

ANNUAL REPORT
2005
2006



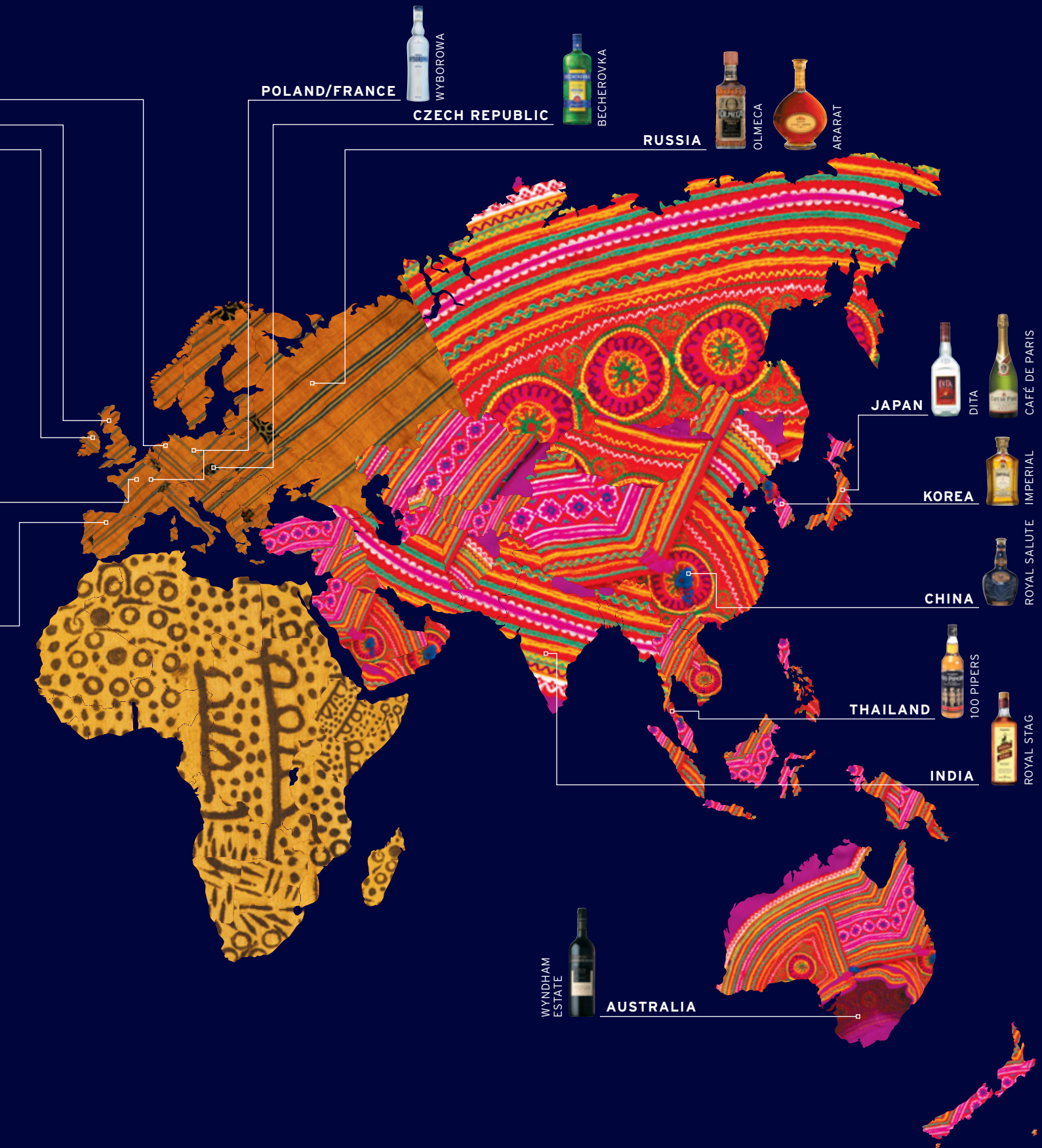
Pernod Ricard

15 STRATEGIC BRANDS



30 LEADING LOCAL BRANDS

Local brands are located on the map according to the country where the most sales are made of local branded products.





Successful integration of Allied Domecq and continued growth

As the world's No. 2 Wines and Spirits group, Pernod Ricard holds a leading position on every continent. With 17,600 employees in more than 70 countries, the Group made sales of €6,066 million in 2005/2006.

Since its creation in 1975, Pernod Ricard has undergone sustained development, founded on both organic growth and successive acquisitions: the purchase of Allied Domecq in July 2005 is the most recent sign of the Group's worldwide ambitions.

Building on its portfolio of major Premium brands, its presence on every continent and its decentralised organisation, Pernod Ricard intends to continue its momentum of international development.

Key figures

€6,066 million

Sales

+68%

Sales growth

€1,255 million

Operating profit from ordinary activities

+72%

Growth of operating profit from ordinary activities

20.7%

Operating margin rate

+32%

Growth of Net profit

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An exceptional year



The quicker-than-anticipated integration of Allied Domecq is a total success. Combined with the Group's high-performing strategy and its dynamic operations, it has led to excellent results and new growth prospects the world over.

COMPLETE SUCCESS OF ALLIED DOMEQ'S INTEGRATION

Just three years after acquiring Seagram, Pernod Ricard went one step further by integrating Allied Domecq in record time. Completed in March 2006, less than a year after finalising the acquisition, this formidable operation is a spectacular illustration of the major role that we are continuing to play: consolidating our business segment.

This integration also shows our ability to complete business combinations of this kind successfully. In less than a year, 5,000 people joined us and the large number of Allied Domecq brands were perfectly integrated into our business, enabling Pernod Ricard to generate sales of over €6 billion.

The outcome is extremely positive for all aspects of the operation: lower costs of integration (which amounted to between €350 and €400 million as compared with the €450 million originally estimated); more rapid implementation of synergies (€270 million expected in the 2006/2007 financial year); disposals made under better conditions than anticipated... all this led to an impressive reduction in our indebtedness: at 30 June 2006, indebtedness had fallen sharply by €3.6 billion to €6.35 billion.

This is a remarkable success. It has already led to results that are higher than expected: a 68% rise in sales, a 72% increase in operating profit from ordinary activities and a Net profit up 32%*.

These results are essential for us, because, through our growth, our goal is to grow our profits and to enhance our value creation even further.

STRONG GROWTH OF OUR HISTORICAL BRANDS

This growth is also due to the good increase in our historical brands: +2% in terms of volume and +4.3% in terms of sales**. The dynamism of our Premium brands confirms that we were right to focus our efforts on this area. To cite a few examples, Chivas Regal achieved record sales, the superior categories of Martell accelerated their growth everywhere, Jameson progressed strongly in both the United States and in Europe, and The Glenlivet in both Asia and the United States.

There are a lot of other examples and you will be able to read about them in this annual report. They all show that our strategy is well-founded: the development of strong local brands to bolster the "Premiumisation" of our portfolio - in other words, the priority given to high-margin upmarket products that meet the expectations of more and more consumers, including in emerging countries. Our fifteen strategic brands already represent half our profits.

These same brands represent almost 70% of our advertising expenses. These investments are essential. First of all, because competition is fierce in our industry. Even more profoundly, because at Pernod Ricard, we are brand builders. By strengthening their bonds with their customers, our brands are speeding up their growth and helping to create value for the

(*) After taking into account acquisition and restructuring costs.

(**) Excluding bulk spirits sales.

Group. In just a few years, the campaigns conducted with regard to Chivas Regal, Martell and The Glenlivet, to use the same examples, have enabled them to resume sustained growth. Our advertising expenditure has therefore been very largely offset by the profits generated.

STRENGTHENING OF OUR POSITIONS WORLD-WIDE

The synergies between our 15 strategic international brands and our 30 leading local brands allow us to strengthen our positions on an ongoing basis. Nearly 90% of our sales are generated outside France. We are naturally turning towards strong-growth markets as a first priority.

The integration of Allied Domecq enabled us to increase our presence in Asia and the Americas - two buoyant markets which now account for over half our sales. In the United States, by combining our businesses, we crossed a decisive threshold, doubling our sales in the process. In Asia, our growth was also outstanding.

In Europe, which was less impacted by the integration, we maintained our leadership in spite of a difficult environment, notably due to the good performances we achieved in Russia, Greece and Scandinavia.

SUSTAINABLE AND INTERDEPENDENT DEVELOPMENT

All the conditions for our current and future development would not however have been met without careful and responsible consideration for our environment in the broadest sense.

Progress is only worthwhile when shared. This philosophy, introduced from the start by Paul Ricard, continues to guide us in our constant quest for improvement. During this financial year, we decided to take another step forward in corporate citizenship with the publication of our Corporate and Social Responsibility Charter. Our Group, which has always pursued a progressive social policy, an economic model based on long-term profitability, and a strategy of environmental respect, decided to underline these principles in a Charter.

Publishing this Charter allows everyone, and in particular the many

employees who recently joined us, to understand and share our vision of interdependent development. The principles are also concerned with product quality, responsible consumption, and respect for the environment, as well as with relationships with employees, shareholders and suppliers.

Honouring these commitments is the guarantee of success for the Group.

PERNOD RICARD SPIRIT: ANOTHER OF OUR STRENGTHS

Our results for the 2005/2006 financial year could not have been achieved without the mobilisation and commitment of everyone in the Group around the strong values that have guided it since its very beginnings.

We are convinced that the conviviality and entrepreneurship so highly valued by Pernod Ricard are vital in nourishing the unrelenting motivation of our teams in the four corners of the world. This is an ever stronger conviction which we now share with the 5,000 Allied Domecq employees who have joined us.

These values underpin our corporate culture. They are just one more asset to help us continue our determined and reasoned approach to our markets.

OUR CONTINUED GROWTH

We have everything it takes to increase our successes and boost our growth: an effective strategy, strong brands, powerful networks, an efficient organisation, global deployment and experienced teams, to name but a few of our assets.

The successful integration of Allied Domecq will serve to confirm the confidence shown by our shareholders in our ability to seize new opportunities for consolidation that further our interests. At the same time, we have demonstrated our capacity to continue reducing debt and to accelerate our internal growth. These are all solid guarantees for our future: a future of growth and shareholder value creation.

Patrick Ricard
Chairman and Chief Executive Officer



Our results for 2005/2006 are proof of the excellence of our business model. The relevance of our strategy, the quality of our organisation and the successful integration of Allied Domecq give me complete confidence in the Group's growth prospects and our potential for value creation. //



Key figures

Analysis by Pierre Pringuet



*Pierre Pringuet,
Deputy Chief Executive
Officer.*

How would you describe the most recent financial year?

The 2005/2006 financial year could be described as remarkable in more ways than one: we completed operational integration of Allied Domecq (a year earlier than we had originally anticipated), while maintaining strong vitality in the Group's historical brands, with vigorous organic growth of 4.4% in their contribution. I must warmly congratulate all of Pernod Ricard's teams around the world for these accomplishments.

The Group's results are a perfect reflection of this: the spectacular increase in Operating profit from ordinary activities (€1,255 million, up 72%) shows the formidable impact of Allied Domecq's integration on the group's activity; the no less impressive growth in the Net profit (€639 million, up 32%, and including both acquisition and restructuring costs) demonstrates that this acquisition has created value for our shareholders in its very first year.

Before the integration of Allied Domecq, what were your highest expectations? Were they fulfilled?

Our expectations were very clear. We wanted first of all to acquire a portfolio of excellent brands, complementary to our own. This initial expectation was met: our 15 strategic brands allow us to be present on every market segment with a leading international brand.

Our second objective was to reinforce our presence on certain growing markets. This is now accomplished: we have doubled in size in the United States and also gained considerable strength in Mexico and Canada; Spain is now the Group's second largest market; we have extended our network to Eastern Europe; we now share market leadership in South Korea; and last but not least we are becoming a major player in Wines in the Pacific region.

Finally, we believed that the acquisition of Allied Domecq would be an extraordinary catalyst for the Group's profitability: the results of the past financial year are ample proof of this, even with the new synergies not yet completely in play.

The integration of Allied Domecq took place faster than expected.

How do you explain its rapid implementation?

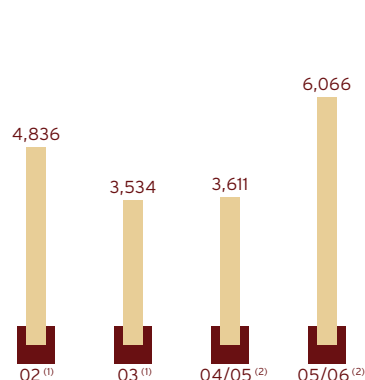
Allied Domecq's operational integration, which was our main objective for this financial year, was completed on 31 March. This was made possible by our decentralised organisation: once the holding company had set the guidelines, integration was carried out region by region, country by country, as indicated by our experience with Seagram.

We are now entering what I would call the second phase of integration, that of re-launching the brands we acquired, in order to ensure the long-term success of the Allied Domecq acquisition. This will be the main objective for the 2006/2007 financial year. For our teams, this means defining new brand strategies (positioning, advertising, packaging). The Brand Owners are actively working on this, hand-in-hand with the distribution subsidiaries and everything should be ready by autumn 2006.

Key figures

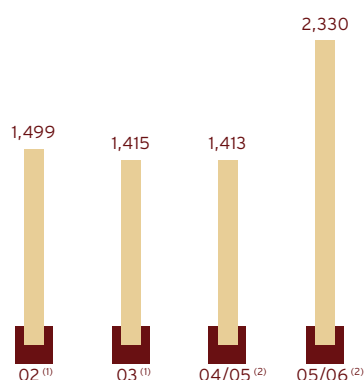
SALES

In € million



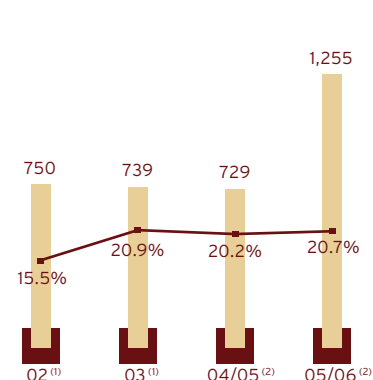
CONTRIBUTION AFTER A & P EXPENSES

In € million



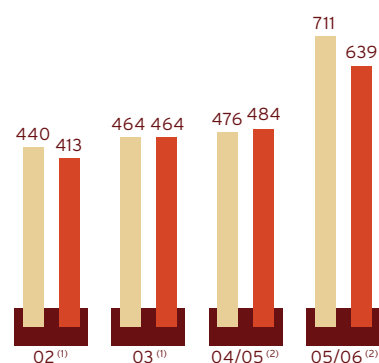
OPERATING PROFIT FROM ORDINARY ACTIVITIES/ OPERATING MARGIN RATE

In € million



NET OPERATING PROFIT FROM ORDINARY ACTIVITIES/ NET PROFIT

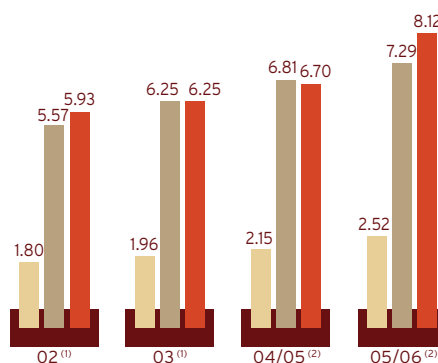
In € million



■ Net operating profit from ordinary activities
■ Net profit

EARNINGS PER SHARE/ DIVIDEND PER SHARE

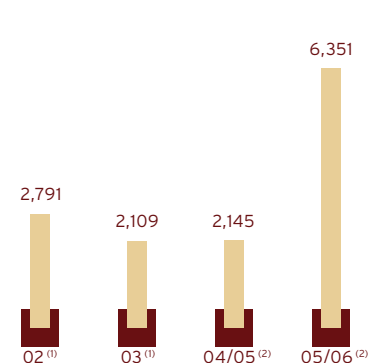
In €



■ Dividend per share
■ Net earnings per share
■ Net earnings per share from ordinary activities

CHANGE IN NET DEBT

In € million



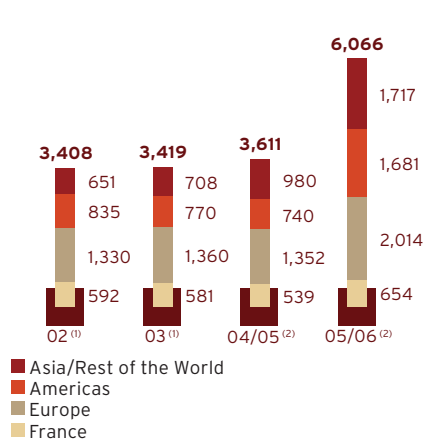
(1) At 31 December - French GAAP.
(2) At 30 June - IFRS.

Figures

per region & per brand

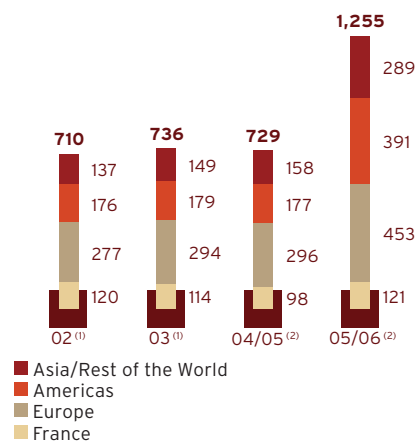
SALES BY GEOGRAPHICAL AREA

In € million



OPERATING PROFIT FROM ORDINARY ACTIVITIES BY GEOGRAPHICAL AREA

In € million

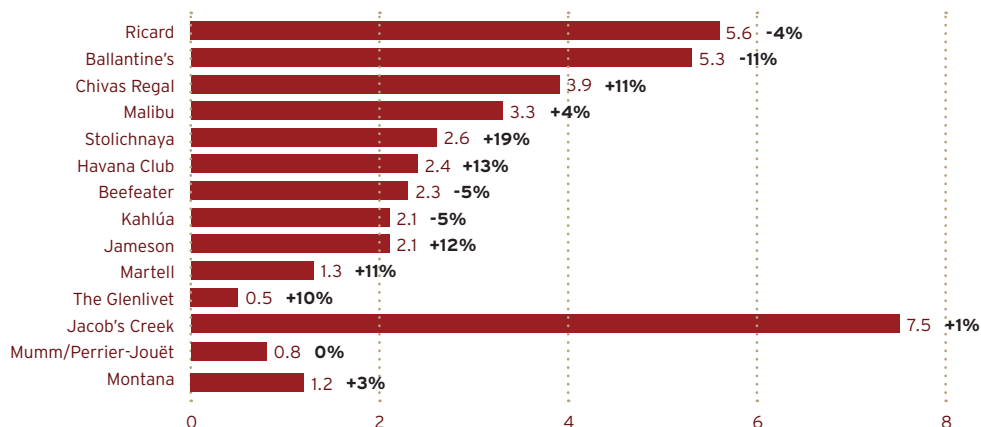


(1) At 31 December - French GAAP - Wines & Spirits.

(2) At 30 June - IFRS.

15 STRATEGIC BRANDS

Volume sold in 2005/2006 in millions of 9-litre cases (12 months pro forma)



Total Top 15 : 40.8 millions of 9-litre cases

In July, Pernod Ricard announced a spectacular reduction of the Group's debt. How was this achieved?

At 30 June 2006, debt was indeed around €6.35 billion, down by €3.6 billion since the Allied Domecq acquisition. This can be accounted for by a combination of favourable factors. To begin with, planned asset disposals took place faster and at higher prices than originally anticipated. In addition, significant savings were realised on restructuring costs and those related to the acquisition. And finally, our good results were reflected in Free Cash Flow.

The acquisition of Allied Domecq led to a significant reorganisation of the Group. Could you explain the main changes made?

Pernod Ricard's organisation has been constantly evolving over the course of its history. In 1975 the Group was almost exclusively French, with only two subsidiaries outside France (in Switzerland and Spain): everywhere else was treated as export markets by the SEGM. The principle of regionalisation appeared in 1996 with the creation of Pernod Ricard Europe, Pernod Ricard Asia and Pernod Ricard Americas. In 2000, the purchase of Seagram made it necessary to reinforce regional structures. The acquisition of Allied Domecq in 2005 brought the process to its logical conclusion with four major regions alongside four major Brand Owners: this structure expresses the new reality of the Group.

W The acquisition of Allied Domecq is an extraordinary catalyst for the Group's growth and profitability. //



Do these changes arising from the acquisition bring your decentralised organisational structure into question?

Not at all! We are very happy to welcome new colleagues and learn a great deal from the companies which we have acquired. Nonetheless, we are careful to preserve the specific characteristics which are our strength and decentralisation is one of them. This model is Pernod Ricard's hallmark. It is founded on a pact of trust and the reciprocal loyalty which unites the Group with its employees. This highly reactive organisational model is a key to empowerment and motivation of our teams. The Group is attached to this very dynamic management model which allows it to offer motivating career opportunities to its employees, including those who have recently joined us.

The Group has become a major world player in Wines. What are your goals in this area?

Our portfolio is made up of distinguished wines whose prices range for the most part from €5 to €50 per bottle (except of course for Perrier-Jouët "Belle Epoque" sold at over €100): this market is very attractive due to its strong growth (+50% in 10 years, according to IWSR statistics) and nothing appears likely to reverse this trend in the foreseeable future. We are therefore in the right place here in our core business, that of brand builder.

In addition, there are obvious business synergies between wines and spirits. This is particularly true for champagne, a luxury product which is a perfect fit with our Ultra-Premium spirits range. Our presence in Champagne is entirely consistent with the Group's "Premiumisation" strategy.

Will dividends reflect the good results registered during this financial year?

We are happy to confirm that this will be the case. During the Shareholders Meeting on 7 November, the Board of Directors will propose the payment of a dividend of €2.52 per share, a 17.2% increase. This corresponds to the distribution of one third of the Group's profits, in complete continuity with previous practice. We want to ensure that our shareholders participate fully in the growth of profits, and in this way reward their loyalty.

What, in your opinion, will be the future growth drivers for the Group?

First of all, the combination of an outstanding brand portfolio and a truly worldwide distribution network constitutes the group's key asset in ensuring this growth. It is now up to the "Brand Owners" as well as the distribution subsidiaries to fully exploit the formidable potential which this asset represents.

Next, the decentralised model which is at the root of the Group's very strong entrepreneurial culture must remain the cornerstone of our operation, and I will do everything to ensure that nothing ever threatens it. This should not, of course, prevent us from implementing the pooling of our resources whenever possible, in our constant pursuit of increased efficiency.

Finally, Pernod Ricard's rapid debt reduction allows us to envision new perspectives for external growth. The consolidation of the Wines & Spirits sector is not yet complete, and we clearly intend to be dynamic participants in this process.

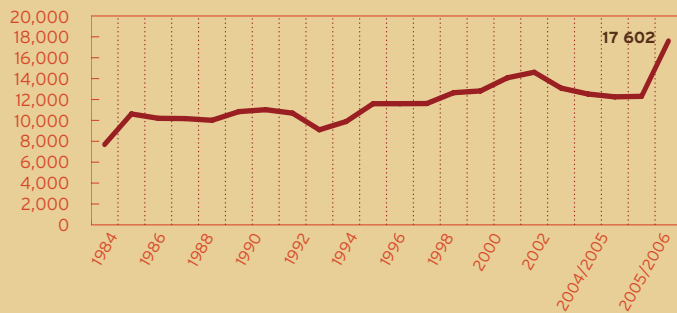


30 years of history and growth

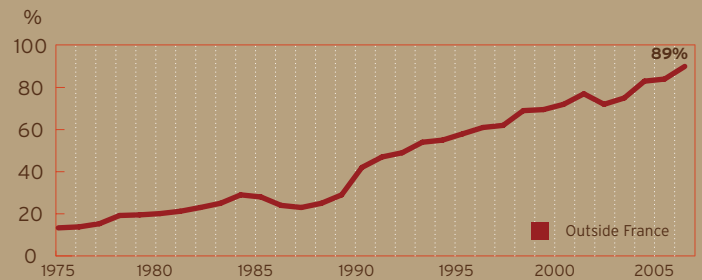
In euro



EVOLUTION OF PERNOD RICARD WORKFORCE FROM 1984 TO 2006



PERCENTAGE OF GROUP SALES REPRESENTED BY SALES OF SPIRITS OUTSIDE FRANCE FROM 1975 TO 2006



CONSOLIDATION AND ORGANISATION

- Implementation of regionalisation (Brand Owner subsidiaries and distribution subsidiaries)

1999

Acquisition of Yerevan Brandy Company

Acquisition of Agros and the international rights for Wyborowa

1997

Acquisition of Larios (gin) in Spain

Purchase of an equity stake in Jan Becher

STRATEGIC REFOCUSING

2006

Sale of Dunkin' Brands Inc. (Quick Service Restaurants)

Disposal of Glen Grant, Old Smuggler and Braemar

2005

Acquisition of Allied Domecq in partnership with Fortune Brands

Sale of Larios gin and The Old Bushmills Distillery

Sale of minority interest in Britvic Plc (soft drinks)

2002

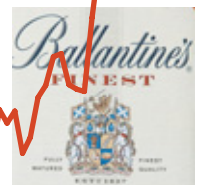
Partnership agreements with Sogrape for distribution of Sandeman (port), and Kirin for distribution of Four Roses (bourbon)

Continued disposal of non-alcohol sector assets (BWG, SIAS-MPA, AGROS, etc.)

2001

Purchase of 38% of Seagram's Wines & Spirits businesses

Sale of Orangina-Pampryl and Yoo Hoo



1997

1998

1999

2000

2001

2002

2003

2004

2005

2006

Stock market price performance since 1975

Events of the year 2005

JULY

■ Pernod Ricard exercises the early repayment option for its 2.5% OCEANE bonds, maturing 1st January 2008

1 ■ Signature of Allied Domecq acquisition agreements on 26 July

■ 27 July: division of brands and assets with Fortune Brands

AUGUST

■ Irish Distillers announces the sale of The Old Bushmills Distillery and Bushmills brands to Diageo Plc

SEPTEMBER

2 ■ Pernod celebrates its 200th anniversary

3 ■ Agreement between Pernod Ricard and SPI Group for distribution of Stolichnaya

OCTOBER

4 ■ Pernod Ricard keeps all Allied Domecq's New Zealand wines (Montana), following Diageo's decision not to exercise its purchase option

NOVEMBER

5 ■ Announcement of the retirement of Richard Burrows, Managing Director
■ Pernod Ricard receives the "European Enterprise of the Year" award granted by Financial News

DECEMBER

■ Pernod Ricard announces the sale of Dunkin' Brands Inc. to Bain Capital, The Carlyle Group and Thomas H. Lee Partners

■ Pernod Ricard sells its entire stake in Britvic Plc

Following the successful integration of Allied Domecq, Pernod Ricard is beginning the 2006/2007 financial year with confidence. //

Patrick Ricard
Chairman and Chief
Executive Officer



2006

JANUARY

- Pernod Ricard rationalises its structures: new organisation with 4 major regions and 4 Brand Owners
- Change of distributors for Pernod Ricard brands in the USA
- 6 Patrick Ricard wins the Andese Financier of the Year 2005 Award
- 7 Patrick Ricard elected Wine Enthusiast Man of the Year for 2005
- 8 Patrick Ricard elected "European Businessman of the Year" by Fortune Magazine
- Pernod Ricard finalises the disposal of Allied Domecq brands with Fortune Brands

FEBRUARY

- Pernod Ricard USA transfers its business units to Westchester County

MARCH

- Pernod Ricard & Corby Distilleries announce the link-up of their businesses on the Canadian market
- Pernod Ricard finalises the disposals of Glen Grant, Old Smuggler and Braemar to Campari
- Patrick Ricard named "Entrepreneur of the Year" at the Insead Trophies ceremony
- 9 Landmark figure of 2 million cases passed by Jameson

APRIL

- Pernod Ricard USA announces future closure of the Lawrenceburg, Ind. plant
- 10 The Group donates some 200 acres of pine forest along the Mediterranean coastline to the Conservatoire du Littoral (French coastal conservation organisation)

MAY

- Pernod Ricard announces the opening of negotiations with FKP Soyuzplodoimport concerning the rights for Stolichnaya in Russia and former CIS countries.

JUNE

- 11 Pernod Ricard publishes its global Corporate and Social Responsibility Charter
- Pernod Ricard ranked in the "FT Global 500" by FT Magazine (annual ranking of the top 500 worldwide companies in terms of market capitalisation)

JULY

- Pernod Ricard renews its distribution contract for Zubrowka Polish Vodka
- New organisation for Pernod Ricard Europe, Pernod Ricard Americas and Pernod Ricard Asia



Pernod Ricard's major strategic objectives



PERNOD RICARD'S STRATEGY IS ARTICULATED AROUND 4 MAIN GOALS:

- Investing strongly in the 15 key brands with global reach
- Premiumisation of the portfolio by concentrating on upmarket products
- Development on emerging markets
- Debt reduction to allow pursuit of external growth

1 > INVESTMENT IN STRATEGIC BRANDS WITH GLOBAL REACH

Building a portfolio of international brands which are leaders on the major Wines & Spirits market segments has guided the Group's strategy since its creation.

Over the years, Pernod Ricard has constantly sought to refine its strategy. The Group has progressively returned to its core business - Wines & Spirits - through divestment of its non-alcoholic activities to finance notably the purchase of Seagram and Allied Domecq. In 2005, Pernod Ricard took a further step forward with the acquisition of Allied Domecq, thus becoming the world No. 2 in Wines & Spirits. Today, the Group is concentrating on its 15 key brands with a clearly defined strategy: "Premiumisation" of its portfolio and strengthening of its positions on growth markets.

The various external growth operations carried out by Pernod Ricard have allowed the company to build a portfolio of brands which are among the most prestigious in its sector. These today constitute the Group's "Top 15" among which Ricard, the Group's symbolic brand. In 1988, Pernod Ricard acquired Irish Distillers (Jameson); in 1989, the Group turned to the "New World" with the purchase of Orlando Wyndham (Jacob's Creek); in 1993, Pernod Ricard finalised an agreement with Cuban companies leading to the creation of Havana Club International (Havana Club); 2001 was marked by the acquisition of Seagram (Chivas Regal, Martell, The Glenlivet, etc.). Finally, in 2005, the purchase of Allied Domecq completed the portfolio of key brands (Ballantine's, Malibu, Kahlúa, Beefeater, Stolichnaya, Mumm, Perrier-Jouët, Montana).

Pernod Ricard has demonstrated its ability to develop the potential of the brands acquired by boosting their sales and extending their distribution to new markets. This was the case in particular for Chivas Regal and Martell.

Over the past four years, Pernod Ricard has succeeded in re-launching these brands, whose sales had previously been constantly eroding. New positioning and new advertising campaigns, together with the strength of Pernod Ricard's distribution network, have allowed them to return to very strong growth, contributing significantly to the improved profitability of the Group.

2 > "PREMIUMISATION" OF THE PORTFOLIO: A MOTOR FOR MORE PROFITABLE GROWTH

Pernod Ricard's strategy is orientated today towards "Premiumisation" of its portfolio and notably of its 15 key brands. This leads to increased investments in developing the "premium quality" products of the Group's key brands.

When observing trends in the Wines & Spirits sector, it can be noted that in the past 30 years, in both the United States and Europe, consumers drink less, but better. In these countries, sociological change is characterised in particular by rising income and education levels, the evolving role of women and the emergence of new attitudes. These are all factors which allow an ever greater number of consumers to consume premium quality products.

In order to satisfy their desire for quality and luxury, consumers are willing to pay higher prices for more exclusive products. These Premium brands have three objectives: to maintain impeccable quality, to offer a real difference, and to carry an emotional dimension.

At the same time, in emerging countries such as India or China, improvements in the standard of living lead consumers to look for better quality products than those traditionally offered locally. In China, this trend translates into strong growth of sales for Premium and Super Premium brands of Scotch whisky and cognac.

"This dual trend, which we have discerned in both developed and emerging countries, we have named market 'Premiumisation'," summarises Jean-Paul Richard, Group Vice-President, Marketing.

For a company which must create value for its shareholders, the Premium brands are essential: they are growing very rapidly and generate large margins. Market "Premiumisation" is thus an essential element of the Group's strategy today, as evidenced by the rapid expansion of premium products for the Group's strategic brands: Martell XO, Chivas Regal 18-year-old, Ballantine's 21-year-old, The Glenlivet 25-year-old, etc.



BUILDING A PORTFOLIO OF GLOBAL BRANDS WHILE RESPECTING LOCAL CULTURES AND TRADITIONS

At Pernod Ricard, globalisation and respect for traditions coexist in harmony.

Preserving trades and expertise while respecting their local cultures extends beyond the scope of sustainable development: it is the very foundation of the Group's success.

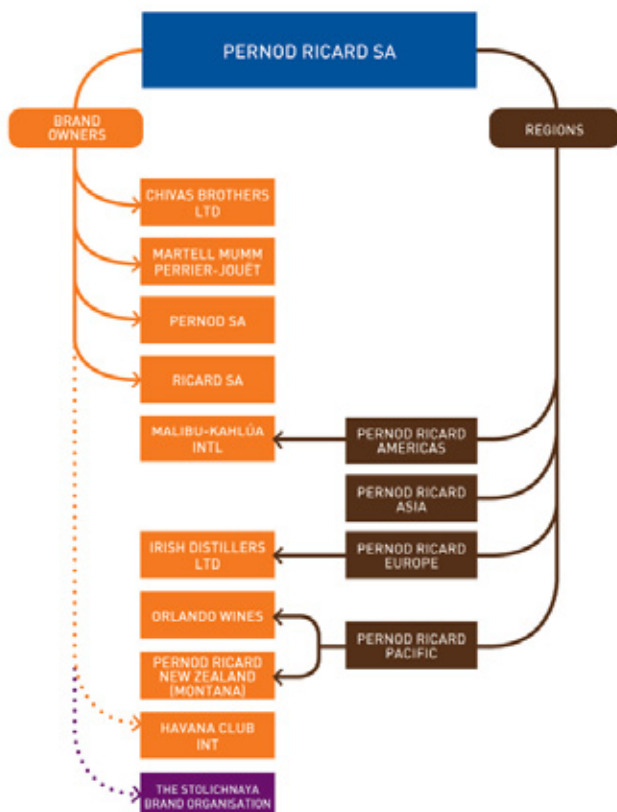
In most cases, this expertise has existed for several generations. At Havana Club for example, the production of Cuban rum involves ageing in casks for the entire range: each ageing cycle, each oak barrel, each drop of sugar cane alcohol is the fruit of a long and secret tradition held by the "Maestro Ronero".

In the case of Chivas Regal, the profession of Master blender is not limited to a few basic techniques. While an acute sense of smell is indispensable, talent, experience and passion are essential to being able to evaluate the various whiskies each day in order to understand their interactions.

In creating wines, an in-depth knowledge of the vineyard soils is essential. Rather than marcs, Mumm buys grapes in order to control the pressing process, crucial to a Champagne's quality. Each territory has its own local press, built of wood in the traditional manner. The grape harvest is carried out manually, without bruising, in order to obtain clear juice.

Another traditional trade: cooperage. Pernod Ricard uses talented coopers who are dedicated to conserving and improving the Master distillers' work in the best possible conditions. Exposed to harsh treatment, barrels need regular repairs. At Chivas Brothers, tens of thousands of barrels are checked each year. Tightening hoops, replacing staves or heating the casks in order to restore their maturation abilities require true expertise.

DECENTRALISED MANAGEMENT STRUCTURE



3 > ENTERING EMERGING MARKETS

Internationalisation has been one of the Group's strategic aims since its creation, to such an extent that nearly 90% of its sales are now generated outside France. In the future, Pernod Ricard intends to reinforce its positions in emerging markets which are also those which generate the strongest growth. The acquisition of Allied Domecq has made it possible to strengthen the Group's presence in Asia, but also in Central Europe and South America.

To achieve a global presence, Pernod Ricard relies on local brands which are leaders on their markets.

By strengthening distribution networks on their respective markets, local brands allow the Group to enter high-potential emerging markets and to progressively introduce on them their global strategic brands. In India for example, where imported products are highly taxed, the Group sells local whiskies. In exchange, the network thus created allows Pernod Ricard to promote Chivas Regal on this market.

The "local leader" brands constitute what Jean-Paul Richard, Group Vice-President, Marketing, calls "fortress brands". Strongly established in a country, they occupy a leadership position on their markets and give Pernod Ricard strategic entry to growth markets.

They guarantee sufficient sales to finance necessary structures, something which the international brands are not always able to do. Thus, a local brand provides the Group with a sales network, a marketing team and the expertise needed for its market. These vital resources and substantial profitability allow Pernod Ricard to invest significantly and effectively in the development of its global brands on emerging markets.

JEAN-PAUL RICHARD

Group Vice-President, Marketing

"Taking decisions as close to the consumer as possible in a decentralised Group"

Decentralisation allows us to take decisions as near as possible to the consumer. We cannot know how a South American consumer will react from Paris. Two measures need to be adopted: firstly, to set a global strategy, and then adapt it to local needs and the habits of each country. Secondly, to be able to react quickly on every market. This is why the managing directors of Group subsidiaries around the world are fully in charge in their areas: all approach their job as if they were running their own companies. In its business sector, this decentralised organisational approach clearly distinguishes Pernod Ricard from other operators. Based on transparency, this approach creates a strong, federating culture for all employees within the Group. The entrepreneurial spirit is shared and encouraged and is at the very heart of this highly motivating culture.

testimonial

Concretely, the Group's organisation involves a Holding company with subsidiaries. While the Holding company concentrates on strategic management and control of the Group's business activity, the subsidiaries take operational decisions within their own geographical areas. There are two types of subsidiary:

- production companies which are Brand Owner;
 - distribution companies for these brands on key markets.
- Operational decisions are made jointly by the Brand Owners and the distribution subsidiaries. Brand Owners develop marketing strategies, and distribution subsidiaries adapt them to national markets. Autonomous and responsible, operational subsidiaries thus remain very close to their consumers and able to respond to specific cultural situations.

PROFILE

Since joining the Group in 1974, Jean-Paul Richard has successively held the positions of Organisation Engineer at Pampryl in 1977, Director for Supermarket Distribution at Cusenier in 1984, Regional Director for Ricard in 1986 and then Marketing Director for Ricard SA. He has been Group Vice-President, Marketing since 2001.



The acquisition of Allied Domecq was part of a clear strategy of international development.

Emmanuel Babeau,
Group Deputy Managing
Director in charge of Finance



testimonial



EMMANUEL BABEAU

Group Deputy Managing
Director in charge of Finance

"The acquisition of Allied Domecq was part of a clear strategy of international development."

Before the purchase of Seagram, Pernod Ricard was an essentially European Group, without a fully international dimension. However, the strongest growth prospects were on the American and Asian continents. Seagram thus allowed us to orient ourselves towards these markets. Even after this acquisition, however, more than 60% of our profits were still achieved in Europe. In order to expand our international dimension even further, to spread our risks and to gain exposure in strong growth areas, we chose to turn to Allied Domecq. This Group seemed to complement us perfectly in terms of geographic presence and brand portfolio.

PROFILE

Emmanuel Babeau joined the Pernod Ricard Group in 1993 as an Internal Auditor in the Holding company. In 1996, he became Group Financial Services Manager. He was appointed Financial Director of Pracs (now Pernod Ricard España) in 1997 and in 2001 he became Vice-President, Development with the Holding company. In 2003, he became Group Vice-President, Finance. He was appointed Deputy Managing Director in charge of Finance on 1 September 2006.

This configuration also favours strong synergies between global and local brands. Thanks to the breadth of its brand portfolio, the Group is able to let each of its subsidiaries, in every country in which it is present, benefit from a comprehensive offering in each category.

From this perspective, establishing Pernod Ricard structures in each country and developing its global brands depend above all on the strength of the local brands. This is why, whenever necessary, the Group is careful to preserve their leadership through the implementation of rejuvenation strategies. This was the case in particular this year for Seagram's Gin, the No. 1 gin in North America.

Another advantage is that, when a region is in crisis and imported products become too expensive, local brands at more affordable prices maintain and possibly even increase their sales. Pernod Ricard is thus able to maintain its presence in the region and finance its structure while awaiting recovery.

This strategy has allowed Pernod Ricard efficient entry into high-potential markets. The Group is particularly well placed on emerging markets such as India, China, Russia, Thailand, Mexico or Brazil.

It makes over 50% of its profits in high-growth areas (Asia, the Americas).

4 > OUTLOOK: PURSUING EXTERNAL GROWTH

Pernod Ricard's final strategic aim: to ensure the Group's development through external growth.

Following the acquisition of Seagram in 2001 and of Allied Domecq in 2005, Pernod Ricard intends to continue to be a dynamic player in the consolidation of the Wines & Spirits sector. This objective requires above all a reduction of indebtedness. And in fact, since the Allied Domecq acquisition, the Group's indebtedness has been reduced much more quickly than expected. Debt has fallen by €3.6 billion in 11 months, creating a situation which will soon allow Pernod Ricard "to once again be in a position to invest."



RICARD



BALLANTINE'S



CHIVAS REGAL



MALIBU



STOLICHNAYA



HAVANA CLUB



BEEFEATER



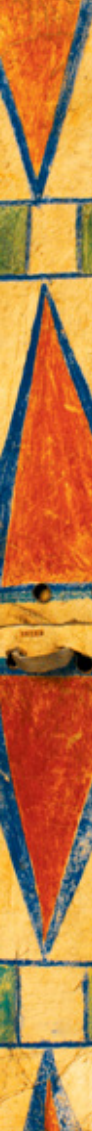
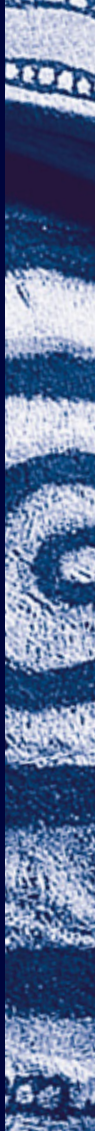
KAHLÚA



JAMESON



THE GLENLIVET



MARTELL



MUMM



PERRIER-JOUËT



JACOB'S CREEK



MONTANA



15 STRATEGIC BRANDS

The Pernod Ricard brand portfolio was substantially enriched through the acquisition of Allied Domecq. Of the Group's 15 strategic brands, eight were integrated following the Allied Domecq acquisition. 2005/2006 was thus mainly dedicated to integrating these newcomers and defining appropriate marketing strategies. The Group has not, however, neglected its seven other key brands and its local brands, for which it has maintained two ongoing priorities: developing the "Premiumisation" of its portfolio and taking advantage of all growth opportunities, particularly in emerging markets.


Chivas Brothers

Irish Distillers Limited

Ricard SA

Malibu-Kahlúa International

 Havana Club International /
The Stolichnaya Brand Organisation

Martell Mumm Perrier-Jouët

Orlando Wines & Pernod Ricard New Zealand


International advertising campaign (outside France).
THE CHIVAS LIFE

Chivas Regal's excellent results also testify to the success of the "The Chivas Life" campaign. Continued in 2005/2006 notably with the launch of a new "Waterfall" advertisement, it now covers more than 100 markets and represents a total investment of 55 million euros.


International campaign Chivas 18-years-old, launched in 2006.

Chivas Brothers

Acquired by Pernod Ricard in 2001 through the purchase of Seagram, Chivas Brothers is the world's 2nd producer of scotch whisky. In addition to its star brand, Chivas Regal, which is present in more than 100 countries, the prestigious Ballantine's brand has now been integrated into this ensemble through the Group's acquisition of Allied Domecq. The Glenlivet and Beefeater, among the Group's other flagship brands, round out the product range.



CHIVAS REGAL

AN OUTSTANDING BRAND

In 2005/2006, Chivas Regal continued its remarkable growth on the Premium Scotch market by reaching 3.9 million cases sold (+11%), the highest level ever achieved by the brand.

The brand achieved spectacular growth in Asia. Sales grew by over 50% in a single year in China, where Chivas Regal is the number one imported spirits brand. Results were also very good in Malaysia, Hong Kong, Singapore and Vietnam.

More generally, Chivas Regal progressed on nearly all its markets. The brand achieved significant growth in Central and South America, most particularly in its principal market, Venezuela (+20%), but also in Brazil, Chile and Columbia.

In the United States, sales retreated slightly. In Europe, Chivas Regal progressed, notably in France, Greece, the United Kingdom and Russia. As an indication of the brand's success in Greece, Chivas Regal was recognised by the Hellenic Management Association as one of the "outstanding brands" on the Greek market.

Chivas 18-year-old, the brand's top quality label, also reflected Chivas Regal's successful performance. Following a successful re-launch in 2004, Chivas 18-year-old registered exceptional growth of 59% this year. Applying a strategy of increased "Premiumisation," the new campaign sublimates the Chivas 18-year-old bottle by presenting it like a jewel. Design and luxury are the key concepts governing the 18-year-old brand strategy, as expressed for example in its partnership with the prestigious design magazine *Wallpaper*: a recipe for success.

ASSESSMENT & OUTLOOK

CHRISTIAN PORTA

Chairman and CEO of Chivas Brothers

▀ The 2005/2006 results were excellent and we are getting ever closer to our objective: to become the world leader in scotch whisky and Premium gin. These strong performances are due to a combination of our teams' dedication, increased advertising and promotional expenditure, and the positioning of our brands on the growing Premium and



Super Premium segments. We have ambitious plans for both our historical and new brands, and have initiated a review of Ballantine's and Beefeater to make them more attractive to our consumers. //

PROFILE

After joining the Group in 1988, Christian Porta has been, successively, Internal Auditor, Group Financial Services Manager, Vice President, Administration and Finance of Pernod, Managing Director of Campbell Distillers (United Kingdom) then Chairman and CEO of Orlando Wyndham (Australia) until 2003.



3,9 million 9-litre cases

Volume sold in 2005/2006 (12 months)



Chivas Brothers

Irish Distillers Limited

Ricard SA

Malibu-Kahlúa International

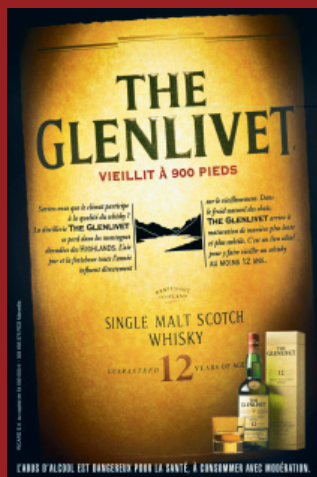
Havana Club International /
The Stolichnaya Brand Organisation

Martell Mumm Perrier-Jouët

Orlando Wines & Pernod Ricard New Zealand



An intermediate campaign was launched to highlight the Ballantine's Finest packaging, which evokes refinement and elegance.



"The Single Malt That Started It All" campaign. It highlights the fact that The Glenlivet was the first distillery in Speyside to obtain an official distilling license in 1824.



The "intermediate" Beefeater ad. The objective was twofold: communicating on the notions of refreshment and vitality associated with the brand and evoking Beefeater's English heritage.

BALLANTINE'S

PERNOD RICARD'S NEW SCOTCH WHISKY

Distilled in Scotland for over a century, Ballantine's is an internationally renowned scotch whisky. It perfectly rounds out the Group's already prestigious whisky portfolio. A reorganisation phase followed the July 2005 acquisition, in order to weed out parallel distribution flows and correct the negative effects of overstocking just before the transfer. The brand's growth (-11%) was affected by this transition.

The three Ultra Premium qualities, Ballantine's 17-, 21-, and 30-year-old, alone accounted for around 1/3 of the brand's contribution.

To support Ballantine's development in Eastern and Western Europe, spending on advertising has already been increased.

An intermediate campaign was also launched to highlight the Ballantine's Finest packaging, which evokes refinement and elegance. This transitional phase has allowed sales and marketing teams to reflect on the brand's positioning; a new campaign and new packaging should be forthcoming in 2007.



THE GLENLIVET

IMPOSES ITS PRESENCE

No. 2 among single malts, The Glenlivet achieved exceptional performances again this year. With growth of 10%, it is becoming an imposing presence on numerous markets. Already No. 1 in the USA, where the brand grew by 6%, The Glenlivet is now coming to the fore on new markets such as Asia, Australia and New Zealand. The brand is also progressing in Europe, notably in France (+43%) and in the Travel Retail sector.

As proof of its success and its status as a worldwide brand, The Glenlivet received highest honours at the prestigious International Wine and Spirit Competition (IWSC) in 2005. The Scotch brand also obtained The Morrison Bowmore Distillers Trophy for Single Malt Scotch Whisky (over 12-year-old) and for The Glenlivet 21-year-old Old Archive. Proud of its heritage and history, the brand created an advertising campaign entitled "The Single Malt That Started It All".



BEEFEATER

AUTHENTIC LONDON GIN

With the strength of a 180-year history behind it, Beefeater is one of the world's best-known gins, with 2.3 million cases sold in more than 150 countries in 2005/2006. In 2005/2006, growth was slowed (-5%) by the inevitable transition period following the purchase of Allied Domecq. Some markets in Europe benefited from the takeover of distribution by Pernod Ricard, notably Russia (+48%), the Scandinavian countries and France.

Beefeater regained ground at the end of the period in its main markets, Spain and the United States. One of the brand's current priority objectives is to be recognised as "The" Premium gin, by capitalising on its major asset: its London roots. To reach this goal, an "intermediate" advertising campaign was launched in 2006, staging the Beefeater bottle in the centre of a liquid interplay representing the British flag. This debut should be followed by other innovations, including the launch of a new packaging, a new international advertising campaign, a website and the reopening of a visitors' centre intended for professionals in London by the end of 2006, on the site of the Beefeater distillery.



Irish Distillers Ltd

In 1966, the merger of three Irish distilleries - Jameson, Powers and Cork Distilleries - resulted in the birth of Irish Distillers. The company, which joined the Group in 1988, distils and distributes prestigious brands of Irish whiskey, gin and vodka, including Jameson, its star product. The acquisition of Allied Domecq has enabled it to enter a new phase by strengthening its international position.

JAMESON

PASSES THE 2 MILLION CASES MARK

2005/2006 was a decisive year for the Irish brand, which cleared the historic threshold of 2 million cases sold. With a 12% increase in worldwide sales, Jameson continues its double-digit growth and is 47th among the world's 50 leading spirits brands.

While Jameson may have taken 216 years (from 1780 to 1996) to reach the 1 million cases mark, it took only ten more to reach 2 million. The objective of 3.5 million cases for 2010 seems credible in the context of this extraordinary rapid growth.

The brand is growing in all regions, notably in the United States (+21%), but also in Europe (+8%). South Africa is also becoming a significant market for the brand (6th market) with exceptional growth of 43%. Remarkable progress of between 65% and 85% was also recorded in Russia, China and Brazil.

NEW ADVERTISING CAMPAIGN

To support the brand's dynamic performance, a new advertising campaign was launched at the end of 2005. Three commercials were produced using the slogan "Jameson Beyond the Obvious."

The new adverts were directed by visionary director Jonas Akerlund, who is perhaps best known for his innovative music videos having worked with Madonna or U2 among others. Launched in October 2005, they show Jameson "is there where you don't expect it."

In conjunction with this campaign, Jameson launched a new website giving life to the brand's promise, "There's more to Jameson than meets the eye."



JAMESON, PARTNER OF FILM

Jameson continues to be a favoured partner of film. The core of this commitment is the Dublin International Film Festival, which Jameson has just sponsored for the fourth year running. In March 2006, Jameson also entered into a 3-year partnership with the Tribeca Film Festival created by Robert de Niro. A new project which complements those the famous whiskey brand has established around the world: New Cinema (South Africa), Bangkok International Film Festival (Thailand), Thessaloniki Festival (Greece), Notodofilmfest.com (Spain) and the FC Venus Film Association (Finland).

CELEBRATING
2 MILLION CASES!



Now a top 50 Global
Spirits Brand*



*Source: Impact, 2006

+12%
WORLDWIDE
SALES

ASSESSMENT & OUTLOOK

PAUL DUFFY

Managing Director of Irish Distillers Ltd

W In 2006, sales of Jameson, Irish Distillers' star brand, reached the historic threshold of two million cases. Since joining the Group, the brand has obtained global reach. The priority we have given to export has borne fruit: in 2005/2006, Jameson posted double-digit growth in 24 countries. The brand is ideally positioned to take advantage of the



sustained growth of the quality spirits market. Its strengths, combined with Pernod Ricard's leadership position on many markets, give Irish Distillers employees full confidence in the future. //

PROFILE

Since joining the Group in 1994, Paul Duffy has been Vice President, Finance of Irish Distillers (Ireland), then Chairman and CEO of Pernod Ricard UK (United Kingdom) until 2005.

Chivas Brothers

Irish Distillers Limited

**Ricard SA**

Malibu-Kahlúa International

Havana Club International /
The Stolichnaya Brand Organisation

Martell Mumm Perrier-Jouët

Orlando Wines & Pernod Ricard New Zealand

NEW ADVERTISING CAMPAIGN FOR PERNOD RICARD



Campaign "Un Ricard, Un Vrai", launched in France, beginning 2006.

RETURN OF RICARD SA LIVE MUSIC

In 2006, Ricard SA brought back Ricard SA Live Music. Created in 1992, this 100% live free concert tours in France offering the public a panorama of current musical trends and the chance to discover new talents. Since its creation, nearly 1,200 artists have appeared on Ricard SA Live Music stages, performing for more than 6 million spectators at 440 free concerts.



Ricard SA

A unique adventure: this has been Ricard's path since its creation by Paul Ricard in 1932. The company's success has always been based on constantly innovative social policies and communication techniques. In 2005/2006, Ricard has lost none of its vitality and remains the unrivalled anise-based spirits leader.

CONFIRMED LEADERSHIP ON THE ANISE-BASED SPIRITS MARKET

In France, on an anise market that accounts for 29% of the spirits market in 2005/2006, the Ricard brand confirmed its leadership, notably in supermarkets. On this channel, Ricard resumed growth over the final two months of the financial year: +4.1% in May and +4.8% in June (source: Iri panel). In the same year, Ricard progressed slightly on all export markets (except borders), but had to face a significant decrease in volumes at the Spanish, Andorran and Italian borders.

In Belgium, where it has just launched a new commercial, "Feel Sunny," Ricard remains the No. 1 spirit on the market. In Switzerland, the brand strengthened its position, notably in the French-speaking region. Finally, Ricard is boosting its geographic distribution in Algeria and registered double-digit growth in Canada.

RICARD CAMPAIGNS FOR AUTHENTICITY...

The brand saw its spontaneous brand awareness increase by 3 points in France to reach 63%, as a result of the launch of the new advertising campaign at the beginning of 2006.

"Un Ricard, un vrai" is this campaign's slogan. It consists of three visuals which proudly articulate Ricard's genuine authenticity. The message is clear: Ricard, a heritage brand, says no to imitations and copies and lays claim to its consistent quality. Starting in February 2006, some 13,000 billboards have been installed throughout France.

... AND PROXIMITY

At the same time, Ricard has developed a direct marketing programme supported by the creation of a free magazine sent to its consumers three times a year. Called *Place Ricard*, it is the first spirits brand consumer magazine in France. This magazine publishes information on Ricard's history and values, on brand and product news, and provides access to a shop of specialty products signed by major designers. Approximately 75,000 people have already subscribed to *Place Ricard*.

ASSESSMENT & OUTLOOK

PHILIPPE SAVINEL

Chairman and CEO of Ricard SA

Our objective is clear: reverse the consumption trend, even if our environment is difficult and the market not very favourable. Our action plan has already borne fruit. 2005/2006 was marked by the reversal of the decline of Ricard sales on the French market, with a recovery over the first half of 2006. This can be attributed in part to the new Ricard



advertising campaign. Reinforcing this positive factor were the reorganisation of the sales force and the launch of a major relationship marketing programme. The upturn must be maintained in 2006/2007. We are working on it. //

PROFILE

Since joining Pernod Ricard in 1985, Philippe Savinel has been, successively, Vice President, Finance of Orangina, Vice President, Finance then Vice President, Domestic Sales of Ricard SA, then Managing Director of Irish Distillers Ltd (Ireland) until September 2005.



5.6 million 9-litre cases

Volume sold in 2005/2006 (12 months)

Chivas Brothers

Irish Distillers Limited

Ricard SA

**Malibu-Kahlúa International**Havana Club International /
The Stolichnaya Brand Organisation

Martell Mumm Perrier-Jouët

Orlando Wines & Pernod Ricard New Zealand



New Malibu international website.

The Malibu-Kahlúa team, from left to right :

S. Ricard, VP Communications ;

H. Gorman, Senior VP & General Counsel ;

T. Pourchet, Chief Financial Officer ;

S. Hunt, Chairman and CEO ; J. Criscione, VP

Operations ; C. Clauquin, Senior VP marketing ;

Misses - J. Jarrett, VP, Human Ressources.



Malibu-Kahlúa International

Malibu-Kahlúa International is the newest Pernod Ricard Brand Owner, responsible for the Malibu, Kahlúa and Tia Maria brand strategies. Officially operational since 3rd January 2006, Malibu-Kahlúa International has already reinforced its teams and deployed the necessary tools to support development of its products, two of which are among the Group's 15 key brands.

MALIBU

THE SPIRIT OF THE CARIBBEAN

No. 1 among coconut-flavoured rums and sold yearly, in over 150 countries, Malibu has reached the threshold of 3 million cases. In 2005/2006, the brand posted growth of 4%. The Malibu range is extremely varied, with several flavours now complementing its star product, Malibu: Malibu Mango, Malibu Passion Fruit and Malibu Pineapple. In 2006, Malibu was named "Hot Brand" by the American magazine *Impact*. This award mirrors the brand's growth in its main markets, such as the United States (+11%) and France (+10%). A new radio campaign was launched in the United States in May 2006, based on the "Malibu - seriously easygoing" marketing concept. The brand also continued its sustained growth in France, driven by the successful introduction of different flavours and the development of an effective intermediate advertising campaign. To support the brand's growth, a new international website was launched last May.



KAHLÚA

THE COFFEE LIQUEUR

The coffee liqueur, number one in the world, sold over 2.1 million cases in 2005/2006 (12 months) in more than 120 countries. Among the brand's main markets are the United States, Canada, Japan, Australia and Mexico.

In the United States, Kahlúa holds a leading position in the liqueurs category. Since its acquisition by Pernod Ricard, Kahlúa is the focus of in-depth review aimed at redesigning its marketing strategy and defining the brand's new orientations. The first effects of this major undertaking - beginning with new packaging - should be visible by the end of 2006.



TIA MARIA

No. 2 on the coffee liqueurs market with 680,000 cases sold worldwide, Tia Maria has enjoyed great success, particularly in the United Kingdom, Ireland, Spain, Argentina and the Netherlands. Considered the "sleeping beauty" of the Malibu-Kahlúa International brands portfolio, Tia Maria should benefit from new positioning aimed at extending its brand awareness to new markets.

ASSESSMENT & OUTLOOK

SIMON HUNT

Chairman and CEO
of Malibu-Kahlúa International

2006 has been a year of transition for Malibu-Kahlúa International and its brands. The new Brand Owner now has a primary objective: capitalise on worldwide opportunities emerging from the growth of the "cocktail culture," increasing demand for lighter alcohols, and the success of the "coffee flavour." The company and its brands



can look forward to a promising future. As proof, the flavoured ranges, showing growth in all the zones, are enjoying increasing success. As 2007 approaches, we are fully prepared to meet the challenges that will make Malibu-Kahlúa International a world leader. //

PROFILE

Simon Hunt joined Allied Domecq Spirits North America in 2003 as Vice President, Marketing. He had previously held various Marketing positions with United Distillers and Vintners North America, and was then Vice President, Innovation of Allied Domecq Spirits and Wines, Plc (United Kingdom).



3.3 million 9-litre cases

Volume sold in 2005/2006 (12 months pro forma)

Chivas Brothers

Chivas Brothers / Irish Distillers Limited

Ricard SA

Malibu-Kahlúa International

→ **Havana Club International /
The Stolichnaya Brand Organisation**

Martell Mumm Perrier-Jouët

Orlando Wines & Pernod Ricard New Zealand



AN EVER-INCREASING RECOGNITION BY PROFESSIONALS

Every two years, Havana Club unites some of the world's best barmen in Havana for the International Havana Club Cocktail Grand Prix, a bartending competition recognised at the most prestigious levels. The 6th edition was held in February 2006 and barmen from 26 countries were invited to show their talent. Over the years, the Havana Club Grand Prix has become one of the profession's most anticipated events.



New international campaign
(outside France)

Havana Club :
"El Culto a la Vida".



Havana Club Máximo
Extra Añejo, the first
Ultra Premium rum.



Havana Club International

In the early 1990s, Pernod Ricard turned to Cuba for a rum of exceptional quality: Havana Club. An agreement with Cuban companies led to the creation of the Havana Club International S.A. distribution subsidiary in 1993. Success was on the agenda: sales have multiplied fivefold in ten years. Today, Havana Club is an international brand with 2.4 million cases sold.

HAVANA CLUB

ANOTHER LANDMARK YEAR

With 2.4 million cases sold in 2005/2006, Havana Club recorded sales growth of 13% for the year: double-digit growth, like every year since 1993. Crowning this success, Havana Club became the 37th international Premium spirits brand (Source: Impact Databank) at the end of 2005.

The brand's growth is seen both in Cuba, its top market in terms of volume, and on the export markets, with particularly exceptional performances in Germany (+15%), Greece (+47%), Chile (+91%) and Mexico (+27%).

HAVANA CLUB CELEBRATES LIFE

To support Havana Club's ambition to become a world leader in spirits, a new communication strategy was developed in 2005/2006.

After several years of communicating around its Cuban origins, *El Ron de Cuba*, the brand decided to develop a new, more emotion-based campaign around Cubans' irresistible vital energy and unique attitude towards life, with the slogan *El Culto a la Vida* (The Hymn to Life). This campaign, run on TV, billboards and in the press, was launched in 2006 in all major European countries except France.

"PREMIUMISATION" OF THE OFFER

The brand puts the emphasis on its aged rums, which distinguish it from the competition and are enjoying more rapid growth. The new campaign highlights Havana Club Añejo 7 Años, symbol of the brand's quality, icon of Cuban rum and leader in its segment. In addition, after the 2004 launch of Havana Club Cuban Barrel Proof, the brand innovated again by creating Havana Club Máximo Extra Añejo, the first Ultra Premium rum. This is a unique rum, a blend of rare and extra old rums produced by Don José Navarro, Havana Club's Premier Maestro Ronero and Cuba's most experienced master rum maker.

ASSESSMENT & OUTLOOK

PHILIPPE COUTIN

CEO of Havana Club International

\\ Havana Club's growth shows no signs of slowing down, either on the domestic market, buoyed by tourism, or in export to exactly 124 countries. One of the keys to our success is the recognised quality of our rums, all aged, and in particular of Havana Club Añejo 7 Años, considered the benchmark on the aged Premium rums market. Another key is the



promotional work carried out by our distributors; we have decided to go one step further this year by launching an international communication campaign, which has received a promising response. //

PROFILE

After joining the Group in 1991 as Research and Development Engineer, Philippe Coutin became Managing Director of Pernod Ricard Trinidad, then Managing Director of Pernod Ricard Rouss (Russia) until June 2004. Since September 2006, he has been Chairman and CEO of Pernod Ricard España.

The Stolichnaya Brand Organisation

Following an agreement reached with SPI Spirits (owner of the Stolichnaya brand outside CIS), Pernod Ricard has acquired exclusive international distribution rights. To support development of the brand in line with the Group's decentralised organisation, a new Brand Owner structure called "The Stolichnaya Brand Organisation" was created. A winning gamble, as right from year one Stolichnaya has recorded spectacular growth.

STOLICHNAYA

THE WORLD'S BEST SELLING RUSSIAN VODKA

With 2.6 million cases sold on the world market (outside Russia), Stolichnaya is the best-selling and most renowned Russian vodka in the world. Produced in Russia, this traditional vodka is distinguished by a quadruple distillation and quadruple filtering process. Its unique taste won it the "Best Vodka" award at the World Spirits Competition in 2005. Authenticity and quality explain its growing success.

SOLID GROWTH

In 2005/2006, Stolichnaya enjoyed sustained worldwide growth of around 19%. Results were very encouraging in the United States (+7%), in spite of the difficulties associated with a change of distributors; in fact, the brand passed the threshold of two million cases sold. Moreover, distribution has resumed in Greece, Spain, the Benelux countries, the United Kingdom and Australia. In total this year, the brand has been launched or re-launched in over 50 markets via the Group's subsidiaries.

AN EXTENDED RANGE

At the forefront of innovation, Stolichnaya was the first vodka to launch a flavoured range in the Americas. In 2006, a new flavour was born: Stoli Blueberry. For this launch, the brand organised a "Create a Stoli Blue Cocktail Contest." Directed at barmen, this initiative aimed to rapidly increase awareness of this entirely new flavour. The launch, also supported by a new TV campaign, was received very positively by both professionals and the general public. The flavoured range now numbers eight variations, to which should also be added the deluxe Stoli Elit, the world's first Ultra Premium vodka, which is enjoying growing success.



STOLICHNAYA, AUTHENTIC RUSSIAN VODKA

Combining winter wheat, fresh water and yeast, Stolichnaya uses a Russian quadruple distillation method dating back more than 500 years. While most vodkas are filtered only once, Stolichnaya is filtered four times, through quartz, charcoal, quartz again, and a very fine cloth. The result is a Russian vodka of great purity and high quality, mixing complex flavours and fragrances.



New flavour
Stoli Blueberry.

ASSESSMENT & OUTLOOK

IAN JAMIESON

Chairman of The Stolichnaya Brand Organisation

W This first year of activity within Pernod Ricard has seen the creation of "The Stolichnaya Brand Organisation," a team dedicated to developing the Stolichnaya brand. Although we put a lot of effort during this transition period into establishing our brand in a maximum of Group subsidiaries, Stolichnaya



nevertheless recorded strong growth. The vodka segment's dynamism, our subsidiaries' solid presence on their markets and the incontestable strength of Stolichnaya, an authentic Russian vodka, give us great confidence in future growth. //

PROFILE

Ian Jamieson joined Pernod Ricard following the acquisition of Allied Domecq. He had been with Allied Domecq for the past 17 years as Vice President, Liqueurs North America, Vice President, Sales of James Burrough Ltd, Vice President, Group Planning, Development and Communication, Vice President, Group Human Resources and President, Vodkas.

Chivas Brothers

Chivas Brothers / Irish Distillers Limited

Ricard SA

Malibu-Kahlúa International

Havana Club International /
The Stolichnaya Brand Organisation→ **Martell Mumm Perrier-Jouët**

Orlando Wines & Pernod Ricard New Zealand



MARTELL LAUNCHES ITS NEW XO

With a reinvented blend and a bottle designed in the form of an arch, the new XO perfectly reflects the Martell style. The new Martell XO has received two awards already, at the Annual Beverage Packaging Awards and the Class Awards 2006, where it swept up the Packaging Prize in the brandy and cognac category.



Martell's superior categories are among the main drivers of its strong performance.



Martell Mumm Perrier-Jouët

Following the acquisition of Allied Domecq in 2005, Pernod Ricard created a single Brand Owner uniting Cognac and Champagne. Three words sum up this approach: grapes, France and luxury. The first is clear, as cognac and champagne both come from the vine; the second highlights the AOCs (appellations d'origine contrôlées) which govern these two categories born of French soil; the third refers to "Premiumisation" which is an integral part of the Group's strategy.

MARTELL

INNOVATES FOR GROWTH

2005/2006 was another successful year for Martell, with growth of 11%. Development was especially strong again this year in Asia, where Martell recorded growth of 30%. China (+55%), Malaysia (+9%) and Singapore remain among the brand's leading markets. Volumes also grew on buoyant markets such as Mexico (+3%), Russia (+29%) and the United States (+4%).

In perfect harmony with the Group's overall "Premiumisation" strategy, Martell's superior categories are among the main drivers of its strong performance. Martell XO (+48%) and Martell Cordon Bleu (+28%) were awarded a double Gold Medal at the last San Francisco World Spirits Competition.

In its constant pursuit of quality, Martell continued to break new ground in 2005 and 2006. Innovations included the new Martell XO, launched in China in July 2005, then in Europe and the United States. A new advertising campaign was designed to support the launch, based on the theme "Shape Your World", in tribute to the inspired entrepreneurship and vision of the cognac's creator, Jean Martell. Another major innovation was the successful redefinition of Noblige. Available in China since the end of November, it has been successfully introduced onto the other markets over time. Finally, Martell has taken over production of Cohiba cognac, launched by Bisquit in 1999. A unique blend of old Grande Champagne eaux-de-vie, it is, in its domain, the perfect alter ego for the famed Cuban cigars.

ASSESSMENT & OUTLOOK

LIONEL BRETON

Chairman and CEO of Martell Mumm Perrier-Jouët

With the creation of the Martell Mumm Perrier-Jouët Brand Owner, 2005/2006 was a year of reunions, as the two companies had already worked together under the aegis of Seagram. The objective for Mumm Perrier-Jouët was thus to share Martell's strong cultural values - in their Pernod Ricard incarnation - and to promote awareness of the advantages of the new organisation for the two champagne brands. The "grapes /



France / luxury" approach inherent to the cognac / champagne business was accepted and understood by both employees and champagne grape growers, and firmly establishes the Group as a major player in this Wines and Spirits growth segment. //

PROFILE

Since joining the Group in 1983, Lionel Breton has been, successively, Vice-President, Marketing of Pernod, Vice President, Africa-Americas of Orangina International; Managing Director, then Chairman and CEO of San Giorgio Flavors (Italy); Managing Director of Prasca then of Pernod Ricard Larios (Spain); Managing Director of SIAS MPA and Chairman and CEO of Martell, which became Martell Mumm Perrier-Jouët in 2005.

MUMM ET PERRIER-JOUËT THE ESSENCE OF SUPER PREMIUM

The universe of champagne is naturally associated with luxury, and two of the most prestigious brands of the sector, Mumm and Perrier-Jouët have joined Martell within the Martell Mumm Perrier-Jouët organisation: all three are among Pernod Ricard's strategic brands.

2005/2006 was a transitional year marked by overstocking that had occurred before the takeover of Allied Domecq. Even so, and thanks to the Group's distribution networks, Mumm and Perrier-Jouët maintained their volumes compared to the previous financial year.

An apprenticeship on champagne in general, and the specific characteristics of the two brands, was called for. More than 500 Group employees visited the two Maisons' headquarters during the past year to upgrade their knowledge of this new "sparkling" world and thus become new ambassadors for champagne world-wide.

In 2005/2006, **Mumm**, the brand of Cordon Rouge (with the hallmark red ribbon), redeployed on the French market with a clearly defined value strategy. The brand was thus present on the beaches of Cannes during the Festival. The brand is also developing in Chinese Asia which has chosen the Mumm brand to get to know champagnes.

Among other significant events of 2005/2006 were the launch of Mumm Grand Cru and the Mumm Now pack in the spring of 2006; this novel presentation box contains a bottle of Mumm Cordon Rouge and a personal card, for use with a home delivery service. Already launched in the United Kingdom, this concept is now being prepared on other markets.

Proud of its heritage, G.H. Mumm also decided this year to change the presentation of its bottles in order to extend the famous Cordon Rouge to the entire range. This initiative aims to generate better product recognition, while also offering a guarantee to consumers who view it as a seal of quality.

Perrier-Jouët, famous for its "Belle Epoque" bottle with anemone blossoms painted by Emile Gallé, is among the market's ten leading Premium quality champagnes. Already well-established in the United States, the United Kingdom and Switzerland, the brand experienced a significant resurgence with Japanese consumers, while in Russia it is becoming the most sought-after brand on the market. In France, Perrier-Jouët launched the new vintage 1998 Belle Epoque on 21st March of this year: a strongly symbolic date, the first day of spring, evoking the floral universe which is the emblem of the brand. Perrier-Jouët launched a new advertising campaign presenting the cellar master's Muse. Perrier-Jouët's artistic dimension is conveyed not only by visual imagery, but also through the catch line "Beauty is a form of Genius," from Oscar Wilde, a great lover of Perrier-Jouët and a famous aesthete.



A NEW ADVERTISING CAMPAIGN FOR MUMM

The Cordon Rouge, whose name refers to the insignia of the Legion of Honour, has appeared on the brand's bottles since 1875. In 2005, G.H. Mumm honours it with an international campaign using the catch line, "G.H. Mumm has been wearing the Red Ribbon since 1875: a distinctive sign of excellence." This prestigious advertisement aims to return the brand to its historic roots with a very modern twist.



International campaign (outside France).

PERRIER-JOUËT AND L'ART

Through major artistic rendezvous such as the Fiac, Art Basel Miami, and the London opera bar, to name a few, Perrier-Jouët makes its mark on the art world, a highly appropriate realm for a company whose iconic "Belle Epoque" vintage bottle was created by the celebrated master glass artist Emile Gallé in 1902.



Mumm,
Cannes festival 2006.



Chivas Brothers

Chivas Brothers / Irish Distillers Limited

Ricard SA

Malibu-Kahlúa International

Havana Club International /
The Stolichnaya Brand Organisation

Martell Mumm Perrier-Jouët

→ **Orlando Wines & Pernod Ricard New Zealand**

WELCOME TO OUR PLACE

In 2006, Jacob's Creek celebrates its 30th anniversary and launches a new brand platform based on its rich history and patrimony. Evoking authenticity, the new "Welcome to Our Place" advertising campaign invites discovery of Jacob's Creek and the Barossa Valley region.



MONTANA TERROIR SERIES

To strengthen its leadership position and demonstrate its know-how, Montana has also broadened its Super Premium offering with the launch of the Montana Terroir Series range.

Orlando wines & Pernod Ricard New Zealand

Pernod Ricard is now a leading world player on the Premium wines market. Orlando Wines and Pernod Ricard New Zealand, owners of two of the Group's strategic wine brands – Jacob's Creek and Montana – work constantly to reinforce this leadership, both on the domestic market and internationally. This strategy has demonstrated its effectiveness once again this year.

JACOB'S CREEK

"30 YEARS OF SUCCESS"

With 7.5 million cases sold around the world in 2005/2006, in a difficult and highly competitive Australian wine market, Jacob's Creek is doing well. The United Kingdom remains the brand's main market. The strategy consists of developing the Reserve and Heritage ranges over the long term, to seduce new consumers. An active innovation policy is thus being pursued: the launch of Jacob's Creek Sparkling Rosé in 2005 thus enabled the brand to take first place in the sparkling wines market. The United States is also a priority market for Jacob's Creek. It is the biggest market for the Jacob's Creek Reserve range, which registered very strong growth in 2005/2006.

Orlando Wines' main challenge in 2006/2007 is pursuing the growth of Jacob's Creek on an extremely competitive world market.

MONTANA

THE SPIRIT OF NEW ZEALAND

Montana is the New Zealand wine most sold in the world. Every day, more and more consumers around the world discover New Zealand wine through Montana Marlborough Sauvignon Blanc. With vineyards in New Zealand's main wine-growing regions, Montana offers a high quality range of wines on all the world's markets. During this financial year, when the Pernod Ricard network took over the brand's distribution, Montana posted growth of 3%, essentially due to its Sauvignon Blanc and Pinot Noir varieties. Growth was also stimulated by modernising packaging and the successful launch of Montana Classic East Coast Rosé.

For 2006/2007, Montana has set itself new challenges: broadening its offering and increasing market share worldwide through a programme of improved communication around its four product lines: Classics, Reserve, Terroir and Letter Series.

ASSESSMENT & OUTLOOK

LAURENT LACASSAGNE

Chairman and CEO of Pernod Ricard Pacific

Our constant efforts to develop our strategic Jacob's Creek and Montana brands, by consistently offering very high-quality wines, were rewarded by significant growth in 2005/2006, in spite of difficult market conditions. The key factors of this success were the many marketing initiatives: the new Jacob's Creek advertising campaign, the renewal of packaging for our two brands and the launch of



several new products. Our ambition for 2006/2007 is to pursue worldwide development for Jacob's Creek and Montana by capitalising on the quality of our wines and our recent marketing initiatives. //

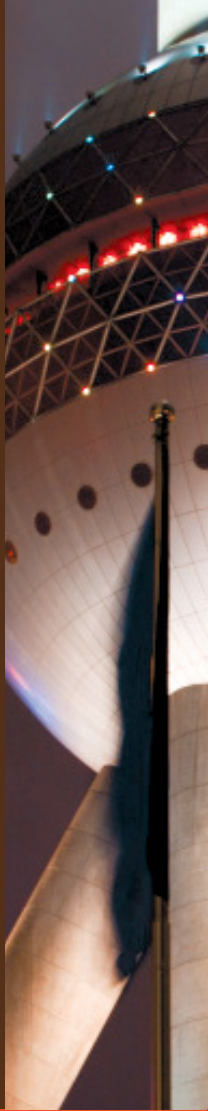
PROFILE

Since joining the Group in 1988, Laurent Lacassagne has been, successively, Vice-President, Administration and Finance of Besserat de Bellefon, of Cusenier, of SEGM (now Pernod Ricard Europe), Vice-President, Finance of Pernod Ricard, then Chairman and CEO of Orlando Wyndham (Australia), and since February 2006, Chairman and CEO of Pernod Ricard Pacific.



7.5 million 9-litre cases

Volume sold in 2005/2006 (12 months)



ASIA_34



AMERICAS_38



EUROPE_42



FRANCE_45



AN INTERNATIONAL STRATEGY

ADAPTED TO EACH MARKET

The past financial year saw significant changes in the Group's geographical focus as a result of the integration of Allied Domecq. In Asia, Pernod Ricard remains the uncontested leader in Wines and Spirits and posted exceptional growth again this year. This is particularly true in South Korea, where the Group has strengthened its business considerably. The Americas also showed considerable vitality. No. 2 on the American continent, Pernod Ricard benefits from excellent opportunities in new high-growth categories. The year was also positive in Europe, which saw its volumes and financial results increase significantly. France experienced another stable year despite continuing difficult market conditions.


Asia/Rest of the World

Americas

Europe (except France)

France


**CORDON BLEU:
NEW CAMPAIGN
IN ASIA**

The "Only a Few Can Tell" campaign, launched in Asia in 2004, was renewed in July 2006 with the same objective: making Cordon Bleu the icon of the brand.


STARRY BY DITA

This new flavour, with the natural fragrances of Asian star fruit, was launched successfully in October 2005. Less than 3 years after its launch, it is positioned as a "Star" product with more than 35,000 litres sold.

ASIA/ Rest of the World*

The 2005/2006 financial year confirmed the Asian market's strong growth potential.

Chinese Asia chalked up yet another spectacular progression, while the acquisition of Allied Domecq enabled the Group to become leader on the South Korean market. The year was also rich in positive developments in Australia and New Zealand where Pernod Ricard has asserted itself as one of the main players on the wine market.

ASIA

GROWTH ENGINE FOR THE GROUP

As the world's most dynamic zone and the growth engine for the Group, Asia chalked up spectacular advances. At the forefront are China, where sales volumes rose by 50% this year, and South Korea, where the Group saw its market share for whisky jump from 4% to 35% following the acquisition of Allied Domecq.**

India is also among the frontrunners, while Thailand experienced difficulties associated with an unstable political-economic situation.

CHINA TO THE FOREFRONT

China kept up a very strong performance in 2005/2006 with overall growth of 50% in terms of volumes.

Chivas Regal continued its sustained growth through numerous advertising and promotional operations inviting Chinese consumers to discover the brand's optimistic universe, particularly through the "This is the Chivas Life" campaign. Martell is now the No.2 cognac in China. After the successful launch of the new XO, followed by the re-launch of Noblige on the VSOP+ segment, Martell is the brand that posted the strongest growth in the cognac category. Martell's vitality was supported by major advertising campaigns evoking the brand's universe of luxury and creative know-how. The Martell Elite Club is another example of the strategy of building privileged relationships with Asian consumers. Launched for the first time in Shanghai in 2001, it is growing without pause in China and was launched in Malaysia and Singapore in 2005. Royal Salute, the Ultra Premium scotch whisky also continued its double-digit growth.

ASSESSMENT & OUTLOOK

PHILIPPE DRÉANO

Chairman and CEO
of Pernod Ricard Asia

▮ This year, we continued our sustained growth throughout the area, with double-digit growth for Chivas Regal and Martell. The acquisition of Allied Domecq, which was integrated under excellent conditions, was a great step forward in that it is a perfect fit with our existing operations. We have thus strengthened our presence on all markets, particularly South Korea, where we now share



the leadership position. The brands acquired also enabled us to consolidate our presence in the whisky, champagne, liqueurs and white spirits categories. We are now the No.1 international Wines and Spirits operator in the region. Our brand portfolio covers all the segments with strong brands and our strengthened distribution networks give us a significant competitive advantage over our rivals, which we intend to optimise in the coming years. ▮▮

PROFILE

Since joining Pernod Ricard in 1989, Philippe Dréano has been successively, Regional Vice-President, Export of Pernod International, Managing Director of Perithaï (Thailand), then Chairman and CEO of Pernod Ricard Japan until 2000.

STRONG GROWTH IN SOUTH KOREA AND RECOVERY IN JAPAN

South Korea benefited very particularly from the integration of Allied Domecq, with the Group's whisky market share jumping from 4% to 35%** . Results obtained in 2005/2006 were also due to the successful merger of two entities, Pernod Ricard Korea and Jinro Ballantine's Corporation (formerly Allied Domecq). The Ballantine's brand maintained leadership on its segment, thanks especially to the superior categories (17-year-old and older). Moreover, the Mumm and Perrier-Jouët brands have been launched successfully to take advantage of Champagne's strong growth potential.

In Japan, growth has picked up again. Among the brands that are advancing are Jacob's Creek (+21%), The Glenlivet (+22%) and Café de Paris sparkling wine (+33%).

This latter brand is enjoying growing success, with more than 2 million litres sold in 2005/2006. A success built on innovation and the launch of new flavours: green apple, plum and raspberry.

INDIA: LOCAL BRANDS SHOWING VERY STRONG GROWTH

2005/2006 saw the integration of Pernod Ricard India and Pernod Ricard Gulf within the scope of Pernod Ricard Asia. India had a very good year, marked by growth of 18% in volumes. Pernod Ricard is now the 4th Wines and Spirits operator in terms of volumes in the country, and 2nd in terms of sales value. The strong growth of local brands explains these results in large measure.

Royal Stag (+13%) continued to be the growth engine on the Premium Indian whiskies segment, and Blender's Pride also recorded a very fine progression (+41%). The launch of a new campaign entitled "The Legend from Scotland" supported the growth of 100 Pipers (+17%).

DIFFICULT SITUATION IN THAILAND

In spite of difficult market conditions associated with the rise in excise duties and an unstable political and economic environment, Pernod Ricard Thailand remains the leader in terms of volume, but also in innovation.

The year was marked by the launch of 100 Pipers Malt 8-year-old, the Premium extension of the successful 100 Pipers brand. Chivas Regal also kept a leading position, underpinned by the "Chivas Life in the City" promotional campaign.

(*) The "Rest of the world" includes the Pacific area and Africa.

(**) Source : IWSR 2004 - "Western Style Spirits", excluding ready-to-drink beverages ("RTDS"), wine and wine-based aperitifs - Own Brands only (no agency volumes).



LAUNCH OF THE ROYAL SALUTE "MARK OF RESPECT" AWARD IN SOUTH KOREA

This prize, launched in 2005, was created to honour Korean personalities whose activities have marked the business, science, arts and culture spheres. In 2005, the award was presented to Chan Wook Park, winner of the Cannes Festival Grand Prix for the film Old Boy. The event benefited from extensive coverage both on the national television channels and in the daily and weekly press. This was an opportunity for Pernod Ricard to emphasise the values inherent to the brand: success, accomplishment, leadership, strength, nobility and generosity.



PERNOD RICARD: No. 1 IN TRAVEL RETAIL IN ASIA

The acquisition of Allied Domecq strengthened the Group's leadership position in the Travel Retail sector in Asia. Promotional campaigns dedicated to Pernod Ricard's key brands - Chivas Regal, Royal Salute, Martell and Ballantine's - continued to offer unique advantages and opportunities to airline passengers. The launch of the new Martell XO was supported by luxurious display cases and advertising campaigns in key Asian airports.

Martell Elite of the Year - Gala ceremony.





MONTANA MODERNISES ITS PACKAGING

To support the dynamism of Montana, Pernod Ricard New Zealand orchestrated the rejuvenation of its packaging. The ridge decorating the label, considered out of fashion, has been replaced by a more contemporary mountain icon illustrating the brand's origins.



PACIFIC TRAVEL RETAIL: A NEW REGIONAL AMBITION

The creation of a new regional structure in charge of the Travel Retail markets in Australia, New Zealand and the Pacific Islands is already bearing fruit. This distribution channel offers strong growth potential for Pernod Ricard Pacific and an opportunity for consumers to discover Super Premium spirits brands such as Chivas Regal 18-year-old, Martell Cordon Bleu and Ballantines 17-, 21- and 30-year-old.

PACIFIC

PERNOD RICARD PACIFIC, A SUCCESSFUL INTEGRATION

Following the acquisition of Allied Domecq, Orlando Wyndham Group (OWG) and Allied Domecq Wines New Zealand (ADWNZ) were merged to form a new entity, Pernod Ricard Pacific. Created in February 2006, the subsidiary plays a dual role: Brand Owner for the Group's Australian and New Zealand wines and distributor of the entire Pernod Ricard brands portfolio for the Pacific region. The 2005/2006 financial year was marked both by the successful integration of Allied Domecq activities and by strong organic growth of the Group's historical brands.

AUSTRALIA: SOLID GROWTH

All the strategic Wines and Spirits brands increased their market shares in Australia during the 2005/2006 financial year.

The growth of Jacob's Creek (+7%) was essentially the result of the "Premiumisation" strategy, as witnessed by double-digit growth of the Reserve range and the launch of the Heritage range. The brand's growth on the domestic market was supported by a variety of marketing initiatives organised around the launch of the new "Welcome to Our Place" communication campaign and new packaging. Another illustration of the success of the Premium brands is the remarkable development of the Wyndham Estate Bin range (+17%), which highlights the brand's pioneer spirit ("Where Australian shiraz began") across its entire marketing mix. Stoneleigh, a Super Premium New Zealand wine, also recorded a strong increase in sales (+7%), thanks to the success of Marlborough Sauvignon Blanc on the Australian market. The spirits brands posted good performances as well: Chivas Regal and Jameson increased their volumes by +8%.

TRANSFORMED DIMENSIONS IN NEW ZEALAND

2005/2006 was a key year for Pernod Ricard New Zealand. The acquisition of the Allied Domecq wine business, the leader on the New Zealand market, gave the Group a new dimension in New Zealand. Building on this market leader position, marketing initiatives were multiplied with the launch of new packaging for the key Montana, Stoneleigh and Corbans brands, and the introduction of four new wine ranges illustrating Pernod Ricard New Zealand's firm intention to assert its know-how in the Super Premium wines segment. Among these novelties: the Montana Terroir Series, an upmarket offshoot of the Montana brand, and Triplebank, wines from the Awatere valley, Marlborough's secret region.

The key brands of the spirits portfolio also recorded very good performances, confirming their growth potential.

ASSESSMENT & OUTLOOK

LAURENT LACASSAGNE

Chairman and CEO
of Pernod Ricard Pacific

¶ Pernod Ricard Pacific has been operational since February 2006. The activities and brands acquired have been integrated successfully and our organisation has been smoothly established. At the same time, we have registered strong growth and our market shares have progressed for all the strategic



brands. Our ambition for 2006/2007 is to once more generate profitable growth on our Australian and New Zealand domestic markets. Two major focuses: develop our four key wine brands: Jacob's Creek, Montana, Wyndham Estate and Stoneleigh by capitalising on their quality, authenticity and pioneer spirit, and accelerate the growth of our spirits portfolio through targeted marketing programmes and the launching of new products. //



1.3 million 9-litre cases

Volume sold in 2005/2006 (12 months)



14 MEDALS FOR MUMM CUVÉE NAPA

With the acquisition of Mumm Cuvée Napa, Pernod Ricard USA now has a beachhead in the world-renowned Napa Valley wine region. Mumm Napa has been one of the leading producers of Premium sparkling wines in California for over 20 years. In 2005/2006, Mumm Cuvée Napa was one of the rare wines to have progressed on the North American market, with growth of 2%.

The 14 gold medals won in 2006, including a double "Best of Napa Valley" and "Best of California sparkling wine" award, highlight and support the brand on its path to success, now under the aegis of Pernod Ricard USA.

CORBY DISTILLERIES LTD NAMED SUPPLIER OF THE YEAR

Corby Distilleries Ltd has been named Supplier of the Year by the Liquor Control Board of Ontario (LCBO), the most important regulator and biggest retailer of Wines and Spirits in Canada. This award recognises the excellence of the partnership with the LCBO for merchandising, promotional operations, logistics and other initiatives of the supplier network.



Corby's Andy Alexander (left) receiving the Supplier of the Year Award from Philip Olsson, Acting Chair of the LCBO.

Americas

The Americas Region is indisputably the one that has most benefited from the Allied Domecq acquisition. Pernod Ricard now has a leading position on the three North American markets, the United States, Canada and Mexico. In the United States, where the Group now ranks 5th*, the potential for growth is enormous. In Latin America, performances over the past year have been exceptional: Pernod Ricard is No. 1 on a market that just keeps growing.

NORTH AMERICA CONTINUES ITS RISE

Pernod Ricard has now become a key player on the rapidly-growing North-American market. The Group has leading positions in the main markets in the area: it is No. 2 in Canada and Mexico and No.5 in the United States where the group has doubled in size with the Allied Domecq acquisition.

In the **United States**, the Allied Domecq acquisition enabled Pernod Ricard to become a major player in extremely dynamic categories in which the Group's presence had been weak, such as liqueurs or Premium vodka.

The expansion of the wine portfolio also made it possible to create a specialised sales force, whose positive effect will start to be felt over the next few months.

Pernod Ricard is now the 5th operator on the American market. 2005/2006 witnessed fine performances for Jameson (+21%), The Glenlivet (+7%), Wild Turkey (+3%) and Seagram's Gin (+3%), as well as positive growth for former Allied Domecq brands: Malibu (+10%) and Stolichnaya (+8%). Innovation was also an essential growth engine, as shown by the successful launches of Stoli Blueberry or Seagram's Distiller's Reserve Gin.

In order to take maximum advantage of this new portfolio, Pernod Ricard USA has restructured its distribution network by reinforcing its links to the country's best distributors by offering them a unique partnership and market approach.

(*) "Western Style" spirits (IWSR 2005).



The top brands in the USA.

Seagram's Gin international advertising campaign (outside France).



In **Canada**, Pernod Ricard became No. 2, entrusting exclusive distribution rights for its brands to Corby Distilleries Ltd (a former Allied Domecq subsidiary of which Pernod Ricard is the majority shareholder) for the next 15 years. Integration of the two companies was effective as of 1st April 2006. With the addition of the Pernod Ricard Canada brands, Corby, leader among Canadian whiskies with Wiser's, is a formidable partner for the Canadian liquor boards.

Finally, in **Mexico**, Pernod Ricard - via its Casa Pedro Domecq subsidiary - has become co-leader with a market share of 28%* through its dominance on the brandies market with Presidente and Don Pedro, genuine reference brands for the Mexican consumer. The performances of these two brands, in decline for the past decade, have been stabilised since the takeover of Allied Domecq thanks to a new marketing and sales strategy. In another sector, Casa Pedro Domecq is leader on the Mexican wine market, a segment that is growing strongly.

Benefiting from the distribution strength of the new structure, the Group's historical brands advanced significantly: Chivas Regal, Havana Club and Wyborowa grew respectively by +11%, +27% and +9%.

(**) Source : IWSR 2004 - "Western Style Spirits", excluding ready-to-drink beverages ("RTDS"), wine and wine-based aperitifs - Own Brands only (no agency volumes).



SEAGRAM'S GIN

New packaging, new product and new advertising: the product line of the Seagram's Gin brand is getting ready for an exceptional 2007. The brand launched new packaging for its Classic, Lime and Orange Twisted lines. A monogrammed letter "S" has replaced the Seagram escutcheon and a gilded selvage around the edge of the label gives the product a more Premium and contemporary look. In addition to the new look for its traditional products, the brand launched "Distiller's Reserve," a Premium gin with worldwide ambitions, and extended its Seagram's Gin & Juice range with the launch of "Purple Rage." To support these initiatives, the brand increased its advertising expenditures by 52% over the preceding year.

ASSESSMENT & OUTLOOK

MICHEL BORD

Chairman and CEO
of Pernod Ricard Americas

W In 2005/2006, the Americas Region doubled in size. The creation of a single management structure - Pernod Ricard Americas - enables us to optimise the synergies between North and South America. In addition to strengthening our position in the United States, the acquisition of Allied Domecq gave us leadership positions in



Mexico and Canada thanks to very strong local brands (Mexican brandy and Canadian whisky). The effect of these brands, associated with first class sales networks, will accelerate the growth of our international brands. The integration of these new activities, although complex, was completed in record time and without slowing the growth of our historic brands. //

PROFILE

Chairman and CEO of Martell then of Seagram in Venezuela, Michel Bord joined the Group in 1991 where he has been successively Managing Director of Pracs (Spain) then Chairman and CEO of Pernod Ricard USA, based in New York, until 2006.

Asia/Rest of the World

**Americas**

Europe (except France)

France



Venezuela became the top market for Chivas Regal 18-year-old.

STRONG POTENTIAL FOR GROWTH IN CENTRAL AND SOUTH AMERICA

This year again, this region displayed its full growth potential by posting spirits volume growth of 13% for Pernod Ricard's historical portfolio. The Group, No. 1 in this area, benefits from the region's very positive economic situation, which is enjoying its highest growth rates for the past twenty years.

Venezuela was undoubtedly the most dynamic market over the period, with growth of 20%. In 2005/2006, Venezuela became the top market for Chivas Regal 18-year-old, after a successful re-launch strategy that enabled the brand to increase retail sales fourfold. Chivas Regal 12-year-old was also well placed in the country, thanks to the "This is the Chivas Life" advertising campaign, which was awarded the prize for the best advertisement in Venezuela. Something Special Scotch whisky continued its spectacular growth, with sales up by 45%, to become the country's 2nd whisky brand and 3rd spirits brand. Based on this success, the Group launched Something Special 15-year-old in April 2006.

In **Argentina**, the economic recovery continues, boosting consumption in its wake. Chivas Regal strengthened its leadership position with over 50% of the market for 12-year-old whiskies*. Fernet Capri, the bitter brand, registered strong growth for the second consecutive year (+14%). Finally, Pernod Ricard Argentina has become the 4th exporter of Argentine wines, due to the fine results obtained by Graffigna and Etchart, sold in more than 35 countries.

Brazil was not to be outdone, with growth of 11% in volumes. These very good results can be accounted for in part by the rebound of the local rum, Montilla (+12%) and the success of Orloff, the local vodka, with growth of 12%. In February, Orloff also launched its first lemon-flavoured line, Orloff Mix Lemon. From 2nd to 4th May 2006 in Sao Paulo, Pernod Ricard Brasil participated in the most important wine show in Latin America, Expovinis, with more than 11,000 visitors in 3 days. The Pernod Ricard stand was fully in keeping with its leadership on the wine market. Spaces were reserved and specially decorated for Almadén, the key Brazilian brand, with 12% growth.

(*) Source : IWSR 2004 - "Western Style Spirits", excluding ready-to-drink beverages ("RTDS"), wine and wine-based aperitifs - Own Brands only (no agency volumes).

MONTILLA LAUNCHES NEW PACKAGING AND A NEW ADVERTISING CAMPAIGN IN BRAZIL

Launched in 1957, Montilla, the drink with the "Pirate spirit," and leader in the rum segment in Brazil, developed a wide-ranging marketing strategy aimed at bringing a more modern and daring touch to the brand. At the end of 2005, this complete renewal resulted in the creation of a new, more dynamic slogan, though still inspired by the famous "Pirate spirit". It appears on all communication tools, starting with the new packaging: this has a more modern and sophisticated shape, a bright coloured label and the ever-present pirate, rejuvenated for the occasion. To support this strategy, Montilla has also developed a new commercial starring "the modern Pirate."



Orloff Mix Lemon, lemon-flavoured line of Orloff vodka.

Expovinis, the most important wine show in Latin America in May 2006.





2.1 million 9-litre cases

Volume sold in 2005/2006 (12 months)



WYBOROWA: THE "EXQUISITE" ALTERNATIVE

The Vodka category is the most dynamic in Europe.

Wyborowa recorded rapid growth internationally, thanks to brand-building actions in the modern On Trade segment and positive reception of Wyborowa Exquisite, Single Estate.

Good news also in Poland, with revival of a positive trend in 2005/2006.



Europe (except France)

This year, Europe recorded contrasting results due to an unfavourable economic situation. While Russia, Greece and the Scandinavian countries progressed rapidly, Italy and Germany had to cope with a more difficult environment. Europe, which nonetheless remains the Group's primary region with more than 30% of volumes, was however able to derive benefits from the acquisition of Allied Domecq.

2005/2006: A SATISFACTORY YEAR

Despite a negative economic situation, organic sales growth (excluding bulk spirits sales) was +0.8% over 12 months thanks in particular to the positive trend recorded in the 4th quarter (+2.1%).

These results were obtained thanks to the very strong performances in Russia, Greece, Ireland and the Scandinavian countries. However, the year proved to be more difficult in Italy, due to large decrease in spirits consumption in the On Trade segment.

The growth of Chivas Regal (+1%), Jameson (+9%) and The Glenlivet (+3%) made up for the significant drop of Amaro Ramazzotti in Germany (due to technical effects in 2004/2005), of Ricard due to lower presence of buyers at the Spanish and Italian borders, and of Jacob's Creek in the United Kingdom. The former Allied Domecq brands gradually resumed growth over the course of the year.

In addition, certain of the Group's local brands performed well. This was notably the case for Olmeca (+37%) and Ruavieja (+16%).

SPAIN AND RUSSIA: TWO PRIORITY MARKETS FOR PERNOD RICARD EUROPE

In Spain, the Group's 2nd market in terms of sales, Pernod Ricard intends to strengthen its leadership position. The objective is now to gain market share on a market that has reached maturity and pursue the strategy of "Premiumisation" of its portfolio.

In 2005/2006, in a difficult environment, the Group's historical brands such as Chivas Regal, Havana Club and Jameson, did relatively well. Malibu and Beefeater resumed growth after post-acquisition destocking.



*Whiskies
are growth
drivers in
Europe.*

ASSESSMENT & OUTLOOK

THIERRY BILLOT

Chairman and CEO
of Pernod Ricard Europe

¶ If growth in the zone suffered from an unfavourable economic situation, the 4th quarter of the financial year nevertheless witnessed growth of over 2%. The period experienced other positive developments: continued strong performance of the Russian market, sustained growth of Jameson on the principal European markets, and the growth



of Havana Club in most countries in the area.

The integration of the Allied Domecq brands is now complete. Consolidating our positions in Western Europe, promoting strong growth in Eastern Europe and revitalising our Allied Domecq portfolio are the Group's priorities in the Region. ¶

PROFILE

Since joining Pernod Ricard in 1982, Thierry Billot has been successively, Vice-President, Administration and Finance of Cusenier, Vice-President, Finance of Pernod Ricard, Managing Director, then Chairman and CEO of Austin Nichols (USA) and Chairman and CEO of Pernod until 2002.

In Russia, a high-growth market, Pernod Ricard intends to keep its strong position. In 2005/2006, despite a restrictive regulatory context and an intensification of competitive pressure, Pernod Ricard recorded strong growth for its 15 strategic brands, in particular Chivas Regal, Jameson and Martell. Olmeca also did very well.

A COMPETITIVE POSITION SIGNIFICANTLY MODIFIED BY ALLIED DOMECQ

The integration of Allied Domecq significantly modified Pernod Ricard Europe's competitive position. The Group's European subsidiary is now able to aim for or consolidate its leadership on many markets.

It is also strengthening significantly on some brand/market combinations such as Ballantine's and Beefeater in Spain or Malibu and Tia Maria in the United Kingdom.

The integration of Allied Domecq has also enabled Pernod Ricard Europe to develop its sales forces considerably and to complete coverage of the European territory. Pernod Ricard Europe has thus taken over six Allied Domecq distribution companies. The strong development generated in Central and Eastern Europe should also be mentioned.

However, the United Kingdom and Spain remain the two markets most impacted by the acquisition of Allied Domecq, with strong progression of their results and market share. The two of them alone account for 50% of the contribution acquired.

A NEW ORGANISATION BETTER ADAPTED TO MARKET REALITIES

To optimally manage these changes in the scope of its operations, Pernod Ricard Europe has entirely reviewed its organisation. Six "clusters" have thus been set up to keep decision-making centres as close as possible to the market and maintain the responsiveness of the teams, key elements for Pernod Ricard's competitive advantage.

Jameson international campaign (outside France).



OLMECA: PREMIUM TEQUILA RENOWNED IN EUROPE

Acquired during the Seagram operation, Olmeca is the tequila brand that has scored the strongest growth outside the United States and Mexico. Europe is thus one of the brand's primary markets with remarkable growth of 37% in 2005/2006. The brand's vitality is particularly notable in Russia. In 2006, a new Super Premium product came on line: Olmeca Tezon, 100% blue agave. The uniqueness of Olmeca Tezon lies in the exclusive production process called "Tahona": a wheel made of volcanic stone crushes the agave to release the intensity of the juice and fibres. The tequila is then distilled twice, filtered and aged in oak barrels. Finally, the finished product is poured into hand-made bottles. Each bottle is numbered. At present, Olmeca Tezon has been launched in the United States, Russia, and in the Travel Retail network in Europe.



JAMESON: A SERIES OF SUCCESSES

Pernod Ricard Europe accounts for over 50% of Jameson's yearly sales: the solid growth in the region plays a vital role in the Jameson success story.

The region has some of Jameson's most dynamic new markets: Russia and South Africa, as well as well-established markets like Ireland, where the brand grew by 13%. A new TV campaign was launched in Europe in 2005 to support the brand's international reach. The sponsorship that Jameson offers to world film is also essential to the brand's image. Jameson's association with high-visibility events like the Jameson Dublin Film Festival or the extremely innovative Notodofilmfest.com in Spain is a key success factor for the brand.



CAMPO VIEJO, THE QUINTESSENCE OF SPAIN

Domecq Bodegas, a Spanish Pernod Ricard subsidiary, is a leader on the market for still wines, with no less than 13 bodegas in the country's finest wine-growing areas. This situation helps to consolidate the Group's presence on the Premium wines segment. Campo Viejo, the flagship brand of Domecq Bodegas, is part of the history of the Rioja, a prestigious wine-growing region.

Campo Viejo, produced in a magical location known for its avant-garde architecture, is the concentrated essence of Spain and a symbol of its values: a love of life, shared experiences, conviviality, not to mention the passion for wine. The big efforts made to build the brand's image were rewarded by growth of 14% in Spain in 2005/2006 and progress of 50% in the United Kingdom over the same period. This success can be accounted for by an ongoing search for quality, as can be seen from the legend surrounding this brand: in 1635, the mayor of the Town is said to have banned carts from driving over his land to avoid the vibrations they caused from adversely affecting the quality of the wine that was ageing in the town's wine cellars!



STRONG REGIONAL BRANDS

Amaro Ramazzotti is the success story of the last 15 years on the German spirits market. Pernod Ricard Deutschland has shown its ability to create a strong emotional bond between consumers and Amaro Ramazzotti based on its Italian roots. The Italians' gift of looking on the bright side of life offers the brand a pertinent communication platform. With considerable investments both in the media and outside, Amaro Ramazzotti has become the No. 1 imported spirit on the German market. In 1989, Pernod Ricard's German subsidiary distributed 30,000 cases of Amaro Ramazzotti. Sales have now reached around 1 million cases! With its Premium brand positioning, Amaro Ramazzotti has become one of the growth engines in its category (bitters) and is one of the biggest investors in advertising in Germany.

Since its acquisition by Pernod Ricard, in 1999, the Yerevan Brandy Company (YBC), has continually developed sales of **ArArAt**, a legend in the brandy industry.

ArArAt is an incarnation of the culture of Armenia, the cradle of Christian civilisation. Its intense taste and rich aromas make it a subtle beverage appreciated by men and women alike.

The ArArAt grapes ripen in a very sunny climate on vines cultivated on exceptional volcanic soil. The intensity of their aroma is sublimated by high-quality production methods and the know-how of the cellar Masters.

Russia remains the main market for ArArAt today. The new markets to capture in Europe, such as Ukraine, Belarus, the Baltic countries or even Germany have increased strongly. A new, more modern range, reflecting ArArAt's premium brand positioning and its status as market leader, was launched in the spring of 2005; the launch was accompanied by a new communication campaign. The results of this campaign are already being seen, with a 36% increase in sales of Super Premium brandies over the 2005/2006 financial year.

Becherovka, the famous brand of Czech bitters was invented in 1807 by the Becher family in the spa town of Karlovy Vary. Pernod Ricard purchased this national icon in 1997. At the end of 2003, action was taken to re-launch the brand, with a new logo and a new communication campaign, to project a more modern brand image and take advantage of the new "Cocktail Culture". This repositioning of the brand has been a great success.

Over a period of 3 years, Becherovka has experienced a spectacular increase in market share in the Czech Republic. The brand has also progressed in Slovakia, where sales have reached a million litres and is growing strongly in Germany, Hungary, Ukraine and Poland. Becherovka, an integral part of the Czech heritage and a national pride, will celebrate its 200th birthday in 2007.



*Amaro
Ramazzotti,
ArArAt, and
Becherovka
international
campaigns.*



France

In 2005/2006, the reasons for the slightly disappointing performance in France were unchanged and are still creating an environment favouring a slowdown in consumption. Against this background, the Group's strategic brands nevertheless enjoyed promising results. Despite an overall decrease of about 1% in sales in 2005/2006, a recovery was made in the latter part of the year and organic growth of +0.5% was achieved.

VITALITY OF WHISKIES AND WHITE SPIRITS

Jameson, Chivas Regal and Clan Campbell grew respectively by 6%, 10% and 3%. Clan Campbell, the leader in its category and notably on the discotheque market, launched a new bottle, "Night", in February 2006. Co-leader on the malts market with growth of 10%, Aberlour, supported by a large-scale billboard campaign, pursued its "Premiumisation" strategy. Chivas Regal confirmed its position as the outright leader on the 12-year-old and older blended Scotch market. The white spirits market is also very dynamic. Seagram's Vodka, launched in France in June 2005, delivered a remarkable performance in the On Trade segment alone (400,000 litres for the year). France is also the biggest market for Zubrowka (+4%) for Pernod Ricard. Wyborowa was no laggard, posting growth of 19%. Havana Club, up by 10%, has cleared the million bottle mark.

RICARD AND PASTIS 51 MAINTAIN THEIR LEADERSHIP ON THE ANISE-BASED SPIRITS MARKET

While the downturn in the anise market persists, the fact that the sales decline was checked in the second half of 2005/2006 should be mentioned. Ricard and Pernod are multiplying actions aimed at strengthening the Group's leadership on this market. Ricard has thus launched a new, wide-ranging "Un Ricard, Un vrai" advertising campaign, with an ambitious relational marketing programme, "Place Ricard" and has brought back Ricard SA Live Music. For its part, Pastis 51 showed its creativity in the anise range by extending its series of specialty event bottles for the end-of-year holiday season and that of isothermal sleeves for the summer.

SUCCESSFUL INTEGRATION OF ALLIED DOMECQ BRANDS

The Allied Domecq brands have been fully integrated into the Group's portfolio in France. Ballantine's chalked up results higher than projected due to a strong breakthrough in the On Trade segment (+24%). For its part, Malibu, No. 1 in France for liqueurs with 17% market share, posted growth of 9%. Mumm recorded results in line with its objectives: +4%. Perrier-Jouët sales of its two lines, Grand Brut and Belle Epoque, remained stable with a recovery at the end of the financial year.

PIERRE COPPERE

Chairman and CEO of Pernod SA

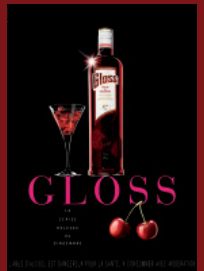
W Pernod SA met its budget targets with a number of reasons for satisfaction: successful revival of Ballantine's and Mumm; continued development of Aberlour, Havana Club, Zubrowka; the launch of Seagram's Vodka and the end of the decline in Soho's sales. These good performances, due to the unrelenting commitment of our staff, give us full confidence in the future. //

PROFILE

After joining the Group in 1979, Pierre Coppere was Sales Director of SEGM in Germany, Head of the Marketing group at SEGM Paris, Sales Director of Renault Bisquit, Managing Director of Pernod Ricard South-East Asia and Perithai (Thailand), Managing Director of Pernod Ricard Austria and Preco (Poland/Czech Republic/Hungary), then Chairman and Chief Executive Officer of Pernod Ricard Nederland from 1998 to 2001.

SUCCESS OF INNOVATIONS ON THE LIQUEURS MARKET

Over the financial year, the liqueurs segment demonstrated its vitality, driven by a daring innovation strategy. Soho thus made a comeback with the launch of Soho Starfruit in November 2005. Another successful innovation: Gloss.



Elected flavour of the year 2006 in the "Innovative Drinks" category, Gloss has the best score of all the novelties launched on the modern liqueurs market (LSA, June 2006).



Place Ricard magazine.



Pastis 51 isothermal sleeves.

ASSESSMENT & OUTLOOK

PHILIPPE SAVINEL

Chairman and CEO of Ricard SA

W Despite a continually unfavourable environment, Ricard SA strengthened its leadership in France with a market share now close to 20% in terms of value. Ricard's sales stabilised and even showed significant recovery at the end of the financial year. All the other spirits experienced positive development. //

See profile page 22

P. Coppere




P. Savinel







ENVIRONMENTAL AND SOCIAL **RESPONSIBILITY**



The Sustainable Development concept has become an inescapable reality for corporate management over the years. Today, companies must unfailingly take into account social and environmental challenges when managing their long-term economic development. Of course they need to create value in the short term, but without affecting the ability of future generations to do likewise. Pernod Ricard has implemented a social policy which favours high-quality relationships with the Group's employees as well as with the local communities where it operates. Its activity respects the environment, of which it has been acutely aware throughout its existence. Finally, because of its leadership position in Wines and Spirits, Pernod Ricard is particularly attentive to promoting responsible consumption of its products.

These principles, which serve as the very cornerstone of Sustainable Development, were formally laid down by Pernod Ricard in a Charter published in 2006. Honouring its commitments in this regard will guarantee the Group's success over the long term.



Commitments

Shareholders

Employees

Consumers

Environment

Clients & Suppliers

Our



Pernod Ricard

PERNOD RICARD'S
COMMITMENTS →

SHAREHOLDERS

OFFER
an attractive investment

EMPLOYEES

DEVELOP
a relationship of trustTHE
CHALLENGES →

- Ensuring transparent and ethical decision-making.
- Promoting value creation for shareholders.
- Communicating with shareholders directly and transparently.

- Developing employees' personal and professional paths.
- Rewarding performance and motivating employees.
- Encouraging entrepreneurial spirit.
- Promoting diversity.
- Supporting social dialogue.

THE GROUP'S
RESPONSES →

- Variety of information tools: *Entreprendre* magazine, Shareholders' Guide, dedicated section of the website, toll-free number and e-mail address...
- Creation of the Club Premium for Pernod Ricard shareholders in 2006.
- Strategic choices which have proved to be profitable: the integration of Allied Domecq was a success. From March 2005 (before any rumours of the purchase) to June 2006, the Pernod Ricard share price rose by 43.9%.
- Pernod Ricard's share price increased over 39 fold between 1975 and 30 June 2006.
- Net remuneration of Group shareholders has increased by 14.5% a year on average over the last 5 years.

- 2.26% of payroll was devoted to training in the past twelve months.
- One manager out of five is recruited internally. Around half the managers who joined the Group this year came from Allied Domecq.
- Competitiveness of remuneration is regularly checked through routine surveys of market practice.
- A majority of employees receive annual appraisals.
- 29% of employees participate in profit-sharing or incentive schemes rewarding collective performance.
- The Group's organisational principle is decentralisation. This allows everyone at every level in every subsidiary to feel responsible for decisions taken.
- 77% of Group employees are represented by employee representatives.

commitment to Sustainable Development



CONSUMERS

PROMOTE responsible consumption and offer quality products

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

- The Research and Development function has been reorganised into a network, promoting synergies between regional research centres and the central Pernod Ricard Research Centre.
- Controls at every stage of production and storage and right up to stocking retail shelves. This year, 185 stores have been checked in 6 countries.
- A policy of ISO 9001 certification of industrial sites: 79 sites certified out of 101.
- Panels of experts oversee organoleptic consistency of brands.
- Involvement in research on the effects of excessive consumption.
- Strengthening of internal control procedures for advertising ethics: 50 campaigns controlled in 2005/2006.



ENVIRONMENT

CONSERVE natural resources

- Limiting the impact of our business activity on the environment (promoting energy savings, recycling and the protection of water resources).
- Extending the certification process to all subsidiaries.
- Ensuring dissemination of best practises.

- Implementation of environmental management systems.
- Policy of ISO 14001 certification: 45 sites certified out of 101.
- Follow up of the 25 Group indicators.
- Distribution of good practice guides on prevention of major risks (fire, accidental spillage).
- Cross-audits favouring sharing of experiences in 22 sites this year.
- Increasing energy efficiency and preparation of a support tool for eco-design of packaging.



CUSTOMERS & SUPPLIERS

SHARE our ethics

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

- Charters of ethics have been developed for the Purchasing function and "pilot purchasers": they specify actions to be taken and attitudes to be displayed towards suppliers.
- Pernod Ricard carries out an annual analysis of supplier performance at the Group level, including criteria relating to environmental awareness and ethical rules.
- Inclusion of a Sustainable Development unit in the Purchasers' training seminar, in order to increase buyer awareness of positive practices.
- Progressive inclusion in every subsidiary's general purchasing conditions of a "social and environmental responsibility" clause.



Transparency, dialogue and value creation

THE PRINCIPLES OF CORPORATE GOVERNANCE

Pernod Ricard is very attentive to implementation of the principles of corporate governance. This is why the Group attaches a great deal of importance to the quality and skills of the persons sitting on its Board of Directors and management structures. It makes sure that the decisions taken are both in the interests of its shareholders and ensure the Group's continuity: Shareholder value creation, transparency and ethics are requisites of all decisions made by Pernod Ricard's management and supervisory bodies.

Q&A WITH DIDIER PINEAU-VALENCIENNE

Member of the Board
of Directors and Chairman
of Pernod Ricard's Audit Committee

How did you become a member of Pernod Ricard's Board of Directors?

I became a Director at the request of Mr Patrick Ricard. I was very honoured to accept as I admire Pernod Ricard, and in particular its strategic choices and extraordinary, internationally-oriented development. It is a fascinating prospect to play a role in a Group that is open to the entire world.

How do you see your role, firstly on the Board of Directors and secondly, as a member of the Audit Committee?

These are two different roles, even if my responsibilities as part of the Audit Committee fit alongside my role as a director. I was already a member of the Audit Committee when I was invited to become its Chairman, a proposal which I naturally accepted. My role consists in ensuring that our obligations with regard to the French market authorities are duly complied with; controlling the quality, consistency and rapid provision of information; verifying compliance with the major principles of

finance and accounting and assessing risks; overseeing the design of programmes providing for progress and improvement and monitoring their implementation. On the Board of Directors, ethics and transparency are both extremely important. As a Director, I participate in - among other duties - defining strategic policies and their proper implementation, monitoring the budget, ensuring that the major principles of equilibrium guaranteeing the ability of the Group to finance its acquisitions are followed and also helping to choose senior management.

In your opinion, what are the main challenges involved in corporate governance?

It appears to me that one of the main challenges is transparency, as it is the vital guarantee of trust and therefore progress. I must say that Pernod Ricard is exemplary in this respect: it is unquestionably a Group which is extremely rigorous in ensuring compliance with procedures. Nothing is left to chance.

PROFILE

Didier Pineau-Valencienne has successively been Director of the Banque Parisienne pour l'Industrie; Chairman of the Société Carbonisation et Charbons Actifs (Ceca SA); Director of Management Control, Strategy and Planning at Rhône-Poulenc SA, Managing Director of the Polymers Division and Petrochemical Division and member of the Executive Committee of Rhône Poulenc. From 1981 to 1999, he was Chairman and CEO at Schneider SA.





5.3 million 9-litre cases

Volume sold in 2005/2006 (12 months pro forma)



The Board of Directors

RESPONSIBILITIES AND COMPOSITION

The Board of Directors determines the Group's strategy and oversees its implementation, subject to the powers that are granted to the Shareholders Meeting, by the bylaws or by French law. It is the corporate body responsible for defining and overseeing the company's management. In this respect, alongside the General Management, it helps to ensure the proper functioning of the company based on the opinions and recommendations of the specialised Board committees.

The Board is composed of 13 Directors, 8 of whom have been elected for a period of 6 years and 5 of whom have a 4-year term of office. This reduction in the length of the term of office from 6 to 4 years was decided by the Extraordinary Shareholders Meeting of 17 May 2004. Five of the Directors currently have the status of independent Directors. They meet the criteria required to hold this status as set forth in the Consolidated Report on Corporate Governance which provides as follows: "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 comprise the exercise of his/her independent judgment".



DIRECTORS

- A** **PATRICK RICARD**
Chairman and Chief Executive Officer
- B** **PIERRE PRINGUET**
Managing Director
- C** **BÉATRICE BAUDINET**
Permanent representative of Paul Ricard SA

- D** **RICHARD BURROWS**
- E** **FRANÇOIS GÉRARD**
- F** **RAFAËL GONZALEZ-GALLARZA**
- G** **FRANÇOISE HÉMARD**
- H** **DANIÈLE RICARD**

INDEPENDENT DIRECTORS

- I** **JEAN-DOMINIQUE COMOLLI**
- J** **LORD DOURO**
- K** **DIDIER PINEAU-VALENCIENNE**
- L** **GÉRARD THÉRY**
- M** **WILLIAM H. WEBB**

THE BOARD OF DIRECTORS IN 2005/2006

Richard Burrows ceased to be a Managing Director on 31 December 2005 although he continues to remain a Company Director.

Jean-Claude Beton's term of office as a Director, which expired at the Annual Shareholders Meeting of 10 November 2005, was not renewed as Jean-Claude Beton had decided not to seek a further term of office. At each of its meetings, the Board of Directors makes a detailed review of the state of business: growth of sales, financial results, net debt and cash flow.

During the financial year ended 30 June 2006, the Board of Directors met nine times with an attendance rate of 96%. It approved the annual and interim financial statements, took care of preparations for the Combined Shareholders Meeting and performed acts of day-to-day management. More specifically, following the acquisition of Allied Domecq, the Board examined and periodically discussed the conditions for integrating these new activities and also decided to dispose of a certain number of assets and, in particular, the QSR (Quick Service Restaurants). It also determined the terms and conditions for terminating the alliance entered into with Fortune Brands for the acquisition of Allied Domecq.

STRATEGIC COMMITTEE

Chairman

PATRICK RICARD

Members

FRANÇOIS GÉRARD

RAFAËL GONZALEZ-GALLARZA

DANIÈLE RICARD

The Strategic Committee met 6 times during the financial year 2005/2006. Its main responsibility is to prepare the strategy guidelines submitted for the approval of the Board of Directors.

AUDIT COMMITTEE

The Audit Committee was created on 29 January 2002.

Chairman

DIDIER PINEAU-VALENCIENNE

Independent Director

Members

FRANÇOIS GÉRARD

GÉRARD THÉRY

Independent Director

In addition to the functioning charter adopted in June 2002, the Audit Committee adopted internal regulations at the Board of Directors meeting on 18 March 2003. It met 6 times during the financial year 2005/2006, with an attendance rate of 100%.

The Board of Directors has created four specialised committees:

Four committees examine the topics that are within the specific area of responsibility assigned to them and submit their opinions and recommendations to the Board: the Strategic Committee, the Audit Committee, the Remuneration Committee and the Appointments Committee.

REMUNERATION COMMITTEE

Chairman

JEAN-DOMINIQUE COMOLLI

Independent Director

Members

LORD DOURO

Independent Director

DANIÈLE RICARD ⁽¹⁾

WILLIAM H. WEBB ⁽²⁾

Independent Director

(1) Until 21st September 2005.

(2) William H. Webb was appointed as a member of the Remuneration Committee as from 21st September 2005 to replace Danièle Ricard.

APPOINTMENTS COMMITTEE

This Committee was created on 21 September 2005.

Chairman

JEAN-DOMINIQUE COMOLLI

Independent Director

Members

LORD DOURO

Independent Director

DANIÈLE RICARD

Patrick Ricard, the Chairman of the Board of Directors, is also consulted with regard to appointments.



Shareholders

Employees

Consumers

Environment

Clients & Suppliers

Management structures

GROUP EXECUTIVE COMMITTEE IN 2005/2006



The General Management organises meetings of the Group Executive Committee for the following purposes:

- exchanging information on the general operation of the Group and each of its subsidiaries;
- helping to develop strategy and action plans;
- co-ordinating the management of human and financial resources, quality, research, etc.

The General Management organises meetings of the Group Executive Committee every six weeks and at an annual seminar to work on the medium-term plan, strategy and the main positions to be filled as well as deciding how to handle the cases of high potential managers. The Group Executive Committee met 7 times during the financial year 2005/2006.

REGIONS

PERNOD RICARD AMERICAS

- J MICHEL BORD**
Chairman and CEO of Pernod Ricard Americas
- K ALAIN BARBET**
President and CEO of Pernod Ricard USA
- L FRANCESCO TADDONIO ⁽²⁾**
Chairman and CEO of the Central & South America region (integrated into Pernod Ricard Americas)

PERNOD RICARD ASIA

- M PHILIPPE DREANO**
Chairman and CEO of Pernod Ricard Asia
- N PARAM UBEROI**
Chairman and CEO of Pernod Ricard South Asia (integrated into Pernod Ricard Asia)

PERNOD RICARD EUROPE

- O THIERRY BILLOT**
Chairman and CEO of Pernod Ricard Europe
- P BRUNO RAIN ⁽¹⁾**
Chairman and CEO of Pernod Ricard España
- Q PAUL DUFFY**
CEO of Irish Distillers Ltd

PERNOD RICARD PACIFIC

- R LAURENT LACASSAGNE**
Chairman and CEO of Pernod Ricard Pacific

MEMBERS

HOLDING COMPANY

- A PATRICK RICARD**
Chairman and CEO
- B PIERRE PRINGUET**
Managing Director
- C EMMANUEL BABEAU**
Deputy Managing Director in charge of Finance
- D YVES FLAISSIER ⁽¹⁾**
Vice-President, Human Resources
- E JEAN-PAUL RICHARD**
Vice-President, Marketing

BRAND OWNERS

- F LIONEL BRETON**
Chairman and CEO of Martell Mumm Perrier-Jouët
- G PIERRE COPPERE**
Chairman and CEO of Pernod SA
- H CHRISTIAN PORTA**
Chairman and CEO of Chivas Brothers
- I PHILIPPE SAVINEL**
Chairman and CEO of Ricard SA

(1) Since 1st September 2006, Bruno Rain holds the position of Deputy Managing Director in charge of Human Resources, replacing Yves Flaissier who has decided to retire. Bruno Rain has been replaced by Philippe Coutin at the head of Pernod Ricard Iberia (which now includes Spain and Portugal).

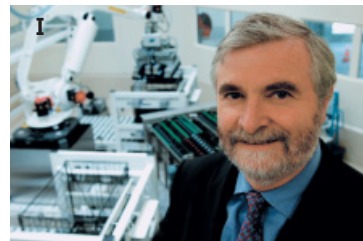
(2) Member of the Group Executive Committee until 1st September 2006. As from such date, he was appointed as Vice-President, Wines of the Pernod Ricard Group and is now one of the main Management Executives of the Holding Company.

The Group's management is carried out by the Chairman and Chief Executive Officer and the Managing Director. The General Management arranges and leads meetings of the Group Executive Committee and meetings of the Holding Company's Management. Four times a year, meetings are held with the direct subsidiaries. The budget, the three-year plan, and a review of business activities and strategy are discussed at such meetings.

HOLDING COMPANY MANAGEMENT EXECUTIVES

The General Management organises meetings of the Management of the Holding Company for the following purposes:

- exchanging information on the general operation of the Group and on the actions taken or to be taken by each of the functional management departments;
- preparing and coordinating the actions to be implemented by the Holding Company;
- preparing for certain decisions to be made by the Group's General Management.



MEMBERS

In addition to Patrick Ricard and Pierre Pringuet, the following persons attend meetings of Holding Company Management:

- A EMMANUEL BABEAU**
Deputy Managing Director in charge of Finance
- B GILLES BOGAERT**
Vice-President, Audit and Development
- C JEAN CHAVINIER**
Vice-President, Information Systems
- D IAN FITZSIMONS**
Vice-President, General Counsel

- E YVES FLAISSIER ⁽³⁾**
Vice-President, Human Resources
- F ARMAND HENNON**
Vice-President, Public Affairs-France
- G JEAN-PAUL RICHARD**
Vice-President, Marketing
- H JEAN RODESCH**
Vice-President, Institutional Affairs
- I JEAN-PIERRE SAVINA**
Vice-President, Industrial Operations
- J FRANCISCO DE LA VEGA**
Vice-President, Corporate Communication

- ➔ **DENIS FIÉVET**
Vice-President, Financial Communication and Investors Relations, since 1st September 2006
- ➔ **BRUNO RAIN**
Deputy Managing Director in charge of Human Resources since 1st September 2006
- ➔ **FRANCESCO TADDONIO**
Vice-President, Wines since 1st September 2006

(3) Until 1st September 2006. Since 1st September 2006, Bruno Rain holds the position of Deputy Managing Director in charge of Human Resources, replacing Yves Flaissier who has decided to retire.



Value creation

€14,5
billion

Market capitalisation at June 2006

Shareholder value creation is a chief concern for Pernod Ricard. This commitment is reflected in the growth in the share price and the dividend. Pernod Ricard's share price increased over 39 fold between 1975 and 2006 (average adjusted share price in 1975: €3.94 - closing share price on 30 June 2006: €155). During this same period, the average annual rate of growth of the net dividend amounted to nearly 12% while average inflation was 4.3%; the difference illustrates the increase in purchasing power for Pernod Ricard shareholders.

SEEN IN THE PRESS

"A dose of growth acceleration, a volume of debt reduction, a dash of rising forecasts: the cocktail served up by Pernod Ricard on the publication of its annual sales figures for the period ended 30 June, was a real treat for the market."

La Tribune - 28 July 2006



Q&A WITH FRANÇOIS DIGARD

Analyste chez Ixis Securities

What do you consider the main characteristics of the Group's strategy?

Perhaps the main characteristic of the strategy in Wines & Spirits is consistency. Since the beginning of its internationalisation, Pernod Ricard has sought to take control of distribution of its products by buying up local brands and their networks over the last 30 years. The acquisition of 40% of Seagram's assets in 2001, which increased volumes by 50%, gave this patient build-up a real worldwide dimension by providing the group with critical size in America and Asia and global brands.

On that very subject, how do you see the acquisition of Allied Domecq?

The existence of this network was the deciding factor in the acquisition of Allied Domecq. The volumes acquired (another 50% increase!) can be sold by the Pernod Ricard teams for a marginal additional cost. The resulting synergies (€270 million announced) made it possible to make an unbeatable offer for the British group while creating shareholder value. In a rare occurrence, the market reacted positively to this operation right from its announcement (12% increase in the share price in the

month following the announcement of the offer), viewing the acquisition as totally consistent with the strategy and strongly accretive; as of June 2006, the increase in the share price had reached 37%.

What are the upcoming challenges and development prospects for Pernod Ricard?

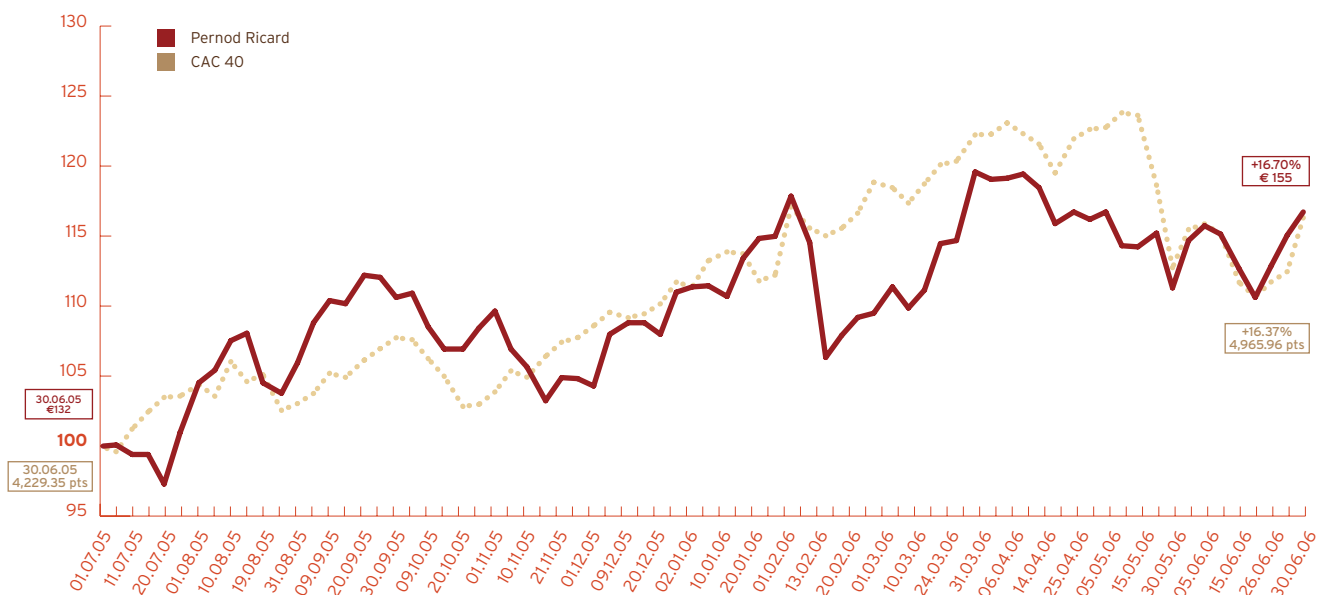
Beyond the favourable financial impact, the acquisition of Allied Domecq is a major step for the group which now has brands in all categories.

Now that it has got past the period of "physical" integration, which could explain the erratic commercial performance in the second half of 2005/2006 (weak 3rd quarter but good 4th quarter), Pernod Ricard has to take up the challenge to grow by using all of its network's resources. As debt has been reduced at an accelerated rate, selective acquisitions could still round out the portfolio but the share's future development will primarily depend on the Group's ability to simultaneously manage the growth of all its brands.

SHARE PERFORMANCE OVER THE YEAR

The Pernod Ricard share price continued to progress in 2005/2006, climbing 16.7% to close at €155 in the wake of the rise in the CAC 40 index. Marked by the integration of Allied Domecq, the year reflected the market's doubts and hopes as it waited for the expected synergies and growth potential.

PERNOD RICARD: PROGRESS IN LINE WITH THE CAC 40 INDEX



After a remarkable performance in 2004/2005 when the share price largely outstripped the CAC 40, the Pernod Ricard share continued to progress in the 2005/2006 financial year, climbing 16.7% in line with the leading index of the Paris market.

Continued growth in Pernod Ricard's historic brands, but above all the successful integration of Allied Domecq which was completed in accordance with the market's expectations and with a quicker timeline than originally announced, account for this good performance.

This development reflects the confidence shown by shareholders in the quality of the strategic choices made by Pernod Ricard and the Group's ability to deliver on the commitments made.



Patrick Ricard meets the Group's shareholders at the end of the Shareholders Meeting on 10 November 2005.



Pernod Ricard has
96,000
shareholders



Shareholders Meeting, 10 November 2005.

1.34%

of the capital is held
by Pernod Ricard employees
excluding Directors and Management

PERNOD RICARD SHARE IDENTIFICATION

CODES

ISIN: FR0000120693

BLOOMBERG: RI FP

REUTERS: PERP.PA

DATASTREAM: F: RCD

OVERVIEW OF THE PERNOD RICARD SHARE

Pernod Ricard, created from the link-up of Pernod and Ricard, is listed on the Euronext Paris SA first Market (Premier Marché) of the Paris stock exchange, eligible for deferred settlement.

Pernod Ricard is a component of the CAC 40 index, accounting for 1.63% of this index's value, which reflects its ranking as 23rd in terms of market capitalisation (situation at 30 June 2006). The share is also eligible for an Employees Savings Plan and the Deferred Settlement Service (SRD). As from 1 July 2005, the Pernod Ricard financial year begins on 1 July and closes on 30 June.

THE ALLIED DOMECQ EFFECT IS CONFIRMED OVER TIME

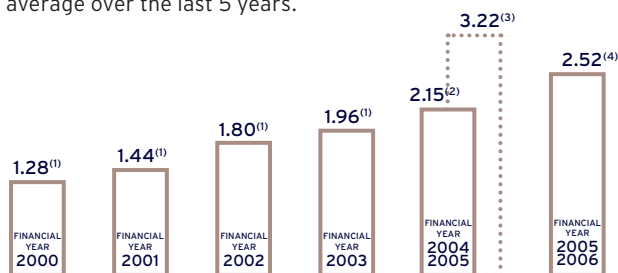
From March 2005 (before rumours of an acquisition) to June 2006, Pernod Ricard's share price rose 43.9%.

> Growth curve of Pernod Ricard's share price from March 2005 to June 2006 (closing price)

Period	3/05	4/05	5/05	6/05	7/05	8/05	9/05	10/05	11/05	12/05	1/06	2/06	3/06	4/06	5/06	6/06
Share price in € (closing price)	107.7	117.5	125.5	132	138.1	140.7	146.9	145.9	138.9	147.4	153	144.8	158.1	153.7	152.3	155

CHANGE IN NET DIVIDEND OVER THE LAST 5 FINANCIAL YEARS

Net remuneration of Group shareholders has increased by 14.5% a year on average over the last 5 years.



Due to its exceptional 18-month duration, two interim dividend payments and one dividend balance were paid in the 2004/2005 financial period.

An interim dividend of €1.12 per share was paid at the close of the financial year that began on 1 July 2005 and ended on 30 June 2006. The balance amounting to €1.40 per share will be distributed on 15 November 2006 subject to approval of the dividend by the Shareholders Meeting.

(1) Figures restated taking into account the increase in share capital effective as from 13 December 2003 arising from the granting of one bonus share for each existing four shares, with the new shares being entitled to 2002 financial year dividends.

(2) Pro forma 12-month period 2004/2005.

(3) 18-month financial period 2004/2005.

(4) Subject to approval by the Shareholders Meeting of 7 November 2006.

18-month share price performance

	Trading volume (thousands)	Trading value (€ millions)	Aver. price (in €)	High (in €)	Low (in €)	Closing price (in €)
Jan. 05	7,330	809	110.36	114.80	106.20	108.60
Feb. 05	7,475	809	108.27	111.60	104.00	108.00
March 05	6,677	732	109.63	112.90	107.60	107.70
Apr. 05	19,358	2,269	117.20	125.90	103.50	117.50
May 05	5,932	719	121.29	126.40	117.10	125.50
June 05	11,980	1,582	132.09	140.00	124.70	132.00
July. 05	16,702	2,227	133.35	139.70	128.80	138.10
Aug. 05	9,609	1,342	139.66	144.50	135.30	140.70
Sept. 05	11,154	1,633	146.40	150.90	140.10	146.90
Oct. 05	6,245	898	143.80	147.70	140.30	145.90
Nov. 05	12,546	1,760	140.30	146.40	136.10	138.90
Dec. 05	7,185	1,038	144.42	147.90	137.50	147.40
Jan. 06	7,699	1,160	150.71	156.50	146.80	153.00
Feb. 06	11,090	1,636	147.54	157.80	140.30	144.80
March 06	10,730	1,625	151.40	160.90	142.30	158.10
Apr. 06	5,509	857	155.62	159.40	151.00	153.70
May 06	8,389	1,278	152.30	155.90	147.20	152.30
June 06	8,997	1,357	150.85	157.10	144.90	155.00



2.4 million 9-litre cases

Volume sold in 2005/2006 (12 months)



Promoting dialogue with the shareholders

Pernod Ricard is committed to informing its shareholders in a direct and transparent manner. It therefore makes available to them a great variety of documents and constantly updated information on its Internet site. It also organises meetings and discussions throughout the year. These occasions were amplified in 2005/2006 with the creation of the "Club Premium", the new club for Pernod Ricard shareholders.

10,000
shareholders
members of the
Club Premium
on 30 June 2006

Q&A WITH FRANCISCO DE LA VEGA

Vice-President, Corporate
Communication at Pernod Ricard

Why was a shareholders' club created?

Pernod Ricard maintains a privileged relationship with its shareholders based on mutual trust. Their loyalty is a source of strength for our Group which knows it can rely on their support in all phases of its development. In order to further strengthen this bond, the Group decided at the beginning of 2006 to create the "Club Premium", which is open to shareholders holding more than 10 shares. Membership allows a shareholder to take advantage of exclusive offers and services. We wanted this club to serve as an additional illustration of the high-quality relationship between shareholders and the Group. This is why we have chosen to use the term "Premium" which is a symbol of quality and prestige and which also serves to describe our leading brands.

Why is access limited to shareholders with more than 10 shares?

Pernod Ricard already offers all of its shareholders certain benefits: special year-end offers for products and a subscription to *Entreprendre*, our half-yearly magazine. In order to distinguish the offers reserved

for members of the Club, we felt it was necessary to introduce an access threshold. However, we first carried out a study of our shareholders so as to avoid making this threshold appear elitist, which would have gone against the Group's culture. It turned out that more than 85% of the shareholders hold more than 10 shares - they are therefore a very large majority.

How would you assess the beginnings of the "Club Premium"?

Very positively, since after barely eight months, we already have more than 10,000 members. This enthusiasm reflects the shareholders' strong commitment to the Group. We are now looking to offer them events that are likely to further increase their interest in the life of the Group. Many of them have thus had the chance to discover the newly opened Musée du Quai Branly as privileged guests, or to celebrate the 40th anniversary of the Paul Ricard Oceanographical Institute on the Île des Embiez.

PROFILE

After joining the Group in 1987, Francisco de la Vega has been, successively, Alcohol Marketing Manager, Group Vice-President, Marketing, Chairman & CEO of Pernod Ricard Canada and Pernod Ricard Argentina until 2003.



REAL-TIME INFORMATION VARIOUS INFORMATION TOOLS AVAILABLE TO THE SHAREHOLDER

> **Entreprendre: a magazine specifically dedicated to shareholders**

Since 1983, Pernod Ricard has published an information magazine for its shareholders aimed at presenting the Group's current news. Published twice a year in English, French and Spanish, *Entreprendre* offers its readers well-documented and carefully-presented information designed to share with them the culture, activities and strategy of the Group and its brands. Shareholders receive the magazine directly and any shareholder can request it by contacting Pernod Ricard Shareholder Services.

> **Internet: up-to-date and interactive information**

The Pernod Ricard web site (<http://www.pernod-ricard.com>) is updated on a daily basis and offers privileged access to all company information. With its Shareholders page and now a section exclusively reserved for members of the "Club Premium", the Group's institutional portal enables users to follow the share price in real time and to watch, on a live or recorded basis, the proceedings of the Shareholders Meeting and all key financial communication events such as the presentation of the interim and financial year results.

Users can access all press releases and press kits online, as well as all documents provided at press conferences and analyst meetings. In addition, the Group's publications can be downloaded: the annual reports since 1999, *Entreprendre* magazine and the Sustainable Development Charter.

In 2004, Pernod Ricard website was voted best corporate internet site in terms of content by a panel of 6,000 shareholders using Internet selected by Boursorama, a leading free portal to the French stock market, and ranked 7th best overall out of 116 sites reviewed. In May 2005, the web site also won the Top Com Bronze award granted by communication specialists.

> **Premium Newsletter**

Club members receive this new quarterly publication launched in March 2006 which enables shareholders to follow the Group's stock market, financial and commercial news. It takes a closer look at the main results, offers information on key brands, an overview of the Pernod Ricard share as well as a calendar of upcoming events.

> **The Pernod Ricard Shareholders' Guide**

Pernod Ricard has developed a specific guide for shareholders, which explains in user-friendly terms everything related to the Group, share and shareholders, including initiatives for shareholders.



The issue of the *Entreprendre* magazine specially focusing on Sustainable Development, published on March 2006.



Pernod Ricard, Club Premium

THE "CLUB PREMIUM", HOW DOES IT WORK?

- > **ACCESS:** Any shareholder holding at least 10 registered or bearer shares may become a member of the Club.
- > **MEMBERSHIP:** Membership is free of charge and shareholders can register for membership on-line via the Internet site www.pernod-ricard.com/fr/clubpremium. Membership entitles the shareholder to a personal membership card.
- > **BENEFITS:** Membership gives the shareholder detailed information on the life of the Group as well as providing exclusive offers and services related to its activities, particularly its products, its actions related to artistic sponsorship and environmental protection.

The Premium newsletter: published quarterly to provide shareholder news to members of the new "Club Premium".





AWARD-WINNING FINANCIAL COMMUNICATION TOP COM SILVER AWARD FOR THE 2004/2005 ANNUAL REPORT

The Top Com jury – a leading French congress presenting awards in corporate communication – granted Pernod Ricard the Top Com Silver Award in the category of “Annual reports of listed companies”.

PERNOD RICARD, BEST CAC 40 COMPANY IN TERMS OF FINANCIAL INFORMATION ACCORDING TO A NOVAMÉTRIE STUDY IN FRANCE

45 French journalists representing all economic and financial information media were asked their opinion of the CAC 40 companies' financial communication. Pernod Ricard came out top. Moreover, Pernod Ricard's press department was ranked first.

Among the strong points mentioned: professionalism, trust built up with journalists, responsiveness, regularity, transparency and reliability of the information provided.

VARIED OPPORTUNITIES FOR SHAREHOLDERS TO MEET

> The Shareholders Meeting

On 10 November 2005, nearly 1,400 shareholders took part in the General Meeting that was held at the Carrousel du Louvre, a prestigious site in the heart of Paris. It was an important opportunity for discussion with the Group's management whose strategy was warmly applauded.

> “Club Premium” events

The “Club Premium” offers novel opportunities for meeting and sharing experiences: a private visit to the new Musée du Quai Branly in July 2006, just a few days after its opening, and the discovery of the Group's historic island, the Île des Embiez at the 40th anniversary of the Paul Ricard Oceanographic Institute, provided shareholders with opportunities to meet those responsible for the Group's operations.

A RAPID RESPONSE TO SHAREHOLDER QUERIES

Shareholders may submit a query directly by sending an email to actionnaires@pernod-ricard.com. The Shareholder Service does its utmost to respond to shareholder queries in the shortest time possible.

Queries may also be submitted by dialling + 33(0)1 41 00 41 00 for calls from outside France and 0 800 880 953 (toll free) for calls from within France.

In addition, the Group has set up an information service reserved for members of the “Club Premium”. A toll free number for calls from within France as well as a special electronic messaging service are now up and running. Toll free telephone number for calls from within France: 0 800 10 10 3000 Email: clubpremium@pernod-ricard.com

REGISTERED SHAREHOLDERS

Pernod Ricard has devised a buy/sell procedure for registered shareholders in collaboration with Société Générale, the Company's transfer agent. Registered shareholders can trade in Pernod Ricard shares by calling Société Générale from outside of France on +33(0)2 51 85 50 00 or from within France toll free on 0 800 119 757.

Pernod Ricard's shareholders have various occasions to meet: Annual Shareholders Meeting or, “Club Premium” events.



Q&A WITH FRANCIS WILLIEME

A Pernod Ricard individual shareholder

Why did you decide to become a shareholder of Pernod Ricard?

I am a long-time Group shareholder. In fact, I was already a shareholder of Ricard even before the link-up of the two companies and I thus became a shareholder of Pernod Ricard in 1975. There were several reasons for this choice: no doubt, Paul Ricard's personality, the strong family values associated with the company and the Group's steady performance.

Do you think that the shareholder receives satisfactory gratification and recognition, both in financial and human terms?

On the financial level, it is difficult not to be satisfied: I've increased the value of my capital very significantly, without ever being "disappointed" by the Group. Even when the CAC 40 was fluctuating enormously, the Pernod Ricard share held up well and was respectably consistent, while rising over the long term. I sincerely admire this group, which has been able to work its way up to

an international scale, by taking measured and well-thought out risks, without ever failing in any of its acquisitions. Allied Domecq is the most recent illustration of this policy. The increase in financial value offered by the Group is combined with an entirely sincere consideration, close relationship and respect for the individual shareholder: I enjoy attending Shareholders Meetings because I really have the feeling of being part of the life of the Group and of being consulted about its development.

More specifically, are the tools that Pernod Ricard has created to keep its shareholders informed effective?

Yes, because we believe in them. We have the feeling that what we are told through the various forms of corporate communication - the annual report, *Entreprendre*, the Premium Newsletter - reflects the truth. The treatment of the information provided, while being specific to Pernod Ricard, also offers interesting perspectives on various subjects. All this means that we have the feeling that it's a company that strives to stay close to its shareholders at all times.



1,400
shareholders
present at the
shareholders
meeting in 2005

PARTICIPATING AND VOTING AT SHAREHOLDERS MEETINGS

All Pernod Ricard shareholders may vote at Shareholders Meetings convened by the Board of Directors, regardless of the number of shares they hold. Pernod Ricard informs its shareholders of meetings through notices published in a French official publication, the *Bulletin des Annonces Légales Obligatoires* (BALO), in a major daily newspaper authorised to publish legal notices and in the national business and financial press.

Shareholders registered at least five days before the date of Shareholders Meetings may attend, be represented at them or vote by mail without the requirement to complete any special formality.

Bearer shareholders wishing to be represented or to vote by mail must block their shares five business days prior to the date of Shareholders Meetings with Pernod Ricard, or a designated financial institution.

Mail-in votes are taken into account only if the forms are received by Société Générale or Pernod Ricard at least three days before the Meetings. Mail voting forms can be obtained from Pernod Ricard.

Admission passes to Shareholders Meetings are available to all shareholders upon request to Pernod Ricard or a designated financial institution, subject, for bearer shareholders, to the presentation of a certificate showing that the shares have been blocked.

SHAREHOLDERS' AGENDA

2006/2007 1st quarter sales:
26 October 2006

Combined Shareholders Meeting:
7 November 2006

2006/2007 2nd quarter sales:
25 January 2007

2006/2007 interim financial results:
8 March 2007

2006/2007 3rd quarter sales:
4 May 2007



Fostering employee loyalty

**5,000
employees**

*from Allied Domecq have joined
Pernod Ricard*

The financial year 2005/2006 witnessed an increase of 43% in the Group's workforce, with the number of employees increasing from 12,300 to 17,600 due to the effect of the Allied Domecq acquisition. This exceptional growth made it possible to strengthen the Group's position where it was most needed, in North America, Oceania and Asia, leading to a substantial increase in its international presence. Whereas thirty years ago, at the time of the merger of the founding companies, nearly 100% of Pernod Ricard's workforce was French, employees based in France today only represent 17% of total headcount.

Q&A WITH YVES FLAISSIER

Group Vice-President,
Human Resources

From a human capital standpoint, what contribution has the Allied Domecq acquisition made to the Group?

The acquisition of Allied Domecq has not only enriched the Group through its brands and presence on international markets, but also through the quality and diversity of its Human Resources. We have thus integrated more than 5,000 new employees into Pernod Ricard.

How was the integration process carried out?

This process had been carefully prepared for by drawing on our experience of integrating Seagram. We were able to conduct this process even more quickly than expected, due in particular to the Group's decentralised structure and effective coordination. We were able to foster the loyalty of key employees and those giving us a foothold in new markets, while strictly complying with all existing agreements.

How do you currently assess the results of the Allied Domecq integration?

A year after they became part of their new Group, we are proud to note that our principles of organisation and our Pernod Ricard ethics have been adopted by the employees who have joined us. Our family has recently grown enormously but with a joint passion and shared values.

PROFILE

Yves Flaissier joined the Group in 1982 where he held the positions of Vice-President, Sales, Managing Director and then Chairman and Chief Executive Officer of SIAS France. In October 1999, he became the Managing Director of SIAS MPA. In January 2001, he was appointed as Chairman and Chief Executive Officer of Agros and Wyborowa. In 2004, he was appointed as Vice-President, Human Resources for the Group. He announced his decision to retire as from 1 September 2006.



THE INTEGRATION OF ALLIED DOMEQ

The integration of Allied Domeq world-wide effectively began as early as 27 July 2005, i.e. the day after finalising the acquisition. That day, each of Allied Domeq's 11,921 employees received an integration kit, containing several information documents: annual report, organisation chart and in particular the "Human Resources integration principles". As the entire integration process had been carefully prepared for in advance, the Human Resources network was ready to welcome the new staff.

Even though all the Allied Domeq employees would not be joining Pernod Ricard, they all received the same information, with a tentative timetable, enabling them to assess their own situation immediately. There were three different categories of employees:

1. Those who would be joining Pernod Ricard,
2. Those who would be joining Fortune Brands,
3. And finally, those who were clearly identified as belonging to non-strategic business lines, that were intended to be sold, like QSR in the United States.

As a result, approximately 3,000 employees immediately joined Fortune Brands, in line with the Allied Domeq asset sharing agreements and 1,000 others became aware of the fact that discussions were already under way for the purpose of selling the QSR business which they worked for.

Out of the 8,000 remaining employees, it was then necessary to identify those who would be definitively joining Pernod Ricard. The Human Resources department had set up a system to deal in priority with employees in the main key positions who quickly received a specific, attractive offer in order to retain them, at least for the crucial integration phase. In addition, most employees were given individual interviews, and a quick decision was then made, cutting short the period of uncertainty.

These discussions went smoothly, thanks to the commitments made by the Group and sent to each employee (see insert).

The process of downsizing the workforce transferred to Pernod Ricard, in order to bring the staff into line with the Group's actual needs, took place quite naturally. With the exception of production staff whose numbers remained stable during the integration period, the sales and marketing departments and all support services were reorganised.

Testimonials



GREECE

JUAN-MIGUEL CASELLAS

Chief Financial Officer of Pernod Ricard Hellas, and former Chief Financial Officer of ADSW Portugal

We all know that a merger is an unsettling experience, and in some cases even traumatic for those involved depending on personal circumstances and the market situation. The main accomplishment of Pernod Ricard was to shorten this unsettling experience by going as fast as possible. It was achieved thanks to the Group's decentralised structure and the entrepreneurship that it encourages in all of its structures. The head office had sent the rules to follow, but each organisation went about the integration process within its own country.

What really impressed me at Pernod Ricard were the very strong mutual bonds between each employee and the company. This leads to employee loyalty that may be seen as surprising by someone from an environment in the USA or UK. However, as it generates a climate of trust, it makes it possible to accelerate the integration process. The most remarkable thing about Pernod Ricard and its employees is the way it lives its values on a day-to-day basis, despite the incredible growth it has experienced.

In my finance position, the big change is that, at Allied Domeq, what counted were the results for the next six months. At Pernod Ricard, on the other hand, without neglecting the short term, the strategy is always to strive for long-term profitability. It is great to be able to care about the future of our brands again!

Human Resources Integration Principles



THE JOINT UNDERTAKINGS MADE BY PERNOD RICARD AND FORTUNE BRANDS:

Pernod Ricard and Fortune Brands:

1. Wish to do all they can to make the transition to their new companies as easy as possible for employees.
2. Will ensure that each and every Allied Domeq employee receives fair treatment.
3. Will respect each case and handle it with dignity.
4. Will inform Allied Domeq employees in a transparent manner.
5. Will hold discussions with the employees and their representative organisations.
6. Will abide by the law and take into account specific local circumstances.
7. Will provide job assistance measures to give special attention to employees who are being made redundant.

Commitments

Shareholders



Employees

Consumers

Environment

Clients & Suppliers

Testimonials



AMERICAS

JOANNE KLETECKA

Marketing Manager for Stolichnaya
at Pernod Ricard USA

One of the salient points of this integration process was that it was the people from Pernod Ricard themselves who welcomed us onboard and not external consultants. This is more natural and more sincere! The employees of Allied Domecq received such a warm welcome that they felt at home straightaway. I really had the feeling that I was joining a new family.

In actual fact, I did not know much about Pernod Ricard USA prior to our integration. However, I immediately saw that we shared the same values. The people at Pernod Ricard are very pragmatic, open to new ideas, sharing best practices to implement the best approaches in the way of working.

My best experience was the annual Sales and Marketing meeting in Les Embiez. I realised how large and truly international the Group is. I must say that I was very impressed. It gave me a completely different view of the Group.

Synergies led to the closing of structures performing headquarters functions, in particular in Singapore, Westport, USA and above all Bristol in the UK (involving 359 people). These operations were made a lot easier by the favourable employment situation on the markets concerned. We should also stress that some employees were not happy at the prospect of holding positions where mobility would be required. Employees who did not accept this requirement, which is essential in a major international group, preferred in some cases to terminate their employment, particularly when their local markets were buoyant.

Most employee departures took place between September 2005 and the end of January 2006, offering an opportunity to rethink organisation and optimise job competencies. As Pernod Ricard had stopped hiring new staff in April 2005 when it announced its takeover bid, it was easier to find new jobs for the employees within the Group and, by the end of the six-month period originally announced, integration had globally been achieved.

As soon as the acquisition had been completed, induction seminars were organised, more specifically targeting managers, to enable them to understand Group organisation and Group values and ambitions and share these insights with their team members. Thus, the effectiveness of the integration process has now enabled the 5,000 new staff members to be fully-fledged Pernod Ricard employees.

CAREER DEVELOPMENT AND INTERNAL MOBILITY

INTERNAL PROMOTION

Career development for the Group's executives is based on three basic principles:

1. Any vacant position is offered first to the Group's executives. This is a key means of giving priority to internal promotion.
2. All positions that become vacant are initially reported to the Human Resources department of each subsidiary which can then submit applications from executives in their own company.
3. The final choice is based on a medium- and long-term vision of executive career development.

Testimonials

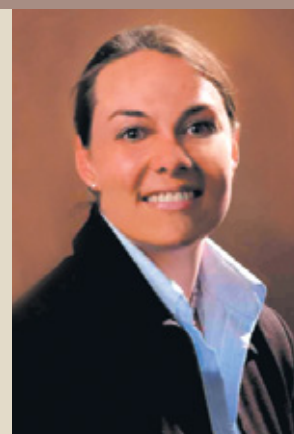
PACIFIC

MICHELLE GORDON

Pernod Ricard New Zealand Customer
Relations Manager

In New Zealand, the integration process took longer than in other countries as, in its agreements to acquire Allied Domecq, Pernod Ricard granted Diageo an option to purchase Montana. We only learnt that we were joining Pernod Ricard at the end of October 2005. Everyone was relieved. The Group preserved our integrity, made Montana one of its 15 key global brands and, what's more, by asking us to distribute spirits, it provided us with a significant complementary business activity.

Pernod Ricard is a truly global organisation, which works as a network, embracing feedback and interaction throughout the world. This was demonstrated to us at the Pernod Ricard Pacific management conference, which was attended by both Patrick Ricard and Pierre Pringuet. Everyone had the opportunity to meet and talk with them and we were able to see how interested they were in our company. We felt that the entire Group organisation was mobilising to welcome us to the Group and help us to integrate. This was extremely reassuring after what had been a long period of uncertainty.



EXTERNAL HIRES

The Group also regularly hires new staff. In such cases, it targets executives who demonstrate an international perspective, mobility and professional skills but also adhere to Pernod Ricard's values and culture; this makes it possible to incorporate them into the "PDR" process for career development once they have joined the Group.

THE "PDR" (POTENTIAL DEVELOPMENT REVIEW)

> Objective of the PDR:

The objective of the "PDR" is to provide a succession plan for each position of Chairman and Chief Executive Officer, Managing Director and member of the Management Committees of each of the Group's subsidiaries, by identifying executives who would be capable of holding these positions, immediately or in the future.

> PDR process

The PDR process is based on reviews of executives carried out at all levels of the Group structure, up to the highest level of Pernod Ricard's General Management for key General Management posts with subsidiaries and management positions for functional departments.

The purpose of the process is to identify high-potential employees, i.e. those who will be able to assume, in the short- or medium-term, key positions as Managing Directors or Experts in functional areas.

The process takes place in 4 stages:

- > identifying their professional and language skills;
- > evaluating their professional qualities on the basis of a set of standards common to all the Group's subsidiaries;
- > evaluating their potential for development and mobility;
- > defining an individual development plan aimed at enhancing all their skills.

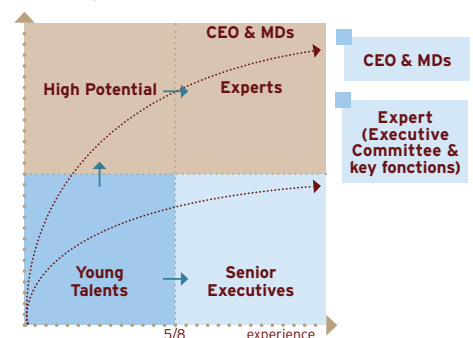
As a logical follow-on measure, a review of the Group's key positions is made to determine potential successors.

The Managing Director of each subsidiary thus proposes one or two possible successors for each of the current members of the subsidiary's Management Committee.



At the top: Reynald Person, the Remueur.
At the bottom: Margareth Guillaume,
Product packager.

The PDR process.



RECRUITMENT COMMUNICATION

In 2005/2006, Pernod Ricard launched a recruitment communication campaign aimed at graduates of universities and the leading business schools, in the fields of sales, marketing and finance. Its objective is to identify the managers of tomorrow, who are capable of supporting and above all enhancing Group expansion.

"What will you do with your talents?" is a slogan used in several languages to attract high-potential young managers. The originality of our approach is that it has the Group's young talents speak out to describe Pernod Ricard, how it functions, its values, and the possibilities for mobility and development it offers. There are 14 such ambassadors who then go on to act as mentors for new hires in their respective countries.

Commitments

Shareholders



Employees

Consumers

Environment

Clients & Suppliers

Testimonials



CHINA

ALEX ZHU

Marketing Director
of Pernod Ricard China

In China, integrating new employees is an ongoing process, as our market is fast growing. Over a two-year period, Pernod Ricard China has increased in size from less than 200 employees to almost 400. My position puts me half-way between the Group's Brand Owners and the five Chinese regional managers who are in charge of marketing. My duties offer me the opportunity to be a real entrepreneur. In China, the situation is ever-changing and this is therefore also a quality that we look for in our new recruits.

In this country, we constantly have to rethink, to be continually attentive to market and consumer needs and to be willing to breakthrough, because some ideas which could have been right one year ago may not be right any more. Naturally, we have the Group's strategy to guide us but if we were not so largely independent in our implementation, we would not witness such development.

MOVEMENTS WITHIN THE GROUP

Movements inside the group, which are a sign of career development for executives and internal mobility, enable employees to move from one company to another within the Group, without any limitations of geographical constraints or functional areas.

Thus, in 2005/2006, over the last 18 months, 145 employees have moved between companies, with 70 moves over the whole of 2005 and 75 new moves in the first half of 2006. Ten or so Allied Domecq executives were offered the possibility, as soon as they joined the Group, of working for a Group subsidiary in a completely different country from the one where they previously performed their activities.

DEVELOPMENT OF INTERNATIONAL MOBILITY

In response to demand and to facilitate mobility, the Group has developed a new status alongside that of expatriate, which is exclusively reserved for employees who are members of our subsidiaries' Management Committees.

The principle underlying this mobility is the employee's willingness to take up a position offered by a foreign subsidiary. The employee therefore accepts a position and remuneration in line with market practices in the host country. The Human Resources departments of the country of origin and the host country then study together the best social coverage available to the employee (in terms of health insurance, pension schemes, benefit funds, etc.). The individual concerned is therefore a local employee like the country's native employees, but is also given special attention by the Human Resources department and enjoys certain advantages: an annual trip home, an installation allowance, payment of moving costs, etc.

INDUCTION SEMINARS

This year, 4 induction seminars have been arranged for a hundred staff members, including two special sessions for 43 senior executives and managers of Allied Domecq.

With their visits to various Group sites, these seminars are extremely effective at rapidly transmitting Pernod Ricard's culture and demonstrating how the Group functions as well as the respective roles played by the Holding Company, Regions, Brand Owners and distribution companies.

The 7-day programme includes a visit to Chivas Brothers in Scotland, Irish Distillers in Dublin and various companies in France: Ricard in Marseille, Pernod in Créteil, Martell in Cognac and Mumm Perrier-Jouët in Reims/Epernay. Visits are also made to the head office of Pernod Ricard SA and the headquarters of the Pernod Ricard Europe region, in Paris.

145
employees
have moved

*between Group subsidiaries
from January 2005 to June 2006*

*On the left-hand side: Laura Robert,
Tourist guide - Visitors service in Reims.*

*On the right-hand side:
Magalie Marechal,
Assistant cellar master and
environmental manager at Mumm.*



THE PERNOD RICARD PROFESSIONAL TRAINING CENTRE

The Pernod Ricard Professional Training Centre (CRPR) at the château de La Voisine, in the Rambouillet forest near Paris, is at the disposal of the Group's subsidiaries. The purpose of this training centre is to develop the skills of executives in their respective businesses, and the training sessions provided are adapted to the specific requirements of the Wines & Spirits industry. Around 350 staff members followed these programmes during the past financial year.

Every year, each subsidiary can therefore register the employees they choose for one of the 33 sessions taking place in English, French or Spanish.

PERFORMANCE RECOGNITION

A MOTIVATING REMUNERATION POLICY

The remuneration policy introduced in the Group aims to attract, retain and reward talented employees. Surveys are carried out on a regular basis to ensure that the remuneration continues to maintain market competitiveness.

A bonus scheme is available for executives who are members of the Management Committees, with bonuses calculated on the basis of the achievement of both quantitative and qualitative objectives.

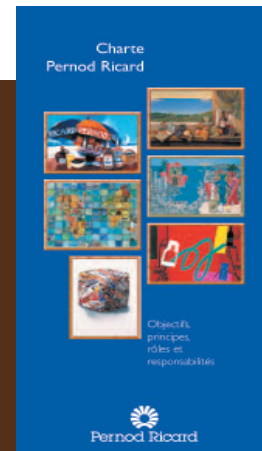
VARIABLE REMUNERATION

Since its creation, the Group has always encouraged its subsidiaries to promote variable, performance-based remuneration schemes. In France for example, employees receive part of their remuneration through profit-sharing schemes, based on each subsidiary's results. In 2005/2006, 29% of the Group's employees throughout the world received a share of profits.

EMPLOYEE SHAREHOLDERS

Pernod Ricard encourages employee shareholders in order to foster a sense of belonging to the Group.

Furthermore, in order to retain employees, or to reward outstanding achievements, the Group has a stock option distribution programme created over ten years ago which is offered to around 3% of the Group's workforce every year.



THE PERNOD RICARD CHARTER

Every new Group employee is given the Pernod Ricard Charter in his or her native language, which includes among other things, a **CODE OF PROFESSIONAL ETHICS** which sets out the rules that must be strictly adhered to:

- Abide by the law;
- Act openly and transparently and be trustworthy;
- Behave respectfully towards shareholders, customers, consumers, public authorities, suppliers, competitors and colleagues;
- 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.

UK

PAUL SCANLON

Regional Commercial Director Americas,
Chivas Brothers

Do you need any proof that Pernod Ricard is now a truly international and multicultural company? Well, in the Chivas marketing and sales team, we have 15 different nationalities coming from all parts of the world.

We tend not to impose our central brand strategies on markets without first consulting our colleagues from different countries to assess the cultural relevance of a new marketing concept. With the experience that we had ourselves acquired from the integration of Seagram, it was easy for us to understand our colleagues at Allied Domecq and to reassure them as to how Pernod Ricard functions.

Testimonials



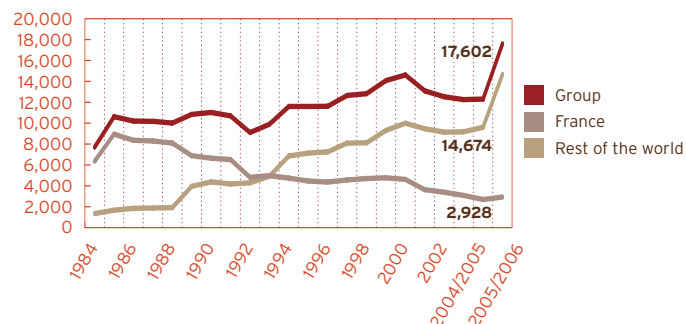


17,602
employees
at 30 June 2006

83%
of the Group's
workforce
are based outside France

GROUP EMPLOYMENT DATA WORKFORCE

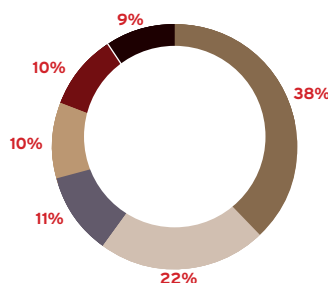
Change in the number
of employees worldwide since 1984



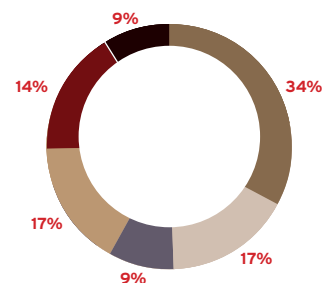
From 1st July 2005 to 30 June 2006, due in particular to the integration of Allied Domecq, Pernod Ricard's workforce grew by 43%, from 12,304 to 17,602 employees.

Breakdown of workforce worldwide

at 30 june 2005



at 30 june 2006



Europe (excl. France)
France
South America

North America
Oceania
Asia

Today, 83% of the Group's workforce are based outside France and 34% are based in Europe (excluding France). The integration of Allied Domecq has notably allowed to strengthen the Group's positions in North America, Oceania, Asia but also in Europe.

Claudia Sargaco, Finance Controller,
Pernod Ricard Portugal.



Patrick Matthieu, production line leader.



Employees by region	France	Europe (excl. Fr.)	North America	South America	Asia	Pacific	Total
Jan. 03 – Dec. 03	3,081	4,521	1,318	1,199	1,007	1,128	12,254
July 04 – June 05	2,695	4,647	1,271	1,341	1,147	1,203	12,304
July 05 – June 06	2,928	6,212	2,966	1,601	1,511	2,384	17,602

BREAKDOWN OF THE WORKFORCE

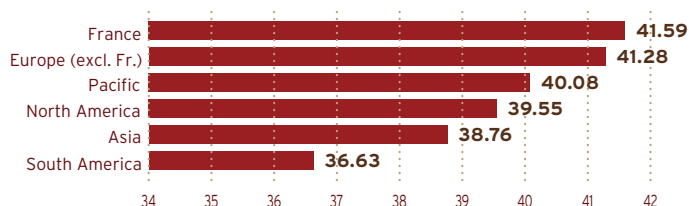
The average age of Pernod Ricard Group employees is 40 years and 4 months:

- > 40 years and 11 months for men,
- > 38 years and 8 months for women.

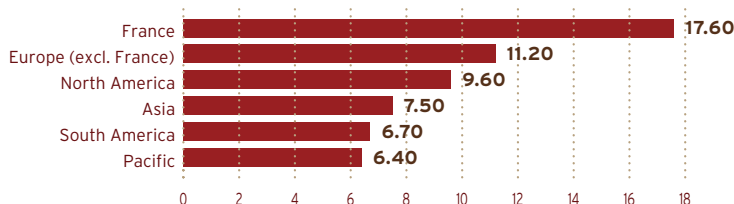
The average length of service is 10 years and 7 months:

- > 11 years and 4 months for men,
- > 9 years and 11 months for women.

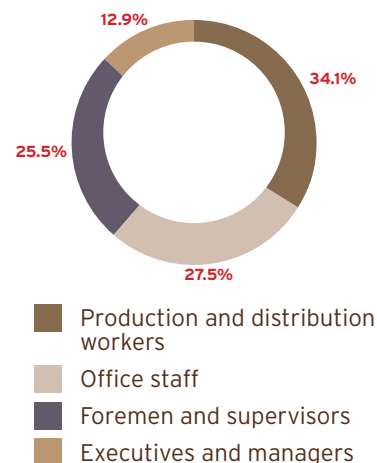
Average age by region
at 30 June 2006



Average length of service by region
at 30 June 2006



Breakdown of workforce
by employment category



**40 years &
4 months**
average age
of Pernod Ricard employees

BREAKDOWN OF EMPLOYEES BY TYPE OF EMPLOYMENT CONTRACT

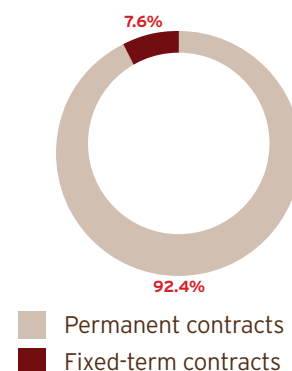
At 30 June 2006, the Group's staff consisted of 16,258 employees with permanent contracts and 1,344 with fixed-term contracts.

	Permanent contracts	Fixed-term contracts	% Fixed-term contracts/Total
Jan. 03 – Dec. 03	11,555	699	6.0%
July 04 – June 05	11,354	950	7.7%
July 05 – June 06	16,258	1,344	7.6%

	France	Europe (excl. Fr.)	North America	South America	Asia	Pacific	Total
Permanent contracts	2,810	5,954	2,858	1,461	1,492	1,683	16,258
Fixed-term contracts	118	258	108	140	19	701	1,344
Total	2,928	6,212	2,966	1,601	1,511	2,384	17,602

Moderate use continues to be made of fixed-term contracts in the various regions except for the Pacific (Australia and New Zealand). This region accounts for half of the Group's fixed-term contracts due to the big demand for seasonal labour in the wine-growing sector.

Breakdown of workforce
by type of employment contract



Commitments

Shareholders

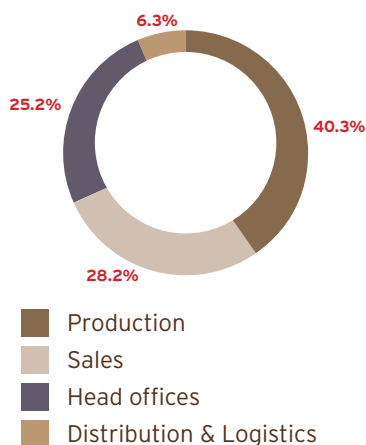
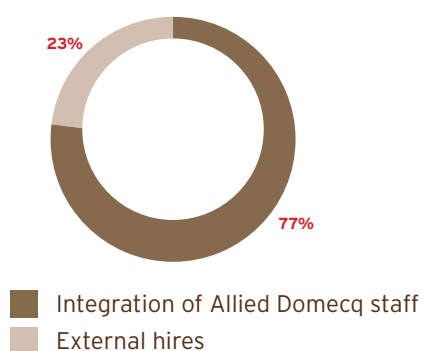
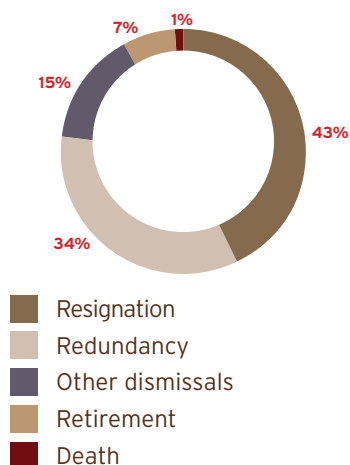


Employees

Consumers

Environment

Clients & Suppliers

Breakdown of workforce
by sectorAdditions
to permanent contractorsEmployee
departures

TEMPORARY EMPLOYMENT CONTRACTS

- 9,858 contracts were signed including 6,034 for France.
- They represent 5.8% of the average workforce as against 5.3% last year.
- An average of 24 days are worked per temporary worker.

BREAKDOWN OF WORKFORCE BY SECTOR OF ACTIVITY

Pernod Ricard has 4 main sectors of activity:

- Production
- Distribution/Logistics
- Sales
- Head office and holding company

The number of Production employees has increased significantly this year, with the percentage represented by these employees increasing from 34.2% to 40.3% of the total workforce. This is due to the former Allied Domecq business units

DISABLED EMPLOYEES

All the Group companies do not systematically count the number of disabled employees on their staff. In some countries, no distinction is made in this regard and the mere fact of creating a category of "disabled employees" would be seen as a type of discrimination.

In France, Group companies employed 94 disabled workers.

MOVEMENTS IN PERSONNEL

With the Allied Domecq acquisition, the number of employees joining or leaving the Group increased greatly over the past financial year.

Most of the additions to staff of employees under permanent contracts were due to the integration of Allied Domecq personnel. However, 23% were external hires.

In fact, over the financial year 2005/2006, 1,738 external hires were made, while around 5,000 employees joined the Group from Allied Domecq.

With regard to departures, the adjustments in the workforce required after the integration of Allied Domecq led to an increase in the number of redundancies and resignations. All redundancies took place in full compliance with the legislation in each of the countries concerned and in accordance with the provisions of the employment contracts of Allied Domecq employees.

Nonetheless, the 5.23% staff turnover rate in the Group remained similar to that for financial year 2004/2005 (4.89%).

	Turnover rate	Number of resignations	employees/ category
Production	2.91%	181	6,221
Office staff	7.04%	349	4,954
Foremen and supervisors	7.46%	323	4,328
Executives	3.49%	84	2,405
Total	5.23%	937	17,908



0.5 million 9-litre cases

Volume sold in 2005/2006 (12 months)

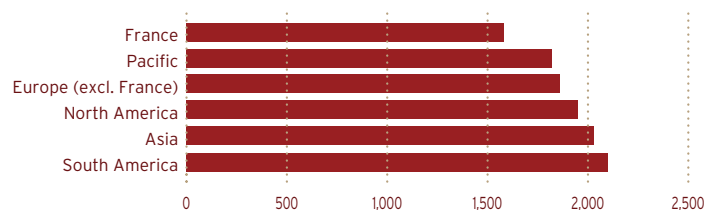


At the top: Philippe Lefland, cellarman.

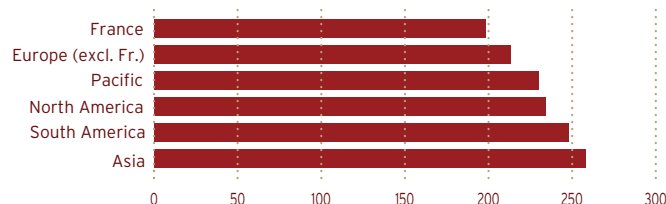
At the bottom: Danièle Bernard,
Accounts payable manager.

WORKING TIME ORGANISATION OF WORKING TIME

Average working time (in hours)
in 2005/2006



Average number of days worked
in 2005/2006



OVERTIME

Overtime as a % of annual working time	12 months 30.06.2006	12 months 30.06.2005
France	0.5%	0.2%
Europe (excl. France)	1.5%	2.4%
Americas	6.9%	4.4%
Asia/Pacific	3.7%	2.8%
Group average	2.7%	2.4%

PART-TIME EMPLOYMENT

3.1% of Pernod Ricard's employees work part-time. 72% of these part-time employees are women, 73% are production and distribution workers and office staff, 21% are foremen and supervisors and 6% are executives and managers. These 546 employees represent 386 full-time equivalents.

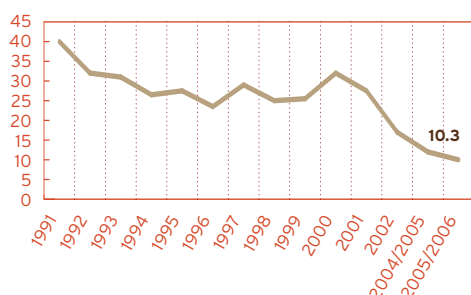
ABSENTEEISM ABSENTEEISM BREAKDOWN (NUMBER OF DAYS)

	Illness	Maternity leave	Workplace accidents	Travel to work accidents	Other	Total number of days	Rate of absenteeism
France	20,411	3,590	1,608	424	2,063	28,096	4.81
Europe (excl. France)	50,308	17,945	1,428	5	1,026	70,712	4.77
Americas	14,400	4,524	2,094	14	871	21,903	1.98
Asia/Pacific	9,378	10,037	3,453	NC	1,121	23,989	2.54
Total/average	94,497	36,096	8,583	443	5,081	144,700	3.52

WORKPLACE ACCIDENTS FREQUENCY RATE

	Frequency rate			Variation 2006/2005
	12 months 30.06.2006	12 months 30.06.2005	12 months 31.12.2003	
France	13.8	20.4	22.1	-32%
Europe (excl. France)	6.9	2.9	7.6	138%*
Americas	8.8	9.2	16.6	-4%
Asia/Pacific	8.7	23.1	12.8	-62%
Total/average	10.3	12.1	13.6	-15%

Frequency rate of
workplace accidents

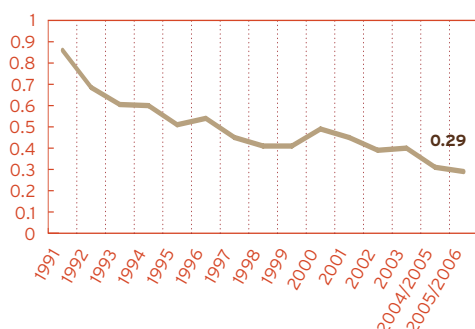


(*) A considerable drop in the frequency rate of workplace accidents can be observed despite the higher proportion of industrial and wine-growing activities resulting from the integration of Allied Domecq.

ACCIDENT GRAVITY RATE

	Accident gravity rate			Variation 2006/2005
	12 months 30.06.2006	12 months 30.06.2005	12 months 31.12.2003	
France	0.35	0.57	0.76	-39%
Europe (excl. France)	0.15	0.07	0.24	114%
Americas	0.24	0.37	0.23	-35%
Asia/Pacific	0.46	0.53	0.48	-13%
Total/average	0.29	0.33	0.40	-12%

Gravity rate of
workplace accidents



-15%
reduction in
the frequency of
workplace accidents

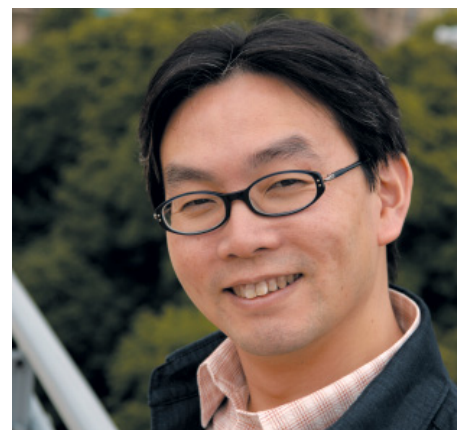
for the period from 1 July 2005
to 30 June 2006 vs 2004/2005

-12%
reduction in
the gravity of
workplace accidents

for the period from 1 July 2005
to 30 June 2006 vs 2004/2005

At the top: **Susumu Omori**, Finance Controller,
Pernod Ricard Japan.

At the bottom: **Monique Painvain**, Product packager.



Commitments

Shareholders

→ Employees

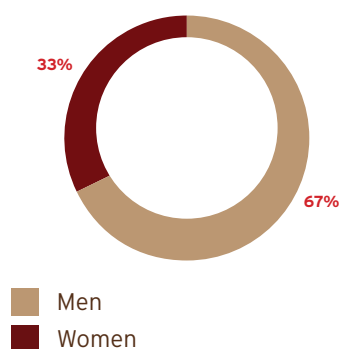
Consumers

Environment

Clients & Suppliers

41.5%
of the employees
hired in 2005/2006
are women

Breakdown of
workforce by gender
at 30 June 2006



Cathy Cellier, Personal Assistant,
European Affairs Division.



HEALTH AND SAFETY

Number of recipients of training in matter of Health and Safety

	12 months 30.06.2006	12 months 30.06.2005
France	488	349
Europe (excl. France)	956	656
North America	237	-
South America	457	349
Asia	-	78
Pacific	505	521
Group total	2,643	1,953

GENDER PARITY

BREAKDOWN BETWEEN MEN AND WOMEN

- ▶ Women represent nearly one-third of Pernod Ricard's workforce, i.e. a 0.8 point less than in 2004/2005. This can be accounted for by the impact of a less favourable breakdown at Allied Domecq.
- ▶ 41.5% of external hires in 2005/2006 were women.

CHANGE IN THE PROPORTION OF WOMEN IN THE GROUP

	Proportion			Women	
	2005/2006	2004/2005	% variation	2005/2006	2004/2005
France	32.6%	32.7%	-0.1%	955	880
Europe (excl. France)	34.9%	36.2%	-3.5%	2,171	1,683
Americas	30.2%	29.1%	3.8%	1,378	759
Asia/Pacific	31.5%	33.4%	-5.6%	1,227	784
Total/average	32.6%	33.4%	-2.4%	5,731	4,106

PROPORTION OF WOMEN IN THE GROUP BY PROFESSIONAL CATEGORY

	2005/2006	% of women / category
Production and distribution workers	1,345	22%
Office staff	2,504	51%
Foremen and supervisors	1,356	30%
Executives and managers	526	23%
Total/average	5,731	32,6%

TRAINING

	Training costs (in thousand euros) 2005/2006	Costs per recipient (in euros) 2005/2006	Costs per employee (in euros) 2005/2006
France	2,715	1,369	923
Europe (excl. France)	5,818	2,001	899
Americas	5,261	1,431	1,145
Asia/Pacific	1,657	337	423
Total	15,451	1,145	862

In 2005/2006, 13,484 employees received training. Over 15 million euros were invested for this purpose (+73%); this amount represents 2.26% of payroll. The average cost as 1,145 euros per employee trained.

% of the training budget / payroll	2005/2006	2004/2005	Variation 2006/2005
France	2.09%	2.10%	-0.48%
Europe (excl. France)	2.25%	2.70%	-16.67%
Americas	2.85%	1.70%	67.65%
Asia/Pacific	1.51%	1.80%	-16.11%
Total	2.26%	2.19%	3.20%

INVESTMENT IN TRAINING

In thousand euros	Training costs 2005/2006	Training costs 2004/2005	Variation
France	2,715	2,419	12%
Europe (excl. France)	5,818	4,035	44%
Americas	5,261	1,203	337%
Asia/Pacific	1,657	1,263	31%
Total	15,451	8,920	73%

RECIPIENTS OF TRAINING

Number of recipients	Number of recipients 2005/2006	Number of recipients 2004/2005	Variation
France	1,983	1,687	18%
Europe (excl. France)	2,899	2,001	45%
Americas	3,677	2,070	78%
Asia/Pacific	4,925	2,886	71%
Total	13,484	8,644	56%

THE ANNUAL APPRAISAL

The purpose of the annual appraisal is to:

- Carry out a joint performance review for the year and make an overall assessment;
- Assess the achievement of specific objectives for the past year;
- Make it possible to identify strong points and potential areas of improvement for the coming year;
- Define and formally provide for the objectives to be met for the coming year.

This year, 58% of the Group's workforce, all categories combined, received an annual appraisal.

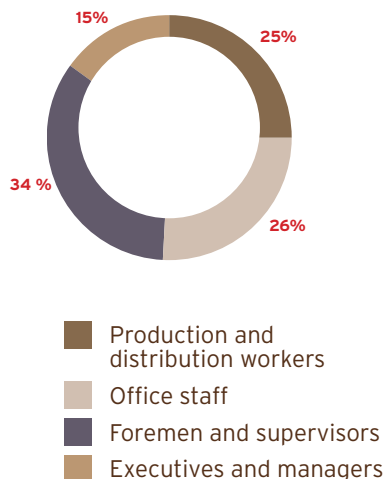
+73%
in training costs
in 2005/2006

Nishant Jain,
Regional Sales Manager
Pernod Ricard India.





Training time by category

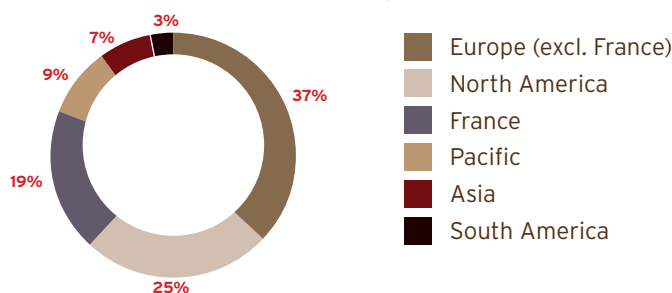


PAYROLL TOTAL PAYROLL

The Group's total payroll amounted to over 700 million euros on 30 June 2006.

In 2005/2006, variable remuneration paid in the form of salaries represented 7.6% of payroll, i.e. 50 million euros.

Payroll per region



European Works Council at Manzanares.

PAYROLL CHARGES

The Group pays payroll charges in its subsidiaries amounting to the social charges provided for by law in the countries concerned or more. On a worldwide basis, the average charges payable by the employee amount to 16.04%, while the average payroll charges borne by the employer amount to 19.76%.

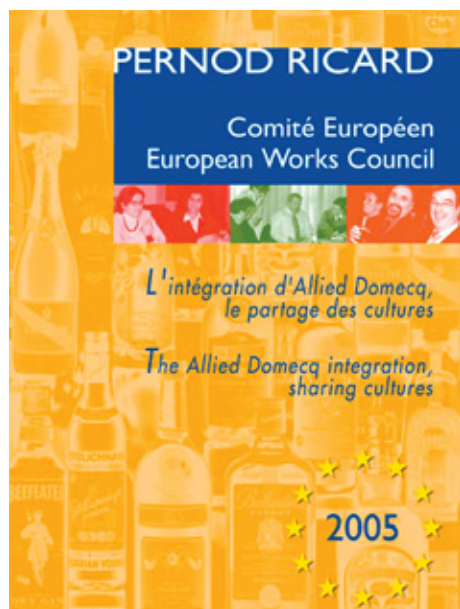
The average payroll charges in France are 21.12% for the employee and 44.69% for the employer.

PERNOD RICARD EUROPEAN WORKS COUNCIL

Half of Pernod Ricard's employees now work in Europe. The Pernod Ricard European Committee (PREC) met at the end of 2005 at Pernod Ricard España in Manzanares, which made it possible to provide an update on the integration in progress and to present the Group's prospects. Several former representatives of the Allied Domecq European Committee were invited to attend this meeting, to help to improve integration.

One of the topics discussed was also sustainable development, and in particular the social aspects.

Finally, in order to reflect the Group's new size in Europe, it was decided to renew the composition of the European Committee before it is required. A new agreement was reached to this effect in 2006, leading to an increase in the number of delegates from 18 to 23. This new agreement will be implemented at the next European Works Council meeting.





2.6 million 9-litre cases

Volume sold in 2005/2006 (12 months pro forma)



Responsible consumption & quality products

31%

of Worldwide Spirits growth
between 1992 and 2005
resulted from new products
(Source: IWSR)

Pernod Ricard attaches great importance to the quality of its products. To meet this objective, the Group is constantly innovating to improve its production methods. Innovation also aims at meeting consumer expectations by enabling existing brands to evolve and by creating new brands. Sensitive to its environment, Pernod Ricard also works to prevent risky consumption, particularly among young adults.

Q&A WITH CLAUDE ALLÈGRE

Chairman of the Pernod Ricard
Scientific Board

In your opinion, what is the role played by research in a company?

In the globalised modern world, where everything evolves so quickly, research and the resulting innovations - be they technological, sociological or economic - are essential to the company's continuity. In tomorrow's world, those that don't evolve will disappear. The Wines & Spirits sector is no exception to the rule.

What form does research and innovation take at Pernod Ricard?

Research at Pernod Ricard covers a great variety of aspects: preservation of bottled beverages over time; taste; the quality of the raw materials and production processes; the mastery of yeasts used in fermentation; the fight against counterfeit products, a problem which is growing at an alarming rate.

What is the role of the Scientific Board in this context?

The topics for all of this essential research are determined through close interaction between the marketing department and the research department. The research may be outsourced or carried out internally within a research structure organised as a network. A scientific board composed of outside personalities plays a multi-faceted role in such a programme. It gives an opinion on research undertaken and the results achieved in relation to world research. It creates links between Pernod Ricard's research and the outside world, for example to orientate and aid in the recruitment of excellence. This entire programme of research and innovation, which has now moved into an international context, should enable Pernod Ricard to achieve greater development than its competitors.

PROFILE

Professor at the French geophysical research institute IPGP (*Institut de Physique du Globe de Paris*) and former French Minister of Education.



OFFERING INNOVATIVE, HIGH-QUALITY PRODUCTS

INNOVATION SERVING THE MARKET

Following the integration of Allied Domecq and the consolidation of its brand portfolio, Pernod Ricard is adapting its organisation and methods of production and innovation to its new dimensions and ambitions.

Innovation is of major strategic importance. Putting innovation at the service of the market and consumers is an ongoing concern of the marketing and development teams, whether to launch new products or improve existing ones. Organoleptic characteristics (texture, taste, smell, and colour) and packaging are all opportunities for innovation.

As an example, just before the traditional summer holiday sales peak, Stolichnaya's range was enriched by the addition of Stoli Blueberi. It was developed by closely involving bartenders in the choice of the concept and the final refinements. These professionals know consumers very well.

Olmeca Tézon, Super Premium tequila - 100% blue agave - is also innovating by introducing an exclusive production process: a wheel made of volcanic stone which crushes the agave to release the intensity of the juice and fibres. This mixture is fermented for 24 hours then distilled twice, filtered and put into oak barrels. The result is a tequila with extraordinary flavour, and a pronounced aroma and body.

Martell, for its part, pays tribute to the inventive and inspired spirit of its founder, in the design of its new XO: a new blend that favours the grapes from the two prestigious vineyards at the heart of the Cognac region - Grande Champagne and les Borderies - which best bring out the fineness and the elegance of the Martell style and have a greater ageing potential. This new XO is sold in a bottle that is also innovative, with an unusual, elegant design in the form of an arch, representing a subtle balance between tradition and modernity.

A final example: starting with a very rigorous selection of Chardonnay and Pinot Noir grapes, followed by fermentation in the bottle and a blend of several vintages, Jacob's Creek Sparkling Rosé has been elaborated to put Jacob's Creek in the category of New World Premium Wines and meet the demand of a rapidly growing market for sparkling and rosé wines.



From top to bottom:
the Olmeca Tezon range,
the new Martell XO,
Jacob's Creek
Sparkling Rosé.



79
industrial sites
certified ISO 9001
on 30 June 2006



REORGANISATION OF RESEARCH & DEVELOPMENT

The integration of Allied Domecq's brands has led Pernod Ricard to reorganise the Group's Research & Development organisation and processes while respecting the principle of decentralisation which it values so highly.

The regional innovation support centres, located as close as possible to the marketing teams of the Brand Owners, have been bolstered to take into account the increase in the number of brands and the necessary skills levels.

A network organisation has been set up to foster synergies among the regional research centres and the Central Laboratory, allowing for the exchange of know-how, the sharing of resources and common research projects.

Two types of networks have been created: activity networks and expert networks.

The Research Centre (PRRC) located in France, has seen its role as the Group's scientific referent reinforced:

- it ensures conformity and quality of the strategic brands;
- it maintains a high level of scientific expertise, in cross-disciplinary fields, of strategic importance for the brands' development;
- Finally, it coordinates and leads the organisation of the Research and Development networks.

In conjunction with this reorganisation of Research & Development, the central Research Centre has been attached to the Group's Marketing Division in order to bring innovation strategy into line with market needs.

PRODUCT QUALITY CONTROL

Pernod Ricard's number one commitment, as set forth in its global Sustainable Development Charter, is to "offer products of the highest quality to consumers".

At each production site, this commitment translates into:

- the development of a quality assurance system that meets the requirements of the ISO 9001 international standard. As at 30 June 2006, 79 out of the Group's 101 industrial sites were certified in accordance with this standard;
- the assurance of food safety through the use of systematic control plans, developed in accordance with the HACCP method (Hazard Analysis Critical Control Points).

The Group's Quality, Safety, Environment Department supports this continuous quest for improvement by:

- creating in 2006 two new best practice guides concerned with contamination risk management and risk analysis methodology;
- defining common objectives at an annual conference. In this way the Group supports the development of the new ISO 22000 international standard. The first certifications are expected during the next financial year;
- an annual audit of the presentation of its products in shops. Integrating the new strategic brands (Malibu, Kahlúa, Ballantine's, Mumm, Stolichnaya, etc.), this year's audit covers 200 shops located in Europe and the United States and offers a comparison of Pernod Ricard's products with the main rival products;
- setting up a process for bringing consumer complaints received by the distribution subsidiaries straight to the attention of the Brand Owner subsidiaries to ensure they are handled quickly.



2.3 million 9-litre cases

Volume sold in 2005/2006 (12 months pro forma)



Promoting responsible consumption

300,000

breathalyser tests dispensed
to French consumers
each year

Among the general public and its employees, Pernod Ricard encourages responsible consumption that favours conviviality and discourages abuse and inappropriate consumption. Concerned about the proper use of its products, the Group backs public health policies around the world to prevent risky consumption. For Pernod Ricard, responsible consumption begins with responsible communication.

Q&A WITH MARIO RUBIO

Mario Rubio has been a bar manager and bartender for ten years in Catalonia (Spain). He works for the Catalan chain Spit chupitos. He has attended the "You serve, you decide" training sessions of the Fundación Alcohol y Sociedad (Spanish Alcohol and Society Foundation) to which Pernod Ricard España belongs.

Why did you become interested in the training programme on responsible consumption and responsible service?

My job is to make cocktails, in a festive, night-time context: 95% of the people I serve ask for alcohol. I have been in this profession for ten years and so I've had the chance to see that some people know their limits and others don't: every evening I'm confronted with the problem of responsible consumption. I also feel concerned by the issue of "responsible service". When customers order a drink, we advise them according to their tastes and their capacity or lack of capacity to drink alcohol.

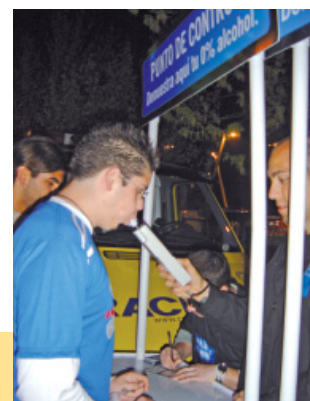
What did you get out of the training and how do you put into practice the insights gained during these sessions?

The training provided by the Alcohol and Society Foundation, particularly in hotel management schools, gives us the tools to evaluate our customers' capacities to drink alcohol so as to best advise them. Among these tools are a comprehensive instructive manual, a summary leaflet and the 10 commandments of responsible service. It gave me guidelines, and sample phrases to use when explaining to customers that they have had too much to drink and that they should stop drinking in their own interest. I also learned the concept of the unit of alcohol and I now know how to recognise the limit beyond which alcohol consumption is no longer responsible. This helps me in my job every day. I also try to pass the information on to my staff and to train my teams in responsible service.

What do you think of the fact that a player in the Wines & Spirits market like Pernod Ricard sponsors the project "You serve, you decide"?

As I explained, this represents, first and foremost, very concrete support. Then, I feel that in a sector considered "frivolous", this initiative helps to professionalise the nightlife world. And finally, I welcome initiatives that support responsible consumption. It's in our interest that people get home safe and sound and that they come back again. A lot of customers come back to me the next day and say "you were right".





A prevention campaign by an organisation that aims to curb excess drinking and drunken violence in the UK (Portman Group).

A WORLDWIDE COMMITMENT

Pernod Ricard has pioneered the commitment to understanding the effects of excessive alcohol consumption and developing targeted prevention measures.

Having created in France, 35 years ago, the Institut de Recherches et d'Etudes sur les boissons (IREB) a unique example of a private body conducting research on alcohol, Pernod Ricard has also helped to found or participated in many organisations specialised in the prevention of risky situations or for population groups at risk: the Portman group in the United Kingdom, Entreprise & Prévention in France, Century Council in the USA, Meas in Ireland, the Alcohol and Society Foundation in Spain, etc.

Over the years these organisations have witnessed an increase in their resources and ever greater recognition of their legitimacy thanks to the relevance of their actions and the evaluation of their results.

But there has also been a legitimate rise in the expectations of authorities and NGOs, in particular with regard to ethical marketing, the prevention of underage drinking or binge drinking among the young, drink driving and the consumption of alcohol during pregnancy.

Pernod Ricard has therefore undertaken to anticipate these expectations on its new markets.

It has thus participated in the creation of the Forum PSR association in the Czech Republic and the HAFRAC association in Hungary.

In Australia, Pernod Ricard is an active member of the Winemakers Federation of Australia which is one of the founders of the new organisation Drink Wise whose objective is to raise 10 million Australian dollars per year to be spent on research and partnership actions supporting alcohol risk reduction. The initiative's slogan is "moderation is always in good taste".

In China, where automobile traffic and alcohol consumption outside the home are growing hand in hand, Pernod Ricard has undertaken to participate in unique partnership initiatives in support of safe driving.

A prevention guide describing the consequences of Underage Drinking - Century Council USA.



A new organisation to prevent alcohol misuse in Australia.



CHINA: PERNOD RICARD, A PIONEER IN SOCIAL RESPONSIBILITY

With the signing, in April 2005, of a tri-annual partnership agreement with the Road Traffic Safety Association of China (RTSAC), Pernod Ricard was a real pioneer in this country in social responsibility in connection with alcohol consumption. Beginning with the distribution of over one and a half million brochures for the prevention of drink driving, this action is now being supplemented by media partnerships, the opening of a specifically dedicated educational Internet portal www.nodrinkdrive.com.cn, a specific ongoing advertising campaign in the newspapers and a poster campaign and preventive actions at certain festive events will be coming soon. The traffic police in Shanghai will also extend this new campaign through its network. On a voluntary and systematic basis, Pernod Ricard China should soon add to its brand advertising a responsibility message to warn against the risks of combining drinking and driving and the purchase of alcohol by underage persons.

Commitments

Shareholders

Employees

**Consumers**

Environment

Clients & Suppliers

-42%

decrease in 3 years
in the number of responsible
vehicle accidents caused
by Pernod Ricard employees
in France.



ALCOHOL AND PREGNANCY: A RISK THAT CAN BE AVOIDED

Pernod Ricard supports the recommendations of abstinence during pregnancy. Fetal alcohol syndrome (FAS), which has now gained scientific recognition, is a risk that can be entirely avoided through a targeted prevention policy.

In France, the Group provides ongoing support to health authorities and local government in implementing this policy, particularly thanks to the IREB and the association *Entreprise & Prévention*. From June to December 2006, a partnership prevention campaign aimed at pregnant women and health care professionals was carried out in the town of Le Havre.

IN THE FRONT LINE OF DIALOGUE WITH CIVIL SOCIETY

In 2006, Pernod Ricard became further involved in dialogue or partnership with stakeholders in the alcohol issue throughout the world. Here are a few examples:

In Europe:

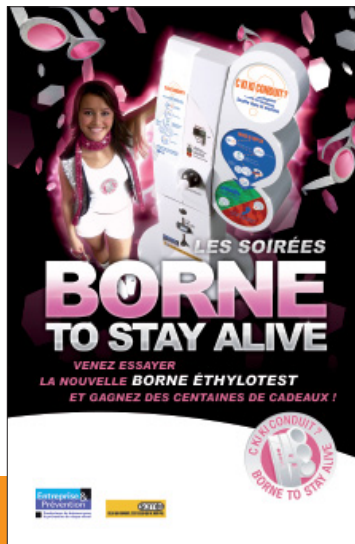
- Scotland: participating in the annual conference of the NGO "Alcohol Focus Scotland" devoted to alcohol risk reduction;
- Greece: in collaboration with the spirits profession and the Government, drafting a code of advertising self-regulation enforceable on everyone;
- Ireland: participation of Pernod Ricard as industry representative in a new panel for monitoring the advertising of alcoholic beverages;
- Spain: presentation via the Fundación Alcohol y Sociedad (Alcohol and Society Foundation) of the official report on "teenagers and alcohol", the result of 22,000 interviews with young people aged between 12 and 18;
- European Union: participation in the round table of the European Policy Centre in charge of providing information for the Commission's next Communication to the European Council on strategy in relation to reducing alcohol-related damage. Final meeting with European Commissioner, Markos Kyprianou, in charge of Health and Consumer Protection.

At world level:

Following the acquisition of Allied Domecq, Pernod Ricard joined the ICAP (International Center for Alcohol Policy) think tank responsible for promoting common public-private understanding on alcohol issues.

Two representatives of the Group were also invited to the major consultation undertaken in March 2006 by the World Health Organisation in Geneva following the resolution in 2005 on alcohol and the health risks caused by its use.

*The all-new fixed electronic breathalyser terminal conceived by the association *Entreprise & Prévention*.*



EMPLOYEES ACTIVELY IMPLEMENTING THE GROUP'S COMMITMENT

For several years, the Group has involved its employees, in particular its sales teams, in social responsibility policy.

Since 2002, Pernod and Ricard in France have mobilised their sales forces with regard to the Road Safety Charter signed with the Transport Ministry.

The first assessment of the results showed that the objectives that had been assigned by the partnership had been surpassed with, in particular, a 42% decrease in 3 years in the number of responsible vehicle accidents, compared to the 30% target set.

The sales forces of the French subsidiaries are now also promoters in late-night establishments of the all-new electronic breathalyser terminal conceived by Entreprise & Prévention and approved by the public authorities. It resulted in the summer of 2006 in a national tour "Borne to stay alive".

Pernod Ricard España has in turn made a commitment in this direction and its staff also have a good conduct guide as does the personnel of Pernod Ricard in the USA.

Evening events of the Havana Club brand in Spain have also provided a means of successfully testing out the diffusion to consumers of the tools and messages of the Alcohol and Society Foundation. This campaign should be carried out on a bigger scale for New Year 2007.



Campaign by
The Drinkaware Trust.

THE
DRINKWARE
TRUST

HISTORIC PARTNERSHIP IN THE UNITED KINGDOM

Pernod Ricard UK has been involved since 2006 in the Drinkaware Trust, an organisation supported by the authorities on the basis of an objectives agreement but financed by producers and distributors of alcoholic beverages (with a three-year budget of £12 million): media, press and TV campaigns on risk prevention, systematic availability of information at points of sale (pubs and supermarkets), inclusion of the address of the dedicated information website www.drinkaware.co.uk on all the bottles of member companies. The Drinkaware Trust is managed by a Board of Directors made up of 13 independent members.

Q&A WITH MARK ORR

Vice-President, Public Affairs of
Pernod Ricard North America

What is the current situation in terms of alcohol consumption by underage drinkers in the United States?

Alcohol consumption by minors remains a problem today, even though the situation is improving. Over the last 10 years, the problem of 'underage drinking', as it is called here, has significantly diminished. Pernod Ricard does not sell its products to minors and works hard to fight this phenomenon.

Many critics claim, however, that advertising campaigns in the Wines & Spirits sector encourage young people to drink. What can you say about that?

The research carried out for more than a decade has not been able to show any causal link between advertising and an individual's decision to drink alcohol. A recent study maintained that it could demonstrate this link, but it turned out that the methodology used and the findings presented were very unreliable.

Since 1985, the sector's advertising expenditure has increased exponentially, while during the same period, alcohol consumption in the United States has decreased by more than 20% - additional proof that there is no causal link.

Nonetheless, has Pernod Ricard reviewed its advertising campaigns in the United States in order to ensure consistency with its commitment against underage drinking?

Pernod Ricard USA complies strictly with the requirements concerning advertising content and location that have been set by the Distilled Spirits Council in relation to advertising and marketing. For example, the Code requires at least 70% of the public targeted by the advertisement and its location to be 21 years of age or older. Other provisions require the content of the advertising to be in good taste and appropriate for a mature audience. I am happy to be able to say that our campaigns systematically satisfy all of these requirements.

PROFILE

Mark Orr joined Pernod Ricard in 1999 after having worked for almost 10 years with the Distilled Spirits Council of the USA. He is Vice-President, Public Affairs for Pernod Ricard North America.





2.1 million 9-litre cases

Volume sold in 2005/2006 (12 months pro forma)

Advertising Ethics

an obligation to get results

Since its creation in 1975, Pernod Ricard has endeavoured to respond to the questions raised by excessive or inappropriate alcohol consumption. The commercial communication of its products and its brands must therefore not only inform the public about quality, but also be fair and respectful of the expectations of both the public and public authorities. Today, the advertising of alcoholic beverages in the world is either regulated by law or in many countries subject to self-regulatory codes signed by professionals and applicable to everyone. However, in certain countries, freedom of communication takes precedence. The need for ethical marketing, whatever the local context, is a worldwide premise for Pernod Ricard, with an obligation to get results.

50

campaigns submitted for
prior self-regulatory internal
control, in 2005/2006

Q&A WITH ARMAND HENNON

Vice-President, Public Affairs
France

Since the acquisition of Allied Domecq, you have been one of the members of the advertising self-regulatory internal control committee. What is the purpose of the committee?

Pernod Ricard has signed many ethics codes in the world in relation to commercial communication. In this area as in others, the signature of Pernod Ricard and its executives must be backed up by its actions. And it is. This is the purpose of our activities.

Concretely, do you censure certain advertising?

We do not act as censors; we simply make sure that our marketing teams take into account that civil society and public authorities have specific expectations, given the questions of public health raised by the possible abuse of alcohol or its inappropriate use. This message is easy to get across since the Group has a long-standing culture of prevention which is promoted by the management.

What initial assessment can you make?

In the first year of the committee's existence, we have examined about 50 advertising campaigns or specific operations (promotions, sponsoring, Internet sites, etc.). Only 5 campaigns or visuals for a campaign have been rejected or accepted only after alterations, i.e. 10%. Moreover, these were campaigns initiated by Allied Domecq that the new Brand Owners wanted to have re-evaluated by our Committee. We have also given confidential advice concerning non-finalised pilot studies or ethical questions raised by our subsidiaries. The three members of this Committee, which comprises Rick Connor (Chivas Brothers), Tom Lalla (Pernod Ricard Americas) and myself, also often receive requests in relation to in-house training on self-regulation issues.

PROFILE

Armand Hennon joined the Group in 2000 as Vice-President, Public Affairs for France. He was previously Chief Executive of the association "Entreprise et Prévention". He also held different positions on the departmental staff of Ministers, in Parliament and in trade associations. Since 2006 he has been a member of the "Conseil de la Modération et de la Prévention" (Committee on moderation and prevention regarding alcohol consumption) recently set up by the French government.



Commitments

Shareholders

Employees

**Consumers**

Environment

Clients & Suppliers



REFERENCE DOCTRINE

In 2006, Pernod Ricard took responsibility at world level in relation to advertising, sponsoring and Internet, for the code of good conduct which it had signed at the European level in the European Forum for Responsible Drinking (EFRD, formerly the Amsterdam group).

Compliance with this code is therefore the minimum standard, regardless of the brand concerned or the campaign's target country. This is an addition to the national codes - and their specific features- that the Group has subscribed to.

THE ACQUISITION OF ALLIED DOMECQ AND THE NEW ETHICAL DRIVE

Since the acquisition of Allied Domecq in July 2005 and the subsequent increase in the number of brands and related commercial communications, Pernod Ricard's General Management has carefully considered how to guarantee the same ethical standards throughout the Group.

Allied Domecq already had real expertise in this area and Pernod Ricard, for its part, had been a pioneer in signing - and complying with - self-regulatory codes in its historical markets. Management's analysis of this issue resulted in the implementation of a new internal control procedure for advertising, adapted to the Group's decentralised organisation and taking into account the large number of advertising agencies used. This new procedure has now been formally laid down and has resulted in a greater amount of evaluation and reporting.

HOW DOES THE INTERNAL CONTROL OF ADVERTISING ETHICS WORK?

Internal control is different from compliance with the law and exclusively concerns compliance with the self-regulation rules subscribed to by the Group. It does not consider the marketing relevance of advertising campaigns. It precedes external control which is entrusted to outside self-regulation bodies whose decisions are imposed: Entreprise & Prévention/BVP in France, CCCI in Ireland, Autocontrol in Spain, Discus in the USA, etc.

COLLEGIAL FUNCTIONING

The internal control of advertising ethics has been entrusted in its operational phase to three of the Group's staff who are particularly involved in national professional organisations in charge of the prevention of alcohol abuse, self-regulation and public dialogue.

The collegial approach to decision-making results in a more objective vision. But as Patrick Ricard has continually pointed out, every Group employee, from the young product manager to the Chairman of a distribution subsidiary or a Brand Owner is a co-owner of Pernod Ricard's ethical commitments and co-responsible for meeting them.

4 AREAS OF RESPONSIBILITY

- Mandatory prior review of all the campaigns for the Group's 15 key brands.
- Optional but recommended prior review of the campaigns of the 30 leading local brands
- A posteriori assessment of compliance with advertising ethics for all campaigns that are not reviewed beforehand.
- Confidential consultation and expert advice during the preparatory phases in the development of a campaign and for all questions related to self-regulation.

METHODS OF CONTROL

The self-regulatory internal control committee has to issue an opinion within seven days of being asked to do so. For each project submitted, it prepares a short-form opinion with three possible levels:

Green: Unconditional approval.

Orange: Approval subject to alterations, not requiring a new opinion.

Red: Rejection and new submission required.



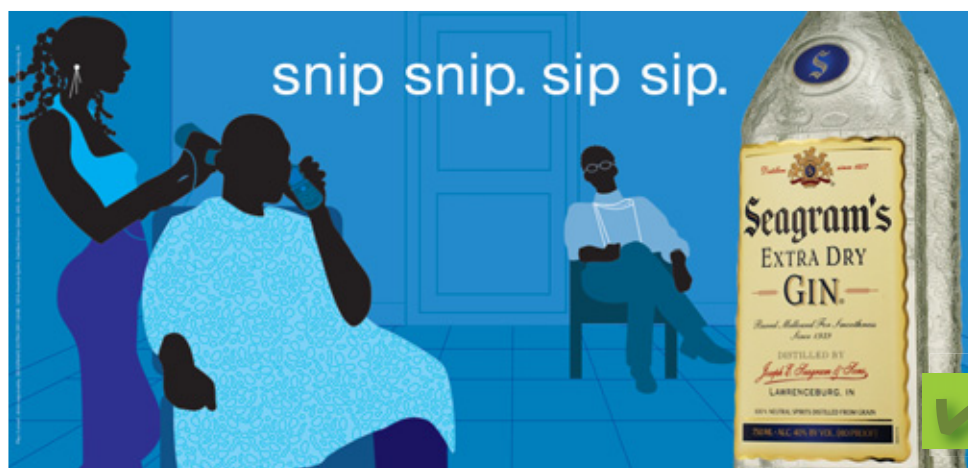
REPORTING

A summary of all of the decisions taken is prepared every two months and transmitted to the Group Executive Committee which reviews it and validates it.

INITIAL ASSESSMENT

- Between August 2005 and August 2006, 50 campaigns were submitted for prior self-regulatory internal control. Of these, 45 (90%) received a "green" opinion, 3 (6%) an "orange" opinion and two (4%) a "red" opinion. The percentage of "conformity" observed is in fact higher in that very often each campaign has several different executions, based on the same concept. Moreover, in the financial year 2005/2006, the campaigns that were refused or altered had been initiated before the Allied Domecq acquisition. Pernod Ricard believes that its system of internal control has been effective since so far this year, no campaign for a Group brand has been subsequently refused or amended by an external control body or found to be in violation by any court.
- About 50 requests were submitted for advice or for informal or confidential opinions during the development of a campaign.
- The new internal control procedure was systematically presented at bilateral meetings with subsidiaries, during the annual sales and marketing seminar on the Ile des Embiez in April 2006. Specific work meetings were also held with the Brand Owners (Chivas Brothers, Irish Distillers Ltd, Martell Mumm Perrier-Jouët, Malibu-Kahlúa International, etc.). Compliance with professional self-regulation and the internal procedure was also integrated into the seminar on legal issues provided by the Pernod Ricard Professional Training Centre for the Group's managers.

90%
of the campaigns submitted
in 2005/2006 received
a "green" opinion



New Ricard advertising campaign "Anis étoilé" (France).
Martell advertising campaign in Ireland "What's French for smoother?".
Seagram's Gin advertising campaign in the USA : snip snip, sip sip.
Left page: Jacob's Creek International advertising campaign.

CAMPAIGNS ALTERED OR REJECTED AFTER INTERNAL CONTROL REQUESTED BY THE BRAND OWNER FOLLOWING THE ACQUISITION OF ALLIED DOMECQ

Left: former Mumm international campaign subject to *alterations*.
Right: Mumm international *approved*.



This advertising project was developed to support a sales promotion in New Zealand. Although it was in strict compliance with the local code of good conduct and also the EFRD code (as it did not associate alcohol consumption and driving), it was altered (see visual on right) after being submitted to internal control. In order to eliminate all ambiguity with respect to “drink driving”, the Committee asked that the representation of a car and a racing car driver in action be removed.



Left: Perrier-Jouët campaign *refused*.
Right: new Perrier-Jouët international campaign *approved*.



After the acquisition of Allied Domecq, at the request of Martell Mumm Perrier-Jouët, the Perrier-Jouët international advertising campaign (outside France) being used at the time was transmitted to the self-regulatory internal control committee. The committee felt that, although the campaign was not indecent and had no sexual connotation, it did not comply with the Group's self-regulatory commitments (Discus code in the USA and EFRD code of good conduct), in particular, due to the way that the woman was represented. The campaign was therefore withdrawn and a new campaign was prepared which was judged to be in complete compliance.



0.6 million 9-litre cases

Volume sold in 2005/2006 (12 months pro forma)



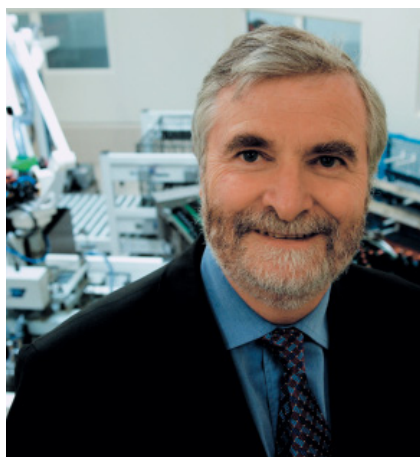
Environment

conserving natural resources



COMMITMENT TO THE ENVIRONMENT

One of the six commitments made by the Group in its global Corporate and Social Responsibility Charter is to conserve natural resources and respect the environment. This commitment means using the best techniques available, improving energy efficiency, promoting recycling and limiting production of waste and pollution.



The Group's environmental policy has not been altered after the takeover of Allied Domecq. The production sites acquired have been incorporated into existing Pernod Ricard subsidiaries and managed in the same way as the existing sites from a Quality, Safety, Environment standpoint. The main areas for progress identified previously have been confirmed for all the industrial sites.

This environmental report covers 99 sites out of 101, i.e. almost all the industrial sites worldwide. Only two sites located in India and Mexico, representing approximately 1.5% of the Group's activities, have not been consolidated due to a lack of reliable environmental data.

Q&A WITH JEAN-PIERRE SAVINA Group Vice-President, Industrial Operations

To what extent has the Allied Domecq acquisition changed the Group's industrial scope?

The Allied Domecq acquisition has led to large-scale changes in the size and geographical breakdown of the Group's industrial activities. Pernod Ricard has gained nearly forty new production sites, leading to a current total of 101 sites today compared to 62 prior to the acquisition. We have considerably strengthened our presence in North America, adding in particular the Walkerville site in Canada and Los Reyes in Mexico. There are 20 new production sites in the Wines segment alone, primarily in Spain and New Zealand.

How would you evaluate the integration of Allied Domecq in your area?

We discovered well-managed industrial sites and very professional, open teams that wanted to share best practices, which is completely in line with the way of thinking at Pernod Ricard. The main sites were operationally independent in the Allied Domecq organisation. It was easy to retain

their expertise and to integrate them into Pernod Ricard's decentralised organisation. The assessment is therefore very positive.

What were your priorities when you took on the employees of Allied Domecq?

Due to the Group's new size, we had to review our operating processes to optimise our costs, in particular in the areas of purchasing and supply chain management. Our approach consisted of identifying good practices at Allied Domecq and figuring out how to adapt them to the Pernod Ricard organisation. This was done by integrating key Allied Domecq employees in our regions and also at the level of the Holding Company. We found that these employees had a very positive attitude in building the new Pernod Ricard. The synergies put in place enabled us to considerably enhance our level of know-how and increase our skills.

PROFILE

After joining the Group in 1977, Jean-Pierre Savina successively held positions as a Research Engineer, as Head of the Technology Department at the Pernod Ricard Research Centre before becoming Director of Operations for Pernod Ricard USA. Since 2003, he has been Group Vice-President, Industrial. He was given responsibility for the Pernod Ricard Research Centre in January 2006.

ASSESSMENT OF THE INTEGRATION OF ALLIED DOMECQ

STABLE PRODUCTION

Production at the Group's sites was 1,145 million litres over the past 12 months. This volume is globally stable compared to the pro forma total volumes for Pernod Ricard and Allied Domecq combined for the financial year 2004/2005 (1,149 million litres).

REAL ESTATE, FACTORIES AND OTHER FACILITIES

The Group's main properties worldwide are its 101 major industrial sites (distilleries, ageing cellars, bottling and distribution centres), its office buildings and its vineyards (primarily located in Australia, New Zealand, Spain, Argentina and France).

Among these sites, 8 are classified as SEVESO "high threshold" sites due to the volumes of maturing whiskies stored there. One of these sites is in Ireland and the other 7 are in Scotland.

On 30 June 2006, the net book value of these properties was € 1,636 million. Due to the Group's decentralised structure, each Brand Owner has one or more factories and allocates its production among them.

CAPITAL EXPENDITURE POLICY

For the financial year 2005/2006, the Group's industrial capital expenditure amounted to 224.2 million euros, representing approximately 3.7% of Group sales.

The biggest projects for the year were as follows:

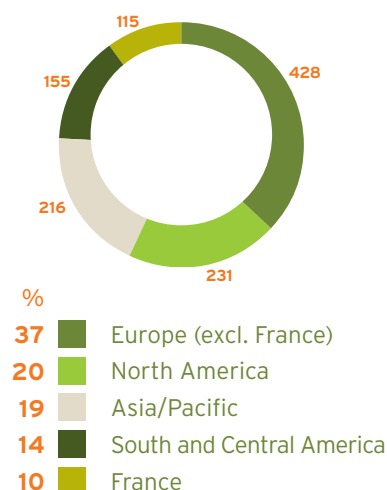
- expansion of the wine-making capacities and equipment of new vineyards in Australia and New Zealand;
- the industrial reorganisation of Chivas Brothers;
- continuation of the multi-year plan to extend the ageing cellars and create a finished products warehouse to handle the growth of Jameson Irish whiskey.

13 million euros
were allocated
to the preservation of
the environment in 2005/2006.

Breakdown of world
production per region
(million litres)

July 2005/June 2006

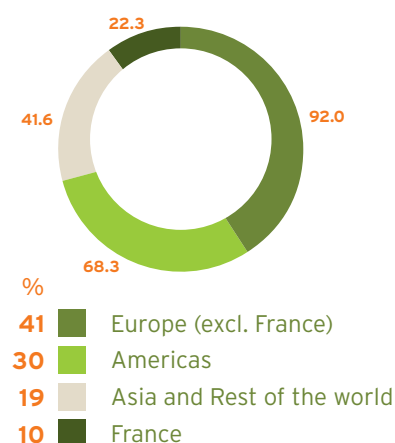
Total: 1,145 million litres



The Group's industrial
capital expenditure
(in euro millions)

July 2005/June 2006

Total amount: 224.2 million euro



THE FIVE MAIN VATTING AND BOTTLING CENTRES HANDLE 43% OF THE VOLUMES PRODUCED:

- In Australia, Rowland Flat site (wine bottling).
- In Scotland, Kilmalid-Newton and Paisley sites (whisky bottling).
- In the United States, Lawrenceburg, Indiana (bottling of gin and spirits).
- In Canada, Walkerville (bottling of spirits).

Commitments

Shareholders

Employees

Consumers

→ Environment

Clients & Suppliers

Industrial scope

Miltonduff.



Strathisla.



Whisky

North

- Aberlour
- Allt A Bhainne
- Glenallachie
- Longmorn
- Strathisla-Glen Keith
- The Glenlivet
- Keith Bond
- Mulben
- Glenburgie
- Glendronach
- Glenduchters
- Miltonduff
- Tormore
- Scapa

South

- Airdrie
- Balgray
- Dalmuir
- New Bridge
- Paisley**
- Strathclyde
- Dumbuck
- Westthorn
- Willowyard
- Kilmalid-Newton**

Walkerville.



CANADA

UNITED STATES

Mumm Napa:
Sparkling wine

Lawrenceburg Kentucky
Bourbon

Ensenada: Wine
Sonora: Brandy

MEXICO

Arandas: Tequila
Los Reyes: Brandy/liquors

90,800 t

Walkerville
Whisky,
rum,
vodka, gin

Lawrenceburg Indiana
Whisky, gin, vodka

Fort Smith
Liquors, rum

IRELAND

Fox & Geese
Midleton Distillery
Whiskey

PORTUGAL

Bombarral
Whisky,
brandy, tequila



Ysios (Spain).

Cafayate.



San Juan.

BRAZIL

Whisky
3,000t
Wine
4,600t

Resende
Spirits

Suape
Spirits

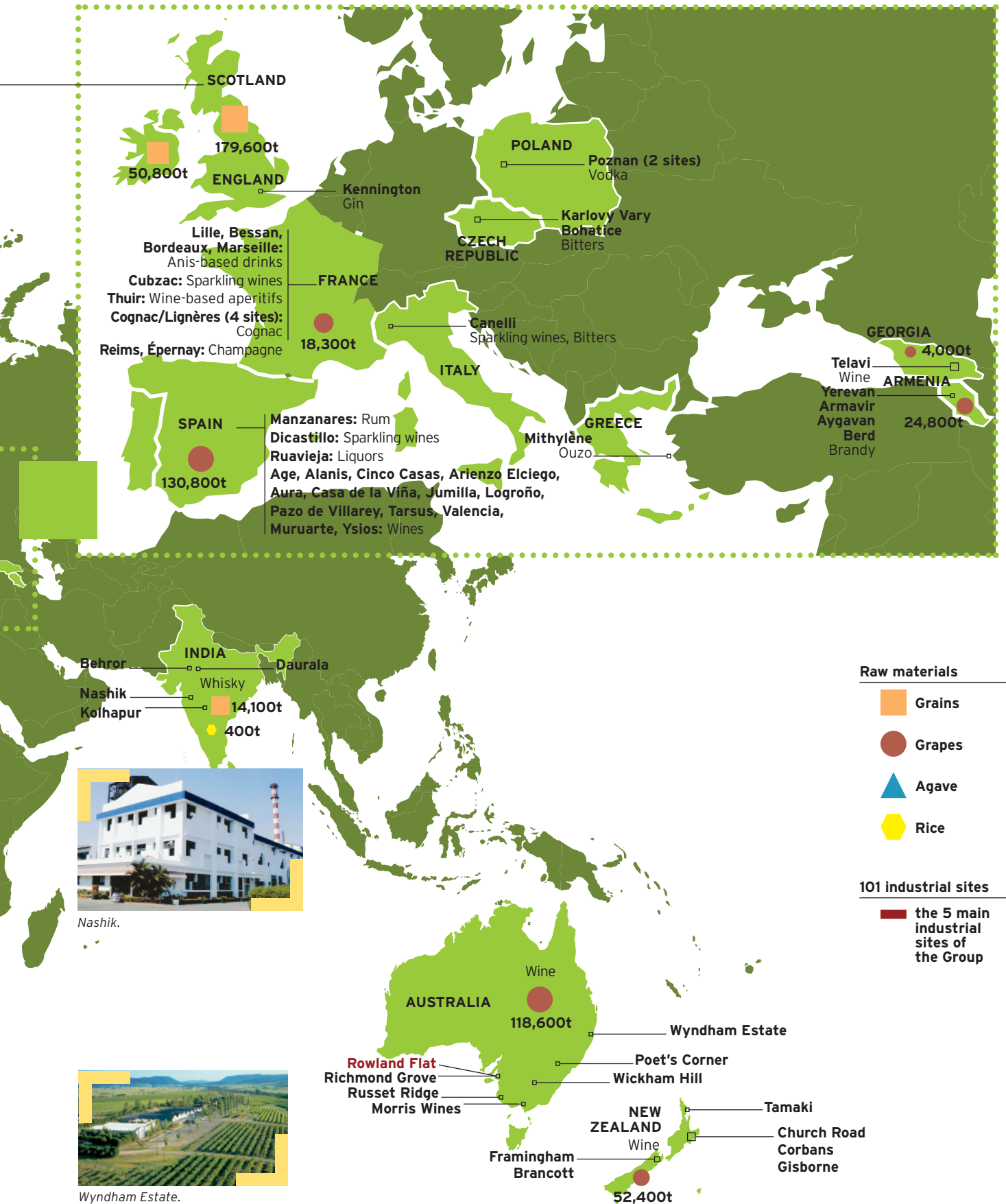
Livramento
Wine

Bella Vista
Spirits

ARGENTINA

Cafayate
Wine
San Juan,
Mendoza,
San Rafael:
Wine

25,900t



Commitments

Shareholders

Employees

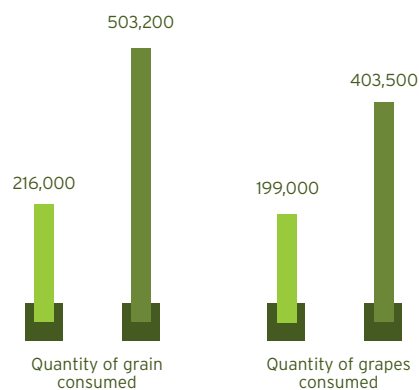
Consumers



Environment

Clients & Suppliers

Consumption of raw materials in tonnes



■ 2004/2005 (Pernod Ricard
+ Allied Domecq pro forma)
■ 2005/2006

45 sites

out of 101 had obtained
ISO 14001 certification
in 2005/2006



Q&A WITH JEAN-FRANÇOIS LAVIGNE

Consultant for the Quality-Safety-Environment Department on environmental questions and technical affairs

Can you sum up your professional career and your integration into Pernod Ricard?

As an engineer, agronomist and oenologist, I have spent my entire career in international Wines and Spirits groups, where I have held various positions in the industrial sector. Since 1999, I have been responsible for implementing Allied Domecq's environmental policy.

How have you found working in Pernod Ricard's Quality-Safety-Environment Department?

Pernod Ricard wished to capitalise on my experience by bringing me into the Quality-Safety-Environment team. I adapted quickly

and easily because the working atmosphere was transparent and friendly. My own case aside, the Group's decentralisation policy favours integration because it makes each employee a promoter of his brand, without limiting his entrepreneurial spirit and freedom to take the initiative.

How would you compare the environmental policies of Pernod Ricard and Allied Domecq?

The two Groups' concerns were very similar. They support sustainable development in agriculture and the use of natural resources - raw materials, water, energy - combined with enhanced effluent and waste management.

Another more basic similarity is the rational and pragmatic use of ISO (9001-14001) certifications as tools for ongoing progress and objective measurements. I promoted this approach at Allied Domecq and was naturally delighted to find it at Pernod Ricard.

ENVIRONMENTAL MANAGEMENT

Environmental management is part of an integrated risk management policy defined by Pernod Ricard's Quality-Safety-Environment department.

This department disseminates best practices collected within the Group and helps the subsidiaries in their ongoing improvement actions.

A specific QSE training module is organised every year at the Group's training centre for all the subsidiaries that organise their own awareness-raising operations locally.

The Group is continuing to set up its environmental management system programme to meet the requirements of the ISO 14001 international standard.

As of 30 June 2006, 45 sites out of 101 had obtained certification according to this standard. Their production accounts for over 63% of the Group's 1,145 million litres.

By the end of the next financial year, nearly 60% of the Group's sites should be certified.

A LIMITED ENVIRONMENTAL IMPACT

Pernod Ricard's industrial activities remain of a modest size and have a limited environmental impact in light of the total volume of activity.

On the other hand, from its very beginnings, the Group has been a major partner of agriculture which provides the raw materials needed for producing wines and spirits: alcohol, sugar cane and sugar beet (used to produce alcohol), aromatic plants, grains and grapes.

This link with agricultural activities has become even stronger with the acquisition of Allied Domecq.

SUSTAINABLE AGRICULTURE

Sustainable agriculture is the best way to ensure profitable long-term agriculture. It is based on compliance with best practices which range from the use of authorised inputs (plant protection products) at recommended rates on recommended dates, the proper use of controlled equipment and treatments triggered at predefined, measured thresholds.

These principles are notably implemented in the wine-growing areas the Group manages itself and which now cover over 10,000 hectares throughout the world.

They also extend to suppliers producing for Pernod Ricard under contract. In this framework, the development actions are many and varied:

- provision to 4,000 Armenian vine-growers under contract with the subsidiary YBC (Yerevan Brandy Company) of fertilisers and plant protection products selected by a team of five agronomist technicians who provide recommendations and follow-up on their utilisation;
- production recommendations for barley distilleries with specific information on the varieties or special recommendations on the minimal use of nitrogenous fertilisers (production of Scotch whisky and Irish whiskey);
- reduction in transportation between production and processing sites (wheat and barley cultivated as close as possible to malt houses and distilleries in Ireland and Scotland);
- recycling of production waste: by reusing composted marcs in New Zealand vineyards, it is possible to significantly reduce the use of mineral fertilisers;
- particular attention is being paid to wine-growing effluents with cleaning areas for agricultural equipment specially adapted for biological wastewater treatment (Martell Cognac/France).

OUTLOOK

To follow on from the best practice guides developed for industrial risk management, the objective for the coming year is to create a shared set of best wine-growing and wine-making practices based on existing know-how.

REDUCTION OF PESTICIDE USE

Alternative methods are always given priority when it is possible to avoid using chemical products.

For example, Domecq Bodegas in Spain uses the principle of pheromone diffusion to upset the reproduction cycle of a parasite that attacks grape clusters. In practice, this is done by distributing around the vineyard "diffusers" that lure the female butterflies away from the males.

Testimony



JEAN-MARC ROUÉ

Group Vice-President,
Quality-Safety-Environment

"Running environmental policy in an enlarged group required a large-scale thought process. Our first priority was to communicate on our management methods and tools to our new colleagues. Our annual "Quality-Safety-Environment" conference held at the Group's head office at the end of January 2006 enabled all our local managers to get together, exchange opinions and receive this information.

In line with our core principle of decentralisation, our approach primarily consists in identifying best practices and disseminating them. To do so, we are expanding our cross-audit programme, which was started in 2005: 10 new auditors have been trained, including 7 from Allied Domecq, and 30 to 35 sites will be audited in the course of 2006.

Finally, we are modernising our intranet site to facilitate information exchange and our working groups are continuing to draft best practice guides on subjects that cover several functional areas (risk analysis methods, prevention of Legionelle disease, etc.)."



MAINTENANCE OF NATURAL BIODIVERSITY

Pernod Ricard contributes to maintaining natural biodiversity. Two examples serve to illustrate this.

- Ever since the 1970s, the great yellow gentian, the essential ingredient for producing the Suze apéritif, has been studied to see if it can be cultivated. This would help to preserve Alpine meadows with less use being made of wild flowers. The Group now directly manages 70 hectares of cultivated gentian, which covers 50% of its needs.
- In Armenia, endemic vines (Meskhali, Rekatsiteli) give Ararat brandy its special flavour. These ungrafted vines could be at risk in the event of a phylloxera outbreak. The first grafting studies for these characteristic varieties are underway with the objective of increasing the resistance of these vines and therefore ensuring their longevity.

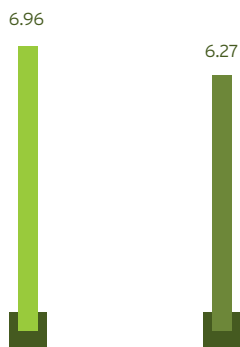


-9.9%

in water consumption
in 2005/2006



Change in the water consumption
in cubic metres for
1,000 litres of finished product



■ 2004/2005 (Pernod Ricard + Allied Domecq pro forma)
■ 2005/2006

ENVIRONMENTAL INDICATORS WATER CONSUMPTION

Average consumption over the financial year was 6.27 cubic metres for 1,000 litres of finished product, a decrease of 9.9%. This significant result was brought about notably by:

- limitation of consumption: in Australian, Spanish and Argentinean vineyards, a hydrous stress measurement technique for plants is used to optimise the inflow of irrigation water;
- loss reduction: in Armenia, a consumption measurement campaign and the renovation of underground pipe networks resulted in savings of over 80,000 cubic metres over the year.

This is a positive trend that will, of course, need to be confirmed in the years to come.

Q&A WITH VICTOR ALMEIDA

Industrial Director
of Pernod Ricard CESAM

Can you present Pernod Ricard CESAM's activities?

Over the last financial year, we have produced 59 million litres of spirits and 35 million litres of wine on our 8 sites located in Argentina and Brazil.

Our three Brazilian sites are ISO 14001 certified. As for Argentina, it is working towards having its sites certified by 2007. Pernod Ricard CESAM, like the Group's other subsidiaries, is very concerned about the environment and makes every effort to minimise the impact of its activities on the environment through daily monitoring.

What are the main lines of your environmental policy?

Among the action plans used are those concerning the rational use of water and energy, wastewater treatment and the reduction of atmospheric emissions as well as those taking our social environment into account.

Can you give us a few examples?

In Brazil, wastewater is treated before being discharged into the environment. We carry out regular surveillance of water sources (springs, rivers, etc.) to prevent any environmental impact. We are also very sensitive to the question of reforestation and actively plant trees to avoid the risks of erosion and landslides. In Argentine, water consumption and use is kept to a minimum. For example, we no longer use the old method of flooding to irrigate vineyards, in order to reduce water consumption. All our factories sort their glass, plastic and cardboard waste for recycling.

From July 2005 to June 2006, Pernod Ricard Cesam recycled 34,249 tonnes of organic and solid waste representing more than 98% of the waste generated by industrial activity.

PROFILE

After holding various industrial positions in both South and North America, Victor Almeida is now the Industrial Director in charge of all the activities in Brazil and the Spirits businesses for the other countries of Central and South America.





1.2 million 9-litre cases

Volume sold in 2005/2006 (12 months pro forma)

Commitments

Shareholders

Employees

Consumers



Environment

Clients & Suppliers



"ECO-DESIGN" PILOT PROJECT: "FATHER'S DAY" CHIVAS PRESENTATION BOX

This pilot project had two objectives:

- To validate a practical "eco-design" method so that a "tool box" could be created for use by all the subsidiaries
- To demonstrate that such an approach could be environmentally and financially effective while meeting marketing and sales requirements.



According to Patrick Deschamps, Purchasing Director at RICARD SA and coordinator of this project, the results were extremely satisfying: "The presentation box chosen is 23% lighter and 36% less voluminous than the standard presentation box. Its one-material design makes it easy to recycle. From a commercial viewpoint, this promotion was a success, and several other countries may adopt a similar initiative. This first eco-design experience has convinced us of its worth, especially as the approach generated substantial savings. We plan to extend it to several projects in the coming months."

PACKAGING WASTE

The inventory of environmental impacts presented in the previous annual report revealed the need to reduce the weight of packaging and improve its recyclability.

A simple "eco-design" methodology has been successfully tested and a "tool box" is currently being distributed to subsidiaries.

An average reduction of 5% in the weight of bottles would lead to annual savings of approximately 30,000 tonnes of glass. This is a challenge that may be met in the medium term. Furthermore, as the pilot project demonstrates, it is often possible to choose materials that are easier to recycle without curbing creativity.

ATMOSPHERIC EMISSIONS

CO₂ emissions:

CO₂ emissions from combustion, primarily due to distillery furnaces, have decreased by 6.72%, in parallel with the reduction in fuel consumption.

CO₂ from fermentation is offset by an equivalent absorption during photosynthesis of the grains and grapes grown. A pilot study was launched at three subsidiaries to survey their transportation activities in detail (number of tonnes - kilometres travelled from raw material procurement to customer delivery). This pilot study aims to refine the calculation of CO₂ emissions and to identify potential routes for progress.

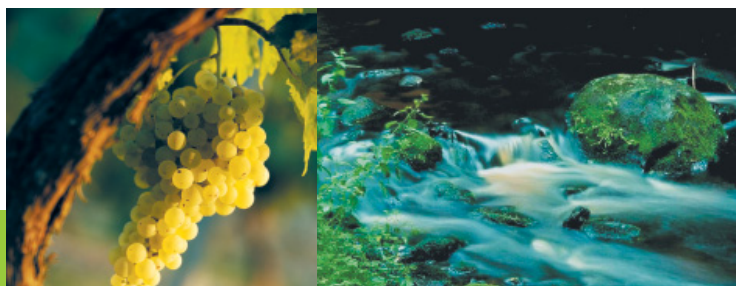
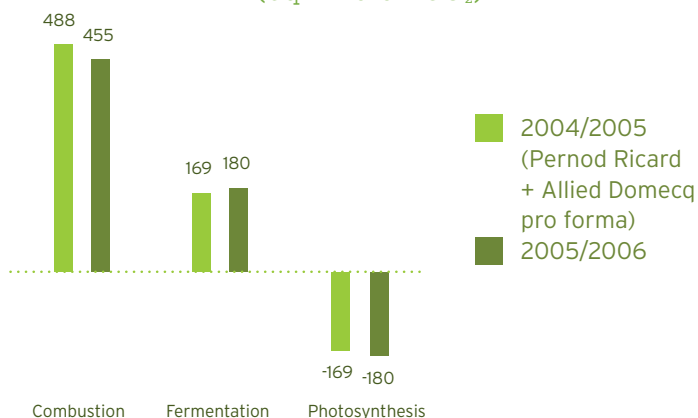
Refrigeration gases:

The survey of industrial site refrigeration facilities, begun in 2005, has been amplified and extended to new sites. The quantities present amount to 10,870 Kg of HCFC⁽¹⁾ and 3,404 Kg of HFC⁽²⁾. Waste emissions of chlorinated refrigeration gases remain very low.

(1) HCFC: refrigeration fluids that are partly halogeneous and subject to regulations as they have a harmful, but limited, effect on the ozone layer.

(2) HFC: refrigeration fluids that have no impact on the ozone layer.

Change in CO₂ emissions
(eq. kiloton CO₂)



ENERGY CONSUMPTION

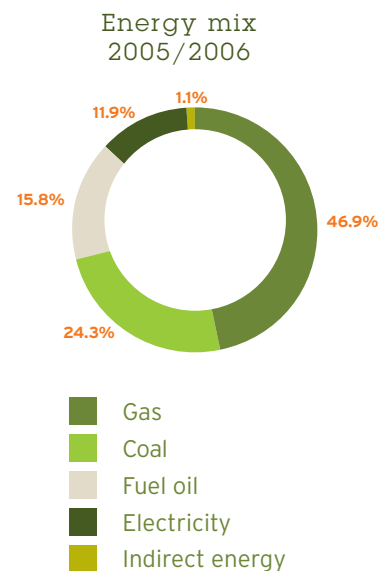
The total quantity of energy used (electricity, gas, fuel oil, coal and indirect energy) has decreased considerably. This leads to a big reduction in the ratio per litre of finished product (-16.5%).

A large number of local initiatives contribute to this good result, including for example:

- in the Bohatice factory in the Czech Republic, the replacement of the heating system has led to a 20% reduction in gas consumption, and savings of 300 MWh;
- in Spain, in the Ruavieja factory, electricity consumption was reduced by 30% notably by changing the roof to provide natural lighting, which shortened the number of hours of artificial lighting.

Ratios in MWH/1,000 litres of finished product

	2004/2005 Pernod Ricard + Allied Domecq pro forma	2005/2006
Indirect energy	0.21	0.02
Electricity	0.21	0.21
Fuel oil	0.26	0.28
Coal	0.42	0.43
Gas	1.02	0.83
Total	2.12	1.77



Bodega Juan Alcorta, Rioja (Spain).





SUMMARY TABLE OF INDICATORS

Subject	Definition	Measurement unit	2005/2006	For 1,000 litres of finished product	2004/2005*	For 1,000 litres of finished product	GRI Index**
	Number of sites concerned		99	–	102	–	
Volumes produced	Total production in thousands of litres	KL	1,145,225	–	1,149,053	–	
Raw materials	Total quantity of grapes consumed	Ton	403,500	–	N/A	–	EN1
	Total quantity of grains consumed	Ton	503,200	–	N/A	–	EN1
Water	Volume consumed	m³	7,182,064	6.27 m³ of water	7,996,403	6.96 m³ of water	EN9
Energy	Electricity consumption	MWh	237,968	0.21 MWh electricity	237,043	0.21MWh electricity	EN3
	Consumption of natural gas and other gases	MWh	958,149	0.83 MWh gas	1,167,359	1.02 MWh gas	EN3
	Fuel oil consumption	MWh	317,591	0.28 MWh fuel oil	304,657	0.26 MWh fuel oil	EN3
	Coal consumption	MWh	497,577	0.43 MWh coal	477,365	0.42 MWh coal	EN3
	Indirect energy purchases	MWh	18,253	0.02 MWh indirect energy	239,683	0.21 MWh indirect energy	EN4
CO₂ emissions	Consumption-related emissions	Ton CO ₂ eq.	455,222	0.40 ton CO ₂ eq.	488,010	0.42 ton CO ₂ eq.	EN17
	Fermentation-related emissions	Ton CO ₂ eq.	180,010	0.16 ton CO ₂ eq.	169,171	0.15 ton CO ₂ eq.	EN17
Refrigeration gases	Quantity of HCFC refrigeration gases present	Kg	10,870	–	–	–	EN18
	Quantity of HFC refrigeration gases present	Kg	3,404	–	–	–	EN18
Wastewater	Volume of clean water released into the environment	m³	1,926,045	1.68 m³ of cleanwater	1,348,123	1.17 m³ of cleanwater	EN21
	Volume of wastewater discharged for treatment	m³	3,534,152	3.09 m³ of wastewater	3,768,395	3.28 m³ of wastewater	EN21
Organic waste	Quantity of organic waste recycled or recovered	Ton	617,461	0.54 ton used	478,195	0.42 ton used	EN2
	Quantity of organic waste landfilled or treated	Ton	66,015	58 kg treated	17,255	15 kg treated	
Solid waste	Quantity of solid waste (glass, cardboard, etc.) recycled or recovered	Ton	27,552	24 kg recycled	38,208	33 kg recycled	EN20
	Quantity of solid waste landfilled or treated	Ton	8,646	7.5 kg treated	6,214	5 kg treated	EN20
Hazardous waste	Quantity of hazardous waste treated externally	Kg	363,490	0.3 kg treated	199,538	0.17 kg treated	EN24
Waste from dismantling	Quantity of waste from dismantling treated externally	Ton	336	–	168	–	
ISO 14001 certification	Percentage of ISO 14001-certified sites at 30/06/06		44%		37%		
Sites in protected areas	Number of sites located in a sensitive or protected area	Number of sites	–		–		EN12
Investments	Amount of investments for environmental protection	Million euros	13.04	–	–	–	EN30
Compliance of the activity	Fines or non-financial penalties due to non-compliance with environmental laws in force	Number of fines and penalties	–	–	–	–	EN28

(*) Pernod Ricard + Allied Domecq pro forma.

(**) GRI index = Correspondence with Global Reporting Initiative indicators (G3).



0.2 million 9-litre cases

Volume sold in 2005/2006 (12 months pro forma)

Sharing our ethics



THE GLOBAL
COMPACT

A COMMITMENT TO FUNDAMENTAL VALUES

Pernod Ricard applies the 10 principles of the Global Compact that it signed in 2003. These include: supporting and respecting the protection of internationally proclaimed human rights (Principle 1).



Pernod Ricard enters into genuine partnerships with its customers as well as with its suppliers. These relationships allow dedication to an ideal of constant improvement, and are based on concrete demands and regular oversight in the areas of ethics and Sustainable Development.

The Group shares its know-how and international experience with its subsidiaries, so that they may apply the same principles in their own customer and supplier relationships.

Q&A WITH JOHN CORRIGAN

Group Director,
Procurement and Purchasing

How do you embed "Sustainable Development" thinking throughout the organisation?

I believe it through several mechanisms. When I speak to my colleagues throughout the organisation I get the feeling that people naturally wish to act responsibly and that issues, such as ethics and the environment are important to them. So I do not think we have to convince people it is the correct thing to do... they already know that. However we do need to embed it into our processes, systems communication and training. Indeed we are in the midst of doing that.

Can you give an example?

Yes. I always think that if you design without waste a process or a product, at the very beginning then this is the best way to ensure sustainability. We are working hard at the moment with our technical and marketing colleagues to ensure that we embed sustainability into new concepts and designs. This concept should not be a constraint to creativity, but should engender even greater creativity.

A simple concept of reducing packaging weight has enormous leveraged effect throughout the supply chain, in material cost, storage and distribution costs, fuel efficiency, ease of recycling etc.

Do you think our suppliers take Sustainable Development and ethics seriously?

It is our intention only to work with suppliers who do, and according to our normal day to day communication with our supply base, and formal data gathering, such as our Sustainable Development Questionnaire I believe the vast majority do take this issue seriously. It may be that some have identified areas for improvement, but if so they must demonstrate viable action plans. Remember there is often a win-win here, especially in environmental matters... good environmental practice and design reduces waste and reduces costs.

PROFILE

A former Procurement and Purchasing Director at Allied Domecq North America, John Corrigan joined Pernod Ricard in Paris following the acquisition as International Purchasing and Procurement Director.

SHARING THE GROUP'S ETHICS WITH SUPPLIERS

Pernod Ricard wants to promote support by its suppliers to the Group's commitments in terms of Sustainable Development. The Group's Purchasing Department thus distributed a questionnaire entitled "Commitment and Sustainable Development" to its 20 main international suppliers in order to evaluate them on environmental and social criteria. As of 30 June 2006, ten of them had responded, with an excellent quality of information.

All are committed to respecting the ethical rules arising from labour laws. They are however not all as advanced in the area of environmental protection: five of them already have ISO 14001 certified sites while five have not achieved this as yet.

Subsidiaries have been asked to send this same questionnaire to their local suppliers and to include it in each call for tenders, in order to evaluate the performance of their potential suppliers.

WITH SUBSIDIARIES

A diversified Purchasing policy:

- the update of the Code of Ethics for Procurement, distributed as "Group policy" to our subsidiaries;
- the inclusion of a Sustainable Development clause in the Group General Purchasing Conditions (GPC) and the recommendation made to subsidiaries regarding the use of all or part of these Group GPCs;
- the incorporation of a unit on increasing buyer awareness of Sustainable Development issues at the next Group Inter-Purchasers meeting.

OUTLOOK 2006/2007

During financial year 2006/2007, the Purchasing Department will pursue and reinforce the Group's activity in the area of Sustainable Development by:

- ensuring effective circulation of the questionnaire by subsidiaries to their respective suppliers;
- scheduling audits, where necessary, of those suppliers whose survey responses do not comply with our expectations;
- evaluating for all subsidiaries the application and compliance with the Code of Ethics for Procurement and the Group GPCs;
- including a Sustainable Development unit in the Group's procurement training seminar;
- distributing to subsidiaries' purchasing teams the Group's ecological design methodology for packaging.

DIVERSIFIED CUSTOMER BASE

The Group's commercial or technical dependence on its customers and contract manufacturers is very limited.

It possesses all the industrial assets it needs in the operation of its brands. Over 90% in marketed volumes are thus packaged in-house and subcontracted activities are tightly controlled by each Brand Owner subsidiary, which may call on assistance from the Group's QSE department for the definition of specifications or field audits.

Our subsidiaries naturally have a very diverse customer base, with the proportion of retail (supermarket), wholesale and on trade customers varying greatly from one country to another.

The integration of Allied Domecq has led to a more balanced distribution of the Group's activity across continents and product categories, which increase Pernod Ricard's independence even more.

A DIVERSIFIED PURCHASING POLICY:

The Group's five top suppliers for its production purchases are:

- Glassmakers (Owen-Illinois and Saint Gobain);
 - A cardboard packaging manufacturer (Smurfit Kappa);
 - A packaging box supplier (Field Packaging);
 - A bottle closure manufacturer (Guala Group).
- These five suppliers account for less than 25% of the Group's total industrial purchases.

Testimony

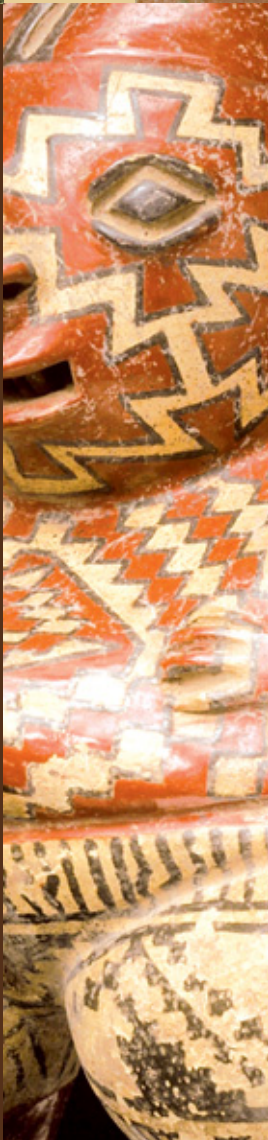
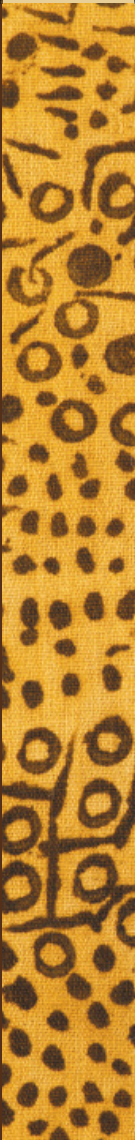


STEVE HAMMOND


Sustainable Development
Vice-President for Owen-Illinois,
the Group's main glass supplier

"Three years ago, we were never questioned by our customers concerning Sustainable Development. However, nowadays this is more and more common. The Pernod Ricard questionnaire is one of the most detailed received to date. We mobilized a number of departments within the company to answer the questionnaire in the most pertinent manner. We are embracing ISO 14001 for our plants, in fact 22 of our 39 plants in Europe are already accredited. O-I currently monitors the performance of our own suppliers in many aspects. The area of Sustainable Development will become more and more a critical review element in the selection of our suppliers."

O-I's VP Corporate Sustainability is responsible for leading the Global Environmental & Safety Teams covering issues such as the reduction of CO₂, emissions, glass recycling, energy saving initiatives, environmental protection and safety in the workplace.



CORPORATE SPONSORSHIP PERNOD RICARD



Cultural, environmental or humanitarian sponsorship is a time-honoured tradition at Pernod Ricard. Even before the Group's creation in 1975, both of the two founding companies already played an active role in social and cultural life. Allowing the public at large to discover art, supporting creativity, providing support for major long-term projects, are goals pursued by Pernod Ricard through its sponsorship actions. A cornerstone of the Group's commitment to corporate citizenship, corporate sponsorship is considered as making a vital contribution to social progress, and very closely linked with the sustainable development policy defined by Pernod Ricard.

Corporate Sponsorship, openness to the world



Terraces of the Centre Pompidou.

Contemporary art is at the heart of the cultural sponsorship policy, whereas scientific and humanitarian sponsorship is often related to water, the source of life that is central to the environmental concerns of the Group's companies.

CULTURAL SPONSORSHIP

Pernod Ricard's cultural sponsorship is a historical commitment to contemporary artistic expression: design, advertising objects, bottles, posters, right up to the covers of the annual report... all are part of this tradition of supporting contemporary art and particularly young artists.

In the 1960's Paul Ricard created the cultural foundation that still bears his name today. Its vocation was to help painters display their work and become known. Travelling exhibitions were organised throughout France. Continuing this tradition, the company has now made the Espace Paul Ricard, in the heart of Paris, a much sought-after venue for exhibiting the work of the most talented painters.

For Francisco de la Vega, Group Vice-President, Corporate Communication, the choice of contemporary art stems from its role as a dynamic vehicle. As he sees it, "contemporary art is not an easy choice. It establishes a dialogue with artists who are not afraid to 'break the rules'. It is a way of situating the company in its time".

CONTEMPORARY ART AT THE CENTRE POMPIDOU

In France, the Centre Pompidou is the centre of contemporary art. Its collection is recognised worldwide and its thematic exhibitions are always of international interest.

Pernod Ricard's partnership with the Centre goes back to 1997. At that time Pernod Ricard decided to contribute to the Museum's renovation by bearing the costs of filling the basins of the terraces created by Renzo Piano with water. In this way the Group allied Art and Water.

This partnership made it possible to make private use of this prestigious setting for public relations events every year. Thus, in 2005, private visits of the Dada exhibition were organised to receive the Group's key contacts in a privileged manner.



ACQUISITION OF A MAJOR ARTWORK

In 2003, Pernod Ricard enabled the French state to conserve the "Tunnel Head", an artwork by Julio Gonzalez (1876-1942), classified as a national art treasure. This major sculpture by this precursor of modern sculpture, was thus able to be included in the Centre Pompidou's permanent collections.



PERNOD RICARD, FIRST SPONSOR OF THE MUSÉE DU QUAI BRANLY

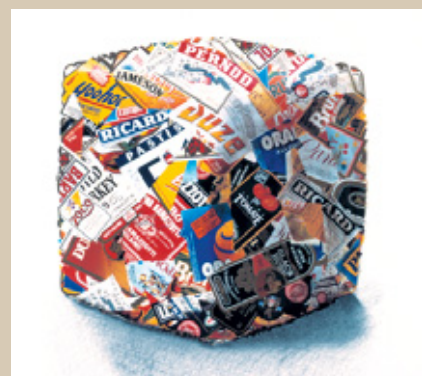
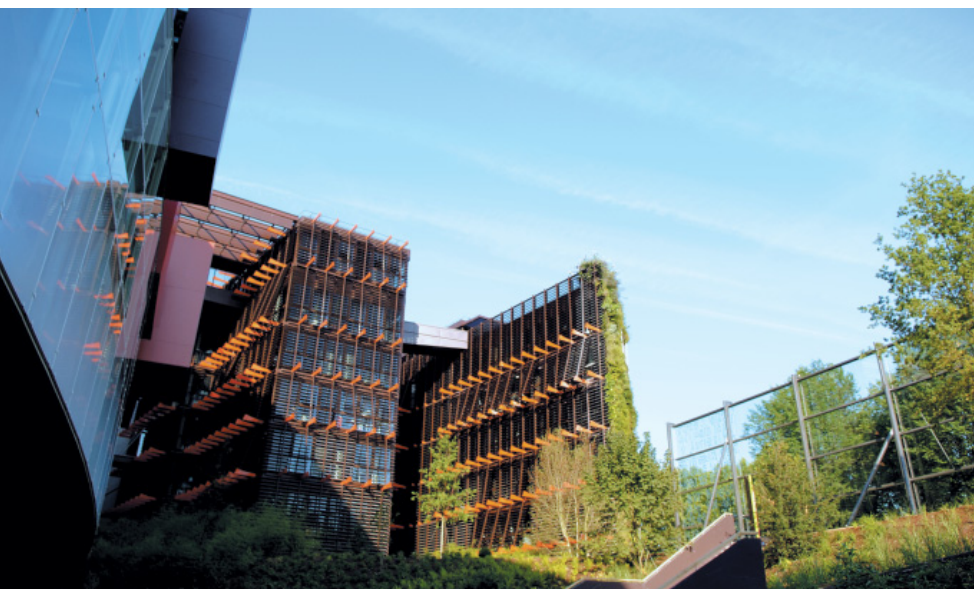
In 2006, Pernod Ricard signed a new partnership with the Musée du Quai Branly located at the foot of the Eiffel Tower in Paris, to finance the ornamental ponds on the Museum's terrace. "It was an ambitious project; the Musée du Quai Branly requested the help of companies which shared its values", explains Martine Aublet, sponsorship consultant for the Museum. Pernod Ricard was the first company to make a commitment.

Dedicated to the Arts and Civilisations of Africa, Asia, Oceania and the Americas, the Quai Branly is a genuine crossroads of world cultures. This new location aims to help the public discover the planet's great variety of artistic expression, reflecting their different regions and cultures. A cultural diversity so highly valued by Pernod Ricard, an international and multicultural Group, as reflected in its motto "Local roots, global reach".

On the terrace of this amazing building, the architect Jean Nouvel had the groundbreaking idea of extending the perspective by creating water basins all around the building. These are called the "Bassins Paul Ricard". The terrace offers a spectacular view of Paris, the Trocadero gardens and the banks of the Seine. Pernod Ricard's financial support amounts to 1 million euros.

As with the Centre Pompidou, Pernod Ricard can derive private benefit from this magical place by organising international cultural events. This was the case in June 2006, when immediately following the official inauguration, the Group organised the first private evening function for its VIP contacts.

The ponds on the terrace of the Quai Branly are named after Paul Ricard, in honour of the Group's founder who was a major patron of the arts throughout his life.



ART IN THE ANNUAL REPORT

Since the publication of its very first annual report, Pernod Ricard has ordered an original work of art from an artist each year to illustrate the cover. The Group has thus put together a collection including such great names as César or Yvaral as well as aspiring young artists from France, Scotland, Poland, Canada and China. In 2006, the theme of Tribal Arts was chosen to celebrate the new partnership with the Musée du Quai Branly. The work on the cover of this year's report is by the Australian artist Richard Allen.



Since 2004, the Group has given young instrumentalists the opportunity to train as orchestra musicians by sponsoring the Atelier Ostinato.

40 years
of commitment
to the protection
of the sea



ENVIRONMENTAL AND SCIENTIFIC SPONSORSHIP

THE PAUL RICARD OCEANOGRAPHICAL INSTITUTE

In 1966, most cities on the Mediterranean coast dumped their sewage directly into the sea. Only a few ecologists ahead of their time, like Paul Ricard, measured the extent and the dangers of this marine pollution. He managed to mobilise scientists, politicians, artists and professionals in the fishing and tourism sectors, launching a vast antipollution crusade.

Paul Ricard then decided to broaden his actions, by creating the Paul Ricard Oceanographical Institute on the Ile des Embiez. Its mission: discovering and educating people about the sea and protecting it. In other words, providing the public and scientists with means of information, study and observation of all types.

Over the years, a whole series of programmes have followed, in all fields related to water: biology, marine ecology, pollution, etc. Under the leadership of Professor Nardo Vicente, scientists have developed joint projects with a variety of public and private partners.

Educational tours organised around the theme of discovering an island environment are offered to schoolchildren. Students come to the Institute to prepare their research thesis.

INTERVIEW WITH PATRICIA RICARD

President of the Paul Ricard Oceanographical Institute

What is the purpose of the Institute?

A simple one: to make the public aware of the dangers and the extent of marine pollution (discharge of industrial waste and sewage, accidental pollution, etc.) and make scientific information accessible to the media.

To do so, the Institute hosts and finances basic research to understand the mechanisms of pollution and look for solutions.

How was the 40th anniversary commemorated?

The day was organised around debates, film screenings and workshops organised by associations which took place all over the island and were dedicated to the theme "The sea, the environment and instructions for use".

About 1,500 visitors came to the Ile des Embiez, including 450 members of the scientific community. Jean-Marie Pelt, President of the European Institute of Ecology attended as did many prominent

scientists and representatives of associations. The participants called for mobilisation and increased environmental awareness, particularly focused on the Mediterranean and the marine world.

In addition to this special event, what are the Institute's activities?

In addition to the research carried out by the scientific team, the Institute also has an ongoing educational mission aimed at making aware and training young people in environmental issues. An average of 5,000 pupils visit the Institute each year. Either in fighting pollution or protecting the great diversity of marine life, the Institute works concretely to promote respect for the environment and fight for the quality of life.



Located in the Var "département", the Île des Embiez was acquired by Paul Ricard in 1958. Its 95 hectares offer an astonishing diversity.

Each year, the Institute is a partner for about 40 cultural events such as the Festival mondial de l'image sous-marine, the Paris Salon de la plongée and the Festival Science Frontières, in Marseille.

Since 2002, the Paul Ricard Oceanographical Institute has been associated with the European project I-Marq (Information on marine environment quality). This ambitious scientific programme brings together some 10 international laboratories and will make it possible to establish a system for providing information in real time on the quality of coastal water.

In recognition of its activities as a whole, the Institute was awarded the Grand Prix by the French Académie des Sciences.

In June 2006, Pernod Ricard brought together the scientific and environmental community on the Ile des Embiez to celebrate the 40th anniversary of the Paul Ricard Oceanographical Institute.

Prominent figures present at the 40th anniversary.



OCÉANORAMA ON LINE

The magazine "Océanorama on line", accessible through the Internet site: www.institut-paul-ricard.org, as well as a number of publications and video recordings are produced by the Institute as tools to educate and increase awareness of the fragility of the marine world.

View of the Cavalière landscape.



At the ceremony for the signing of the agreement for transfer of the property, Didier Quentin, Deputy and President of the Conservatoire du littoral, stressed "the significance of this transfer testifies to the generosity of a French Group that has now become global, and the vision and foresight of its founder, Paul Ricard, who was a forerunner of environmental protection."

DONATION TO THE CONSERVATOIRE DU LITTORAL

True to its commitment to protecting the environment, in June 2006, Pernod Ricard made a major donation to the Conservatoire du Littoral consisting of 83 hectares of pine forest, overlooking the sea at the Anse de Cavalière, at Le Lavandou, in the Var.

This property, which was purchased by Paul Ricard in 1960, adjoins the Ricard SA holiday centre. By offering this property to the Conservatoire du Littoral, Pernod Ricard made it accessible to the general public and, more especially, ensured its permanent preservation.

This donation, in the form of a sale for a token price of one euro, is the largest transfer from the private to the public domain that the Conservatoire du littoral has received for the last 10 years.

The Conservatoire will facilitate the public's access to the property, thus enabling a large number of people to discover the site's flora and fauna, while respecting and ensuring the preservation of the local ecosystem.

At the official donation ceremony, Patrick Ricard declared, "I am proud that Pernod Ricard is able to contribute in this way to the sustained protection of this coastline and this magnificent region where the Group began."



Q&A WITH NELLY OLIN

French Minister of Ecology and Sustainable Development

What is your opinion of the Corporate and Social Responsibility Charter that Pernod Ricard has recently published?

My first reaction is to welcome a sincere commitment. You are not one of those companies whose sustainable development objectives amount to a few words in presentation brochures. In the case of Pernod Ricard, the Charter reflects the reality of what the group already practices. And the commitment to continue on this path draws on what you have already done for a great many years.

What are you thinking of in particular?

I was touched by the generosity of Pernod Ricard which this year transferred to the Conservatoire du Littoral a 83-hectare property outstandingly located at the Anse de Cavalière. This transfer is one step forward towards achievement of our "one third wild coastline" objective of protecting one third of our shores. Your founder, Paul Ricard, had a real vision of environmental issues and was able to pass on his convictions. It is very rare for a company to make a donation of this scale.

I am also thinking about your actions to protect the environment such as those conducted by the Oceanographical Institute which has recently celebrated its 40th anniversary. What we see there is not simply an intention but rather real achievements over the long-term.

The Conservatoire du Littoral's activities are aimed at preventing the permanent loss of biological, aesthetic and cultural resources that should be the property and responsibility of everyone. It looks after 100,000 hectares of property and more than 800 kilometres of shoreline which, thanks to its efforts, are preserved in metropolitan France and overseas departments and territories.

HUMANITARIAN SPONSORSHIP

Water quality is essential for the preparation of Pernod Ricard products. This has made everyone in the Group highly conscious of the crucial importance of this resource and led Pernod Ricard to orientate its humanitarian sponsorship towards providing impoverished populations with access to drinking water. To do so, the Group supports "l'Appel", an international organisation that carries out very concrete actions to help children and their families.

For over 30 years, "l'Appel" has brought together volunteers, doctors, engineers, and teachers with the same conception of solidarity and sustainable development to carry out health and educational actions to benefit the most underprivileged children in the world's poorest countries.

For 2005 and 2006, the area chosen is Turtle Island, located to the North-West of Haiti. It is a particularly poor region, alternatively hit by severe droughts and cyclones or tropical storms. At the request of local leaders and with the agreement of the country's official bodies, "l'Appel" launched a programme with the help of Pernod Ricard to construct drinking water tanks to collect rain water.

Pernod Ricard's support has given new impetus to efforts to provide the island with clean water and within two years it will double the number of families who have access to a water tank. It will also enable the construction of 8 water tanks for primary schools and the renovation of the hospital's water tanks.

"L'Appel" is an association which has proven its effectiveness over the years and operates under management that is both transparent and intelligent. The association maximises the benefits of its actions by also providing training in the handling of equipment. In doing so, it aims to help people to gradually acquire their autonomy.



PARTICIPATORY FINANCING

How was the sponsorship for Turtle Island financed? Starting from the principle that value would be enhanced with the commitment of all the managers, the Corporate Communication Department suggested to them that they choose to make a donation to a humanitarian association rather than receiving the traditional souvenir gift at the end of the annual congress. The donation was chosen unanimously.



RECONSTRUCTION AFTER THE TSUNAMI

Following the terrible tsunami in December 2004, Pernod Ricard mobilised its resources to contribute to reconstruction. Several major donations have been made by the Group and by the locally concerned subsidiaries. Locally, there is still a long way to go to erase the signs of the catastrophe. But reconstruction is underway:

- ▶ The Red Cross is piloting a project financed by Pernod Ricard in Sri Lanka, in the Ampara district. Approximately 20,000 people are benefiting from an operation encompassing drainage, renovation of the water network and construction of a water purification plant. The project aims to minimise the risks of flooding and epidemics in the Kalmunai region.
- ▶ In Thailand, Pernod Ricard's sales force gave up a trip to France, which its members had earned thanks to their outstanding performance, to offer the equivalent of the cost of the trip to the Rajaprajnughoh Foundation for the reconstruction of 4 schools in Phangna, Phuket, Krabi and Ranong, each for between 500 and 1,000 pupils.

Turtle Island.



The destructions caused by the Tsunami.



The works of art and architecture appearing on the brand pages



Chivas Regal

Zoomorphous helmet mask

Africa
123 x 30 cm
20th century

**The Esplanade,
Arts centre**
Singapore
Michael Wilford & partners
2002



Ricard

Vungvung mask

Oceania
92 x 290 x 70 cm
End of 19th -
beginning of 20th century

Spiral staircase
**Bavarian Ministry
of Economy**
Munich, Germany



Martell

Woman's skirt

Asia
H. 61 cm
20th century

Sony Center
Berlin, Germany
Helmut Jahn
2004



Jameson

Arrow shield

Americas
38 x 76 cm
19th century

Office building
New York, USA



The Glenlivet

Apron

Oceania
91 x 57,5 cm
Beginning of 20th century

Selfridges Building
Birmingham, UK
Future Systems:
Jan Kaplichky
& Amanda Levete
2003



Stolichnaya

Shona headrest

Africa
19,3 x 25 cm
19th century

**Umeda Sky building,
glass elevator**
Osaka, Japan
Hiroshi Hara & Atelier
and Kimura Construction
1993



Mumm

Fabric decorated with stylised birds and fish

Americas
119 x 146,8 cm
1100 - 1450

Swiss Re Tower
London, England
Norman Foster
2004



Montana

Yam mask

Oceania
56 x 39,4 cm
Mid 20th century

Elevator
Region of
Casablanca, Chile

THE HOMMAGE PAID TO TRIBAL ARTS CONTINUES INSIDE THE ANNUAL REPORT

Tribal Arts, which hold a place of honour on the front cover of the Annual Report, have also been chosen as the guiding theme throughout the document itself.

The first sponsor of the Musée du Quai Branly, inaugurated on 20 June 2006, Pernod Ricard has chosen to illustrate its annual report by highlighting works of Tribal Art. By drawing a parallel between 15 works on display at Quai Branly and 15 monuments of modern architecture, Pernod Ricard shows the timelessness of Tribal Art Works, that have inspired the artists of today.



Malibu

Midi breastplate
Oceania
43.3 x 40.4 cm
19th-20th century

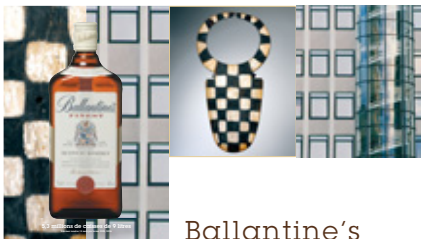
Jin Mao Tower
Shanghai, China
Skidmore Owings & Merrill
2003



Jacob's Creek

Malak bridal dress
Asia
L. 51 cm
19th century

BankWest Tower
Perth, Australia
Cameron Chisholm & Nicol
1988



Ballantine's

Bedu mask
Africa
144 x 74.5 cm
19th century

Glass building
Frankfurt, Germany



Havana Club

Feather artefact
Americas
180 x 170 cm
Pre-1892

**TGV Train station,
Lyon Saint-Exupéry airport**
Lyon, France
Sanitago Calatrava
1994



Beefeater

Two Mimi men
Oceania
63 x 42 cm
Mid 20th century

**Kio/Puerta
de Europa Towers**
Madrid, Spain
Burgess & Johnson:
Dominguez y Martin
1996



Kahlúa

Zerbiya knotted mat
Africa
496 x 168 cm
End of 20th century

**Glass building,
Stephen's Plaza**
Vienna, Austria



Perrier-Jouët

Shell
Oceania
17 x 17 cm
Beginning of 20th century

**Vittorio Emanuele
Gallery**
Milan, Italy
Giuseppe Mengoni
1877

Pernod Ricard wishes to thank the Musée du Quai Branly for allowing it to illustrate its annual report with works of tribal art from the museum's collections.



A YEAR PLACED UNDER THE SIGN OF THE TRIBAL ARTS

Ever since its creation, Pernod Ricard has illustrated the cover of its annual report with an original painted work.

2005/2006 was marked by the inauguration of the Musée du Quai Branly.

As a sponsor of this new “Temple” of Tribal Arts, Pernod Ricard wanted to “celebrate” the event by using this theme for its 2005/2006 annual report. This was a natural choice for the Group: with its collections depicting the arts and civilisations of Africa, Asia, Oceania and the Americas, the Musée du Quai Branly is a genuine crossroads of world culture. Respect for cultures and specific local features is also at the very heart of Pernod Ricard’s strategy, as reflected in its slogan “Local roots, global reach”.

This year, the Group has called on the talent of Richard Allen. This artist’s work is close to the sensitivity of the Tribal Arts, and the materials, colours and forms chosen bear certain similarities to aboriginal art from Australia. His poetic and visual work reflects the experiences of his travels throughout Australia, his native country. He sets out on a conquest of history and his work follows in the footsteps of famous Aboriginal artists, including Boyd, Nolan, or Kngwarreye.

An original and spontaneous work, which underlines the importance of tradition, the exchange of knowledge, conviviality and cultural diversity, thereby reflecting the essential values and convictions of Pernod Ricard.



RICHARD ALLEN

Richard Allen was born in Sydney, Australia in 1964.

He has shown his paintings in major art galleries in Australia for over 20 years. His work has been displayed at a large number of exhibitions in Hong Kong, London and Japan. The very roots of Australian culture are a source of inspiration for Richard Allen and a source of energy for his work. His polychrome painting style is poetical, lyrical and joyous. His work shows multicultural influences which reflect the importance of his ancestors and the necessary interchange between memories and contemplation.