

**UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION**

In the Matter of)	
)	
PERNOD RICARD S.A.,)	Docket No. C-4224
)	
a French société anonyme.)	
)	

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act and the Clayton Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission, having reason to believe that Respondent Pernod Ricard, S. A. (“Pernod Ricard”) entered into an agreement with V&S Vin & Sprit AB (publ), (“V&S”) in violation of Section 5 of the Federal Trade

5. Pernod Ricard is, and at all times relevant herein has been, engaged in commerce, or in activities affecting commerce, within the meaning of Section 1 of the Clayton Act, 15 U.S.C. § 12, and Section 4 of the Federal Trade Commission Act, 15 U.S.C. § 44.

II. Third Party V&S Vin & Sprit AB (publ)

6. V&S is an aktiebolag, or corporation, wholly-owned by The Kingdom of Sweden. V&S is organized, existing and doing business under and by virtue of the laws of The

Liqueur; Jim Beam, Knob Creek, Bakers, Basil Hayden, and Booker's Bourbon; Laphroaig and Teacher's Scotch; and Gilbey's Gin. The brands of ASCI include the lines of Absolut Vodka, Level Vodka, Plymouth Gin, and Cruzan Rum. Future Brands had total revenues, in 2007, of about \$1.48 billion.

14. Beam Global and ASCI sell distilled spirits that fall into different marketing and price point segments of various distilled spirits product categories and are not substantial and direct competitors of one another. Because ASCI sells no distilled spirits products other than through Future Brands, ASCI and Future Brands are not substantial or direct competitors of one another either.

15. The principal economic benefit to Beam Global and ASCI of the Future Brands joint venture is their cost savings or efficiencies from the joint marketing, selling, and distribution of their products. Neither ASCI nor Beam Global receives direct or significant financial or economic benefit or profits from, or is financially burdened by, activities associated with any profit or loss from the sale of any of the products in the Future Brands joint venture. The economic benefit from the actual sale of the products in the joint venture are maintained by the brand owners.

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V. Nature of Trade and Commerce

A. Relevant Product Markets

a. Not larger than premium-priced vodkas

20. A relevant product market to assess the competitive effects of the proposed acquisition is a market no larger than all premium-priced vodkas.

21. Vodka is a clear alcoholic beverage distilled from a starch source, most commonly potatoes, wheat, or rye, but sometimes also from corn, sugar beets, grapes, or citrus fruit. Flavored vodkas are common, and vodka may be flavored by the addition of flavor-containing ingredients and by allowing it to sit for sufficient time for the flavors to infuse the vodka.

22. Vodka sold in the United States ranges from value priced products to high end brands, differentiated from the value priced bands by a combination of attributes associated with a brand name and associated cache, which include bottle characteristics, country of origin, number of times distilled, taste, and the nature and extent of associated advertising and promotion. High end vodka brands are all premium priced over the value brands. Industry participants generally divide the high end vodka products into three segments: (a) premium vodka, (b) super premium vodka, and (c) ultra premium vodka.

23. The most popular premium vodka product in the United States is Smirnoff Red Label Vodka. The two most popular super premium vodka brands sold in the United States are Absolut Vodka (a V&S product distributed by Future Brands), the largest selling super premium vodka, and Stolichnaya Vodka (distributed by Pernod Ricard), the second largest selling super premium vodka. The most popular ultra premium vodka sold in the United States is Grey Goose Vodka.

24. Total United States sales in 2007 of all premium priced vodkas were about 28 million 9-liter equivalent cases, which represents about \$5 billion in retail sales. Total United States sales in 2007 of all vodkas in the super premium segment were about nine million 9-liter equivalent cases, which represents about \$1.9 billion in retail sales.

b. Cognac

25. A second relevant product market to assess the competitive effects of the proposed acquisition is Cognac.

26. Cognac is a type of brandy, or distilled wine, which may be produced and bottled only in the Charente region of France. Two popular Cognac brands sold in the United States are Martell (a Pernod Ricard product), and Courvoisier (a Beam Global and Future Brands

