represent about a quarter of the employees in the Production/Industry and Sales sectors. The proportion of women is greater at the head offices and in support functions where they represent over half of the employees.

Breakdown of workforce by gender



The proportion of women in the Group represents one-third of Pernod Ricard's workforce (over 5,800 female employees). 37% of external hires in 2007/2008 were women.

Disabled employees

84 out of the 109 Group employees classified as disabled work in France. In a number of countries, such a classification is considered to be discriminatory. The number of disabled employees working at Pernod Ricard is therefore much higher than the reported figure.

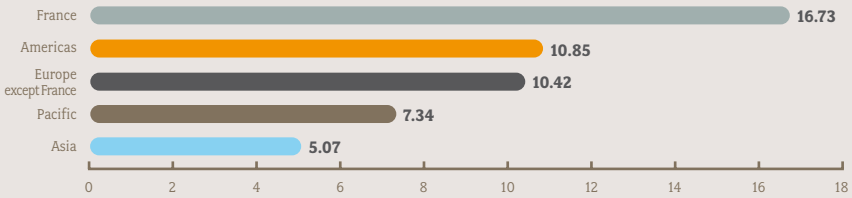
FOCUS

The Pernod Ricard Charter

Every new Group employee is given the Pernod Ricard Charter, which defines, in particular, the Code of Professional Ethics setting out the following rules to be strictly adhered to:

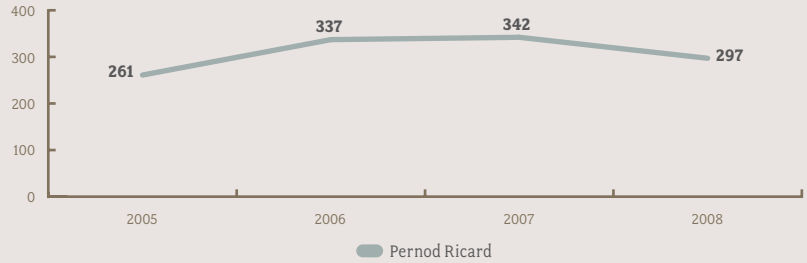
- Abide by the law;
- Act openly and transparently and be trustworthy;
- Behave impeccably and respectfully towards shareholders, customers, consumers, colleagues, public authorities, suppliers and competitors.
- Guarantee quality and safety;
- Respect the environment;
- Put the Group's interest ahead of personal interests in the performance of employment duties;
- Offer equal opportunities and look for possibilities of professional development for all employees;
- Comply with commitments made by professional organisations dealing with the social aspects of alcohol, and in particular personal alcohol consumption.

Average length of service per region (at 30 June 2008)



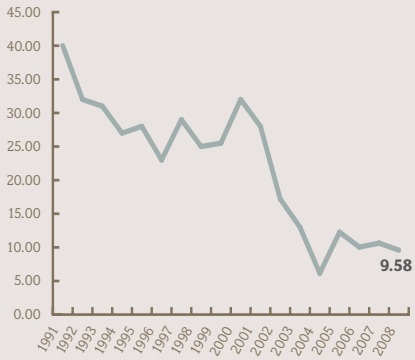
The average length of service of Group employees is 9 years and 7 months: 10 years and 2 months for men and 8 years and 9 months for women. The average length of service is tending to increase in all regions except France where it has decreased by 1 year. This decrease is the result of a combination of two factors: employee retirement and hiring of young employees within the Group.

Change in the number of workplace accidents



The number of workplace accidents has decreased by 13% compared to last year, which demonstrates an improvement in working and safety conditions within the Group.

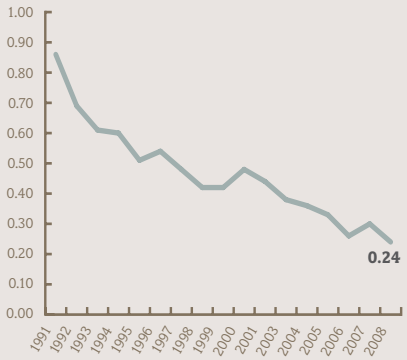
Frequency rate of workplace accidents



Frequency rate = (number of workplace accidents resulting in sick leave during the year/number of hours worked in the year) x 1,000,000

The frequency rate of workplace accidents now stands at 9.58. It has dropped significantly since last year. This trend shows the efforts made by Pernod Ricard with regard to workplace safety.

Severity rate of workplace accidents



Severity rate = (number of work days lost due to workplace accidents/number of hours worked) x 1,000

The severity rate of workplace accidents recorded is the lowest rate ever recorded. It amounts to 0.24 this year as compared with 0.30 in 2007.

Average length of service: 9.7 years

Rate of absenteeism as a % of work time

	Group average
Illness	2.05
Maternity leave	0.95
Workplace accidents	0.19
Travel to work accidents	0.02
Other	0.17
Total	**3.38**

Pernod Ricard España: "satisfied" staff

In 2007, Pernod Ricard España conducted a survey among its staff about different aspects of the working environment and employee satisfaction. Sixty-four per cent of employees completed the survey, a sign that employees wished to express their opinion and contribute to the Company's progress.

The results of the survey were resounding: more than 90% of employees said they were satisfied with working at Pernod Ricard España. The Group's values are deeply embedded in the company's culture. Pernod Ricard España is a transparent and pro-active organisation that encourages its employees to be autonomous. Employees are invited to take initiatives and make suggestions, with management prepared to listen and reward efforts. This entrepreneurial spirit is the essence of Pernod Ricard España's management style.

The positive internal image of the company also finds its echo outside the business, with employees playing an instrumental role in enhancing its identity and image in the market and among customers. This is considered a vital commitment and helps the company evolve going forward.

Pernod Ricard USA: mentoring new recruits

For the past three years, Pernod Ricard USA has been successfully running its induction programme for new employees. This year, it was show cased as a best practice on the Group's Intranet site Periscope.

Pernod Ricard USA's programme consists of a list a series of tasks to be completed within 90 days of a new arrival to help new recruits and their managers plan and handle their basic needs during the first three months after they join the Group.

The list of tasks is rounded out by quarterly seminars. These measures are highly appreciated by new employees and the content is regularly updated and enriched.

Recruitment and career management

The Careers Committee

Pernod Ricard set up the Careers Committee in 2007. The purpose of the Committee is to have a wide-ranging vision of executive career development policies within the Group by function (Marketing, Finance, Commercial, Human Resources and so on). This approach supplements the review of the teams conducted by each subsidiary with regard to its executives. The analysis made by the Careers Committee meetings and the annual executive review make it possible to prepare succession plans for the Group's executives.

Three Committee meetings are organised every year. They consist of the Deputy Managing Director in charge of Human Resources and his team, the Human Resources Directors of Pernod Ricard's direct subsidiaries and the Functional Directors who give their points of view on executives and recent changes in the function in their area of activity.

The Careers Committee primarily considers the actions to be conducted over the very short term and those to be envisaged over the next eighteen months. In addition, it analyses the new positions to be created and those to be eliminated. The discussions also concern executives for whom long-term career prospects should be determined due to strong potential for evolution. It is indeed essential to include these executives in the succession plans right from the outset.

Through these Careers Committee meetings, it is therefore possible to have an overall vision of all the Group's 2,500 executives, and particularly those who are ready to accept international mobility.

An attractive, motivating remuneration policy

Pernod Ricard has designed an attractive, motivating remuneration policy, with a large portion of employees' salaries being linked to individual achievement.

The structure of the remuneration package offered to all Management Committee members is identical, and consists of a fixed base salary set in line with local market practice, plus a variable portion which varies according to the size of the subsidiary. Variable remuneration always represents a significant part of the total remuneration package.

In France, Pernod Ricard has always offered attractive conditions for employee share ownership and encourages its subsidiaries to adopt profit-sharing mechanisms consistent with local legislation.

Lastly, the Group's stock option and free share plans concern a large number of employees throughout the world. This year, the number of eligible employees was further increased to 800 beneficiaries, representing more than 4% of total Group employees.

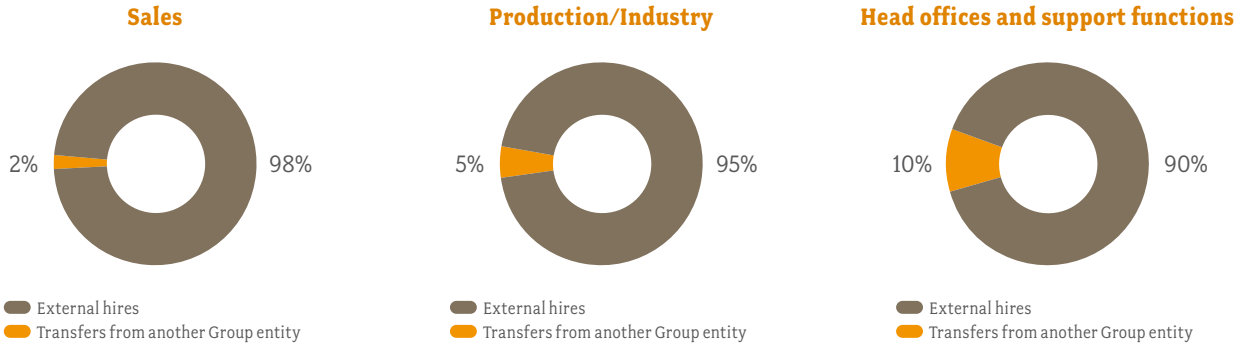
A dedicated information system

To help manage its high-potential teams, Pernod Ricard has set up a shared information system for the Group's HR Directors. The system allows them to track talented employees through the "Potential Development Review", "remuneration" and "expatriation" functionalities. Key career milestones are also recorded in real time by the Group's Human Resources departments for the Group's talented local or expatriate employees. The functional heads of each division (including Finance, Marketing, Communication and Commercial) also scout for talent within their own remit, based on the career projections of each manager. The HR system allows them to detect key future employees for the Group throughout the world and helps in the search for new talent.

In 2008, the Human Resources department launched its Business Intelligence decision-making tool. The tool, known as "sHakeR", allows it to compile available information based on specific HR indicators such as internal mobility and the breakdown of high performers by function and geographical area. "sHakeR" can be used by the Chairmen and Human Resources teams of all Group companies.

The Business Intelligence decision-making tool, known as "sHakeR".

External hires and internal transfers



New employees joining the Group's staff consisted of 2,297 external hires primarily for the Sales force and in the Production/Industrial activity, and 142 internal transfers (between subsidiaries).

Staff turnover rate

	Resignations	Average number of employees	Turnover rate
Workers	201	4,700	4%
Office staff	403	3,646	11%
Supervisors	474	5,099	9%
Executives and managers	125	2,414	5%
Total	**1,203**	**15,859**	**7.6%**

The turnover rate was 7.6% based on the average number of employees on permanent contracts.

External hires:
2,297
people

FOCUS

Promoting a constructive labour dialogue in Europe

Created in 1999, the Pernod Ricard European Works Council (CEPR) provides a privileged setting for information exchanges and consultations between the Group's General Management and employee representatives from its subsidiaries in the European Union. The Works Council has twenty-three members from twelve European countries. Poland and the Czech Republic – observer members since 2004 – joined the Committee at the end of 2006, during the early reorganisation required as a result of the Allied Domecq integration.

The December 2007 Works Council meeting was held at Martell's premises in Cognac, France. The meeting featured training sessions, presentations regarding the Group's activities– particularly in Europe, and topical discussions on key issues such as social responsibility. Participants also reflected on the method of functioning of the Committee, their own roles and the Council's communications policy.
Ahead of the integration of Vin&Sprit, in April 2008 Pernod Ricard's European Works Council offered its counterpart at V&S five additional seats at its plenary meeting scheduled for the end of 2008, for all the countries where the company is present. The aim is to ensure that Scandinavian teams will be successfully integrated into the Group.

Between April 2008 and July 2008, when the tie-up was officially announced, Vin&Sprit's European Works Council was kept regularly informed of the progress of work and integration projects by its Management team.

European Works Council Journal
published in March 2008.

From top to bottom:

The participants at the induction seminar held in January 2008.

The Pernod Ricard Training Centre created in 1992 and based at Château de La Voisine in the Paris region.

Employee training

Induction seminars

Alongside the training programmes available to staff members, induction seminars have been designed for new managers joining the Group. Three 10-day seminars are offered each year, during which participants meet Managing Directors and Management Committees from the companies established in France (Pernod Ricard, Pernod Ricard Europe, Ricard, Pernod, Martell, Mumm Perrier-Jouët) and two Brand Owners (Chivas Brothers and Irish Distillers). 71 employees attended these seminars in 2007/2008.

Skills development seminars

In addition to the locally-run training courses offered by each Pernod Ricard subsidiary to its employees, the Group proposes a catalogue of skills development seminars in partnership with specialised institutions, such as HEC Executive Education in Marketing and Finance.

These seminars, which take place at the Pernod Ricard Training Centre, are designed to promote best practices and the core principles underpinning the Group's policies in each functional area, including, in particular, marketing, finance, sales, manufacturing, communication, public speaking, legal affairs and human relations.

Specifically designed for the Wine & Spirits industry, these training courses are unusual in that they offer employees the possibility to learn about functional areas other than their own. A total of 47 seminars were held in 2007/2008, attended by almost 500 employees from all four corners of the globe.

FOCUS

Pernod Ricard Pacific: Novel QSE training

Pernod Ricard Pacific launched an innovative e-learning programme for its employees on Quality, Safety and Environment (QSE) issues.

The programme was designed to brief new recruits on essential QSE issues, so that all employees are able to contribute to the quality of products and services and their environment, safety in the workplace and social responsibility. Each participant receives a certificate on completing the e-learning programme.

E-learning has proved to be an effective means of reaching a broad public and providing information to employees in real time. It is not intended to replace face-to-face communication, but is an effective support to other training initiatives.

Luxury brand management training

HEC, a key academic partnership. At the end of 2007, Patrick Ricard and Bernard Ramanantsoa, the Dean of the HEC business school in France, signed a partnership agreement to create the Pernod Ricard Prestige Brand Management Chair.
The idea behind the Chair is to develop a research cluster on luxury brand management. Pernod Ricard will contribute its expertise in managing upscale brands gleaned from its experience of Premiumising its portfolio and in particular the high-end products of its 15 strategic brands.
The Chair's agenda will be to develop a theoretical understanding of the specific characteristics associated with Premium brands and to undertake research and concrete analyses in order to identify the main marketing levers for these brands and their consumers.
Reports on the work carried out in this area will be published in books or articles for leading international journals.
The Chair falls under the academic responsibility of Jean-Noël Kapferer, Professor and Marketing Researcher at HEC and a specialist in brand management.

Special seminar at the Pernod Ricard Training Centre. In relation with the creation of the HEC Chair, the Pernod Ricard Training Centre and the Group's marketing department developed a new executive training module on luxury brand marketing this year.
This rounds out the two existing training modules on "Pernod Ricard Marketing principles & Brand activation" and "Positioning, Communications & Media planning", which have been offered for many years now to all of the Group's senior marketing staff as a means of developing their professional skills throughout their career.
The new module will present the characteristics of marketing luxury brands, consumer typology, and the visual and sensory universe specific to these products. It will also look at their particular communication codes both in and outside the media.

Partnership agreement between HEC and Pernod Ricard to create the "Pernod Ricard Prestige Brand Management Chair".
From left to right: Bernard Ramanantsoa, Dean of the HEC School of Management, Patrick Ricard, Chairman and CEO of Pernod Ricard and Jean-Noël Kapferer, Professor and Marketing Researcher at HEC.

FOCUS

Pernod Ricard Europe: marketing and sales competency guide

In conjunction with its subsidiaries, Pernod Ricard Europe conducted a pilot project in 2006 and 2007 designed to develop skills in the two key areas of marketing and sales. The aim was to build a shared tool for the European subsidiaries making it possible to define, assess and develop the different skills needed for each of these functional areas, in order to help employees to evolve and facilitate international mobility. The competency guide signifies a move from a job-specific approach (inherently different from one country to the next due to the principle of decentralisation applied by Pernod Ricard) to a skills-based approach, and also helps to develop a common language between the Group's subsidiaries in Europe.

Pernod Ricard Europe's Human Resources department organised a meeting between a dozen or so Marketing Directors from its subsidiaries to define key marketing skills and the degree of expertise required at each level, from beginner to expert. Each subsidiary then adopted the new competency guide created and situated specific positions within its marketing organisation. The tool is now also used in the external recruitment process. Since 2007, these tools have been used in all the Group's subsidiaries.

Another advantage of the competency guide is that it can be used as a self-assessment tool by all employees, and as a starting point for discussions with managers about any areas where the skills brought to the job fall short of expectations. More importantly, this tool will help shed light on areas for improvement (training, internal mobility, expatriation) and the ways in which employees can develop or acquire new skills.

Participants at the Pernod Ricard INSEAD session in Singapore in January 2008.

Management training

As part of its senior executive training programme, Pernod Ricard also entered into a partnership with the INSEAD graduate business school to develop "Leading Innovation", a bespoke Pernod Ricard INSEAD General Management seminar.

In 2008, this programme brought together 30 senior Group executives from all four regions of the globe for a two-week seminar. The first week took place in Singapore in January, with the second week held at INSEAD's Fontainebleau campus in France in June.

The seminar consists of various presentations and group-based discussions. It encourages personal analysis and broadens perspectives. Participants may be asked to perform management role-play exercises. The seminar covers aspects of business management (global economy, competition, different types of business organisation) as well as the need to think out of the box in order to innovate and drive through change internally. Participants also learn to handle management issues relative to themselves, their own personality, leadership and vision.

The diverse geographical origin of subsidiaries participating in the programme and the wide variety of national and cultural backgrounds of INSEAD professors help make this seminar a particularly enriching multi-cultural experience.

In March 2008, a special five-day session was organised for the Group's General Management and the Chairmen & CEOs of direct subsidiaries who are members of the Group Executive Committee. The session looked at the main issues relating to vision, innovation, change, organisation and personal leadership, as well as taking a broader perspective on the mid-to-long-term management of the Group and its main subsidiaries.

317,883

hours of training time

FOCUS

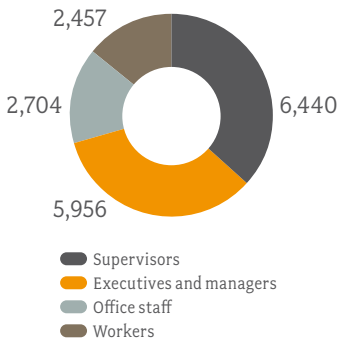
Ricard: passing on commercial expertise

In France, Ricard boasts unique commercial know-how. Ricard decided to launch the "Ricard attitude" project in 2007 to address fast-changing consumer trends and the shifting age pyramid, which risks putting the long-term memory of Ricard's historic values in jeopardy. The goal is to compile good practices and commercial stances that have led to the company's success with customers and consumers. This approach consists of returning to the source of the company's expertise, and adapting the sales approach to the stimulating environment of responsible drinking. It is a way of involving sales teams and recreating a climate of conquest.

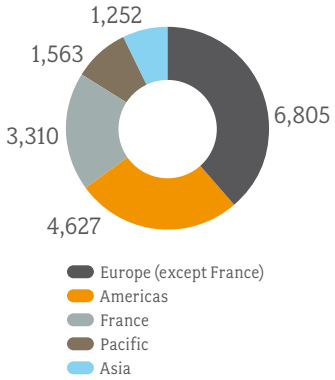
Several working groups were asked to consider the four key pillars of knowledge; organisation; behaviour, values and management. On the basis of their work, guidance sheets were drawn up on some twenty issues, including "Ricard as a responsible citizen", "Know your customer", "Know consumers", "Stages of the sales process" and "Rules of conduct and behaviour".

Building on these pedagogical tools, the "Ricard attitude" project was subsequently rolled out to the regions of France. It now forms an integral part of the Ricard training programme.

Training costs by professional category (in thousands of euros)



Investments in training (in thousands of euros)



Training budget:

Over €17 million invested in training

(2.62% of total payroll)

In 2007/2008, 12,524 employees received training, representing a 3% increase as compared with the 2006/2007 financial year.
€17 million were invested for this purpose, representing 2.62% of total payroll. The average cost per employee trained was €1,400.

Average cost of €1,400

per employee trained

Online ethical training

In the United States, Pernod Ricard USA set up *Above The Horizon (PATH)*, a website designed to bolster the relationship of trust among stakeholders.

PATH provides practical information and training for personnel on legal and ethical issues that concern them. Each training module ends with a short multiple choice questionnaire to assess how well users have understood the module.

When it was launched in 2008, the programme featured the session, "Anti-trust issues – speak to your competitors".

Interested employees were to complete the training in one month. An advertising campaign was designed to launch the programme and encourage employees to complete it. It included a letter from the Chairman & CEO of Pernod Ricard USA and briefs from those members of the Executive Committee responsible for each of the functions involved in the campaign. According to trainee feedback, this programme was *"the best legal training tool ever used in the company"*.

71%

of employees received training

The crucial role of Legal Affairs

Holding a proprietary portfolio of international brands means that the Group has to set up an extremely efficient global organisation to ensure compliance with intellectual property rights and fight against infringements.
In addition to these major challenges for Legal Affairs, the department had to perform another essential task during the past financial year: that of negotiating and drafting one of the Group's most important-ever acquisition agreements, the agreement to purchase Vin&Sprit.

QUESTIONS WITH

Ian FitzSimons
General Counsel

What role did Legal Affairs play in the Vin&Sprit acquisition?

There are several key stages in approaching a transaction of this scope. The first is to evaluate its compliance with competition law. In the case of Vin&Sprit, the analysis focused primarily on the US and European aspects of the acquisition. This evaluation, which was carried out by our in-house lawyers with the support of several law firms, aimed at ensuring that no major obstacle existed which could block the transaction.
The second stage is twofold: the first objective is to carry out a "due diligence", in other words an in-depth study of the situation and assets of the company to be acquired. The second objective involves entering into a financing agreement to pay for the transaction.
Finally, the third stage runs from the negotiation and drafting of the acquisition agreement through to completion of the transaction. Legal Affairs is one of the players involved in each of these stages: it works with the other departments of the Holding company on the various phases of the transaction. Each of them brings its expertise to the transaction to ensure it succeeds. After completion begin the integration phases, during which Legal Affairs supports the subsidiaries in drawing up integration plans for the various assets acquired.

What other types of legal issues may arise for a Group such as Pernod Ricard?

In addition to the Vin&Sprit acquisition, Legal Affairs handled a number of important matters this year. We participated in the June 2008 acquisition of Lillet, based in Bordeaux, producer of a wine- and citrus liqueur -based aperitif. We have naturally continued to manage ongoing litigation, such as the dispute with Bacardi concerning Havana Club. We also regularly assist the Group's subsidiaries in their development projects, particularly with regard to the creation of joint ventures with local partners.
In the area of intellectual property, we devote a great deal of effort to protecting our brands. Our policies aim to combat counterfeiting, particularly in China. We have joined an international association, the IFSP (International Federation of Spirits Producers) to defend our interests. We have also seen tangible results from our close collaboration with the Chinese authorities.

How do you ensure both the consistency of your brand protection policies at the international level, and their local relevance?

We have created a network of five local offices: in the United Kingdom, France, Sweden, the United States and Australia. These offices are responsible for protecting our brands internationally. In order to ensure coordinated management across all markets, the Holding company pilots these different offices.

Career path

Ian FitzSimons joined the Group in 2002, after being European Legal Director at Seagram. He previously worked for the law firm of Baker & McKenzie in London, specialising in European competition law.

Safeguarding our intellectual property

A company's brands are an integral part of its value. Today, Pernod Ricard holds a portfolio of over 30,000 registered brands and trademarks around the world, which require a coherent and effective protection policy.

Protecting our brands from infringement. Safeguarding our fifteen key brands is a strategic priority for the Group. The names and visual representations (logo, graphics, etc.) of the key brands, as well as around thirty leading local brands, are protected worldwide. This protection also extends to Internet domain names (around 5,000), and all intellectual property rights (designs, models, copyrights, patents, etc.).
The Group has developed a specific, cross-functional approach to defend its brands effectively against infringement, involving cooperation between specialists from the Public Affairs, Logistics, and Technology departments, along with investigators and the legal team. A dedicated task force applies this policy in the field. In May 2008, for example, some twenty Pernod Ricard employees visited markets in Canton, China to assess existing anti-counterfeiting measures, including numerous legal actions undertaken in collaboration with local authorities.

Highly efficient international organisation. In response to a problem of international scope, Pernod Ricard has set up a global "Intellectual Property" team, a network of over twenty lawyers in four main regions (Americas, Pacific, Europe and the United Kingdom). This team serves all Group subsidiaries worldwide.
The network's responsibilities include in particular providing support to sales and marketing teams, day-to-day management of intellectual property rights portfolios and administrative and judicial proceedings, in collaboration with external consultants, and monitoring and negotiating contracts with external partners (advertising agencies, etc.).
The size of the network allows for both effective central policy coordination, and proximity to the markets. Coordinated policy is based on shared values and common guidelines for implementing initiatives. Using this approach, Pernod Ricard has succeeded in implementing a "Domain names" policy for all Group entities, and in defining a single, streamlined list of external consultants.
At the same time, Intellectual Property teams' familiarity with the markets maximises flexibility and responsiveness, and provides them with a «business» perspective on the issues.
The integration of Vin&Sprit in 2008 will lead to the creation of a fifth Intellectual Property pole, responsible for issues relating to some of the newly acquired brands.

Group legal brochure setting out the rules applying to trademark protection.

Over
30,000
registered brands and trademarks around the world
(after integration of the newly acquired companies)

Building strong brands

The Group has a very positive outlook for the future, thanks to a dynamic market (5% growth this year for international spirits) and the acquisition of Vin&Sprit. Our strategy relies on a long-term approach based above all on the Group's brand policy.

QUESTIONS WITH

Jean-Paul Richard
Vice-President, Marketing

What are the main themes underlying Group brand marketing strategy?

Three major themes guide our brand strategy: Focalisation, Premiumisation and Innovation, the keys to our success and the guarantee of our future development. "Focalisation" leads us to concentrate our efforts on certain categories (particularly whisky and vodka, which account for two-thirds of growth on the international spirits market) and certain brands. Our fifteen strategic brands generate over 55% of our sales today, and we devote over 70% of our advertising and promotion expenses to them.
Secondly, we are continuing our Premiumisation policy, focusing more and more on prestigious, internationally known flagship brands which are in high demand on their markets. The Group occupies the leading position on the Premium spirits segment. Finally, our strength comes from our ability to innovate over and over again, in response to the major trends detected in consumer surveys (sophistication, limited editions, flavouring, indulgence, etc.).

What does ABSOLUT Vodka contribute to the Pernod Ricard portfolio?

Vodka is a crucial battleground in the big international spirits "war", as the spirit which has registered the strongest growth over the past ten years (it has grown three times faster than international spirits as a whole). Vodka is also a star category in the United States, leading the market in terms of both volume and growth. Pernod Ricard has thus achieved a double win with the Vin&Sprit acquisition, bringing the vodka we were missing into our portfolio as well as strengthening our strategic positioning in the United States. ABSOLUT Vodka has an exceptional and noteworthy profile: the leading Premium vodka brand, the number two vodka worldwide, the number four international spirit and one of the four international spirits with sales in excess of ten million cases per year.

ABSOLUT Vodka's marketing has been innovative: streamlined design, bold advertising, a broad range of flavours, etc. Will you be continuing along the same lines?

ABSOLUT has successfully revolutionised the vodka universe. The new Brand Owner, The Absolut Company, will continue to pursue the same strategy, developing the brand around the three core characteristics which have always inspired its communication: impeccable quality, an exceptional heritage, and a strong cultural impact. The "In an Absolut World" campaign will continue with new themes which echo the new trends.

What are the main challenges for your brand positioning in the future?

Our brands have powerful personalities, rooted in timeless values. We must capitalise on these "myths", while constantly maintaining a fresh perspective, so that tomorrow's world will be ever more exciting and more creative. Finding the subtle balance between honouring the past and innovating for the future – what a fascinating challenge!

Career path

After joining the Group in 1974 as an Organisation Engineer in the non-alcohol sector, Jean-Paul Richard went on to hold various management positions in spirits sales and marketing. He was Marketing Director of Ricard from 1986 to 2001 before being appointed as the Group's Vice-President, Marketing in December 2001.

Premiumisation

The global international spirits market is performing well, with 5.1% growth in 2007. This trend is driven by very strong growth in sales of Premium and higher quality products (see the article on the market on pages 16-17), led by the United States and emerging countries such as China, India, Russia, Brazil, and Mexico. Pernod Ricard rapidly became aware of these trends, and thus decided to position itself on the top end of the market. With the acquisition of ABSOLUT Vodka, the Group is now the market leader on the Premium and higher quality spirits segment.

The Group must meet new challenges in order to secure its status in the Premium sector. The field of action is worldwide, competition is intensifying, and businesses are consolidating. At the same time, new opportunities are arising: emerging countries, female consumption, new trends...

This means a promising future for luxury brands in general, and for Pernod Ricard in particular. Through its brands, its people and its culture, Pernod Ricard holds incomparable assets for pursuing its growth.

On the road to luxury

Pernod Ricard created a training programme this year to prepare marketing and sales teams for the marketing of luxury brands. This programme will inject a luxury culture into every level of the company, and help develop an expert understanding of the sector and its clientele. At the training session, participants learn about specific methods for creating a luxury brand, illustrated by examples of implementing action plans

Pernod Ricard's Premium product range

Meeting clients' changing needs through innovation

The Group adopted a new "innovation" policy this year. This global, structured, and coordinated approach aims to respond to, and even better anticipate customer expectations, and involves developing a new internal culture.

A global innovation approach. Consumer analyses highlight a number of different trends: individualisation (personalisation and customisation), an inclination towards hedonism (multi-sensory experiences), luxury appeal (Premium, exclusive products) and a thirst for novelty (exoticism, ethnic trends). Pernod Ricard's innovation approach uses these ideas to reconsider products (new textures, new flavours), packaging (innovative packaging and bottle designs) and modes of consumption (suggestions for new recipes, gestures, etc.). An innovation strategy may aim to optimise the existing product – known as incremental innovation – or go further with innovative concepts and new technologies – known as disruptive innovation. The goal is to maintain a consistently competitive offer at all times which continues to interest and seduce consumers. Fostering innovation within the Group requires the development of a new, open and pragmatic culture, and of a new, cross-functional and collegial internal organisation.

SPOTLIGHT

Innovation Forum
The first day of the Forum was devoted to meeting some of Pernod Ricard's key suppliers, chosen for their own innovation approach and their offer of innovative products (glass, cardboard packaging, flavours, etc.). The second day was organised around brainstorming sessions on topics chosen with brand and market managers.

France

Anne-Claire Rodary, Director of Categories
and **Vincent Beaumont,** Deputy Director of the Pernod Ricard Research Centre (PRRC)

Generating and structuring new ideas

With the Innovation Forum, Pernod Ricard intends to foster sustained interactions between marketing and scientific teams, based on a shared language. This is one of the keys to implementing projects with the most promising growth prospects. As soon as the Forum ended, Marketing teams from the various Group subsidiaries began analysing and selecting the most promising ideas for their brands. For their part, the Pernod Ricard Research Centre (PRRC) scientific teams examined how these ideas relate to existing technological expertise. Project proposals, and even initial prototypes were then discussed with the subsidiaries.
For ideas requiring new expertise, the PRRC has decided to monitor technology on topics designated during the Forum (nanotechnology, sustainable development, etc.). Research and development networks set up two years ago have also played an important role in evaluating and organising the ideas formulated in brainstorming sessions during the Forum.
Finally, sharing of expertise also makes it possible to create cross-subsidiary projects in certain areas, in order to best utilise Group resources ("green" culture, product personalisation, etc.)."

Corporate innovation structures. Pernod Ricard stays abreast of changes in technology and scientific knowledge through two bodies. The Scientific Committee, reactivated in 2006, is composed of six scientific experts and Group representatives. Its role is to provide information about the innovation process, and to help identify scientific research organisations which could support the approaches identified with the subsidiaries.
The Scientific Committee works closely with the Group's Innovation Committee, created in November 2006 and chaired by researcher and former French Education Minister Claude Allègre. Composed of representatives from the major product categories (whiskies, liqueurs, wines, etc.) and Group representatives, the Innovation Committee pilots Group innovation policy, identifies key projects, and brings necessary decisions or choices to the attention of the Group Executive Committee.

A Forum for stimulating creativity and sharing expertise. To support this new strategic effort, an Innovation Forum was organised in November 2007 (see page 90). Over one hundred people from the Marketing, Research & Development, Production and Supply Chain departments of the Group's twenty-five subsidiaries, as well as suppliers and external experts, worked together for three days on all facets of innovation and generated a multitude of ideas. A few dozen of them are now becoming projects, destined to be the focus of development or research programmes in the coming years. The Forum was also an opportunity to build a shared language and accelerate the dissemination of best practices within the Group.

FOCUS

A Research Centre at the forefront of innovation

The Pernod Ricard Research Centre (PRRC) organised its Research and Development around three main areas this year:

- Mastering products' organoleptic profiles: This includes describing products' main component ingredients (such as oak), gaining a better understanding of how certain key flavours are developed (Sauvignon Blanc, for example) and modelling the distillation phase.
- Innovation: This area benefited greatly from the discussions which took place during the Innovation Forum. PRRC's expertise in the areas of formulation, packaging and processes give it a significant role in the projects undertaken by the subsidiaries.
- Understanding product/consumer interactions: This final area relies on cognitive sciences and opens up vast fields of application for R&D specialists, such as consumer perception of wines' organoleptic complexity or alcohol content.

Taking a closer look at the competition's organoleptic quality
In 2008, the Group's scientific experts were able to increase their understanding of the strategic brands' competitive environments from an organoleptic perspective. The PRRC created a scientific protocol on which chemical and sensory analysis specialists were given the opportunity to react. This protocol is now being implemented, in the large subsidiaries or the PRRC, with the ultimate aim of providing factual data about brands' organoleptic positioning on their markets.

Promoting responsible drinking

In 2007/2008, Pernod Ricard continued to strengthen its commitment to promoting responsible drinking. The initiatives developed this year, both in support of public policy measures and independently by the subsidiaries, were more numerous and more international, and now cover every region of the world in which the Group does business.

QUESTIONS WITH

Jean Rodesch
Vice-President, Institutional Affairs

The General Assembly of the World Health Organisation (WHO) recently adopted a resolution calling on governments to help develop a strategy for reducing the harmful effects of alcohol. Is this a threat for companies like Pernod Ricard?

On the contrary, we believe that this resolution is an opportunity for our sector, which is why Pernod Ricard actively supports it. This text is balanced and constructive, first of all because it recognises that policies adopted must reflect local cultural specificities, and secondly, because it focuses in particular on high-risk populations such as drivers, pregnant women and young people. We fully approve of this approach. In addition, the resolution recommends that the WHO Director-General involve all stakeholders, including businesses, in developing this risk reduction strategy. WHO thus recognises that our industry is part of the solution, not part of the problem in working to prevent alcohol abuse.

What progress has the Group made in implementing its overall responsible drinking policy?

We made significant strides in 2007/2008 in creating corporate and brand-centred prevention campaigns and initiatives in a large number of new countries: the United Kingdom, the United States, Singapore, South Korea, Germany, Brazil, Italy, Thailand, etc. Our subsidiaries are successfully sharing best practices: The United Kingdom, for example, adapted the American "Accept Responsibility" campaign to their market, and the design of the Korean campaign against drinking and driving was based on successful initiatives in China. The Group's active network of "social responsibility" contacts and its dedicated "responsible drinking" intranet portal bear further witness to the enhancement of this policy.
Finally, Pernod Ricard's Executive Committee has requested that each subsidiary develop an internal responsible drinking code before the end of this year, which will apply to every employee. Responsible drinking is thus fully integrated into the Group culture.

Will the acquisition of Vin&Sprit have an impact on the Group's responsible drinking policy?

In this area, the two companies complement one another perfectly: Vin&Sprit is a Swedish company with a strong awareness of public health issues. The firm has, for example, developed an educational prevention campaign for its employees, "Recognize the moment", which we will be glad to be able to implement throughout the Group. Like us, Vin&Sprit is a founding and active member of EFRD (European Forum for Responsible Drinking), an organisation recognised by the European authorities which promotes dialogue and idea-sharing at the European level. We clearly share a common approach of ethics.
For our part, Pernod Ricard is at the forefront of internal marketing control and in implementing preventive policies targeting consumers around the world. I am convinced that this major acquisition will benefit us all in terms of further improving our responsible drinking policies.

Major initiatives at global level

Support for public health authority initiatives

At Pernod Ricard, we believe that efforts to combat the effects of excessive or inappropriate alcohol consumption must be carried out in conjunction with public health authorities and professional bodies. The Group entered into new commitments with these authorities in 2007/2008 to help to promote responsible drinking.

Support for the WHO resolution on alcohol. Pernod Ricard supports the WHO resolution adopted in May 2008, "Strategies to reduce the harmful use of alcohol", through its participation in the Global Alcohol Producers Group (GAP Group), a coalition of the industry's major companies. The text aims to implement a strategy for reducing risks arising from alcohol use by 2010. The organisation recommends adapting measures to the various countries, and acknowledges stakeholders' role as partners in this process. Pernod Ricard is committed to supporting the WHO objectives and to contributing the significant and continuous efforts necessary for effective prevention.

A continuing commitment within the European Alcohol and Health Forum. Pernod Ricard actively participates in this policy platform created by the European Commission in October 2006, and which brings together businesses and NGOs with the aim of reducing the harmful effects of alcohol. Among the first initiatives which the Forum presented to the Commission at the end of 2006 was the application across all European Union countries of the "pregnancy" warning logo developed in France. Since 2008, this logo is pictured on the rear label of all bottles marketed in Europe by the Group.

Signing the European Road Safety Charter. By signing the European Road Safety Charter in November 2007, Pernod Ricard, under the aegis of the European Commission, committed to supporting improved road safety in Europe and to sharing good practices with the goal of reducing the number of traffic-related deaths by half between now and 2010. Specific commitments include promoting sober driving among employees in European Union countries, continuing to reduce the number of accidents on French roads, and implementing one new initiative per year in a given country. The first of these was rolled out in Italy in the summer of 2008.

Employee involvement

Employees are expected to reflect the Group's commitments through exemplary professional behaviour, and to be ambassadors for the Group's responsible drinking policies. Several internal initiatives in 2007/2008 aimed to promote employee involvement and commitment.

Launch of an intranet site devoted to responsible drinking. Since October 2007, all Group employees with internet access can find information and dialogue about responsible drinking, through an intranet portal devoted to this topic. The site details the Group's commitments and makes reference documents available to all employees. Local initiatives are presented in order to support sharing of best practices among subsidiaries.

From top to bottom:

Signing the European Road Safety Charter.

Label containing the "pregnancy" warning logo.

Intranet site devoted to responsible drinking launched this year.

From top to bottom:

"Accept Responsibility" campaign implemented by Pernod Ricard USA.

Adaptation of the "Accept Responsibility" campaign by Pernod Ricard UK.

Kahlúa campaign against drunk driving.

Adopting a code of conduct in each subsidiary. The Executive Committee requested in early 2008 that each subsidiary develop a code of conduct with regard to alcohol consumption. These codes provide information on safe drinking practices (WHO recommendations) and describe the risks associated with drinking and driving. Resources are allocated to assist in compliance with the code, such as reimbursing hotel and taxi expenses following professional events. The "designated driver" concept is promoted for sales personnel. Finally, the codes must indicate the penalties associated with non-compliance with these principles.

Informing shareholders

In France, members of Pernod Ricard's Club Premium for shareholders were invited to a discussion-debate on responsible drinking at corporate headquarters on 20 May 2008. Participants were able to explore this topic with Marie Choquet, physician, epidemiologist and Vice President of the French Institute for Scientific Research on Beverages, IREB (Institut de Recherche Scientifique sur les Boissons), and Armand Hennon, Vice President Public Affairs, France. It is crucial that shareholders support the Group's responsible drinking policies and understand the importance of this commitment to Pernod Ricard's business.

Subsidiary commitment at local level

Over the years, initiatives promoting responsible drinking have increased in number and in international scope, thanks to Group policy and idea-sharing between subsidiaries. Today, campaigns are in place in all areas of the world in which the Group does business. Here is an overview.

Dedicated prevention campaigns

The trend towards an increase in subsidiary advertising specifically devoted to prevention continued in 2007/2008, following the request by the Group Executive Committee to integrate responsible drinking messages into their corporate and brand communications.

In the **United States,** Pernod Ricard USA launched the "Accept Responsibility" campaign in September 2007. This campaign condemns the various excuses people use to justify drinking too much, and invites them to accept responsibility for their drinking behaviour. Ads deal with binge drinking, underage drinking and drink driving. The campaign's quality led several American television stations to accept Pernod Ricard USA's offer to provide them with its commercial against drunk driving. This ad was broadcast over 150 times during the 2007 holiday season, as part of the quota which television stations are required to devote to public service messages.

In the **United Kingdom,** the "Accept Responsibility" campaign was adapted by Pernod Ricard UK, which was impressed by this concept and decided to invest in promoting responsible drinking. The first phase of this campaign, launched in April 2008, is also devoted to binge drinking, a problem affecting British youth in particular.

In the **United States,** the Kahlúa brand decided to use its name in support of a prevention message in 2008. The commercial invites consumers to think about the risks of drunk driving in a creative and impactful manner. This campaign resulted from Pernod Ricard USA's 2007 decision to devote 15% of its communication budget for its 15 strategic brands to advertising promoting responsible drinking.

In **Germany,** Pernod Ricard Deutschland has developed a television ad about responsible drinking for the **Ramazzotti** brand, within the framework of the global "Live Ramazzotti" campaign that begun in early 2007. Titled "Live Responsibly", the commercial was

launched in June 2008 on the major public and private television stations, and encourages a positive and reasonable approach to drinking alcohol, and not driving while under the influence of alcohol.

The "In an Absolut World" campaign, which invites consumers to imagine themselves in an idealised world, also includes an ad about responsible drinking. The importance of not drinking and driving is creatively presented through an offbeat message. The poster shows a dance club with a car park filled only with taxis, because "In an Absolut World, everyone acts responsibly". The campaign was launched in 2007 and the ads are currently distributed in the United States and Mexico.

Combating drink driving

Avoiding the risks associated with drink driving is a major thrust of Pernod Ricard's prevention policy. Numerous initiatives were taken by the subsidiaries in 2007/2008.

In Italy, **Pernod Ricard Italia** has implemented a global consumer awareness programme. Since the summer of 2007, the initiative "non guidare lasciati guidare" (don't drive, be driven) provides free buses between dance clubs and the town centres and resort towns along the Adriatic and Tyrrhenian coasts and in Rome. Pernod Ricard Italia also asked the DJs for summer events sponsored by the subsidiary to be the spokespersons for its "10 commandments for responsible drinking". Finally, the "stewards of the night" operation took place from April to October in Milan, in partnership with the city council and the night clubs. These Havana Club "stewards" keep peace in the neighbourhood and raise public awareness about responsible drinking.

From top to bottom:

"In an Absolut World" campaign.

Havana Club stewards keep peace in the neighbourhood.

Italy

Dr Roberto Sgalla

Director of Road Safety of the Italian police force

TESTIMONIAL

Do you think it would be a good idea to develop collaboration between the Italian police force and companies in the Wine & Spirits industry to promote more effective action to prevent the risks associated with drinking and driving?

A number of companies in the Wine & Spirits industry have joined forces to spread positive messages and promote social responsibility. The Italian police are ready to consider any initiative aimed at working with these companies to prevent irresponsible behaviour.

What initiatives have the Police adopted in Italy to raise awareness among young people to this issue?

For a long time, the Italian police have taken initiatives and arranged events aimed at promoting responsible drinking and safe driving. The most significant is the campaign titled "I drive carefully – no alcohol consumption, that's life". This operation combines the provision of information with prevention and targeted controls, with the aim of preventing "Saturday evening tragedies".

What do you think of Pernod Ricard Italia's active commitment to promoting responsible drinking?

It is very important for a company in the industry to convey a positive message and make a serious commitment to promoting responsible drinking. By putting in place a code of conduct for its employees, Pernod Ricard is also sending a very positive signal. Before addressing the conduct of others, it is logical to develop prevention in the company and to set an example.

From top to bottom:

"Smart driving" corporate campaign launched by Pernod Ricard Korea.

Campaign promoting the designated driver concept, rolled out by Pernod Ricard India.

In **South Korea,** Pernod Ricard Korea launched its "smart driving" corporate campaign in November 2007, with the support of the NGO Coalition for Transportation Culture (CTC) and the approval of the Road Traffic Safety Authority (RTSA). The campaign relies on a range of communication tools to raise awareness of the risks associated with drunk driving and promote the concept of the designated driver: a website www.smartdriving.co.kr, an information booklet, and a poster campaign launched during the 2007 holiday season.

In India, **Pernod Ricard India** also created an advertising campaign aimed at young people, promoting the designated driver concept, for the holiday season. Significant efforts were made to create maximum impact on the target. Television ads treat the topic with humour in order to appeal to a younger audience. For its radio ads, Pernod Ricard India used the voices of actors popular with young adults.

In France, the Road Safety Partnership Charter, signed by the **Pernod** and **Ricard** companies in 2002 with the Interministerial Road Safety Taskforce, was renewed in March 2008 and extended to include the National Salaried Workers' Health Insurance Fund. The Charter aims to develop messages and initiatives promoting road safety, both among employees and as part of communication towards consumers. Pernod Ricard has made new internal and external commitments, including consideration of road safety in planning business travel, and training initiatives.

The Internal Approval Committee

From top to bottom and form left to right:

Armand Hennon, Vice-President, Public Affairs, France, **Tom Lalla,** Vice-President - Administration and Legal Affairs, **Audrey Yayon-Dauvet,** Group Intellectual Property Director, **Rick Connor,** Vice-President International Public Affairs.

Internal control of advertising ethics

In 2005, following the acquisition of Allied Domecq, Pernod Ricard implemented a rigorous internal control process for the ethical nature of advertising campaigns and other Group business communication.

This process is carried out by an internal Approval Committee whose four members make decisions collegially, and takes place prior to any possible action by self-regulatory control organisations or by the courts concerning legal compliance.

The Committee monitors compliance with the ethical commitments detailed in the Pernod Ricard Code, adopted in 2007, and with local or regional professional codes signed by the Group. Control follows a formal procedure, and a report is systematically submitted at each meeting of the Group Executive Committee.

The Committee is required to examine all campaigns (advertising, internet, sponsorship activities) for the 15 strategic brands before they are made public, and to provide a substantiated evaluation within seven days of the submission.

Prior review is also possible (and frequent in practice) for the other brands' campaigns, which must, in any case, comply with the Code.

For each campaign examined, the Committee formulates an opinion which may be ***green*** (approved without reservation), ***orange*** (approved subject to modifications) or ***red*** (rejected and new campaign submission required).

The results of three years of internal control

Of the 16 "orange" or "red" opinions issued since 2005, Code "violations" identified fell into the following categories:
- Possible link between alcohol consumption and sexual success, nudity or indecency (7)
- Possible link between alcohol consumption and athletic or physical performance (3)
- Possible link between alcohol consumption and social success (3)
- Possible link between alcohol consumption and driving (2)
- Positive reference to alcohol content (1).

In addition to the prior control process, the Committee may provide **consultations** on any question relating to the application of the Code, or **copy advices** which consist of informal, confidential opinions. Over 140 consultations or copy advices have been provided since 2005.

As part of this consulting process, the Committee was able, for example, to make the following recommendations:
- An alcoholic beverage brand should not be associated with an energy drink in advertising and promotional communication;
- A vodka brand should not become a sponsor for a boxing championship;
- Obvious religious imagery should not be used in advertising;
- The expression "My dear Dad" should not be used in a poster campaign distributed for Fathers' Day.

Internal control in 2007/2008

From August 2007 to the end of June 2008, the internal Committee examined **150 campaigns.**

144 received a green assessment, six an orange one, and no campaign was given a red one, which shows the increase in vigilance by the marketing teams.

The "orange" opinions involved the representation of women in the campaign, with a possible association between alcohol and nudity or sexual success in two images (among over a dozen) submitted in an advertorial for the champagne brand Mumm in South Africa, as well as a calendar project for the Armenian brandy ArArAt in Russia and Armenia.

A visual from a Ricard campaign in France, which could have been problematic with regard to the Evin law regulating advertising for alcoholic beverages targeting young people, was ultimately withdrawn. Another Ricard visual for a promotion in the United Kingdom which may have evoked a link between alcohol consumption and an athletic activity was modified. A visual for the Lindauer brand of sparkling wine in New Zealand initially depicted a scene in which alcohol was consumed at the poolside, with an excessive number of bottles for the number of people present in the photograph. It was corrected.

Finally, a visual for Ramazzotti in Germany in which the alcohol content of the product was a dominant theme, was ultimately withdrawn by the subsidiary.

During the past financial year, the Internal Approval Committee also provided 76 consultations and confidential "copy advices".

Internal control of advertising campaigns

From top to bottom:

Draft calendar for ArArAt which received an orange opinion (Russia and Armenia).

Proposed advert for Ramazzotti which was also considered inadvisable.

Editorial advertising for Mumm, before and after changes.

A proactive policy yielding tangible results

The need to give consideration to environmental concerns is now obvious to everyone. This issue concerns all of us, not only to preserve natural resources for future generations but also due to the economic implications involved, particularly energy prices. The Group has been a frontrunner in this area since the actions taken by Paul Ricard in the 1970's and it is continually striving to make progress in its approach to environmental responsibility. Its proactive policy, under the impetus of the Group's Quality-Safety-Environment (QSE) department, relies on a strong commitment by its subsidiaries, which have launched a plethora of local initiatives.

QUESTIONS WITH

Jean-Pierre Savina
Vice-President, Industrial Operations

What major projects have you been working on during the year to address the challenges posed by sustainable development?

Concrete steps were undertaken in many different areas in 2007/2008, focusing on wastewater treatment, energy efficiency and waste reduction. There were also a number of projects aimed at raising suppliers' awareness of environmental concerns. In order to fine-tune our strategy for combating climate change, we conducted a carbon emissions assessment with regard to two products considered representative of the Group's businesses: an Australian wine and a Scotch whisky distributed on their main markets. Based on the findings of this assessment, we were able to identify the impact of the stages in each product's lifecycle in terms of CO_2 generated. Packaging and glass bottling in particular came out as a top priority, and the Group has rolled out a number of steps aimed at reducing the impact of these activities.
We also ask our suppliers to help us by adopting a responsible environmental policy within their own organisations. Using our analysis of responses to the supplier/service provider questionnaires launched in 2006, we are able to make headway with our partners on key areas where progress needs to be made.
Lastly, we continued to roll out our environmental management system, with sites certified to ISO 14001 now accounting for 86% of the Group's total worldwide output.

What will be your focus going forward?

Several large-scale capital expenditure projects have been launched to accompany the Group's expansion, for example in Scotland, Ireland, France and the USA. Each of these projects provides a perfect opportunity for us to lighten our ecological footprint and optimise the environmental performance of our production plants by using the most appropriate technologies. Our ongoing concern is to increase our energy efficiency and reduce waste.

What will be the impact of Vin&Sprit's integration on the Group in environmental terms?

Initial discussions and our study of V&S's production facilities have shown that environmental concerns are deeply embedded in their business activities (Nordic cultures are generally a step ahead of us in this area). V&S's internal environmental policy is not very different from our own. We plan to discuss and decide on the best practices to move forward in order to improve the quality of environmental management at Pernod Ricard.

Career path

After joining the Group in 1977 as a Research Engineer, Jean-Pierre Savina was appointed Head of the Technology Department at the Pernod Ricard Research Centre before becoming Chief Operating Officer for Pernod Ricard USA in 1999. Since 2003, he has been Group Vice-President, Industrial Operations. He has had responsibility for the Pernod Ricard Research Centre since January 2006.

Industrial scope

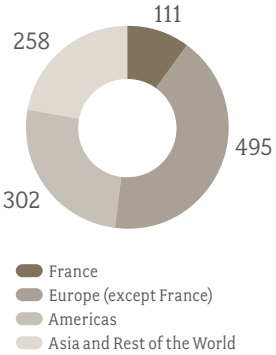
International reach. Pernod Ricard's main industrial properties at 30 June 2008 were its 102 production facilities in 21 different countries (wineries, distilleries, ageing cellars, bottling facilities, and storage and shipment centres). The Group also owns research centres, office buildings and agricultural land, including more than 10,000 hectares of vineyards, principally in Australia, New Zealand, Spain, Argentina and France.
At 30 June 2008, the net book value of these properties was €1,608 million. Two sites were sold as part of the Group's production optimisation plans, one in the USA (Lawrenceburg Indiana, in 2007) and the other in New Zealand (Framingham, in 2008).
The acquisition of V&S in July 2008 added 10 new production plants to the Group's existing facilities, the largest of which are located in Sweden, Denmark and Poland.
Output at the Group's industrial sites over financial year 2007/2008 totalled 1,166 million litres, virtually level with the previous year (1,185 million litres), despite the sale of the two facilities mentioned above, which produced around 90 million litres in 2006/2007, chiefly under contracts with third parties.

Capital expenditure: accompanying the development of strategic brands. For the 2007/2008 financial year, the Group's capital expenditure amounted to €227 million, representing 3.4% of consolidated sales.
The biggest investments for the year concerned:
- Martell (France): construction of four new brandy ageing cellars in Chanteloup.
- Mumm Perrier-Jouët (France): increase in champagne vinification capacities in Reims and Epernay.
- Irish Distillers (Ireland): construction of three new whiskey ageing cellars in Midleton.
- Chivas (Scotland): construction of five new whisky ageing cellars on the Willowyard site.
- Walkerville (Canada): productivity gains at the production unit, mainly at the level of the distillation process.
- Orlando Wines (Australia): upgrade of the wine bottling unit.
- Domecq Bodegas (Spain): construction of a new wine maturing facility in the Age cellars.

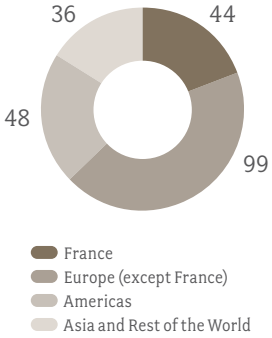
An amount of €5.6 million out of the total capital expenditure was set aside to reduce the environmental impact of the Group's businesses. The year-on-year decrease in this figure reflects the large-scale investments made in this regard in previous years. Moreover, the figure given for the current year does not include those investments aimed chiefly at increasing capacity or productivity, but which had an indirect beneficial impact on the environment (see the list above).

102
industrial sites

Breakdown of world production by region (million litres)



Group capital expenditure (million euros)



From left to right: Distilleries **Midleton** and **Strathclyde.**

Largest distilleries

The Group's three largest distilleries are at Strathclyde in Scotland, Walkerville in Canada and Midleton in Ireland. They account for 57% of the total volume of alcohol distilled in 2007/2008.

Industrial scope

A total of **102** Pernod Ricard sites were in operation at 30 June 2008

10 sites

Vin&Sprit

Focus Europe

Åhus

Germany
- **Buxtehude** Spirits

Sweden
- **Åhus** Vodka
- **Åhus (Satellite)** Vodka
- **Nöbbelöv** Vodka

Denmark
- **Aalborg** Spirits
- **Svendborg** Wines, spirits

Scotland
- **Paisley** Whisky
- **Newbridge** Whisky
- **Kilmalid** Whisky
- **Dalmuir** Whisky
- **Strathclyde** Whisky
- **Glenlivet** Whisky
- **Keith Bond** Whisky
- **17 other sites** Whisky

Strathisla

England
- **Kennington** Gin
- **Plymouth** Gin

Italy
- **Canelli** Wines, spirits

Portugal
- **Bombarral** Spirits

France
- **Reims** Champagne
- **Epernay** Champagne
- **Cognac** Cognac
- **Rouillac** Cognac
- **Chanteloup** Cognac
- **Gallienne** Cognac
- **Vendeville** Anise
- **Lormont** Anise
- **Bessan** Anise
- **Marseille** Anise
- **Cubzac** Sparkling wines
- **Thuir** Wines, spirits

Ireland
- **Fox & Geese** Whiskey
- **Midleton** Whiskey

Spain
- **Manzanares** Wines, spirits
- **Ambrosio** Wines, spirits
- **Ruavieja** Spirits
- **Age** Wines
- **Arienzo** Wines
- **Logroño** Wines
- **10 other sites** Wines

Greece
- **Mitylene** Ouzo

Czech Republic
- **Karlovy Vary** Bitters
- **Bohatice** Bitters

Korea
- **Jinro Ballantines** Whisky

Georgia
- **Telavi** Wines

Armenia
- **Yerevan** Brandy
- **Armavir** Brandy
- **Aygavan** Brandy
- **Berd** Brandy

Finland
- **Turku** Spirits

Poland
- **Poznan** Vodka
- **Zeliona Gora** Vodka

India
- **Rocky Punjab** Wines
- **Behror** Spirits
- **Nashik** Wines, spirits
- **Daurala** Spirits
- **Kolhapur** Spirits

Australia
- **Rowland Flat** Wines
- **Richmond Grove** Wines
- **Russet Ridge** Wines
- **Morris Wines** Wines
- **Wickham Hill** Wines
- **Wyndham Estate** Wines

Wyndham Estate

New Zealand
- **Framingham** Wines (sold in 2008)
- **Brancott** Wines
- **Tamaki** Wines
- **Church Road** Wines
- **Corbans** Wines
- **Gisborne** Wines

International standard ISO 14001

Pernod Ricard has chosen international standard ISO 14001 to help it set up, update and assess its Environmental Management System across the Group. Together with ISO 9001 (Quality) and OSHAS 18001 (Safety), ISO 14001 is one of the cornerstones of the triple certification strategy adopted by the Group for its production facilities. At 30 June 2008, 90% of the Group's sites had been certified to at least one such standard, a rise of 15% compared with 30 June 2007. The goal is for all the Group's plants to obtain all three certifications in the next few years.

A resolutely committed Group

Preserving the environment. Pernod Ricard endeavours to minimise the impact of its activities on the environment. The following can be cited among the identified risks for which preventive measures have been adopted: product spillage related to an accident or alcohol fire, soil or water contamination, dispersion of packaging waste and CO_2 emissions from distillery boilers.
Climate change, the depletion of natural resources and the degradation of ecosystems are all risks that Pernod Ricard has made top priorities.
The environmental risk management policy adopted by the Group's subsidiaries is anchored around the following key areas:
- Promoting sustainable agriculture;
- Economising water resources;
- Reducing energy use;
- Scaling back the quantity of waste and effluent and their impact on the environment.

71

of our 102 sites had been certified to ISO 14001

at 30 June 2008

Swift roll-out of environmental management system

Pernod Ricard's active environmental management policy saw 9 new sites obtaining ISO 14001 certification in financial year 2007-2008, bringing the total number of certified sites to 71 out of a total of 102 at 30 June 2008. 86% of the Group's total output was produced at these accredited sites.
The roll-out of Pernod Ricard's environmental policy is being coordinated by the Group's Quality-Safety-Environment (QSE) department, which assists subsidiaries and provides them with a number of tools, including:
- good practice guides on managing environmental risks;
- seminars and training initiatives;
- an intranet site accessible to all subsidiaries showcasing good practices and standards;
- a regular programme of cross-audits (compliance with the Group's QSE standards and perspectives for improvement);
- a QSE conference organised every year for all the subsidiaries where participants move forward the Group's environmental management policy, as well as disseminating best practices.

TESTIMONIAL

Australia and New Zealand

Alan Mitchell

Compliance Director, Pernod Ricard Pacific

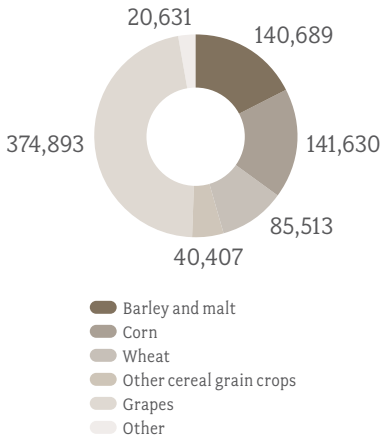
Sustainable wine-making

The teams at Jacob's Creek and Montana have the same belief in Sustainable Development. To make our wines, we share best environmental practices. This means we are constantly looking to minimise our use of water resources, energy and agricultural ingredients by taking steps to reduce waste in our plants and pursuing novel initiatives aimed at restoring the native flora and fauna living close to our facilities, particularly in wetlands. In this way, we offer our consumers more environmentally-friendly products and help preserve natural resources.

Montana at New Year's Eve in Sydney, Australia

On 31 December at midnight, over a million people go to Sydney Harbour to admire one of the most beautiful firework displays in the world. Over 80,000 fires are lit along this six kilometre stretch of shores forming a natural amphitheatre. The Harbour of Light parade adds to the spectacle of lighted boats.

Direct purchases of agricultural commodities (tons)



Promoting sustainable agriculture

Pernod Ricard is a major partner of agriculture, since all of its products are derived from agricultural commodities. Direct purchases of agricultural products represented 803,800 tons in 2007/2008, mainly consisting of grapes (374,900 tons) and cereal grain crops for distilling (408,200 tons). These do not include indirect purchases of agricultural products in the form of alcohol (sugar cane, beet, grape and cereal alcohol), wine or sugar. The Group also uses a variety of other agricultural products such as agave, sloe berries, gentian, liquorice, juniper and star anise.

Pernod Ricard endeavours to promote sustainable agriculture encouraging the responsible use of natural resources, respect for natural habitat, preservation of water and soil quality, and support for biodiversity and human health.

The Group thus encourages local initiatives across the globe, spanning rational agricultural practices, integrated pest and disease management programmes, responsible use of fertilisers, water stewardship, the protection of fauna and flora, and the restoration of biodiversity. These are all areas in which subsidiaries are resolutely engaged.

Tangible measures yielding results. The progress made during the year is described below.

- **Pesticides:** In New Zealand, all of our vineyards have been accredited by the Sustainable Wine Growing New Zealand (SWNZ) standards. This programme requires candidates for certification to undertake actions that will lead to an ongoing improvement in their environmental practices. Since it was launched in 1995, it has helped reduce pesticide use by 45%.
  In Cognac, all of Martell's vineyards now use a variety of practices designed to reduce the impact of pesticides on the environment. These include specially adapted spraying equipment, moderate dosage, ground cover planting, and biological treatment plants to handle plant protection product effluents.
  In Australia, biological trials have been conducted in a bid to stamp out botrytis.

- **Irrigation:** Pernod Ricard Pacific continues to develop trickle and nocturnal irrigation techniques as well as ways of protecting the soil against evaporation. These practices were adopted on vineyards of contract winegrowers, and have helped save 2 million litres of water per hectare.
  The Group's Australian subsidiary reuses wastewater to irrigate its vineyards. Pernod Ricard Australia is also an active member of the steering committee of EnviroWine Australia, an association which aims to promote environmental management practices in vineyards and wineries.

- **Biodiversity:** Pernod Ricard Pacific conducts programmes to restore the micro-habitat and native flora in the areas in which it produces Jacob's Creek (Australia), Waipara and Marlborough (New Zealand) wines, in order to allow the reintroduction of indigenous fauna. Certain sites are located in areas where the abundance of local fauna or flora means that special measures have to be taken to protect the habitat, for example The Glenlivet distillery in Cairngorm National Park or the Glenallachie Distillery near a tributary of the environmentally-protected river Spey. In these distilleries, particular attention is paid to managing the environmental impacts and potential risks for these biodiverse-rich areas.

- **Best Practices:** A Best Practice Guide for managing vineyards has been published and sent to all of the Group's subsidiaries. The Guide stems from experience acquired in Pernod Ricard's vineyards throughout the world, and lists all techniques recommended for ensuring that the vineyards are managed responsibly.

Best Practice – Arandas (Mexico) – Cutting back on fertiliser use

To minimise its impact on the environment and scale back expenditure, the Arandas tequila production site in Mexico is to compost its organic co-products. This process has been developed following a series of local experiments and involves the recovery of agave fibres and distilling slops derived from the manufacturing process. The compost will provide the site with an organic fertiliser to replace the fertilisers currently being used. The project will ultimately allow the plant to realise annual cost savings of €1.2 million.

Preserving the wetlands in the Kaituna vineyards in New Zealand.

Water stewardship

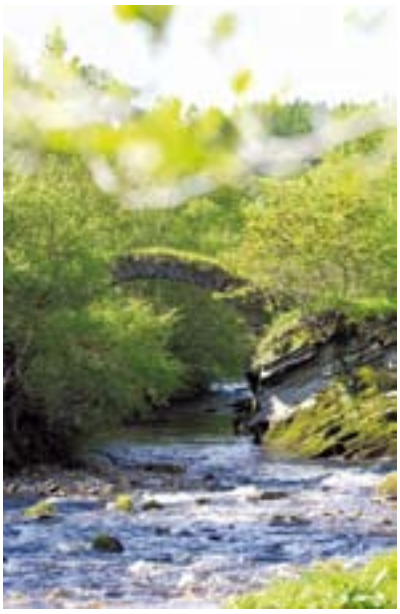
Water is a vital component of Pernod Ricard's products. It is used at every stage of the production process, from irrigation, distilling, cooling and blending through to cleaning machinery and equipment. The Group strives to reduce the amount of water used to prepare each litre of finished product, and is constantly on the lookout for the most effective means of improving the management of its water resources. Its key focus areas are:

- More efficient use of water;
- Recycling of wastewater;
- Eliminating spillage.

A number of steps were taken in 2007/2008 to cut back on water use at the Group's subsidiaries:

- In Argentina, Pernod Ricard's subsidiary launched a water stewardship programme and installed flow meters in the underground wells of five plants. It also set up an awareness initiative (information bulletins, seminars and videos) to bring environmental issues to the attention of all employees.
- In Scotland, Chivas Brothers installed an automatic vehicle washing facility which recycles 95% of water, generating full-year cost savings in excess of €10,000.
- At Rowland Flat in Australia, the introduction of a new wine transfer and blend management process has allowed water consumption to be slashed by 20% per litre of wine produced in 2007, thus economising 22 million litres of water.
- At the Suape site in Brazil, 70% of treated effluents are used in irrigation. In Livramento, a project is underway to use rainwater for applications that do not require drinking water (e.g. cleaning industrial sites).
- In Greece, old bottle rinsing equipment has been replaced by new rinsing machines, allowing water consumption to be cut by 10% in 2007/2008 (see inset below).

Performance. Total water consumption by Pernod Ricard's production plants fell from 7.6 million cubic metres in 2006/2007 to 6.7 million cubic metres this year. This is primarily due to the sale of the Lawrenceburg Indiana distillery, which was the Group's heaviest water user. Excluding the sale, water use remained stable. Seventy percent of consumption is linked to distilling activities. The introduction of water meters helped make the data collected on water consumption in 2007/2008 more accurate.



Pernod Ricard Hellas (Greece)

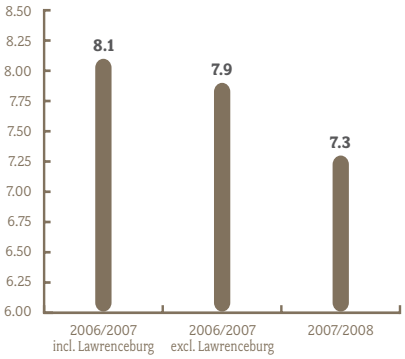
Alekos Kouzinoglou
Quality-Safety-Environment (QSE) manager

TESTIMONIAL

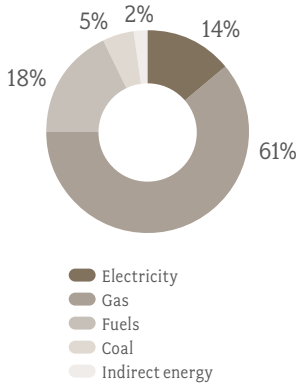
Reduction of water consumption

To reduce water consumption at the Mytilene plant in Greece, Pernod Ricard Hellas' QSE team drew up an environmental action programme in accordance with ISO 14001 criteria. We decided to replace the old bottle rinsing equipment on two production lines with new machines. This decision helped us meet our target and reduce water consumption by 10% in 2007/2008 compared with the previous financial year.

Energy efficiency of distilleries (MWh / 1,000 litres of pure alcohol)



2007/2008 energy mix



Best Practice – Strathclyde distillery (Scotland) – Energy reduction

The Strathclyde distillery is now more energy-efficient, producing 11% more whisky with the same amount of energy as the previous year. This improvement is due to the recent investments made, namely in terms of distillation control and steam recompression. The resulting natural gas savings have considerably lightened the distillery's environmental footprint, with greenhouse gas (CO_2) emissions slashed by 5,800 tons.

Reducing energy consumption

Distilling is the largest direct energy consumer within Pernod Ricard. Relatively speaking, maturing, blending and bottling do not use much energy. Reducing energy consumption means first and foremost designing energy-efficient production processes. Development of our activities and the capital spending that accompanies it provide the opportunity to optimise processes and choose the best techniques for reducing the quantity of energy used for each unit produced.

Numerous initiatives in this area were launched by the Group's subsidiaries in 2007/2008:

- Lawrenceburg distillery, Kentucky (USA): the old coal and gas-fired boilers are being replaced by two new hybrid boilers. The new boilers are powered by wood, an entirely renewable energy produced from waste (wood pallets).
- Walkerville plant (Canada): an optimisation programme was launched at the distillery to improve fermentation results through improved cooking of grains and upgrading boiler performance. Over a period of five years, the quantity of steam consumed per litre of alcohol has been slashed by 35% from 10kg to 6.5kg. The buildings are now heated by recovering hot water from the distillery, and the offices are lit exclusively by low-energy bulbs.
- Midleton distillery (Ireland): a three-year programme is underway aimed at optimising energy efficiency at the distillery. The combustion control systems of two boilers were replaced in 2006 and 2007, while a third is due to be replaced in 2008. Improvements have also been made to evaporators and dryers.
- Strathclyde distillery (Scotland): a similar programme to the one described above for Midleton was launched with the result of significantly reducing the quantity of energy consumed per litre of alcohol distilled in 2007/2008 (see inset below).
- Other similar initiatives have been rolled out at various Group sites. To cite a few examples: the electricity consumed per litre of wine stored in the Rowland Flat cellars (Australia) has been cut by 16%; a high-performance boiler has been installed in Corby (Canada); in Mexico, the electrical lighting in the Casa Pedro Domecq ageing cellars has been replaced by natural lighting; Pernod Ricard New Zealand has opted to source supplies from the only accredited carbon-neutral electricity supplier; and finally, at the Group's head office, participation in the European Energy Trophy helped raise employees' awareness of these issues.

Performance. The Group's production facilities reduced their total energy consumption from 2,049 GWh in 2006/2007 to 1,550 GWh in 2007/2008. Distilleries – which account for the majority of energy consumed – improved their energy efficiency by 6.9% on average compared with the previous year. Over the last five years, Pernod Ricard's average energy performance (total energy consumption per litre of finished product) has improved by around +3% per annum. The Group's target is to scale back its consumption by a further 10% per unit produced over the next three years.
The sale of the Lawrenceburg Indiana distillery has also altered the energy mix, with coal now representing only 5% of energy consumed versus 27% in 2006/2007.

Minimising the impact of waste and effluent

The principal waste generated by Pernod Ricard's activities is:
- organic waste stemming from the processing of agricultural commodities (dregs, distilling slops, etc.);
- wastewater;
- packaging material: glass, cardboard, plastic, and so on.

Pernod Ricard's efforts to lighten its environmental footprint and cut down on waste consist of:
- recovering organic co-products through different units: compost, cattle feed, energy production, etc.;
- ensuring effective treatment of wastewater so as not to disturb natural habitats;
- reducing the production of packaging waste and ensuring that this waste is recycled appropriately.

The following initiatives were launched in 2007/2008 as part of the Group's waste reduction strategy:
- At the Los Reyes plant in Mexico, organic co-products of coffee stemming from the production of coffee extracts for Kahlúa are today reused as animal feed. Agave fibres, a by-product of tequila production, are used to produce organic fertiliser.
- In Ireland, used cellulose filters from the Fox and Geese plant are now composted, cutting the quantity of landfill waste by 44 tons per annum.
- In the Cafayatte and Graffigna cellars in Argentina, the Richmond Grove and Rowland Flat cellars in Australia, and the Walkerville distillery in Canada, large-scale investments have been made to cut back on the organic load of wastewater.
- At all bottling sites, waste recycling has progressed. At Ricard, 90% of waste is now recycled. At Orlando Wines, the quantity of landfill waste has been reduced ten-fold thanks to recycling efforts.
- An innovative wastewater treatment centre using reed beds has been installed in Manzanares, Spain (see inset below).
- At many administrative sites, staff are encouraged to recycle not only paper, but also other materials such as cardboard, metal and plastic.

Pernod Ricard España – Manzanares

TESTIMONIAL

Immaculada Diez Diez
Quality-Safety-Environment manager

Reed beds: a natural, biological treatment for wastewater

To treat wastewater, Pernod Ricard España has installed an innovative system: a reed bed. Reed beds consist of aquatic plants (roots and rhizomes) which form a dense mattress. Water trickling through the reed bed is cleaned through oxidation of the organic material by the micro-organisms living in the roots. These plants are also capable of absorbing heavy metals, nitrates and phosphates. Reed beds have a number of advantages: in particular, they consume zero energy and are inexpensive to implement.

Eco-design: example of promotional packaging developed for Italy.

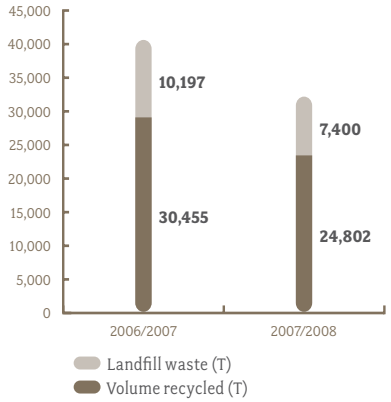
Reducing waste at source thanks to eco-design. Launched in 2006, the Group continues to champion its eco-design policy. Pernod Ricard is concerned not only by general production waste but also by the packaging that will be disposed of by consumers. Cutting back on the quantity of packaging from the moment the product is designed, and opting for environmentally friendly recyclable materials that meet consumer expectations are the principles underpinning the eco-design strategy. Teams in charge of developments together with marketing personnel continue to receive ongoing training, mainly through seminars and a dedicated manual. The adoption of the eco-design approach has been the inspiration behind programmes to reduce the weight of glass at Chivas Brothers and Irish Distillers. In other subsidiaries, optimisation efforts have focused on secondary packaging such as that used in special gift boxes.

Performance. The Group's production activities generated 32,200 tons of solid waste (glass, cardboard, plastic, etc.) in 2007/2008, down 20% compared with 2006/2007. The percentage of waste recycled also edged up from 75% to 77%.
Progress was also made in terms of organic waste, which fell 3.8% in volume terms. The recovery rate for organic waste came out at 98%.

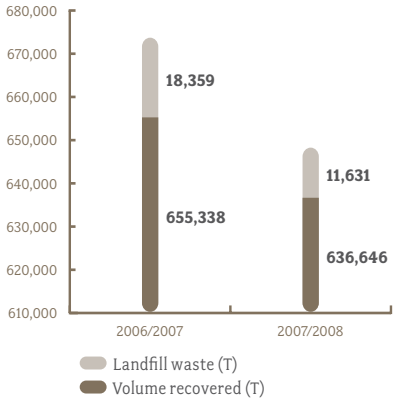
Recovery rate for organic waste:

98%

Solid waste



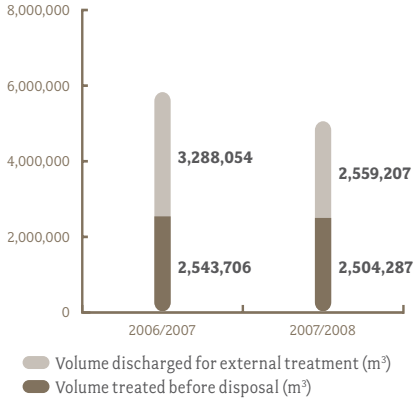
Organic waste



The volume of wastewater generated fell

–13%

Wastewater



Volume of wastewater

Lastly, the volume of wastewater generated fell 13% and the proportion of wastewater sent to be treated externally inched down from 56% to 51%, on the back of efforts to treat wastewater at the sites.

Fighting climate change

To successfully fight against climate change, Pernod Ricard's first step is to calculate the greenhouse gas emissions generated by its activities. In 2007/2008, the Group conducted a study to assess the environmental impact generated by two production and marketing operations considered representative of its business activities: Jacob's Creek Chardonnay wine produced in Australia and distributed in the UK, and Chivas Regal whisky, produced in Scotland and sold on the Chinese market.

The study was conducted using the Bilan Carbone® method developed in France by the French environmental agency ADEME. The study involves calculating the total amount of greenhouse gas released by a product during its lifecycle, from producing agricultural commodities through to distributing products to consumers and recycling packaging waste.

The study looked at total emissions of carbon dioxide and other greenhouse gases – either direct emissions stemming from production and distribution activities, or emissions released by the Group's suppliers when manufacturing the products purchased by the Group (e.g., packaging).

The findings of the study are set out below:

In the wine business, emissions linked to direct energy consumption at the Group's production facilities represented 10% of total gas emissions. The remaining 90% of emissions were released during activities conducted by suppliers or service providers, primarily the manufacture of glass bottles (representing up to 45% of the total), followed by the transport of goods from the bottling site to the customer (28%). Greenhouse gases released in the grape production process accounted for 9% of total emissions.

In the whisky business, emissions linked to energy consumption at the Group's production facilities accounted for 41% of total emissions, due mainly to distilling activities (33%) and the treatment of by-products (4%). Emissions relating to packaging materials purchased accounted for 35% of the total (24% related to glass bottles alone), while the production of cereal grain crops represented 9%.

The study confirms the pertinence of Pernod Ricard's priorities for environmental action. Combating climate change means firstly managing the quantity of packaging, reducing direct energy consumption and practicing sustainable farming. In 2008, Pernod Ricard will continue its studies in this field and enlarge the scope of its analysis to include other Group products and entities.

Direct emissions of CO_2 from production plants (energy directly produced by combustion) totalled 300,000 tons, a fall of 163,000 tons year-on-year. This decrease reflects the aforementioned reduction in energy consumption, due partly to the sale of the Lawrenceburg distillery in the USA, but above all to improved energy efficiency at distilleries.

Certain ozone-depleting fluorinated refrigerant gases are carefully monitored. A total of 2,297 kg of fluorinated gas was released into the atmosphere in 2007/2008, on a par with 2006/2007. The proportion of ozone-friendly fluorinated gas moreover increased from 20% to 24%.

Environmental indicators

Subject	Definition	Measurement unit	Pernod Ricard cumulative total				Measurement unit	For 1,000 litres of finished product				GRI Index
			2007/2008	2006/2007	2005/2006	2004/2005		2007/2008	2006/2007	2005/2006	2004/2005	
Volumes produced	Total production	kL	1,166,177	1,185,449	1,145,225	1,149,053	-	-	-	-	-	
Water	Volume consumed	m^3	6,710,552	7,605,066	7,182,064	7,996,403	m^3 / kL	5.75	6.42	6.27	6.96	EN9
Energy	Electricity consumption	MWh	218,929	246,290	237,968	237,043	MWh / kL	0.19	0.21	0.21	0.21	EN3
	Consumption of natural gas and other gases	MWh	936,179	905,076	958,149	1,167,359	MWh / kL	0.80	0.76	0.83	1.02	EN3
	Fuel oil consumption	MWh	281,241	316,737	317,591	304,657	MWh / kL	0.24	0.27	0.28	0.26	EN3
	Coal consumption	MWh	82,375	554,715	497,577	477,365	MWh / kL	0.07	0.47	0.43	0.42	EN3
	Indirect energy purchases	MWh	31,518	26,449	18,253	239,683	MWh / kL	0.03	0.02	0.02	0.21	EN4
	Total energy consumed	MWh	1,550,242	2,049,267	2,029,538	2,426,107	MWh / kL	1.33	1.73	1.77	2.11	
CO_2 emissions	Combustion-related emissions (scope 1)	ton of CO_2 eq.	300,013	463,310	455,222	488,010	ton of CO_2 eq./kL	0.26	0.39	0.4	0.42	EN16
Refrigerant gases	Quantity of fluorinated gas present	kg	20,249	20,480	14,394	-	-	-	-	-	-	EN19
	Quantity of fluorinated gas released into the atmosphere	kg	2,297	2,330	nd	-	-	-	-	-	-	EN19
	Percentage of HFC gas out of total fluorinated gas	%	23.7%	19.9%	23.6%	-	-	-	-	-	-	EN19
Wastewater	Volume of wastewater treated before being released into the environment	m^3	2,504,287	2,543,706	1,926,045	1,348,123	m^3 / kL	2.15	2.15	1.68	1.17	EN21
	Volume of wastewater discharged for treatment	m^3	2,559,207	3,288,054	3,534,152	3,768,395	m^3 / kL	2.19	2.77	3.09	3.28	EN21
	Total wastewater	m^3	5,063,494	5,831,760	5,460,197	5,116,518	m^3 / kL	4.34	4.92	4.77	4.45	EN21
Organic waste	Quantity of organic waste recycled or recovered	ton	636,646	655,338	617,461	478,195	ton / kL	0.55	0.55	0.54	0.42	EN22
	Quantity of organic waste landfilled or treated	ton	11,631	18,359	66,015	17,255	kg / kL	9.97	15.5	58	15	EN22
	Percentage of organic waste recycled or recovered	%	98%	97%	90%	97%	-	-	-	-	-	EN22
Solid waste	Quantity of solid waste (glass, cardboard, etc.) recycled or recovered	ton	24,802	30,455	27,552	38,208	kg / kL	21.27	26	24	33	EN22
	Quantity of solid waste landfilled or treated	ton	7,400	10,197	8,646	6,214	kg / kL	6.35	8.6	7.5	5	EN22
	Percentage of solid waste recycled or recovered	%	77%	75%	76%	86%	-	-	-	-	-	EN22
Hazardous waste	Quantity of hazardous waste treated externally	kg	349,830	432,230	363,490	199,538	kg / kL	0.30	0.37	0.32	0.17	EN24
Waste from dismantling	Quantity of asbestos waste treated externally	ton	265	205	336	168	-	-	-	-	-	EN24
ISO 14001 certification	Percentage of sites certified to ISO 14001	%	71%	59%	44%	37%	-	-	-	-	-	
Investments	Amount of investments for environmental protection	million euro	5.60	9.25	13.04	-	-	-	-	-	-	EN30
Compliance of activity	Fines or non-financial penalties due to non-compliance with environmental laws in force	number of fines and penalties	0	0	0	0	-	-	-	-	-	EN28

Perrier-Jouët at the carnival in New Orleans in the United States

For the twelve days leading up to Mardi Gras, hundreds of masked balls are organised in New Orleans; multi-coloured floats, bands, orchestras and parades take to the streets, at a furious rhythm. The eye-catching décors include the fleur-de-lis, the city's historic emblem.

The importance of the role of Supply Chain and Purchasing

QUESTIONS WITH

John Corrigan
Global Supply Chain and Procurement Director

The Procurement department reorganised in 2007. What does this new organisation hope to achieve?

It involves developing a new Groupwide strategy for key purchases. Key purchases are divided into "categories" such as glass, closures, labels, etc, but now also include indirect purchases and services, such as sea transport. Moreover, we agreed together to split the world into six different geographic zones. Each category of purchases is managed by a Category Team, composed of a maximum of six people (one from each zone). The Category Teams defined the overall strategy for the purchases falling within their category. They then developed an action plan to achieve this strategy. The benefits of this approach are already filtering through. For example, we have put in place invitations to tender common to several Group entities, allowing us to scale back costs. We have even launched global invitations to tender for the most appropriate categories, such as corks and sea freight. As well as generating cost savings, this new organisation has enabled us to develop a coordinated approach in agreement with our subsidiaries to face major challenges such as the tightening glass market and the explosion in energy and raw material prices.

Will the reorganisation help promote Sustainable Development?

Crafting a coordinated strategy is also an excellent means of addressing Sustainable Development issues. For instance the glass team has looked at our strategy with regard to its use. One of our major challenges going forward is optimise the weight of our bottles so that our transport-related carbon footprint reduces whilst maintaining the quality of our bottles.

What are the main areas in which the logistics process can contribute to environmental preservation?

Road transport is being replaced with more eco-friendly rail transport wherever possible. We also use inland waterway transport whenever possible. We used to transport our cargoes of champagne by lorry from Reims to Antwerp. We now use the inland waterways to ship them to Le Havre in northern France. We are endeavouring to develop our supply chain planning processes so as to better anticipate market needs and thereby avoid carbon-heavy last-minute solutions such as air transport.

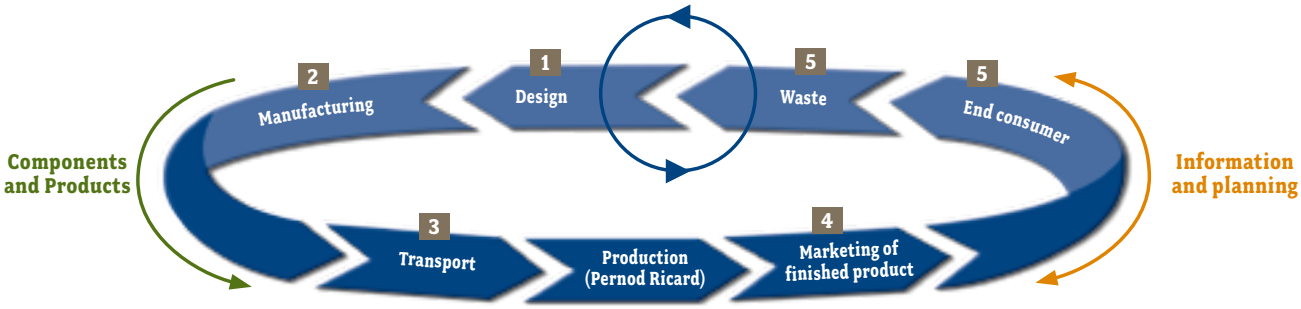
How have you involved your teams and suppliers in this initiative?

Part of the training given to our buyers looks at Sustainable Development concerns, and explains the Group's approach and what it expects from its suppliers. Suppliers are furthermore required to report on their Sustainable Development efforts in a detailed questionnaire. Finally, environmental criteria are now taken into consideration in all our invitations to tender and when we choose suppliers.

Career path

Formerly Supply Chain and Procurement Director at Allied Domecq North America, John Corrigan joined Pernod Ricard as Global Supply Chain and Procurement Director in 2005.

As part of the Group's Sustainable Development policy, Pernod Ricard seeks to optimise each stage of a product's life cycle in order to design products best suited to the market and to deliver them as quickly as possible.



1 RICARD

As part of the eco-design approach, the on-pack promotional campaign (featuring articles attached onto bottles) was completely revisited: the size of the PVC (polyvinyl chloride) shell was reduced, and a PET (Polyethylene terephthalate) sleeve is now used to hold the shell in place and protect the item. As a result, the company was able to slash total plastic used by 65% and PVC by 80% (i.e. 17 million tons of PVC). Some 1.5 million bottles were concerned.

1 PERNOD RICARD ITALIA

The plastic fastening system on the promotional CD has been replaced by a recyclable cover made of recycled cardboard.

1 CHIVAS BROTHERS

A bottle weight reduction programme has enabled the amount of glass used to produce 100 Pipers whisky bottles to be cut by 560 tons.

1 IRISH DISTILLERS

For one of its products, Irish Distillers now uses a standard bottle, 7.5% lighter than the previous one and equipped with a light-weight capping system. Simultaneously, an initiative launched for another product is expected to reduce bottle weight by more than 30%.
Overall, these measures will allow the company to save more than 300 tons of yearly purchased glass.

2 PERNOD RICARD

The Group works with suppliers who adapt their production facilities to new environmental constraints. In the UK, Quinn Glass is intent on reducing its CO_2 emissions and is to install notably a furnace powered by biofuel.

3 RICARD

Ricard has stepped up its use of rail transport for interlocation journeys of over 600 km. This solution will allow it to cut its CO_2 emissions by 30%.

3 PERNOD RICARD USA

To transport its finished goods, Pernod Ricard USA uses carriers participating in the "SmartWay Transport Partnership" programme run by the US Environmental Protection Agency. The partnership's aim is to reduce greenhouse gas emissions for journeys within the US. 70% of carriers used by Pernod Ricard USA are members of the programme.

4 G.H. MUMM & PERRIER-JOUËT

The companies have adopted an alternative solution for transporting champagne, which is now taken by barge along the Seine river to the port of Le Havre. This solution is used for goods intended for the US market that were previously transported by road to Antwerp.
As a result of this initiative, greenhouse gas emissions for these journeys have fallen by 40%.

5 PERNOD RICARD

A number of Supply Chain projects have been launched to improve planning and sales forecasting.

From top to bottom:

The Group's eco-design training has been upgraded and adapted for a wider public.

The "cloak" gift box launched in France by Pernod for the Zubrowka bottle is a reuseable packaging made of partly recycled PVC.

Glass is the main category of Pernod Ricard's industrial purchases.

Supply Chain Management and Sustainable Development

Production processes have been underpinned by Sustainable Development concerns for some years now. Today, our Sustainable Development focus covers not only suppliers but also the Group's internal Supply Chain and Purchasing division and all of its partners. (See diagram on page 113)

2007/2008 milestones

In financial year 2007/2008, Pernod Ricard's initiatives allowed the Group to improve its contribution to Sustainable Development now embedded within each stage of the supply chain. The Group strives to produce less waste, lighten packaging weight, and minimise its CO_2 emissions.

New processes and tools

Throughout the year, the Group has put in place new tools and processes at its subsidiaries in a bid to improve the efficiency of its methods, particularly in terms of:

- Planning and sales forecasting.
- Eco-design: the contents of the training programme have been upgraded and adapted for a wider public, such as marketing teams.
- Bespoke strategies per category of purchases: launched this year, these strategies include a Sustainable Development component.

Most companies that received the 2006/2007 "Commitment & Sustainable Development" questionnaire were sent the results of the survey. Following on from this initiative, this year the questionnaire was sent out by some subsidiaries to a number of service providers, including car hire firms, courier services and maintenance firms.

A long-standing commitment for the future

Pernod Ricard will continue to implement new Supply Chain planning initiatives, allowing it to reduce wasting and last-minute adjustments and deliveries. This project concerns in particular sales forecasting, the joint sales and production planning process, and the improvement of the Supply Chain through better communication between the sales and manufacturing functions. Besides the positive impact observed on the Group's activities, this approach will help us scale back transports and consequently minimise the environmental impact. Launched in 2007/2008, it will be extended in 2008/2009 to other subsidiaries, with the aim of seeing these processes adopted by the key entities before the end of the financial year.

Glass is the main category of Pernod Ricard's industrial purchases. The Group is carefully looking into ways of optimising bottle weight. In certain cases, an optimal weight has already been achieved while in others, possibilities of improvement still exist. Once weight has been optimised, the environmental benefits will be significant at every stage of the Supply Chain in terms of raw materials, energy consumption, transport and recycling efficiency, and will impact positively on the Group's carbon footprint.

Part of Pernod Ricard's environmental policy also consists of incorporating waste concerns into the packaging design process. This initiative will be rolled out to all subsidiaries through eco-design training sessions.

The "Commitment & Sustainable Development" questionnaire is from now on systematically used by Pernod Ricard when sourcing new suppliers. It has been adapted so that it can also be used for service providers.

The Glenlivet at Notting Hill Carnival in the United Kingdom

At the end of August, London becomes a tropical *tableau vivant* as it plays host to Europe's largest street festival. Uniting the various communities in the British capital and groups from all around the world, the Carnival energises this trendy Thames neighbourhood against a soundtrack of sunny Caribbean rhythms.

CORPORATE SPONSORSHIP

Corporate sponsorship, in tune with the Arts and Humanity

Corporate sponsorship is a time-honoured tradition at Pernod Ricard. The Group's subsidiaries all choose the way they want to further this commitment by lending their support to hundreds of projects in a wide variety of different areas. These range from Martell & Co's prestigious partnership with the Château de Versailles to Pernod Ricard Argentina's support for young people with disabilities in Buenos Aires.
Once again this year, the concrete initiatives led by the Group's subsidiaries show their commitment to preserving our cultural heritage, supporting the arts, participating in humanitarian causes and promoting solidarity.

CULTURAL SPONSORSHIP

Group. For the eleventh year running, Pernod Ricard has continued its partnership with the Centre Pompidou, a unique, world-famous museum in the heart of Paris housing the most important collection of modern and contemporary art in Europe.
In June 2008, the Group sponsored "Traces of the Sacred", a multidisciplinary exhibition using painting, sculpture and video to showcase the spiritual dimension of art in the 20th century. The exhibition featured 350 major works by 200 internationally renowned artists.
In 2004, Pernod Ricard also became the first major sponsor of the Musée du Quai Branly in Paris, a venue dedicated to the arts and civilisations of Africa, Asia, Oceania and the Americas. Thanks to this exceptional partnership, over the past year the Group was able to offer its international visitors and shareholders who are members of the Club Premium private viewings of this magical venue at the crossroads of world cultures.

Group. Since 2004, Pernod Ricard has been sponsoring the OstinatO chamber orchestra, for talented young instrumentalists under 26 years of age. In April 2008, Pernod Ricard India organised three concerts playing Bizet's opera Carmen at Kamani Auditorium in New Delhi. The orchestra, conducted by Patricia Panton, with 14 musicians, a song leader, four French singers and two Indian musicians, played in front of the Vice-President of India and the French ambassador to India.

Martell's 2008 Artists of the Year Award. Every year since 2004, Martell's Artists of the Year award rewards artists for their achievements in the field of Fine Arts. Seventeen artists have already been successful at the event. In 2008, the ceremony was held in Guangzhou at the Guangdong Museum of Art, with the awards going to painters Liu Ye and Xia Xiao-Wan, and photographers Hong Lei and Mario Sorrenti.
Martell's Awards Committee included prominent figures from the art world: Pan Gongkai, president of the Chinese Central Academy of Fine Arts; Fan Di'an, director of the National Art Museum of China; Li Lei, deputy director of the Shanghai Art Museum; and Wang Huangsheng, director of the Guangdong Museum of Art.
Painter Liu Ye uses the figurative language of the "cartoon generation". Hong Lei is a surrealist photographer. Artist Xia Xiao-Wan paints arrangements which create three-dimensional illusions, and photographer Mario Sorrenti draws his inspiration from photography's favourite subjects for the past two decades.
Each award winner was given a limited edition of L'Art de Martell as a token of the brand's recognition for their artistic vision and exceptional workmanship. Martell rewards artists whose work shows independence, innovation and elegance, and the awards perpetuate the brand's long-standing association with the art world.

The Pernod Ricard Corporate Sponsorship event hosted over 800 guests for a viewing of the "Traces of the Sacred" exhibition at the Centre Pompidou.

In the spring of 2008, OstinatO played Bizet's Carmen at three concerts in New Delhi.

"Havana Hora" in Milan. Through its partnership with the Milan Triennial, the Havana Club brand of rum has immersed itself in the contemporary arts world in a bid to give concrete expression to its "El Culto a la Vida" slogan. The partnership is emblematic of the strategy of the Group as a whole and its cultural focus.
Since November 2006, Havana Club has been a partner of the Milan Triennial, the city's most important Contemporary Arts Foundation, and its new cultural venue, Triennale Bovisa. The Bovisa district, formerly a derelict industrial area, is today at the heart of an important regeneration project and is home to the new Polytechnic University complex, as well as to television studios, academic research departments and a major building project. The Triennale Bovisa is the centrepiece of the area's renaissance, with more than 2,000 square meters given over to exhibitions and other cultural projects.
A key milestone in the partnership was "Havana Night", organised to celebrate the summer solstice on 20 June 2007. During the evening, Pernod Ricard Italia unveiled the "Energy Devouring Monsters" exhibition, which subsequently exhibited at the Grand Palais in Paris. Another important project for the partnership was the "Havana Hora" concept, a nocturnal initiative combining the notions of art, amusement and pleasure into a single event. Havana Hora began with the financing of the Triennial's inaugural gala, and now ranges from donations of products to providing financial backing for recurring or one-off cultural activities.

Havana Club. A long-standing advocate of Cuban culture across the globe, Havana Club has decided to offer a new, more contemporary look at Cuban cultural achievements.
In March 2007, Havana Club International launched www.havana-cultura.com, a genuine "web-TV" and forum for expression for Cuban musicians, figurative artists, photographers, dancers, writers and filmmakers. Visitors to the site can access interviews, news, photos, video clips, music and biographies. Every month, two new documentaries are added to this broad window on contemporary Cuban culture.
With the same goal in mind, Havana Club International also sponsors Cuban cultural events throughout the world. These have included exhibitions, as well as live shows such as "Havana 7 En Vivo", bringing together musicians, dancers and projections of the work of videomakers and figurative artists.

From left to right:

"Havana 7 En Vivo" show in Havana.

Launched in 2007, the www.havana-cultura.com website is a platform for expression for contemporary Cuban artists.

Ricard Fondation: new interior decorations. Ricard unveiled its Foundation's new cultural facilities at a private viewing of the "Dérive" exhibition. For architects Jakob and Mac Farlane, the inspiration of the project came from the very values espoused by the Foundation: *"A well thought-out space intended for artists which confirms an ongoing commitment to young, contemporary creativity. The exhibition area is built around an interior courtyard with natural light creating a highly fluid space where the works of art on show alone dictate the tempo."*
As well as an exhibition venue, Ricard Corporate Foundation also aims to be a forum for exchanges underpinned by the conviviality associated with the brand itself. The architects have therefore created a series of versatile spaces which can be adapted to the wide range of events staged. Eight exhibitions were held at the Foundation's premises this year.

Martell & Co, a sponsor of the Château de Versailles. The decision to support the Château de Versailles came naturally to Martell, which was founded in 1715, the last year of the Sun King's reign.
Thanks to its exacting standards, ongoing search for quality and creative flair, Martell also helps promote the art of living *à la française.* Ever since it was founded, Martell has exported most of its eaux-de-vie, a favourite of royalty and European aristocracy.
This year Martell & Co was the main sponsor of the exhibition "When Versailles was furnished in Silver", a major cultural event which taught visitors from the four corners of the globe about the treasures and craftsmanship of the artists and artisans of that era. Louis XIV's royal chambers were also restored to their former glory, when they were decked with the 17th and 18th centuries' most precious pieces of silver.
Visitors to the exhibition were able to trace the history of solid silver furniture, a royal art in Europe representing the height of opulence and beauty. Sponsoring this exhibition was Martell's way of paying tribute to the Versailles of Louis XIV's day, considered by many as the birthplace of current-day luxury craftsmanship.

TESTIMONIAL

France
Ms Béatrix Saule
Chief curator of the Château de Versailles

Martell corporate sponsorship at Versailles

Why is the Château de Versailles on the look out for patrons?
Well, although we receive support from the French state, it cannot cover all of our funding needs. Following a post-revolutionary era during which the Château became a museum, the goal since the beginning of the twentieth century has been to bring Versailles back to life as a "royal residence". We have a whole host of projects in the pipeline, and we therefore need patrons who can perpetuate the tradition of the generous donors of the past, the *"grands amis de Versailles".*

How do you choose which patrons to work with and why did you bring Martell on board?
We are fiercely protective of the image of Versailles and it is vital to us that our patrons share our universe. If we feel this is not the case, we simply decide not to work with them. Martell's joining Pernod Ricard was a good sign, as the Group has a long-standing tradition of cultural patronage. Our mutual attraction also stemmed from the similarity between the images of Martell and Versailles. Martell is a household name in France which symbolises excellence, know-how and *l'art de vivre.* These are exactly the values espoused by Versailles. What's more, certain important dates in the Château's history are also landmark dates for Martell: for example, the company was founded in 1715, the same year in which Louis XIV's reign came to an end.

How do you see this partnership evolving in the years ahead?
Our partnership got off to a flying start, thanks to the late-2007 exhibition of silver state furniture produced during the Sun King's rein. The exhibition attracted 700,000 visitors in a little over three months – a record! In 2009, Martell is to help fund restoration work on the ceiling of the Grand Couvert de la Reine, where the king and queen would dine opposite members of their Court. Being one of the main attractions at Versailles, this project was among our priorities, and thanks to Martell, the restoration work on the room will now be able to be admired by four million annual visitors. We want our patrons to enjoy the work they fund and share our joy in restoring Versailles to its former glory. The excellent relations between the Château and Martell convince me that ours is a partnership built to last.

Martell at Russian New Year

Russians celebrate the Orthodox New Year on 13 January.
They celebrate Father Christmas at this time with dances and songs, around magnificently decorated fir trees.
The famous Kremlin clock chimes midnight, heralding the New Year.

Painter Alekos Fassianos
in front of one of his works

Theoharakis Foundation exhibition in Athens sponsored by Chivas Regal. Chivas Regal whisky sponsored the "Paris Peinture" exhibition unveiled at the Theoharakis Foundation in Athens in June 2008. The exhibition featured 22 contemporary painters from different countries, all of whom had worked in Paris for a number of years, including in particular the Greek painter Alekos Fasianos.
The works displayed were carefully chosen to represent the style of each artist and reflect their respective careers. The canvases were accompanied by original literary texts, with the words and colours combining to bring to life an exhibition inciting the visitor to discover the artistic dialogue between the works' creators.
The exhibition also included a photographic documentary by Didier Ben Loulou, whose works displayed in Europe and the USA feature in many private and public collections.
At the end of 2007, Chivas Regal also sponsored the exhibition "Ntikos Byzantios: In search of the lost glance" dedicated to the work of Constantin Byzantios (1924-2007), held at the Benaki museum in Athens.

HUMANITARIAN SPONSORSHIP

Corby Distilleries provides financial backing for a centre for cancer patients. In 2007, Pernod Ricard's Canadian subsidiary Corby Distilleries joined forces with Newfoundland and Labrador Liquor Corporation, a Crown agency of the Department of Finance of Canada responsible for managing the importation and distribution of alcoholic beverages into that province, and raised $30,000 during the holiday season. The donation helped finance a home for cancer patients.
The Daffodil Place is a 24-room facility managed by the Newfoundland and Labrador division of the Canadian Cancer Society. The centre is set to open its doors in early 2009, and will provide for easier access to care and is intended to be a place to call home for cancer patients receiving treatment. It will also serve as a community centre for a variety of cancer initiatives.

Corby supports action against hunger. Corby also donated $1 for each of its gift packs sold via the Liquor Control Board of Ontario to the Ontario Association of Food Banks, culminating in a $20,000 donation in March 2008 that made a big contribution to the organisation's efforts to distribute food to the most underprivileged across Ontario.
The OAFB is a network of food banks working to end hunger in 119 communities across Ontario. Every month, over 330,000 Ontarians are served by food banks, with almost half of those served being children.

Pernod Ricard China contributes to Sichuan relief efforts. The devastating earthquake that hit China on 12 May 2008 totally destroyed the city of Wenchuan in the country's Sichuan province. Pernod Ricard China and its employees played a part in relief efforts with a donation of close to €1 million.
In partnership with Chivas Regal, the company also organised an invitation-only concert in Shanghai in June in aid of the victims of the earthquake. The concert featured artists such as the US group Black Eyed Peas, and Chinese star Karen Mok. An auction was also held during the evening.
For their part, employees at the Chinese subsidiary collected more than €20,000 to help the victims of the disaster. The funds were handed over to the Red Cross by the local Human Resources department.
Having learned that the families of 11 of Pernod Ricard's sales staff had been affected by the earthquake, employees and agents of the sales network held a special collection in which they raised almost €15,000. The company then doubled this sum, resulting in a donation of €30,000 to help the sales staff and their families get back on their feet.

Pernod Ricard Argentina comes to the aid of disabled children. Since 2006, Pernod Ricard Argentina has sponsored Fundacion Ser, a charitable organisation helping disabled children and teenagers in the province of Buenos Aires.
To coincide with the launch of Chivas Regal 25-year-old in Argentina overseen by Master Blender Colin Scott, Pernod Ricard Argentina auctioned off the first bottle of Chivas Regal 25-year-old in Argentina in aid of the Foundation. A host of clients, journalists and consumers attended the launch, which was held on 8 April in Buenos Aires.
Created in 1991 by a group of priests, Fundacion Ser is a not-for-profit organisation that works with disabled children and teenagers. The Foundation offers these youngsters a school education and provides their main meals. Boasting 84 students and 29 salaried teachers, Ser is the only facility of its kind in the Bella Vista district of the Buenos Aires province.
In 2006, Pernod Ricard Argentina had already donated funds to the Foundation to help finance the acquisition of the land where its specialised school now stands.

Casa Pedro Domecq provides easier access to healthcare in Mexico. Pernod Ricard's Mexican subsidiary Casa Pedro Domecq helped finance two new clinics: Tapachula, unveiled in Chiapas on 11 May 2008, and Altius, officially opened on 29 May 2008 in Valle de Chalco.
These two facilities are part of Community Development Centres, each comprising a school, a clinic and training workshops for adults. "Tapachula" and "Altius" are located in poor, overpopulated regions of Mexico. They avoid patients having to travel long distances to receive treatment.

Pernod Ricard USA supports minority outreach programmes. In the United States, Pernod Ricard USA sponsors the "Espiritu De Progreso Latino" programme, an outreach initiative developed in Los Angeles and New York aimed at Hispanic minorities. The programme celebrates outstanding achievements among the Hispanic population. The project funds local associations providing education, training and job seeker assistance.
Pernod Ricard USA has also developed a job training programme bearing the name of Seagram's gin, designed to help unemployed African Americans from Atlanta and Chicago. The Seagram's Gin Pursuit of Excellence Institute offers tangible opportunities to promising individuals and supports the efforts of social service organisations that work tirelessly to uplift and empower underserved communities.

Pernod Ricard Brazil plays a part in local education. Pernod Ricard Brazil's "Contributing to Education" project (Cooperando para o crescimento) in Rio de Janeiro emerged out of a partnership with "Sesi/Senai", the Brazilian vocational training system. The project set out to train some forty underprivileged young people aged between 18 and 25 to be bartenders or waiters.
90% of the young people trained under the programme have now found employment, including disabled trainees. Based on this success, a new project has recently been launched in partnership with the Association of Restaurant Owners in Rio de Janeiro, illustrating Pernod Ricard Brazil's firm belief in the role that the company should play in sustainable development. For the subsidiary, progress in this area starts with its own commitment to finding employment for disaffected youths so that they can then contribute to their region's economic development.

From left to right:

In partnership with Chivas Regal, Pernod Ricard China organised an invitation-only concert in aid of the victims of the earthquake in Sichuan.

Corby Distilleries gave a check for $30,000 to the The Daffodil Place, a centre for cancer patients in Canada.

Group: Water tank construction project in Haiti. Since 2005, Pernod Ricard has contributed €80,000 to financing of the water tank construction project in Turtle Island, Haiti. The aim of this five-year project is to provide drinking water for more than one-third of the island's population, representing some 20,000 people. The challenge involved in this programme is that the tanks have to be built in places where access to water is extremely difficult, and for the most destitute communities.
In 2007/2008, Pernod Ricard made an additional donation of €30,000 to the Association Appel, a highly active, hands-on organisation which launched the healthy drinking water project to improve the health of the local population in response to demands from local authorities.

A Brazilian samba school. In Brazil, sponsoring a samba school is as much a social project as a cultural one. The Rocinha samba school was set up in 1988 and has been an integral part of city life ever since.
Pernod Ricard has been sponsoring this school since 2006 in conjunction with other companies. The school has been able to provide over 1,200 underprivileged youths with access not only to a variety of music classes but to other more job-oriented training. Students can attend workshops on fashion, stage design, IT or even handcrafted toys! All of these skills help stand the students in good stead in their future search for employment.

Pernod Ricard India's solidarity fund. Pernod Ricard India's social welfare fund was set up when the subsidiary was founded in 2001. The fund's scope of action includes:
- setting up and managing basic care facilities;
- providing medicines for the most underserved populations in specific areas, as well as basic equipment for the sick;
- offering young people the possibility of continuing their studies;
- financing travelling dispensaries in remote areas;
- anticipating emergency situations in the event of natural disasters.

The Pernod Ricard Fund coordinates its actions with the work of local authorities and a handful of charitable organisations. For example, it manages three dispensaries in Gurgaon, Behror and Nashik in the states of Haryana, Rajasthan and Maharashtra. Qualified doctors, medical staff and ambulances can therefore reach villages where there is no healthcare service.
The achievements of the Pernod Ricard Fund are widely recognised, especially as the Fund's work regularly features in the press. They are also a perfect reflection of the key Group value of solidarity.

Pernod Ricard Pacific promotes employment opportunities for the disabled... Pernod Ricard Pacific often obtains its temporary staff from organisations offering employment to people with physical and intellectual disabilities, including Bedford, Orana and The Phoenix Society.
Bedford, the largest agency, is from South Australia. This not-for-profit association endeavours to improve the quality of life of disabled and disadvantaged people.

...and encourages employee initiatives. The Australian Graduate School of Management (AGSM) asked Pernod Ricard Pacific to participate in some of its research work. The partnership resulted in the production of a questionnaire which also incorporated some questions of interest to Pernod Ricard. Lecturers at AGSM have agreed to analyse the findings.
The survey was the first of its kind in the region. To encourage participation, Pernod Ricard Pacific pledged to give $2 to UNICEF for every questionnaire completed.
As a general rule, the company's practice of doubling the funds raised encourages employees to get involved in fundraising events and help the charities working in these fields. In 2007/2008, for example, some employees took part in "Movember", an innovative fundraising initiative, while others were involved in "The Biggest Morning Tea", which helped raise funds for The Cancer Council.

Pernod Ricard has financed a programme for the construction of water tanks in Haiti since 2005.

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Copies of this Document are available on request at Pernod Ricard Head Office.

To the rhythm of festivities

Midsummer

The summer solstice festival in Sweden

ABSOLUT

Diwali

The festival of lights in India

CHIVAS REGAL

Valencian Fallas

A transient art festival in Spain

HAVANA CLUB

The Carnival of Venice

A festival with all kinds of masks and disguises in Italy

MUMM

The Carnival of Cultures

A festival of talents from around the world in Germany

KAHLÚA

Chinese New Year

The first day of the lunar year in China

BALLANTINE'S

New Orleans Carnival

Parades in the streets of Louisiana

PERRIER-JOUËT

Notting Hill Carnival

A carnival to the rhythm of the Caribbean in the United Kingdom

THE GLENLIVET

Photo credits: Studio photo Pernod Ricard (Daniel Dewalle, Marc-André Desanges), Margaret Fox, photothèque Saint-Gobain Emballage, Amit Pasricha / The Neemrana Music Foundation, Getty Images, Corbis.

A sparkling ball above Times Square, fireworks in Sydney Harbour, a group of musicians striking up a tune in Berlin… Although each festival has its own symbols and rituals, its *raison d'être* is the same everywhere. A transient, magical moment, it fills extraordinary places with gaiety, magic and excitement. A pagan, family or popular festival or a more intimate celebration are all occasions to highlight cultures and express traditions. Venice, New York, Paris, the Carnaval, the Fallas and love all mingle and burst into a variety of multicoloured symbols of all shapes and sizes.

Winter Carnival in Quebec

A celebration of ice and snow in Canada

RICARD

The New York Ball Drop

New Year celebration in the United States

MALIBU

Saint Valentine's Day

The traditional holiday for lovers in Ireland

JACOB'S CREEK

Saint Patrick's Day

Festivities to celebrate the patron saint of Ireland in France

JAMESON

O-Hanami

The spring festival in Japan

BEEFEATER

New Year's Eve in Sydney

Seeing in the New Year in Australia

MONTANA

Russian New Year

Orthodox New Year celebrations in Russia

MARTELL

Illustrations created by Terre de Sienne.

"Double Bubble Pop Painting" No. 1,
by Astrid Sylwan, a young Swedish artist

Every year since its creation, Pernod Ricard has commissioned an original work from a contemporary artist for the cover of its Annual Report.

For 2007/2008, a year marked by the Vin&Sprit acquisition, the Group called on the talents of Astrid Sylwan, a leading young Swedish painter on the Scandanivan artistic scene.

Born in 1970, Astrid Sylwan grew up in Stockholm and England. Her works highlight strong contrasts. Startling cold and warm colours are combined in the longstanding tradition of Scandinavian artists. A variety of shapes line the painting, looking strangely as if they want to escape, like drops of liquid sliding off a surface. These creations are rather like musical improvisations, like a score of music with loud and soft notes that are long and protracted or broken off.

Astrid Sylwan

A Swedish painter.

Advice, design, creation and execution: TERRE DE SIENNE *Paris*

Advisor / Artist selection: Arts Affaires