

PROSPECTUS DATED 17 MARCH 2010



## PERNOD RICARD

*(a société anonyme established with limited liability in the Republic of France)*

**€1,200,000,000 4.875 per cent. Notes due 2016**

**Issue Price: 99.741 per cent.**

The €1,200,000,000 aggregate principal amount of 4.875 per cent. Notes due March 2016 (the **Notes**) of Pernod Ricard S.A. (the **Issuer**) will be issued outside the Republic of France on 18 March 2010 (the **Issue Date**) in the denomination of €50,000 each.

Each Note will bear interest on its principal amount from (and including) the Issue Date to (but excluding) 18 March 2016 at a fixed rate of 4.875 per cent. per annum payable annually in arrear on 18 March in each year and commencing on 18 March 2011, as further described in “Terms and Conditions of the Notes – Interest”.

The Issuer may, at its option, and in certain circumstances must, redeem all (but not some only) of the Notes at any time at par plus accrued interest in the event of certain tax changes, as further described in “Terms and Conditions of the Notes – Redemption for Taxation Reasons”. In addition, each Noteholder may, at its option, in the event of a Change of Control, request from the Issuer the redemption of some or all of the Notes held by it at their principal amount plus accrued interest, as further described in “Terms and Conditions of the Notes - Redemption following a Change of Control”.

Application has been made to the *Commission de Surveillance du Secteur Financier* (the **CSSF**) in its capacity as competent authority under the Luxembourg Act dated 10 July 2005 relating to prospectuses for securities, for the approval of this Prospectus within the meaning of directive 2003/71/EC (the **Prospectus Directive**). This Prospectus constitutes a prospectus within the meaning of Article 5.3 of the Prospectus Directive. Application has also been made to the Luxembourg Stock Exchange for the Notes to be listed on the official list of the Luxembourg Stock Exchange (the **Official List**) and to be admitted to trading on the Luxembourg Stock Exchange’s regulated market. References in this Prospectus to the Notes being “listed” (and all related references) shall mean that the Notes have been admitted to the Official List and admitted to trading on the Luxembourg Stock Exchange’s regulated market. The Luxembourg Stock Exchange’s regulated market is a regulated market within the meaning of directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments.

The Notes will be issued in dematerialised bearer form (*au porteur*). Title to the Notes will be evidenced in accordance with Articles L. 211-3 and R. 211-1 of the French *Code monétaire et financier* by book-entries (*inscription en compte*) in the books of Account Holders. No physical document of title (including *certificats représentatifs* pursuant to Article R. 211-7 of the French *Code monétaire et financier*) will be issued in respect of the Notes. The Notes will, upon issue, be inscribed in the books of Euroclear France, which shall credit the accounts of the Account Holders, as set out in “Terms and Conditions of the Notes - Form, Denomination and Title”.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) and may not be offered or sold in the United States or to, or for the benefit of, U.S. persons unless the Notes are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available.

The Notes have been assigned a rating of BB+ by Standard & Poor’s Rating Services, a division of the McGraw Hill Companies, Inc., Ba1 by Moody’s Investors Service, Inc. and BB+ by Fitch Ratings. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, reduction or withdrawal at any time by the relevant rating agency. A revision, suspension, reduction or withdrawal of a rating may adversely affect the market price of the Notes.

**An investment in the Notes involves certain risks. Potential investors should review all the information contained or incorporated by reference in this document and, in particular, the information set out in the section entitled “Risk Factors” before making a decision to invest in the Notes.**

### JOINT LEAD MANAGER AND COORDINATOR

NATIXIS

### JOINT LEAD MANAGERS

BARCLAYS CAPITAL

HSBC

MITSUBISHI UFJ SECURITIES INTERNATIONAL PLC

## RESPONSIBILITY STATEMENT

*To the best of the knowledge and belief of the Issuer, having taken all reasonable care to ensure that such is the case, the information contained or incorporated by reference in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The Issuer accepts responsibility for the information contained in this Prospectus accordingly.*

## IMPORTANT NOTICES

*This Prospectus comprises a prospectus within the meaning of directive 2003/71/EC (the **Prospectus Directive**) and for the purpose of giving information with regard to the Issuer, the Issuer and its consolidated subsidiaries taken as a whole (the **Group**) and the Notes which according to the particular nature of the Issuer and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.*

*Certain information contained in this Prospectus and/or documents incorporated herein by reference has been extracted from sources specified in the sections where such information appears. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by the above sources, no facts have been omitted which would render the information reproduced inaccurate or misleading.*

*This Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see “Documents Incorporated by Reference”). This Prospectus shall be read and construed on the basis that such documents are incorporated in, and form part of, this Prospectus.*

*The Joint Lead Managers (as defined under “Subscription and Sale”) have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Joint Lead Managers or any of their affiliates as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information provided by the Issuer in connection with the issue and sale of the Notes.*

*In connection with the issue and sale of the Notes, no person is or has been authorised by the Issuer or the Joint Lead Managers or any of their affiliates to give any information or to make any representation other than those contained in this Prospectus and if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or the Joint Lead Managers or any of their affiliates.*

*Neither the delivery of this Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein is correct at any time subsequent to the date hereof. The Joint Lead Managers do not undertake to review the financial condition or affairs of the Issuer during the life of the Notes or to advise any investor in the Notes of any information coming to their attention. Investors should review, inter alia, the documents incorporated by reference into this Prospectus when deciding whether or not to subscribe for or to purchase any Notes.*

*Neither this Prospectus nor any other information supplied in connection with the issue and sale of the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or any of the Joint Lead Managers that any recipient of this Prospectus should purchase any Notes. Neither this Prospectus nor any other information supplied in connection with the issue and sale of the Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Joint Lead Managers to any person to subscribe for or to purchase any Notes.*

*In making an investment decision regarding the Notes, prospective investors should rely on their own independent investigation and appraisal of (a) the Issuer, its business, its financial condition and affairs and (b) the terms of the offering, including the merits and risks involved. The contents of this Prospectus are not to be construed as legal, business or tax advice. Each prospective investor should consult its own advisers as to legal, tax, financial, credit and related aspects of an investment in the Notes. Potential investors should, in particular, read carefully the section entitled “Risk Factors” set out below before making a decision to invest in the Notes.*

*This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction where, or to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer and the Joint Lead Managers do not represent that this Prospectus may be lawfully distributed, or that any Notes may be*

lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Joint Lead Managers which would permit a public offering of any Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States, the United Kingdom and France (see “Subscription and Sale”).

The Notes have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (**Regulation S**)).

In this Prospectus, unless otherwise specified or the context requires, references to Euro, EUR and € are to the single currency of the participating member states of the European Economic and Monetary Union.

***In connection with the issue of the Notes, Natixis (the Stabilising Manager) (or any person acting on behalf of any Stabilising Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or any persons acting on behalf of any Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager (or any person acting on behalf of any Stabilising Manager) in accordance with all applicable laws and rules.***

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## **RISK FACTORS**

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

*Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Notes are also described below.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with the Notes for other reasons and the Issuer does not represent that the statements below regarding the risks of holding the Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.*

### **1. RISK FACTORS RELATING TO THE ISSUER**

See Section “Documents incorporated by reference” in this Prospectus.

### **2. RISK FACTORS RELATING TO THE NOTES**

*The Notes may not be a suitable investment for all investors.*

Each prospective investor of Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes is fully consistent with its financial needs, objectives and condition, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it and is a fit, proper and suitable investment for it, notwithstanding the clear and substantial risk inherent in investing in or holding the Notes.

Each prospective investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each prospective investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its own financial situation, an investment in the Notes and the impact that any such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear the risks of an investment in the Notes, including any currency exchange risk due to the fact that the prospective investor’s currency is not Euro;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of the financial markets and any relevant indices;
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the risks of such investment; and
- (vi) consult its own advisers as to legal, tax and related aspects of an investment in the Notes.

### ***Risks related to the structure of the Notes.***

#### *The Notes are subject to early redemption by the Issuer for taxation reasons*

An early redemption feature of Notes is likely to affect their market value. During any period when the Issuer may elect or be obliged to redeem Notes in accordance with Condition 6(b) “Terms and Conditions of the Notes - Redemption for Taxation Reasons”, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period.

An investor may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Prospective investors should consider investment risk in light of other investments available at that time.

#### *Interest rate risk on the Notes*

Investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

#### *The exercise of the Change of Control Put Option in respect of a significant number of Notes may affect the liquidity of the Notes in respect of which such Put Option is not exercised*

Depending on the number of Notes in respect of which the Put Option (as defined in “Terms and Conditions of the Notes”) is exercised in conjunction, if applicable, with any Notes purchased by the Issuer and cancelled, any trading market of the Notes in respect of which such Put Option is not exercised may become less liquid or illiquid.

### ***Risks related to the market generally.***

#### *An active trading market for the Notes may not develop*

There can be no assurance that an active trading market for the Notes will develop, or, if one does develop, that it will be maintained. If an active trading market for the Notes does not develop or is not maintained, the liquidity and the market or trading price of the Notes may be adversely affected.

#### *The trading market for the Notes may be volatile and may be adversely impacted by many events*

The secondary market for debt securities is influenced by economic and market conditions and, to varying degrees, interest rates, currency exchange rates and inflation rates in other European and other industrialised countries. There can be no assurance that events in France, Europe or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of the Notes or that economic and market conditions will not have any other adverse effect.

#### *Exchange rate risks and exchange controls*

The Issuer will pay principal and interest on the Notes in Euro. This presents certain risk relating to currency conversions if an investor’s financial activities are denominated principally in a currency unit (the **Investor’s Currency**) other than the Euro. These include the risk that exchange rate may significantly change (including changes due to devaluation of the Euro or revaluation of the Investor’s Currency) and the risk that authorities with jurisdiction over the Investor’s Currency may impose or modify exchange controls. An appreciation in the value of the Investor’s Currency relative to the Euro would decrease (1) the Investor’s Currency-equivalent yield on the Notes, (2) the Investor’s Currency-equivalent value of the principal payable on the Notes and (3) the Investor’s Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate, the market price of the Notes or certain investors’ right to receive interest or principal on the Notes.

### ***Risks related to the Notes generally.***

#### *Modification and waiver*

The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to a two-third majority in accordance with Article L. 228-65 II of the French *Code de commerce*.

#### *No voting rights*

The Notes do not give the Noteholders the right to vote at meetings of the shareholders of the Issuer.

### *No limitation on issuing debt*

There is no restriction in the Notes on the amount of debt which the Issuer may incur. Any such further debt may reduce the amount recoverable by the Noteholders upon liquidation or insolvency of the Issuer.

### *Credit ratings may not reflect all risks*

The credit ratings assigned to the Notes may not reflect the potential impact of all risks related to the structure, market or other factors that may affect the value of the Notes.

### *Change of law*

The Conditions of the Notes are based on the laws of France in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to the laws of France or administrative practice after the date of this Prospectus.

### *Taxation*

Prospective purchasers and sellers of the Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions, or in accordance with any applicable double tax treaty. Prospective investors are advised not to rely upon the tax summary contained in this Prospectus but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, sale and redemption of the Notes. Only these advisors are in a position to duly consider the specific situation of the prospective investor. This paragraph has to be read in conjunction with the taxation section of this Prospectus.

### *EU Savings Directive*

On 3 June 2003, the European Council of Economics and Finance Ministers adopted a directive 2003/48/EC regarding the taxation of savings income in the form of interest payments (the **Directive**). The Directive requires Member States, subject to a number of conditions being met, to provide to the tax authorities of other Member States details of payments of interest and other similar income made by a paying agent located within their jurisdiction to an individual resident in that other Member State. However, for a transitional period, Luxembourg and Austria will instead withhold an amount on interest payments unless the relevant beneficial owner of such payment elects otherwise and authorizes the paying agent to disclose the above information (see "Taxation – EU Directive on the Taxation of Savings Income").

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any paying agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. If a withholding tax is imposed on a payment made by a paying agent, the Issuer will be required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Directive.

### *French insolvency law*

Under French insolvency law as amended by ordinance n°2008-1345 dated 18 December 2008 which came into force on 15 February 2009 and related order n°2009-160 dated 12 February 2009, holders of debt securities are automatically grouped into a single assembly of holders (the **Assembly**) in order to defend their common interests if a preservation (*procédure de sauvegarde*) or a judicial reorganisation procedure (*procédure de redressement judiciaire*) is opened in France with respect to the Issuer. The Assembly comprises holders of all debt securities issued by the Issuer (including the Notes), whether or not under a debt issuance programme (EMTN) and regardless of their governing law. The Assembly deliberates on the proposed safeguard (*projet de plan de sauvegarde*) or judicial reorganisation plan (*projet de plan de redressement*) applicable to the Issuer and may further agree to:

- increase the liabilities (*charges*) of holders of debt securities (including the Noteholders) by rescheduling due payments and/or partially or totally writing off receivables in form of debt securities;
- establish an unequal treatment between holders of debt securities (including the Noteholders) as appropriate under the circumstances; and/or
- decide to convert debt securities (including the Notes) into securities that give or may give right to share capital.

Decisions of the Assembly will be taken by a two-third majority (calculated as a proportion of the debt securities held by the holders attending such Assembly or represented thereat). No quorum is required to convoke the Assembly.

For the avoidance of doubt, the provisions relating to the Representation of the Noteholders described in this Prospectus will not be applicable to the extent they are not in compliance with compulsory insolvency law provisions that apply in these circumstances.



## DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the following documents, which have been previously published or are published simultaneously with this Prospectus, which have been filed with the CSSF and which shall be incorporated in, and form part of, this Prospectus:

- the English translation of the Issuer's *Rapport Financier Semestriel (SR 2010)* dated 17 February 2010 which includes the unaudited condensed interim consolidated financial statements of the Issuer as at 31 December 2009 prepared in accordance with IFRS, the management report and the auditor's limited review report on such unaudited condensed interim consolidated financial statements;
- the English translation of the Issuer's 2008/2009 *Document de Référence (AR 2009)* dated 24 September 2009 which received reference no. D.09-0656 from the *Autorité des marchés financiers* (the **AMF**) and which includes the audited consolidated financial statements of the Issuer as at 30 June 2009 prepared in accordance with IFRS and the auditors' reports on such audited financial statements; except for the second paragraph of the section "Declaration of the person responsible for the reference document and the annual financial report" on page 202 of the AR 2009; and
- the English translation of Issuer's 2007/2008 *Document de Référence (AR 2008)* dated 2 October 2008 which received reference no. D.08-0656 from the AMF and which includes the audited consolidated financial statements of the Issuer as at 30 June 2008 prepared in accordance with International Financial Reporting Standards (**IFRS**) and the auditors' reports on such audited financial statements; except for the second paragraph of the section "Declaration of the person responsible for the reference document and the financial report" on page 188 of the AR 2008.

Such documents shall be incorporated in and form part of this Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

All documents incorporated by reference will be available on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and on the website of the Issuer ([www.pernod-ricard.fr](http://www.pernod-ricard.fr)). They will also be available free of charge at the premises of the Paying Agent in Luxembourg.

For the purposes of the Prospectus Directive, information can be found in such documents incorporated by reference or this Prospectus in accordance with the following cross-reference table. Any information not listed in the cross-reference list but included in the documents incorporated by reference is given for information purposes only.

Rule	Prospectus Regulation – Annex IX	Document incorporated by reference	Page
3.	RISK FACTORS		
3.1.	Prominent disclosure of risk factors that may affect the issuer's ability to fulfill its obligations under the securities to investors in a section headed "Risk Factors"	AR 2009	60 to 67
4.	INFORMATION ABOUT THE ISSUER		
4.1.	History and development of the Issuer:		
4.1.1.	the legal and commercial name of the issuer	AR 2009	180
4.1.2.	the place of registration of the issuer and its registration number	AR 2009	180
4.1.3.	the date of incorporation and the length of life of the issuer, except where indefinite	AR 2009	180

4.1.4.	the domicile and legal form of the issuer, the legislation under which the issuer operates, its country of incorporation, and the address and telephone number of its registered office (or principal place of business if different from its registered office)	AR 2009	180
5.	BUSINESS OVERVIEW		
5.1.	Principal activities		
5.1.1.	A brief description of the issuer's principal activities stating the main categories of products sold and/or services performed	AR 2009	7 to 9
5.1.2.	The basis for any statements in the registration document made by the issuer regarding its competitive position	AR 2009	8
6.	ORGANISATIONAL STRUCTURE		
6.1.	If the issuer is part of a group, a brief description of the group and of the issuer's position within it	AR 2009	6, 7
8.	PROFIT FORECASTS OR ESTIMATES		
8.1.	A statement setting out the principal assumptions upon which the issuer has based its forecast, or estimate	SR 2010 AR 2009	7 44
8.2.	Any profit forecast set out in the registration document must be accompanied by a statement confirming that the said forecast has been properly prepared on the basis stated and that the basis of accounting is consistent with the accounting policies of the issuer	AR 2009	N.A.
9.	ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES		
9.1.	Names, business addresses and functions in the issuer of the following persons, and an indication of the principal activities performed by them outside the issuer where these are significant with respect to that issuer: (a) members of the administrative, management or supervisory bodies; (b) partners with unlimited liability, in the case of a limited partnership with a share capital.	AR 2009	17 to 24; 31
9.2.	Administrative, Management, and Supervisory bodies conflicts of interests Potential conflicts of interests between any duties to the issuing entity of the persons referred to in item 9.1 and their private interests and or other duties must be clearly stated In the event that there are no such conflicts, a statement to that effect	AR 2009	25
10.	MAJOR SHAREHOLDERS		
10.1.	To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom, and describe the nature of such control, and describe the measures in place to ensure that such control is not abused	AR 2009	182, 191, 192
10.2.	A description of any arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer	AR 2009	183

11.	FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES		
11.1.	<p>Historical Financial Information</p> <p>Audited historical financial information covering the latest 2 financial years (or such shorter period that the issuer has been in operation), and the audit report in respect of each year</p> <p>If the audited financial information is prepared according to national accounting standards, the financial information required under this heading must include at least the following:</p> <p>(a) the balance sheet</p> <p>(b) the income statement</p> <p>(c) the accounting policies and explanatory notes</p>	<p>AR 2009 AR 2008</p> <p>AR 2009 AR 2008</p> <p>AR 2009 AR 2008</p> <p>AR 2009 AR 2008</p>	<p>74 to 120 69 to 120</p> <p>75, 76 71, 72</p> <p>74 70</p> <p>80 to 119 76 to 119</p>
11.2.	<p>Financial statements</p> <p>If the issuer prepares both own and consolidated financial statements, include at least the consolidated financial statements in the registration document</p>	<p>SR 2010 AR 2009 AR 2008</p>	<p>8 to 28 74 to 120 69 to 120</p>
11.3.	Auditing of historical annual financial information		
11.3.1.	A statement that the historical financial information has been audited. If audit reports on the historical financial information have been refused by the statutory auditors or if they contain qualifications or disclaimers, such refusal or such qualifications or disclaimers, must be reproduced in full and the reasons given	<p>AR 2009 AR 2008</p>	<p>120 (free translation) 120 (free translation)</p>
11.5.	<p>Legal and arbitration proceedings</p> <p>Information on any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on the issuer and/or group's financial position or profitability, or provide an appropriate negative statement</p>	<p>AR 2009</p>	<p>62 to 64</p>
12.	<p>MATERIAL CONTRACTS</p> <p>A brief summary of all material contracts that are not entered into in the ordinary course of the issuer's business, which could result in any group member being under an obligation or entitlement that is material to the issuer's ability to meet its obligation to security holders in respect of the securities being issued</p>	<p>AR 2009</p>	<p>68 to 71</p>

# TERMS AND CONDITIONS OF THE NOTES

The issue outside the Republic of France of the €1,200,000,000 aggregate principal amount of 4.875 per cent. Notes due 2016 (the **Notes**) of Pernod Ricard S.A. (the **Issuer**) has been authorised pursuant to a resolution of the *Conseil d'administration* of the Issuer, adopted on 17 February 2010, and decisions of Mr. Pierre Pringuet, *Directeur Général* of the Issuer, made on 10 March 2010 and 11 March 2010. An agency agreement (the **Agency Agreement**) to be dated 18 March 2010 will be entered into in relation to the Notes between the Issuer and BGL BNP Paribas Société Anonyme, as fiscal agent and principal paying agent (the **Fiscal Agent**, and the **Paying Agent**). References below to **Conditions** are, unless the context otherwise requires, to the numbered paragraphs below.

## 1 Form, Denomination and Title

The Notes will be issued in dematerialised bearer form (*au porteur*) in the denomination of €50,000 per Note. Title to the Notes will be evidenced in accordance with Articles L. 211-3 and R. 211-1 of the French *Code monétaire et financier* by book-entries (*inscription en compte*) in the books of Account Holders (as defined below). No physical document of title (including *certificats représentatifs* pursuant to Article R. 211-7 of the French *Code monétaire et financier*) will be issued in respect of the Notes. The Notes will, upon issue, be inscribed in the books of Euroclear France, which shall credit the accounts of the Account Holders.

**Account Holder** shall mean any intermediary institution entitled to hold, directly or indirectly, accounts on behalf of its customers with Euroclear France, and includes the depositary bank for Clearstream Banking société anonyme (**Clearstream**) and Euroclear Bank S.A./N.V. (**Euroclear**).

Title to the Notes shall be evidenced by entries in the books of Account Holders and will pass upon, and transfer of Notes may only be effected through, registration of the transfer in such books.

In these Conditions, **Noteholder** means the person whose name appears in the account of the relevant Account Holder as being entitled to any Note.

## 2 Status of the Notes

The principal and interest of the Notes constitute direct, unsubordinated and (subject to the Negative Pledge provisions as provided in Condition 3 below) unsecured obligations of the Issuer and will rank *pari passu* and without any preference among themselves and (subject to such exceptions as are from time to time mandatory under French law) equally and rateably with all other present or future unsecured and unsubordinated obligations of the Issuer.

## 3 Negative Pledge

So long as any of the Notes remains outstanding, the Issuer will not, and will procure that none of its Principal Subsidiaries will, create or permit to subsist any mortgage, charge, pledge or other security interest (*sûreté réelle*) upon any of its or their assets or revenues, present or future, to secure (1) any Relevant Indebtedness or (2) any guarantee in respect of any Relevant Indebtedness unless, in either case, the Issuer's obligations under the Notes (i) are secured equally and rateably with such Relevant Indebtedness or such guarantee in respect thereof, or (ii) are given the benefit of such other security, guarantee or arrangement as shall be approved by the *Masse* of the Noteholders.

For the purposes of this Condition:

**Principal Subsidiary** means at any relevant time a Subsidiary of the Issuer:

- (i) whose total gross assets as reflected in its statutory non-consolidated accounts represent no less than 10 per cent. of the total consolidated gross assets of the Issuer, as calculated by reference to the then latest audited accounts of such Subsidiary and the then latest audited consolidated accounts of the Issuer and its consolidated subsidiaries; or
- (ii) to which are transferred all or substantially all of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, in which case the transferring entity will no longer be considered as a Principal Subsidiary as of the day of such transfer. For the avoidance of doubt, any Subsidiary which becomes a Principal Subsidiary under this sub-paragraph (ii) will continue to be a Principal Subsidiary following the next audited accounts of such Subsidiary only if it satisfies the requirement set forth in sub-paragraph (i).

**Relevant Indebtedness** means any present or future indebtedness for borrowed money represented by bonds (*obligations*) or other securities (including *titres de créances négociables*) which are for the time being or capable of being, quoted, listed or ordinarily traded on any stock exchange, over-the-counter market or other securities market.

**Subsidiary** means any person or entity at any time which is a subsidiary within the meaning of Articles L. 233-1 and L. 233-3 of the French *Code de commerce*.

#### 4 Interest

##### (a) Interest Payment Dates

Each Note bears interest on its principal amount, from (and including) 18 March 2010 (the **Issue Date**), at the rate of 4.875 per cent. per annum (the **Rate of Interest**) payable annually in arrear on 18 March in each year (an **Interest Payment Date**) commencing on 18 March 2011.

Where interest is to be calculated in respect of a period which is equal to or shorter than an Interest Period (as defined below), it shall be calculated by applying the Rate of Interest to the principal amount of each Note, multiplying the product by the Day-Count Fraction and rounding the resulting figure to the nearest cent (half a cent being rounded upwards). The Day-Count Fraction will be Actual/Actual - ICMA basis which will be the number of days in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it becomes due, divided by the number of days in the Interest Period in which the relevant period falls (including the first but excluding the last day of such period). The period from and including the Issue Date to but excluding the first Interest Payment Date and each successive period from and including an Interest Payment Date to but excluding the next Interest Payment Date is called an Interest Period.

##### (b) Interest Accrual

Each Note will cease to bear interest from and including the due date for redemption unless payment of the principal in respect of the Note is improperly withheld or refused on such date or unless default is otherwise made in respect of the payment.

Interest payments will be made subject to, and in accordance with, the provisions of Condition 5.

## 5 Payments

### (a) Method of Payment

Payments of principal and interest in respect of the Notes will be made in Euro by transfer to a Euro denominated account (or any other account to which Euro may be credited or transferred) specified by the payee with a bank in a country within the TARGET System. Such payments shall be made for the benefit of the Noteholders to the Account Holders.

None of the Issuer, the Fiscal Agent or the Paying Agent shall be liable to any Noteholder or other person for any commission, costs, losses or expenses in relation to, or resulting from, the credit or transfer of Euro, or any currency conversion or rounding effect in connection with such payment being made in Euro.

Payments in respect of principal and interest on the Notes will, in all cases, be made subject to any fiscal or other laws and regulations or orders of courts of competent jurisdiction applicable in respect of such payments to the Issuer, the Fiscal Agent, the Paying Agent, the relevant Account Holder or, as the case may be, the person shown in the records of Euroclear France, Euroclear or Clearstream, Luxembourg as the holder of a particular principal amount of Notes, but without prejudice to the provisions of Condition 7.

### (b) Payments on Business Days

If the due date for payment of any amount of principal, interest or other amounts in respect of any Note is not a Business Day, payment shall not be made of the amount due and credit or transfer instructions shall not be given in respect thereof until the next following Business Day and the Noteholders shall not be entitled to any interest or other sums in respect of such postponed payment.

For the purposes of these Conditions:

A **Business Day** means any day (not being a Saturday or a Sunday) on which (i) the TARGET System is operating and (ii) commercial banks and foreign exchange markets are open for general business in France and in Luxembourg; and

**TARGET System** means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System or any successor thereto.

### (c) Fiscal Agent and Paying Agent

The name of the initial Fiscal Agent and Paying Agent and their specified offices are set forth below:

Fiscal Agent, Principal Paying Agent and Paying Agent

**BGL BNP Paribas Société Anonyme**  
50, avenue John Fitzgerald Kennedy  
L-2951 Luxembourg  
Grand Duchy of Luxembourg

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent and/or Paying Agent and/or appoint additional or other Paying Agents or approve any change in the office through which any such Paying Agent acts, provided that there will at all times be (i) a Fiscal Agent having a specified office in a European city and (ii) so long as the Notes are listed on the Regulated Market of the Luxembourg Stock Exchange and the rules of that exchange so require, a Paying Agent having a specified office in Luxembourg (which may be the Fiscal and principal Paying Agent). The Issuer undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European

Union that is not obliged to withhold or deduct tax pursuant to European Council directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of 26 and 27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such directive.

Any termination or appointment shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not more than forty five (45) nor less than thirty (30) calendar days' notice thereof shall have been given to the Noteholders by, or on behalf of, the Issuer in accordance with Condition 10.

In the absence of wilful default, bad faith or manifest error, no liability to the Noteholders shall attach to any of the Paying Agents in connection with the exercise or non-exercise by it of its powers, duties and discretions under these Conditions.

## **6 Redemption and Purchase**

The Notes may not be redeemed other than in accordance with this Condition 6 or Condition 8.

### **(a) Redemption at Maturity**

Unless previously redeemed or purchased and cancelled, the Notes will be redeemed in full at their principal amount (i.e. €50,000 per Note) on the Interest Payment Date falling on 18 March 2016.

### **(b) Redemption for Taxation Reasons**

- (i) If by reason of a change in the laws or regulations of the French Republic, or any political subdivision therein or any authority thereof or therein having power to tax, or in a treaty applicable to France, or any change in the application or official interpretation of such laws or regulations or treaty (including a judgment by a court of competent jurisdiction), becoming effective on or after the Issue Date, the Issuer would on the occasion of the next payment of principal or interest due in respect of the Notes, not be able to make such payment without having to pay additional amounts as specified under Condition 7(b) below, the Issuer may, on any date, subject to having given not more than 60 nor less than 30 days' prior notice to the Noteholders (which notice shall be irrevocable), in accordance with Condition 10, redeem the Notes (in whole but not in part) at their principal amount plus accrued interest up to (but excluding) their effective redemption date provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make payment of principal and interest without withholding for French taxes or, if such date has passed, as soon as practicable thereafter.
- (ii) If the Issuer would on the next payment of principal or interest in respect of the Notes be prevented by French law from making payment to the Noteholders of the full amount then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 7(b) below, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall upon giving not less than seven days' prior notice to the Noteholders in accordance with Condition 10, redeem the Notes (in whole but not in part) at their principal amount plus accrued interest up to (but excluding) their effective redemption date provided that the due date for redemption of which notice hereunder shall be given shall be no earlier than the latest practicable date on which the Issuer could make payment of the full amount of principal and interest payable without withholding for French taxes or, if such date has passed, as soon as practicable thereafter.

(c) **Redemption or Purchase following a Change of Control Event**

If at any time while any of the Notes remains outstanding, (i) a Change of Control occurs and (ii) within the Change of Control Period a Negative Rating Event in respect of that Change of Control occurs and is not cured prior to the last day of the Change of Control Period (a **Change of Control Event**), then each Noteholder shall have the option (the **Put Option**) to require the Issuer to redeem or, at the Issuer's option, to procure the purchase of, part or all of its Notes at their principal amount together with accrued interest to (but excluding) the Optional Redemption Date (as defined below).

Promptly upon the Issuer becoming aware of the occurrence of a Change of Control Event, the Issuer shall give notice to the Noteholders in accordance with Condition 10, specifying the nature of the Change of Control Event, the circumstances giving rise to it and the procedure for exercising the Put Option (the **Put Event Notice**).

Each Noteholder will have the right to require the redemption (or, at the Issuer's option, the purchase) of all or part of the Notes held by it within a 45-day period (the **Put Period**) after the Put Event Notice is given. To exercise the Put Option, each Noteholder must transfer or cause to be transferred by its Account Holder its Notes to be so redeemed (or purchased) to the account of the Paying Agent specified in the Put Option Notice for the account of the Issuer within the Put Period, together with a duly signed and completed notice of exercise in the form obtainable from the specified office of the Paying Agent (a **Put Option Notice**) and in which the relevant Noteholder will specify a bank account to which payment is to be made under this Condition 6(c).

The Issuer shall, subject to the transfer of such Notes to the account of the Paying Agent for the account of the Issuer as described above, redeem or, at the option of the Issuer, procure the purchase of, the Notes in respect of which the Put Option has been validly exercised as provided above on the tenth Business Day following the expiration of the Put Period (the **Optional Redemption Date**). Payment in respect of any Note so transferred will be made in Euro to the holder to the specified Euro-denominated bank account in the Put Option Notice on the Optional Redemption Date via the relevant Account Holders.

For the purposes of this Condition:

A **Change of Control** will be deemed to have occurred each time (whether or not approved by the *Conseil d'administration* of the Issuer) that any person or group of persons acting in concert (*personnes agissant de concert*, as defined in Article L. 233-10 of the French *Code de commerce*) at any time directly or indirectly gains control (as defined in Article L. 233-3 I of the French *Code de commerce*) of the Issuer.

**Change of Control Period** means, in relation to (and following) the occurrence of a Change of Control, the period commencing on the date of the first formal public announcement of the relevant Change of Control and ending on the date which is 90 days (inclusive) after the date of such public announcement.

A **Negative Rating Event** shall occur in respect of a Change of Control:

- (i) if the corporate credit rating assigned to the Issuer by either two or several Rating Agencies, whether at the invitation of the Issuer or by the relevant Rating Agencies' own volition, is reduced by at least one full rating notch, provided that following such reduction none of such relevant credit ratings reduced by two or several Rating Agencies and assigned to the Issuer are above or equal to Ba1 by Moody's and/or BB+ by S&P and/or Fitch,



- (ii) if the corporate credit rating assigned to the Issuer by a Rating Agency, whether at the invitation of the Issuer or by the relevant Rating Agency's own volition, is withdrawn,

*provided that*, in each such case, the relevant Rating Agency publicly announces that any such reduction or withdrawal is directly linked to such Change of Control.

**Rating Agency** means Moody's Investors Service, Inc. (**Moody's**), Standard & Poor's Rating Services, a division of the McGraw Hill Companies, Inc. (**S&P**) or Fitch Ratings (**Fitch**), or any other rating agency of equivalent international standing and in each case any of their respective successors and affiliates.

While any of the Notes remains outstanding, the Issuer undertakes to maintain a corporate credit rating assigned to the Issuer by at least two Rating Agencies.

**(d) Purchases**

The Issuer may, in accordance with all applicable laws and regulations, at any time purchase Notes in the open market or otherwise without any limitation as to price or quantity including connection with a tender offer.

**(e) Cancellation**

All Notes which are redeemed (including upon exchange) or purchased by the Issuer will be promptly cancelled and accordingly may not be reissued or resold.

## **7 Taxation**

- (a) The Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange. Accordingly, payments of interests and other revenue in respect of the Notes are exempt from the withholding tax set out under Article 125 A III of the French *Code général des impôts*, pursuant to the French tax authorities ruling n°2010/11 (FP and FE) dated 22 February 2010. As a result, such payments do not give rise to any tax credit from any French source.
- (b) If French law should require that payments of principal or interest in respect of any Note be subject to deduction or withholding in respect of any present or future taxes or duties whatsoever, the Issuer will, to the extent then permitted by law, pay such additional amounts as shall result in receipt by the Noteholders of such amounts as would have been received by the Noteholders had no such deduction or withholding been required, except that no such additional amounts shall be payable with respect to any Notes:
  - (i) to, or to a third party on behalf of, a Noteholder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some present or future connection with the Republic of France other than the mere holding of the Note; or
  - (ii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to the European Council directive 2003/48/EEC or any other European Union directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26 and 27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such directive (including for the avoidance of doubt, the agreements concluded by each member of the European Union with several dependant or associated territories of the European Union, aiming to apply measures similar to the ones deriving from the European Union Council directive 2003/48 EC or any law implementing or complying with, or introduced in order to conform to, such agreements).

- (c) Each Noteholder shall be responsible for supplying in a timely manner any information as may be required in order to comply with the identification and reporting obligations imposed on it by the European Council directive 2003/48/EEC or any other European directive implementing the conclusions of the ECOFIN Council Meeting dated of 26 and 27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such directive.

## 8 Events of Default

If any of the following events (each an Event of Default) occurs and is continuing, the Representative of the Masse, acting upon request of one or several Noteholders together representing no less than 10 per cent. of the outstanding aggregate principal amount of the Notes, may give written notice to the Issuer and the Fiscal Agent (at its specified office) declaring all the Notes to be due and payable, whereupon all Notes will become due and payable at their principal amount plus accrued interest unless such event(s) shall have been remedied prior to the receipt of such notice by the Issuer and the Fiscal Agent:

- (i) the Issuer is in default for more than 15 calendar days for the payment of any amount on the Notes, after the same shall become due and payable;
- (ii) the Issuer is in default in the performance of, or compliance with, any of its other obligations under the Notes and such default has not been cured within 30 Business Days after the receipt by the Fiscal Agent of a written notice identifying such default by the Representative of the *Masse*;
- (iii) (a) any other present or future indebtedness of the Issuer or any of its Principal Subsidiaries for borrowed money becomes due and payable prior to its stated maturity as a result of a default thereunder, or (b) any such indebtedness is not paid when due, or (c) any guarantee or indemnity given by the Issuer or any of its Principal Subsidiaries for, or in respect of, any such indebtedness of others is not honoured when due and called upon, subject, in each case, to a grace period equal to the greater of any applicable grace period and 10 days,

provided, in each case, that the relevant aggregate amount of the defaulted indebtedness, payment obligations, guarantee or indemnity in respect of which an event mentioned above has occurred exceeds €100,000,000 (or its equivalent in any other currency), whether individually or in the aggregate, and unless, in each case, the Issuer or its relevant Principal Subsidiary challenges in good faith the relevant event before a court of competent jurisdiction, in which case none of the relevant events will constitute an event of default until a final judgment has been rendered by such relevant court;

- (iv) the Issuer sells or otherwise disposes of all or substantially all of its assets or ceases to carry on all or substantially all of its business or an order is made or an effective resolution is passed for its winding-up, dissolution or liquidation, unless (a) such disposal, winding-up, dissolution, liquidation or cessation is made or takes place in connection with a merger, consolidation, amalgamation or other form of reorganisation with or to any other corporation and the Issuer's liabilities under the Notes are transferred to and assumed by such other corporation (including, without limitation, pursuant to a *fusion*, *scission* or *apport partiel d'actifs*) and (b) the long term rating assigned by S&P or Moody's to such other corporation immediately following such merger, consolidation, amalgamation or other form of reorganisation is not lower than the long-term credit rating assigned by such agency to the Issuer immediately prior to such merger, consolidation, amalgamation or other form of reorganisation; or
- (v) the Issuer or any of its Principal Subsidiaries applies for or is subject to the appointment of a *mandataire ad hoc* under French bankruptcy law (or, in respect of a Principal Subsidiary, any equivalent procedure under any other applicable law, as the case may be) or enters into an amicable procedure (*procédure de conciliation*) with its creditors or a judgement is rendered for its judicial

liquidation (*liquidation judiciaire*) or for a transfer of the whole of the business (*cession totale de l'entreprise*) of the Issuer or the Issuer or any of its Principal Subsidiaries makes any conveyance for the benefit of, or enters into any agreement with, its creditors as a result of actual financial difficulties.

## **9 Prescription**

Claims against the Issuer for the payment of principal and interest in respect of the Notes shall become prescribed ten (10) years (in the case of principal) and five (5) years (in the case of interest) from the due date for payment thereof.

## **10 Notices**

Any notice to the Noteholders will be valid if published, so long as the Notes are listed on the Regulated Market of the Luxembourg Stock Exchange and the rules of that stock exchange so require in a leading daily newspaper having general circulation in Luxembourg (which is expected to be *Luxemburger Wort*) or on the Luxembourg Stock Exchange website ([www.bourse.lu](http://www.bourse.lu)) or, if any such publication is not practicable, or the Notes are no longer so listed, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which such publication is made.

In addition, notices required to be given to the Noteholders pursuant to these Conditions may also be given by delivery of the relevant notice to Euroclear France, Euroclear, Clearstream and/or any other clearing system through which the Notes are for the time being cleared in substitution for the publications as aforesaid if prior approval is obtained from the competent authority of any stock exchange on which the Notes are listed except that notices relating to convocation and decision(s) of the general assembly pursuant to Condition 11 shall also be published (a) so long as the Notes are listed on the Regulated Market of the Luxembourg Stock Exchange and the rules of that stock exchange so require on the Luxembourg Stock Exchange website ([www.bourse.lu](http://www.bourse.lu)) or (b) in a leading newspaper of general circulation in Europe. Any notice to the relevant clearing system shall be deemed to have been given on the third Business Day following delivery of the notice to the relevant clearing system.

## **11 Representation of the Noteholders**

### **(a) The Masse**

The Noteholders will be grouped automatically for the defence of their respective common interests in a *masse* (hereinafter referred to as the **Masse**).

The *Masse* will be governed by those provisions of the French *Code de commerce* with the exception of the provisions of Articles L. 228-48, L. 228-59, R. 228-63, R. 228-67 and R. 228-69 of such *Code*.

### **(b) Legal Personality**

The *Masse* will be a separate legal entity, by virtue of Article L. 228-46 of the French *Code de commerce* acting in part through one (1) representative (the **Representative**) and in part through a general assembly of the Noteholders.

The *Masse* alone, to the exclusion of all individual Noteholders, shall exercise the common rights, actions and benefits which now or in the future may accrue with respect to the Notes.

### **(c) Representative**

The office of Representative may be conferred on a person of any nationality. However, the following persons may not be chosen as Representative:

- (i) the Issuer and its employees and their ascendants, descendants and spouses;
- (ii) companies possessing at least ten (10) per cent. of the share capital of the Issuer or of which the Issuer possesses at least ten (10) per cent. of the share capital;
- (iii) companies guaranteeing all or part of the obligations of the Issuer; and
- (iv) persons to whom the practice of banker is forbidden or who have been deprived of the right of directing, administering or managing a business in whatever capacity.

The initial Representative shall be:

Alain Gallois  
47 quai d'Austerlitz  
75013 Paris  
France

In the event of death, incapacity, retirement or revocation of the initial Representative, the replacement Representative shall be:

Stéphanie Besse  
47 quai d'Austerlitz  
75013 Paris  
France

In the event of death, incapacity, retirement or revocation of the Representative, a replacement will be elected by a meeting of the general assembly of Noteholders.

All interested parties will at all times have the right to obtain the name and the address of the Representative at the head office of the Issuer and at the offices of the Fiscal Agent.

**(d) Powers of the Representative**

The Representative shall, in the absence of any decision to the contrary of the general assembly of Noteholders, have the power to take all acts of management to defend the common interests of the Noteholders.

All legal proceedings against the Noteholders or initiated by them in order to be admissible, must be brought against the Representative or by it, and any legal proceedings which shall not be brought in accordance with this provision shall not be legally valid.

The Representative may not interfere in the management of the affairs of the Issuer.

**(e) General Assemblies of Noteholders**

General assemblies of the Noteholders may be held at any time, on convocation either by the Issuer or by the Representative. One or more Noteholders, holding together at least one thirtieth (1/30) of outstanding Notes may address to the Issuer and the Representative a demand for convocation of the general assembly; if such general assembly has not been convened within two (2) months from such demand, such Noteholders may commission one of themselves to petition the competent court in Paris to appoint an agent who will call the meeting.

Notice of the date, hour, place, agenda and quorum requirements of any meeting of a general assembly will be published as provided under Condition 10 not less than fifteen (15) calendar days prior to the date of the general assembly on first convocation and six (6) calendar days on second convocation.

Each Noteholder has the right to participate in meetings of the *Masse* in person or by proxy. Each Note carries the right to one vote.

**(f) Powers of General Assemblies**

A general assembly is empowered to deliberate on the fixing of the remuneration of the Representative and on its dismissal and replacement, and also may act with respect to any other matter that relates to the common rights, actions and benefits which now or in the future may accrue with respect to the Notes, including authorising the Representative to act at law as plaintiff or defendant.

A general assembly may further deliberate on any proposal relating to the modification of the Conditions of the Notes, including:

- (i) any proposal, whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions; and
- (ii) any proposal relating to the issue of securities carrying a right of preference compared to the rights of the Noteholders,

it being specified, however, that a general assembly may not increase the liabilities (*charges*) to the Noteholders, nor establish any unequal treatment between the Noteholders, nor decide to convert the Notes into shares.

In accordance with Article R. 228-71 of the French *Code de commerce*, the rights of each Noteholder to participate in general assemblies will be evidenced by the entries in the books of the relevant Account Holder of the name of such Noteholder on the third business day in Paris preceding the date set for the meeting of the relevant General Meeting at 0:00, Paris time.

Meetings of a general assembly may deliberate validly on first convocation only if Noteholders present or represented hold at least one fifth (1/5) of the principal amount of the Notes then outstanding. On second convocation, no quorum shall be required. Decisions at meetings shall be taken by a two-third (2/3) majority of votes cast by the Noteholders attending such meeting or represented thereat.

**(g) Notice of Decisions**

Decisions of the meetings must be published in accordance with the provisions set out in Condition 10 not more than ninety (90) days from the date thereof.

**(h) Information to the Noteholders**

Each Noteholder or representative thereof will have the right, during the fifteen (15) day period preceding the holding of each meeting of a general assembly, to consult or make a copy of the text of the resolutions which will be proposed and of the reports which will be presented at the meeting, which will be available for inspection at the principal office of the Issuer, at the offices of the Paying Agents and at any other place specified in the notice of meeting.

**(i) Expenses**

The Issuer will pay all reasonable expenses incurred in the operation of the *Masse*, including expenses relating to the calling and holding of meetings and the expenses which arise by virtue of the remuneration of the Representative, and more generally all administrative expenses resolved upon by a general assembly of the Noteholders, it being expressly stipulated that no expenses may be imputed against interest payable on the Notes.

## **12 Further Issues**

The Issuer may from time to time without the consent of the Noteholders issue further notes to be assimilated and form a single series (*assimilées*) with the Notes, provided that such further notes and the Notes shall carry rights identical in all respects (or in all respects except for the first payment of interest thereon) and that the terms of such further notes shall provide for such assimilation. In the event of such assimilation, the Noteholders and the holders of any assimilated (*assimilées*) notes will for the defence of their common interests be grouped in a single *Masse* having legal personality.

## **13 Governing Law and Submission to Jurisdiction**

The Notes are governed by and shall be construed in accordance with the laws of the Republic of France.

Any action against the Issuer in connection with the Notes will be submitted to the exclusive jurisdiction of the competent courts in Paris.

## **USE OF PROCEEDS**

The net proceeds of the issue of the Notes are expected to amount to approximately €1,191,492,000 and will be used in order to repay in whole or in part the shortest-term tranches of the syndicated loan of the Issuer.

## RECENT DEVELOPMENTS

### 1 Moody's Pernod Ricard view positive

Moody's Investors Service announced on 24 February 2010 that it changed the outlook on the Ba 1 senior unsecured ratings of Pernod Ricard SA to positive from stable.

### 2 Putative Class Actions in the United States - Origin of Stolichnaya

On 18 October 2006, Russian Standard Vodka (USA), Inc. and Roust Trading Limited brought an action against Allied Domecq Spirits & Wine USA, Inc. (**ADSW USA**) and Pernod Ricard USA, LLC (**PR USA**) in the United States District Court for the Southern District of New York. On 4 December 2006, the plaintiffs filed an amended complaint adding S.P.I. Group SA and S.P.I. Spirits (Cyprus) Limited (together, **SPI**) as defendants. The plaintiffs allege that the defendants are engaged, in false advertising under federal and New York State law, and also in unlawful trade practices and unfair competition, by advertising and promoting Stolichnaya vodka as "Russian vodka" and by making certain related claims on their website and in their advertising campaigns. The plaintiffs are also seeking a declaratory judgment by the Court that they have not engaged in false advertising by virtue of their public statements challenging the "Russian" character of Stolichnaya vodka, and are seeking damages, including the disgorgement of all related profits made by the Group.

Since the filing of this case, the parties have been engaged in motion practice and discovery. In February 2009, the defendants all moved for summary judgment. SPI argues principally that the plaintiffs lack standing.

PR USA and ADSW USA primarily argue that the plaintiffs are no longer entitled to seek relief against PR USA and ADSW USA, as they have ceased all involvement with the Stolichnaya brand in the United States. PR USA and ADSW USA also adopt SPI's arguments in their own motion.

In November 2009, the case was reassigned a new judge. The new judge held a conference with the parties on 29 January 2010. The judge asked the parties to submit a joint letter by 12 February 2010 to report on the status of settlement negotiations. In the parties' 26 February 2010 letter, plaintiffs stated: "After further discussions with their clients, plaintiffs' counsel report that plaintiffs are ready to enter into a settlement with Defendants that would include dismissal of all claims in this litigation with prejudice, as well as resolution of other disputes outside of this litigation between plaintiffs and SPI defendants. The parties are currently discussing and finalizing the terms of this settlement."

On 1 March 2010, in light of the parties' letter, the Court dismissed the case with prejudice, but gave the parties 30 days to consummate their settlement agreement. If the parties are unable to reach agreement on the terms of the settlement within 30 days, the plaintiffs may request that the Court restore the case to the Court's docket.

### 3 Press release - Paris, 22 October 2009

Pernod Ricard's consolidated net sales (excluding tax and duties) totalled **€1,646** million for the 1st quarter 2009/10 (from 1 July to 30 September 2009), featuring:

- An **organic decline** of 4%, in line with our expectations,
- A 1% negative foreign exchange effect,
- A 1% negative group structure effect, primarily relating to the € 30 million contribution of Vin&Sprit sales and net of disposals (including Stolichnaya and Wild Turkey) of € 50 million.



The Spirits business proved resilient with an organic decline of 2%, whereas Wine and Champagne sales decreased by 13%.

The 15 strategic brands recorded a 5% organic decline in value, along with a 9% drop in volume, showing good resilience with a positive price/mix effect.

Within this context:

- the most dynamic brands in value were Martell (+13%), which once again posted a remarkable performance, Havana Club (+6%), Jameson (+2%) and Ricard (+2%).
- ABSOLUT (-7%) suffered from a particularly high comparison base, the previous distributors having recorded significant sales prior to transfer of distribution to Pernod Ricard on 1 October 2008. However, in the US, there was a trend towards improved consumer offtake.
- Chivas Regal (-7%) was faced by both an unfavourable technical effect (transfer of distribution from Kirin to Pernod Ricard Japan) and difficulties in Duty Free and in Russia. The brand held up well in Western Europe and grew in South America.
- Ballantine's (-15%) declined in Asia and Eastern Europe but maintained its position in Western Europe.
- the decline in Jacob's Creek (-7%) was the result of a value strategy (price promotions not repeated). The contribution of the brand is growing <sup>(1)</sup>.
- Mumm (-18%) and Perrier-Jouët (-38%) were adversely affected in an environment that remained difficult for champagne.

The portfolio of 30 local brands confirmed its satisfactory performance at a time of economic crisis with volumes up 1% and sales growth of 2%(1) over the quarter. Indian whiskies continued their very strong volume growth with Royal Stag (+33%) and Blender's Pride (+19%). Imperial in South Korea and 100 Pipers in Thailand again returned to growth over this quarter.

Premium brands demonstrated their good resilience: they represent 70% of sales, the same percentage as that of the 1st quarter 2008/09.

#### Review by region

Emerging markets were the major growth drivers in the 1st quarter (+6% (1)). Asia/Rest of World, driven by China and India, enhanced its share of net sales.

- Asia / Rest of World: € 514 million (organic growth of 3%)

Emerging Asian markets reported strong organic growth of 16%, in particular India (+26%), China (+19%) and Vietnam (+21%). South Korea and Thailand grew over the quarter. Duty Free Asia recovered (depletions: +7%) but shipments were still down significantly.

- Americas: € 456 million (organic decline of 2%)
  - North America: In the United States, depletions were up for the first time since summer 2008. Shipments were down compared to the 1st quarter 2008/09 taking account of the timing of distributors' orders for Christmas and New Year. A number of marketing initiatives are in progress to support the brands. Canada declined whereas Mexico had modest growth.
  - Central and South America: strategic brands achieved strong growth. Scotch brands (Something Special, 100 Pipers, Passport) reported good performances, especially in Venezuela.

- Europe: € 520 million (organic decline of 11%)

Europe remains the region most affected by the crisis.

- Central and Eastern Europe: Russia and Poland reported significant declines on very unfavourable comparatives.
- Western Europe: the situation remained difficult in most markets. However, Sweden, Greece and Portugal are in growth.
- France: € 157 million (organic decline of 3%)

In an environment that is becoming more difficult, Havana Club, ABSOLUT and Aberlour reported good performances. Ricard and Pastis 51 grew in value over the period and consolidated their market share. The decline in sales was primarily due to Mumm champagne.

To conclude:

- The 1<sup>st</sup> quarter 2009/10 proved satisfactory in comparison with a record 1<sup>st</sup> quarter 2008/09. The 2<sup>nd</sup> quarter performance will have to be viewed against comparatives which remain high.
- Sales in 1<sup>st</sup> quarter 2009/10 reflect:
  - a positive price / mix effect,
  - a European market that remains difficult,
  - but buoyant growth in most emerging markets, in particular in China and India.
- Early signs of improvement appear in certain markets (consumer offtake in Duty Free, depletions in the US).

Pierre Pringuet, Chief Executive Officer of Pernod Ricard, commenting on the sales stated: “The performance of this 1st quarter strengthens our confidence for the current financial year and our determination to increase advertising and promotion investment in our strategic brands”.

Pernod Ricard will communicate its profit guidance for the current financial year at its Annual General Meeting, to be held on Monday 2 November next.

*<sup>(1)</sup> On a like-for-like basis (organic growth for Vin&Sprit calculated over the 2 months August and September)*

#### **4 Press release - Paris, 2 November 2009**

The Combined General Meeting of shareholders of Pernod Ricard is being held today, to approve the 2008/09 consolidated and company financial statements at 30 June 2009, and to set the amount of the dividend for the year. The Meeting will also decide on all the draft resolutions submitted for approval.

The Group reaffirms its confidence in the quality of the portfolio and in the strength of the distribution network, particularly in emerging countries. The Group highlights that, even if the general economic environment remains difficult, particularly in Europe, early signs of improvement are appearing in certain markets.

In this context, and given a start to the year in line with the Group’s expectations, Pierre Pringuet announces “targeting 2009/10 organic growth in profit from recurring operations of between +1% and +3%, with an increase in advertising and promotion investment behind strategic brands”.

Below are the major dates on the financial communication calendar for the coming year\*:

Trading Statement 1 <sup>st</sup> HY 2009/10	Thursday 14 January 2010
2009/10 Half-year results	Thursday 18 February 2010
2009/10 3 <sup>rd</sup> Quarter sales	Wednesday 29 April 2010
Trading Statement FY 2009/10	Friday 16 July 2010
2009/10 Annual results	Thursday 2 September 2010
2010/11 1 <sup>st</sup> Quarter sales	Thursday 21 October 2010
2009/10 Combined General Meeting	Wednesday 10 November 2010

*\* Pernod Ricard's financial year starts on 1 July and ends on 30 June of the following year.*

## **5 Press release - Paris, 3 November 2009**

### Combined General Meeting of 2 November 2009

*Cash dividend: € 0.50 per share*

Pernod Ricard's shareholders approved the 2008/09 consolidated and parent company financial statements at 30 June 2009 at the General Meeting and decided to approve the payment of a dividend distribution of € 0.50 per share. Due to the payment of an interim dividend on 8 July 2009, no further dividend will be paid. The return to the usual cash dividend distribution policy of one third of net profit from recurring operations is planned for the 2009/10 financial year.

*Renewal of the term of office of four Directors and appointment of three new Directors*

The General Meeting decided to renew the terms of office as Directors of Danièle Ricard, Jean-Dominique Comolli, Lord Douro and SA Paul Ricard, represented from this day by Alexandre Ricard. Gérald Frère, Michel Chambaud and Anders Narvinger were appointed as new Directors for a term of four years (see their biographies below).

### Decisions of the Board of Directors' meeting held at the end of the Combined General Meeting of 2 November 2009

*Composition of Board of Directors' Committees*

The Board of Directors, meeting yesterday following the General Meeting, reorganised the Committees as follows:

- Audit Committee: Michel Chambaud, Nicole Bouton, Wolfgang Colberg, François Gérard
- Appointments Committee: Jean-Dominique Comolli, Lord Douro, Danièle Ricard
- Remuneration Committee: Jean-Dominique Comolli, Lord Douro, Gérald Frère

*Distribution of one free share for every fifty shares held*

It was also decided to increase the share capital of the company through the capitalisation of reserves and the allocation of bonus shares, on the basis of one free share for fifty shares held. The Board of Directors set the allocation date for 18 November 2009 and ruled that these new shares will give right to cash dividends decided or paid on or after their date of issue. In application of the authorisation granted by the General Meeting in its 22nd resolution, the fractional shares may neither be traded nor sold. Corresponding cash compensation will be paid on Wednesday 9 December 2009.

## *BIOGRAPHIES*

- Gerald FRERE

58 years old, a Belgian national, Gérald FRERE has been a Managing Director of the Bruxelles Lambert Group since 1993. He joined the family business, the Frère-Bourgeois Group in 1972. He has been a member of the Board of Directors of Bruxelles Lambert Group since 1982 and the Chairman of its Permanent Committee since 1993.

In addition, he also acts as Chairman of the Board of Directors of Compagnie Nationale à Portefeuille SA (CNP) and TVI SA (RTL Belgium). He is also a Director of Banque Nationale de Belgique, Vice-Chairman of the Board of Directors of Pargesa Holding SA (Switzerland) and Director of Corporation Financière Power (Canada), Suez-Tractebel SA (Belgium) and Lafarge SA.

Over the past five years, Gérald FRERE also held the following positions: Director of GBL Finance S.A. (Luxembourg), Chairman of Diane S.A. (Switzerland), Director of RTL Group S.A (Luxembourg), Commissioner of N.F. Associated B.V. (Netherlands), member of the Remuneration Committee, member of the Strategic Committee and member of the Supervisory Board of Taittinger S.A Group (France), Director of Cobepa S.A. (Belgium) and Member of the Board of Trustees of Guberna.

- Michel CHAMBAUD

57 years old, a French national, Michel CHAMBAUD graduated from the Ecole des Hautes Etudes Commerciales in 1973 and the Institut d'Etudes Politiques of Paris in 1975. He was also awarded a doctorate in fiscal law in 1977. Michel CHAMBAUD was a Strategy Consultant for Arthur D. Little and held various Finance lecturing positions until 1978. From that date and until 1982, he was a consultant for African development banks, under contract from the World Bank, and concurrently founded Surf System (a press group comprising the Surf Session, Body Board Air Force and Surfer's Journal magazines).

In 1982, he joined the Schlumberger Group, where he successively acted as Chief Financial Officer for France, the US and then Japan.

Since 1987, he has been participating in the development of Pargesa-GBL Group, in the following capacities: until 1996, as Deputy CEO in charge of Parfinance's equity investments (holding company listed in France and a subsidiary of Pargesa). From 1996 to 2003, he was a member of the Management Board of Imerys, in charge of Finance and Strategy. He was responsible to date for monitoring the equity investments of Groupe Bruxelles Lambert (GBL).

Over the past five years, Michel CHAMBAUD also acted as Manager of Nyala Finance Paris.

- Anders NARVINGER

61 years old, a Swedish national, Anders NARVINGER, a former Chairman and CEO of ABB Sweden, is the CEO of the Association of Swedish Engineering Industries. He is also the Chairman of the Board of Directors of Trelleborg AB (polymer technology), Alfa Laval AB (a Swedish engineering company) and Coor Service Management Group AB (facility management services), and Chairman of the Board of Directors of Vin&Sprit from 2007 to 2009. Anders NARVINGER, an Engineering and Economics graduate, is also a member of the Board of Directors of the Volvo Car Corporation, JM AB (construction and building industry) and a Member of the Swedish branch of the International Chamber of Commerce.

Over the past five years, Anders NARVINGER also acted as Chairman of the Swedish Economic Council of the Invest in Sweden Agency, of the Institute of Technology of Lund and of Ireco Holding.

As for Alexandre RICARD, he has been the Chairman and CEO of Irish Distillers since July 2008. 37 years old, a French national, Alexandre RICARD is a graduate of ESCP and Wharton University of Pennsylvania (MA in International Studies and MBA in Finance Entrepreneurship). He joined the Group in 2003, after spending seven years in consulting and strategy with Accenture and Merger & Acquisitions with Morgan Stanley, to work for the holding company, as part of the Audit and Development department and was appointed Finance and Administration Director of Irish Distillers at end 2004, and subsequently Managing Director of Pernod Ricard Asia Duty Free in September 2006.

## **6 Press release – Paris, 16 November 2009**

Pursuant to the delegation of authority granted by the Combined General Meeting of 2 November 2009, the Board of Directors' meeting held immediately thereafter, decided to increase the share capital of the Company through the capitalisation of reserves and the allocation of bonus shares, on the basis of one (1) free share for fifty (50) shares held.

In application of the authorisation granted to him by the afore-mentioned Board meeting, the Chief Executive Officer decided on 2 November 2009, to increase the share capital by € 8,019,799.20, to be deducted from "share premium", through the issue of 5,174,064 shares of a par value of € 1.55 each.

As permitted by the regulation, the exercise of options to subscribe for new shares continued until 11 November 2009, being six days prior to the allocation of shares. In addition, the figures approved on 2 November 2009, had to be restated to reflect the new shares resulting from the exercise of options to subscribe for shares.

Following this restatement and in his decision dated 12 November 2009, the Chief Executive Officer set the final number of new shares to be created. The total value of the share capital increase amounts to € 8,019,937.15, through the issue of 5,174,153 new shares, granted free of charge to the shareholders, it being specified that a shareholder waived certain rights so that a whole number of shares could be issued.

The allocation procedure will be initiated on 18 November 2009.

Consequently, the share capital will be increased on 18 November 2009 to € 409,016,862.85, comprising 263,881,847 shares.

These new shares will give right to cash dividends decided or paid on or after their date of issue.

The fractional rights may not be traded. However, the shares corresponding to the fractional rights will be sold which will permit the payment in cash as compensation to the rights holders with effect from 9 December 2009.

## **7 Press release – Paris, 7 December 2009**

As part of the allocation of bonus shares carried out on 18 November 2009, on the basis of one free share for fifty existing shares held, Pernod Ricard (Code ISIN: FR0000120693) informs its shareholders that the compensation price of each complete fractional right has been set at € 1,162,569.2.

This amount will be credited to the shareholders' accounts from 9 December 2009 in proportion to their fractional entitlement.

## **8 Press Release - Paris, 14 January 2010**

Sales for the first half of Fiscal Year 2009/10 (ending 31/12/2009) have been in line with our expectations, with a circa 3% Net Sales organic\* decline. This resulted from an improved second quarter with a 2% decline, after a 4% decline over the first quarter, on a still challenging comparison basis.

Product mix was positive with in particular a better performance by spirits compared to wines and champagne.

Asia showed a good performance over the first semester, with confirmed dynamism in China and India and first signs of recovery in South Korea and in Duty Free markets. Business remained difficult in Europe, with however a good resistance in France and an improving trend in Eastern Europe. In the Americas, our sales in the US have not yet benefited from the economic recovery while sales remained globally well oriented in the other countries of the region.

Our first half Fiscal Year 2009/10 sales allow us to confirm our guidance of between +1% to +3% organic<sup>♣</sup> growth for our profit from recurring operations for the full year 2009/10.

Final and detailed results for first half Fiscal Year 2009/10 will be released on Thursday, 18 February 2010

## **9 Press release – Paris, 15 February 2010**

Pernod Ricard announces that it has signed an agreement to sell a number of Swedish and Danish assets to Altia for a cash consideration of SEK 835 million, or € 82 million at current exchange rate.

The transaction includes:

- A number of local wine and spirits brands including in particular Explorer vodka, Lord Calvertwhisky, 1 Enkelt bitter, Blossa glögg and Chill Out wines,
- A bottling facility located in Svendborg, Denmark,
- Two logistic centres located in Odense, Denmark and Årsta, Sweden.

Related long-term production, bottling and logistic services agreements between Pernod Ricard Sweden, Pernod Ricard Denmark and Altia have also been concluded.

The transaction is subject to customary regulatory approvals, including that of the Swedish competition authorities.

This transaction brings Pernod Ricard closer to the achievement of its € 1billion disposal plan (approximately € 0.8 billion achieved to date).

Pernod Ricard was advised in this transaction by SEB-Enskilda and Gernandt & Danielsson .

## **10 Press release - Paris, 18 February 2010**

- Sales: € 3,789 million (-3%<sup>\*</sup>)
- Profit from recurring operations: € 1,062 million (stable\*)
- Group share of net profit from recurring operations: € 648 million (-5% as reported and +6% at constant foreign exchange)
- Group share of net profit: € 604 million (-2%)
- Further strong cash flow generation and  
Net Debt / EBITDA ratio below 5.5 at 31 December 2009\*

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<sup>♣</sup> on a like-for-like basis

<sup>\*</sup> organic growth

The Pernod Ricard Board of Directors' meeting of 17 February 2010, chaired by Patrick Ricard, approved the financial statements for the first half-year and provided guidance for the full 2009/10 financial year.

Pernod Ricard achieved a performance in line with its forecasts during the 2009/10 1<sup>st</sup> half-year (1 July to 31 December 2009):

- Sales resilience, with a 3% organic decline against an unfavourable 2008/09 comparison basis and within a varied economic and market environment.
- Increase in gross margin ratio to 59.7%, reflecting a favourable price/mix effect.
- Operating margin (profit from recurring operations / sales) of 28.0%, an increase of 90 bps with constant exchange rates.
- 6% increase in group share of net profit from recurring operations with constant exchange rates, reflecting the two above-mentioned factors, as well as a significant decline in financial expenses. With current exchange rates, it fell by 5%, adversely affected by unfavourable currency movements compared to the same first half-year of 2008/09.
- Continuing net debt reduction to € 10,323 million at 31 December 2009.

### **Sales**

Pernod Ricard's **2009/10 1st half-year consolidated net sales** (excluding tax and duties) declined by 10% to € **3,789 million**, compared to € 4,212 million in 2008/09 HY1. This was due to:

- a 3% organic decline, against high comparatives and within a varied economic and market environment. Business remained indeed dynamic in emerging markets, in particular in China and India while France showed good resilience and the situation remained difficult in Western Europe and the US.
- a 4% negative foreign exchange effect, primarily due to the depreciation of the Venezuelan Bolivar and of the US Dollar.
- a 3% negative group structure effect, primarily due to the disposals of Wild Turkey and Tia Maria, and to the termination of Stolichnaya distribution.

**The 15 strategic brands** declined by 5% in volume and 3% in value\*, reflecting market conditions, but also the positive price/mix effect. These 15 strategic brands represented 58% of Group sales over the 1st half-year 2009/10. A number of them continued to grow in value\*, including Jameson (+7%), Absolut (+5%), Martell (+3%) and Ricard (+2%). Others proved rather resilient: The Glenlivet (stable), Havana Club (-1%) and Beefeater (-2%). Champagne brands Mumm (-11%) and Perrier Jouët (-16%) reflected their category trend and still wines Jacob's Creek (-6%) and Montana (-4%) declined with the continuation of the high value strategy.

In addition, the 30 key local brands, which represented 22% of Group sales over the 1st half-year 2009/10, confirmed their resilience at a time of crisis, with stable volume and sales\*. This performance was mainly due to the vitality of our local whisky brands in India, including Royal Stag and Blender's Pride.

In the second quarter 2009/10, consolidated sales decreased by 13% to € 2,143 million, including a 2% organic decline, a 7% negative foreign exchange effect and a 4% negative group structure effect. The improved organic growth trend over the second quarter, from a 4% decline in the first quarter to a 2% decline, resulted

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\* Organic growth

from a lower comparison basis and the recovery in a number of markets, such as Duty Free, South Korea and Russia.

### **Portfolio contributive margin**

**Gross margin** fell by 10% to € 2,263 million, resulting from a 2% organic decline, a 2% negative group structure effect and a 6% negative foreign exchange effect. **The improved gross margin ratio, which increased from 59.4% to 59.7% of sales**, an increase of 30 bps, was due to a positive price/mix effect and a good control of cost of goods sold.

**Advertising and promotion expenditure** was maintained at a high level, totalling € 642 million, in line with the Group's strategy of developing its strategic brands over the long term. This represented 23% of sales for the 15 strategic brands and was targeted over the most promising brand/market combinations. Certain expenditures were postponed to the second half-year (Asia linked to a later Chinese New Year). Overall, the advertising and promotion expenditure to sales ratio reached 17.0% over the 2009/10 1st half-year, in slight decline compared to 17.3% over the same period of the previous financial year.

The Group intends to raise this ratio over the full 2009/10 financial year.

In total, the **contribution after advertising and promotion expenditure** decreased by 9% to € 1,621 million but with stable organic growth. It represented 42.8% of sales, up 70 bps compared to the previous financial year, under the double effect of the improved mix and price increases, as well as the slight reduction in the advertising and promotion expenditure ratio.

### **Structure costs**

**Structure costs** decreased by 3% to € 559 million. This evolution represented a limited 1% organic growth after no change over the full 2008/09 financial year. This discipline resulted from the continuing downsizing of structures in many mature countries and the implementation of a wage restraint policy throughout the Group. The strengthening of the distribution network continued in emerging countries in order to optimise their growth potential.

### **Profit from recurring operations**

**Profit from recurring operations** declined by 11% to € 1,062 million, resulting from **flat organic growth**, an 8% negative foreign exchange effect and a 2% negative group structure effect. **The operating margin was 28.0%**, in slight decline of 40 bps compared to the previous financial year, taking into account the unfavourable developments in foreign exchange rates. At constant foreign exchange, the operating margin would have grown by 90 bps to 29.3%.

#### **Profit from recurring operations by region:**

- Remarkable 6% growth in Asia/Rest of World (organic growth of 8%), due in particular to vigorous Martell sales in China (despite the delayed Chinese New Year) and local brands in India. Absolut's expansion in the region and growth in certain emerging markets, such as Vietnam, Turkey and South Africa also contributed to this success.
- Conversely, the profit from recurring operations of the Americas region declined by 22%, primarily due to the 18% currency effect resulting from the depreciation of the US Dollar and the situation in Venezuela. The profit from recurring operations of the region was in organic decline of 2%, reflecting market conditions in the US, partly offset by a good half-year in Latin America, Mexico and Canada.
- In Europe, profit from recurring operations fell by 18%, with a 5% organic decline, reflecting a difficult situation overall, in particular in Spain, the UK and Ireland. The lower proportion of wine in sales of



the region caused a strong improvement in gross margin ratio. Sales recovered in the second quarter in Russia and Ukraine.

- In France, profit from recurring operations grew by 5%, which was organic growth of 4% thanks to the commercial performance of Ricard, Absolut, Chivas and Havana Club. The improved product mix, combined with a good control of structure costs generated a strong rise in the operating margin, which totalled 29.3% compared to 27.4% over the first half of the previous financial year.

Over the 1st half-year 2008/09, **the foreign exchange effect on profit from recurring operations was negative by € 101 million. Over the full 2009/10 financial year**, and based on exchange rates at 12 February 2010, **the negative currency effect on profit from recurring operations is estimated at between € 100 and € 120 million.**

#### **Net profit from recurring operations**

**Net financial expenses** from recurring operations totalled € 246 million. Debt-related financial interest charges totalled € 219 million, € 101 million less than the same period of the previous year, due to the double positive effect of the debt reduction and a lower average borrowing cost. In addition, a € 6 million charge was due to finance structuring costs and a € 21 million charge to other financial costs, primarily due to pension plans.

**Corporate tax** on recurring operations was an expense of € 157 million, i.e. a rate of 19.3%, in line with Group's forecasts. Lastly, **minority interests** and **other items** amounted to a negative € 10 million.

In total, **Group share of net profit from recurring operations amounted to € 648 million**, a 5% decrease compared to the 1st half-year 2008/09. At constant exchange rates, net profit would have increased by 6% over the period.

#### **Net profit**

Other operating income/expense was a € 93 million expense, primarily relating to the net capital gains and losses on disposals and asset valuations for a € 51 million expense. Non-recurring financial items were an € 18 million income. Lastly, profit from non-recurring operations generated a € 31 million tax income, due to the impacts related to non-recurring charges and the use of deferred tax on asset disposals.

Consequently, the Group's share of net profit totalled € 604 million, a 2% decrease compared to the 1st half-year 2008/09.

#### **Net debt and cost of debt**

Net debt at 31 December 2009 amounted to € 10,323 million. Over the 1st half-year, debt was reduced by € 565 million, including in particular:

- strong free cash flow generation over the period (€ 526 million), bolstered by the continuing implementation of the trade receivable disposal programme.
- the disposal of the Tia Maria brand.

The average cost of borrowing was 4.15% over the 1st half-year 2009/10. Based on current interest rates and current hedging, the average cost of borrowing should be less than 4.5% over the full 2009/10 financial year.

## **Conclusion and outlook**

Sales for the **1st half-year 2009/10** were in line with Group's forecasts, with:

- 3% organic sales decline due to an unfavourable comparison basis
- Defence of pricing policy and continuing strong advertising and promotion expenditure on key brands
- Operating margin of 28%, with a price/mix effect that remained favourable in spite of the crisis and well-controlled structure costs
- Significant reduction in financial expenses, due to the joint reduction in debt and average cost of borrowing
- Continuing debt reduction

Over the **2nd half-year 2009/10**, Pernod Ricard notices and expects:

- A third quarter start in strong growth on a comparison basis that has now become favourable
- A situation remaining difficult in Western Europe
- Good resilience of the French market
- Visibility remaining low in the US
- A recovery trend in a number of markets: Duty Free, South Korea, Eastern Europe, etc.
- Continuing vitality of emerging markets.

In addition, we continue to consider increasing our expenditure on strategic brands and markets as a priority, especially in the US and emerging markets where we benefit from a favourable position.

Pierre Pringuet, Pernod Ricard Chief Executive Officer, stated: **“These factors enable us to confirm our guidance for organic growth of 1% to 3% in profit from recurring operations for the full 2009/10 financial year, while increasing the investment in strategic brands and markets.”**

**STRATEGIC BRANDS ORGANIC GROWTH**

	Volume organic growth (*)	Net sales organic growth (*)
Absolut	3%	5%
Chivas Regal	-13%	-6%
Ballantine's	-11%	-13%
Ricard	0%	2%
Martell	-3%	3%
Malibu	-8%	-7%
Kahlua	-7%	-8%
Jameson	4%	7%
Beefeater	-5%	-2%
Havana Club	-6%	-1%
The Glenlivet	-1%	0%
Jacob's Creek	-10%	-6%
Mumm	-13%	-11%
Perrier Jouët	-12%	-16%
Montana	-4%	-4%
<b>15 Strategic Brands</b>	<b>-5%</b>	<b>-3%</b>

(\*)Absolut organic growth: August to December

# SUMMARISED CONSOLIDATED INCOME STATEMENT

(€ millions)	31/12/2008	31/12/2009	Change
<b>Net sales</b>	<b>4,212</b>	<b>3,789</b>	<b>-10%</b>
<b>Gross Margin after logistics costs</b>	<b>2,503</b>	<b>2,263</b>	<b>-10%</b>
A&P expenditure	-731	-642	-12%
<b>Contribution after A&amp;P expenditure</b>	<b>1,772</b>	<b>1,621</b>	<b>-9%</b>
Structure costs	-576	-559	-3%
<b>Profit from recurring operations</b>	<b>1,196</b>	<b>1,062</b>	<b>-11%</b>
Financial income/(expense) from recurring operations	-339	-246	-27%
Corporate income tax on items from recurring operations	-169	-157	-7%
Net profit from discontinued operations, minority interests and share of net income from associates	-3	-10	201%
<b>Group share of net profit from recurring operations</b>	<b>685</b>	<b>648</b>	<b>-5%</b>
Other operating income and expenses	-133	-93	-30%
Non-recurring financial items	-46	18	-140%
Corporate income tax on items from non recurring operations	109	31	-72%
<b>Group share of net profit</b>	<b>615</b>	<b>604</b>	<b>-2%</b>
Minority interests	11	11	4%
<b>Net profit</b>	<b>625</b>	<b>615</b>	<b>-2%</b>

## **FOREX IMPACT**

Forex Ipmac HY1 2009/10 (€ millions)	Average rates evolution			On net Sales	On Profit from Recurring Operations
	2008/09	2009/10	%		
Venezuelan Bolivar VEF	3.03	8.56	182.9%	(74.6)	(41.6)
US Dollar USD	1.41	1.45	3.1%	(21.5)	(13.4)
Russian Ruble RUB	36.22	44.18	21.9%	(17.5)	(10.1)
Mexican Peso MXN	16.35	19.13	17.0%	(20.5)	(5.1)
Chinese Yuan CNY	9.65	9.93	2.9%	(7.3)	(3.9)
Ukrainian hryvnia UAH	7.87	11.89	51.1%	(6.4)	(3.1)
Indian Rupee INR	64.82	69.06	6.5%	(9.3)	(2.8)
Polish Zloty PLN	3.54	4.18	18.2%	(9.7)	(2.2)
Australian Dollar AUD	1.83	1.67	-8.6%	11.9	(1.9)
Korean Won KRW	1.70	1.75	3.0%	(3.4)	(1.2)
Thai baht THB	48.41	48.91	1.0%	(0.8)	(0.2)
New Zealand Dollar NZD	2.20	2.08	-5.5%	3.8	0.1
Canadian Dollar CAD	1.58	1.57	-0.8%	0.9	0.3
Brazilian real BRL	2.75	2.62	-4.9%	3.8	0.8
South African Rand ZAR	12.39	11.12	-10.2%	3.6	1.9
Swedish Krona SEK	9.86	10.38	5.3%	(4.0)	3.2
Pound sterling GBP	0.82	0.89	8.6%	(17.7)	6.3
Currency translation variance / FX hedging					(29.4)
Other currencies				(15.4)	1.5
<b>Total</b>				<b>(184.0)</b>	<b>(100.6)</b>

# CONSOLIDATED BALANCE SHEET

Assets (€ millions)	30/6/2009	31/12/2009
<b>(Net book value)</b>		
<b>Non-current assets</b>		
Intangible assets and goodwill	16,199	16,168
Property, plant and equipment and investments	1,940	1,922
Deferred tax assets	1,115	1,105
<b>Total non-current assets</b>	<b>19,253</b>	<b>19,196</b>
<b>Current assets</b>		
Inventories and receivables (*)	4,916	5,286
Cash and cash equivalents	520	768
<b>Total current assets</b>	<b>5,435</b>	<b>6,054</b>
Assets held for sale	178	32
<b>Total assets</b>	<b>24,867</b>	<b>25,282</b>

(\*) after disposals of receivables of:

351	616
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<b>Liabilities and shareholders' equity (€ millions)</b>	<b>30/6/2009</b>	<b>31/12/2009</b>
<b>Shareholders' equity</b>	<b>7,423</b>	<b>8,094</b>
Minority interests	185	200
of which profit attributable to minority interests	21	11
<b>Shareholders' equity</b>	<b>7,608</b>	<b>8,294</b>
Non-current provisions and deferred tax liabilities	3,142	3,201
Bonds	2,540	2,530
Non-current financial liabilities and derivative instruments	8,742	8,110
<b>Total non-current liabilities</b>	<b>14,425</b>	<b>13,842</b>
Current provisions	312	258
Operating payables and derivatives	2,096	2,229
Current financial liabilities	366	659
<b>Total current liabilities</b>	<b>2,774</b>	<b>3,147</b>
Liabilities held for sale	60	0
<b>Total equity and liabilities</b>	<b>24,867</b>	<b>25,282</b>

# **MOVEMENTS IN NET DEBT**

(€ millions)	31/12/2008 6 months	31/12/2009 6 months
<b>Self-financing capacity</b>	<b>1,185</b>	<b>1,099</b>
Decrease (increase) in working capital requirements	-166	-202
Financial income and expenses and tax cash outflow	-397	-312
Net acquisitions of non financial assets	-92	-59
<b>Free Cash Flow</b>	<b>530</b>	<b>526</b>
Net disposals of financial assets and others	-27	57
Change in Group structure	-5,994	2
Dividends, purchase of treasury shares and others	-292	-126
<b>Decrease (increase) in net debt (before currency translation adjustments)</b>	<b>-5,784</b>	<b>458</b>
Foreign currency translation adjustment	-1,030	107
<b>Decrease (increase) in net debt (after currency translation adjustments)</b>	<b>-6,813</b>	<b>566</b>
Initial debt	-6,143	-10,888
Final debt	-12,956	-10,323



**DILUTED GROUP NET EPS FROM RECURRING OPERATIONS**

	<b>31/12/2008 6 months</b>	<b>31/12/2008 <sup>(1)</sup> 6 months</b>	<b>31/12/2009 6 months</b>	<b>Variation</b>	<b>Variation <sup>(2)</sup></b>
<b>In thousands of shares</b>					
Weighted average number of shares in issue (prorata)	219,716	237,616	263,874		
Number of treasury shares	-1,460	-1,579	-1,258		
Dilutive impact of stock options	1,784	1,927	2,053		
<b>Diluted number of outstanding shares for EPS calculation</b>	220,039	237,963	264,669	11%	11%
<b>€ millions</b>					
Net profit from recurring operations	685	685	648	-5%	6%
<b>In €/share</b>					
Diluted net earnings per share from recurring operations	3.11	2.88	2.45	-15%	-5%

(1): the HY 08/09 calculation was made comparable by including the impact of the capital increase carried out in May 2009 and the share grant of November 2009

(2): at constant foreign exchange

**PROFIT FROM RECURRING OPERATIONS BY GEOGRAPHIC REGION**

<b>World</b>									
<b>(€ millions)</b>	<b>HY1 2008/09</b>		<b>HY1 2009/10</b>		<b>Change</b>		<b>Organic Growth</b>		<b>Grou</b>
Net sales (Excl. T&D)	4,212	100.0%	3,789	100,%	(423)	-10%	(121)	-3%	(119)
Gross margin after logistics costs	2,503	59.4%	2,263	59.7%	(240)	-10%	(41)	-2%	(47)
Advertising & promotion	(731)	17.3%	(642)	17.0%	88	-12%	44	-6%	14
Contribution after A&P	1,772	42.1%	1,621	42.8%	(151)	-9%	3	0%	(33)
Profit from recurring operations	1,196	28.4%	1,062	28.0%	(134)	-11%	(4)	0%	(30)

<b>Asia / Rest of the World</b>									
<b>(€ millions)</b>	<b>HY1 2008/09</b>		<b>HY1 2009/10</b>		<b>Change</b>		<b>Organic Growth</b>		<b>Grou</b>
Net sales (Excl. T&D)	1,130	100.0%	1,145	100.0%	15	1%	28	3%	(4)
Gross margin after logistics costs	641	56.7%	635	55.4%	(7)	-1%	2	0%	(5)
Advertising & promotion	(229)	20.3%	(209)	18.2%	21	-9%	17	-7%	0
Contribution after A&P	412	36.4%	426	37.2%	14	3%	19	5%	(5)
Profit from recurring	288	25.4%	305	26.7%	18	6%	21	8%	(3)

operations					
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Americas									
(€ millions)	HY1 2008/09		HY1 2009/10		Change		Organic Growth		Growth
Net sales (Excl. T&D)	1,181	100,%	1,000	100,%	(181)	-15%	(7)	-1%	(57)
Gross margin after logistics costs	736	62.3%	621	62.1%	(114)	-16%	5	1%	(19)
Advertising & promotion	(199)	16.8%	(172)	17.2%	26	-13%	(5)	3%	12
Contribution after A&P	537	45.5%	449	44.9%	(88)	-16%	0	0%	(7)
Profit from recurring operations	387	32.7%	302	30.2%	(84)	-22%	(8)	-2%	(6)

Europe excluding France									
(€ millions)	HY1 2008/09		HY1 2009/10		Change		Organic Growth		Growth
Net sales (Excl. T&D)	1,497	100,%	1,247	100,%	(250)	-17%	(134)	-10%	(58)
Gross margin after logistics costs	837	55.9%	715	57.4%	(122)	-15%	(49)	-6%	(23)
Advertising & promotion	(209)	14.0%	(172)	13.8%	37	-18%	28	-14%	2
Contribution after A&P	628	42.0%	543	43.6%	(85)	-14%	(21)	-4%	(21)

Profit from recurring operations	411	27.5%	338	27.1%	(73)	-18%	(21)	-5%	(20)
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France									
(€ millions)	HY1 2008/09		HY1 2009/10		Change		Organic Growth		Growth
Net sales (Excl. T&D)	404	100.0%	397	100.0%	(7)	-2%	(7)	-2%	(0)
Gross margin after logistics costs	288	71.3%	291	73.3%	3	1%	1	0%	(0)
Advertising & promotion	(94)	23.1%	(89)	22.4%	5	-5%	4	-5%	(0)
Contribution after A&P	195	48.2%	202	50.9%	8	4%	5	3%	(0)
Profit from recurring operations	111	27.4%	116	29.3%	6	5%	4	4%	(1)

**ANALYSIS OF SALES AT 31 DECEMBER 2009**

Net Sales (€ millions)	HY 2008/09		HY 2009/10		Change		Organic Growth	
France	404	9.6%	397	10.5%	(7)	-2%	(7)	-3%
Europe Excl. France	1,497	35.5%	1,247	32.9%	(250)	-17%	(134)	-10%
Americas	1,181	28.0%	1,000	26.4%	(181)	-15%	(7)	-3%
Asia / Rest of the World	1,130	26.8%	1,145	30.2%	15	1%	28	3%
<b>World</b>	<b>4,212</b>	<b>100.0%</b>	<b>3,789</b>	<b>100.0%</b>	<b>(423)</b>	<b>-10%</b>	<b>(121)</b>	<b>-3%</b>

Net Sales (€ millions)	Q1 2008/09		Q1 2009/10		Change		Organic Growth	
France	161	9.1%	157	9.5%	(4)	-2%	(4)	-3%
Europe Excl. France	630	35.9%	520	31.6%	(111)	-18%	(66)	-10%
Americas	467	26.6%	456	27.7%	(11)	-2%	(10)	-3%
Asia / Rest of the World	498	28.4%	514	31.2%	16	3%	15	3%
<b>World</b>	<b>1,756</b>	<b>100.0%</b>	<b>1,646</b>	<b>100.0%</b>	<b>(110)</b>	<b>-6%</b>	<b>(65)</b>	<b>-4%</b>

Net Sales (€ millions)	Q2 2008/09		Q2 2009/10		Change		Organic Growth	
France	244	9.9%	240	11.2%	(3)	-1%	(3)	-3%
Europe Excl. France	867	35.3%	727	33.9%	(140)	-16%	(69)	-10%
Americas	714	29.1%	544	25.4%	(170)	-24%	3	0%

Asia / Rest of the World	632	25.7%	631	29.5%	(1)	0%	13	2
<b>World</b>	<b>2,456</b>	<b>100.0%</b>	<b>2,143</b>	<b>100.0%</b>	<b>(314)</b>	<b>-13%</b>	<b>(55)</b>	<b>-2</b>

# TAXATION

*The statements herein regarding taxation are based on the laws in force in the European Union, the Republic of France and/or, as the case may be, the Grand Duchy of Luxembourg as of the date of this Prospectus and are subject to any change in law. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of, the Notes. Each prospective holder or beneficial owner of Notes should consult its own tax advisor as to the French or, as the case may be, the Luxembourg tax consequences of any investment in, or ownership and disposition of, the Notes.*

## **EU Directive on the Taxation of Savings Income**

On 3 June 2003, the European Council of Economic and Finance Ministers adopted the directive 2003/48/EC regarding the taxation of savings income (the **Directive**). Pursuant to the Directive and subject to a number of conditions being met, Member States are required, since 1 July 2005, to provide to the tax authorities of another Member State, inter alia, details of payments of interest within the meaning of the Directive (interest, premiums or other debt income) made by a paying agent located within its jurisdiction to, or for the benefit of, an individual resident in that other Member State (the **Disclosure of Information Method**).

For these purposes, the term **paying agent** is widely defined and includes in particular any economic operator who is responsible for making interest payments, within the meaning of the Directive, for the immediate benefit of individuals.

However, throughout a transitional period, certain Member States (the Grand-Duchy of Luxembourg and Austria), instead of using the Disclosure of Information Method used by other Member States, withhold an amount on interests payments. The rate of such withholding tax equals 20 per cent. for a period of three years, starting on 1 July 2008 and 35 per cent. thereafter. Such transitional period will end at the end of the first full fiscal year following the later of (i) the date of entry into force of an agreement between the European Union, following a unanimous decision of the European Council, and the last of several jurisdictions (Switzerland, Liechtenstein, San Marino, Monaco and Andorra), providing for the exchange of information upon request as defined in the OECD Model Agreement on Exchange of Information on Tax Matters released on 18 April 2002 (the **OECD Model Agreement**) with respect to interest payments within the meaning of the Directive, in addition to the simultaneous application by those same jurisdictions of a withholding tax on such payments at the rates defined for the corresponding periods and (ii) the date on which the European Council unanimously agrees that the United States of America is committed to exchange of information upon request as defined in the OECD Model Agreement with respect to interest payments within the meaning of the Directive.

A number of non-European Union countries and dependent or associated territories have agreed to adopt similar measures (transitional withholding or exchange of information) with effect since 1 July 2005.

On 13 November 2008 the European Commission published a detailed proposal for amendments to the Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of those proposed changes are made in relation to the Directive they may amend or broaden the scope of the requirements described above.

The Directive was implemented into French law under Article 242 ter of the French *Code général des impôts*, which imposes on paying agents based in France an obligation to report to the French tax authorities certain information with respect to interest payments made to beneficial owners domiciled in another Member State, including, among other things, the identity and address of the beneficial owner and a detailed list of the different categories of interest paid to that beneficial owner.

The Directive and several agreements concluded between Luxembourg and certain dependent territories of the European Union were implemented in Luxembourg by the Laws of 21 June 2005.

### **Luxembourg withholding tax**

Under Luxembourg tax laws currently in effect and with the possible exception of interest paid to individuals and to certain residual entities (as described below), there is no Luxembourg withholding tax on payments of interest, including accrued but unpaid interest. There is also no Luxembourg withholding tax, with the possible exception of payments made to individuals and to certain residual entities (as described below), upon repayment of principal in case of reimbursement, redemption, repurchase or exchange of the Notes.

#### *Luxembourg residents*

A 10 per cent. withholding tax is levied on interest payments made by Luxembourg paying agents (defined in the same way as in the Directive) to Luxembourg individual residents or to certain residual entities (as described below) that secure interest payments on behalf of such individuals (unless such entities have opted either to be treated as UCITS recognised in accordance with the Council directive 85/611/EC or for the exchange of information regime).

Only interest accrued after 1 July 2005 falls within the scope of this withholding tax. Interest income from current and sight accounts (*comptes courants et à vue*) provided that the remuneration on these accounts is not higher than 0.75 per cent. are exempt from the withholding tax. Furthermore, interest which is accrued once a year on savings accounts (short and long term) and which does not exceed €250 per person and per paying agent is exempt from the withholding tax.

This withholding tax represents the final tax liability for the Luxembourg individual resident taxpayers.

#### *Luxembourg non-residents*

Under the Luxembourg laws dated 21 June 2005 implementing the Directive and several agreements concluded between Luxembourg and certain dependent or associated territories of the European Union (EU), a Luxembourg based paying agent (within the meaning of the Directive) is required since 1 July 2005 to withhold tax on interest and other similar income paid by it to (or under certain circumstances, to the benefit of) an individual resident in another Member State or in certain EU dependent or associated territories, unless the beneficiary of the interest payments elects for an exchange of information or for the tax certificate procedure. The same regime applies to payments of interest and other similar income made to certain so-called “residual entities” within the meaning of Article 4.2 of the Directive (i.e. an entity established in a Member State or in certain EU dependent or associated territories without legal personality (the Finnish and Swedish companies listed in Article 4.5 of the Directive are not considered as legal persons for this purpose), whose profits are not taxed under the general arrangements for the business taxation and that is not, or has not opted to be considered as, a UCITS recognised in accordance with Council directive 85/611/EEC).

The withholding tax rate is 20 per cent. (as from 1 July 2008) increasing to 35 per cent. (as from 1 July 2011). The withholding tax system will only apply during a transitional period, the ending of which depends on the conclusion of certain agreements relating to information exchange with certain third countries.

#### *Corporations*

There is no Luxembourg withholding tax for Luxembourg resident and non-resident corporations holders of the Notes on payments of interest (including accrued but unpaid interest).



## **French Taxation**

The following is a summary of certain French tax consequences to potential purchasers or holders of the Notes who are not otherwise shareholders of the Issuer and who are not affiliated with the Issuer within the meaning of Article 39-12 of the French *Code général des impôts*, who are not residents of France for tax purposes and who do not maintain a permanent establishment or a fixed base in France to which the Notes relate.

Pursuant to Article 125 A III of the French *Code général des impôts*, interest and other revenues (such as reimbursement premiums) whose debtor is domiciled or established in France, which are paid outside of France in a non-cooperative State or territory within the meaning of Article 238-0 A of the French *Code général des impôts*, are subject to a 50% withholding tax (subject to more favourable provisions applying under an applicable tax treaty), unless such debtor demonstrates that the main purpose and effect of the transactions to which such interest and other revenues correspond is not to enable their payment in a non-cooperative State or territory.

Pursuant to the French tax authorities ruling n°2010/11 (FP and FE) dated 22 February 2010, the purpose and effect of certain debt instruments is deemed not to be the payment of interest and other revenues in a non-cooperative State or territory and accordingly interest and other similar revenues paid on such debt instruments are not subject to the withholding tax set out above. These debt instruments include instruments admitted for trading on a regulated market or on a multilateral trading facility for French or foreign financial instruments, provided that, on the date of admission to trading, this market or this trading facility is not located in a non-cooperative State or territory, and that the operation of this market or trading facility is carried out by a market operator or an provider of investment services or any similar foreign entity, provided that, on the date of admission to trading, such market operator or investment services provider or entity is not located in a non-cooperative State or territory.

Payments of interest and other revenue in respect of the Notes, which are listed on the Official List and admitted to trading on the Luxembourg Stock Exchange regulated market, are therefore exempt from the withholding tax set out under Article 125 A III of the French *Code général des impôts*. Accordingly, such payments do not give rise to any tax credit from any French source.

**All prospective Noteholders should seek independent advice as to their tax positions.**

## SUBSCRIPTION AND SALE

Barclays Bank PLC, HSBC Bank plc, Mitsubishi UFJ Securities International plc and Natixis (the **Joint Lead Managers**) have, pursuant to a subscription agreement (the **Subscription Agreement**) dated 17 March 2010, jointly and severally agreed with the Issuer, subject to satisfaction of certain conditions, to subscribe or procure subscribers for the Notes at the issue price of 99.741 per cent. of the principal amount of the Notes, less any applicable commissions. The Issuer has agreed to indemnify the Joint Lead Managers against certain liabilities, incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment being made to the Issuer.

### General

Neither the Issuer nor any Joint Lead Manager has made taken or will take any action in any jurisdiction that would, or is intended to, permit a public offering of the Notes, or possession or distribution of this Prospectus (in preliminary, proof or final form) or any other offering or publicity material relating to the Notes (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required. Each Joint Lead Manager has agreed that it will comply to the best of its knowledge and belief with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Notes or has in its possession or distributes this Prospectus (in preliminary, proof or final form) or any such other material, in all cases at its own expense. It will also ensure that no obligations are imposed on the Issuer or any other Joint Lead Manager in any such jurisdiction as a result of any of the foregoing actions.

### United States of America

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**) and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. The Notes are being offered and sold outside of the United States in “offshore transactions” to non-U.S. persons in reliance on and in accordance with Regulation S under the Securities Act (**Regulation S**). Terms used in this paragraph have the meanings given to them by Regulation S.

Accordingly, the offer is not being made in the United States and this document does not constitute an offer, or an invitation to apply for, or an offer or invitation to purchase, any Notes in the United States.

Each Joint Lead Manager has agreed that it will not offer, sell or deliver the Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date of the offering within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the restricted period a confirmation of or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering, an offer or sale of the Notes within the United States by a dealer, whether or not it is participating in the offering, may violate the registration requirements of the Securities Act.

## **United Kingdom**

Each Joint Lead Manager has represented and agreed that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the **FSMA**)) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

## **France**

Each of the Joint Lead Managers and the Issuer has acknowledged that the Notes are being issued outside the Republic of France and, accordingly, each of the Joint Lead Managers and the Issuer has represented and agreed that it has not offered or sold, and will not offer or sell, directly or indirectly, any Notes in the Republic of France, and has not distributed and will not distribute or cause to be distributed in the Republic of France this Prospectus or any other offering material relating to the Notes, except to (i) providers of investment services relating to portfolio management for the account of third parties, and/or (ii) qualified investors (*investisseurs qualifiés*) to the exclusion of any individuals all as defined in, and in accordance with, Articles L. 411-1, L. 411-2 and D .411-1 to D .411-3 of the French *Code monétaire et financier*.

## GENERAL INFORMATION

- 1 Application has been made to the Luxembourg Stock Exchange for the Notes to be listed on the Official List and traded on the Luxembourg Stock Exchange regulated market.
- 2 The estimate of the total expenses related to the admission to trading of the Notes is in aggregate Euro 3,820.
- 3 The Notes have been accepted for clearance through Euroclear France, Clearstream, Luxembourg and Euroclear with the Common Code number 049595395. The International Securities Identification Number (ISIN) for the Notes is FR0010871376.
- 4 The address of Euroclear France is 155 rue de Réaumur, 75081 Paris Cedex 02 France. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue J.F. Kennedy, L-1855 Luxembourg.
- 5 Except as disclosed in this Prospectus, there has been (i) no significant change in the financial or trading position of the Issuer or the Group since 31 December 2009 and (ii) no material adverse change in the prospects of the Issuer since 30 June 2009.
- 6 Except as disclosed in this Prospectus, the Issuer is not involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Prospectus which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer and/or the Group.
- 7 The forecasts or estimates set out in this Prospectus have been properly prepared on the basis stated and the basis of accounting is consistent with the accounting policies of the Issuer.
- 8 The issue of the Notes was authorised pursuant to a resolution of the *Conseil d'administration* of the Issuer dated 17 February 2010 and decisions of Mr. Pierre Pringuet, *Directeur Général* of the Issuer, dated 10 March 2010 and 11 March 2010.
- 9 Except as disclosed in this Prospectus, there are, at the date of this Prospectus, no material contracts entered into other than in the ordinary course of the Issuer's business, which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Noteholders in respect of the Notes being issued.
- 10 At the date of this Prospectus, there are no conflicts of interest which are material to the issue of the Notes between the duties of the members of the *Conseil d'administration* to the Issuer and their private interests and/or their other duties.
- 11 Save as disclosed in "Subscription and Sale", to the knowledge of the Issuer, no person involved in the issue of the Notes has an interest material to the issue.
- 12 Copies of the latest annual report of the Issuer, including its consolidated accounts may be obtained without charge from the specified offices for the time being of the Paying Agents during normal business hours, so long as any of the Notes is outstanding.
- 13 For as long as any Notes are outstanding the following documents may be inspected during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), at the office of the Issuer, the Fiscal Agent or the Paying Agent:
  - (i) this Prospectus;
  - (ii) the Agency Agreement;

- (iii) the *statuts* of the Issuer;
- (iv) the audited consolidated annual accounts of the Issuer for the two latest fiscal years (which at the Issue Date comprise the Issuer's audited consolidated accounts for the fiscal years ended 30 June 2009 and 30 June 2008); and
- (v) the unaudited condensed consolidated interim accounts of the Issuer as at 31 December 2009.

This Prospectus will be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

- 14 The statutory auditors of the Issuer are Mazars et Guérard (Mazars as from 18 December 2008) (Exaltis, 61, rue Henri Regnault 92075 Paris-La Défense, France) and Deloitte & Associés (185, avenue Charles-de-Gaulle 92524 Neuilly-sur-Seine, France) (both entities are members of the *Compagnie régionale des Commissaires aux Comptes de Versailles* and are regulated by the *Haut Conseil du Commissariat aux Comptes* and duly authorised as *Commissaires aux Comptes*). Mazars et Guérard and Deloitte & Associés have audited and rendered unqualified audit reports on the consolidated financial statements of the Issuer for each of the fiscal years ended 30 June 2009 and 30 June 2008.
- 15 The yield of the Notes is 4.926 per cent. per year. It is not an indication of future yield.

## **REGISTERED OFFICE OF THE ISSUER**

**Pernod Ricard**  
12, place des Etats-Unis  
75016 Paris  
France

## **FISCAL AGENT, PRINCIPAL PAYING AGENT, PAYING AGENT AND LISTING AGENT**

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Grand Duchy of Luxembourg

## **AUDITORS OF THE ISSUER**

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**Deloitte & Associés**  
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## **LEGAL ADVISERS**

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*To the Joint Lead Managers as to French law*

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