ALLIED DOMECQ PLC
Form 6-K
May 25, 2005

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SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 6-K

REPORT OF FOREIGN ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 OF THE
SECURITIES EXCHANGE ACT OF 1934

FOR May 25, 2005

ALLIED DOMECQ PLC

(Exact name of Registrant as specified in its Charter)

ALLIED DOMECQ PLC

(Translation of Registrant's name into English)

The Pavilions
Bridgwater Road
Bedminster Down
Bristol BS13 8AR
England
(Address of Registrant's principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F ý Form 40-F o

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes o No ý

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-

Exhibit Index

Exhibit No.	Description
Exhibit No. 1	Allied Domecq PLC Scheme Document
Exhibit No. 2	Pernod Ricard S.A. Document E Cover Letter
Exhibit No. 3	Pernod Ricard S.A. Document E
Exhibit No. 4	Proxy Form for the Extraordinary General Meeting
Exhibit No. 5	Proxy Form for the Court Meeting
Exhibit No. 6	Form of Election for the Mix and Match Election
Exhibit No. 7	Form of Registration
Exhibit No. 8	American Depositary Receipt Holders Voting Instruction Card
Exhibit No. 9	American Depositary Receipt Holders Form of Election and Letter of Transmittal

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereto duly authorized.

25 May, 2005	ALLIED DOMECQ PLC	
	By:	/s/ CHARLES BROWN
	Name:	Charles Brown
	Title:	Director, Corporate Secretariat Deputy Company Secretary

EXHIBIT 1

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

PART II OF THIS DOCUMENT COMPRISES AN EXPLANATORY STATEMENT IN COMPLIANCE WITH SECTION 426 OF THE COMPANIES ACT 1985. If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser who, if you are taking advice in the United Kingdom, is authorised pursuant to the Financial Services and Markets Act 2000 or, if you are in a territory outside the United Kingdom, is an appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all of your Allied Domecq Shares and/or entitlements thereto through Allied Domecq ADRs, please send this document and the accompanying documents at once to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee. If you have sold or transferred part of your holding of Allied Domecq Shares and/or entitlements thereto through Allied Domecq ADRs, please consult the bank, stockbroker or other agent through whom the sale or transfer was effected.

An application will be made by Pernod Ricard to Euronext Paris for the New Pernod Ricard Shares to be admitted to trading on Eurolist Compartiment A. It is expected that admission of the New Pernod Ricard Shares to trading on Eurolist Compartiment A will become effective and that dealings for normal settlement will commence on or around the Effective Date, which is expected to be 26 July 2005. Pernod Ricard does not intend to apply for a listing of the New Pernod Ricard Shares on the London Stock Exchange or the New York Stock Exchange. The New Pernod Ricard ADRs representing the New Pernod Ricard Shares will not be listed or traded on any exchange.

Recommended offer by

PERNOD RICARD S.A.

(through its wholly-owned subsidiary, Goal Acquisitions Limited)

for

ALLIED DOMECQ PLC

to be effected by means of a
Scheme of Arrangement
under section 425 of the Companies Act 1985

Your attention is drawn to the letter from the Chairman of Allied Domecq in Part I of this document, which contains the unanimous recommendation of the Allied Domecq Directors that you vote in favour of the Scheme at the Court Meeting and at the Extraordinary General Meeting. A letter from Goldman Sachs International explaining the Scheme appears in Part II of this document.

Notices of the Court Meeting and the Extraordinary General Meeting, which will be held at the Hilton London Metropole Hotel & Conference Centre, 225 Edgware Road, London W2 1JU in the King's Suite on 4 July 2005, are set out at the end of this document. The Court Meeting will start at 2.00 p.m. and the Extraordinary General Meeting at 2.10 p.m. (or as soon thereafter as the Court Meeting shall have concluded or been adjourned).

Shareholders will find enclosed with this document a blue Form of Proxy for use at the Court Meeting and a yellow Form of Proxy for use at the Extraordinary General Meeting. Whether or not you intend to attend the Meetings in person, please complete and sign both the enclosed Forms of Proxy in accordance with the instructions printed on them and return them to the Company's registrars, Computershare Investor Services PLC ("Computershare"), PO Box 858, The Pavilions, Bridgwater Road, Bristol BS99 5WE as soon as possible and, in any event, so as to be received by 2.00 p.m. on 2 July 2005 in the case of the Court Meeting and 2.10 p.m. on 2 July 2005 in the case of the Extraordinary General Meeting. If the blue Form of Proxy for use at the Court Meeting is not returned by the above time, it may be handed to the Chairman of the Meeting before the taking of the poll. However, in the case of the Extraordinary General Meeting, unless the yellow Form of Proxy is returned by the time mentioned above, it will be invalid. The completion and return of a Form of Proxy will not prevent you from attending and voting in person at either the Court Meeting or the Extraordinary General Meeting, or any adjournment thereof, if you so wish and are so entitled.

If you are a registered holder of Allied Domecq ADRs, please complete and sign the enclosed white ADR Voting Instruction Card in accordance with the instructions printed thereon and return it, together with your Allied Domecq ADRs, to JPMorgan Chase Bank, N.A., PO Box 43062, Providence, Rhode Island 02940-5115 USA as soon as possible and, in any event, so as to be received no later than 3.00 p.m. (New York time) 8.00 p.m. (London time) on 27 June 2005. The nominee of JPMorgan Chase Bank, N.A., as the registered holder of the Allied Domecq Shares represented by the Allied Domecq ADRs, will vote the corresponding Allied Domecq Shares in accordance with your instructions.

If you have any questions relating to this document or the completion and return of the Forms of Proxy, the Form of Election or the Form of Registration, please call Computershare on 0870 702 0195 (or, from outside the United Kingdom, +44 870 702 0195) between 8.30 a.m. and 5.30 p.m. Monday to Friday. If you are calling from the United States or have any questions relating to Allied Domecq ADRs, the ADR Voting Instruction Card or the ADR Form of Election, please call

Georgeson Shareholder Communications on +1 888 253 0798 between 9.00 a.m. and 6.00 p.m. (New York time) Monday to Friday. Please note that calls to these numbers may be monitored and recorded and no advice on the merits of the Scheme or Offer nor any financial or tax advice can be given.

Goldman Sachs International, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting for Allied Domecq and no one else in connection with the Offer and the Scheme and will not be responsible to anyone other than Allied Domecq for providing the protections afforded to clients of Goldman Sachs International nor for providing advice in connection with the Offer or the Scheme.

JPMorgan and Morgan Stanley are acting for Goal and Pernod Ricard and no one else in connection with the Offer and the Scheme and will not be responsible to anyone other than Goal and Pernod Ricard for providing the protections afforded to clients of JPMorgan and Morgan Stanley, respectively, nor for providing advice in connection with the Offer or the Scheme.

This document has been prepared for the purposes of complying with English law and the City Code and the information disclosed herein may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of any other jurisdiction.

IMPORTANT NOTICE

The distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this document comes should inform themselves about, and observe, such restrictions. Any failure to comply with the restrictions may constitute a violation of the securities laws of any such jurisdiction. This document does not constitute an offer or an invitation to purchase or subscribe for any securities or a solicitation of an offer to buy any securities pursuant to the document or otherwise in any jurisdiction in which such offer or solicitation is unlawful.

The statements contained herein are made as at the date of this document, unless some other time is specified in relation to them, and service of this document shall not give rise to any implication that there has been no change in the facts set forth herein since such date. Nothing contained herein shall be deemed to be a forecast, projection or estimate of the future financial performance of Allied Domecq or Pernod Ricard except where otherwise stated.

The Pernod Ricard Prospectus which you will receive comprises a non-certified and non-binding translation, prepared for information purposes only, of the French Language "Document E" relating to the increase in the share capital of Pernod Ricard in connection with the Offer. In the event of any ambiguity or conflict between the Pernod Ricard Prospectus and the French "Document E", the French version of the "Document E" shall prevail.

In the event of any ambiguity or conflict between this document, the French "Document E" and the Pernod Ricard Prospectus in respect of the terms and conditions of the Offer and/or the Scheme, this document shall prevail.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This document includes forward-looking statements. All statements other than statements of historical fact included in this document regarding the business, financial condition, results of operations of Allied Domecq, the Allied Domecq Group, Pernod Ricard, the Pernod Ricard Group, Fortune Brands or Goal and certain plans, objectives, assumptions, expectations or beliefs with respect to these items and statements regarding other future events or prospects, are forward-looking statements. Should one or more of the risks or uncertainties associated with such forward-looking statements materialise, or should assumptions underlying such forward-looking statements prove incorrect, actual results may vary materially from those described herein. Allied Domecq and Pernod Ricard assume no obligation to update or correct the information contained in this document.

These statements include, without limitation, those concerning: strategy and the ability to achieve it; expectations regarding sales, expenses, profitability and growth; possible or assumed future results of operations; capital expenditure and investment plans; adequacy of capital; and financing plans. The words "aim", "may", "expect", "anticipate", "believe", "future", "continue", "help", "estimate", "plan", "intend", "should", "could", "would", "shall" and similar terms or the negative or other variations thereof, as well as other statements regarding matters that are not historical fact, are or may constitute forward-looking statements. In addition, this document includes forward-looking statements relating to potential exposure to various types of market risks, such as foreign exchange rate risks, interest rate risks and other risks related to financial assets and liabilities. These forward-looking statements have been based on the current view of Allied Domecq or Pernod Ricard management, as applicable, with respect to future events and financial performance. These views reflect the best judgement of the management of Allied Domecq or Pernod Ricard, as applicable, but involve a number of risks and uncertainties which could cause actual results to differ materially from those predicted in forward-looking statements and from past results, performance or achievements. Although it is the belief of Allied Domecq and Pernod Ricard, as the case may be, that the estimates reflected in the forward-looking statements are reasonable, such estimates may prove to be incorrect. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that may occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including the following: risks of contamination or other circumstances that could harm the integrity of or customer support for brands or products, economic downturn, recession, acts or threats of terrorism, acts or the threat of war or other adverse political developments in key markets, legislative and regulatory changes, failure to protect intellectual property rights or any infringement claims, ability to successfully anticipate changes in consumer preferences and tastes, interruption or substantial decrease in ability to supply customers of brands due to loss of inventory or loss of production facilities, termination of arrangements with third parties in various key markets for any reason, litigation and publicity concerning product quality, health and other issues, future exchange and interest rates, pricing and product initiatives of competitors, repayment of indebtedness incurred in connection with the Scheme or the Offer and unexpected costs or difficulties in integrating the business and operations of Allied Domecq and Pernod Ricard or in executing the strategy of the combined group.

INFORMATION FOR UNITED STATES SHAREHOLDERS

Securities may not be offered or sold in the United States unless they are registered under the Securities Act, or are exempt from such registration requirements. The New Pernod Ricard Shares to be issued to Scheme Shareholders in connection with the Scheme will not be, and are not required to be, registered with the SEC under the Securities Act, in reliance upon the exemption from the registration requirements of the Securities Act provided by section 3(a)(10) of that Act based on Court approval of the Scheme. For the purpose of qualifying for this exemption from the registration requirements of the Securities Act, Allied Domecq will advise the Court that its sanctioning of the Scheme will be relied upon by Allied Domecq, Pernod Ricard and Goal for such purpose as an approval of the Scheme, following a hearing on its fairness to Allied Domecq Shareholders, at which hearing all such shareholders are entitled to attend in person or through counsel to support or oppose the sanctioning of the Scheme and with respect to which notification has been given to all such shareholders.

Shareholders who may be deemed to be affiliates of Allied Domecq for the purposes of the Securities Act before implementation of the Scheme or of Pernod Ricard before or after implementation of the Scheme will be subject to restrictions on the sale of New Pernod Ricard Shares received in connection with the Scheme under Rule 145(d) of the Securities Act. Scheme Shareholders who are affiliates may, in addition to re-selling their New Pernod Ricard Shares in the manner permitted by Rule 145(d) under the Securities Act, also sell their New Pernod Ricard Shares under any other available exemption under the Securities Act, including Regulation S.

Shareholders who may be deemed to be affiliates of Allied Domecq or Pernod Ricard include individuals who, or entities that, control directly or indirectly, or are controlled by or are under common control with, Allied Domecq or Pernod Ricard and would include certain officers and directors of Allied Domecq and Pernod Ricard and may include certain significant shareholders.

In making any investment decision Scheme Shareholders and Allied Domecq ADR holders must rely on their own examination of Pernod Ricard and the terms of the Scheme and the Offer, including the merits and risks involved.

Neither the SEC nor any state securities commission or regulatory authority has approved or disapproved the New Pernod Ricard Shares, nor has any such authority expressed a view on the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

Allied Domecq, Pernod Ricard and Goal are companies registered in England and Wales, France and Guernsey, respectively. Directors and officers of Allied Domecq, Pernod Ricard and Goal as well as the experts named in this document, may be located outside of the United States and, as a result, it may not be possible for United States Scheme Shareholders to effect service of process within the United States upon Allied Domecq, Pernod Ricard, Goal or such other persons. All or a substantial portion of the assets of Allied Domecq, Pernod Ricard, Goal or such other persons may be located outside of the United States and, as a result, it may not be possible to satisfy a judgment against Allied Domecq, Pernod Ricard, Goal or such other persons in the United States or to enforce a judgment obtained by United States courts against Allied Domecq, Pernod Ricard, Goal or such other persons outside the United States.

Pernod Ricard's financial statements are prepared in accordance with French GAAP. Pernod Ricard has not at this time prepared US GAAP financial statements or a reconciliation of the differences between French GAAP and US GAAP as applied to Pernod Ricard's financial statements. Following the Effective Date, Pernod Ricard expects to prepare such a reconciliation. The reconciliation may reflect that there would be significant differences if Pernod Ricard's financial statements were prepared in accordance with US GAAP. You should not assume that the historical French GAAP financial statements in Part VI of this document reflect what Pernod Ricard's financial position and results of operations would be if Pernod Ricard's financial statements were prepared in accordance with US GAAP.

NEW HAMPSHIRE SECURITIES LAWS

Neither the fact that a registration statement or an application for a license has been filed under Chapter 421-B of the New Hampshire Revised Statutes Annotated ("RSA") with the State of New Hampshire nor the fact that a security is effectively registered or a person is licensed in the State of New Hampshire constitutes a finding by the Secretary of State that any document filed under RSA 421-B is true, complete and not misleading. Neither any such fact nor the fact that an exemption or exception is available for a security or a transaction means that the Secretary of State has passed in any way upon the merits or qualifications of or recommended or given approval to, any person, security or transaction. It is unlawful to make, or cause to be made, to any prospective purchaser, customer or client any representation inconsistent with the provisions of this paragraph.

DEALING DISCLOSURE REQUIREMENTS

Under the provisions of Rule 8.3 of the City Code, any person who, alone or acting together with any other person(s) pursuant to an agreement or understanding (whether formal or informal) to acquire or control securities of Allied Domecq or Pernod Ricard owns or controls, or becomes the owner or controller, directly or indirectly, of 1 per cent. or more of any class of securities of Allied Domecq or Pernod Ricard is required to notify a Regulatory Information Service and the Panel, by no later than 12:00 p.m. (London time) on the Business Day following the date of the relevant transaction, of every dealing in any relevant securities of that company (or in any option in respect of, or derivative referenced to, any such securities) during the period to the date of the Meetings (or such later date(s) as the Panel may specify).

Under the provisions of Rule 8.1 of the City Code, any such dealings by Pernod Ricard or Allied Domecq or by any of their respective "associates" (within the meaning of the City Code) must also be disclosed.

If you are in any doubt as to the application of Rule 8 of the City Code to you, please contact an independent financial adviser authorised pursuant to the Financial Services and Markets Act 2000, consult the Panel's website at www.thetakeoverpanel.org.uk or contact the Panel on telephone number +44 (0) 20 7382 9026; fax +44 (0) 20 7236 7005.

BRANDS

All brands mentioned in this document are trademarks and are registered and/or otherwise protected in accordance with applicable law.

CONTENTS

EXPECTED TIMETABLE OF PRINCIPAL EVENTS(1)

	2005
Interim dividend record date (Allied Domecq Shares and ADRs)	10 June
Pernod Ricard Shareholder Meeting	20 June
Latest time for receipt by the Depositary of completed white ADR Voting Instruction Cards	**3.00 p.m. (New York time) on 27 June**
Latest time for lodging blue Forms of Proxy for use at the Court Meeting(2)	**2.00 p.m. on 2 July**
Latest time for lodging yellow Forms of Proxy for use at the Extraordinary General Meeting(2)	**2.10 p.m. on 2 July**
Voting Record Time	6.00 p.m. on 2 July
Court Meeting	**2.00 p.m. on 4 July**
Extraordinary General Meeting(3)	**2.10 p.m. on 4 July**
Interim dividend payment date (Allied Domecq Shares)	8 July
Interim dividend payment date (Allied Domecq ADRs)	15 July
The following dates are subject to change; please see note 4 below.	
Latest time for receipt of white ADR Form of Election	2.00 p.m. (New York time) on 14 July
Latest time for receipt of green Forms of Election	3.00 p.m. on 21 July
Latest time for receipt of pink Forms of Registration	3.00 p.m. on 21 July
First Hearing Date (to sanction the Scheme)	22 July
Last day of dealings in, and for registration of transfers of, Allied Domecq Shares	22 July
Suspension of trading in Allied Domecq ADRs	22 July
Date on which the share capital reorganisation takes place under the Scheme	25 July
Second Hearing Date (to confirm the reduction of capital)	25 July
Effective Date of the Scheme	26 July
Cancellation of listing of Allied Domecq Shares	26 July
Issue of New Pernod Ricard Shares	on or around 26 July
Commencement of dealings in New Pernod Ricard Shares on Eurolist Compartiment A	on or around 26 July
Despatch of cheques in respect of cash consideration and statements of entitlements to New Pernod Ricard Shares; settlement of cash consideration through CREST	By 9 August

Notes:

(1)

Unless otherwise stated, all references in this document to times are to London times.

(2)

A blue Form of Proxy for the Court Meeting not so lodged may be handed to the Chairman of the Court Meeting before the taking of the poll. However, the yellow Form of Proxy for the Extraordinary General Meeting **must** be lodged by 2.10 p.m. on 2 July 2005 in order to be valid.

(3)

To commence at 2.10 p.m. or, if later, immediately after the conclusion or adjournment of the Court Meeting.

(4)

These times and dates are indicative only and will depend, inter alia, on the date on which the Conditions are either satisfied or waived; in particular, the timing of receipt of the Regulatory Approvals is uncertain and outside the control of Allied Domecq and Pernod Ricard. Furthermore, these times and dates may change depending on the dates on which the Court sanctions the Scheme and confirms the reduction of share capital associated with the Scheme and on which the Court Orders sanctioning the Scheme and confirming the reduction of capital are delivered to the Registrar of Companies and, in the case of the reduction of capital, the Court Order is registered by the Registrar of Companies.

ACTION TO BE TAKEN

Detailed instructions on the action to be taken are set out in paragraph 24 of Part II of this document and are summarised below:

Voting at the Court Meeting and the Extraordinary General Meeting

Allied Domecq Shareholders

The Scheme will require approval at a meeting of Allied Domecq Shareholders convened by order of the Court to be held at the Hilton London Metropole Hotel & Conference Centre, 225 Edgware Road, London W2 1JU in the King's Suite. The Court Meeting is to be held at 2.00 p.m. on 4 July 2005. Implementation of the Scheme will also require approval of Allied Domecq Shareholders at the Extraordinary General Meeting to be held at 2.10 p.m. on 4 July 2005 (or as soon thereafter as the Court Meeting has concluded or been adjourned).

Shareholders will find enclosed a blue Form of Proxy for the Court Meeting and a yellow Form of Proxy for the EGM.

It is important that, for the Court Meeting, as many votes as possible are cast so that the Court may be satisfied that there is a fair and reasonable representation of Allied Domecq Shareholder opinion. You are therefore strongly urged to sign and return your Forms of Proxy as soon as possible and in any event so as to be received by Computershare Investor Services PLC, PO Box 858, The Pavilions, Bridgwater Road, Bristol BS99 5WE by:

Blue Forms of Proxy for the Court Meeting	2.00 p.m. on 2 July 2005
Yellow Forms of Proxy for the Extraordinary General Meeting	2.10 p.m. on 2 July 2005

A pre-paid envelope is provided for this purpose for use in the UK only.

If the blue Form of Proxy for use at the Court Meeting is not lodged by 2.00 p.m. on 2 July 2005, it may be handed to the Chairman at the Court Meeting before the taking of the poll. This is not the case, however, for yellow Forms of Proxy. In the case of the Extraordinary General Meeting, unless the yellow Form of Proxy is returned by 2.10 p.m. on 2 July 2005, it will be invalid.

Allied Domecq ADR holders

If you are a registered holder of Allied Domecq ADRs, please complete and sign the enclosed white ADR Voting Instruction Card in accordance with the instructions printed thereon and return it, together with your Allied Domecq ADRs, in the enclosed reply-paid envelope (for use in the US only) as soon as possible but, in any event, so as to be received by JPMorgan Chase Bank, N.A., PO Box 43062, Providence, Rhode Island 02940-5115 USA no later than 3.00 p.m. (New York time) (8.00 p.m. London time) on 27 June 2005. If you hold your Allied Domecq ADRs indirectly, you must rely on the procedures of the bank, broker, financial institution or share plan administrator through which you hold your Allied Domecq ADRs if you wish to vote.

To make an election in respect of the Mix and Match Election

Allied Domecq Shareholders

A green Form of Election is enclosed with this document. You should only complete and return the Form of Election if you wish to make an election under the Mix and Match Election. You will find an explanation of the Mix and Match Election in paragraph 4 of Part II and Notes on Completing the Form of Election in paragraph 24 of Part II and Part XI of this document.

Allied Domecq Shareholders who do not wish to make an election, or to receive information about the Dealing Facility, are not required to return the Form of Election.

Your completed Form of Election should be returned, signed and witnessed in accordance with the instructions printed thereon, by post or by hand (during normal business hours) to Computershare Investor Services PLC, PO Box 858, The Pavilions, Bridgwater Road, Bristol BS99 5WE or, by hand only, (during normal business hours) to Computershare Investor Services PLC, 2nd Floor, Vintners Place, 68 Upper Thames Street, London EC4V 3BJ as soon as possible but, in any event, so as to be received by no later than 3.00 p.m. on 21 July 2005 or such later time (if any) to which the right to make an election may be extended. A pre-paid envelope is provided for this purpose for use in the UK only.

Allied Domecq ADR holders

If you are a registered holder of Allied Domecq ADRs and wish to make an election under the Mix and Match Election, you should complete and sign the enclosed white ADR Form of Election in accordance with the instructions printed thereon and return it together with your Allied Domecq ADRs as soon as possible but in any event so as to be received by JPMorgan Chase Bank, N.A., c/o EquiServe Corporate Reorganization, PO Box 859208, Braintree, MA 02185-9208 USA no later than 2.00 p.m. (New York time) on 14 July 2005. If you hold your Allied Domecq ADRs indirectly, you must rely on the procedures of the bank, broker, financial institution or share plan administrator through which you hold your Allied Domecq ADRs if you wish to make an election.

All registered Allied Domecq ADR holders will be required to complete and sign the enclosed white ADR Form of Election and return it together with their Allied Domecq ADRs to JPMorgan Chase Bank, N.A., c/o EquiServe Corporate Reorganization, PO Box 859208, Braintree, MA 02185-9208 USA in order to receive the consideration under the Offer.

Registration in connection with the New Pernod Ricard Shares

A pink Form of Registration is enclosed with this document.

All Allied Domecq Shareholders are requested to complete and return the pink Form of Registration (whether or not they have made or intend to make an election under the Mix and Match Election).

The information requested in the Form of Registration is required to permit the New Pernod Ricard Shares, to which a Scheme Shareholder is entitled, to be properly recorded in that Scheme Shareholder's name within the register of Pernod Ricard. Failure to return the Form of Registration may affect the ability of Société Générale to properly (i) record New Pernod Ricard Shares in the name of a Scheme Shareholder and/or (ii) send to that holder any documentation (e.g. book entry statements of account) relating to his holding and/or (iii) pay that holder any dividends or other revenues he may be entitled to. Payment of any dividends on New Pernod Ricard Shares held by UK resident shareholders will be made in pounds sterling.

Completed Forms of Registration should be returned by post or by hand (during normal business hours) to Computershare Investor Services PLC, PO Box 858, The Pavilions, Bridgwater Road, Bristol BS99 5WE as soon as possible, but in any event so as to be received not later than 3.00 p.m. on 21 July 2005.

Allied Domecq ADR holders do not need to complete the Form of Registration.

Dealing Facility

Allied Domecq Shareholders who hold less than 10,000 Allied Domecq Shares and who wish to (and are eligible to) make use of the free share dealing facility to be made available by Pernod Ricard should mark an "X" in the relevant box on the enclosed green Form of Election and sign and return the Form of Election, in accordance with the instructions printed thereon, to Computershare Investor Services PLC, PO Box 858, The Pavilions, Bridgwater Road, Bristol BS99 5WE or by hand (during normal business hours) to Computershare Investor Services PLC, 2nd Floor, Vintners Place, 68 Upper Thames Street, London EC4V 3BJ as soon as possible but, in any event, so as to be received by no later than 3.00 p.m. on 21 July 2005. Documentation packs will be despatched to those Allied Domecq Shareholders who may be eligible to use the Dealing Facility. Further details are set out in paragraph 21 of Part II of this document.

Helpline

If you have any questions relating to this document or the completion and return of the Forms of Proxy, the Form of Election or the Form of Registration, please call Computershare Investor Services PLC, on 0870 702 0195 (or from outside the United Kingdom +44 870 702 0195) between 8.30 a.m. and 5.30 p.m. Monday to Friday.

If you are calling from the United States or have any questions relating to Allied Domecq ADRs, the ADR Voting Instruction Card or the ADR Form of Election, please call Georgeson Shareholder Communications on +1 888 253 0798 between 9.00 a.m. and 6.00 p.m. (New York time) Monday to Friday.

Please note that calls to these numbers may be monitored or recorded and that Computershare Investor Services PLC and Georgeson Shareholder Communications cannot provide advice on the merits of the Scheme or the Offer or give any financial or tax advice.

PART I

LETTER FROM THE CHAIRMAN OF ALLIED DOMECQ

Registered office:
The Pavilions
Bridgwater Road
Bedminster Down
Bristol BS13 8AR
(Registered in England and Wales, No. 3771147)

Directors:
Sir Gerry Robinson (*Chairman*)
Philip Bowman (*Chief Executive*)
Graham Hetherington (*Chief Financial Officer*)
David Scotland (*President, Wines*)
Richard Turner (*President, Europe*)
Bruno Angelici (*Non-Executive*)
Paul Adams (*Non-Executive*)
John Rishton (*Non-Executive*)

25 May 2005

To Allied Domecq Shareholders and holders of Allied Domecq ADRs and, for information only, to participants in the Allied Domecq Share Schemes

Dear Shareholder,

RECOMMENDED OFFER BY PERNOD RICARD S.A., THROUGH ITS WHOLLY-OWNED SUBSIDIARY, GOAL ACQUISITIONS LIMITED, FOR ALLIED DOMECQ PLC

1 Introduction

On 21 April 2005, the boards of Allied Domecq and Pernod Ricard announced that they had reached agreement on the terms of a recommended offer by Pernod Ricard through its wholly-owned subsidiary, Goal Acquisitions Limited, to acquire the entire issued and to be issued share capital of Allied Domecq, to be effected by means of a scheme of arrangement of Allied Domecq under section 425 of the Companies Act.

Conditional only upon the Scheme becoming effective, Pernod Ricard has agreed to sell certain Allied Domecq assets, including the core spirits brands, Sauza, Maker's Mark, Courvoisier and Canadian Club, California wines, including the Clos du Bois brand, Allied Domecq distribution assets in the UK, Germany and Spain and for US wine, and Pernod Ricard's Larios brand, to Fortune Brands for approximately £2.8 billion in cash.

Pernod Ricard will retain the majority of the Allied Domecq business, including many of the core spirits brands such as Ballantine's, Beefeater, Kahlúa, Malibu and Stolichnaya (US distribution) and wines such as Montana, Mumm (and Mumm Cuvée Napa), Perrier Jouët and Campo Viejo. Pernod Ricard will also acquire several leading national brands, including Imperial in South Korea and Presidente in Mexico.

The purpose of this document is to make sure that you are fully informed about the Offer and the reasons why your Board has decided that it represents a fair and reasonable price for Allied Domecq and why your Board has decided unanimously to recommend it to you.

11

As you would expect, your Board, together with its advisers arrived at this decision after very careful and detailed consideration.

2 The Offer

The Offer is to be implemented by way of the Scheme, the full details of which are set out in the Explanatory Statement in Part II of this document. If the Scheme becomes effective, Allied Domecq Shareholders will receive:

for each Allied Domecq Share	**545 pence in cash** **and** **0.0158 of a New Pernod Ricard Share**

Based on a Pernod Ricard Share price of €116 (and an exchange ratio of €1.4648:£1, being the exchange rate on 21 April 2005, the date of the announcement of the Offer), the Offer values each Allied Domecq Share at 670 pence and the existing issued share capital of Allied Domecq at approximately £7.4 billion. On 20 April 2005, the Business Day prior to the announcement of the Offer, the Closing Price of a Pernod Ricard Share was €116.9.

Approximately 81 per cent. of the total consideration will be in cash.

Allied Domecq Shareholders will benefit from a substantial share of the estimated synergies announced by Pernod Ricard (and described in paragraph 7 of Part II of this document) and the share element of the consideration will enable Allied Domecq Shareholders to retain an equity interest in the combined entity, which will be a global leader in the spirits and wine industry.

The value of the Offer of 670 pence per Allied Domecq Share(1) represents a premium of approximately 36.2 per cent. to the Closing Price of 492 pence for an Allied Domecq Share on 3 February 2005, which was the last Business Day prior to the speculation surrounding a potential offer and a premium of 24.8 per cent. to the Closing Price of 537 pence per Allied Domecq Share on 4 April 2005, which was the last Business Day prior to our announcement about preliminary discussions with Pernod Ricard regarding a possible offer.

(1) Based on a Pernod Ricard Share price of €116.

Allied Domecq Shareholders (other than certain overseas shareholders) are also being offered the opportunity, under the Mix and Match Election, to elect to vary the proportions of cash consideration and New Pernod Ricard Shares they receive in respect of their holdings of Allied Domecq Shares, subject to equal and opposite elections made by other Allied Domecq Shareholders. To the extent that elections for New Pernod Ricard Shares and/or cash consideration cannot be satisfied in full, they will be scaled down on a pro rata basis.

Under the Offer, holders of Allied Domecq ADRs that represent four Allied Domecq Shares will receive £21.80 and 0.2528 of a New Pernod Ricard ADR (equivalent to 0.0632 of a New Pernod Ricard Share) for every Allied Domecq ADR. The Depositary will convert the cash consideration into US dollars. The New Pernod Ricard ADRs will not be listed or traded on any exchange. It may be possible to effect transactions in such New Pernod Ricard ADRs in the over-the-counter market although, in light of the relatively small number of Pernod Ricard ADRs, liquidity may be limited. Allied Domecq ADR holders are also being offered the opportunity to instruct JPMorgan Chase Bank, N.A. to vary the proportion of cash consideration and New Pernod Ricard Shares to be received by the Depositary as a Scheme Shareholder in respect of their respective holdings of Allied Domecq ADRs (subject to equal and opposite elections made by other Allied Domecq Shareholders).

The Offer is subject to the Conditions set out in Part III of this document.

Further information about the Offer and the Mix and Match Election is provided in paragraphs 2 and 4 of Part II of this document.

3 Interim dividend

The Allied Domecq Shareholders on the register of members of the Company at the close of business on 10 June 2005 will remain entitled to receive the interim dividend of 6.5 pence per Allied Domecq Share announced on 21 April 2005 in respect of the interim period ended 28 February 2005 and scheduled to be paid to Allied Domecq Shareholders on 8 July 2005 (and to Allied Domecq ADR holders on 15 July 2005).

4 Background to and reasons for recommending the Offer

Consolidation has been a focus for speculation and comment in the wines and spirits sector for several years. The two most significant developments in the past decade have been the formation of Diageo in 1997 and the sale of Seagram's wines and spirits business to Diageo and Pernod Ricard in 2001. The proposed sale of Allied Domecq to Pernod Ricard (and subsequent sale by Pernod Ricard of certain Allied Domecq assets to Fortune Brands) would represent the third major transaction in the industry.

Over the past five years, Allied Domecq has delivered high levels of organic growth in a buoyant spirits sector. More recently, while the Group has continued to outperform and has delivered consistently strong earnings growth, this has been achieved against much more difficult trading conditions in many markets. In the view of your Board, the rate of organic growth that Allied Domecq can achieve in the future will continue to be adversely affected by weaker performance in these tough markets.

In these increasingly challenging market conditions, the need for further consolidation in the distilled spirits industry has become increasingly apparent. Given the shareholder structures of the majority of our significant competitors, there was always the possibility that Allied Domecq's participation in such consolidation would be as the subject of an acquisition rather than as the acquirer.

Your Board believes the Offer represents an attractive value today for shareholders that may not otherwise be achieved in the short to medium term without a degree of risk. This recommended Offer for the business from Pernod Ricard provides Allied Domecq Shareholders with the ability to crystallise the value that has been achieved and the possibility of continuing to participate in the future success of Allied Domecq's brands within an enlarged Pernod Ricard business.

Constellation Consortium

On 27 April 2005, your Board announced that it had received an approach regarding a potential offer by a consortium led by Constellation Brands. The Consortium consists of Constellation Brands Inc., Brown-Forman Corporation, Lion Capital (formerly Hicks Muse Europe) and Blackstone Group.

On 13 May 2005, your Board subsequently announced that it had received an indicative proposal from the Consortium regarding a potential offer. This indicative proposal is highly conditional, and is subject to considerable further due diligence by the Consortium, confirmation of financing and a number of other significant conditions. It is too early to determine whether the indicative proposal can translate into a firm offer for Allied Domecq.

Your Board will continue to discuss this indicative proposal with the Consortium and establish whether the conditionality can be removed.

The Panel on Takeovers and Mergers has ruled that, by 5.00 p.m. on Wednesday 29 June 2005, the Consortium must either announce a firm intention to make an offer for the Company pursuant to Rule 2.5 of the City Code or announce that it will not proceed with an offer for Allied Domecq. In the event that the Consortium announces that it will not proceed with an offer for Allied Domecq, the members of the Consortium and any persons acting in concert with them will, except with the consent of the Panel, be unable to make an offer for the Company for six months from the date of such announcement.

The Board of Allied Domecq recognises its fiduciary duty to consider any higher or preferable offer should one be made. To date no such offer has been made.

5 Undertakings to vote in favour of the Scheme

Pernod Ricard has received irrevocable undertakings from the Allied Domecq Directors to vote (or procure votes) in favour of the Scheme in respect of their beneficial holdings of 1,386,857 Allied Domecq Shares in aggregate, representing approximately 0.13 per cent. of the existing issued share capital of Allied Domecq. The undertakings given by the Allied Domecq Directors cease to be binding if the Co-operation Agreement is terminated. For further details of the Co-operation Agreement, see paragraph 7(a) of Part X of this document.

6 Action to be taken

Your attention is drawn to paragraph 24 of Part II of this document, which explains the action you should take in relation to the Offer and the Scheme.

7 Overseas shareholders

The attention of overseas shareholders is drawn to paragraph 23 of Part II of this document.

8 Further information

Your attention is drawn to the letter from Goldman Sachs International set out in Part II of this document (being the explanatory statement pursuant to section 426 of the Companies Act), which gives further information on the Offer, the Scheme, Allied Domecq, Pernod Ricard and the New Pernod Ricard Shares and to the Pernod Ricard Prospectus that you will receive which contains further information on Pernod Ricard and the Pernod Ricard Shares.

9 Recommendation

The Board of Allied Domecq, which has been so advised by Goldman Sachs International, unanimously considers the terms of the Offer to be fair and reasonable. In providing its advice, Goldman Sachs International has taken account of the commercial assessments of the Allied Domecq Directors. Accordingly, the Board of Allied Domecq unanimously recommends Allied Domecq Shareholders to vote in favour of the Scheme, as they have undertaken to do in respect of their own beneficial shareholdings of 1,386,857 Allied Domecq Shares, representing approximately 0.13 per cent. of the existing issued share capital of Allied Domecq.

Yours faithfully

Sir Gerry Robinson
Chairman

PART II

EXPLANATORY STATEMENT

(in compliance with section 426 of the Companies Act 1985)

25 May 2005

To Allied Domecq Shareholders and holders of Allied Domecq ADRs and, for information only, to participants in the Allied Domecq Share Schemes

Dear Sir or Madam,

RECOMMENDED OFFER BY PERNOD RICARD S.A., THROUGH ITS WHOLLY-OWNED SUBSIDIARY, GOAL ACQUISITIONS LIMITED, FOR ALLIED DOMECQ PLC

1 Introduction

On 21 April 2005, the boards of Allied Domecq and Pernod Ricard announced that they had reached agreement on the terms of a recommended offer by the Pernod Ricard Group to acquire Allied Domecq. The Offer is to be effected by means of a scheme of arrangement under section 425 of the Companies Act, which requires the approval of Allied Domecq Shareholders and the sanction of the Court. Goal is a wholly-owned subsidiary of Pernod Ricard established to implement the Offer.

Your attention is drawn to the letter from the Chairman of Allied Domecq, Sir Gerry Robinson, set out in Part I of this document, which forms part of this Explanatory Statement. That letter contains, among other things, information on the background to and reasons for the unanimous recommendation by the Allied Domecq Directors to Allied Domecq Shareholders to vote in favour of the resolutions to approve and implement the Scheme to be proposed at the Court Meeting and the Extraordinary General Meeting. Your attention is also drawn to the Pernod Ricard Prospectus that you will receive which contains further information on Pernod Ricard and the New Pernod Ricard Shares to be issued in connection with the Offer.

The Allied Domecq Board has been advised by Goldman Sachs International in connection with the Offer. Goldman Sachs International has been authorised by the Allied Domecq Board to write to you to explain the terms of the Offer and the Scheme and to provide you with other relevant information.

The terms of the Scheme are set out in full in Part XII of this document. Your attention is also drawn to the additional information set out in Part X of this document.

2 Summary of the Offer

In accordance with the terms of the Scheme, Allied Domecq Scheme Shareholders will receive:

In respect of each Allied Domecq Share:	**545 pence in cash** **and** **0.0158 of a New Pernod Ricard Share**

The Offer values each Allied Domecq Share at 670 pence and the entire issued share capital of Allied Domecq at approximately £7.4 billion based on a price of €116 for each Pernod Ricard Share and an exchange rate of €1.4648:£1, being the exchange rate on 21 April 2005, the date of announcement of the Offer. On 20 April 2005 (being the last Business Day prior to the announcement of the Offer) the Closing

Price of a Pernod Ricard Share was €116.9. The consideration payable by Pernod Ricard represents a premium of approximately:

36.2 per cent. to the Closing Price of 492 pence for an Allied Domecq Share on 3 February 2005 (being the last Business Day prior to the speculation surrounding a potential offer for Allied Domecq);

24.8 per cent. to the Closing Price of 537 pence for an Allied Domecq Share on 4 April 2005 (being the last Business Day prior to the announcement by Allied Domecq that it was in preliminary discussions with Pernod Ricard regarding a possible offer for Allied Domecq); and

4.2 per cent. to the Closing Price of 643 pence for an Allied Domecq Share on 20 April 2005 (being the last Business Day prior to the date of the announcement of the Offer).

Allied Domecq Shareholders (other than certain overseas shareholders) are also being offered the opportunity under the Mix and Match Election to elect to vary the proportions in which they receive cash consideration and New Pernod Ricard Shares in respect of their holdings of Allied Domecq Shares. Satisfaction of such elections will be subject to equal and opposite elections made by other Allied Domecq Shareholders. To the extent that elections for cash and/or New Pernod Ricard Shares cannot be satisfied in full, they will be scaled down on a pro rata basis. Further information about the Mix and Match Election is provided in paragraph 4 below and Part XI of this document.

The Offer is subject to the Conditions set out in Part III of this document.

Fractions of New Pernod Ricard Shares will not be allotted, but will be aggregated and sold in the market after the Effective Date and the net proceeds of such sale will be paid in cash to such Allied Domecq Shareholders entitled thereto in accordance with their fractional entitlements.

New Pernod Ricard Shares to be issued as consideration under the Scheme will be issued credited as fully paid and free from all liens, charges, encumbrances, and, subject to the by-laws of Pernod Ricard, rights of pre-emption and any other third party rights of any nature whatsoever and will rank *pari passu* in all respects with the existing Pernod Ricard Shares, including the right to receive all dividends, distributions and other entitlements declared, made or paid by Pernod Ricard on Pernod Ricard Shares after the Effective Date. Further details of the rights attaching to the New Pernod Ricard Shares are set out in Part VIII of this document and in the Pernod Ricard Prospectus, which you will receive. Immediately following completion of the Offer, but before any dealings in New Pernod Ricard Shares take place under the Dealing Facility, Allied Domecq Shareholders are expected to own approximately 20 per cent. of the issued share capital of Pernod Ricard.

An application will be made by Pernod Ricard to Euronext Paris for the New Pernod Ricard Shares to be admitted to trading on Eurolist Compartiment A. It is expected that admission of the New Pernod Ricard Shares to trading on Eurolist Compartiment A will become effective and that dealings for normal settlement will commence on or around the Effective Date, currently expected to be 26 July 2005.

Under the Offer, holders of Allied Domecq ADRs that represent four Allied Domecq Shares will receive £21.80 and 0.2528 of a New Pernod Ricard ADR (equivalent to 0.0632 of a New Pernod Ricard Share) for every Allied Domecq ADR. The Depositary will convert the cash consideration into US dollars in accordance with the Deposit Agreement and distribute the cash proceeds to holders of Allied Domecq ADRs, together with any New Pernod Ricard ADRs to which they become entitled, upon surrender of their Allied Domecq ADRs in accordance with the terms of the Deposit Agreement. The New Pernod Ricard ADRs will not be listed or traded on any exchange. It may be possible to effect transactions in such New Pernod Ricard ADRs in the over-the-counter market although, in the light of the relatively small number of such New Pernod Ricard ADRs, liquidity may be limited.

Fractions of New Pernod Ricard ADRs will not be issued, but will be aggregated and sold in the market after the Effective Date and the net proceeds of such sale shall be paid in cash by the Allied Domecq Depositary, in accordance with the terms of the Deposit Agreement, to Allied Domecq ADR holders entitled thereto in accordance with their fractional entitlements.

3 Financial effects of the Offer

The following table sets out, for illustrative purposes only, and on the bases and assumptions set out in the notes below, the financial effects on the capital value and income for a holder of 10,000 Allied Domecq Shares assuming the Scheme becomes effective. It compares the value of the number of New

Pernod Ricard Shares and the amount of cash consideration to be issued or paid (respectively) under the Scheme in respect of 10,000 Allied Domecq Shares with the value of 10,000 Allied Domecq Shares on 4 April 2005 (the last Business Day prior to the commencement of the Offer Period). It assumes no election is made under the Mix and Match Election. In assessing the financial effects of the Offer, no account has been taken of any potential liability to taxation of an Allied Domecq Shareholder.

	Note	£
(a) *Increase in capital value under the terms of the Offer*		
Value of 158 New Pernod Ricard Shares	(1)	12,512
Cash consideration		54,500
Total value of consideration in respect of 10,000 Allied Domecq Shares		67,012
Less: market value of 10,000 Allied Domecq Shares on 4 April 2005	(2)	(53,700)
Increase in capital value		13,312
Percentage increase in capital value		24.8%

	Note	£
(b) *Increase in gross income under the terms of the Offer*		
Gross annual dividend income from 158 New Pernod Ricard Shares	(3)	231
Gross income from re-investment of cash consideration	(4)	2,360
Total gross income in respect of consideration for 10,000 Allied Domecq Shares		2,591
Less: Gross annual dividend income from 10,000 Allied Domecq Shares	(5)	(1,722)
Increase in gross income		869
Percentage increase in gross income		50.5%

Notes:

(1) Based on a value of €116 for each New Pernod Ricard Share and an exchange rate of €1.4648:£1 (being the exchange rate on 21 April, the date of announcement of the Offer). On 20 April 2005 (being the last Business Day prior to the announcement of the Offer), the Closing Price per New Pernod Ricard Share was €116.9.

(2) Based on the Closing Price of 537 pence per Allied Domecq Share on 4 April 2005 (being the last Business Day before the commencement of the Offer Period).

(3) The gross dividend income from 158 New Pernod Ricard Shares is based on aggregate gross dividends of €2.14 per Pernod Ricard Share paid in respect of the 12 month period ended 31 December 2004, being the total of the €1.16 second interim dividend declared in March 2005 (but not yet paid and subject to shareholder approval) and the €0.98 interim dividend declared in November 2004, and an exchange rate of €1.4648 to £1.

(4) The income on the cash consideration has been calculated on the assumption that the cash is re-invested for a period of 12 months to yield approximately 4.33 per cent. per annum, being the yield shown by the FTSE Actuaries Government Securities of up to five year maturities on 19 May 2005 (being the latest practicable date prior to the publication of this document), as published in the Financial Times.

(5)

The dividend income from one Allied Domecq Share is based on aggregate gross dividends of 17.2 pence per Allied Domecq Share, being the total of the 10.7 pence gross final dividend for the year ended 31 August 2004 and the 6.5 pence gross interim dividend for the 6 month period ended 29 February 2004.

(6) In assessing the financial effects of receiving New Pernod Ricard Shares, no account has been taken of any potential taxation liability of an Allied Domecq Shareholder or of any timing differences in the payment of dividends.

4 Mix and Match Election

Under the terms of the Offer, Allied Domecq Shareholders (other than certain overseas shareholders) may elect to vary the proportions of cash consideration and New Pernod Ricard Shares they receive in respect of their holdings of Allied Domecq Shares on the basis of:

for every 125 pence in cash	**0.0158 of a New Pernod Ricard Share**

Satisfaction of elections under the Mix and Match Election will be subject to equal and opposite elections made by other Allied Domecq Shareholders. Mix and Match Elections may only be made in respect of whole numbers of Allied Domecq Shares. Irrespective of the number of Allied Domecq Shareholders who elect for cash consideration or New Pernod Ricard Shares under the Mix and Match Election, the total cash consideration to be paid and the total number of New Pernod Ricard Shares to be issued pursuant to the Offer will not be varied. Accordingly, Pernod Ricard's ability to satisfy all elections for cash consideration or New Pernod Ricard Shares made by Allied Domecq Shareholders will depend on other Allied Domecq Shareholders making equal and opposite elections. To the extent that elections for cash consideration and/or New Pernod Ricard Shares cannot be satisfied in full, they will be scaled down on a pro rata basis. As a result, Allied Domecq Shareholders who elect to receive additional cash consideration or New Pernod Ricard Shares under the Mix and Match Election will not necessarily know the exact amount of cash consideration or number of New Pernod Ricard Shares they are entitled to receive until settlement of the consideration under the Offer. When the Scheme becomes effective, an announcement will be made concerning the extent to which elections under the Mix and Match Election have been satisfied.

The Mix and Match Election will not affect the entitlements of those Allied Domecq Shareholders who do not make an election under the Mix and Match Election.

The Mix and Match Election will remain open until 3.00 p.m. on 21 July 2005 or such later time (if any) to which the right to make an election may be extended.

Details on how Allied Domecq Shareholders can make an election under the Mix and Match Election are set out in paragraph 24 of this Part II and in Part XI of this document and the Form of Election.

Registered holders of Allied Domecq ADRs may instruct JPMorgan Chase Bank, N.A. to vary the proportions of cash consideration and New Pernod Ricard Shares to be received by the Depositary as a Scheme Shareholder in respect of their respective holdings of Allied Domecq ADRs (subject to equal and opposite elections by other Scheme Shareholders) by completing and signing the enclosed white ADR Form of Election in accordance with the instructions printed thereon and returning it, together with the relevant Allied Domecq ADRs, as soon as possible but in any event so as to be received by JPMorgan Chase Bank, N.A. c/o EquiServe Corporate Reorganization, PO Box 859208, Braintree, MA 02185-9208 USA no later than 2.00 p.m. (New York time) on 14 July 2005. If you hold your Allied Domecq ADRs indirectly, you must rely on the procedures of the bank, broker, financial institution or share plan administrator through which you hold your Allied Domecq ADRs if you wish to make an election under the Mix and Match Election.

Overseas Allied Domecq Shareholders should also read paragraph 23 of this Part II in relation to their ability to make an election under the Mix and Match Election.

5 Information on the Allied Domecq Group

Allied Domecq was established in 1961 by the merger of three UK brewing and pub retailing companies. Since then, it has grown to become a leading international branded drinks and retailing company, with operations in the spirits and wine industry, the quick service restaurants industry and, until September 1999, the retail pub industry.

Allied Domecq is one of the world's largest international spirits and wine groups (the Spirits & Wine business) and in addition owns a leading international quick service restaurants group, Dunkin' Brands, Inc., (the QSR business).

Spirits & Wine business

Allied Domecq's Spirits & Wine business manufactures, markets and sells a portfolio of premium branded spirits, which *Impact Databank* estimates included 12 of the top 100 premium distilled spirit brands worldwide by volume in 2004 and a growing portfolio of premium branded wines. The Spirits & Wine business operates through a global distribution network in more than 50 countries and generates approximately 50 per cent. of its trading profit before exceptional items in the Americas and 38 per cent. in Europe.

The Spirits & Wine portfolio is divided into:

- core brands spirits brands which have strong customer appeal, typically in more than one market, and high margins, such as Ballantine's Scotch whisky, Kahlúa liqueur, Malibu coconut-flavoured rum-based liqueur, Beefeater gin, Canadian Club whisky, Sauza tequila, Courvoisier cognac, Maker's Mark bourbon and Stolichnaya vodka (distribution rights);

- local market leaders spirits brands which occupy a strong position in a particular market, which include Presidente and Don Pedro brandies, Whisky DYC and Imperial whiskies and Tia Maria liqueur;

- premium wines, which include still wine, sparkling wine and champagne such as Mumm and Perrier Jouët, Montana (New Zealand), Clos du Bois (California), Campo Viejo (Spain) and Graffigna (Argentina); and other spirits and wine brands.

Allied Domecq's spirits portfolio consists principally of "premium" brands, those that globally retail at a price greater than US$10 per 750 ml bottle and have a US retail price of greater than US$12 per 750 ml bottle.

The Spirits & Wine business owns or leases land and buildings throughout the world. Its properties primarily consist of a variety of manufacturing, distilling, maturing, bottling and administration sites spread across its operations, as well as vineyards in New Zealand, the United States, France, Spain and Argentina and agave cultivation in Mexico.

These operating units each have several manufacturing facilities. The locations and principal products of these principal operating units is set out below:

Operating unit	**Location**	**Principal products**
Pedro Domecq	Mexico	Brandy and tequila
Allied Distillers	Scotland	Scotch whisky, gin, liqueurs and other
Hiram Walker	United States and Canada	Canadian whisky, liqueurs and other
Pedro Domecq	Spain	Brandy, whisky, sherry and wine
Courvoisier	France	Cognac
Allied Domecq Wines (NZ)	New Zealand	Wines
Bodegas y Bebidas	Spain	Wines
Allied Domecq Wines USA	United States	Wines
Mumm and Perrier Jouët	France	Champagne

Allied Domecq owns or controls the distribution of approximately 90 per cent. of the sales of its Spirits & Wine business by volume through its operations in over 50 countries. The balance is carried out on its behalf by third parties with whom it usually has long-term distribution contracts. In addition, in some markets it distributes brands on behalf of other spirits and wine producers, which helps to cover the fixed costs of operating its sales and marketing companies in those markets.

QSR business

Allied Domecq's QSR business, Dunkin' Brands, Inc. operates an international franchise business, which comprises over 12,000 distribution points. It comprises Dunkin' Donuts, one of the world's leading coffee and baked goods chains; Baskin-Robbins, one of the world's leading ice cream franchises; and Togo's, a sandwich chain operating principally on the West Coast of the United States.

The core trading market for Dunkin' Brands, Inc. is the United States, with over 7,600 distribution points nationwide, while the international business operates more than 4,400 additional distribution points. The system is franchised, reducing Allied Domecq's required capital investment.

In the United States, a franchisee-owned co-operative manages the purchase, supply and distribution of raw materials and finished products for the Dunkin' Donuts brand. Allied Domecq has a long-term, cost-plus arrangement with Dean Foods in the United States for the supply and distribution of ice cream and related products for the Baskin-Robbins brand. International Multi-Foods supplies the Togo's brand.

Internationally, Dunkin' Donuts is managed through the US system, with some local supply of product where prudent either from a financial or a regulatory standpoint. Outside the United States, Baskin-Robbins is supplied primarily from Allied Domecq's manufacturing plant in Peterborough, Canada, although some local procurement exists, including that undertaken by its joint ventures in Japan and South Korea.

The QSR business owns or leases approximately 1,100 buildings for its franchise stores and corporate offices in the United States. In addition, it owns a production facility in Peterborough, Canada that produces Baskin-Robbins branded ice cream.

6 Current trading and outlook of Allied Domecq

In the two months since the end of its half year on 28 February 2005, Allied Domecq has continued to achieve volume growth from its core spirits brands and premium wines. The QSR business continues to grow. This satisfactory result has been achieved in spite of the inevitable disruption caused by intense media speculation concerning a possible bid for Allied Domecq by Pernod Ricard. An approach from Pernod Ricard was announced on 5 April 2005 and the Offer was announced on 21 April 2005. The Group has subsequently announced an approach from the Consortium which has led to further media speculation.

Allied Domecq has taken action to respond to the changes in behaviour from some customers, suppliers and competitors. Current forecasts support expectations of high single digit earnings per share growth translated at constant foreign exchange rates for the year ending 31 August 2005. While these indications are encouraging, the unavoidable disruption caused by the Offer and the approach from the Consortium may yet have a short term impact on the performance of the business.

7 Information on Pernod Ricard and its reasons for the Offer

Overview of Pernod Ricard

Pernod Ricard is one of the world's three leading players in the spirits and wine market, with spirits and wine sales of approximately €3.5 billion for the 12 months ended 31 December 2004. Since being founded in 1975, the Pernod Ricard Group has developed some of the leading brands in the industry through a combination of organic growth and acquisitions. Pernod Ricard's brands include Ricard, Chivas Regal, Martell, Jacob's Creek, Seagram's Gin, Jameson, Pastis 51, Havana Club, Clan Campbell, Ramazzotti, The Glenlivet and Wild Turkey.

The board of Pernod Ricard believes that it has been successful in delivering growth in sales, profits and shareholder value as a result of its focused corporate strategy:

Concentrating on key brands

On a worldwide basis, Pernod Ricard has concentrated its investments on a small number of brands that offer strong growth potential;

Developing strong local or regional brands and wholly-owned distribution networks in all major markets

Pernod Ricard has a number of leading local brands which cater for local drinking traditions and enable efficient distribution networks to be established in all markets; and

Motivating talented employees through a highly decentralised organisation

Pernod Ricard favours independence and a decentralised company structure with operational decision-making taking place at the brand owner and distribution subsidiary level.

Pernod Ricard has a current market capitalisation of approximately €8.5 billion (based on the Closing Price of €121.10 for a Pernod Ricard Share on 19 May 2005, the latest practicable date prior to the publication of this document) and is traded on Euronext Paris (Eurolist Compartiment A). Pernod Ricard also has approximately 4.6 million Pernod Ricard OCEANEs currently outstanding, each Pernod Ricard OCEANE giving the holder thereof the right to convert, in certain circumstances, into 1.25 Pernod Ricard Shares.

Background to the Offer

The board of Pernod Ricard believes that the Offer for Allied Domecq is the next logical step in Pernod Ricard's evolution following the successful integration of the acquisition of a substantial portion of Seagram's wine and spirits business in 2001. The Seagram acquisition enabled Pernod Ricard to double its size in the spirits sector. Pernod Ricard has consolidated its position in Europe as well as becoming the number two spirits company in Asia and the largest in Central and South America while its business has progressed well in North America[(1)]. Pernod Ricard has successfully turned around key Seagram brands, including Chivas Regal and Martell, and has delivered significant spirits and wine sales growth, with a compound annual growth rate for these brands of 9 per cent. and 7 per cent. respectively between 2002 and 2004.

Pernod Ricard believes that the Offer for Allied Domecq has a clear and compelling strategic and financial rationale for Pernod Ricard, with clear benefits for the shareholders of the enlarged group:

second largest spirits and wines company worldwide;

number one spirits company outside the US;

Note:

(1) Source: IWSR 2004 excluding wines, wine-based aperitifs and ready to drink ("RTD"). Own brands only. Local players in Asia excluded.

a new leader in quality wine;

acquisition of quality brands driving sustainable and profitable growth;

enhanced geographical footprint with critical mass in key markets;

highly attractive financial profile: strong cash flow generation through enhanced margins and realisation of significant synergies;

estimated annual pre-tax cost synergies of approximately €300 million within three years[(1)]; and

expected to be earnings accretive in the first year[(2)].

Following the transfer of the Allied Domecq assets to Fortune Brands as described in paragraph 9 below, Pernod Ricard expects that, within three years, it will be able to achieve annual pre-tax gross cost synergies of approximately €300 million[(1)]. The estimated synergies are expected to result from Pernod Ricard's ability to strengthen its purchasing, production and distribution structures.

Allied Domecq's QSR business and stake in Britannia Soft Drinks Limited are considered non-core assets for Pernod Ricard and are expected to generate additional disposal proceeds.

Pernod Ricard will retain the majority of the Allied Domecq business, including many of the core spirits brands such as Ballantine's, Beefeater, Kahluá, Malibu and Stolichnaya (US distribution), and premium wines such as Montana, Mumm (and Mumm Cuvée Napa), Perrier Jouët and Campo Viejo. Pernod Ricard will also retain several leading national brands, including Imperial in South Korea, and Presidente in Mexico. The brands which Pernod Ricard is retaining had volumes of approximately 51 million cases in aggregate in the financial year ended 31 August 2004 and generated sales of approximately €2.4 billion and direct brand contribution of approximately €1.0 billion during the year ended 31 August 2004.

8 Overview of Fortune Brands

Fortune Brands, headquartered in Lincolnshire, Illinois, United States, is a leading consumer brands company, with annual sales exceeding US$7 billion. Its operating companies have premier brands and leading market positions in home and hardware products, spirits and wine, golf and office products. Fortune Brands' major spirits and wine brands, sold by units of Jim Beam Brands Worldwide, Inc., include Jim Beam and Knob Creek bourbons, DeKuyper cordials, The Dalmore single malt Scotch, Vox vodka and Geyser Peak and Wild Horse wines.

Fortune Brands has established a long track record of creating shareholder value by executing a disciplined growth strategy: investing to grow its leading consumer brands; positioning its businesses for stronger growth and higher returns; improving operations to continuously enhance productivity and cost structures; and leveraging the strength of its financial resources to drive shareholder value even higher. During the past five years, Fortune Brands has delivered strong growth in earnings per share and total shareholder returns stock appreciation plus dividends that have grown at a compound annual rate of approximately 21 per cent.

Fortune Brands has a current market capitalisation of approximately US$12.6 billion (based on a Closing Price of US$86.95 for a Fortune Brands Share on 19 May 2005, the latest practicable date prior to the publication of this document) and is traded on the New York Stock Exchange.

Notes:

(1) The expected synergies have been calculated on the basis of the existing cost and operating structures of the current Pernod Ricard Group and Allied Domecq Group. These statements of estimated synergies relate to future actions and circumstances which, by their nature involve risks, uncertainties, contingencies and other factors. As a result, the synergies referred to may not be achieved, or those achieved may be materially different from those estimated.

(2)

The statement that the acquisition of Allied Domecq is expected to be earnings accretive for Pernod Ricard in the first year does not constitute a profit forecast and should not be interpreted to mean that earnings for the year to 30 June 2006 or any subsequent financial period would necessarily be greater than those for any preceding financial period.

9 Proposed transaction with Fortune Brands

In connection with the Offer, Pernod Ricard has entered into a binding Framework Agreement to sell certain Allied Domecq brands, production and distribution assets, in addition to Pernod Ricard's Larios brand, to Fortune Brands for approximately £2.8 billion in cash. These monies will be used, *inter alia*, to subscribe for tracker shares in Goal (providing Fortune Brands with certain economic rights relating to the Allied Domecq assets it will acquire) and through Goal to partially fund the cash consideration payable to Allied Domecq Shareholders.

The Allied Domecq brands and assets which Fortune Brands will acquire include:

Core brands Sauza, Maker's Mark, Courvoisier and Canadian Club;

Local market leaders Castellana, Centenario, Cockburn's, DYC, Fundador, Harveys, Jacobi, Kuemmerling, Laphroaig and Teacher's;

Premium wines Clos du Bois, William Hill, Gary Farrell, Buena Vista and certain other US wines; and

Distribution assets in the United Kingdom, Germany and Spain and for US wine.

The above brands had volumes of approximately 17 million cases in aggregate in the financial year ended 31 August 2004 and generated sales of approximately €1.0 billion and direct brand contribution of approximately €0.4 billion during the year ended 31 August 2004.

Fortune Brands will also acquire certain Larios spirits, liquors and wine brands currently owned by the Pernod Ricard Group.

The transaction with Fortune Brands is conditional only upon the Scheme becoming effective. Upon the Scheme becoming effective, Fortune Brands will receive management and economic rights in respect of the above Allied Domecq brands and assets. Pernod Ricard has committed to transfer these assets to Fortune Brands within six months of the Scheme becoming effective.

Further details of the Framework Agreement are set out in paragraph 8(b) of Part X of this document.

10 Information on Goal

Goal is a company newly incorporated in Guernsey, specifically for the purpose of implementing the Offer. Goal is owned and controlled by the Pernod Ricard Group and has not traded prior to the date of this document (except for entering into transactions relating to the Scheme and the Offer).

Upon the Scheme becoming effective, Fortune Brands will contribute approximately £2.7 billion in cash to Goal in return for tracker shares in Goal. The Framework Agreement and the tracker shares provide Fortune Brands with certain economic rights relating to the assets and liabilities currently owned by Allied Domecq that are to be acquired by Fortune Brands or its subsidiaries. Fortune Brands' ownership interest in Goal will reduce over time as the relevant assets are transferred from Goal to Fortune Brands as described in paragraph 9 above.

Upon the Scheme becoming effective, the shares that Pernod Ricard holds in Allied Domecq as a result of the Offer will be transferred to Goal so that Allied Domecq will become a wholly-owned subsidiary of Goal.

Further details of the Framework Agreement are set out in paragraph 8(b) of Part X of this document.

11 Financing arrangements

The cash consideration payable to Scheme Shareholders under the terms of the Offer will be provided from a combination of debt financing from a group of lenders and equity subscription (from Fortune Brands) as follows:

(i) the Pernod Ricard Group will borrow approximately €9.3 billion of debt financing from a group of lenders including JPMorgan, Morgan Stanley Bank International Limited, The Royal Bank of Scotland plc, BNP Paribas and Société Générale. The debt financing will be used to fund part of the cash element of the consideration due to Scheme Shareholders under the terms of the Offer. In addition, the debt financing will be used to provide working capital to the enlarged group and to refinance certain existing indebtedness of Pernod Ricard, Allied Domecq and their respective subsidiaries; and

(ii) Fortune Brands will provide approximately £2.8 billion towards the financing of the Offer, comprising (a) the consideration for Pernod Ricard's Larios brand and (b) £2,721,621,217 by way of subscription for tracker shares in Goal. This will be funded from a new US$6 billion credit facility made available to it by a group of lenders including Credit Suisse First Boston and Barclays Bank PLC.

Pernod Ricard intends that part of its €9.3 billion borrowing will be repaid by the disposal of the QSR business and certain other assets of Allied Domecq and will look to cash flows of the enlarged group, other than cash flows from brands and assets to be transferred to Fortune Brands, to service the payment of interest on that financing. In addition, certain members of the Allied Domecq Group may be required to guarantee such borrowings without any recourse to brands and assets to be transferred to Fortune Brands. The borrowings will be unsecured.

JPMorgan and Morgan Stanley, financial advisers to Pernod Ricard and Goal, are satisfied that sufficient resources are available to Pernod Ricard and Goal to satisfy in full the cash consideration payable to Scheme Shareholders under the terms of the Offer.

Further details of the financing arrangements and the Framework Agreement are set out in paragraphs 8(d) and 8(b) respectively of Part X of this document.

12 Break fee and Co-operation Agreement

Allied Domecq, Pernod Ricard and Goal have entered into the Co-operation Agreement, under which:

(i) Allied Domecq has agreed to pay Pernod Ricard a break fee of £37 million in the event that a competing offer for Allied Domecq is announced (for the purposes of Rule 2.5 of the City Code) on a recommended basis prior to 21 October 2005, and such competing offer subsequently becomes or is declared unconditional in all respects, or otherwise becomes effective in any other manner whatsoever; and

(ii) Pernod Ricard has agreed to pay Allied Domecq a break fee of £37 million in the event that Pernod Ricard lapses the Offer as a result of failure to obtain the necessary approvals to effect the Offer from its shareholders.

On the basis of the indication from Pernod Ricard to Allied Domecq that Pernod Ricard would only be prepared to continue with the Offer on the basis that Allied Domecq entered into the break fee provisions contained in the Co-operation Agreement, Goldman Sachs International believes the break fee arrangement to be in the best interests of Allied Domecq Shareholders.

The Co-operation Agreement also governs Pernod Ricard's, Goal's and Allied Domecq's relationship during the period from the announcement of the Offer until the Scheme becomes effective (or the Offer lapses). Among other things, the parties have agreed to co-operate with regard to the process to implement the Scheme and Allied Domecq has entered into certain undertakings concerning the conduct of its business during that period.

Further details of the Co-operation Agreement are set out in paragraph 7(a) of Part X of this document.

13 Management and employees

Pernod Ricard has confirmed that, following the Scheme becoming effective, the existing contractual and statutory employment rights, including in relation to pensions, of Allied Domecq management and employees will be honoured. In due course, those employees who transfer to Fortune Brands will be offered the option to transfer their accrued benefits to new pension arrangements set up by Fortune Brands which may differ from those in place within the Allied Domecq Group but which will, in respect of past service benefits, be no less favourable than those in place within the Allied Domecq Group. In addition, Pernod Ricard and Fortune Brands have confirmed that, following the Scheme becoming effective, they will honour in full the entitlements of Allied Domecq employees under Allied Domecq's existing redundancy policies for a period of approximately two years.

Pernod Ricard has entered into certain funding commitments with the trustees of the main UK Allied Domecq pension funds which are designed to improve further the security of members' benefits. The UK Pensions Regulator, taking into account these commitments, has granted clearance for the Offer for the purposes of the Pensions Act 2004.

14 The Allied Domecq Directors and the effect of the Scheme on their interests

Details of the interests of the Allied Domecq Directors in the share capital of Allied Domecq and options over this share capital are set out in paragraph 5(a)(ii) of Part X of this document. Allied Domecq Shares held by the Allied Domecq Directors will be subject to the Scheme.

In letters dated 21 April 2005 addressed to each of the executive Directors of Allied Domecq, Pernod Ricard has undertaken, in consideration for them each agreeing not to resign before the Effective Date, that, if the Scheme becomes effective, it will procure the waiver of any requirement of their respective service agreements which may restrict their ability to be interested in, or employed or contracted by any entity which competes directly with any aspect of the business of Allied Domecq after the date of cessation of their employment and to honour in full the bonus provisions set out in their respective service agreements, and, where relevant, to procure the exercise of any and all discretions to the maximum amount permitted in accordance with the terms thereof.

Particulars of the service contracts (including termination provisions), letters of appointment of the Allied Domecq Directors and the letters from Pernod Ricard to the executive Directors referred to above are set out in paragraph 6 of Part X of this document. Save as set out above, the total emoluments receivable by the Allied Domecq Directors will not be varied as a consequence of the Scheme becoming effective.

The Allied Domecq Directors have irrevocably undertaken to vote (or procure votes) in favour of the Scheme in respect of their beneficial holdings of 1,386,857 Allied Domecq Shares in aggregate, representing approximately 0.13 per cent. of the existing issued share capital of Allied Domecq. The undertakings given by the Allied Domecq Directors cease to be binding if the Co-operation Agreement is terminated. For further details of the Co-operation Agreement, see paragraph 7(a) of Part X of this document.

Certain Allied Domecq Directors, in common with other participants in the Allied Domecq Share Schemes, will also be offered proposals for cash cancellation in respect of their options and awards under such share schemes.

Save as set out in this paragraph 14 and in paragraph 13 above, the effect of the Scheme on the interests of the Allied Domecq Directors does not differ from its effect on the like interests of any other holder of Allied Domecq Shares.

15 Allied Domecq Share Schemes

Awards under the Allied Domecq Share Schemes (including options) will become exercisable or vest on the sanction of the Court at the Scheme Court Hearing. In the case of the Allied Domecq PLC Long Term Incentive Scheme 1999 and the Allied Domecq PLC Performance Share Plan 2005, awards will vest subject to the satisfaction of the applicable performance conditions at the time of exercise. It is currently expected, however, that these performance conditions will be satisfied in full. Certain of the options granted under the Allied Domecq PLC International SAYE Scheme 1999 will only be exercisable using the savings that optionholders have made under their related savings contract at the date of exercise.

As an alternative to the exercise or vesting of awards, participants will be offered the opportunity to cancel their awards in return for a cash payment equal to the difference between the option price (if any) and 670 pence (being the amount they would have received under the Scheme had their awards been exercised or vested and they had participated in the Scheme and made a successful election under the Mix and Match Election to receive all their consideration in cash).

In addition, an amendment will be made to Allied Domecq's Articles to the effect that any Allied Domecq Shares issued to any person after the Effective Date will automatically be transferred to Goal for 670 pence in cash. Participants in the Allied Domecq Share Schemes will be sent details of the proposals in respect of their outstanding options and awards.

16 Undertakings to vote in favour of the Scheme

Pernod Ricard has received irrevocable undertakings from the Allied Domecq Directors to vote (or procure votes) in favour of the Scheme in respect of their beneficial holdings of 1,386,857 Allied Domecq Shares in aggregate, representing approximately 0.13 per cent. of the existing issued share capital of Allied Domecq. The undertakings given by the Allied Domecq Directors cease to be binding if the Co-operation Agreement is terminated. (For further details of the Co-operation Agreement, see paragraph 7(a) of Part X of this document.)

17 Structure of the Scheme

(a) Introduction

The Offer is to be effected by way of a scheme of arrangement of Allied Domecq under section 425 of the Companies Act, the provisions of which are set out in full in Part XII of this document.

The Scheme involves an application by Allied Domecq to the Court to sanction the Scheme and then to confirm the cancellation of the Scheme Shares, in consideration for which Scheme Shareholders on the register of members at the Reorganisation Record Time will receive cash and/or New Pernod Ricard Shares on the basis set out in paragraph 2 of this Part II. The cancellation of the Scheme Shares and the subsequent issue of new shares in Allied Domecq to Goal and Pernod Ricard provided for in the Scheme will result in Allied Domecq becoming a wholly-owned subsidiary of Pernod Ricard.

The Scheme will include a reorganisation of the share capital of Allied Domecq whereby the Scheme Shares will, in accordance with the terms of the Scheme, be subdivided and reclassified into A Shares and B Shares. The share capital reorganisation will take effect at the Reorganisation Record Time, from which point the A Shares will carry the right to receive the cash consideration under the Offer and the B Shares will carry the right to receive the New Pernod Ricard Shares. The A Shares and the B Shares will be cancelled and Scheme Shareholders paid cash and issued with New Pernod Ricard Shares in proportion to their holdings of A Shares and B Shares respectively. No temporary documents of title will be issued to Allied Domecq Shareholders in respect of the A Shares or the B Shares. If, for any reason, the reduction of capital comprised in the Scheme does not become effective within 5 Business Days of the Reorganisation Record Time, or such later time and date as the Company, Pernod Ricard and Goal may agree and the Court may allow, the share capital reorganisation described above will be reversed and Scheme Shareholders will hold such number of Allied Domecq Shares as they held immediately prior to the Reorganisation Record Time.

Save for the issue of the shares to Goal and Pernod Ricard pursuant to the Scheme, Allied Domecq will not issue any shares after the Reorganisation Record Time until the Scheme has become effective.

The terms of the reorganisation of the share capital of Allied Domecq are set out in clause 1 of the Scheme contained in Part XII of this document and in the special resolution set out in Part XV of this document.

(b) The Meetings

The Scheme, which is subject to the satisfaction or (in certain cases) waiver of the Conditions set out in Part III of this document, will require approval by a majority in number of the Allied Domecq Shareholders (excluding members of the Pernod Ricard Group) who attend and vote (either in person or by proxy), and who hold at least 75 per cent. of the Scheme Shares for which votes are cast, at the Court Meeting to be held at 2.00 p.m. on 4 July 2005 at the Hilton London Metropole Hotel & Conference Centre, 225 Edgware Road, London W2 1JU in the King's Suite. Implementation of the Scheme will also require the passing of a special resolution at the Extraordinary General Meeting to be held immediately thereafter.

If the Scheme becomes effective, it will be binding on all Scheme Shareholders, including those who do not vote to approve the Scheme.

It is important that, for the Court Meeting, as many votes as possible are cast so that the Court may be satisfied that there is a fair and reasonable representation of opinion of the Scheme Shareholders. You are therefore strongly urged to sign and return both your Forms of Proxy as soon as possible.

Whether or not you vote in favour of the Scheme at the Court Meeting and/or the Extraordinary General Meeting, if the Scheme becomes effective, your Scheme Shares will be cancelled and, unless you have made an election under the Mix and Match Election in respect of your Scheme Shares, you will receive 545 pence in cash and 0.0158 of a New Pernod Ricard Share for each Scheme Share that you hold immediately prior to the Reorganisation Record Time (save that fractions of New Pernod Ricard Shares will not be allotted, but will be aggregated and sold in the market after the Effective Date and the net proceeds of such sale will be paid in cash to Scheme Shareholders entitled thereto in accordance with their fractional entitlements).

Before the Court's approval can be sought, the Scheme will require approval at the Court Meeting and the passing of a special resolution at the Extraordinary General Meeting. Notices of the Court Meeting and the Extraordinary General Meeting are set out in Parts XIV and XV of this document, respectively. All Allied Domecq Shareholders (other than members of the Pernod Ricard Group in respect of the Court Meeting) whose names appear on the register of members of Allied Domecq at 6.00 p.m. on 2 July 2005 or, if either of the Meetings is adjourned, on the register of members at 6.00 p.m. on the second day before the day set for such adjourned meeting, shall be entitled to attend and vote at the relevant meeting in respect of the number of Allied Domecq Shares registered in their name at the relevant time.

The Court Meeting

The Court Meeting, which has been convened for 2.00 p.m. on 4 July 2005, is being held at the direction of the Court to seek the approval of Allied Domecq Shareholders (other than members of the Pernod Ricard Group) for the Scheme. At the Court Meeting, voting will be by way of poll and each member present, either in person or by proxy, will be entitled to one vote for each Allied Domecq Share held. The approval required at the Court Meeting is a majority in number of those Allied Domecq Shareholders present and voting, either in person or by proxy, who hold at least 75 per cent. in value of the Allied Domecq Shares for which votes are cast.

The Extraordinary General Meeting

In addition to the Court Meeting, the Extraordinary General Meeting has been convened for 2.10 p.m. on 4 July 2005, or as soon thereafter as the Court Meeting has concluded or been adjourned, to consider and, if thought fit, pass a special resolution (which requires votes in favour representing at least 75 per cent. of the votes cast) to approve:

(i) the reorganisation of the Company's share capital referred to above;

(ii) the reduction of capital and the issue of new shares in Allied Domecq to Goal and Pernod Ricard provided for in the Scheme; and

(iii) amendments to the Articles in accordance with the Scheme and in the manner described in paragraph (e) below.

Members of the Pernod Ricard Group will not be entitled to attend and vote at the Court Meeting and will abstain from voting at the Extraordinary General Meeting in respect of any Allied Domecq Shares held by them. Members of the Fortune Brands group will abstain from voting at the Court Meeting and the Extraordinary General Meeting in respect of any Allied Domecq Shares held by them. As at the date of this document, no member of the Pernod Ricard Group or of the Fortune Brands group holds any Allied Domecq Shares.

(c) Conditions to the Offer

The Conditions to the Offer are set out in full in Part III of this document. In summary, the implementation of the Scheme is conditional upon:

(i) approval of the Scheme by a majority in number representing 75 per cent. in value of the holders of Allied Domecq Shares present and voting, either in person or by proxy, at the Court Meeting;

(ii) the special resolution to approve and implement the Scheme and related matters being duly passed by the requisite majority at the Extraordinary General Meeting;

(iii) approval by an extraordinary resolution of the holders of Pernod Ricard Shares to be proposed at the Pernod Ricard Shareholder Meeting. This resolution will require a $66^2/_3$ per cent. majority of the votes cast at the Pernod Ricard Shareholder Meeting;

(iv)

receipt of a decision from Euronext Paris to admit the New Pernod Ricard Shares to trading on Eurolist Compartiment A;

(v) receipt of the Regulatory Approvals;

(vi) sanction of the Scheme and confirmation of the reduction of capital comprised in the Scheme by the Court and the delivery of office copies of the Court Orders for registration to the Registrar of Companies and registration of the Reduction Court Order; and

(vii) the other Conditions (set out in paragraph 2 of Part III of this document), which are not otherwise summarised above, being satisfied or waived.

(d) Sanction of the Scheme by the Court

Under the Companies Act, the Scheme also requires the sanction of the Court. The Court Hearings to sanction the Scheme and to confirm the reduction of capital comprised in the Scheme are expected to be held on 22 July 2005 and 25 July 2005, respectively. The gap between the two Court Hearings is included in order to permit the registration of Allied Domecq Shares released, transferred or issued under the terms of the Allied Domecq Share Schemes prior to the Scheme becoming effective and to permit the registration of the new classes of shares prior to the share reorganisation described in paragraph (a) above. Pernod Ricard and Goal have confirmed that they will be represented by counsel at the Court Hearings so as to consent to the Scheme and to undertake to the Court to be bound thereby.

The Scheme will become effective in accordance with its terms on delivery of office copies of the Scheme Court Order and the Reduction Court Order to the Registrar of Companies, and the registration by him of the Reduction Court Order.

If the Scheme becomes effective, it will be binding on all Scheme Shareholders irrespective of whether or not they attended or voted in favour of the Scheme at the Court Meeting or in favour of the special resolution at the Extraordinary General Meeting. If the Scheme does not become effective by 31 October 2005 (or such later date (if any) as Allied Domecq and Pernod Ricard may agree and the Court may allow), the Scheme will not become effective, the reduction of capital comprised in the Scheme will not occur and the Offer will not proceed.

(e) Amendment to the Company's Articles of Association

The resolution to be proposed at the Extraordinary General Meeting will contain provisions to amend the Company's Articles of Association to ensure that any Allied Domecq Shares issued (other than to a member of the Pernod Ricard Group) between the approval of the Scheme at the Court Meeting and the Reorganisation Record Time will be subject to the Scheme and that any Allied Domecq Shares issued after the Effective Date will automatically be acquired by Goal for the same cash consideration as would have been due under the Scheme (on the basis that a successful election for cash had been made under the Mix and Match Election). These provisions will avoid any person being left with Allied Domecq Shares after dealings in such shares have ceased on the London Stock Exchange.

(f) Alternative means of implementing the Offer

Pernod Ricard has reserved the right to implement the Offer by way of a take-over offer, in which case additional documents will be despatched to Allied Domecq Shareholders. In such event, such an offer will (unless otherwise agreed) be implemented on the same terms (subject to appropriate amendments) as those which would apply to the Scheme.

18 Holding of Pernod Ricard Shares

The by-laws of Pernod Ricard provide that Pernod Ricard Shares may be held in either registered form ("*au nominatif*") or bearer form ("*au porteur*") at the option of the holder. Shares in registered form are recorded in an account in the name of its holder ("*nominatif pur*") or, at the shareholder's request, through the shareholder's accredited financial intermediary ("*nominatif administré*").

The New Pernod Ricard Shares will be delivered to Allied Domecq Shareholders in registered form ("*nominatif pur*").

Shares held in registered form

Pernod Ricard maintains a share account with Euroclear France in respect of all Pernod Ricard Shares in registered form. This account is administered by Société Générale, on behalf of Pernod Ricard and is separate from the accounts maintained by intermediaries in respect of shares held in bearer form. Registered Pernod Ricard Shares are recorded in the name of each shareholder, or, at the shareholder's request, through such shareholder's accredited financial intermediary ("*intermédiaire financier habilité*") in separate accounts in Euroclear maintained by Société Générale. Each shareholder account shows the name of the holder, its shareholding and, in the case of Pernod Ricard Shares recorded through an accredited financial intermediary, the name of the accredited financial intermediary in which the shares are so held. Société Générale issues confirmations of the number of Pernod Ricard Shares held in shareholder accounts to the persons in whose names the shareholdings are recorded.

Shares held in bearer form

Pernod Ricard Shares in bearer form are held on a shareholder's behalf by an accredited financial intermediary and recorded in an account maintained by such intermediary with Euroclear France. This account is separate from the share account administered by Société Générale in respect of Pernod Ricard Shares in registered form. The accredited financial intermediary maintains a separate record of Pernod Ricard Shares held through it, and may issue certificates of inscription in respect of shares held by it on behalf of Pernod Ricard Shareholders. Transfers of Pernod Ricard Shares held in bearer form may only be effected through accredited financial intermediaries. Pernod Ricard's by-laws permit it to request Euroclear France to provide it with the identity of the holders of bearer shares and with the number of Pernod Ricard Shares held by each such holder, at any time.

As described in more detail in Part VIII of this document, Pernod Ricard Shares held in registered form by the same holder for at least 10 consecutive years carry double voting rights. Pernod Ricard Shares held in bearer form do not acquire additional voting rights regardless of the length of time held.

Further information about the manner of holding and trading Pernod Ricard Shares is set out in Part VIII of this document.

19 Delisting, listing, settlement and dealings

(a) Delisting of Allied Domecq Shares and Allied Domecq ADRs

The last day of dealings in, and for registration of transfers of, Allied Domecq Shares will be the day of the First Scheme Hearing, following which Allied Domecq Shares will be temporarily suspended from the Official List and from trading on the London Stock Exchange's market for listed securities. No transfers of Allied Domecq Shares will be registered after this date.

Prior to the Scheme becoming effective, applications will be made to the UK Listing Authority for the listing of the Allied Domecq Shares on the Official List to be cancelled and to the London Stock Exchange for such shares to cease to be admitted to trading on its market for listed securities. It is expected that this will take place on the Effective Date.

Application will be made to suspend trading in Allied Domecq ADRs on the New York Stock Exchange on the day of the First Scheme Hearing. On the Scheme becoming effective the Allied Domecq ADRs will thereafter be delisted.

(b) Listing of Pernod Ricard Shares

An application will be made by Pernod Ricard to Euronext Paris for the New Pernod Ricard Shares to be admitted to trading on Eurolist Compartiment A. It is expected that admission of the New Pernod Ricard Shares to trading on Eurolist Compartiment A will become effective and that dealings for normal settlement will commence on or around the Effective Date, currently expected to be 26 July 2005.

Pernod Ricard does not intend to apply for a listing of the New Pernod Ricard Shares or the New Pernod Ricard ADRs on the London Stock Exchange or the New York Stock Exchange. It may be possible to effect transactions in New Pernod Ricard ADRs in the over-the-counter market although, in light of the relatively small number of such New Pernod Ricard ADRs, liquidity may be limited.

Holders of New Pernod Ricard ADRs who wish to convert any New Pernod Ricard ADRs into Pernod Ricard Shares following the Effective Date will need to present their New Pernod Ricard ADRs to the Pernod Ricard Depositary for cancellation. Further details are set out in paragraph 20 below.

(c) Settlement

Allied Domecq Shareholders

Subject to the Scheme becoming effective, currently expected to take place on 26 July 2005, settlement of the consideration to which Allied Domecq Shareholders are entitled under the Scheme will be effected as follows:

(i)

Cash Consideration

(a)

Where Allied Domecq Shares are held in uncertificated form (that is in CREST)

Scheme Shareholders who hold Allied Domecq Shares in uncertificated form will receive any cash consideration to which they are entitled through CREST by Pernod Ricard and/or Goal procuring the creation of an assured payment obligation in favour of the appropriate CREST account through which the relevant Scheme Shareholder holds such uncertificated shares in respect of the cash consideration due to him within 14 days of the Effective Date.

Pernod Ricard and Goal reserve the right to settle all or any part of the cash consideration in the manner referred to in paragraph (b) below if, for reasons outside their reasonable control, they are not able to effect settlement in uncertificated form in accordance with this paragraph (a).

(b)

Where Allied Domecq Shares are held in certificated form
Settlement of cash consideration due under the Scheme in respect of Allied Domecq Shares held in certificated form shall be despatched:

by first class post, by a cheque drawn on a branch of a UK clearing bank; or

by such other method as may be approved by the Panel.

All such cash payments shall be made in pounds sterling. Payment made by cheque shall be payable to the Scheme Shareholders concerned or, in the case of joint holders, to the holder whose name stands first in the register of members of Allied Domecq in respect of the joint holding concerned. Cheques shall be despatched as soon as practicable after the Effective Date and in any event within 14 days thereof.

(ii)

New Pernod Ricard Shares

As detailed in paragraph 18 above, the New Pernod Ricard Shares will be delivered to those Allied Domecq Shareholders entitled thereto in registered form ("*au nominatif*"). In accordance with French law concerning the dematerialisation of securities, the New Pernod Ricard Shares will not be represented by physical certificates but by book entries in equity securities accounts.

The New Pernod Ricard Shares issued pursuant to the Offer will be issued to the Scheme Shareholders as soon as practicable after the Effective Date but in any event within 14 days thereof. Statements of entitlement ("*attestations d'inscription en compte*") to New Pernod Ricard Shares will be issued by Société Générale to the persons in whose names the holdings are inscribed. These statements will be evidence, but not documents, of title.

Allied Domecq Shareholders who wish to hold their New Pernod Ricard Shares through an intermediary of their own choice in Euroclear will be able to instruct Société Générale to transfer their New Pernod Ricard Shares accordingly. Details of the manner in which instructions may be given to Société Générale will be made available to Allied Domecq Shareholders following the Meetings.

Allied Domecq Shareholders should note, however, that Société Générale's ability to properly (i) record New Pernod Ricard Shares in the name of a Scheme Shareholder and/or (ii) send to that holder any documentation (e.g. book entry statements of account) relating to his holding and/or (iii) pay that holder any dividends or other revenues he may be entitled to may be affected if a shareholder has not signed and returned a completed Form of Registration in respect of his holding of shares in Pernod Ricard. Payment of any dividends on New Pernod

Ricard Shares held by UK residents will be made in pounds sterling. Please see paragraph 24 below for further details.

Further information relating to rights attaching to the Pernod Ricard Shares is set out in paragraph 18 above and Part VIII of this document and in the Pernod Ricard Prospectus which you will receive.

Please also refer to paragraph 21 of this Part II which provides further information about the Dealing Facility to be made available by Pernod Ricard.

Holders of Allied Domecq ADRs

On the Effective Date, the Scheme Shares held by the Allied Domecq Depositary in respect of the Allied Domecq ADRs will be cancelled and the cash consideration for, and the New Pernod Ricard Shares to be issued in respect of, such Scheme Shares will be delivered to the Allied Domecq Depositary, as a Scheme Shareholder, within 14 days after the Effective Date. The Allied Domecq Depositary will then promptly convert the cash consideration into US dollars in accordance with the Deposit Agreement and distribute the cash proceeds to holders of Allied Domecq ADRs, together with any New Pernod Ricard ADRs to which they become entitled, upon surrender of their Allied Domecq ADRs in accordance with the terms of the Deposit Agreement.

Please also refer to paragraph 20 below for further information.

General

All documents and remittances sent by or to holders of Allied Domecq Shares will be sent at their own risk.

Settlement of the consideration to which any Allied Domecq Shareholder is entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme free of any lien, right of set-off, counter claims or other analogous rights to which Pernod Ricard or Goal may otherwise be, or claim to be, entitled against such Allied Domecq Shareholder.

New Pernod Ricard Shares to be issued as consideration under the Scheme will be issued credited as fully paid and free from all liens, charges, encumbrances, and, subject to the by-laws of Pernod Ricard, rights of pre-emption and any other third party rights of any nature whatsoever and will rank *pari passu* in all respects with the existing Pernod Ricard Shares, including the right to receive all dividends, distributions and other entitlements declared, made or paid by Pernod Ricard on Pernod Ricard Shares after the Effective Date. Further details of the rights attaching to the New Pernod Ricard Shares are set out in Part VIII of this document and in the Pernod Ricard Prospectus which you will receive. Immediately following completion of the Offer, but before any dealings in New Pernod Ricard Shares take place under the Dealing Facility, Allied Domecq Shareholders are expected to own approximately 20 per cent. of the issued share capital of Pernod Ricard.

20 Allied Domecq ADRs

Each outstanding Allied Domecq ADS is evidenced by an Allied Domecq ADR and represents four Allied Domecq Shares deposited pursuant to the Deposit Agreement. Pursuant to the Deposit Agreement, the Depositary will, upon receiving the written instructions of a registered owner of Allied Domecq ADRs as at the ADR Record Time, endeavour, in so far as practicable and permitted under the provisions of or governing the Allied Domecq Shares, to vote, or cause to be voted, at the Court Meeting and the Extraordinary General Meeting the number of Allied Domecq Shares represented by such Allied Domecq ADRs in accordance with the instructions of such Allied Domecq ADR holder. Holders of Allied Domecq ADRs who wish to attend the Court Meeting or the Extraordinary General Meeting should take steps to present their Allied Domecq ADRs to the Depositary for cancellation and (upon compliance with the terms of the Deposit Agreement, including payment of the Depositary's fees and any applicable taxes and governmental charges) for delivery of the Allied Domecq Shares represented thereby so as to become registered holders of Allied Domecq Shares prior to the latest time for receipt of the Form of Proxy for the Court Meeting or the Extraordinary General Meeting, as the case may be.

As soon as practical after the Effective Date, and subject to any Mix and Match Election, the Depositary will receive £21.80 and 0.0632 of a New Pernod Ricard Share, equivalent to 0.2528 of a New Pernod Ricard ADR, for every Allied Domecq ADR that represents four Allied Domecq Shares. Holders of previously unexchanged Allied Domecq ADRs that do not represent four Allied Domecq Shares shall receive cash and New Pernod Ricard ADRs in amounts and numbers that are proportionate to the number of Allied Domecq Shares represented by their Allied Domecq ADRs.

Holders of Allied Domecq ADRs will receive (i) a cheque in US dollars from the Depositary for the proportionate amount obtained by the Depositary upon conversion of the cash consideration received by it pursuant to the Scheme into US dollars in accordance with the Deposit Agreement and (ii) any New Pernod Ricard ADRs to which they become entitled, upon surrender of their Allied Domecq ADRs in accordance with the terms of the Deposit Agreement. Upon the surrender of the Allied Domecq ADRs by any Allied Domecq ADR holder, the number of whole New Pernod Ricard ADRs to which such Allied Domecq ADR holder is entitled will be transferred by the Pernod Ricard ADR Depositary either (i) through the DTC system to such holder, not later than the expiry of the period of three days from the Effective Date, or, if later, three days from the day on which the Pernod Ricard ADR Depositary, or its nominee, is registered as the holder of the New Pernod Ricard Shares underlying such New Pernod Ricard ADRs, or (ii) if requested by the relevant Allied Domecq ADR holder, by transferring definitive certificates for New Pernod Ricard ADRs to such holder, not later than the expiry of the period of 14 days from the latest to occur of (a) the Effective Date, (b) the date on which the Pernod Ricard ADR Depositary, or its nominee, is registered as the holder of the New Pernod Ricard Shares underlying such New Pernod Ricard ADRs, and (c) the date on which the Allied Domecq Depositary receives the relevant instructions from such holders and forwards such instructions to the Pernod Ricard ADR Depositary.

After the Effective Date, it is expected that the Allied Domecq Depositary, at the direction of Allied Domecq, will terminate the Deposit Agreement by sending notice of such termination to the holders of Allied Domecq ADRs at least 30 calendar days prior to the date fixed in such notice for such termination.

No Listing of New Pernod Ricard ADRs

Subject to any Mix and Match Election, holders of Allied Domecq ADRs will receive New Pernod Ricard ADRs representing the New Pernod Ricard Shares issued in respect of the underlying Allied Domecq Shares upon surrender of the Allied Domecq ADRs in accordance with the terms of the Deposit Agreement. The New Pernod Ricard ADRs representing New Pernod Ricard Shares will not be listed or traded on any exchange. It may be possible to effect transactions in such New Pernod Ricard ADRs in the over-the-counter market although, in light of the relatively small number of such New Pernod Ricard ADRs, liquidity may be limited.

Conversion of New Pernod Ricard ADRs into Pernod Ricard Shares

Holders of the New Pernod Ricard ADRs who wish to convert their New Pernod Ricard ADRs into the underlying New Pernod Ricard Shares will have the option to present their New Pernod Ricard ADRs to the Pernod Ricard ADR Depositary for cancellation and (upon compliance with the Pernod Ricard Deposit Agreement, including payment of the fees of Pernod Ricard ADR Depositary and any applicable taxes and governmental charges) for delivery of the New Pernod Ricard Shares represented thereby so as to become registered holders of New Pernod Ricard Shares.

Further details about the rights attaching to the Pernod Ricard ADRs are set out in Part IX of this document.

21 Dealing Facility

Pernod Ricard will arrange for a free share dealing facility to be provided to enable certain former Allied Domecq Shareholders who receive New Pernod Ricard Shares as a result of the Offer to sell all or part of their newly acquired shares without incurring any dealing or settlement charges. Proceeds of sale will be remitted to the persons entitled thereto in pounds sterling or euros (at the election of such person). This free share dealing facility will be available to persons who appear on the register of members of Allied Domecq as a holder of 10,000 or fewer Allied Domecq Shares immediately prior to the Reorganisation Record Time.

The Dealing Facility will not be available to persons who are residents of, or otherwise located in, the United States. The attention of Allied Domecq Shareholders resident in, or who are citizens of, jurisdictions outside the United Kingdom is drawn to paragraph 23 of this Part II.

The Dealing Facility will be available until 4.00 p.m. (London time) on the date that is 6 calendar months from the Effective Date.

The Dealing Facility cannot be used to buy additional New Pernod Ricard Shares. Persons wanting to sell their New Pernod Ricard Shares are not obliged to sell them through the Dealing Facility. Persons wanting to use the Dealing Facility may also be required to provide evidence of their identity prior to despatch of proceeds, if required by applicable anti-money laundering laws.

Allied Domecq Shareholders who express an interest in using the Dealing Facility by marking an 'X' in the relevant box on the enclosed green Form of Election and returning it in the manner set out in paragraph 24 of this Part II, and who may be eligible to make use of the Dealing Facility as set out above, will be sent a documentation pack by post. Documentation packs will only be despatched to Allied Domecq Shareholders who may be eligible to make use of the Dealing Facility. The Dealing Facility documentation pack will include the full terms and conditions on which the Dealing Facility will be provided.

Allied Domecq Shareholders wishing to sell their New Pernod Ricard Shares through the Dealing Facility, and who are eligible to make use of the Dealing Facility, will be able to give instructions to the provider of the Dealing Facility to sell their holding (or part of their holding) of New Pernod Ricard Shares by following the instructions which will be included in the Dealing Facility documentation pack. As soon as reasonably practicable after the instructions to sell have been accepted, subject to and in accordance with the terms and conditions on which the service will be provided, such former Allied Domecq Shareholders' New Pernod Ricard Shares will be sold. No assurance can be given as to the price that will be received for the New Pernod Ricard Shares sold through the Dealing Facility.

Former Allied Domecq Shareholders who sell through the Dealing Facility will be sent the proceeds of such sale in either pounds sterling or euros (free from foreign exchange commission) by cheque through the post.

Allied Domecq understands from Pernod Ricard that the provider of the Dealing Facility will not acquire any New Pernod Ricard Shares pursuant to the facility.

Subject to any legal restrictions on transfer in any jurisdiction, former Allied Domecq Shareholders who do not want, or are not able, to sell their New Pernod Ricard Shares through the Dealing Facility may nonetheless sell or transfer their New Pernod Ricard Shares by instructing Société Générale accordingly. Details of the manner in which instructions may be given to Société Générale will be made available to Allied Domecq Shareholders following the Meetings. Certain UK, US and French tax consequences of such a disposal are set out in paragraph 22 below.

22 UK/US/French taxation

(a) UK taxation

The paragraphs set out below summarise the UK tax treatment of Allied Domecq Shareholders under the Scheme. They are based on current UK legislation and an understanding of current Inland Revenue practice as at the date of this document.

The paragraphs are intended as a general guide and except where express reference is made to the position of non-UK resident and non-UK domiciled shareholders apply only to Allied Domecq Shareholders who are resident and, if individuals, ordinarily resident and domiciled in the UK for tax purposes. They relate only to such Allied Domecq Shareholders who hold their Allied Domecq Shares directly as an investment (other than under a personal equity plan or an individual savings account) and who are absolute beneficial owners of those Allied Domecq Shares. These paragraphs do not deal with certain types of shareholders, such as persons holding or acquiring shares in the course of trade or by reason of employment, collective investment schemes and insurance companies.

If you are in any doubt as to your taxation position or if you are resident or otherwise subject to taxation in any jurisdiction other than the UK, you should consult an appropriate professional adviser immediately.

(i) Tax on capital gains

Liability to UK tax on capital gains will depend on the individual circumstances of Allied Domecq Shareholders and on the form of consideration received.

Share capital reorganisation

The subdivision and reclassification of the share capital of Allied Domecq, whereby the Allied Domecq Shares will be subdivided and reclassified into A Shares and B Shares, should be regarded as a reorganisation of Allied Domecq's share capital. Accordingly, Allied Domecq Shareholders who are resident or ordinarily resident in the UK should not be treated as having disposed of their Allied Domecq Shares and no liability to UK tax on capital gains should arise in respect of this subdivision and reclassification. The A Shares and B Shares should be treated as acquired for the same amount and at the same time as the Allied Domecq Shares were acquired.

Subsequent cancellation   Cash consideration

To the extent that an Allied Domecq Shareholder who is resident or ordinarily resident in the UK receives cash under the Scheme, this should, except to the extent referred to in the next paragraph, be treated as a disposal, or part disposal, of his Allied Domecq Shares which may, depending on the Allied Domecq Shareholder's individual circumstances (including the availability of exemptions or allowable losses), give rise to a liability to UK tax on capital gains.

If an Allied Domecq Shareholder receives cash as well as New Pernod Ricard Shares and the amount of cash received is small in comparison with the value of his Allied Domecq Shares, the Allied Domecq Shareholder should not be treated as having disposed of the shares in respect of which the cash was received. Instead the cash should be treated as a deduction from the base cost of his Allied Domecq Shares rather than as a part disposal.

Under current Inland Revenue practice, any cash payment of £3,000 or less or which is five per cent. or less of the market value of an Allied Domecq Shareholder's holding of Allied Domecq Shares should generally be treated as small for these purposes.

Any chargeable gain on a part disposal of a holding of Allied Domecq Shares should be computed on the basis of an apportionment of the allowable cost of the holding by reference to the market value of the holding at the time of disposal and taking into account any taper relief and/or indexation allowance available (see the paragraph headed "Subsequent disposal of New Pernod Ricard Shares" below for further details).

Subsequent cancellation   Acquisition of New Pernod Ricard Shares

To the extent that an Allied Domecq Shareholder who is resident or ordinarily resident in the UK receives New Pernod Ricard Shares in exchange for his Allied Domecq Shares and does not hold (either alone or together with persons connected with him) more than five per cent. of, or of any class of, shares in or debentures of Allied Domecq, he should not be treated as having made a disposal of his Allied Domecq Shares. Instead, the New Pernod Ricard Shares should be treated as the same asset as those Allied Domecq Shares acquired at the same time and for the same consideration as those shares (or, where relevant, any Old Allied Domecq Shares).

Any Allied Domecq Shareholder who holds (either alone or together with persons connected with him) more than five per cent. of, or of any class of, shares in or debentures of Allied Domecq is advised that an application for clearance has been made to the Inland Revenue under section 138 of the Taxation of Chargeable Gains Act 1992 in respect of the Offer. If such clearance is given, any such shareholder should be treated in the manner described in the preceding paragraph. The Offer is not conditional on such clearance being obtained.

Subsequent disposal of New Pernod Ricard Shares

A subsequent disposal of the New Pernod Ricard Shares (whether pursuant to the Dealing Facility or otherwise) by a shareholder who is resident or ordinarily resident in the UK may, depending on individual circumstances (including the availability of exemptions and allowable losses), give rise to a liability to UK tax on capital gains.

A shareholder who is an individual and who is temporarily non-resident in the UK may, under anti-avoidance legislation, still be liable to UK tax on any capital gain realised (subject to available exemption or relief).

Any chargeable gain or allowable loss on a disposal of the New Pernod Ricard Shares should be calculated taking into account a proportion of the allowable cost to the holder of acquiring his Allied Domecq Shares (or, where relevant, any Old Allied Domecq Shares) based on an apportionment of the allowable cost of his Allied Domecq Shares (or, where relevant, any Old Allied Domecq Shares) by reference to the market value of the New Pernod Ricard Shares at the time of the exchange between any cash and New Pernod Ricard Shares received.

For the purposes of calculating a chargeable gain but not an allowable loss arising on any disposal or part disposal of Allied Domecq Shares or New Pernod Ricard Shares, indexation allowance on the relevant proportion of the original allowable cost should be taken into account. For corporate shareholders, this indexation allowance will be calculated by reference to the date of disposal of the Allied Domecq Shares or the New Pernod Ricard Shares. For individual shareholders, the indexation allowance will be applied until April 1998 with taper relief (if available) applying thereafter until disposal, depending on the number of complete years for which the Old Allied Domecq Shares and/or Allied Domecq Shares and/or New Pernod Ricard Shares have been held.

Allied Domecq Shareholders who become holders of Pernod Ricard Shares under the Offer and who are resident or ordinarily resident in the UK, but not domiciled in the UK, will be liable to UK capital gains tax only to the extent that chargeable gains made on the disposal of shares are remitted or deemed to be remitted to the UK.

Non-UK resident shareholders

Allied Domecq Shareholders who are not resident or ordinarily resident for tax purposes in the UK and who do not return to the UK within five years of the disposal will not be liable for UK tax on capital gains realised on the disposal of their Allied Domecq Shares (to the extent they receive cash under the Scheme) or on a subsequent disposal of their New Pernod Ricard Shares unless such shares are used, held or acquired for the purposes of a trade, profession or vocation carried on in the UK through a branch or agency or, in the case of a corporate shareholder, through a permanent establishment. Such shareholders may be subject to foreign taxation on any gain under local law.

(ii)

Tax on income

An Allied Domecq Shareholder who becomes a holder of New Pernod Ricard Shares under the Offer and who is resident or ordinarily resident in the UK or who carries on a trade in the UK through a UK branch or agency or, in the case of a corporate shareholder, a permanent establishment in connection with which their shares are held will generally be subject to United Kingdom income tax (at the rate of 10 per cent. in the case of a basic rate or lower rate taxpayer and 32.5 per cent. in the case of a higher rate taxpayer) or corporation tax, as the case may be, on the gross amount of any dividends paid by Pernod Ricard before deduction of French tax withheld (if any). UK resident or ordinarily resident shareholders may be able to apply for a reduced rate of withholding taxes under the applicable double tax treaty (see further below). French withholding tax withheld from the payment of a dividend (if any) and not recoverable from the tax authorities will generally be available as a credit against the income tax or corporation tax payable by the relevant Allied Domecq Shareholder in respect of the dividend. Special rules apply to UK resident corporate shareholders that alone or together with their associates hold 10 per cent. or more of the voting power or 10 per cent. or more of the ordinary share capital of Pernod Ricard.

Allied Domecq Shareholders who become holders of Pernod Ricard Shares under the Offer and who are resident, but not domiciled, in the UK will be liable to UK income tax only to the extent that dividends paid by Pernod Ricard are remitted or deemed to be remitted to the UK.

Allied Domecq Shareholders who become holders of New Pernod Ricard Shares pursuant to the Offer are referred to paragraph 22(c) below for a description of the French tax consequences (including withholding tax consequences) of holding New Pernod Ricard Shares.

(iii)

Other tax matters

Special tax provisions may apply to Allied Domecq Shareholders who have acquired or who acquire their Allied Domecq Shares by exercising options under the Allied Domecq Share Schemes, including provisions imposing a charge to income tax.

(iv)

Stamp duty and stamp duty reserve tax ("SDRT")

No stamp duty or SDRT will be payable by Allied Domecq Shareholders as a result of accepting the Offer.

No United Kingdom stamp duty will be payable in connection with a transfer of New Pernod Ricard Shares in registered form executed outside the United Kingdom unless it relates to any property situated in, or to any matter or thing done or to be done in, the United Kingdom and the transfer is brought into the United Kingdom.

No United Kingdom stamp duty reserve tax will be payable in respect of any agreement to transfer New Pernod Ricard Shares.

(b) US Federal Income Taxation

The following is a summary of certain limited US federal income tax consequences to US Holders (as defined below) of (i) exchanging their Allied Domecq Shares or Allied Domecq ADRs for a mixture of cash and either New Pernod Ricard Shares or New Pernod Ricard ADRs pursuant to the Scheme and (ii) holding New Pernod Ricard Shares or New Pernod Ricard ADRs. This summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a US Holder's exchange of Allied Domecq Shares or Allied Domecq ADRs. In particular, this summary does not address tax considerations applicable to investors that own or will own (directly or indirectly) 10 per cent. or more of the voting stock of Allied Domecq or Pernod Ricard, nor does this summary discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the US federal income tax laws (such as financial institutions, insurance companies, investors liable for the alternative minimum tax, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, partnerships or other flow-through entities, dealers in securities or currencies, investors that have held the Allied Domecq Shares or Allied Domecq ADRs, or will hold the New Pernod Ricard Shares or New Pernod Ricard ADRs, as part of straddles, hedging transactions or conversion transactions for US federal income tax purposes or investors whose functional currency is not the US dollar). This summary assumes that US Holders have held their Allied Domecq Shares or Allied Domecq ADRs as capital assets, and does not address the tax treatment of the Scheme under applicable state, local, foreign or other tax laws. This summary also assumes that Allied Domecq is not now and has not been a passive foreign investment company ("PFIC") as that term is defined in section 1297 of the US Internal Revenue Code of 1986, as amended (the "Code"), and that no Allied Domecq Share or Allied Domecq ADR is treated as a share of PFIC stock by reason of the rule contained in section 1298(b)(1) of the Code. This summary assumes, further, that Pernod Ricard is not a PFIC. Pernod Ricard's possible status as a PFIC must be determined annually and therefore may be subject to change. If Pernod Ricard were to be a PFIC in any year, special, possibly materially adverse, consequences would result for US Holders.

As used herein, the term "US Holder" means a beneficial owner of Allied Domecq Shares or Allied Domecq ADRs that is, for US federal income tax purposes, (i) a citizen or resident of the United States; (ii) a corporation created or organised under the laws of the United States or any State thereof or the District of Columbia; (iii) an estate the income of which is subject to US federal income tax without regard to its source; or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more US persons have the authority to control all substantial decisions of the trust, or the trust has elected to be treated as a domestic trust for US federal income tax purposes.

The summary is based on the tax laws of the United States, including the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, as well as on the income tax treaty between the United States and France (the "Treaty"), all as currently in effect and all subject to change at any time, possibly with retroactive effect.

The US federal income tax treatment of a partner in a partnership will depend on the status of the partner and the activities of the partnership. Holders that are partnerships should consult their tax advisers concerning the US federal income tax consequences to their partners of (i) exchanging Allied Domecq Shares or Allied Domecq ADRs for a mixture of cash and either New Pernod Ricard Shares or New Pernod Ricard ADRs and (ii) the ownership and disposition of New Pernod Ricard Shares or New Pernod Ricard ADRs.

In addition, US Holders outside the United States participating in the Dealing Facility should consult their own tax advisers regarding the US federal income tax consequences of participating in the Dealing Facility in light of their particular circumstances.

THE SUMMARY OF US FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. US HOLDERS ARE URGED TO CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF EXCHANGING THEIR ALLIED DOMECQ SHARES OR ALLIED DOMECQ ADRs PURSUANT TO THE SCHEME, INCLUDING THEIR ELIGIBILITY FOR THE BENEFITS OF THE TREATY, THE APPLICABILITY AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

The Scheme

The subdivision and reclassification of the share capital of Allied Domecq, whereby the Allied Domecq Shares will be subdivided and reclassified into A Shares and B Shares, should be treated as a recapitalisation for US federal income tax purposes. Accordingly, US Holders of Allied Domecq Shares and Allied Domecq ADRs should not recognise gain or loss as a result of such subdivision and reclassification for US federal income tax purposes. The basis and holding period for the A Shares and B Shares (and any ADRs in respect of the A Shares or B Shares) will be the same as the basis and holding period of the corresponding Allied Domecq Shares or Allied Domecq ADRs.

In respect of the receipt of cash and/or New Pernod Ricard Shares or New Pernod Ricard ADRs, US Holders will recognise capital gain or loss for US federal income tax purposes equal to the difference, if any, between (i) the sum of the US dollar value of the amount of any cash, and the fair market value of any New Pernod Ricard Shares or New Pernod Ricard ADRs (including any fractional share interest to which the US Holder is entitled), received pursuant to the Scheme, and (ii) the US Holder's adjusted basis in its Allied Domecq Shares or Allied Domecq ADRs. This capital gain or loss will be long-term capital gain or loss if the US Holder's holding period in the Allied Domecq Shares or Allied Domecq ADRs exceeds one year. Any gain or loss will generally be US source. A US Holder's basis in its New Pernod Ricard Shares or New Pernod Ricard ADRs (including any fractional share interest to which the US Holder is entitled) will be equal to the fair market value of those shares or ADRs on the date of receipt, and its holding period in the New Pernod Ricard Shares or New Pernod Ricard ADRs will begin on the date of receipt.

US Holders entitled to a fractional share interest in Pernod Ricard who will own less than one per cent. of the outstanding stock of Pernod Ricard following the Scheme generally will recognise capital gain or loss on the receipt of cash pursuant to the sale of the fractional share interest equal to the difference between the US dollar value of the cash received and the US Holder's basis in the interest, regardless of whether the cash is treated for US tax purposes as received by the US Holder from a sale of the fractional share interest by the US Holder to a third party, or a redemption of that fractional share interest by Pernod Ricard. US Holders who will own one per cent. or more of the outstanding stock of Pernod Ricard following the Scheme, or who (taking into account complex constructive ownership attribution rules under the Code) do not experience any reduction in their percentage ownership interest in Pernod Ricard as a result of the sale of a fractional share interest, should consult their own tax advisers concerning the proper US tax treatment of cash received pursuant to the sale of a fractional share interest.

A US Holder that receives foreign currency on the exchange of Allied Domecq Shares or Allied Domecq ADRs pursuant to the Scheme, or the sale of fractional share interests in Pernod Ricard, will realise an amount equal to the US dollar value of the foreign currency on the date of sale or exchange. On the settlement date, the US Holder will recognise US source foreign currency gain or loss (taxable as ordinary income or loss) equal to the difference (if any) between the US dollar value of the amount received based on the exchange rates in effect on the date of sale or exchange and the settlement date. However, in the case of Allied Domecq Shares or Allied Domecq ADRs traded on an established securities market that are sold by a cash basis US Holder (or an accrual basis US Holder that so elects), the amount realised will be based on the exchange rate in effect on the settlement date for the sale or exchange, and no exchange gain or loss will be recognised at that time.

Foreign currency received on the sale or exchange of an Allied Domecq Share or Allied Domecq ADR, or a fractional share interest in Pernod Ricard, will have a tax basis equal to its US dollar value on the settlement date. Gain or loss, if any, recognised on a subsequent sale, conversion or disposition of the foreign currency will be ordinary income or loss, and will generally be US source income or loss. However, if the foreign currency is converted into US dollars on the date received by the US Holder, the US Holder should not recognise any gain or loss on conversion.

Pernod Ricard Shares

US Holders of New Pernod Ricard ADRs

For US federal income tax purposes, a US Holder of New Pernod Ricard ADRs will be treated as the owner of the corresponding number of New Pernod Ricard Shares held by the Pernod Ricard ADR Depositary, and references herein to New Pernod Ricard Shares refer also to New Pernod Ricard ADRs representing the New Pernod Ricard Shares.

Dividends

General. The gross amount of any distribution paid by Pernod Ricard out of current or accumulated earnings and profits (as determined for US federal income tax purposes), before reduction for any withholding tax imposed with respect thereto, will generally be taxable to a US Holder as foreign source dividend income, and will not be eligible for the dividends received deduction allowed to corporations. Distributions in excess of current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the US Holder's basis in the New Pernod Ricard Shares and thereafter as capital gain. However, Pernod Ricard will not maintain calculations of its earnings and profits in accordance with US federal income tax accounting principles. US Holders should therefore assume that any distribution by Pernod Ricard with respect to New Pernod Ricard Shares will constitute ordinary dividend income. US Holders should consult their own tax advisers with respect to the appropriate US federal income tax treatment of any distribution received from Pernod Ricard.

For taxable years that begin before 2009, dividends paid by Pernod Ricard will be taxable to a non-corporate US Holder at the special reduced rate normally applicable to capital gains, provided Pernod Ricard qualifies for the benefits of the Treaty. A US Holder will be eligible for this reduced rate only if it has held the New Pernod Ricard Shares for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date.

US Holders should consult their tax advisers concerning the applicability of the foreign tax credit and source of income rules to dividends on the New Pernod Ricard Shares.

Foreign currency dividends. Dividends paid in euros will be included in income in a US dollar amount calculated by reference to the exchange rate in effect on the day the dividends are received (or treated as received) by the US Holder, regardless of whether euros are converted into US dollars at that time. If dividends received in euros are converted into US dollars on the day they are received (or treated as received) by the US Holder or Pernod Ricard ADR Depositary (as applicable), the US Holder generally will not be required to recognise foreign currency gain or loss in respect of the dividend income. If euros received are not converted into US dollars on the date of receipt, the US Holder will have a basis in euros equal to the US dollar value on the date of receipt. Any gain or loss on a subsequent conversion or other disposition of euros generally will be treated as ordinary income or loss to the US Holder, and generally will be income or loss from sources within the United States for US foreign tax credit purposes.

Effect of French withholding taxes. As discussed in "French Taxation French taxation issues relevant to US residents Taxation of dividends paid in respect of New Pernod Ricard Shares", under current law payments of dividends by Pernod Ricard to US investors are subject to a 25 per cent. French withholding tax. The rate of withholding tax applicable to US Holders that are eligible for benefits under the Treaty is reduced to a maximum of 15 per cent. For US federal income tax purposes, US Holders will be treated as having received the amount of French taxes withheld by

Pernod Ricard, and as then having paid over the withheld taxes to the French taxing authorities. As a result of this rule, the amount of dividend income included in gross income for US federal income tax purposes by a US Holder with respect to a payment of dividends may be greater than the amount actually received (or receivable) by the US Holder from Pernod Ricard with respect to the payment.

A US Holder should generally be entitled, subject to certain limitations, to a credit against its US federal income tax liability, or a deduction in computing its US federal taxable income, for French income taxes withheld by Pernod Ricard. US Holders that are eligible for benefits under the Treaty will not be entitled to a foreign tax credit for the amount of any French taxes withheld in excess of the 15 per cent. maximum rate, and with respect to which the holder can obtain a refund from the French taxing authorities.

For purposes of the foreign tax credit limitation, foreign source income is classified in one of several "baskets", and the credit for foreign taxes on income in any basket is limited to US federal income tax allocable to that income. Dividends paid by Pernod Ricard generally will constitute foreign source income in the "passive income" basket (or, after 31 December 2006, "passive category income" basket). If a US Holder receives a dividend from Pernod Ricard that qualifies for the reduced rate described above under "Dividends General", the amount of the dividend taken into account in calculating the foreign tax credit limitation will in general be limited to the gross amount of the dividend, multiplied by the reduced rate divided by the highest rate of tax normally applicable to dividends. In certain circumstances a US Holder may be unable to claim foreign tax credits (and may instead be allowed deductions) for foreign taxes imposed on a dividend including, for example, circumstances in which the US Holder has not held the New Pernod Ricard Shares for at least 16 days in the 31-day period beginning 15 days before the ex dividend date.

For purposes of determining the amount of the available credit or deduction, for taxable years beginning before 2005, US Holders that are accrual basis taxpayers must translate the amount of French taxes withheld into US dollars at a rate equal to the average exchange rate for the taxable year in which the taxes accrue, while all US Holders must translate taxable dividend income into US dollars at the spot rate on the date received. This difference in exchange rates may reduce the US dollar value of the credits or deductions for French taxes relative to the US Holder's US federal income tax liability attributable to a dividend. However, for taxable years beginning after 2004, US Holders that are accrual basis taxpayers may elect to translate the amount of French taxes withheld into US dollars using the exchange rate in effect on the day the taxes were paid. Any such election will apply for the taxable year in which it is made and all subsequent taxable years, unless revoked with the consent of the Internal Revenue Service (the "IRS").

Prospective holders should consult their tax advisers concerning the foreign tax credit implications of the payment of French taxes and receiving a dividend from Pernod Ricard that is eligible for the special reduced rate described above under "Dividends General".

Exchange of New Pernod Ricard ADRs for New Pernod Ricard Shares

No gain or loss will be recognised upon the exchange of New Pernod Ricard ADRs for the US Holder's proportionate interest in New Pernod Ricard Shares. A US Holder's tax basis in the withdrawn New Pernod Ricard Shares will be the same as the US Holder's tax basis in the New Pernod Ricard ADRs surrendered, and the holding period of the New Pernod Ricard Shares will include the holding period of the New Pernod Ricard ADRs.

Sale or other disposition

Upon a sale or other disposition of New Pernod Ricard Shares or New Pernod Ricard ADRs (other than an exchange of New Pernod Ricard ADRs for New Pernod Ricard Shares), a US Holder generally will recognise capital gain or loss for US federal income tax purposes equal to the difference, if any, between the amount realised on the sale or other disposition and the US Holder's adjusted tax basis in the New Pernod Ricard Shares or New Pernod Ricard ADRs. This capital gain or loss will generally be US source and will be long-term capital gain or loss if the US Holder's holding period in the New Pernod Ricard Shares or New Pernod Ricard ADRs exceeds one year. However, regardless of a US Holder's actual holding period, any loss may be long-term capital loss to the extent the US Holder receives a dividend that qualifies for the reduced rate described above under "Dividends General", and exceeds 10 per cent. of the US Holder's basis in its New Pernod Ricard Shares.

The amount realised on a sale or other disposition of New Pernod Ricard Shares or New Pernod Ricard ADRs for an amount in foreign currency will be the US dollar value of this amount on the date of sale or disposition. On the settlement date, the US Holder will recognise US source foreign currency gain or loss (taxable as ordinary income or loss) equal to the difference (if any) between the US dollar value of the amount received based on the exchange rates in effect on the date of sale or other disposition and the settlement date. However, in the case of New Pernod Ricard Shares traded on an established securities market that are sold by a cash basis US Holder (or an accrual basis US Holder that so elects), the amount realised will be based on the exchange rate in effect on the settlement date for the sale, and no exchange gain or loss will be recognised at that time. Foreign currency received on the sale or other disposition of a New Pernod Ricard Share will have a tax basis equal to its US dollar value on the settlement date.

Backup withholding and information reporting

Payments of dividends and other proceeds with respect to New Pernod Ricard Shares by a US paying agent or other US intermediary will be reported to the IRS and to the US Holder as may be required under applicable regulations. Payments in exchange for Allied Domecq Shares or Allied Domecq ADRs pursuant to the Scheme may be subject to US reporting to the IRS if such payments are made to or through a US broker or agent. Backup withholding may apply to these payments if the US Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to report all interest and dividends required to be shown on its US federal income tax returns. Certain US Holders (including, among others, corporations) are not subject to backup withholding. US Holders should consult their tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.

Reportable transactions

A US taxpayer that participates in a "reportable transaction" (as defined in the applicable US Treasury regulations) will be required to disclose its participation to the IRS on Form 8886. The scope and application of these rules is not entirely clear. US Holders should consult their tax advisers as to the possible obligation to file Form 8886 with respect to the purchase, ownership or disposition of any euro (or other non-US currency) received as a dividend or as proceeds from the sale or exchange of Allied Domecq Shares, Allied Domecq ADRs, New Pernod Ricard Shares or New Pernod Ricard ADRs.

(c) French taxation

The paragraphs set out below summarise the material French tax consequences for UK or US resident Allied Domecq Shareholders who are issued New Pernod Ricard Shares pursuant to the Offer and who do not have their fiscal domicile in France or hold the New Pernod Ricard Shares in connection with a permanent establishment or fixed base located in France. The summary is based on current French legislation and an understanding of current practice of the French tax administration as at the date of this document and is subject to any changes in applicable French legislation or in any applicable double tax treaties with France.

The following paragraphs are intended as a general guide and if you are in any doubt as to your taxation position, you should consult an appropriate professional adviser immediately.

(i)

French taxation issues relevant to UK resident shareholders

Taxation on sale or other disposition of New Pernod Ricard Shares

Under the terms of the double taxation treaty between the UK and France on income, dated 22 May 1968, gains arising to UK resident individuals entitled to such treaty benefits from the disposal of New Pernod Ricard Shares will not be subject to French tax. Gains arising to UK resident companies entitled to such treaty benefits from the disposal of New Pernod Ricard Shares will not be subject to French tax.

Under French domestic law, any gain realised by a shareholder on a redemption of New Pernod Ricard Shares by Pernod Ricard generally will be treated as a dividend and will be subject to

French dividend withholding tax, as described hereinafter, unless all Pernod Ricard accumulated earnings and profits, as determined for tax purposes, have been distributed.

Taxation of dividends paid in respect of New Pernod Ricard Shares

Dividends payable to non-residents are normally subject to a 25 per cent. French withholding tax. However, under the terms of the double taxation treaty between the UK and France, UK resident companies controlling directly or indirectly, alone or together with one or more associated companies, less than 10 per cent. of the voting power in Pernod Ricard and UK resident individuals, that are entitled to treaty benefits, will, subject to certain exemptions, be subject to a reduced French withholding tax equal to 15 per cent. of the dividend paid. The provisions relating to UK resident companies controlling directly or indirectly, alone or together with one or more associated companies, at least 10 per cent. of the voting power or 10 per cent. or more of the ordinary share capital in Pernod Ricard are not considered in this discussion.

Unless a claim under the applicable forms is made and accepted before a dividend is paid, tax will be deducted at source at the rate of 25 per cent. of the dividend paid and a refund must be claimed in respect of 10 per cent. of the dividend paid.

French estate, gift and wealth taxes

Transfers of New Pernod Ricard Shares by gift by, or by reason of death of, a UK shareholder will be subject to French gift or inheritance tax under French domestic tax law and under the Convention between the UK and France on inheritance tax.

Wealth tax generally does not apply to UK shareholders that are not individuals or, in the case of UK resident natural persons, who own, directly or indirectly, less than 10 per cent. of the capital of Pernod Ricard so far as these shares do not permit them to exert any influence over Pernod Ricard.

(ii) *French taxation issues relevant to US resident shareholders*

Taxation on sale or other disposition of New Pernod Ricard Shares

Under the terms of the treaty between the US and France for the avoidance of double taxation on income and wealth, dated 31 August 1994, gains arising to US resident individuals entitled to such treaty benefits under the limitation of benefits provisions in Article 30 of the treaty from the disposal of New Pernod Ricard Shares will not be subject to French tax. Gains arising to US resident companies entitled to such treaty benefits under the limitation of benefits provisions in Article 30 of the treaty from the disposal of New Pernod Ricard Shares will not be subject to French tax.

Under French domestic law, any gain realised by a shareholder on a redemption of New Pernod Ricard Shares by Pernod Ricard generally will be treated as a dividend and will be subject to French dividend withholding tax, as described hereinafter, unless all Pernod Ricard accumulated earnings and profits, as determined for tax purposes, have been distributed.

Taxation of dividends paid in respect of New Pernod Ricard Shares

As indicated in paragraph (i) above, dividends payable by French resident companies to non-residents are normally subject to a 25 per cent. French withholding tax. However, under the terms of the double taxation treaty between the US and France, US resident companies controlling directly or indirectly less than 10 per cent. of the share capital of Pernod Ricard and US resident individuals that are entitled to such treaty benefits under the limitation of benefits provisions in Article 30 of the treaty will be subject to a reduced French withholding tax equal to 15 per cent. of the dividend paid. The provisions relating to US resident companies controlling directly or indirectly at least 10 per cent. of the share capital of Pernod Ricard are not considered in this discussion.

Unless a claim under the applicable forms is made and accepted before a dividend is paid, tax will be deducted at source at the rate of 25 per cent. of the dividend paid and a refund must be claimed in respect of 10 per cent. of the dividend paid.

French estate, gift and wealth taxes

Transfers of New Pernod Ricard Shares by gift by, or by reason of death of, a US shareholder that would be subject to French gift or inheritance tax under French domestic tax law will not be subject to such French tax by reason of the convention between the US and France for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on estates, inheritances and gifts, dated 24 November 1978 unless the donor or decedent is domiciled in France within the meaning of that Convention at the time of making the gift, or the time of his or her death.

Under French tax law and the double taxation treaty between the US and France, French wealth tax generally does not apply to US shareholders that are not individuals or in the case of US resident natural persons, who own alone or with their parents, directly or indirectly, New Pernod Ricard Shares representing the right to less than 25 per cent. of Pernod Ricard profits.

23 Overseas shareholders

General

The availability of the Scheme and the Offer (including the right to make an election under the Mix and Match Election) and the Dealing Facility to persons resident in, or citizens of, jurisdictions outside the United Kingdom ("Overseas Shareholders") may be affected by the laws of the relevant jurisdictions. Overseas Shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of all Overseas Shareholders to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

In any case where the granting of the right to make an election under the Mix and Match Election or the issue of New Pernod Ricard Shares to an Overseas Shareholder would or may infringe the laws of any jurisdiction outside the United Kingdom or would or may require Allied Domecq or Pernod Ricard to obtain or observe any governmental or other consent or any registration, filing or other formality (including ongoing requirements) with which Allied Domecq or Pernod Ricard is unable to comply, or which Allied Domecq or Pernod Ricard regards as unduly onerous, Pernod Ricard may, in its sole discretion determine that:

(i) no Mix and Match Election shall be valid or accepted in respect of such Overseas Shareholder;

(ii) the New Pernod Ricard Shares shall instead be issued to a nominee appointed by Pernod Ricard on behalf of such holder on terms that the nominee shall, as soon as reasonably practicable following the Effective Date, sell the New Pernod Ricard Shares so issued with the net proceeds of such sale being remitted to such Overseas Shareholders; or

(iii) the New Pernod Ricard Shares shall be issued to and sold on behalf of such shareholder with the net proceeds of such sale being remitted to such shareholder.

US securities law

The New Pernod Ricard Shares to be distributed by Allied Domecq pursuant to the Scheme will be distributed pursuant to exemptions from, or in transactions not subject to, the registration requirements of the Securities Act, including the exemption provided by section 3(a)(10) thereof, and have not been and will not be registered under the Securities Act or the securities laws of any state of the United States. Please see the "Information for United States Shareholders" on page 3 of this document for further detailed information.

Other overseas securities laws

No steps have been taken, nor will any be taken, to enable the New Pernod Ricard Shares to be offered in compliance with the applicable securities laws of Canada or Japan and no prospectus in relation to the New Pernod Ricard Shares has been, or will be, lodged with or registered by the Australian Securities and Investments Commission. Accordingly, no New Pernod Ricard Shares may be offered, sold, transferred, resold, delivered or distributed, directly or indirectly, in or into or from Canada, Japan or

Australia (except in transactions exempt from or not subject to the registration requirements of the relevant securities laws of Canada, Japan or Australia).

24 Action to be taken

You will find enclosed with this document:

If you are an Allied Domecq Shareholder

- a blue Form of Proxy for use at the Court Meeting;
- a yellow Form of Proxy for use at the Extraordinary General Meeting;
- a green Form of Election for use in connection with the Mix and Match Election and to request further information in connection with the Dealing Facility; and
- a pink Form of Registration (to be completed by **ALL** Allied Domecq Shareholders).

If you are an Allied Domecq ADR holder

- a white ADR Voting Instruction Card; and
- a white ADR Form of Election.

Forms of Proxy

Whether or not you intend to attend the Court Meeting and/or the Extraordinary General Meeting, you are requested to complete and sign the enclosed Forms of Proxy and return them in accordance with the instructions printed on them. Completed Forms of Proxy should be returned, if posted in the UK, in the pre-paid envelope provided, to the Company's registrars, Computershare Investor Services PLC, PO Box 858, The Pavilions, Bridgwater Road, Bristol BS99 5WE as soon as possible and, in any event, so as to be received by 2.00 p.m. on 2 July 2005 in the case of the Court Meeting and 2.10 p.m. on 2 July 2005 in the case of the Extraordinary General Meeting.

If the blue Form of Proxy for use at the Court Meeting is not lodged by such time, it may be handed to the Chairman before the taking of the poll. However, in the case of the yellow Form of Proxy for use at the Extraordinary General Meeting, it will be invalid unless it is lodged with the Company's registrars, Computershare Investor Services PLC, PO Box 858, The Pavilions, Bridgwater Road, Bristol BS99 5WE so as to be received no later than 2.10 p.m. on 2 July 2005. The completion and return of the Forms of Proxy will not prevent you from attending and voting in person at either the Court Meeting or the Extraordinary General Meeting, or at any adjournment thereof, if you so wish and are so entitled.

If you are a registered holder of Allied Domecq ADRs, please complete and sign the enclosed white ADR Voting Instruction Card in accordance with the instructions printed thereon and return it, together with your Allied Domecq ADRs, in the enclosed reply-paid envelope (for use in the US only) to JPMorgan Chase Bank, N.A., PO Box 43062, Providence, Rhode Island 02940-5115 USA as soon as possible but in any event so as to be received no later than 3.00 p.m. (New York time) (8.00 p.m. London time) on 27 June 2005. The nominee of JPMorgan Chase Bank, N.A., as the registered holder of the Allied Domecq Shares represented by the Allied Domecq ADRs, will vote the corresponding Allied Domecq Shares in accordance with your instructions. If you hold your Allied Domecq ADRs indirectly, you must rely on the procedures of the bank, broker, financial institution or share plan administrator through which you hold your Allied Domecq ADRs if you wish to vote.

Notices convening the Court Meeting and the Extraordinary General Meeting are set out in Parts XIV and XV of this document, respectively.

Form of Election

Allied Domecq Shareholders who wish to make a Mix and Match Election to vary the proportions of cash consideration and New Pernod Ricard Shares they receive, subject to equal and opposite elections by other Allied Domecq Shareholders, should complete the enclosed green Form of Election in accordance with the instructions printed thereon and return, signed and witnessed, to Computershare Investor Services PLC, PO Box 858, The Pavilions, Bridgwater Road, Bristol BS99 5WE or by hand (during normal business hours) to Computershare Investor Services PLC, 2nd Floor, Vintners Place, 68 Upper Thames Street, London EC4V 3BJ as soon as possible, but in any event so as to be received by no later than

3.00 p.m. on 21 July 2005 or such later time (if any) until which the right to make an election may be extended. A pre-paid envelope is provided for this purpose for use in the UK.

Registered holders of Allied Domecq ADRs may instruct JPMorgan Chase Bank, N.A. to vary the proportions of cash consideration and New Pernod Ricard Shares to be received by the Depositary as a Scheme Shareholder in respect of their respective holdings of Allied Domecq ADRs (subject to equal and opposite elections by other Scheme Shareholders) by completing and signing the enclosed white ADR Form of Election in accordance with the instructions printed thereon and returning it together with the relevant Allied Domecq ADRs as soon as possible but in any event so as to be received by JPMorgan Chase Bank, N.A. c/o EquiServe Corporate Reorganization, PO Box 859208, Braintree, MA 02185-9208 USA no later than 2.00 p.m. (New York time) on 14 July 2005. If you hold your Allied Domecq ADRs indirectly, you must rely on the procedures of the bank, broker, financial institution or share plan administrator through which you hold your Allied Domecq ADRs if you wish to make an election under the Mix and Match Election.

Form of Registration

All Allied Domecq Shareholders are requested to complete and return the pink Form of Registration (whether or not they have made an election under the Mix and Match Election). The information requested in the Form of Registration is required to permit the New Pernod Ricard Shares, to which a Scheme Shareholder is entitled, to be properly recorded in that Scheme Shareholder's name within the register of Pernod Ricard. Failure to return the Form of Registration may affect the ability of Société Générale to properly (i) record New Pernod Ricard Shares in the name of a Scheme Shareholder and/or (ii) send to that holder any documentation (e.g. book entry statements of account) relating to his holding and/or (iii) pay that holder any dividends or other revenues he may be entitled to. Payment of any dividends on New Pernod Ricard Shares held by UK residents will be made in pounds sterling.

Completed Forms of Registration should be returned by post or by hand (during normal business hours) to Computershare Investor Services PLC, PO Box 858, The Pavilions, Bridgwater Road, Bristol BS99 5WE as soon as possible, but in any event so as to be received not later than 3.00 p.m. on 21 July 2005.

Allied Domecq ADR holders do not need to complete the Form of Registration.

Dealing Facility

Allied Domecq Shareholders who hold less than 10,000 Allied Domecq Shares and who wish to (and are eligible to) make use of the full dealing facility to be made available by Pernod Ricard should mark an "X" in the relevant box on the enclosed green Form of Election and sign and return the Form of Election in accordance with the instructions set out therein to Computershare Investor Services PLC, PO Box 858, The Pavilions, Bridgwater Road, Bristol BS99 5WE or by hand (during normal business hours) to Computershare Investor Services PLC, 2nd Floor, Vintners Place, 68 Upper Thames Street, London EC4V 3BJ as soon as possible. Documentation packs will be dispatched to those Allied Domecq Shareholders who may be eligible to use the Dealing Facility.

Further details are set out in paragraph 21 of Part II of this document.

The attention of Overseas Shareholders is drawn to paragraph 23 of this Part II.

25 Helpline

If you have any questions relating to this document or the completion and return of the Forms of Proxy, the Form of Registration or the Form of Election, please call Computershare Investor Services PLC, on 0870 702 0195 (or if calling from outside the United Kingdom +44 870 702 0195) between 8.30 a.m. and 5.30 p.m. Monday to Friday. Please note that calls to this number may be monitored or recorded and that no advice on the merits of the Scheme or the Offer nor any financial or tax advice can be provided.

In the case of holders of Allied Domecq ADRs, if you have any questions relating to this document or the completion and return of the ADR Voting Instruction Card or the ADR Form of Election, please contact Georgeson Shareholder Communications on +1 888 253 0798 between 9.00 a.m. and 6.00 p.m. (New York time) Monday to Friday. Please note that calls to this number may be monitored or recorded. The helpline cannot provide advice on the merits of the Scheme or the Offer or give any financial or tax advice.

26 Further information

The terms of the Scheme are set out in full in Part XII of this document. Your attention is also drawn to the further information contained in this document and, in particular, to Part III (Conditions to the Scheme and the Offer), Part IV (Financial information of Allied Domecq), Part V (Profit forecast of Allied Domecq), Part VI (Financial information of Pernod Ricard), Part VII (Profit forecast of Pernod Ricard), Part VIII (Description of Pernod Ricard Shares), Part IX (Description of Pernod Ricard ADRs), Part X (Additional Information) and Part XI (Notes on completing the Form of Election in respect of the Mix and Match Election) of this document, which form part of this Explanatory Statement, and to the Pernod Ricard Prospectus which you will receive.

Yours faithfully

for and on behalf of
Goldman Sachs International

Simon Robertson
Managing Director

PART III

CONDITIONS TO THE SCHEME AND THE OFFER

The Offer is conditional upon the Scheme becoming unconditional and becoming effective by not later than 31 October 2005 or such later date (if any) as Pernod Ricard and Allied Domecq may, with the consent of the Panel, agree and the Court may allow.

1 Conditions of the Scheme

The Scheme is conditional upon:

(a) the approval of the Scheme by a majority in number representing three-fourths or more in value of the holders of Allied Domecq Shares, present and voting either in person or by proxy, at the Allied Domecq Court Meeting (or at any adjournment of such meeting);

(b) the resolution(s) required to approve and implement the Scheme being duly passed by the requisite majority at the Allied Domecq Extraordinary General Meeting (or at any adjournment of such meeting);

(c) the passing at an extraordinary general meeting (or at any adjournment of such meeting) of Pernod Ricard of such resolution(s) as are necessary to approve, implement and effect the Offer including the resolution(s) to increase the share capital of Pernod Ricard and to authorise the allotment and issue of the New Pernod Ricard Shares pursuant to the Offer;

(d) receipt of a decision from Euronext Paris to admit the New Pernod Ricard Shares to be issued pursuant to the Offer to trading on Euronext Paris (Eurolist-Compartiment A); and

(e) the sanction (with or without modification) of the Scheme and the confirmation of the reduction of capital involved therein by the Court and office copies of the Court Orders being delivered for registration to the Registrar of Companies and registration of the Court Order confirming the reduction of capital involved in the Scheme by the Registrar of Companies.

2 Conditions of the Offer

Pernod Ricard and Allied Domecq have agreed that, subject as stated in paragraph 4 below, the Offer will also be conditional upon, and, accordingly, the necessary actions to make the Scheme effective will not be taken unless the following conditions are satisfied or waived as referred to below prior to the Scheme being sanctioned by the Court:

(a) insofar as the Offer constitutes a concentration with a Community dimension within the scope of the Merger Regulation:

(i) the European Commission indicating, in terms reasonably satisfactory to Pernod Ricard, that it does not intend to initiate proceedings under Article 6(1)(c) of the Merger Regulation in respect of the proposed acquisition of Allied Domecq by Pernod Ricard or any matter arising therefrom; or

(ii) the European Commission not having made a referral to a competent authority of any member state of the European Union under Article 9(1) of the Merger Regulation;

(b) all filings having been made and all or any appropriate waiting periods, including any extensions thereof, applicable under the US Hart-Scott-Rodino Antitrust Improvements Act of 1976 (as amended) and the regulations made under that act having expired, lapsed or been terminated as appropriate in each case in respect of the Offer;

(c) in connection with the Offer, the Commissioner of Competition (the "Commissioner") pursuant to the Competition Act (Canada) shall have issued either (i) an advance ruling certificate under section 102 of the Competition Act (Canada); or (ii) a "no action" letter in a form reasonably satisfactory to Pernod Ricard;

(d) no government or governmental, quasi-governmental, supranational, statutory, administrative or regulatory body or association, authority, court, trade agency, institution or professional or environmental body or any other person or body in any jurisdiction (each a "Third Party") having, without the consent or agreement of Pernod Ricard, prior to the Effective Date, decided to take, instituted, implemented or threatened any action, proceedings, suit, investigation, enquiry or reference, or made, proposed or enacted any statute, regulation, decision or order or taken any other steps, and there not continuing to be outstanding any statute, regulation, decision or order, which would or might be reasonably be expected to:

(i) save for the sale of the assets and businesses owned by the wider Allied Domecq Group to Fortune Brands pursuant to the Framework Agreement, require, prevent or delay the divestiture by any member of the wider Allied Domecq Group or the Pernod Ricard Group of all or any portion of their respective businesses, assets or property or impose any limitation on the ability of any of them to conduct all or any portion of their respective businesses or own all or any portion of their respective assets or property which is material in the context of the wider Allied Domecq Group taken as a whole;

(ii) impose any limitation on, or result in any delay in, the ability of any member of the Pernod Ricard Group directly or indirectly to acquire or to hold or to exercise effectively, directly or indirectly, all or any rights of ownership of shares in Allied Domecq or on the ability of any member of the wider Allied Domecq Group or any member of the Pernod Ricard Group to hold or exercise effectively, directly or indirectly, all or any rights of ownership of shares or loans or securities convertible into shares or any other securities (or the equivalent) in any member of the wider Allied Domecq Group or to exercise management control over any such member of the wider Allied Domecq Group which is material in the context of the wider Allied Domecq Group taken as a whole;

(iii) other than in implementation of the Offer, require any member of the Pernod Ricard Group to acquire or offer to acquire any shares or other securities (or the equivalent) or interest in any member of the wider Allied Domecq Group owned by any third party;

(iv) make the Offer, the Scheme (including the reduction of capital) or its implementation or the acquisition or proposed acquisition by Pernod Ricard or any member of the wider Pernod Ricard Group of any shares or other securities in, or control of, Allied Domecq void, illegal, and/or unenforceable under the laws of any relevant jurisdiction, or otherwise directly or indirectly, restrain, restrict, prohibit, delay or otherwise interfere with the same, or impose material additional conditions or obligations with respect thereto, or otherwise challenge, hinder or interfere, therewith;

(v) impose any limitation on the ability of any member of the wider Allied Domecq Group or the wider Pernod Ricard Group to integrate or co-ordinate its business, or any substantial part of its business, with the businesses or any part of the businesses of any other members of the wider Pernod Ricard Group and/or the wider Allied Domecq Group which is adverse to and material in the context of the wider Allied Domecq Group or the wider Pernod Ricard Group, as the case may be, taken as a whole;

(vi) result in a member of the wider Allied Domecq Group ceasing to be able to carry on business under any name which it presently does to an extent which is material in the context of the wider Allied Domecq Group taken as a whole; or

(vii) otherwise adversely affect the business, assets, profits or prospects of any member of the Pernod Ricard Group or any member of the wider Allied Domecq Group to an extent which would be material in the context of the Allied Domecq Group taken as a whole,

and all applicable waiting and other time periods during which any Third Party could decide to take, institute, implement or threaten any such action, proceeding, suit, investigation or enquiry having expired, lapsed or been terminated;

(e) all necessary notifications and filings having been made in connection with the Offer and all statutory or regulatory obligations in any relevant jurisdiction having been complied with in connection with the Offer or the Scheme or the acquisition by any member of the Pernod Ricard Group of any shares or other securities in, or control of, Allied Domecq and all appropriate waiting periods (including any extensions thereof) under any applicable legislation or regulations of any relevant jurisdiction having expired, lapsed or been terminated and all authorisations, orders, recognitions, grants, consents, licences, confirmations, permissions, approvals and clearances, including competition clearances, deemed necessary or appropriate for or in respect of the Offer and the proposed acquisition of any shares or other securities in, or control of, Allied Domecq by

any member of the Pernod Ricard Group having obtained in terms and in a form satisfactory to Pernod Ricard from all appropriate Third Parties or persons with whom any member of the wider Allied Domecq Group has entered into contractual arrangements and all such authorisations, orders, recognitions, grants, consents, licences, confirmations, clearances, permissions and approvals, together with all authorisations, orders, recognitions, grants, licences, confirmations, clearances, permissions and approvals necessary or appropriate to carry on the business of any member of the wider Allied Domecq Group, remaining in full force and effect and there being no intimation of any intention to revoke, suspend, restrict or modify or not to renew the same at the time at which the Offer becomes otherwise unconditional and all necessary statutory or regulatory obligations in any relevant jurisdiction having been complied with;

(f) save as publicly announced by Allied Domecq by the delivery of an announcement to a Regulatory Information Service prior to the date hereof, or disclosed in the annual report and accounts of Allied Domecq for the financial year ended 31 August 2004 or in the interim report of Allied Domecq for the six months ended 28 February 2005 or included herein, there being no provisions of any arrangement, agreement, licence, permit or other instrument to which any member of the wider Allied Domecq Group is a party or by or to which any such member or any of its assets are bound, entitled or subject and which, in consequence of the Offer, the Scheme, the proposed acquisition of any shares or other securities in Allied Domecq or because of a change in the control or management of Allied Domecq or otherwise, would or might reasonably be expected to result in:

(i) any monies borrowed by, or any other indebtedness (actual or contingent) of, any such member being or becoming repayable or being capable of being declared repayable prior to their stated maturity or the ability of any such member to borrow monies or incur any indebtedness being withdrawn or inhibited or being capable of becoming or being withdrawn or inhibited;

(ii) the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any such member or any such security (whenever arising or having arisen) being enforced or becoming enforceable;

(iii) any such arrangement, agreement, licence, permit or other instrument of any such member being terminated or adversely modified or any action being taken or any obligation or liability arising thereunder;

(iv) any assets or interest of any such member being or falling to be disposed of or any right arising under which any such asset could be required to be disposed of;

(v) the rights, liabilities, obligations, interests or business of any such member in or with any person, firm or body or, in the case of a business any arrangements relating to such interest or business, being terminated or adversely modified or affected;

(vi) any such member ceasing to be able to carry on business under any name under which it presently does so;

(vii) the value of such member or its financial or trading position or prospects being prejudiced or adversely affected; or

(viii) the creation of any liability, actual or contingent, by any such member,

and which in each such case would be material in the context of the Allied Domecq Group taken as a whole, and no event having occurred which, under any provision of any agreement, arrangement, licence, permit, or other instrument to which any member of the wider Allied Domecq Group is a party or by or to which any such member or any of its assets is bound, entitled or subject, is likely to result in any of the events or circumstances as are referred to in sub-paragraphs (i) to (viii) of this paragraph (f) and which in each such case would be material in the context of the Allied Domecq Group taken as a whole;

(g) save as publicly announced by Allied Domecq by the delivery of an announcement to a Regulatory Information Service prior to the date hereof, or as disclosed in the annual report and accounts of Allied Domecq for the financial year ended 31 August 2004 or in the interim report of Allied Domecq

for the six months ended 28 February 2005 or included herein, no member of the wider Allied Domecq Group having, since 31 August 2004:

(i) issued or agreed to issue or authorised or proposed the issue or grant of additional shares or securities of any class, or securities convertible into, or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares, securities or convertible securities (save for any transactions between wholly-owned members of the Allied Domecq Group or any options granted or awards of shares made in the regular operation of the Allied Domecq Share Schemes, and any Allied Domecq Shares allotted upon exercise of options granted, prior to the date hereof under the Allied Domecq Share Schemes);

(ii) recommended, declared, paid, made or proposed to declare, pay or make any bonus, dividend or other distribution whether in cash or otherwise, save in relation to the interim dividend payable by Allied Domecq in relation to the six months ended 28 February 2005 other than transactions between wholly-owned members of the Allied Domecq Group;

(iii) made, authorised, proposed or announced its intention to propose any merger or demerger or acquisition or disposal of assets of a material value or shares or any change in its share or loan capital;

(iv) issued, authorised or proposed the issue of debenture stock or incurred or increased any indebtedness or become subject to any contingent liability otherwise in the ordinary course of business;

(v) disposed of or transferred, mortgaged or encumbered any asset or any right, title or interest in any asset to an extent which is material in the context of the Allied Domecq Group taken as a whole;

(vi) proposed or entered into any contract, any reconstruction or amalgamation, any transaction or arrangement otherwise than in the ordinary course of business to an extent which is material in the context of the Allied Domecq Group taken as a whole;

(vii) entered into or varied, or made any offer (which remains open for acceptance) to enter into or vary, the terms of any service agreement or arrangement with any of the directors of Allied Domecq;

(viii) proposed or entered into any agreement which consents to the restriction of the scope of the business of any member of the wider Allied Domecq Group;

(ix) waived, settled or compromised any claim to an extent which is material in the context of the Allied Domecq Group taken as a whole;

(x) entered into or varied or authorised or proposed any contract, arrangement, transaction or commitment (whether in respect of capital expenditure or otherwise) which is of a long term, onerous or unusual nature or magnitude or which is or is likely to be restrictive to the businesses of any member of the wider Allied Domecq Group or which involves or could involve an obligation of such a nature or magnitude;

(xi) purchased, redeemed, repaid or announced any proposal to purchase, redeem or repay any of its own shares (including treasury shares) or other securities or reduced or made or authorised any other change to any part of its share capital;

(xii) taken any corporate action or (to an extent which is material in the context of the Allied Domecq Group taken as a whole) had any steps taken or legal proceedings started or threatened against it for its winding-up (voluntary or otherwise), dissolution or reorganisation or for the appointment of a receiver, administrative receiver, administrator, trustee or similar officer of all or any of its assets or revenues or any analogous proceedings in any jurisdiction or had any such person appointed;

(xiii)

implemented, or authorised, proposed or announced its intention to implement, any reconstruction, amalgamation, scheme, commitment or other transaction or arrangement otherwise than in the ordinary course of business;

(xiv) merged with any body corporate or acquired or disposed (in either case otherwise than in the ordinary course of trading) of any assets (including shares in subsidiaries, associates and trade investments) or made any change in its share or loan capital, or authorised or proposed or announced any intention to propose any merger, demerger, acquisition, disposal or change as aforesaid; or

(xv)

entered into any contract, commitment, arrangement or agreement otherwise than in the ordinary course of business and which is material in the context of the Allied Domecq Group taken as a whole or passed any resolution or made any offer (which remains open for acceptance) with respect to or announced any intention to, or to propose to, effect any of the transactions, matters or events referred to in this condition;

(h)

save as publicly announced by Allied Domecq by the delivery of an announcement to a Regulatory Information Service prior to the date hereof, or as disclosed in the annual report and accounts of Allied Domecq for the financial year ended 31 August 2004 or in the interim report of Allied Domecq for the six months ended 28 February 2005 or included herein, since 31 August 2004:

(i)

there having been no adverse change or deterioration having occurred in the business, assets, financial or trading position or profits or prospects of Allied Domecq or any other member of the wider Allied Domecq Group which in any such case is material in the context of the Allied Domecq Group taken as a whole;

(ii)

there having been no litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the wider Allied Domecq Group is or may become a party (whether as claimant or defendant or otherwise), no such proceedings having been instituted, announced or threatened by or against or remaining outstanding against any member of the wider Allied Domecq Group and no investigation by a Third Party against or in respect of any member of the wider Allied Domecq Group having been instituted, threatened or announced or remaining outstanding in respect of any member of the wider Allied Domecq Group which in any such case might be reasonably expected to adversely affect any member of the wider Allied Domecq Group in any way which is material in the context of the Allied Domecq Group taken as a whole;

(iii)

no steps having been taken which are likely to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the wider Allied Domecq Group which is necessary for the proper carrying on by the Allied Domecq Group of the business of the wider Allied Domecq Group; and

(iv)

no contingent or other liability having arisen which might be likely materially and adversely to affect the Allied Domecq Group taken as a whole;

(i)

save as publicly announced by Allied Domecq by the delivery of an announcement to a Regulatory Information Service prior to the date hereof, or as disclosed in the annual report and accounts of Allied Domecq for the financial year ended 31 August 2004 or in the interim report of Allied Domecq for the six months ended 28 February 2005 or included herein, Pernod Ricard not having discovered:

(i)

that the financial, business or other information concerning the wider Allied Domecq Group, as contained in the information publicly disclosed at any time by any member of the wider Allied Domecq Group, either contains misrepresentation of a material fact or omits to state a material fact necessary to make the information contained therein not misleading;

(ii)

that any member of the wider Allied Domecq Group is subject to any liability, contingent or otherwise, which is material in the context of the Allied Domecq Group taken as a whole;

(iii)

that any partnership or company in which any member of the wider Allied Domecq Group has a significant economic interest (being, in the case of a company, an interest carrying 25 per cent. or more of the voting capital of that company) and which is not a subsidiary of Allied Domecq is subject to any liability, contingent or otherwise, which is material in the context of the wider Allied Domecq Group;

(iv)

that any past or present member of the wider Allied Domecq Group has not complied with all applicable laws and regulations of any relevant jurisdiction relating to environmental matters which non-compliance would be likely to give rise to any liability (whether actual or contingent) which would be material in the context of the Allied Domecq Group taken as a whole;

(v) that there has been an emission, disposal, discharge, deposit, spillage or leak of waste or hazardous or harmful substances on or about or from any property now or previously owned, occupied or made use of by any past or present member of the wider Allied Domecq Group which would be likely to give rise to any liability (whether actual or contingent) or cost which is material in the context of the Allied Domecq Group taken as a whole;

(vi)

circumstances exist whereby a person or class of persons would be likely to have any claim or claims in respect of any defect in a product or a process of manufacture, or materials used therein, now or previously manufactured, sold or carried out by any past or present member of the wider Allied Domecq Group, which claim or claims might adversely affect any member of the wider Allied Domecq Group in any way which is material in the context of the Allied Domecq Group taken as a whole;

(vii)

that there is or is likely to be any liability (whether actual or contingent) or requirement to make good, repair, reinstate or clean-up any property now or previously owned, occupied or made use of by any past or present member of the wider Allied Domecq Group which is material in the context of the Allied Domecq Group taken as a whole; and

(viii)

any information which affects the import of any information disclosed at any time by or on behalf of any member of the wider Allied Domecq Group and which is material in the context of the wider Allied Domecq Group taken as a whole.

3

For the purposes of the above conditions, "wider Allied Domecq Group" means Allied Domecq, its subsidiary undertakings, associated undertakings and any other undertaking in which Allied Domecq and/or such undertakings (aggregating their interests) have a significant interest, "wider Pernod Ricard Group" means Pernod Ricard, its subsidiary undertakings, associated undertakings and any other undertaking in which Pernod Ricard and/or such undertakings (aggregating their interests) have a significant interest, and for these purposes "subsidiary undertaking", "associated undertaking" and "undertaking" have the meaning ascribed to them in the Companies Act (other than paragraph 20(1)(b) which shall be specifically excluded for these purposes) and "significant interest" means an interest (direct or indirect) in 10 per cent. or more of the equity share capital (as defined in the Companies Act).

4

Pernod Ricard reserves the right to waive, in whole or in part, all or any of conditions 2(a)(ii) and (b) to (i) inclusive. Conditions 1(a) and (b) cannot be waived and conditions 1(c), (d) and (e) can only be waived with the prior consent of Allied Domecq. Pernod Ricard shall be under no obligation to waive or treat as satisfied any of such conditions by a date earlier than the latest date specified above for the satisfaction thereof notwithstanding that the other conditions of the Offer may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any such conditions may not be capable of fulfilment.

5

5 Save with the consent of the Panel, the proposed Offer will lapse if, before the date of the Court Meeting, the Offer is referred to the Competition Commission or the European Commission initiates proceedings under Article 6(1)(c) of the Regulation in respect of the Offer.

6

If Pernod Ricard is required to make an offer for Allied Domecq Shares under the provisions of Rule 9 of the City Code, Pernod Ricard may make such alterations to any of the above conditions as are necessary to comply with the provisions of that rule.

7

7 Pernod Ricard reserves the right to effect the Offer by way of a takeover offer, in which case additional documents will be despatched to Allied Domecq Shareholders. In such event, such offer will be implemented on the same terms (subject to appropriate amendments, including (without limitation) an acceptance condition set at 90 per cent. of the Allied Domecq Shares to which such an offer relates (but capable of waiver on a basis consistent with Rule 10 of the City Code)), so far as applicable, as those which would apply to the Scheme.

PART IV

FINANCIAL INFORMATION OF ALLIED DOMECQ

Introduction

Section A of this Part IV sets out financial information relating to Allied Domecq for the three years ended 31 August 2004. Section B of this Part IV sets out the unaudited interim results of Allied Domecq for the six months ended 28 February 2005.

Financial information on Allied Domecq PLC

The financial information set out in Section A of this Part IV for the year ended 31 August 2004 has been extracted, without material adjustment, from the audited Annual Report and Accounts of Allied Domecq for the year ended 31 August 2004 (the "2004 accounts"). The financial information for the year ended 31 August 2003 has been extracted, without material adjustment, from the comparatives set out in the 2004 accounts. These comparatives were restated in the 2004 accounts following the adoption of "FRS 17 Retirement benefits", "Application Note G revenue recognition" an amendment to "FRS 5 Reporting the substance of transaction" and "UITF 38 Accounting for ESOP Trusts". The financial information for the year ended 31 August 2002 has been extracted, without material adjustment, from the comparatives set out in the audited US Annual Report on Form 20-F of Allied Domecq PLC for the year ended 31 August 2004 (the "2004 20-F") and from the audited Annual Report and Accounts of Allied Domecq for the year ended 31 August 2003. These comparatives were restated in the 2004 20-F following the adoption of "FRS 17 Retirement benefits", "Application Note G revenue recognition" an amendment to "FRS 5 Reporting the substance of transaction" and "UITF 38 Accounting for ESOP Trusts".

In the accounts for the year ended 31 August 2004 and prior periods, the Group recorded goodwill at the historical rates of exchange fixed at the date of acquisition. The Group intends in its financial statements for the year ending 31 August 2005, to record the cumulative foreign currency retranslation difference on goodwill through its reserves and in future periods goodwill will continue to be retranslated at closing balance sheet rates. The effect in any period will be to increase or decrease both capitalised goodwill and profit and loss account reserves by equal amounts. The amount will depend upon year end currency rates. If the amounts had been recorded at 31 August 2004, goodwill and profit and loss account reserves would each have been increased by £42 million. Normalised earnings and cash will be unaffected.

The financial information contained in Section A of this Part IV does not constitute the Group's full statutory financial statements within the meaning of section 240 of the Companies Act. The Annual Report and Accounts for Allied Domecq for each of the three years ended 31 August 2004 have been delivered to the Registrar of Companies pursuant to section 232 of the Companies Act. The reports of the Company's auditor, KPMG Audit Plc, for each of the three years ended 31 August 2004 were unqualified and did not contain a statement under section 237 (2) or (3) of the Companies Act.

The information set out in Section B of this Part IV has been extracted, without material adjustment, from the unaudited Interim Report of Allied Domecq for the six months to 28 February 2005, which was published on 22 April 2005.

References in this Part to the "Group" or "group" are to Allied Domecq PLC.

SECTION A
AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ALLIED DOMECQ FOR THE THREE YEARS ENDED 31 AUGUST 2004

Group profit and loss account

		Year ended 31 August 2004			Year ended 31 August 2003 (restated)			Year ended 31 August 2002 (restated)		
	Note	Before goodwill and exceptional items	Goodwill and exceptional items	Total	Before goodwill and exceptional items	Goodwill and exceptional items	Total	Before goodwill and exceptional items	Goodwill and exceptional items	Total
					(£m)					
Turnover	2	3,229		3,229	3,317		3,317	3,254		3,254
Operating costs										
goodwill amortisation	7		(40)	(40)		(40)	(40)		(38)	(38)
Mexican excise rebate	7					38	38		213	213
other	7	(2,604)	(36)	(2,640)	(2,704)	(10)	(2,714)	(2,684)	(84)	(2,768)
Operating profit from continuing activities		625	(76)	549	613	(12)	601	570	91	661
Share of profits of associated undertakings	16	32		32	24		24	15		15
Trading profit	2	657	(76)	581	637	(12)	625	585	91	676
Profit on sale of businesses in discontinued activities	8		20	20						
Profit on disposal of fixed assets in continuing activities	8		14	14						
Profit on ordinary activities before finance charges		657	(42)	615	637	(12)	625	585	91	676
Interest payable	9	(117)		(117)	(126)		(126)	(130)		(130)
Other finance charges	6	(19)		(19)	(20)		(20)	24		24
Profit on ordinary activities before taxation		521	(42)	479	491	(12)	479	479	91	570
Taxation	10	(125)	16	(109)	(118)	(8)	(126)	(120)	(46)	(166)
Profit on ordinary activities after taxation		396	(26)	370	373	(20)	353	359	45	404
Minority interests equity and non-equity	25	(14)		(14)	(16)		(16)	(13)		(13)
Profit earned for Ordinary Shareholders	24	382	(26)	356	357	(20)	337	346	45	391

		Year ended 31 August 2004	Year ended 31 August 2003 (restated)	Year ended 31 August 2002 (restated)
for the year				
Ordinary dividends	12	(167)	(150)	(141)
Retained profit		189	187	250
Earnings per Ordinary Share:				
basic	11	33.1p	31.3p	36.7p
diluted	11	32.9p	31.3p	36.6p
normalised	11	35.5p	33.2p	32.5p

Consolidated balance sheet

	Note	31 August 2004
		(£m)
Fixed assets		
Intangible assets	13	1,234
Tangible assets	14	921
Investments and loans	15	21
Investments in associates	16	73
Total fixed assets		2,249
Current assets		
Stocks	17	1,343
Debtors	18	636
Cash at bank and in hand		129
Total current assets		2,108
Creditors (due within one year)		
Short term borrowings	21	(378)
Other creditors	19	(1,088)
Total current liabilities		(1,466)
Net current assets		642
Total assets less current liabilities		2,891
Creditors (due after more than one year)		
Loan capital	21	(1,692)
Other creditors	19	(43)
Total creditors due after more than one year		(1,735)
Provisions for liabilities and charges	20	(179)
Net assets excluding pensions and post-retirement liabilities		977
Pension and post-retirement liabilities (net of deferred taxation)		(387)
Net assets including pension and post-retirement liabilities		590
Capital and reserves		
Called up share capital	23	277
Share premium account	24	165
Merger reserve	24	(823)
Shares held in employee trusts	24	(112)
Profit and loss account	24	1,003

	Note	31 August 2004
Shareholders' funds equity		510
Minority interests equity and non-equity	25	80
		590

53

Consolidated cash flow statement

	Note	31 August 2004
		(£m)
Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit		549
Goodwill amortisation		40
Exceptional operating costs		8
Depreciation		78
Increase in stocks		(5)
Increase in debtors		(3)
Increase in creditors		9
Expenditure against provisions for reorganisation and restructuring costs		(34)
Other items		13
Net cash inflow from operating activities		655
Dividends received from associated undertakings		15
Returns on investments and servicing of finance	26	(122)
Taxation paid	26	(82)
Capital expenditure and financial investment	26	(58)
Acquisitions and disposals	26	9
Equity dividends paid		(156)
Cash inflow before use of liquid resources and financing		261
Management of liquid resources		(4)
Financing	26	16
Increase in cash in the year		273
Reconciliation of net cash flow to movement in net debt		
Increase in cash in the year		273
Increase in liquid resources		4
Decrease in loan capital		1
Movement in net debt resulting from cash flows		278
Exchange adjustments		193
Movement in net debt during the year		471
Opening net debt		(2,412)
Closing net debt	28	(1,941)

Group statement of total recognised gains and losses

	31 August 2004
	(£m)
Profit earned for Ordinary Shareholders for the year	356
Currency translation differences on foreign currency net investments	108
Taxation on translation differences	(26)
Associated undertaking reserve movement (see note 16)	(17)
Actuarial gains on net pension liabilities	2
Total recognised gains and losses for the year	423
Prior year adjustment	(552)
Total gains and losses recognised since the last Annual Report and Accounts	(129)

Group note of historical cost profits and losses

There is no difference between the profit earned for Ordinary Shareholders as disclosed in the profit and loss account and the profit stated on an historical basis.

Group reconciliation of movements on Shareholders' funds

	31 August 2004
	(£m)
Total recognised gains and losses for the year	423
Movement on shares in employee trusts	17
Ordinary dividends	(167)
Net movement in Shareholders' funds	273
Shareholder's funds at the beginning of the year as originally reported	918
Prior year adjustment (see note 24)	(681)
Shareholders' funds at the beginning of the year as restated	237
Shareholders' funds at the end of the year	510

Notes

(1) Accounting policies

Basis of accounting

The accounts are prepared under the historical cost convention and comply with accounting policies generally accepted in the United Kingdom ("UK GAAP").

Changes in accounting policies

The Group has adopted "FRS 17 Retirement benefits" in full from 1 September 2003 (see note 6). In prior years the Group has complied with the transitional disclosure requirements of this standard. The Group has also adopted "Application Note G revenue recognition" an amendment to "FRS 5 Reporting the substance of transactions" (see note 2) and has complied with "UITF 38 Accouting for ESOP Trusts" (see note 15).

The impact of the adoption of these accounting standards has been reflected throughout the accounts. Prior year comparatives have been restated where appropriate (see note 24).

Basis of consolidation

Allied Domecq PLC (the "Group" or "Company") accounts consolidate the accounts of the Company and its interests in subsidiary undertakings. Interests in associated undertakings are included using the equity method of accounting. The results of businesses acquired or disposed of during the year are consolidated for the period from, or up to, the date control passes.

Acquisitions

On the acquisition of a business, or an interest in an associate, fair values, reflecting conditions at the date of the acquisition, are attributed to the net assets acquired. Adjustments are also made to bring accounting policies in line with those of the Group.

Intangible fixed assets

Goodwill arising on acquisitions of a business since 1 September 1998 is capitalised and amortised by equal instalments over its anticipated useful life, but not exceeding 20 years. Goodwill arising on acquisitions prior to 1 September 1998 was charged directly to reserves. On disposal of a business, any attributable goodwill previously eliminated against reserves is included in the calculation of any gain or loss. Purchased intangible assets are also capitalised and amortised over their estimated useful economic lives on a straight-line basis, except for purchased brand intangible assets. Purchased brand intangible assets are considered by the Board of Directors, to have an indefinite life given the proven longevity of premium spirits brands and the continued level of marketing support. Allied Domecq do not amortise purchased brand intangible assets but they are subject to annual impairment reviews.

Tangible fixed assets

Tangible fixed assets are capitalised at cost. Depreciation is provided to write off the cost less the estimated residual value of assets by equal instalments over their estimated useful economic lives as follows: Land and buildings the shorter of 50 years or the length of the lease; distilling and maturing equipment 20 years; storage tanks 20 to 50 years: other plant and equipment and fixtures and fittings 5 to 12 years; and computer software 4 years. Vineyard developments are not depreciated in the first 3 years unless they become productive within that time. No depreciation is provided on freehold land.

Fixed asset investments

Fixed asset investments are stated at cost, less provision for any permanent diminution in value.

Turnover

Turnover represents sales to external customers (including excise duties but excluding sales taxes) and franchise income.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost comprises purchase price or direct production cost, together with duties and manufacturing overheads. The cost of spirits and wine stocks is determined by the weighted average cost method. Stocks are included in current assets, although a portion of such stocks may be held for periods longer than one year.

Deferred tax

Full provision is made for deferred tax assets and liabilities arising from timing differences. Deferred tax assets are recognised to the extent that they are regarded as recoverable.

Financial instruments

The Group uses financial derivative instruments to manage exposures to movements in interest and exchange rates. Transactions involving financial instruments are accounted for as follows:

(i) Gains or losses arising on forward exchange contracts are taken to the profit and loss account in the same period as the underlying transaction. Premiums paid or received on foreign currency options are taken to the profit and loss account when the option expires or matures.

(ii) Net interest arising on interest rate agreements is taken to the profit and loss account over the life of the agreement.

(iii) Gains and losses on foreign currency debt and foreign exchange contracts held for the purposes of hedging balance sheet translation exposures are taken to reserves.

Foreign currencies

Monetary assets and liabilities arising from transactions in foreign currencies are translated at the rate of exchange prevailing at the date of transaction. Subsequent movements in exchange rates are included in the Group profit and loss account. The results of undertakings outside the UK are translated at weighted average exchange rates each month. The closing balance sheets of undertakings outside the UK are translated at year end rates. Exchange rate differences arising from the translation of foreign currency denominated balance sheets to closing rates are dealt with through reserves.

Pension and post retirement medical benefits

In accordance with "FRS 17 Retirement Benefits", the operating and financing costs of pension and post-retirement schemes are recognised separately in the profit and loss account. Service costs are systematically spread over the service lives of the employees and financing costs are recognised in the period in which they arise. The costs of past service benefit enhancements, settlements and curtailments are also recognised in the period in which they arise.

The difference between actual and expected returns on assets during the year, including changes in actuarial assumptions, are recognised in the statement of total recognised gains and losses.

(2) Activity analysis

	Year ended 31 August 2004					
	Continuing					
	Spirits & Wine	QSR	Britannia	Total continuing	Discontinued	Total
				(£m)		
Turnover	3,003	226		3,229		3,229
Trading profit before exceptional items and goodwill	548	86	23	657		657
Goodwill amortisation	(40)			(40)		(40)
Exceptional items	(34)	(2)		(36)		(36)
Trading profit after goodwill and exceptional items	474	84	23	581		581
Profit on sale of businesses in discontinued activities					20	20
Profit/(loss) on disposal of fixed assets in continuing activities	15	(1)		14		14
Profit before finance charges	489	83	23	595	20	615
Finance charges						(136)
Profit on ordinary activities before taxation						479
Depreciation	68	10		78		78
Capital expenditure	91	21		112		112
Assets employed	2,616	134	36	2,786		2,786
Average numbers of employees	10,762	923		11,685		11,685

	Year ended 31 August 2003 (restated)					
	Continuing					
	Spirits & Wine	QSR	Britannia	Total continuing	Discontinued	Total
				(£m)		

	Year ended 31 August 2003 (restated)				
Turnover	3,058	259		3,317	3,317
Trading profit before exceptional items and goodwill	538	79	20	637	637
Goodwill amortisation	(40)			(40)	(40)
Exceptional items	37	(9)		28	28
Profit before finance charges	535	70	20	625	625
Finance charges					(146)
Profit on ordinary activities before taxation					479
Depreciation	64	11		75	75
Capital expenditure	114	27		141	141
Assets employed	2,777	103	49	2,929	2,929
Average numbers of employees	11,343	1,206		12,549	12,549

	Year ended 31 August 2002 (restated)					
	Continuing					
	Spirits & Wine	QSR	Britannia	Total continuing	Discontinued	Total
	(£m)					
Turnover	2,938	316		3,254		3,254
Trading profit before exceptional items and goodwill	491	78	16	585		585
Goodwill amortisation	(38)			(38)		(38)
Exceptional items	129			129		129
Profit before finance charges	582	78	16	676		676
Finance charges						(106)
Profit on ordinary activities before taxation						570
Depreciation	65	10		75		75
Capital expenditure	99	34		133		133
Assets employed	2,826	120	46	2,992		2,992
Average numbers of employees	10,940	1,173		12,113		12,113

Notes:

(a) The Group has adopted "Application Note G" an amendment to "FRS 5 Reporting the substance of transactions". This has resulted in a number of items that were previously classified as operating costs (£69m) and advertising and promotion (£24m) to be treated as discounts. Trading profit was not affected.

(b) Normalised profit before tax is £521m (2003: £491m, 2002: £479m) being trading profit £657m (2003: £637m, 2002: £585m) less finance charges £136m (2003: £146m, 2002: £106m).

(c) Spirits & Wine goodwill is amortised over 20 years and relates principally to Mumm, Perrier Jouët and Montana acquired in 2001 and Jinro Ballantines acquired in 2000.

(d) Assets employed are before deducting net borrowings of £1,941m (2003: £2,412m, 2002: £2,578m), tax payable of £151 million (2003: £111m, 2002: £118m) and dividends payable of £104m (2003: £93 million, 2002: £88m) to give net assets of £590m (2003: £313m, 2002: £208m).

(e) Trading profit includes the Group's share of profits of associated undertakings whose turnover is not included.

(f) Acquired activities in 2004, 2003 and 2003 had no material impact on turnover and trading profit.

(3) Geographical analysis

	Year ended 31 August 2004			
	By country of operation			
	Europe	Americas	Rest of World	Total
	(£m)			
Turnover				
continuing activities	2,106	1,685	368	4,159
to Group Companies				(930)
external				3,229
Trading profit				
continuing activities	250	348	59	657
goodwill amortisation in continuing activities	(20)	(2)	(18)	(40)
exceptional items in continuing activities	(23)	(10)	(3)	(36)
Trading profit after goodwill and exceptional items	207	336	38	581
Profit on sale of businesses in discontinued activities	20			20
Profit on disposal of fixed assets in continuing activities	14			14
Profit before finance charges	241	336	38	615
Assets employed	1,081	1,079	626	2,786

	Year ended 31 August 2003 (restated)			
	By country of operation			
	Europe	Americas	Rest of World	Total
	(£m)			
Turnover				
continuing activities	2,029	1,804	411	4,244
to Group companies				(927)
external				3,317
Trading profit				
continuing activities	246	326	65	637
goodwill amortisation in continuing activities	(20)	(2)	(18)	(40)
exceptional items in continuing activities	4	24		28
Profit before finance charges	230	348	47	625
Assets employed	1,113	1,196	620	2,929

	Year ended 31 August 2002 (restated)			
	By country of operation			
			Rest of World	

	Year ended 31 August 2002 (restated)			
	Europe	**Americas**		**Total**
		(£m)		
Turnover				
continuing activities	1,845	1,823	399	4,067
to Group companies				(813)
external				3,254
Trading profit				
continuing activities	238	301	46	585
goodwill amortisation	(19)	(1)	(18)	(38)
exceptional items in continuing activities	(32)	161		129
Profit before finance charges	187	461	28	676
Assets employed	980	1,252	760	2,992

Notes:

(a)

Export sales from the United Kingdom were £431m (2003: £419m, 2002: £448m) including £301m (2003: £300m, 2002: £336m) sales to Group companies.

(b)

Trading profit includes the Group's share of profits of associated undertakings whose turnover is not included.

	Year ended 31 August 2004			
	By country of destination			
	Europe	Americas	Rest of World	Total
	(£m)			
Turnover				
continuing activities	1,356	1,392	481	3,229
Trading profit				
continuing activities	235	327	95	657
goodwill amortisation in continuing activities	(20)	(2)	(18)	(40)
exceptional items in continuing activities	(23)	(10)	(3)	(36)
Trading profit after goodwill and exceptional items	192	315	74	581
Profit on sale of businesses in discontinued activities	20			20
Profit on disposal of fixed assets in continuing activities	14			14
Profit before finance charges	226	315	74	615

	Year ended 31 August 2003 (restated)			
	By country of destination			
	Europe	Americas	Rest of World	Total
	(£m)			
Turnover				
continuing activities	1,326	1,478	513	3,317
Trading profit				
continuing activities	204	330	103	637
goodwill amortisation	(20)	(2)	(18)	(40)
exceptional items in continuing activities	4	24		28
Profit before finance charges	188	352	85	625

	Year ended 31 August 2002 (restated)			
	By country of destination			
	Europe	Americas	Rest of World	Total
	(£m)			
Turnover	1,166	1,586	502	3,254
Trading profit				
continuing activities	195	300	90	585
goodwill amortisation	(19)	(1)	(18)	(38)
exceptional items in continuing activities	(32)	161		129

	Year ended 31 August 2002 (restated)			
Profit before finance charges	144	460	72	676

Notes:

(a)
Turnover excludes sales to Group companies.

(b)
Trading profit includes the Group's share of profits of associated undertakings whose turnover in not included.

(4) Exchange rates

	Average rate for the year			Closing rate at 31 August		
The significant translation rates to £1:	**2004**	**2003**	**2002**	**2004**	**2003**	**2002**
US Dollar	1.78	1.60	1.46	1.81	1.58	1.55
Mexican Peso	19.92	16.72	13.70	20.55	17.48	15.33
Euro	1.47	1.49	1.60	1.48	1.45	1.58

(5) Staff costs

	Year to 31 August 2004						
	Full Time		Part Time			Year to 31 August 2003 (restated)	Year to 31 August 2002 (restated)
	UK	Overseas	UK	Overseas	Total	Total	Total
			(£m)				
Remuneration	71	270	2	7	350	377	357
Social security	9	35			44	44	42
Pension schemes							
United Kingdom	11				11	10	6
Overseas		17			17	14	8
Post retirement medical benefits (PRMB)	1	3			4	5	8
	92	325	2	7	426	450	421
Average numbers employed							
2004 Continuing operations	1,699	8,856	71	1,059	11,685		
2003 Continuing operations	1,804	9,319	187	1,239		12,549	
2002 Continuing operations	1,563	9,034	146	1,370			12,113

(6) Pension and post-retirement benefit schemes

The Group operates a number of pension and post-retirement healthcare schemes throughout the world. The major schemes are of the defined benefit type and the assets of the schemes are largely held in separate trustee administered funds. The UK funds represent approximately 80% of the overall pension liabilities of the Group and are closed to new members. The Group operates defined benefit pension and post-retirement medical benefit schemes in several countries overseas, with the most significant being in the US and Canada. In addition there are a number of defined contribution schemes.

The assets and liabilities of the defined benefit schemes are reviewed regularly by independent professionally qualified actuaries. For the UK schemes a full assessment is undertaken every three years for funding purposes and the latest full actuarial valuation of the UK schemes was carried out as at 6 April 2003 using the projected unit credit method. The latest actuarial reviews of the US and Canadian schemes were carried out as at 1 January 2004.

The Group has adopted "FRS 17 Retirement benefits" in full from 1 September 2003.

The Group's investment strategy for its funded pension schemes has been developed within the framework of local statutory requirements. The Group's policy for the allocation of assets within the schemes has the objective of maintaining the right balance between controlling risk and achieving the long-term returns which will minimise the cost to the Group. The Group aims to invest a significant proportion of the assets (50%) into equities which the Group believes offer the best returns over the longer term. In addition the Group invests approximately 40% of the assets into bonds with the remainder in properties and cash.

The total cost of pension and post-retirement benefits for the Group was £51m (2003: £49m, 2002: £2m credit) of which £32m (2003: £29m, 2002: £22m) has been charged against operating profit and £19m (2003: £20m, 2002: £24m credit) has been charged within other finance charges.

(a)

The major assumptions used were:

	31 August 2004		31 August 2003		31 August 2002	
	United Kingdom	Overseas	United Kingdom	Overseas	United Kingdom	Overseas

	31 August 2004		31 August 2003		31 August 2002	
			(%)			
Inflation	2.9	3.0	2.5	3.0	2.3	2.1
Rate of general increase in salaries	4.4	4.3	4.0	4.4	4.1	4.8
Rate of increase to benefits	3.2	1.8	3.1	1.8	3.1	2.1
Discount rate for scheme liabilities	5.8	5.7	5.6	6.0	6.0	6.5
The expected long term rate of returns and market values of the significant schemes is:						
Equities	7.7	8.1	7.5	8.2	7.5	8.7
Bonds	5.4	6.0	5.0	5.8	5.0	6.1
Property and other	4.7	4.0	5.5	4.3	5.2	4.4

(b)

The net pension and post-retirement medical benefits (PRMB) liability of the Group as at 31 August 2004 was:

	31 August 2004		31 August 2003		31 August 2002	
	United Kingdom market value	Overseas market value	United Kingdom market value	Overseas market Value	United Kingdom Market value	Overseas market value
			(£m)			
Equities	821	134	814	156	896	206
Bonds	616	136	594	161	458	115
Property and other	159	33	143	14	197	6
Total market value of assets	1,596	303	1,551	331	1,551	327
Present value of scheme liabilities	(2,002)	(458)	(2,004)	(464)	(1,941)	(417)
Deficit in the schemes	(406)	(155)	(453)	(133)	(390)	(90)
Related deferred tax asset	122	52	136	45	117	27
Net pension and PRMB liability	(284)	(103)	(317)	(88)	(273)	(63)

(c)

Profit and loss account charges

	31 August 2004		31 August 2003		31 August 2002	
	United Kingdom	Overseas	United Kingdom	Overseas	United Kingdom	Overseas
			(£m)			
The amounts charged to operating profit during the year were:						
Current service cost	11	21	10	19	6	9
Past service cost						7
Total included within operating profit	11	21	10	19	6	16
The amounts charged to other finance charges during the year were:						
Interest cost	110	25	114	26	110	28
Expected return on assets	(97)	(19)	(98)	(22)	(130)	(32)
Total included within other finance charges	13	6	16	4	(20)	(4)

(d)

Analysis of amount that has been included within the Group statement of recognised gains and losses:

	31 August 2004		31 August 2003		31 August 2002	
	United Kingdom	Overseas	United Kingdom	Overseas	United Kingdom	Overseas
			(£m)			
Actual return less expected return on pension scheme assets	10	5	(12)	(6)	(322)	(64)
Experience gains and losses arising on the scheme liabilities	(17)	(3)	20	(4)	(52)	
Changes in assumptions underlying the present value of the scheme liabilities	34	(26)	(71)	(22)	(19)	(19)
Actuarial gain/(loss) recognised in Group statement of total recognised gains and losses	27	(24)	(63)	(32)	(393)	(83)
Deferred tax movement	(8)	7	19	11	112	25
Actuarial gain/(loss) recognised in Group statement of total recognised gains and losses net of tax	19	(17)	(44)	(21)	(281)	(58)

(e)

The movement in deficit during the year was:

	31 August 2004		31 August 2003		31 August 2002	
	United Kingdom	Overseas	United Kingdom	Overseas	United Kingdom	Overseas
			(£m)			
Deficit in scheme at beginning of year	(453)	(133)	(390)	(90)	(31)	(4)
Movement in year:						
Current service cost	(11)	(21)	(10)	(19)	(6)	(9)
Past service cost						(7)
Contributions	44	13	26	16	20	4
Other finance income	(13)	(6)	(16)	(4)	20	4
Currency translation adjustment		16		(4)		5
Actuarial gain/(loss)	27	(24)	(63)	(32)	(393)	(83)
Deficit in scheme at the end of the year	(406)	(155)	(453)	(133)	(390)	(90)

(f)

The history of experience gains and losses is:

	31 August 2004		31 August 2003		31 August 2002	
	United Kingdom	Overseas	United Kingdom	Overseas	United Kingdom	Overseas
Actual return less expected return on pension scheme assets						
Amount (£m)	10	5	(12)	(6)	(322)	(64)
Percentage of the scheme assets (%)	1%	2%	(1%)	(2%)	(21%)	(20%)
Experience gains and losses arising on the scheme liabilities						
Amount (£m)	(17)	(3)	20	(4)	(52)	
Percentage of the present value of the scheme liabilities (%)	1%	1%	(1%)	1%	3%	
Actuarial loss recognised in Group statement of total recognised gains and losses						
Amount (£m)	27	(24)	(63)	(32)	(393)	(83)
Percentage of the present value of the scheme liabilities (%)	(1%)	5%	3%	7%	20%	20%

(7) Operating costs

	Note	Year to 31 August 2004	Year to 31 August 2003 (restated)	Year to 31 August 2002 (restated)
			(£m)	
Change in stocks of finished goods and work in progress		(5)	(72)	(94)

		Year to 31 August	Year to 31 August	Year to 31 August
Raw materials and consumables		810	838	840
Customs and excise duty paid				
ongoing		618	671	638
Mexican excise rebate			(38)	(213)
Staff costs	5	426	450	421
Depreciation	14	78	75	75
Goodwill amortisation		40	40	38
Other operating charges including exceptional items		654	690	823
Operating leases				
hire of equipment		11	11	11
property rents		45	48	48
Payments to auditor				
fees for audit		3	3	6
		2,680	2,716	2,593

The parent company audit fee was nil (2003 and 2002: nil). Other payments to the auditor related to taxation services £1m (2003: £1m, 2002: £2m), and other of £nil (2003: £nil, 2002: £2m).

(8) Goodwill amortisation and exceptional items

	Year to 31 August 2004	Year to 31 August 2003	Year to 31 August 2002
		(£m)	
Goodwill amortisation	(40)	(40)	(38)
Exceptional items			
Mexican excise rebate		38	213
Mexican social projects			(11)
Acquisition integration costs		(3)	(36)
Termination of land lease			(23)
Asset write downs	(5)	2	(14)
Restructuring	(31)	(9)	
Total exceptional items within operating costs	(36)	28	129
Profit on sale of businesses	20		
Profit on disposal of fixed assets	14		
Goodwill amortisation and exceptional items before taxation	(42)	(12)	91
Taxation	16	(8)	(46)
Goodwill amortisation and exceptional items after taxation	(26)	(20)	45

(9) Interest payable

	Year to 31 August 2004	Year to 31 August 2003	Year to 31 August 2002
		(£m)	
Interest on bank loans and overdrafts	21	31	63
Interest on other loans	103	107	75
Less: deposit and other interest receivable	(7)	(12)	(8)
Interest payable	117	126	130

(10) Taxation

	Year to 31 August		
	2004	2003 (restated)	2002 (restated)
		(£m)	
The charge for taxation on the profit for the period comprises:			
Current tax			
United Kingdom taxation			
Corporation tax at 30% (2003: 30%, 2002: 30%)	(3)	25	18
Adjustment in respect of prior periods	(11)	(1)	(3)
Double taxation relief	(3)	(1)	(3)

	Year to 31 August		
	(17)	23	12
Overseas taxation			
Corporation tax	65	60	188
Adjustment in respect of prior periods	1	9	(26)
	66	69	162
Taxation on attributable profit of associated undertakings	10	10	7
Total current tax	59	102	181
Deferred tax			
Origination and reversal of timing differences	57	64	(10)
Adjustment in respect of prior periods	(7)	(32)	5
Recognition of deferred tax assets arising in prior periods		(8)	(10)
Total tax charge	109	126	166

A reconciliation of the current tax charge at the UK corporation tax rate of 30% (2003: 30%, 2002: 30%) to the Group's current tax on profit on ordinary activities is shown below:

	Year to 31 August		
	2004	**2003 (restated)**	**2002 (restated)**
		(£m)	
Profit on ordinary activities before taxation	479	479	570
Notional charge at UK corporation tax rate of 30%	144	144	171
Differences in effective overseas tax rates	11	16	18
Adjustments to prior period tax charges	(10)	8	(29)
Taxable intra-group dividend income		5	14
Utilisation of tax losses not recognised			(14)
Non deductible expenditure	7	13	22
Non taxable income and gains	(33)	(12)	(10)
Losses and other timing differences	(57)	(64)	10
Other current year items	(3)	(8)	(1)
Current tax charge	59	102	181

(11) Earnings per share

Basic earnings per share of 33.1p (2003: 31.3p, 2002: 36.7p) has been calculated on earnings of £356m (2003: £337m, 2002: £391m) divided by the average number of shares of 1,076m (2003: 1,075m, 2002: 1,066m).

Diluted earnings per share of 32.9p (2003: 31.3p, 2002: 36.6p) has been calculated on earnings of £356m (2003: £337m, 2002: £391m) and after including the effect of all dilutive potential Ordinary Shares, the average number of shares is 1,083m (2003: 1,076m, 2002: 1,069m).

To show earnings per share on a comparable basis, normalised earnings per share of 35.5p (2003: 33.2p, 2002: 32.5p) has been calculated on normalised earnings of £382m (2003: £357m, 2002: £346m) divided by the average number of shares of 1,076m (2003: 1,075m, 2002: 1,066m). Normalised earnings has been calculated as follows:

	Year to 31 August		
	2004	**2003 (restated)**	**2002 (restated)**
		(£m)	
Earnings as reported	356	337	391
Adjustment for exceptional items net of tax	(10)	(18)	(81)
Adjustment for goodwill amortisation net of tax	36	38	36
Normalised earnings	382	357	346
Average number of shares	**millions**	**millions**	**millions**
Weighted average ordinary shares in issue during the year	1,107	1,107	1,087
Weighted average ordinary shares owned by the Allied Domecq employee trusts*	(31)	(32)	(21)
Weighted average ordinary shares used in basic earnings per share calculation	1,076	1,075	1,066

Note:

* Includes American Depositary Shares representing underlying Ordinary Shares.

(12) Ordinary dividends

	Year to 31 August					
	2004	**2003**	**2002**	**2004**	**2003**	**2002**
	(£m)			**(p)**		
Interim	63	57	53	5.83	5.30	4.90
Final	104	93	88	9.67	8.70	8.10
	167	150	141	15.50	14.00	13.00

(13) Intangible assets

	31 August 2004			
	Goodwill	**Brands**	**Other intangibles**	**Total**
	(£m)			
Cost				
At the beginning of the year	785	555	35	1,375
Currency translation adjustment				
Additions	4			4
At the end of the year	789	555	35	1,379
Amortisation				
At the beginning of the year	(93)		(9)	(102)
Currency translation adjustment				
Charge for the year	(40)		(3)	(43)
At the end of the year	(133)		(12)	(145)
Net balance at the end of the year	656	555	23	1,234

Goodwill is being amortised over 20 years. All goodwill relates to the Spirits & Wine segment.

Brands relates to the acquisition of Malibu in 2002. The acquired brand intangible asset is determined to have an indefinite useful economic life. An impairment review was carried out at the balance sheet date and the Board of Directors were satisfied that the brand had not suffered any loss in value.

Other intangibles are being amortised over ten years.

(14) Tangible assets

	31 August 2004		
	Land and Buildings	**Plant and Equipment**	**Total**
	(£m)		
Cost			
At the beginning of the year	773	721	1,494
Currency translation adjustment	(45)	(39)	(84)
	728	682	1,410
Additions			
acquisitions	2	1	3
capital expenditure	31	81	112
Disposals and transfers	(38)	(33)	(71)
At the end of the year	723	731	1,454
Depreciation			
At the beginning of the year	(169)	(359)	(528)
Currency translation adjustment	12	20	32
	(157)	(339)	(496)
Disposals and transfers	15	26	41
Charge for the year	(17)	(61)	(78)

	31 August 2004		
At the end of the year	(159)	(374)	(533)
Net book value at 31 August 2004	564	357	921

	31 August 2004	
	At cost	**Net book value**
	(£m)	
Freehold land and buildings	638	506
Long lease land and buildings	16	14
Short lease land and buildings	69	44
Total land and buildings	723	564

(15) Investments and loans

	31 August 2004			
	Investments		Franchise and trade loans	Total
	Listed	Unlisted		
	(£m)			
At the beginning of the year	139	13	8	160
Prior year adjustment	(129)			(129)
At the beginning of the year (restated)	10	13	8	31
Currency translation adjustment			(1)	(1)
Disposals and transfers	(8)		(1)	(9)
At the end of the year	2	13	6	21

The Group has complied with "UTIF 38 Accounting for ESOP Trusts". This has resulted in the reclassification of shares held in employee trusts from investments to Shareholders' funds and has been accounted for as a prior year adjustment.

The unlisted investments include a holding of 1% in Suntory Limited, incorporated in Japan.

(16) Investments in associates

	31 August 2004				
	Cost	Unlisted companies' share of reserves	Listed companies' share of reserves	Loans	Total
	(£m)				
At the beginning of the year	43	26	14	2	85
Currency translation adjustment	(1)	(1)	(1)		(3)
Additions	1				1
Other reserve movement		(17)			(17)
Share of retained profit for the year		7			7
At the end of the year	43	15	13	2	73

The share of profits before taxation was £32m (2003: £24m, 2002: £15m) and dividends received were £15m (2003: £13m, 2002: £11m).

The principal associate is a 23.75% equity interest in Britannia Soft Drinks Limited, a company engaged in the manufacture and sale of soft drinks. In 2004 Britannia adopted a defined benefit pension plan which resulted in a £17million reduction in the Group's share of the net assets.

Other associates include Baskin Robbins Japan (44% equity interest) and Baskin Robbins Korea (33% equity interest) and the Group's interest in the Miller ready-to-drink commercial partnership.

The above figures comprise the amounts attributable to the Group based on the latest accounts it has been practicable to obtain, some of which are unaudited management accounts.

(17) Stocks

	31 August 2004
	(£m)
Raw materials and consumables	27
Maturing inventory	1,025
Finished products	273
Bottles, cases and pallets	18
	1,343

(18) Debtors

	31 August 2004
	(£m)
Amounts due within one year	
Trade debtors	450
Deferred tax assets (note 20)	18
Other debtors	94
Prepayments and accrued income	58
	620
Amounts due after more than one year	
Other debtors	3
Prepayments and accrued income	13
	16
Debtors	636

(19) Creditors

	31 August 2004
	(£m)
Amounts due within one year	
Trade creditors	233
Bills payable	18
Other creditors	255
Social security	9
Taxation	196
Accruals and deferred income	273
Proposed dividend (note 12)	104
	1,088
Amounts due after more than one year	
Other creditors	33
Accruals and deferred income	10
	43

(20) Provisions for liabilities and charges

	31 August 2004				
	Post-retirement medical benefits (restated)	Reorganisation and Restructuring	Surplus properties	Deferred taxation (restated)	Total
			(£m)		
At the beginning of the year	90	31	9	153	283
Prior year adjustment	(90)			(67)	(157)
At the beginning of the year (restated)		31	9	86	126
Currency translation adjustment		4		(5)	(1)
Timing differences within statement of recognised gains and losses				23	23
Utilised during the year		(43)			(43)
Charged during the year		31		43	74
At the end of the year		23	9	147	179

The Group has adopted "FRS 17 Retirement benefits". As a result, pensions and post-retirement medical liabilities and the related deferred tax are now included within the new balance sheet classification "Pension and post-retirement liabilities". This has been accounted for as a prior year adjustment.

During the year ended 31 August 2004, £11m of reorganisation and restructuring provisions brought forward from previous years were utilised during the year. New provisions totalling £7m were created during the year. Of the provisions outstanding at the year end, £11m related to the termination of a land lease in California and £2m for the trust fund established for social and community projects in Mexico. The remainder related to the Group restructuring programme.

It is expected that the majority of reorganisation and restructuring costs will be incurred in the financial year ending 31 August 2005, whilst the trust funds will be disbursed as the projects develop.

The provision for surplus properties will be utilised over the terms of the leases to which the provision relates.

	31 August 2004
	(£m)
Deferred taxation	
Accelerated capital allowances	37
Goodwill and other intangible assets	117
Tax losses and credits	(58)
Pensions and post-retirement benefits	(174)
Other timing differences	33
Net deferred taxation asset	(45)
Comprising:	
Deferred tax asset (note 18)	(18)
Deferred tax liability	147
Pension and post-retirement benefits (note 6)	(174)
	(45)

	31 August 2004
	(£m)
Movement in deferred taxation	
At the beginning of the year	136
Prior year adjustment	(253)
At the beginning of the year (restated)	(117)
Timing differences within statement of recognised gains and losses	22
Charged during the year	50
At the end of the year	(45)

The prior year adjustment arises following the introduction of "FRS 17 Retirement benefits".

Deferred tax assets of £39m at 31 August 2004 have not been recognised due to the degree of uncertainty over the utilisation of the underlying tax losses and deductions in certain tax jurisdictions.

Deferred tax has not been provided for liabilities which might arise on unremitted earnings of overseas subsidiaries and associates, as such earnings are reinvested by the Group and no tax is expected to be payable on them in the foreseeable future.

(21) Net debt

		31 August 2004
	Redemption date	(£m)
Unsecured loans		
GBP250m Bond (6.625%)*	2014	247
EUR600m Bond (5.875%)*	2009	402
GBP450m Bond (6.625%)*	2011	448
EUR800m Bond (5.5%)*	2006	539
NZD125m Capital Notes (9.3%)	2006	45

		31 August 2004
DEM500m Notes (4.75%)*	2005	173
NZD100m Revolving Credit Facility*	2006	19
MXN600m Revolving Credit Facility	2008	28
Foreign currency swaps	Various	(209)
Loan capital		1,692
Short term borrowings		378
Cash at bank and in hand		(129)
Net debt		1,941

Note:

* Borrowings and interest guaranteed by Allied Domecq PLC or Allied Domecq (Holdings) PLC.

The Euro and GBP Bonds have been swapped into floating rate US Dollars.

(21) Net debt continued

	31 August 2004
	(£m)
Repayment schedule	
More than five years	695
Between two and five years	222
Between one and two years	775
Loan capital due after one year	1,692
Due within one year	378
Total borrowings	2,070

The funding policy of the Group is to maintain a broad portfolio of debt, diversified by source and maturity and to maintain committed facilities sufficient to cover with a minimum of £300m above peak borrowing requirements for the next 12 months. At 31 August 2004, the Group had available undrawn committed bank facilities of £1,192m of which £77m mature in less than one year and £1,115m between two and five years.

(22) Financial instruments

Set out below is a year end comparison of the current and book values of the Group's financial instruments by category excluding short-term debtors and creditors. Where available, market rates have been used to determine current values. Where market values are not available, current values have been calculated by discounting cash flows at prevailing interest and exchange rates.

	31 August 2004	
	Book Value	**Current Value**
	(£m)	
Cash at bank and in hand	129	129
Short-term debt (including current portion of long-term debt)	(378)	(378)
Long-term debt	(1,692)	(1,799)
Total net debt	(1,941)	(2,048)

Interest rate risk management

Exposure to interest rate fluctuations on borrowings and deposits is managed by using cross currency swaps, interest rate swaps and purchased interest rate options. The Group has a fixed/floating debt target of 70% +/- 10%.

At the year end, taking account of swaps, 71% of net debt was at fixed rates of interest. At the year end, the weighted average maturity of net debt was approximately 3.4 years.

	31 August 2004	
	Book value	**Current Value**
	(£m)	

	31 August 2004	
Interest rate swaps	1	(30)
Cross currency swaps	8	32
	9	2

There is a deferred loss in respect of interest rate swaps, being the net of the current value less book value, of which £10m relates to the financial year ending 31 August 2005 and £21m thereafter.

There is a deferred gain in respect of cross currency swaps, being the net of the current value less book value, of which £4m relates to the financial year ending 31 August 2005 and £20m thereafter.

After taking into account cross currency and interest rate swaps, the currency and interest rate exposure of net debt as at 31 August 2004 was:

	31 August 2004				
			Fixed rate debt		
	Net debt	Floating rate net debt	Fixed rate debt	Weighted average interest rate	Weighted average time for which rate is fixed
	(£m)	(£m)	(£m)	(%)	(Years)
Sterling	18	18			
US Dollar	1,205	443	762	5.8	5
Euro	562	89	473	5.2	2
NZ Dollar	95	22	73	8.1	2
Japanese Yen	103	34	69	0.7	3
Other	(42)	(42)			
Net debt	1,941	564	1,377	5.7	4

Some of the interest rate swaps included in the above table are cancellable at the option of the banks at various dates between 1 September 2004 and 31 August 2006.

The floating rate debt includes bank debt bearing interest at rates based on the relevant inter bank rate and on commercial paper rates in the UK, US, Canada and France. These rates are fixed in advance for periods up to six months. The weighted average interest rate on floating net debt as at 31 August 2004 was approximately 3.6%.

Foreign exchange

The Group estimates its net transaction cash flows in its main currencies of business which are then hedged forward for up to 18 months using a combination of forward exchange contracts and purchased foreign exchange options. At the year end 82% of such currency exposures had been hedged for the following 12 months.

The estimated current value of the foreign exchange cover forward contracts and options entered into to hedge future transaction flows is set out below based on quoted market prices where available and option pricing models.

	31 August 2004		
	Nominal value of derivatives	Book value	Current value
		(£m)	
Foreign exchange forward rate contracts			
assets	140		5
liabilities	53		(1)
Options			
assets	110		3
liabilities			
	303		7

A net gain of £13m was recognised on all foreign exchange forward contracts and options maturing in the year to 31 August 2004 (2003: £13m, 2002: £9m).

At 31 August 2004, there were no material monetary assets or liabilities in currencies other than the functional currencies of Group companies, having taken into account the effect of derivative financial instruments that have been used to hedge foreign currency exposure.

(23) Share capital

	31 August 2004	
	Authorised	Allotted, called up and fully paid
	(£m)	
Equity		
Ordinary shares of 25p	400	277

	31 August 2004	
	Authorised	Issued
	(million)	
Number of shares	1,600	1,107

Share option schemes

During the year ended 31 August 2004 options have been granted under the existing employee share option schemes over both Ordinary Shares and American Depositary Shares (ADSs) totalling 13,159,067* shares. Options were exercised over 3,986,000* shares and options over 2,349,338* shares lapsed during the year.

* These totals include ADSs each of which represents four underlying Ordinary Shares

Details of the unexercised options granted under the Company's employee share option schemes as at 31 August 2004 were as follows:

	Date of Grant	Option price (p)	Ordinary Shares
Options over Ordinary Shares			
SAYE Scheme 1999	3 December 1999	262.0	593,197
International SAYE Scheme 1999	2 June 2000	265.0	117,883
	30 November 2001	282.0	522,009
Approved Executive Share Option Scheme 1999	5 May 2000	331.0	9,063
	8 May 2001	408.0	845,480
	2 November 2001	351.5	298,442
	3 May 2002	438.0	34,245
	1 November 2002	382.0	426,548
	1 May 2003	351.0	25,641
	23 October 2003	383.0	353,751
	26 April 2004	455.25	6,589
Executive Share Option Scheme 1999	1 November 1999	342.0	3,524,647
	16 November 1999	331.5	292,500
	5 May 2000	331.0	15,937
	8 May 2001	408.0	2,679,218
	2 November 2001	351.5	4,465,579

	Date of Grant	Option price (p)	Ordinary Shares
	3 May 2002	438.0	214,353
	1 November 2002	382.0	7,122,334
	1 May 2003	351.0	64,359
	23 October 2003	383.0	8,209,060
	26 April 2004	455.25	129,901
Long Term Incentive Scheme 1999	2 November 2001	0.1	1,563,889
	3 May 2002	0.1	77,054
	1 November 2002	0.1	1,015,906
	23 October 2003	0.1	1,051,959
	26 April 2004	0.1	49,423
			33,708,967

	Date of Grant	Option price ($)	ADSs
Options over ADSs			
US Schedule to the Executive Share option Scheme 1999	1 November 2002	24.45	425,715
	8 January 2003	25.85	3,868
	1 May 2003	22.93	3,750
	23 October 2003	26.16	373,566
Executive Share Option Scheme 1999	1 November 2002	24.45	37,975
	8 January 2003	25.85	33,366
	1 May 2003	22.93	1,750
	23 October 2003	26.16	337,638
Long Term Incentive Scheme 1999	8 January 2003	0.006	21,276
	23 October 2003	0.006	41,952
			1,280,856

The Company currently satisfies the exercise of options using existing shares that are purchased in the market by the Company's employee trusts. The profit and loss expense under the option plans is determined based upon the excess of the option price of the underlying options and the market value on the date of the award and is amortised over the vesting period. As at 31 August 2004 the Company's employee trusts held 27,073,905 shares (including ADSs) in the Company all of which were the subject of awards made under the Company's employee share schemes. The Trustees are obliged to waive the dividends on these shares. The options exercised during the year were all satisfied by the transfer of shares to participants by the employee trusts.

(24) Capital and reserves

	31 August 2004					
	Share capital	Share premium account	Merger reserve	Shares held in employee trusts (restated)	Profit and loss account (restated)	Total
			(£m)			
At the beginning of the year	277	165	(823)		1,299	918
Prior year adjustment				(129)	(552)	(681)
At the beginning of the year (restated)	277	165	823	(129)	747	237
Profit earned for shareholders for the year					356	356
Currency translation differences on foreign currency net investments					108	108
Taxation on translation differences					(26)	(26)
Movement on shares in employee trusts				17		17
Associated undertaking reserve movement					(17)	(17)
Actuarial gain on net pension liabilities (net of deferred tax)					2	2
Ordinary dividends					(167)	(167)
At the end of the year	277	165	(823)	(112)	1,003	510

Goodwill (at historic exchange rates) of £2,284 million has been written off to reserves.

The following adjustments have been made to opening Shareholders' funds as a result of the adoption of "FRS 17 Retirement benefits", "Application of Note G revenue recognition" and amendments to "FRS 5 Reporting the substance of transactions" and "UITF 38 Accounting for ESOP Trusts".

	31 August 2004
	(£m)
Reversal of SSAP 24 pension debtor	(309)
Reversal of SSAP 24 post-retirement medical benefit	90
Gross pension and post-retirement benefits reported under FRS 17	(586)
Deferred taxation adjustments on above	253
UITF 38 reclassification of shares held by employee trusts	(129)
Total prior year adjustments	(681)

(25) Minority interests

	31 August 2004		
	Equity	**Non equity**	**Total**
		(£m)	
At the beginning of the year	72	4	76
Currency translation adjustment	(3)		(3)
Share of profits of subsidiary undertakings	12	2	14
Dividends declared	(4)	(1)	(5)
Disposals	(2)		(2)
At the end of the year	75	5	80

The principal minority shareholdings relate to Jinro Ballantines Company Limited and Corby Distilleries Limited.

(26) Detailed analysis of gross cash flows

	Year to 31 August 2004
	(£m)
Returns on investments and servicing of finance	
Interest received	7
Interest paid	(124)
Dividends paid to minority shareholders	(5)
	(122)
Taxation paid	
UK taxation	(1)
Overseas taxation	(81)
	(82)
Capital expenditure and financial investment	
Purchase of tangible fixed assets	(112)
Sale of tangible fixed assets	53
Purchase of intangible fixed assets	(8)
Disposal of trade investments	9
	(58)
Acquisitions and disposals	
Purchase of subsidiary undertakings	(10)
Purchase of associated undertakings	(1)
Sale of subsidiary undertakings	20
	9
Financing	
Net movement of Ordinary Share capital within employee trusts*	17
Decrease in other borrowings	(1)
	16

Note:

* Includes American Depositary Shares representing underlying Ordinary Shares

(27) Reconciliation of net cash inflow from operating activities to free cash flow

	Year to 31 August 2004
	(£m)
Net cash inflow from operating activities	655
Capital expenditure net of sale of tangible assets	(59)
Dividends received from associated undertakings	15

	Year to 31 August 2004
Operating cash net of fixed assets	611
Taxation paid	(82)
Net interest paid	(117)
Dividends paid	
Ordinary shareholders	(156)
minorities	(5)
Free cash flow	251

(28) Net debt

	Cash at bank and in hand	Overdrafts due within one year	Other short-terms borrowings due within one year	Loan capital due after one year	Net debt
	Year ended 31 August 2004				
	(£m)				
At the beginning of the year	175	(90)	(682)	(1,815)	(2,412)
(Decrease)/increase in cash	(37)		310		273
Increase in liquid resources	4				4
Decrease/(increase) in loan capital and other loans			2	(1)	1
Exchange adjustments	(13)	16	66	124	193
At the end of the year	129	(74)	(304)	(1,692)	(1,941)

Liquid resources comprise short-term deposits which have maturity dates of less than three months.

(29) Capital commitments

	31 August 2004
	(£m)
Contracted for but not provided in the accounts	3

(30) Operating lease commitments

	Land and buildings	Other
	(£m)	
The minimum operating lease payments to be made in the year ending 31 August 2005 for leases expiring:		
Within one year	5	4
Within two to five years	24	7
After five years	21	
	50	11

(31) Contingent liabilities

In the normal course of business, the Group has a number of legal claims or potential claims against it, none of which are expected to give rise to significant loss. The Group is not currently involved in any legal or arbitration proceedings, including any proceedings which are threatened or pending of which Allied Domecq is aware, which may have a material effect on the Group's financial position, results of operations or liquidity. Allied Domecq, together with the other major players in the US drinks industry, has been named in a putative class action lawsuit in the State of Ohio alleging a consistent, long-running deceptive programme of advertising and marketing which is illegally targeted at children and underage drinkers and claiming disgorgement of unlawful profits. The lawsuit, which is being vigorously defended, is in the very early pre-discovery, pre-trial pleading stages; accordingly, it is too early to determine the materiality of the contingent liability arising from this lawsuit and no reserve has been established in connection herewith.

(32) Related Party Transactions

Transactions with associated undertakings

All transactions with these undertakings arise in the normal course of the business.

	31 August 2004	31 August 2003	31 August 2002
		(£m)	
Sales to associated undertakings	52	43	50
Purchases of goods and other services	(2)	(11)	(13)
Marketing expenditure charged	(11)	(14)	(8)
Dividends received	15	13	11

	31 August 2004
	(£m)
Loans to associated undertakings	2
Net amounts due from associated undertakings	10

SECTION B
UNAUDITED INTERIM RESULTS OF ALLIED DOMECQ FOR THE SIX MONTHS ENDED 28 FEBRUARY 2005

Group profit and loss account Six months to 28 February 2005

		Six months to 28 February 2005			Six months to 29 February 2004		
	Note	**Before goodwill and exceptional items**	**Goodwill and exceptional items**	**Total**	**Before goodwill and exceptional items**	**Goodwill and exceptional items**	**Total**
				(£m)			
Turnover	2	1,700		1,700	1,704		1,704
Operating costs							
goodwill amortisation			(20)	(20)		(20)	(20)
other		(1,361)	(6)	(1,367)	(1,377)	(12)	(1,389)
Operating profit from continuing activities		339	(26)	313	327	(32)	295
Share of operating profits of associated undertakings		10		10	10		10
Trading profit on ordinary activities before finance charges	2	349	(26)	323	337	(32)	305
Profit on disposal of fixed assets in continuing activities			14	14			
Profit on ordinary activities before finance charges		349	(12)	337	337	(32)	305
Interest payable		(55)		(55)	(61)		(61)
Other finance charges		(9)		(9)	(10)		(10)
Profit on ordinary activities before taxation		285	(12)	273	266	(32)	234
Taxation	5	(68)	3	(65)	(64)	5	(59)
Profit on ordinary activities after taxation		217	(9)	208	202	(27)	175
Minority interests equity and non-equity		(9)		(9)	(8)		(8)
Profit earned for Ordinary Shareholders for the period	4	208	(9)	199	194	(27)	167
Ordinary dividends	6			(71)			(63)
Retained profit				128			104
Earnings per Ordinary Share:							
basic	4			18.4p			15.5p
diluted	4			18.2p			15.5p
normalised	4	19.2p			18.0p		

The above figures comprise the unaudited results for the six months to 28 February 2005 and 29 February 2004, all of which relate to continuing operations.

Group balance sheet at 28 February 2005

	Note	28 February 2005	31 August 2004	29 February 2004
			(£m)	
Fixed assets				
Intangible assets		1,212	1,234	1,251
Tangible assets		884	921	893
Investments and loans		14	21	22
Investments in associates		72	73	79
Total fixed assets		2,182	2,249	2,245
Current assets				
Stocks		1,372	1,343	1,341
Debtors		660	636	618
Cash at bank and in hand	10	127	129	140
Total current assets		2,159	2,108	2,099
Creditors (due within one year)				
Short-term borrowings	10	(487)	(378)	(599)
Dividends		(71)	(104)	(63)
Other creditors		(922)	(984)	(900)
Total current liabilities		(1,480)	(1,466)	(1,562)
Net current assets		679	642	537
Total assets less current liabilities		2,861	2,891	2,782
Creditors (due after more than one year)				
Loan capital	10	(1,463)	(1,692)	(1,657)
Other creditors		(51)	(43)	(46)
Total creditors due after more than one year		(1,514)	(1,735)	(1,703)
Provisions for liabilities and charges		(182)	(179)	(168)
Net assets excluding pension and post-retirement liabilities		1,165	977	911
Pension and post-retirement liabilities (net of deferred taxation)		(372)	(387)	(392)
Net assets including pension and post-retirement liabilities		793	590	519
Capital and reserves				
Called up share capital		277	277	277
Share premium account		165	165	165
Merger reserve		(823)	(823)	(823)
Shares held in employee trusts		(88)	(112)	(122)
Profit and loss account		1,177	1,003	946
Shareholders' funds equity	7	708	510	443
Minority interests equity and non-equity		85	80	76

	Note	28 February 2005	31 August 2004	29 February 2004
		793	590	519

79

Group cash flow information Six months to 28 February 2005

	Note	Six months to 28 February 2005	Six months to 29 February 2004
		(£m)	
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		313	295
Goodwill amortisation		20	20
Exceptional operating costs		5	2
Depreciation		41	38
Increase in stocks		(45)	(23)
(Increase)/decrease in debtors		(16)	20
Decrease in creditors		(72)	(80)
Expenditure against provisions for reorganisation and restructuring costs		(13)	(18)
Other items		(8)	(10)
Net cash inflow from operating activities		225	244
Group cash flow statement			
Net cash inflow from operating activities		225	244
Dividends received from associated undertakings		8	9
Returns on investments and servicing of finance	8	(41)	(53)
Taxation paid	8	(47)	(44)
Capital expenditure and financial investment	8	7	(25)
Equity dividends paid		(104)	(93)
Cash inflow before use of liquid resources and financing		48	38
Management of liquid resources		(21)	(22)
Financing	8	4	4
Increase in cash in the period	10	31	20
Reconciliation of net cash flow to movement in net debt			
Increase in cash in the period		31	20
Increase in liquid resources		21	22
Decrease in loan capital		20	3
Movement in net debt resulting from cash flows		72	45
Exchange adjustments		46	251
Movement in net debt during the period		118	296
Opening net debt		(1,941)	(2,412)
Closing net debt	10	(1,823)	(2,116)

Notes to the accounts

(1) Basis of preparation

These interim statements, which are unaudited, comply with relevant accounting standards. The accounting policies have been applied on a basis consistent with those applied in the 2004 Annual Report and Accounts. The 2004 Annual Report and Accounts were prepared in accordance with accounting principles generally accepted in the United Kingdom (UK GAAP) and have been reported on by the Group's auditor and filed with the Registrar of Companies. The report of the auditor was unqualified and did not contain a statement under section 237 (2) or (3) of the Companies Act 1985.

The periods to 28 February 2005 and 29 February 2004 are regarded as distinct financial periods for accounting purposes with the exception of taxation where the periods are allocated an appropriate proportion of the expected total annual charge.

These interim financial statements were approved by the Board on 20 April 2005.

(2) Activity analysis

	Six months to 28 February 2005		Six months to 29 February 2004	
	Turnover	**Trading profit(1)**	**Turnover**	**Trading profit(1)**
		(£m)		
Spirits & Wine	1,577	298	1,600	296
QSR	123	45	104	34
Britannia		6		7
	1,700	349	1,704	337

Note:

(1) Trading profit above is before goodwill and exceptional items. Goodwill and exceptional items for the six months to 28 February 2005 is a loss of £12 million (2004: loss £32 million) and relates wholly to Spirits & Wine activities for both periods.

During the period the Group has reviewed its lease accounting and as a result the QSR turnover for the six months to 28 February 2005 includes an £11 million uplift to correct the accounting treatment of rental income in prior years. There was no impact on trading profit because the uplift in rental income was offset by a similar increase in rental expense.

(3) Geographical analysis

	Six months to 28 February 2005		Six months to 29 February 2004	
	Turnover	**Trading profit(1)**	**Turnover**	**Trading profit(1)**
		(£m)		
By country of destination				
Europe	707	110	735	109
Americas	732	187	719	175
Rest of World	261	52	250	53
	1,700	349	1,704	337

Note:

(1) Trading profit above is before goodwill and exceptional items. Goodwill and exceptional items for the six months to 28 February 2005 relate to Europe (loss £9 million) (2004: loss £19 million), Americas (loss £3 million) (2004: loss £3 million) and Rest of World (nil) (2004: loss £10 million).

	Six months to 28 February 2005		Six months to 29 February 2004	
	Turnover	Trading profit(1)	Turnover	Trading profit(1)
	(£m)			
By country of operation				
Europe	1,119	130	1,141	133
Americas	913	195	861	173
Rest of World	210	24	193	31
	2,242	349	2,195	337
Turnover with Group companies	(542)		(491)	
	1,700	349	1,704	337

Note:

(1) Trading profit above is before goodwill and exceptional items. Goodwill and exceptional items for the six months to 28 February 2005 relate to Europe (loss £9 million) (2004: loss £19 million), Americas (loss £3 million) (2004: loss £3 million) and Rest of World (nil) (2004: loss £10 million).

(4) Reconciliation to normalised earnings

	Six months to 28 February 2005	Six months to 29 February 2004
	(£m)	
Earnings as reported	199	167
Adjustments for exceptional items net of tax	(10)	9
Adjustments for goodwill amortisation net of tax	19	18
Normalised earnings	208	194

	Average number of shares	
	(Millions)	
Weighted average Ordinary Shares in issue during the period	1,107	1,107
Weighted average Ordinary Shares owned by the Allied Domecq employee trusts[(1)]	(24)	(32)
Weighted average Ordinary Shares used in earnings per share calculation	1,083	1,075
Normalised earnings per Ordinary Share	19.2p	18.0p

Note:

(1) Includes American Depositary Shares representing underlying Ordinary Shares.

Basic earnings per share of 18.4p (2004: 15.5p) has been calculated on earnings of £199 million (2004: £167 million) divided by the average number of shares of 1,083 million (2004: 1,075 million).

Diluted earnings per share of 18.2p (2004: 15.5p) has been calculated on earnings of £199 million (2004: £167 million) and, after including the effect of all dilutive potential Ordinary Shares, the average number of shares of 1,092 million (2004: 1,079 million).

(5) Taxation

The £65 million (2004: £59 million) total taxation charge for the six months to 28 February 2005 comprises UK taxation of £6 million (2004: £7 million), overseas taxation of £55 million (2004: £49 million) and taxation on the profits of associated undertakings of £4 million (2004: £3 million).

Deferred tax assets of £39 million at 31 August 2004 have not been recognised due to the degree of uncertainty over the utilisation of the underlying tax losses and deductions in certain tax jurisdictions.

(6) Ordinary dividends

The Board has declared an interim dividend of 6.5p per ordinary share (2004: 5.83p) payable on 8 July 2005. Dividends on American Depositary Shares are payable on 15 July 2005.

(7) Reconciliation of movements in Shareholders' funds

	Six months to 28 February 2005	Six months to 29 February 2004

	Six months to 28 February 2005	Six months to 29 February 2004
	(£m)	
Profit earned for Ordinary Shareholders in the period	199	167
Currency translation differences on foreign currency net investments	43	126
Taxation on translation differences	(6)	(32)
Actuarial gains on net pension liabilities	9	1
Total recognised gains and losses relating to the period	245	262
Movement on shares in employee trusts	24	7
Ordinary dividends	(71)	(63)
Net Movement in Shareholders' funds	198	206
Shareholders' funds at the beginning of the period	510	237
Shareholders' funds at the end of the period	708	443

(8) Detailed analysis of gross cash flows

	Six months to 28 February 2005	Six months to 29 February 2004
	(£m)	
Returns on investments and servicing of finance		
Interest received	6	4
Interest paid	(44)	(54)
Dividends paid to minority shareholders	(3)	(3)
	(41)	(53)
Taxation paid		
UK taxation		1
Overseas taxation	(47)	(45)
	(47)	(44)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(40)	(37)
Sale of tangible fixed assets	41	12
Purchase of intangible fixed assets		(8)
Disposal of trade investments	6	8
	7	(25)
Financing		
Net disposal of Ordinary Share capital for employee trusts(1)	24	7
Decrease in other borrowings	(20)	(3)
	4	4

Note:

(1) Includes American Depositary Shares representing underlying Ordinary Shares.

(9) Reconciliation of net cash inflow from operating activities to free cash flow

	Six months to 28 February 2005	Six months to 29 February 2004
	(£m)	
Net cash inflow from operating activities	225	244
Capital expenditure net of sale of tangible assets	1	(25)
Dividends received from associated undertakings	8	9
Operating cash net of fixed assets	234	228
Taxation paid	(47)	(44)

		Six months to 28 February 2005	Six months to 29 February 2004
Net interest paid		(38)	(50)
Dividends paid	Ordinary Shareholders	(104)	(93)
	minorities	(3)	(3)
Free cash flow		42	38

(10) Net debt

	Cash at bank and in hand	Overdrafts due within one year	Other short-term borrowings due within one year	Loan capital due after one year	Six months to 28 February 2005	Six months to 29 February 2004
				(£m)		
At the beginning of the period	129	(74)	(304)	(1,692)	(1,941)	(2,412)
(Decrease)/increase in cash	(25)	60	(4)		31	20
Increase in liquid resources	21				21	22
(Increase)/decrease in loan capital and other loans			(176)	196	20	3
Exchange adjustments	2	2	9	33	46	251
At the end of the period	127	(12)	(475)	(1,463)	(1,823)	(2,116)

PART V

PROFIT FORECAST OF ALLIED DOMECQ

1 Forecast

Allied Domecq PLC's Annual Report for the year ended 31 August 2004 described the Group's "platform to deliver continued earnings growth in 2005". The Trading Update dated 28 January 2005 stated that the Group's current trading performance was "in line with expectations with high single digit earnings growth translated at constant foreign exchange rates" and that "the Group is still on track to deliver earnings growth in line with expectations for the current financial year".

These statements, and the restatement in paragraph 6 of Part II of this document, constitute a profit forecast for the purpose of the City Code.

Consistent with these statements and on the basis of the assumptions set out below the Directors confirm that the Group's financial performance is in line with expectations for the full year of high single digit earnings growth translated at constant foreign exchange rates (the "forecast").

2 Basis of Preparation

The forecast has been based on (i) the unaudited interim results of Allied Domecq for the six months ended 28 February 2005 and (ii) management forecasts for the six months to 31 August 2005.

The forecast has been prepared using the assumptions detailed below and using the same accounting policies as those adopted for the year ended 31 August 2004 and for the interim results for the six months ended 28 February 2005. The forecast was made at constant foreign exchange rates and on the basis of normalised earnings, that is Profit earned for Ordinary Shareholders, before exceptional items and goodwill amortisation net of tax, and has been reported on as such.

3 Assumptions

The forecast has been prepared by management on the basis of the following assumptions, which are factors outside the control or influence of the Directors of Allied Domecq:

- the contemplated transaction will not cause changes in commercial behaviour of customers, suppliers or competitors and that key staff do not leave the company as a result of the uncertainty caused by recent events;

- there will be no industrial disputes, civil unrest or emergencies, interference with or damage to assets by third parties or suspensions of any rights of Allied Domecq by reason of force majeure which in any case materially affect the business of Allied Domecq;

- there will be no material changes in the economic or political conditions in the markets or countries in which Allied Domecq operates including legislation, Government regulation or other official policies or controls which have a material effect on Allied Domecq's business, customers or suppliers;

- there will be no changes to legal, regulatory or contractual arrangements which materially affect the business of Allied Domecq;

- there will be no material changes in either direct or indirect taxation rates or in tariffs;

- there will be no material movement in inflation rates;

- there will be no material movement in either foreign exchange rates or interest rates to the extent that Allied Domecq's exposure is not hedged;

there will be no significant litigation; and

there will be no significant changes in United Kingdom accounting standards or any abstracts issued by the Urgent Issues Task Force of the Accounting Standards Board as they apply to Allied Domecq.

Letter from KPMG Audit Plc

The Directors
Allied Domecq PLC
The Pavilions
Bridgwater Road
Bedminster Down
Bristol BS13 8AR

Goldman Sachs International
Peterborough Court
133 Fleet Street
London EC4A 2BB

25 May 2005

Dear Sirs

Allied Domecq PLC

We have reviewed the accounting policies and calculations for the forecast normalised earnings at constant foreign exchange rates, that is Profit earned for Ordinary Shareholders, before exceptional items and goodwill amortisation net of tax (together the "forecast") of Allied Domecq PLC (the "Company") and its subsidiary undertakings (the "Group") for the year ending 31 August 2005, set out in Part V of the scheme document (the "Scheme Document") from the Company to its shareholders dated 25 May 2005. The directors are solely responsible for the forecast.

The forecast includes results shown by the unaudited interim results of the Company for the six months ended 28 February 2005.

We conducted our work in accordance with Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board of the United Kingdom.

In our opinion the forecast, so far as the accounting policies and calculations are concerned, has been properly compiled on the basis of the assumptions made by the Directors set out in Part V of the Scheme Document and is presented on a basis consistent with the accounting policies normally adopted by the Group.

The above opinion is provided solely on the basis of and in accordance with practice established in the United Kingdom. In the United States, reporting standards and practice are different and the role of the reporting accountant does not provide for the expression of an opinion with respect to a forecast of normalised earnings except in the context of minimum presentation guidelines with which the profit forecast presented herein does not comply. Consequently, we are unable, under United States practice and standards, to express any opinion with respect to normalised earnings.

Yours faithfully

KPMG Audit Plc

Letter from Goldman Sachs International

The Directors
Allied Domecq PLC
The Pavilions
Bridgwater Road
Bedminster Down
Bristol BS13 8AR

25 May 2005

Dear Sirs

Allied Domecq PLC

We refer to the forecast of normalised earnings at constant foreign exchange rates, that is Profit earned for Ordinary Shareholders, before exceptional items and goodwill amortisation net of tax (together the "Forecast") of Allied Domecq PLC (the "Company") and its subsidiary undertakings (the "Group") for the year ending 31 August 2005, set out in Part V of the scheme document from the Company to its shareholders dated 25 May 2005.

We have discussed the Forecast and the bases and assumptions on which it is made with the directors and officers of the Company and with KPMG Audit Plc ("KPMG"), the Company's auditors. We have also discussed the accounting policies and basis of calculation for the Forecast with KPMG and have considered their letter of 25 May 2005 addressed to you and ourselves on this matter. We have relied upon the accuracy and completeness of all the financial and other information discussed with us and assumed such accuracy and completeness for the purposes of providing this letter.

As a result of these discussions and having regard to the letter from KPMG, we consider that the Forecast, for which you, as directors of the Company, are solely responsible, has been made with due care and consideration.

This report is provided to you solely in connection with Rules 28.3(b) and 28.4 of the City Code on Takeovers and Mergers and for no other purpose.

Yours faithfully

Goldman Sachs International

Registered in England No. 2263951 Registered Office: Peterborough Court, 133 Fleet Street, London EC4A 2BB

PART VI

FINANCIAL INFORMATION OF PERNOD RICARD

SECTION A
AUDITED CONSOLIDATED FINANCIAL STATEMENTS
OF PERNOD RICARD FOR THE THREE YEARS ENDED 31 DECEMBER 2004

Introduction

The financial information in Section A of this Part VI does not constitute statutory accounts within the meaning of section 240 of the Companies Act and has been extracted without material adjustment from the published audited consolidated accounts of Pernod Ricard for the periods ended 31 December 2004, 31 December 2003 and 31 December 2002. The joint statutory auditors of Pernod Ricard have reported on the statutory accounts of Pernod Ricard for those periods. Those reports were unqualified.

Consolidated financial statements (at 31 December 2002, 2003 and 2004) and Notes

Consolidated Income Statement

Interim situation for 12 months to 31 December 2004 and for the fiscal years ended 31 December 2003 and 2002

	Notes	2004	2003	2002	2004/2003
			(€m)		
Net sales excluding duties and taxes		**3,571.6**	**3,533.7**	**4,835.7**	**1.1%**
Cost of goods sold		(1,220.4)	(1,229.8)	(2,374.5)	(0.8)%
Gross profit		**2,351.3**	**2,303.9**	**2,461.2**	**2.1%**
Advertising & Promotion costs plus distribution costs		(939.2)	(888.6)	(962.5)	5.7%
Contribution after Advertising & Promotion		**1,412.1**	**1,415.3**	**1,498.7**	**(0.2)%**
Structure costs and selling costs		(669.6)	(676.1)	(748.4)	(1.0)%
Operating profit		**742.5**	**739.2**	**750.3**	**0.5%**
Net finance cost	3	(89.3)	(101.6)	(153.3)	(12.1)%
Net profit before tax and exceptional items		**653.3**	**637.6**	**597.0**	**2.5%**
Net exceptional income	4	36.5	60.1	9.6	(39.3)%
Income tax	5	(179.1)	(167.5)	(156.9)	6.9%
Net profit before income from associates		**510.6**	**530.2**	**449.7**	**(3.7)%**
Income (loss) from associates		(0.1)	0.1	1.0	ns
Net profit before goodwill amortisation		**510.5**	**530.3**	**450.7**	**(3.7)%**
Goodwill amortisation	7	(14.8)	(58.3)	(30.0)	(74.7)%
Net profit before minority interest		**495.7**	**472.0**	**420.7**	**5.0%**
Minority interest		(8.4)	(8.2)	(7.9)	2.6%
Group net profit		**487.3**	**463.8**	**412.8**	**5.1%**

Earnings per share	6				
Profit before tax		9.32	9.05	8.47	3.0%
Group net profit		6.95	6.58	5.86	5.6%

Fully diluted earnings per share	6				
Profit before tax		8.84	8.63	8.07	2.4%
Group net profit					

Breakdown of operating profit

by business segment

Wine and Spirits business

	2004	2003	Change 2003/2004		Organic growth	
			(€m)			
Net sales excluding duties and taxes	3,489.5	3,418.6	70.9	2.1%	197.5	5.8%
Gross profit	2,331.0	2,275.7				
Contribution after Advertising & Promotion	1,400.7	1,396.9				
Operating profit	**741.7**	**736.5**	**5.2**	**0.7%**	**70.6**	**9.6%**

Other businesses

	2004	2003	Change 2003/2004		Organic growth	
			(€m)			
Net sales excluding duties and taxes	82.1	115.1	(32.9)	(28.6)%	(8.2)	(7.1)%
Gross profit	20.3	28.3				
Contribution after Advertising & Promotion	11.4	18.5				
Operating profit	**0.8**	**2.7**	**(2.0)**	**(72.2)%**	**(4.1)**	**(148.0)%**

Total

	2004	2003	Change 2003/2004		Organic growth	
			(€m)			
Net sales excluding duties and taxes	3,571.6	3,533.7	37.9	1.1%	189.3	5.4%
Gross profit	2,351.3	2,303.9				
Contribution after Advertising & Promotion	1,412.0	1,415.3				
Operating profit	**742.5**	**739.2**	**3.3**	**0.5%**	**66.5**	**9.0%**

Analysis of Wine and Spirits

by geographic region

France

	2004	2003	Change 2003/2004		Organic growth	
			(€m)			
Net sales excluding duties and taxes	579.6	580.7	(1.1)	(0.2)%	2.1	0.4%
Gross profit	451.8	453.9				
Contribution after Advertising & Promotion	264.0	272.4				
Operating profit	**107.9**	**114.2**	**(6.3)**	**(5.5)%**	**(5.9)**	**(5.2)%**

Europe

	2004	2003	Change 2003/2004		Organic growth	
			(€m)			
Net sales excluding duties and taxes	1,393.7	1,359.7	34.0	2.5%	47.5	3.5%
Gross profit	919.3	878.3				
Contribution after Advertising & Promotion	565.9	541.8				
Operating profit	**311.3**	**293.9**	**17.4**	**5.9%**	**17.8**	**6.1%**

Americas

	2004	2003	Change 2003/2004		Organic growth	
			(€m)			
Net sales excluding duties and taxes	753.7	770.2	(16.6)	(2.1)%	61.7	8.0%
Gross profit	473.6	483.1				
Contribution after Advertising & Promotion	293.3	305.8				
Operating profit	**172.2**	**179.1**	**(6.9)**	**(3.8)%**	**29.6**	**16.5%**

Asia and Rest of the World

	2004	2003	Change 2003/2004		Organic growth	
			(€m)			
Net sales excluding duties and taxes	762.5	708.0	54.5	7.7%	86.2	12.2%
Gross profit	486.3	460.4				
Contribution after Advertising & Promotion	277.5	276.9				
Operating profit	**150.2**	**149.2**	**1.0**	**0.7%**	**29.1**	**19.5%**

Total

	2004	2003	Change 2003/2004		Organic growth	
			(€m)			
Net sales excluding duties and taxes	3,489.5	3,418.6	70.9	2.1%	197.5	5.8%
Gross profit	2,331.0	2,275.7				
Contribution after Advertising & Promotion	1,400.7	1,396.9				
Operating profit	**741.7**	**736.5**	**5.2**	**0.7%**	**70.6**	**9.6%**

Consolidated Balance Sheet

Interim situation for 12 months to 31 December 2004 and for the fiscal years ended 31 December 2003 and 2002

ASSETS

		2004				
	Notes	**Gross value**	**Depreciation amortisation & provisions**	**Net value**	**2003 Net value**	**Pro forma[1] 2002 Net value**
				(€m)		
Fixed assets						
Intangible assets		*2,026.8*	*119.2*	*1,907.6*	*1,955.6*	*2,092.8*
Acquisition goodwill		*411.0*	*207.9*	*203.1*	*199.0*	*242.5*
Intangibles and acquisition goodwill	7	2,437.8	327.1	2,110.6	2,154.6	2,335.3
Property, plant and equipment	8	1,649.1	836.0	813.2	821.6	819.7
Investments	9	479.1	421.5	57.6	148.2	363.6
Equity investment	9	24.7	0.0	24.7	24.2	0.0
Total fixed assets		**4,590.7**	**1,584.6**	**3,006.2**	**3,148.5**	**3,518.6**
Current assets						
Inventories	10	2,049.7	32.4	2,017.2	2,027.3	2,105.5
Receivables	11	1,257.9	78.3	1,179.6	1,131.7	1,438.0
Deferred tax asset	5	290.6	2.3	288.2	336.6	206.6
Marketable securities	17	187.2	1.4	185.7	156.1	90.4
Cash and equivalents		192.7	0.0	192.7	152.4	89.4
Total current assets		**3,978.1**	**114.4**	**3,863.4**	**3,804.1**	**3,929.9**
Prepaid expenses and deferred charges		48.1	0.0	48.1	50.8	60.3
OCEANE bond redemption premiums		59.1	28.9	30.2	40.2	50.3
Currency translation adjustment		0.0	0.0	0.0	0.0	1.2
Total assets		**8,676.0**	**1,727.9**	**6,947.8**	**7,043.6**	**7,560.3**

Note:

(1) The 31 December 2002 pro forma statements include the OCEANE convertible bonds in net financial debt and reflect the impact on provisions for contingencies, deferred tax and shareholders' equity of the change in the accounting method for retirement and related benefits.

Consolidated Balance Sheet

Interim situation for 12 months to 31 December 2004 and for the fiscal years ended 31 December 2003 and 2002

SHAREHOLDERS' EQUITY AND LIABILITIES

	Notes	**2004**	**2003**	**Pro forma[1] 2002**
			(€m)	
Share capital		218.5	218.5	174.8
Share premium		37.7	37.7	37.7
Reserves and translation adjustments to the reserves		2,215.1	2,029.9	1,903.5
Group net profit		487.3	463.8	412.8
Translation adjustments to net profit		(7.5)	(19.1)	(14.1)
Group shareholders' equity		**2,951.1**	**2,730.8**	**2,514.7**
Minority interests		**25.3**	**24.9**	**24.0**
Including minority interest in profit		8.4	8.2	7.9
Provisions for contingencies	12	449.3	519.0	585.1
Deferred tax liability	5	125.2	118.4	
OCEANE convertible bond		547.9	547.9	547.9
Other financial debt		1,704.6	1,910.0	2,473.4
Total financial debt	**13**	**2,252.5**	**2,457.9**	**3,021.3**
Operating liabilities		986.6	1,034.1	1,066.1
Other liabilities		153.3	148.2	339.8
Total other liabilities		**1,139.9**	**1,182.3**	**1,405.9**
Accrued charges and deferred income		4.4	10.4	9.3
Total equity and liabilities		**6,947.8**	**7,043.6**	**7,560.3**

Note:

(1) The 31 December 2002 pro forma statements include the OCEANE convertible bonds in net financial debt and reflect the impact on provisions for contingencies, deferred tax and shareholders' equity of the change in the accounting method for retirement and related benefits.

Consolidated Statement of Changes in Shareholders' Equity

	Share Capital	Share premiums	Consolidated reserves	Group net profit	Translation adjustment	Treasury shares	Total shareholders' equity
				(€m)			
At 31 December 2002	**174.8**	**37.7**	**2,033.8**	**412.8**	**(90.3)**		**2,568.7**
Allocation of Group net profit to retained earnings			412.8	(412.8)			
Acquisition (disposal) of treasury shares							
Share capital increase(1)	43.7		(43.7)				
Net profit				463.8			463.8
Cash dividend distribution by parent company			(118.0)				(118.0)
Currency translation adjustments					(196.5)		(196.5)
Translation adjustment on financial debt (net investment hedge)					49.3		49.3
Impact of change in accounting method for retirement and related benefits			(54.1)				(54.1)
Other			17.6				17.6
At 31 December 2003	**218.5**	**37.7**	**2,248.4**	**463.8**	**(237.5)**		**2,730.8**
Allocation of Group net profit to retained earnings			463.8	(463.8)			
Acquisition (disposal) of treasury shares(2)						(100.9)	(100.9)
2004 Group net profit				487.3			487.3
Cash dividend distribution by parent company			(147.6)				(147.6)
Currency in translation adjustments(3)					(64.5)		(64.5)
Translation adjustment on financial debt(4) (net investment hedge)					46.0		46.0
Other							
At 31 December 2004	**218.5**	**37.7**	**2,564.6**	**487.3**	**(256.0)**	**(100.9)**	**2,951.1**

Notes:

(1) Allocation of 1 bonus share for every 4 existing shares.

(2) Explained in Note 17.

(3) Including €(68) million relating to the US Dollar, €(12) million to the Australian Dollar and €16 million to other foreign currencies (in particular the GBP and PLN).

(4) Including €50 million relating to the US Dollar and €(4) million to other currencies.

Consolidated Cash Flow Statement

Interim situation for 12 months to 31 December 2004 and for the fiscal years ended 31 December 2003 and 2002

	2004	2003	Pro forma 2002[(1)]
		(€m)	
Group net profit	487.3	463.8	412.8
Minority interest	8.4	8.2	7.9
Income (loss) from associates (net of dividends received)	(0.4)	(0.6)	0.0
Property, plant and equipment depreciation	99.5	108.1	112.9
Intangibles and goodwill amortisation	16.5	90.4	33.5
Change in provisions for contingencies[(2)]	(31.1)	(53.5)	(4.4)
Change in deferred taxes	51.4	(8.2)	(40.2)
Gains on disposals of fixed assets and other items	(61.4)	(135.5)	(42.3)
Cash flow	**570.3**	**472.7**	**480.2**
Decrease (increase) in working capital requirement	(116.2)	12.9	(42.7)
Acquisition of PPE and intangibles (net of disposals)	(81.5)	(104.1)	(142.5)
Change in fixed assets related receivables and liabilities	4.2	1.6	(13.0)
Free Cash Flow	**376.9**	**383.1**	**282.0**
Acquisitions of financial assets (net of disposals)	78.0	288.7	107.9
Impact of changes in scope of consolidation	17.0	(0.4)	396.3
Acquisition of treasury shares[(3)]	(100.9)		
Dividends paid (including withholding tax)	(150.8)	(122.4)	(102.0)
Decrease (increase) in financial debt before foreign exchange impact	**220.2**	**549.0**	**684.2**
Foreign exchange impact	45.2	133.0	219.1
Net decrease (increase) in financial debt after foreign exchange impact	**265.4**	**682.0**	**903.3**
Net financial debt at the beginning of the fiscal year[(4)]	(2,109.2)	(2,791.2)	(3,694.5)
Net financial debt at the end of the fiscal year	(1,843.9)	(2,109.2)	(2,791.2)

Notes:

(1) The 2002 pro forma cash flow data includes the restatement of the OCEANE bonds as financial debt.

(2) Excluding writedowns of current assets, as detailed in Note 16.

(3) Cf. details provided in Note 17.

(4) The opening financial debt at 1st January 2003 has been restated for the OCEANE bonds in accordance with the presentation of the financial statements at 31.12.2003.

Note 1 Accounting principles and methods

1.1 Change of fiscal year end

Pursuant to a Resolution of the Combined Ordinary and Extraordinary Shareholders' Meeting of 17 May 2004, the current fiscal year has been extended by six months and shall end on 30 June 2005. Subsequent years shall begin on 1 July and end on 30 June.

Consequently, the financial statements drawn up at 31 December 2004 represent an interim situation in relation to the annual presentation which shall be made on 30 June 2005.

1.2 Principles for the preparation of the financial statements at 31 December 2004

The consolidated financial statements of Pernod Ricard Group have been prepared in accordance with the French Accounting Standards Commission ("CNC") Recommendation no. 99R01 on interim financial statements and follow accounting rules and methods identical to those used for the annual financial statements, presented in Notes 1.4 to 1.22, where it is provided that the tax charge for the interim financial statements is calculated by applying to the accounting profit of each entity the estimated average tax rate for the current fiscal year.

1.3 Changes in accounting methods for financial year 2003 and pro forma financial statements

As explained in Note 1 to the annual financial statements drawn up at 31 December 2003, Pernod Ricard adopted certain changes in accounting principles and presentation of the financial statements in 2003.

These involve:

- a change in the method of accounting for retirement and similar benefits
- a change in the method of calculating diluted earnings per share
- a change in presentation of the OCEANE convertible bonds

In order to ensure comparability between financial years, pro forma statements are presented in the financial statements and in the Notes. In particular, the pro forma balance sheet at 31 December 2002 includes the effects of the change in accounting method for retirement benefits as well as the change in presentation of the OCEANE convertible bonds.

1.4 Consolidation scope and methods

The Group's consolidated financial statements incorporate, using the full consolidation method, the financial statements of significant subsidiaries that are directly or indirectly controlled by Pernod Ricard either through the ownership of more than 50% of the share capital or through the exercise of defacto control.

The Group does not consolidate its investments in less significant companies (net sales and total assets of less than €10 million) other than those relating to its Wine and Spirits business, given the importance and the projected growth of markets in which these companies evolve.

Companies in which the Group exercises a significant influence but no control are accounted for using the equity method.

A list of the consolidated companies is provided in Note 22. For purposes of simplification or to avoid any serious harm to the Group that could thereby result, only the names and addresses of the main companies included in the consolidation scope are listed.

1.5 Foreign currency translation methods

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

- balance sheet items have been translated at official year-end rates
- income statement items have been translated using the yearly average rate for each currency
- differences in currency translation resulting from the effect of fluctuations in the exchange rates between 31 December 2003 and 31 December 2004 on opening shareholders' equity and from the use of different exchange rates in translating the income statement and the balance sheet have been included

in consolidated reserves.

Foreign currency denominated transactions are translated at the transaction dates' prevailing exchange rates. The exchange gains and losses resulting from the translation of the balances at the 31 December 2004 exchange rates are recorded in the income statement.

1.6 Intangible assets

Intangible assets are recorded at their acquisition cost and are written down when their value in use is less than their net book value.

Acquired brands

The book value of acquired brands is determined on the basis of an actuarial computation of projected future after-tax operating profit streams.

The excess fair market value assigned to acquired brands during a corporate acquisition may not exceed the remaining excess fair market values following their initial allocation to all the other balance sheet assets and liabilities.

The individual value of all brands appearing on the balance sheet is subject to an annual review. Exceptional writedowns, if any, are detailed in Note 7.

Profit projections are made over a 20-year period using managerial forecasting systems for the first three years and an assessment of the brand prospects for the following years. The calculation takes into account a residual value, the assessment of which depends on the growth and profitability profile of each brand. The discount rate used takes into account the geographic spread of profits.

1.7 Research and development costs

Research and development costs are recognised in the fiscal year in which they are incurred. They amounted to approximately €10 million for the period from 1 January 2004 to 31 December 2004.

1.8 Property, plant and equipment

Property, plant and equipment assets are valued at their acquisition cost.

Depreciation is calculated using the straight-line method or, where applicable, the declining balance method, over the estimated useful life of the assets.

The average depreciation periods for the main fixed asset categories are as follows:

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

Property assets of significant value acquired through a finance lease are capitalised and depreciated over their economic life.

Sale and leaseback assets are treated similarly, with the resulting capital gain eliminated in the year in which it occurs.

Obsolescence is reflected in the depreciation calculations.

1.9 Investments

Equity investments in unconsolidated companies are valued at their acquisition cost. A provision for writedown is established if the market value in use falls below the net book value.

This value in use can generally be estimated on the basis of the company's stock price, the Group's pro rata share of the company's shareholders' equity or the company's growth and profitability prospects.

1.10 Goodwill

Since 1 January 1986, acquisition goodwill has been reflected in assets and assigned to brands if appropriate.

Acquisition goodwill is amortised on a straight-line basis over a period appropriate to the acquisition but not exceeding 40 years.

Recent acquisition goodwill (since 1996) is amortised over a period not exceeding 20 years.

At the end of each financial year, the value of acquisition goodwill is reassessed using the methodology described in Note 1.6, which may result in an exceptional writedown if the value in use thus determined is lower than net book value.

1.11 Inventories

Inventories are valued at cost or market value if the latter is lower. A provision for writedown is established when the inventory value is less than the net book value.

Most inventories are valued using the weighted average cost method.

Long-term inventory costs are calculated using a standard method, which includes distilling and ageing costs but excludes interest expense. These inventories are classified under current assets in accordance with prevailing business practice, although a large part remains in inventory for more than one year before being sold.

1.12 Marketable securities

Marketable securities are recorded in the balance sheet at their historic cost. A provision for writedown is established when the year-end market value of a marketable security is less than its historic cost.

1.13 Treasury shares

Pernod Ricard shares specifically held for the purpose of their allocation to holders (employees or directors) of stock options are recorded as marketable securities. When the acquisition cost is higher than the exercise price of the options, a provision for writedown is recognised.

Other treasury shares held are reported at the cost of acquisition as a deduction from consolidated shareholders' equity.

1.14 Foreign currency denominated loans

Translation differences arising from loans in currency different from the operating currency of the borrowing entity are treated as follows:

- for a loan relating to an investment in a legal entity whose reporting currency is the same as that of the financial debt, the resulting translation difference is recorded, net of tax, in shareholders' equity
- for a loan relating to an asset whose value fluctuates with the borrowed currency, the resulting translation difference is recorded, net of tax, in shareholders' equity
- for a loan that cannot be related to a specific asset, the resulting translation difference is recorded as an exchange gain or loss in the income statement.

Translation differences recorded in the income statement are disclosed in Note 3., while those recorded in equity are disclosed separately in the consolidated statement of changes in shareholders' equity.

1.15 Convertible bonds

Convertible bond redemption premiums are capitalised as an asset and amortised over the term of the bonds.

Issue costs are amortised on a pro rata basis over the term of the bonds.

1.16 Provisions for contingencies

1.16.1 Nature of provisions

Provisions for contingencies are established to provide for the probable outflow of resources arising from current obligations relating to past events.

These provisions are properly assessed by taking into account the most probable assumptions or by relying on statistical methods depending on the nature of the obligations.

Provisions for contingencies notably comprise the following contingencies:

- provisions for retirement and similar benefits
- provisions for restructuring
- provisions for litigation (tax, legal, corporate).

1.16.2 Opening balance sheet provisions pursuant to an acquisition

The accounting for an acquisition may lead to the recording of provisions (restructuring, litigation, etc.) in the opening balance sheet. These provisions constitute liabilities that increase the excess fair market value amount, potentially leading to the creation or increase in value of any resulting acquisition goodwill.

Once the period for recording items to the opening balance sheet has lapsed, reversals of unused provisions are offset against acquisition goodwill without any impact on net profit.

When there is no acquisition goodwill resulting from an acquisition, the reversal of unused provisions is taken to income.

1.17 Provisions for retirement and similar long-term benefits granted to employees

1.17.1 Description and accounting of commitments

Pernod Ricard's commitments are comprised of:

- post-employment long-term benefits granted to employees (retirement benefits, pensions, medical plan coverage, etc.)

long-term employment benefits granted to the employees during their employment.

The liability arising from the Group's net commitment to its workforce for retirement and similar benefits is accounted for as a provision for contingencies in the balance sheet.

1.17.2 Determination of the net commitment to provision

Pernod Ricard's current commitment is equal to the difference, for each retirement plan, between the current value of retirement commitments to employees and the current value of investments funded for retirement plan contributions.

The current value of commitments to personnel is calculated using the projected benefit method based on projected end-of-career salary (credit unit projection method). The calculation is made at the end of each fiscal year and individual employee data is revised at least every three years. This calculation takes into account economic assumptions (inflation rate, discount rate, projected return on investment) and personnel assumptions (primarily: average salary inflation rate, personnel turnover rate, life expectancy).

Investments funding the Group's retirement commitments are valued at their year-end closing market values.

1.17.3 Treatment of actuarial differences

Actuarial differences arise mainly from differences between estimates and reality (such as differences arising from the projected value of investments and their actual closing market value) and from modifications to long-term actuarial assumptions (such as discount rate and salary inflation rate modifications, etc.).

Long-term benefits arising during employment (such as seniority bonuses) are provided for in full at year-end.

In all other cases, these differences are only provided for if, for a specific plan, they represent more than 10% of the greater of the gross commitment amount and the market value of corresponding investment assets (corridor principle). The provision is then made on a straight-line basis over the average number of remaining years of service for employees of the plan concerned (amortisation of actuarial differences).

1.17.4 Items constituting expenses for the year

The charge recognised for the commitments described above includes:

- the charge corresponding to the acquisition of an additional year of rights
- the charge corresponding to the change in the discounting of existing rights at the start of the year, taking into account the passing of the year
- the income corresponding to the projected return from investments
- the charge/income corresponding to the amortisation of positive/negative actuarial differences
- the charge/income corresponding to the modifications of existing plans or the establishing of new plans
- the charge/income corresponding to any plan reduction or liquidation.

1.18 Exceptional income and expenses

Pernod Ricard records as exceptional income certain non-recurring income and expenses realised during the fiscal year, primarily comprising:

- capital gains/losses and provisions on fixed asset disposals (property, plant and equipment, equity investments, etc.)
- brand writedowns pursuant to valuation tests
- provisions for restructuring charges
- provisions for litigation charges

Net exceptional income is detailed in Note 4.

1.19 Income tax

Deferred taxes are calculated on all of the timing differences between the tax and accounting values of the assets and liabilities and are accounted for using the liability method.

Timing differences relating to brands that cannot be sold independently from the acquired company to which they belong do not result in any deferred tax accounting.

Deferred tax assets on tax losses carried forward and long-term capital losses are recorded only if there is a high probability of offsetting them in the short term against future taxable profits.

For the first time since the consolidation of the Seagram acquisition, deferred tax was recorded for the timing differences on goodwill and brands, except for acquired brands that cannot be sold independently from the companies to which they belong.

1.20 Diluted earnings per share

The calculation of diluted earnings per share takes into account the potential impact for that fiscal year of all dilutive instruments (such as stock subscription options, convertible bonds, etc.) on the theoretical number of shares.

The purchase method is used to determine the theoretical number of shares to use when funds are generated from the exercise of options/rights attached to the dilutive instruments.

When funds are generated at the issue date of dilutive instruments, the net profit is restated for the finance cost, net of tax, relating to these instruments.

1.21 Management of financial risks and accounting for interest rate hedging contracts

1.21.1 Management of financial risks

Pernod Ricard applies a non-speculative risk coverage policy through the use of derivative financial instruments to manage its exposure to market risks. These off-balance sheet instruments are used to cover risks arising from firm commitments or highly likely future transactions of the Group.

1.21.1.1 Management of the exchange risk

Equity risks:

The use of foreign currency financial debt to finance the acquisition of assets acquired by the Group in the same foreign currency provides a natural hedge. This principle was notably used to finance the acquisition of the Seagram assets.

Operating risks:

Recorded foreign exchange exposure, notably on internal transactions, is subject to monthly offset. Residual exposure is generally hedged by 2 to 6 month term purchases and sales contracts.

A portion of external flows, which have been budgeted as highly probable, are subject to fixed or optional hedging over a maximum 24-month period.

All these hedging operations are carried out or approved in advance by the Group Financing and Treasury Department within the framework of a program authorised by Group Senior Management.

1.21.1.2 Management of interest rate risks

Pernod Ricard has complied with a requirement by the banks for interest rate risk coverage protection on their syndicated loan.

This obligation covered two-thirds of the syndicated loan amount for a period of 4 years.

The Group has used interest rate swaps and options.

The notional and market values of these off-balance sheet financial instruments are presented in Note 15.

1.21.2 Accounting for interest rate hedging contracts

Income and expenses relating to interest rate hedging contracts entered into are recorded in the Pernod Ricard income statement on a prorata basis over the term of these contracts:

- Premiums paid are spread, for accounting purposes, over the duration of the contract
- Interest rate differentials received or paid from time to time are recorded in the fiscal year in which they occur.

1.22 Monitoring of off-balance sheet commitments

The Group monitors its off-balance sheet commitments centrally through a monitoring reporting system, with periodic reporting to the Board of Directors.

The Group certifies that it has not omitted to report the existence of any significant off-balance commitments in the presentation of its financial statements.

Note 2 Scope of consolidation

The major impacts of company acquisitions and disposals on consolidated financial results for the period from 1 January 2004 to 31 December 2004 were:

- Disposal of Granger Bouguet Pau (production of fruit preparations) in January 2004
- Disposal of Crus et Domaines de France (marketing of wines) in January 2004
- Disposal of the assets of CFPO (Orangina) in November 2004
- Acquisition of Framingham (wine production in New Zealand) in June 2004.

These acquisitions and disposals did not have significant impacts on the financial statements of the Group.

Note 3 Net finance cost

	2004	2003	2002
		(€m)	
OCEANE convertible bonds' interest expenses	*(12.2)*	*(12.2)*	*(10.8)*
Redemption premium amortisation	*(10.1)*	*(10.1)*	*(8.8)*
Other net interest expenses	*(54.7)*	*(73.2)*	*(133.2)*
Finance cost net of interest income	(77.0)	(95.5)	(152.8)
Equity investment income	1.2	8.1	15.8
Exchange gains/(losses)	(1.9)	(7.1)	(8.3)
Other finance costs	(11.6)	(7.1)	(8.0)
Net finance cost	**(89.3)**	**(101.6)**	**(153.3)**

The average cost of financial debt amounted to 3.5% in 2004 compared with 3.7% in 2003. The reduction in equity investment income is the result of the disposal of Société Générale shares during 2003.

Note 4 Net exceptional income

	2004	2003	2002
		(€m)	
Seagram net transition expenses	0	0	(14.4)
Fixed asset disposals, provisions for contingencies and exceptional writedowns	67.7	78.0	36.7
Restructuring charges	(21.7)	(10.9)	(1.9)
Other	(9.5)	(7.0)	(10.8)
Exceptional income before tax	**36.5**	**60.1**	**9.6**
Related income tax	(8.1)	(1.6)	(7.0)
Net exceptional income	**28.4**	**58.5**	**2.6**

In 2004, the € 67.7 million under the heading "Fixed assets disposals, provisions for contingencies and exceptional writedowns" were mainly the result of capital gains on disposals of fixed assets and in particular:

- disposal of the assets of CFPO (Orangina) for € 33.5 million
- disposal of the Northmall site (Ireland) for € 15.9 million
- disposal of Simeon wines shares (listed in Australia) for € 4.4 million.

The remainder consisted of changes in provisions and capital gains/losses of lesser importance.

Restructuring charges were mainly related to plans for the rationalisation of production in Ireland and Scotland.

In 2003, the € 78 million under the heading "Fixed assets disposals, provisions for contingencies and exceptional writedowns" included:

- a capital gain on the disposal of Société Générale shares for € 133.3 million
- capital losses and provision charges relating to the disposal of diversification activities for € (41.5) million
- unused litigation provision reversals arising from the Seagram acquisition for € 30.5 million
- an exceptional writedown of the Wyborowa brand for € (28.7) million
- € (15.6) million of miscellaneous provisions, comprising notably a litigation provision established regarding the ownership of the Becherovka brand in certain markets.

Note 5 Income tax

Pernod Ricard benefits from a Tax Consolidation for French companies that are more than 95% owned.

Breakdown of income tax into income tax payable and deferred income tax

	2004	2003	2002

	2004	2003	2002
		(€m)	
Income tax payable	(139.8)	(194.3)	(158.6)
Deferred income tax	(39.3)	26.8	1.7
Total	**(179.1)**	**(167.5)**	**(156.9)**

Breakdown of deferred tax

	2004	2003	2002
		(€m)	
Deferred tax assets	290.6	336.6	302.3
Deferred tax liabilities	125.2	118.4	117.7
Net deferred tax asset	**165.4(*)**	**218.3(*)**	**184.6**

(*) From 2003, deferred tax assets and liabilities are no longer netted in the balance sheet.

Deferred tax assets and liabilities are set out below by nature:

	2004	2003
	(€m)	
Unrealised inventory holding gains	44.0	36.4
Fixed assets revaluations	80.7	96.7
Retirement provisions	34.9	39.3
Deferred tax asset on other provisions and other	131.0	164.3
Deferred tax assets	**290.6**	**336.6**
Special depreciation charge	53.1	53.2
Fixed asset writedown	18.8	18.8
Deferred charges	11.3	7.0
Other	42.0	39.4
Deferred tax liabilities	**125.2**	**118.4**

Tax proof

	On ordinary activities	On exceptional items	On net profit*
		(€m)	
Theoretical income tax expense at French tax rate (35.43%)	**(231.4)**	**(12.9)**	**(244.4)**
Impact of differences in tax rates	36.0	2.1	38.1
Impact of tax losses used	5.5	0.2	5.7
Impact of reduced tax rate	14.2	(0.2)	14.0
Other impacts	4.8	2.7	7.5
Actual income tax liability	**(171.0)**	**(8.1)**	**(179.1)**
Actual income tax rate	***26.2%***	***22.2%***	***26.0%***

* Net profit before goodwill amortisation, income from associates and income tax.

The 2004 actual tax rate was 26.0% against 24.0% to 31 December 2003. Restated for exceptional items, the actual tax rate was 26.2% against 26.0% for 2003.

The positive impact of differences in tax rates relates primarily to profits taxed in the Republic of Ireland and, to a lesser extent, those taxed in the United Kingdom and Australia.

Unrecognised tax losses

The Group had unrecognised tax losses at 31 December 2004 of a € 174 million basis and actual tax loss of € 32 million primarily located in Asia.

Note 6 Earnings per share before and after dilution

As indicated in Note 1.3, the diluted earnings per share (EPS) calculation was revised in 2003. The following table presents a pro forma calculation for earnings to 31 December 2002.

	2004	2003	Pro forma 2002
Profit data (€ million)			
Profit before tax	653.3	637.6	597.0
Group net profit	487.3	463.8	412.8
Neutralisation of OCEANE interest expenses	22.3	22.3	19.6
Income tax effect on OCEANE interest expenses	(7.9)	(7.9)	(6.9)
Restated profit before tax	**675.6**	**659.9**	**616.6**
Restated Group net profit	**501.7**	**478.2**	**425.5**
Share data[1]			
Average number of shares in circulation[2]	70,126,951	70,484,081	70,484,081
Dilutive effect of stock options	612,396	262,586	175,927
Dilutive effect of OCEANE	5,709,696	5,709,696	5,709,696
Diluted number of shares in circulation	**76,449,044**	**76,456,364**	**76,369,704**
Non diluted EPS profit before tax	**9.32**	**9.05**	**8.47**
Non diluted EPS Group net profit	**6.95**	**6.58**	**5.86**
Diluted EPS profit before tax	**8.84**	**8.63**	**8.07**
Diluted EPS Group net profit	**6.56**	**6.25**	**5.57**

(1) The number of shares in 2002 has been restated to take into account the allocation of 1 bonus share for 4 existing shares made on 14.02.2003.

(2) One million (1,000,000) Pernod Ricard shares were purchased in August and September 2004. The reduction of 357,130 shares between 2003 and 2004 corresponds to the amount, prorata temporis, for the full year.

Note 7 Intangible assets, goodwill and goodwill amortisation

		Changes during the year				
	At 31.12.2003	Acquisitions/ amortisation	Disposals	Translation adjustment	Other movements	At 31.12.2004
			(€m)			
Goodwill	393.0	1.0	(0.0)	(1.6)	18.6	411.0
Brands	1,987.4	1.1	(8.1)	(28.3)	(16.7)	1,935.4
Other intangible assets	97.9	5.2	(11.2)	(1.5)	1.0	91.4
Gross book value	**2,478.3**	**7.3**	**(19.3)**	**(31.4)**	**2.9**	**2,437.8**
Goodwill	194.0	14.8	(0.0)	(0.9)	(0.0)	207.9
Brands	91.9	1.8	(4.7)	(0.4)	1.3	89.9
Other intangible assets	37.8	6.0	(11.2)	(0.5)	(2.8)	29.3
Amortisation	**323.7**	**22.5**	**(15.9)**	**(1.7)**	**(1.5)**	**327.1**

		Changes during the year				
Net intangible assets	**2,154.6**	**(15.2)**	**(3.4)**	**(29.7)**	**4.4**	**2,110.6**

Other information on intangible assets

70% of the brands relate to Seagram brands, in particular Chivas Regal, Martell, Seagram's Gin and The Glenlivet, which were recognised at acquisition.

The Group is not dependent on any specific patent or licence.

Note 8 Property, plant and equipment

	At 31.12.2003	Acquisitions/ amortisation	Disposals	Translation adjustment	Other movements	At 31.12.2004
		Changes during the year				
			(€m)			
Land	82.9	0.4	(4.9)	(2.0)	9.8	86.2
Buildings	470.8	8.4	(10.5)	(1.1)	(1.7)	465.9
Machinery and equipment	833.0	33.9	(43.1)	(7.6)	11.3	827.5
Other	216.9	10.6	(4.9)	(0.9)	(4.2)	217.5
Assets under construction	37.7	55.5	(0.1)	(0.7)	(42.5)	49.9
Advances	1.6	1.8	(0.2)		(1.1)	2.1
Gross book value	**1,642.9**	**110.6**	**(63.7)**	**(12.3)**	**(28.4)**	**1,649.1**
Land	15.7	3.1	(0.1)	(0.5)	1.7	19.9
Buildings	197.7	23.0	(5.9)	(0.1)	(5.8)	208.9
Machinery and equipment	494.8	56.5	(40.6)	(1.6)	(17.2)	491.9
Other	112.8	10.9	(4.2)	(0.4)	(4.2)	114.9
Assets under construction	0.3					0.3
Advances						0.0
Depreciation	**821.4**	**93.5**	**(50.8)**	**(2.6)**	**(25.4)**	**836.0**
Net book value of property, plant and equipment	**821.6**	**17.1**	**(12.9)**	**(9,7)**	**(3,0)**	**813.2**

Fixed assets financed by financing leases amounted to € 11.2 million at 31 December 2004.

Note 9 Investments

	At 31.12.2003	Acquisitions/ amortisation	Disposals	Translation adjustment	Other movements	At 31.12.2004
		Changes during the year				
			(€m)			
Other shareholdings	478.8	0.4	(51.4)	(0.4)	1.1	428.5
Related receivables	33.0	0.2	(8.8)	0.4	0.0	24.8
Other investments	5.5	1.4	(0.2)		(0.1)	6.6
Loans	80.4	2.4	(64.1)		0.5	19.2
Gross book value	**597.7**	**4.4**	**(124.5)**	**0.0**	**1.5**	**479.1**
WP other shareholdings	413.6	0.1	(32.3)	(0.2)	4.6	385.8
WP related receivables	21.5	0.1	(5.1)		5.1	21,6
WP Other investments	0.1					0.1
WP loans	14.3	(0.2)	(10.8)		10.7	14.0
Writedown provisions (WP)	**449.5**	**0.0**	**(48.2)**	**(0.2)**	**20.4**	**421.5**
Net investments	**148.2**	**4.4**	**(76.3)**	**0.2**	**(18.9)**	**57.6**

At 31 December 2004, the net book value of the "Other shareholdings" account was broken down as follows:

	% owned	Net book value	Equity	Net profit
		(€m)		
Portugal Venture Limited[1]	30%	9.2	0.01	1.3
Shareholdings in companies in liquidation[2]		23.9		
Other unconsolidated shareholdings[3]		9.6		
Total		**42.7**		

(1)
Financial results at 31 December 2004, corresponding to 12 months of activity.

(2)
Shareholdings arising from the Seagram acquisition, for the most part jointly owned with the Diageo Group.

(3)
Including € 5.5 million in minority interest holdings (<5%) and € 4.1 million in unconsolidated shareholdings due to their insignificance for consolidated financial reporting purposes

Disposals for the year mainly consisted of the sale of Eurazeo and Mc Guigan Simeon Wines shares.

Other investment movements primarily result from repayments of loans.

Equity investments

The Group had a € 24.7 million equity investment in SIFA on the balance sheet at 31 December 2004, which is accounted for using the equity method.

	Net book value of shareholding	Contribution to Group equity	Contribution to Group net profit
		(€m)	
SIFA	24.7	18.5	(0.1)

Note 10 Inventories and work in progress

The breakdown of inventories and work in progress in net value at closing date is set out below:

	31.12.2004	31.12.2003	31.12.2002
		(€m)	
Raw materials	65.2	66.6	87.0
Work in progress	1,683.1	1,688.3	1,744.1
Merchandise	156.4	164.5	145.2
Finished goods	112.5	107.9	129.2
Total	**2,017.2**	**2,027.3**	**2,105.5**

85% of work in progress relates to ageing stocks for whisky and cognac production.

Pernod Ricard is not significantly dependent on any of its suppliers.

Note 11 Receivables

	31.12.2004	31.12.2003	31.12.2002
		(€m)	
Trade and related receivables	991.7	986.3	998.1
Tax and social security receivables	121.9	88.0	322.7
Other receivables	66.1	57.4	117.2
Total	**1,179.6**	**1,131.7**	**1,438.0**

Note 12 Provisions for contingencies

12.1 Breakdown by nature

	31.12.2004	31.12.2003	31.12.2002

	31.12.2004	**31.12.2003**	**31.12.2002**
		(€m)	
Provisions for retirement and similar benefits	173.6	179.8	87.5
Provisions for restructuring	17.3	23.3	68.6
Other provisions	258.4	315.9	353.0
Total	**449.3**	**519.0**	**509.1**

The breakdown of provisions for contingencies at the closing date was the following:

12.2 Changes in provisions for contingencies

		Changes during the year					
	31.12.2003	**Allocation**	**Utilization**	**Unused provision reversals**	**Translation adjustment**	**Other movements**	**31.12.2004**
				(€m)			
Provisions for restructuring	23.3	4.3	8.0	0.1	(0.4)	(1.8)	17.3
Other provisions	315.9	21.6	18.8	30.1	(1.6)	(28.6)	258.4
Provisions for contingencies	**339.2**	**25.9**	**26.8**	**30.2**	**(2.0)**	**(30.4)**	**275.7**

The € (30.4) million "Other movements" amount essentially relates to balance sheet reclassifications and reversals of provisions for Granger Bouguet Pau and Marmande Production sold in 2004 and treated as changes in scope.

Unused provision reversals mainly relate to the resolution of litigation concerning the Seagram operation recognised as exceptional income.

The Group is not aware of any facts or litigation that could have a significant adverse impact on the Group's financial results, financial position or equity.

12.3 Provisions for retirement and other long-term benefits granted to employees

Change in commitments during the year

	Off-balance sheet				In balance sheet
	Actuarial liability	**Amount funded**	**Cost of unrecognised past services**	**Actuarial differences**	**Balance sheet provisions**
			(€m)		
Balance at 31 December 2003	**392.7**	**(220.8)**	**2.4**	**5.6**	**179.8**
Acquired rights	20.1				20.1
Discounting	21.2				21.2
Return on funds invested		(15.0)			(15.0)
Amortisation of actuarial differences			0.8	0.8	1.6
Reduction/liquidation of plans	(0.0)		0.1	(0.1)	(0.0)
Fiscal year charge	**41.3**	**(15.0)**	**0.8**	**0.8**	**27.8**
Contributions paid	1.4	(22.5)			(21.2)
Benefits paid	(18.4)	8.0			(10.4)
Actuarial differences	(1.0)	0.6	(0.9)	1.0	(0.3)
Changes in consolidation scope	0.2				0.2
Translation adjustment	(5.4)	3.5	(0.5)	0.0	(2.3)
Balance at 31 December 2004	**410.6**	**(246.2)**	**1.8**	**7.4**	**173.6**

Breakdown of commitments by country:

	Off-balance sheet				In balance sheet	
	Actuarial liability	%	**Amount funded**	%	**Balance sheet provisions**	%
			(€m)			
Balance at 31 December 2004	**410.6**	**100%**	**(246.2)**	**100%**	**173.6**	**100%**
France	100.9	25%	(13.1)	5%	89.4	52%
United States	63.3	15%	(40.2)	16%	30.4	18%
Ireland	118.0	29%	(103.7)	42%	17.1	10%
United Kingdom	65.3	16%	(45.9)	19%	18.8	11%
Netherlands	24.5	6%	(21.1)	9%	3.4	2%
Other countries	38.6	9%	(22.1)	9%	14.5	8%

Main assumptions by country:

	Discount rate		Return on funds invested		Salary inflation rate	
	2004	**2003**	**2004**	**2003**	**2004**	**2003**

	Discount rate		Return on funds invested		Salary inflation rate	
Euro zone	5.2%	5.1%	6.2%	6.4%	3.8%	3.9%
United States	6.7%	6.4%	8.2%	7.3%	2.8%	3.0%
Great Britain	5.7%	5.5%	6.3%	6.8%	3.7%	3.5%

Main types of commitments and other information by country:

In France, the commitments mainly consist of provisions for retirement benefits that are unfunded and for supplementary pensions that are partially funded.

In the United States, the commitments consist of retirement plans for employees that are funded and retirement medical insurance plans that are unfunded.

In Ireland, the United Kingdom and the Netherlands, the commitments mainly consist of retirement plans granted to employees. These plans are funded.

In general, funded retirement plans are invested in publicly quoted bonds and shares, cash and equivalents and, occasionally, stakes in real estate properties.

The year-end value of funded retirement plans corresponds to the 31 December market value of the investments in which the contributions were invested.

Note 13 Financial debt

13.1 Breakdown of gross financial debt by maturity

Breakdown of **gross financial debt** by maturity:

	31.12.2004	31.12.2003	31.12.2002 Pro Forma(*)
		(€m)	
Short-term (within 1 year)	692.7	882.6	365.4
Medium-term (1 to 5 years)	1,559.8	1,572.4	2,655.9
Long-term (more than 5 years)	0.0	2.9	0.0
Total	**2,252.5**	**2,457.9**	**3,021.3**

(*) Pro forma data include OCEANE.

13.2 Breakdown of net financial debt by currency and nature

Net financial debt at 31 December 2004 amounted to € 1,844 million, consisting of € 2,252 million of gross financial debt minus € 378 million in cash and marketable securities and € 30 million in OCEANE net bond redemption premiums.

Breakdown of hedged net financial debt by currency and nature:

	Total	Syndicated loan	OCEANE	Commercial paper	Other
			(€m)		
Euro	964	85	518	493	(132)
US Dollar	774	767			7
Japanese Yen	60	57			3
Other currencies	46				46
Total	**1,844**	**909**	**518**	**493**	**(76)**

N.B.: Details of currency hedging are provided in Note 15.

Breakdown of hedged net financial debt by currency and maturity:

	Total	Within 1 year	1 to 5 years	Over 5 years
		(€m)		
Euro	964	233	731	
US Dollar	774	(2)	776	
Japanese Yen	60	3	57	
Other currencies	46	21	25	

	Total	Within 1 year	1 to 5 years	Over 5 years
Total	**1,844**	**254**	**1,590**	**0**

Breakdown of types of cover by currency:

	Net financial debt	Amount hedged	Of which fixed rate hedges	Of which variable rate capped hedges	Variable rate no hedges	% financial debt hedged
				(€m)		
Euro	964	901	901		63	93%
US Dollar	774	705	507	198	69	91%
Japanese Yen	60	57	57		3	95%
Other currencies	46				46	0%
Total	**1,844**	**1,566**	**1,465**	**198**	**181**	**90%**

Repayment of the Seagram syndicated loan

On 4 August 2004, Pernod Ricard arranged a new syndicated multi-currency bank loan for a total of € 1.4 billion with a term of five years.

This operation allowed the Group to repay the balance of the Seagram acquisition loan taken out on 28 March 2001 and to benefit from more favourable financing conditions:

The elimination of the restrictions and guarantees of the previous loan.

A reduction in the spread paid. From an initial 0.55%, it has fallen to a range of 0.225% to 0.275% per annum, depending on the use of this new loan.

Other information on financial debt

On 20 March 1992, Pernod Ricard issued financial debt outside France in the form of Perpetual Subordinated Notes (TSDI) for a total nominal amount of € 61 million. These Notes were "repackaged" following the signing of an agreement with a third party company at the time of the issue. Net debt at 31 December 2004 of € 13.5 million has been included in the "Financial debt" account. This corresponds to the nominal amount of the issue minus an indemnity payment initially made and since capitalised.

13.3 OCEANE convertible bonds

Pernod Ricard SA issued 4,567,757 bonds with rights from 13 February 2002 at the nominal par value of € 107 each for € 488,749,999, with an option for conversion into new shares and/or exchange for existing shares (OCEANE). These bonds have a duration of 5 years and 322 days from 13 February 2002. The normal redemption will thus take place in full on 1 January 2008 by repayment at a price of € 119.95 per OCEANE bond, or a pivot conversion rate of € 95.96 following the free allocation of bonus shares that took place in 2003 described below. The OCEANE bonds bear interest at 2.50% per annum payable in arrears on each 1 January.

The period for the taking up of the option for conversion or exchange of the OCEANE bonds runs from 13 February 2002 to the seventh trading day preceding their repayment date.

Following the increase in share capital on 14 February 2003 achieved through the incorporation of reserves and the issuing of a stock dividend of one share for every four existing shares, the OCEANE conversion ratio was adjusted, with each bond now exchangeable or convertible into 1.25 Pernod Ricard shares.

All of the OCEANE bonds remained in circulation at 31 December 2004 and may give the right to conversion or exchange of 5,709,697 Pernod Ricard shares (after adjustment for the increase in share capital effective from 14 February 2003).

Note 14 Market values of financial instruments

	Book value at 31.12.2004	Market value at 31.12.2004
	(€m)	
Assets		
Listed securities recorded as investments	1	2
Cash and equivalents	193	193
Marketable securities	186	287
Liabilities		
TSDI	14	15
OCEANE		