

The Seagram Company Ltd. *C*



Report for the twelve months ended

January 31, 1985



The Seagram Company Ltd. is the world's largest producer and marketer of distilled spirits and wines, with affiliates in twenty-seven countries.

Net income rose to \$383.6 million, including \$141.3 million in dividends and \$141.4 million in unremitting earnings from the Company's 22.5 percent interest in E.I. du Pont de Nemours and Company. Sales of spirits and wines advanced to \$2.8 billion.

Highlights

(U.S. dollars in thousands, except per share amounts)

The Seagram Company Ltd. and Subsidiary Companies

Statement of Income

Statement of Income	Twelve Months Ended		
	January 31, 1985	1984	July 31, 1982
Spirits and Wine Revenues	\$2,821,245	\$2,647,552	\$2,826,184
Income after Income Taxes			
Spirits and wine operations	\$113,817	\$119,392	\$111,287
Dividend income	\$141,294	\$117,130	\$110,285
Net Income	\$383,618	\$317,546	\$279,441
Earnings per Share—primary	\$4.22	\$3.53	\$2.95
—fully diluted	\$4.05	*	*
Dividends Paid per Share	\$.80	\$.68	\$.567

*Not applicable.

Cash Flow

Funds provided by spirits and wine operations	\$214,768	\$188,914	\$176,133
Funds invested in spirits and wine operations—decrease	12,003	144,450	6,612
Acquisition of The Wine Spectrum	—	(237,814)	—
Net Funds Available from Spirits and Wine Operations	226,771	95,550	182,745
Funds Provided by Dividends	141,294	117,130	110,285
Funds Available for Corporate Purposes	\$368,065	\$212,680	\$293,030



Front Cover

Amid Matheus Müller's gleaming, modern storage tanks, cellar master Karl Schmid still checks samples by the time-honoured method, with candlelight for greater clarity. A leading producer of sparkling wines in Germany, Matheus Müller, founded in 1811, was acquired by Seagram in January 1984.

Report of the Directors to the Shareholders

We are pleased to report that The Seagram Company Ltd. had gains in net income, sales and operating income for the twelve months ended January 31, 1985, over the comparable prior period. With all results reported in U.S. dollars, net income for the twelve months rose 21 percent to \$383.6 million. Sales advanced 7 percent, and operating income was up 6 percent.

The Company added 2.8 million common shares to its holdings in E.I. du Pont de Nemours and Company, bringing the total to 53.8 million shares, or 22.5 percent of the common shares outstanding. Du Pont again raised its dividend, and Seagram received a total of \$141.3 million in Du Pont dividend payments. Seagram also recorded an increase in unremitted earnings from Du Pont.

Since the end of the fiscal year, Seagram has sold its Canadian and North Sea oil and gas properties for an aggregate consideration of approximately \$91 million.

Case sales volume increased both in the United States and in our international markets. We are encouraged by these results, achieved in the face of difficult market conditions. Most of our premium brands performed well. Our vigorous new products program also contributed to sales results, and we plan an important ongoing investment in new products in the years ahead.

In Canada, despite a declining spirits market, we had substantial success with Crown Royal and Adam's Antique Canadian Whiskies and Chivas Regal, among other brands. The primary cause of the continuing decline in the spirits market is the effect on retail prices of an indexed federal excise tax and accompanying provincial mark-ups. Discussions with the government are continuing, and relief in this area is essential for the improvement of our spirits business in Canada. B&G Wines and Mumm Champagnes advanced significantly over last year in an expanding wine market. To take advantage of this growth, we began construction of a new Paul Masson winery in Ontario. These new wines will be marketed and distributed in the spring of 1985.

Crown Royal had a very successful year in the United States as well, as did other premium brands, including The Glenlivet Single Malt Scotch, Seagram's Imported Vodka and Myers's Rum. Sales of both domestic and imported wines also increased. The integration of The Wine Spectrum into our U.S. wine operations involved consolidating our West Coast wineries to improve efficiency and productivity and to facilitate future expansion.

In our international markets, we had another strong year, highlighted by the continued success of Chivas Regal, although foreign currency translations eroded some of these gains. During the year, we purchased the distribution company that markets Sandeman products in Belgium. We also began the process, completed in March 1985, of increasing our holdings in G.H. Mumm & Co. Our ownership now stands at 91.4 percent. In something of a departure, the Company moved into retail sales of spirits and wines in the United Kingdom with the acquisition of Gough Brothers and Oddbins, both chain outlets.

The philosophy that guides the conduct of our business abroad has worked well for us. It is based on several long-standing policies. To extend the scope of a brand requires a strong distribution network, and the strongest network is one that we ourselves own. If we have close working control of our brands—distribution as well as supply—we achieve greater success in the marketplace. We also expand our markets by acquiring existing companies with established franchises or by setting up new joint ventures. Following clear priorities for developing those markets which provide the best opportunities for Seagram, we will create more affiliates as local conditions indicate, and we continue aggressively to fill the gaps in our marketing portfolio.

Central to our success is close cooperation with local managers who have a knowledge of their marketplaces and cultures and can adapt effectively our overall strategy to local conditions. For a more detailed discussion of the varied operations of Seagram International, the fastest growing part of the Company, we invite your attention to this year's Special Section, which begins on page 5.

The preceding, however, tells only a part of the Seagram story for the year just past. Our industry is under pressure from several sides, and we have taken some important steps to confront the issues and to strengthen the business strategies we already have in place.

We have accomplished a major reorganization designed to increase the effectiveness of our distilled spirits sales activities and improve the performance of our brands in the increasingly competitive U.S. spirits market. There will be a continuing review of the Company's facilities and organizational structure to ensure that we are as efficient as possible and as directed as we can be toward today's marketplace. We are also seeking the regulatory accommodation we need to market effectively the kinds of lower proof products that help meet the

tastes and preferences of today's consumer. Distillers are currently inhibited in the marketing of such products in the United States by punitive, outmoded regulations. In our international markets, we are also affected by changes in lifestyle and consumption patterns. Our task is to anticipate these trends and to respond to them with new and varied products and marketing strategies.

Perhaps the most important challenge facing our industry is the resurgence of anti-alcohol sentiment reminiscent of the Prohibitionist movement in the United States in the early part of this century. To assess this trend and the social and business environments generally, a task force was at work during the year, and we have now begun to implement its recommendations. To counter persisting confusion about the role of distilled spirits, the Company intends to mount an energetic program to educate the public to the simple, indisputable fact of beverage alcohol equivalence: 1 $\frac{1}{4}$ ounces of whisky = 5 ounces of wine = 12 ounces of beer.

Society is generally not familiar with this underlying fact. As a producer of distilled spirits and wines, we want people to enjoy our products responsibly and to be conscious of what and how much they are drinking, regardless of the form.

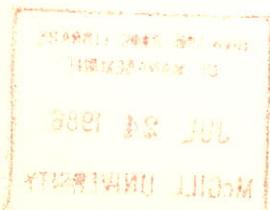
At its meeting on March 21, the Board appointed as a Director the Honourable William G. Davis, former Premier of Ontario. Also, Marie-Josée Drouin, Executive Director of the Hudson Institute of Canada, has agreed to stand as a Board nominee when Philip F. Vineberg retires in May. We are very pleased that Mr. Vineberg, who has provided legal counsel for many years and has been a Director since 1969, will continue to serve the Company as an Honorary Director and as our Canadian Counsel.

As the foregoing indicates, we are determined to come to grips with the challenges and issues of our industry. At the same time, we are continuing to open up new markets for international growth. All of this is being accomplished in no small measure through the effort and support of our employees, distributors, customers and shareholders, for which we are grateful.

On behalf of the Board,



Edgar M. Bronfman
Chairman
March 21, 1985



Seagram International: A Commitment to the Future

Business executives in the air-conditioned calm of London and São Paulo highrises track them by computer on video screens. At the same moment they are hand-loaded on wagons in the heat of Africa and on junks amid the bedlam of a Hong Kong wharf. Whatever the time of day, Seagram products are moving to market somewhere in the world.

The marketing methods employed are as varied as the cultures in which they must function successfully. An effective international operation thrives on diversity. That requires an entrepreneurial spirit and flexibility to adapt quickly and easily to local conditions. Seagram International relies on local managers or local partners who will share the risks that may be necessary to establish the Seagram presence against determined local competition. The Company values risk-taking and experiment, knowing that the road to increased sales and profits runs through new and even adventuresome activities.

Seagram International has grown very fast. There are now overseas affiliates in 25 nations, as the map on the overleaf illustrates. With revenues of \$901 million, Seagram International by itself would rank well within the Fortune 500. More significant than that is the careful groundwork that has been laid for future growth. International operations now contribute one-third of the Company's total sales. The goal is to account for 50 percent by the end of the decade.

The Seagram Company has made an investment of financial and human resources for the long term in every region of the globe. This is the depth of Seagram's commitment to the future.

I N T E R

Affiliates

● Subsidiaries

● Joint Ventures

■ Sales Only

▲ Production: Spirits

▲ Production: Wines

SOSCO

■ Sales Offices

■ Headquarters



N A T I O N A L



Sales Volume by Region

Percent

Europe	52.5
Latin America	22.9
Far East	15.7
SOSCO	8.9



Edward F. McDonnell, President of Seagram International, is flanked by John J. Griffin (left), Vice President-Finance, and Michael P.H. Cliff, Executive Vice President-Business Development.

A N**O V E R I E W**

Seagram International comprises spirits and wine operations outside Canada and the United States. It produces or markets more than 190 brands of distilled spirits and 600 brands of wines, champagnes, sherries and ports. Its affiliate structure embraces Seagram Europe, Seagram Latin America and Seagram Far East. In addition, through the Seagram Overseas Sales Company (SOSCO), Seagram ships and sells directly to consumer markets in more than 130 countries.

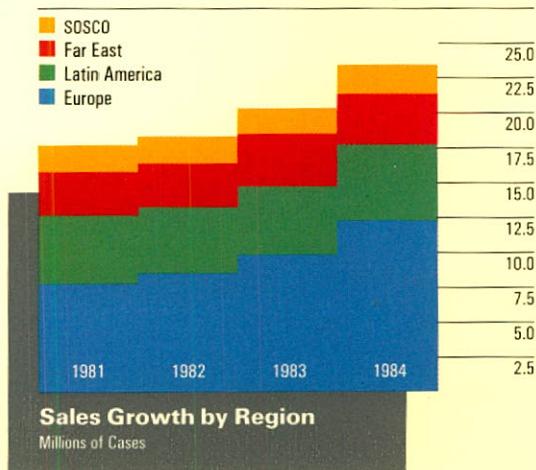
The strength and extent of this network derives in part from Seagram's long-established practice—now being adopted by leading competitors—of controlling all elements critical to its success: production, marketing and distribution.

One of Seagram International's greatest assets is the ability to sustain varying forms of business relationships, from full ownership to partnerships in joint ventures to selling through outside distributors and acting as a distributor for brands produced by competitors.

To maintain flexibility in meeting these varied demands, the Seagram International structure provides autonomy to managers in local markets—the profit centers. The headquarters team—Edward F. McDonnell, President; Michael P.H. Cliff, Executive Vice President-Business Development (and President of Seagram Far East); and John J. Griffin, Vice President-Finance—outlines the general strategic direction and defines the goals. Local managers determine how best to achieve them.

They may face unusual and formidable challenges. The marketplace changes rapidly, often without warning. Unstable economies, import bans or restrictions, skyrocketing inflation, currency fluctuations and changes in excise tax laws demand imaginative planning. At the same time, within these unpredictable business environments there are compelling opportunities and the potential for substantial rewards.

Seagram International has great room for growth. With the exception of Portugal and Italy, where Seagram enjoys a substantial share



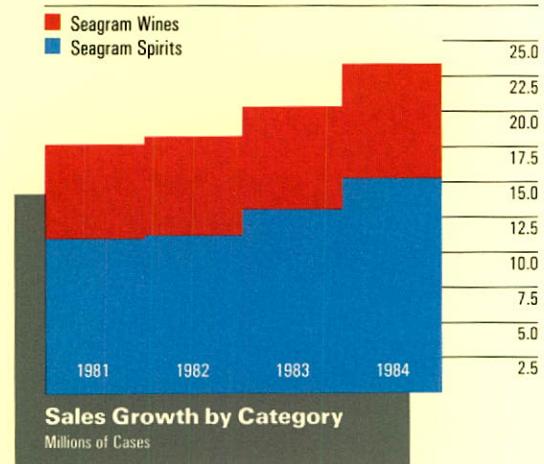
of the distilled spirits business, the Company's prospective country-by-country share is far from realized. Management emphasizes focused growth: expanding market share of priority brands, marketing selected brands on a global scale, developing new products and pursuing new business opportunities that offer the greatest promise for Seagram. All are part of the plan.

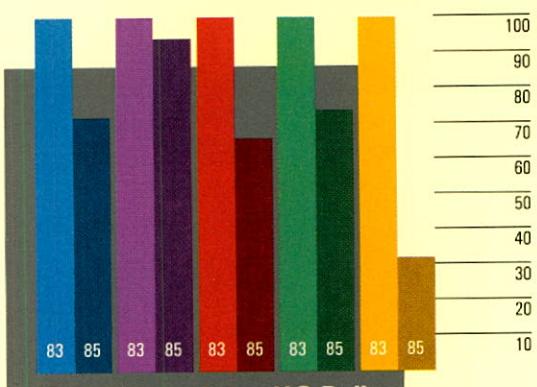
In the mature markets of Europe, Seagram looks to acquiring companies with strong existing franchises to gain in market share. With the help of knowledgeable local partners, Seagram Far East will concentrate on expanding the Company's position in this area's rapidly growing markets, including China. Growth in Latin America will come primarily from locally produced spirits and wines, at least until import restrictions are lifted and economies stabilize. SOSCO will continue to develop nonaffiliate business and to establish a sales presence—often the forerunner of affiliate expansion.

Seagram International will give special attention to acquisitions that can fill the few remaining gaps in its portfolio, especially brandies, aperitifs and liqueurs. Where sufficient consumer demand exists, the Company will also consider new, local spirits categories. In keeping with the Seagram tradition, the entry will be a premium product.

For certain key brands with broad geographic appeal—Chivas Regal, Crown Royal, Four Roses, Mumm Cordon Rouge Champagne, and Sandeman Ports and Sherries among others—Seagram has created the International Emphasis Brands program. These brands (shown on page 20) receive worldwide marketing direction and support.

Seagram International is continually improving the efficiency of its organization and the sophistication of its approach to the diverse demands of multinational operation. Aggressive reinvestment of operating profits and careful management of assets will generate increasingly greater return on invested capital, the fundamental performance criterion. Insistence on excellence and a high respect for people and teamwork are the Company's enduring values.





Major Currencies vs. U.S. Dollar

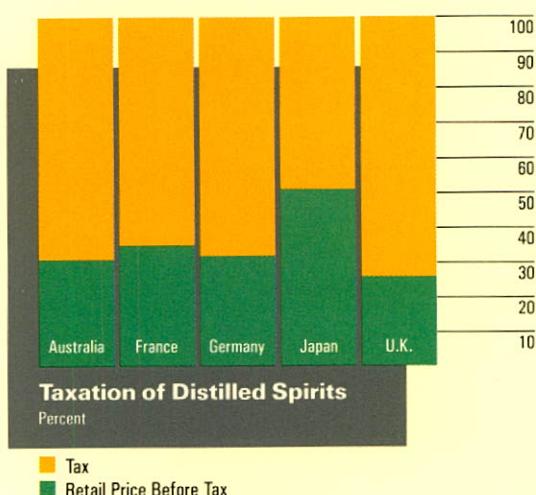
Percent Decline, January 31: 1983 – 1985

- Lira (Italy)
- Yen (Japan)
- Dollar (New Zealand)
- Pound Sterling (United Kingdom)
- Bolivar (Venezuela)



International Emphasis Brands

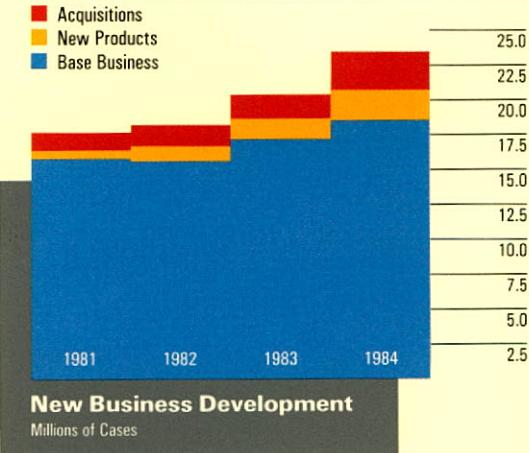
Millions of Cases



Taxation of Distilled Spirits

Percent

- Tax
- Retail Price Before Tax



New Business Development

Millions of Cases

E U R O P E

In the Scottish highland glens, rich in the comfort of custom and tradition, the Company's founder, Samuel Bronfman, launched Seagram into its modern, multinational era with the purchase of the Robert Brown Company. The price was £15,500. Today, with over \$500 million in sales, 14 profit centers and 2,700 employees, Seagram Europe is the largest of the four international divisions.

In Europe, one can contemplate Seagram International's future as well as its past. Sales are such that the region is now solidly profitable, and the Company is seeing a level of return on investment that it expects to repeat in the regions of more recent capital expenditure. In addition to expanding its base business, Seagram Europe will continue to acquire new brands and companies—a strategy that turns sales quickly into profits.

It is imperative to recognize the importance of keeping some things inviolate: to honour distribution commitments and in all ways to treat a successful brand with the care it has always received. Past acquisitions—Chivas Regal, Sandeman and The Glenlivet—illustrate the strategy and the care. Their success also pays tribute to the benefits of consistent development. The exquisite taste of Chivas Regal, which stands above its competitors, is valued highly by Europeans. The same is true of Sandeman products. Acquisition of The Glenlivet, now the best-selling single malt Scotch in the United States, also led to the phenomenal success of its sister brand, Glen Grant, in Italy. Glen Grant sold some 400,000 cases there this year.

Recent acquisitions include the sparkling wines and vigorous distribution network of Matheus Müller (founded in 1811) in Germany and the Gough Brothers and Oddbins retail chains in the United Kingdom, through which Seagram gains a greater presence in the consumer marketplace. The blend of aggressive modernity and respect for tradition in Seagram Europe remains uniquely productive.



"Our acquisitions have been very profitable, and we have plans to continue the momentum—clear priorities by country and clear priorities by category. The

essence of our success in Europe is our strong network of decentralized affiliated companies—small businesses, really, with small teams of executives who have total responsibility. We're sales oriented and this takes the soles of your shoes."

Myron A. Roeder
President
Seagram Europe





It's a Kentucky bourbon in Germany. In France it's marketed as a whiskey symbolizing America's Wild West. For Italians, Four Roses represents North American chic, the whiskey of a youthful, trend-setting generation, some of whom are enjoying it at the Campari Bar, one of the oldest in Milan.

Hans J. Rüter (left), General Manager, Seagram Deutschland, with other members of his team, Erla B. Walther, Marketing Director, and Dr. Klaus J. Kühn, Finance Director. They are representative of the local management teams who so successfully run Seagram affiliates in Europe.



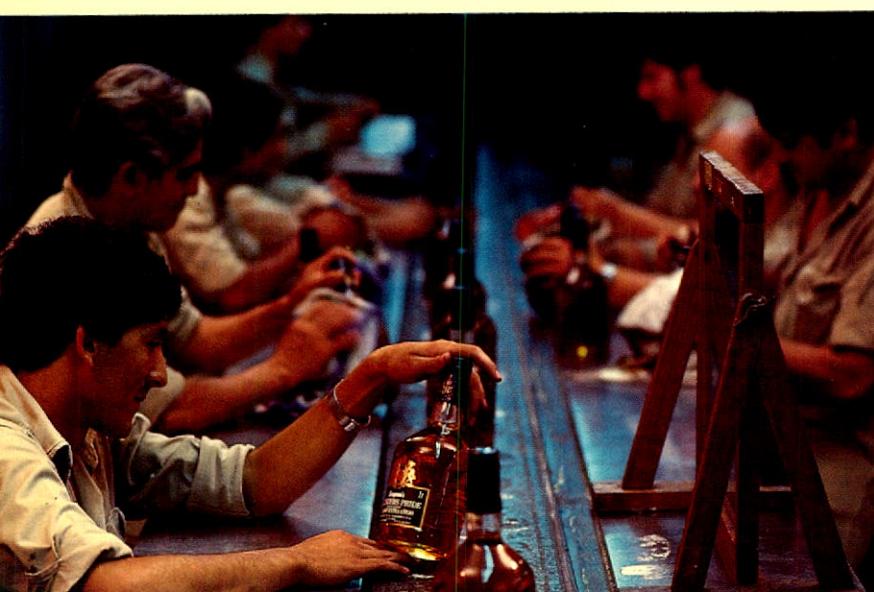
Colourful "bins" of wines from around the world, watched over by the connoisseur in beret, are the focal point of Oddbins' 60 shops in the United Kingdom and France. Last year, in a move into retail, Seagram acquired the chain—and the opportunity to take its products directly to the consumer.



Pedro Ernesto Corti (left), Administrator of Seagram Brazil's vineyards in Garibaldi, inspects the grapes. Located in the south, in an area known as "Little Italy," the Garibaldi facilities produce Maison Forestier

Wines, Brazil's best-selling varietals, San Michel Wines and the new Bon Sol, successfully marketed as the "California Carafe."

Final inspection of Blender's Pride at the Seagram facilities in Tucumán, Argentina.



Ronald M. Chumaciero (left), President, C.A. Distribuidora Chumaciero, and his brother, Harold M., President, Licorerias Unidas S.A., Seagram partners for more than 25 years, discuss packaging for a new brand in their offices in Caracas. Among the new products successfully introduced in the Venezuelan market is Dinastia Rum, which now sells 300,000 cases.



Crown Royal is enjoyed all over the world, including in Japan, where it often accompanies entertaining at home.

Chivas Regal is served in the traditional way at Bangkok's famous Oriental Hotel on the Chao Phraya River. The Company's joint venture with local partners, Seagram Thailand, imports Chivas Regal along with other products.

Quality control inspector checks labels on newly bottled Emblem Whisky, a premium brand produced by Kirin-Seagram at its distillery at the base of Mount Fuji.





A customer decides on the Royal Salute in blue velvet from the duty-free shop aboard an SAS flight. Because of their convenience, in-flight duty-free shops are more and more popular.

American officers host a wine tasting for NATO colleagues, courtesy of SOSCO, at the Terrace Officers and Civilians Club, U.S. Fifth Corps Headquarters in Frankfurt, Germany.



Maxwell Hunt, head of SOSCO's Hong Kong sales office, about to board a ferry to look after business on Kowloon side. Mr. Hunt also oversees SOSCO's sales in China.

S O S C O

How does one describe a sales company that can be defined in terms of its territory (everywhere there is no Seagram affiliate), its special markets (international duty-free, including diplomatic missions, and U.S. and Allied Forces overseas), or its functions (selling through local distributors or directly to customers, developing new markets, licensing local production, and marketing to government monopolies such as exist in Scandinavia, Russia and China)?

Seagram calls it SOSCO—The Seagram Overseas Sales Company. From eight base locations around the world, SOSCO last year had sales of \$70 million and the highest return on invested capital of the four divisions that compose Seagram International. This, despite the fact that imports were banned or restricted in ten of its markets, ten increased duties and two reduced duty-free allowances.

China is a dramatic illustration of SOSCO's specialty, developing new markets: When the country opened its doors to trade in the mid-1970s, SOSCO moved quickly. Seagram was the first in 30 years to enter the market with Western spirits and wines. Today more than 32 Seagram brands are sold in China.

Duty-free business in all its many forms is a major area of growth for SOSCO. Increased business travel and tourism as well as rising taxes, foreign exchange imbalances and import embargoes, which price products out of reach within national borders, contribute to this steady growth. Duty-free trade is primarily in premium products and assists in building sales of Seagram's International Emphasis Brands.

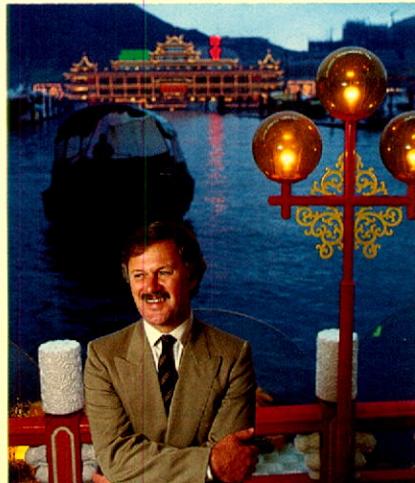
Licensing local production will grow as there is more protectionism around the world. SOSCO also plans to open up new markets for wines and to continue to choose new areas of opportunity in every corner of the world. It certainly knows the territory. SOSCO helped lay the foundations for what is now Seagram International.



"SOSCO is a sales company. We market to a diverse retail trade, and success

in our business demands good people, good brands, good service. We have it all. We were one of the pioneers of Seagram International. SOSCO sows the seeds."

James E. McDonough
President
Seagram Overseas Sales
Company



Are there truly international brands? Some argue that the multiplicity of tastes defies attempts to create them. But Chivas Regal—sold in more than 150 countries, to 68 airlines and to military installations around the world—is an exception. Seagram is now concentrating its marketing expertise on the worldwide promotion of these International Emphasis Brands.



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Management's Discussion and Analysis

Highlights

For the twelve months ended January 31, 1985:

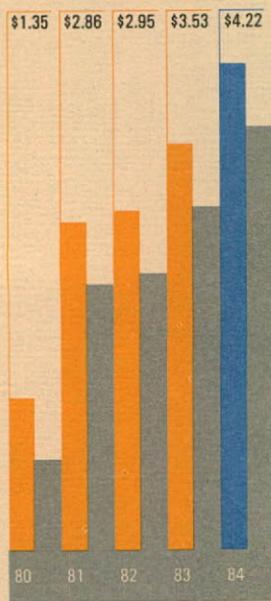
- Net income rose to \$383.6 million, 20.8 percent greater than in the twelve months ended January 31, 1984.
- Spirits and wine revenues and operating income advanced 6.6 percent and 6.3 percent, respectively, over the prior year. Case sales volume increased in the United States and internationally, although the strong U.S. dollar adversely affected translation of sales revenues outside the United States.
- Spirits and wine after-tax income declined 4.7 percent as a result of higher net interest expense from financing recent acquisitions, especially The Wine Spectrum.
- Seagram's equity in the income of E.I. du Pont de Nemours and Company advanced significantly. Dividends received from Du Pont rose 20.7 percent to \$141.3 million, and unremitted earnings increased 46.1 percent to \$141.4 million.
- Cash flow from spirits and wine operations amounted to \$226.8 million and was supplemented by Du Pont dividends of \$141.3 million.

As a result of a change in fiscal year, the reporting periods presented in the accompanying charts are:

1984—February 1, 1984, to January 31, 1985

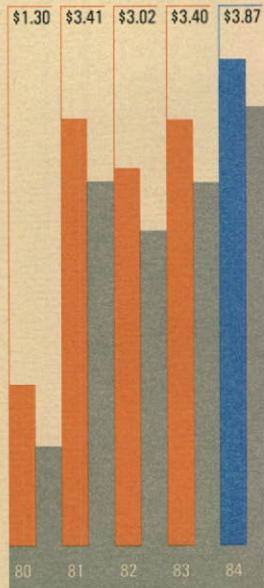
1983—February 1, 1983, to January 31, 1984

1980 to 1982—Twelve-month periods ended July 31



Earnings per Share*

*Excluding extraordinary income.



Funds Provided From Operations, Dividends and Interim Investments, per Share

Earnings Summary

	Twelve Months Ended		
	January 31,		
	1985	1984	July 31, 1982
(millions)			
After-tax income			
Spirits and wine operations	\$113.8	\$119.4	\$111.3
Dividend income from Du Pont	141.3	117.1	95.3
Dividend income from Conoco Inc.	—	—	15.0
Unremitted Du Pont earnings	141.4	96.8	75.7
After-tax income before share repurchase expense	396.5	333.3	297.3
Interest expense related to share repurchase	(12.9)	(15.8)	(17.9)
Net income	\$383.6	\$317.5	\$279.4
Earnings per share—primary	\$4.22	\$3.53	\$2.95
—fully diluted	\$4.05	*	*

*Not applicable.

The more significant factors affecting the components of Seagram's earnings are discussed in the sections that follow. Quarterly and inflation-adjusted data are presented on pages 40 and 41. The supplementary inflation data incorporate procedures recommended by the Financial Accounting Standards Board and the Canadian Institute of Chartered Accountants.



Income*

(millions)

- Spirits and Wine
- Dividends and Interest Income
- Unremitted Equity in Du Pont
- U.S. Oil and Gas

*Excluding interest expense on share repurchase and nonoperating and extraordinary income.



1984 Revenues*

(millions)

- North America
- Europe
- Latin America and Australasia

*Total revenues of \$2 billion, excluding excise taxes.

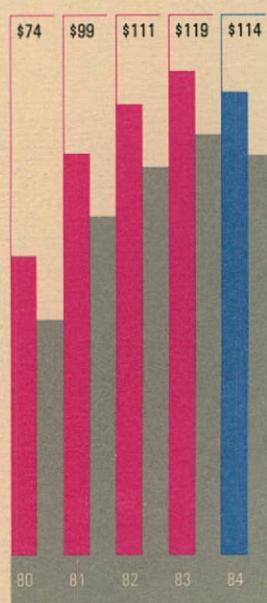
Spirits and Wine

	Twelve Months Ended		
	January 31,		July 31, 1982
	1985	1984	
Revenues	\$2,821.2	\$2,647.6	\$2,826.2
Operating income	\$245.6	\$231.0	\$291.3
Interest expense	88.1	67.9	112.6
Income taxes	43.7	43.7	67.4
After-tax income	\$113.8	\$119.4	\$111.3

The above data include minor amounts for Canadian and international oil and gas activities.

Seagram is the world's largest producer and marketer of distilled spirits and wines, with affiliates in 27 countries. The Company's traditional strength has been in North America, where it is the industry leader engaged in all aspects of spirits and wine production and marketing; in other countries, operations consist of one or more of the following activities: distillation, production of wines, sales of local products and distribution of imported goods manufactured principally by affiliates.

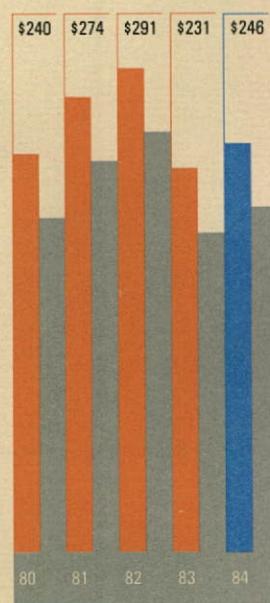
Revenues for the twelve months ended January 31, 1985, increased 6.6 percent over the prior year; sales in the twelve months ended January 31, 1984, declined 6.3 percent from the 1982 fiscal period. Sales unit volume increased in North America during the twelve months ended January 31, 1985, principally in the United States as a result of higher volumes of domestic and imported wines, introductions of new spirits products and gains in certain premium spirits brands. A slack demand for distilled spirits and recessionary conditions resulted in a moderate unit volume decline in North America for the twelve-month periods ended January 31, 1984, and July 31, 1982. Although international sales volume



Spirits and Wine Net Income*

(millions)

*Excluding interest expense on share repurchase and nonoperating and extraordinary income.



Spirits and Wine Operating Income

(millions)

increased in all three fiscal years, the strength of the U.S. dollar reduced local currency revenues upon translation.

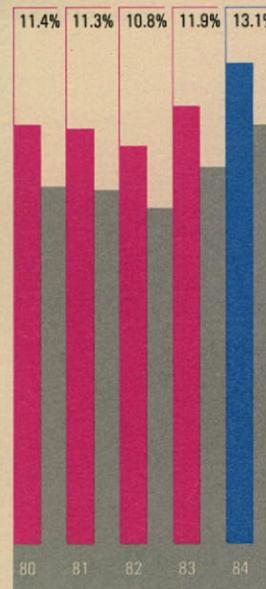
Operating income for the twelve months ended January 31, 1985, rose 6.3 percent over the corresponding prior period. After-tax spirits and wine income decreased 4.7 percent, however, as increased interest expense to finance recent acquisitions more than offset the \$14.6 million advance in operating income. Net interest expense declined in the twelve months ended January 31, 1984, primarily as a result of lower borrowing rates and, to a lesser degree, reduced borrowings. The effective income tax rates for the twelve-month periods ended January 31, 1985 and 1984, were 28 and 27 percent, respectively. The decline from the 1982 effective rate of 38 percent resulted principally from a greater proportion of operating income in countries with lower statutory tax rates.

To maintain consumer demand for Seagram products, substantial expenditures are made worldwide for advertising and sales promotion. For the twelve months ended January 31, 1985, these outlays were \$277.3 million, a 10.5 percent increase from the prior year. Expenditures for the twelve months ended January 31, 1984, were \$251.0 million, a 4.6 percent decrease from 1982, principally as a result of the translation effect from the strong U.S. dollar.

In the twelve months ended January 31, 1985, Seagram recorded a \$15.0 million pre-tax provision for the costs associated with employee reductions resulting from voluntary severance programs and certain staff reorganizations. A \$22.5 million pre-tax provision was made in the prior year for the closing of certain facilities, including a cooperage plant in the United States and a United Kingdom bottling hall, and disposal of excess properties.



Book Value per Share



Return* on Average Shareholders' Equity

*Excluding nonoperating and extraordinary income.

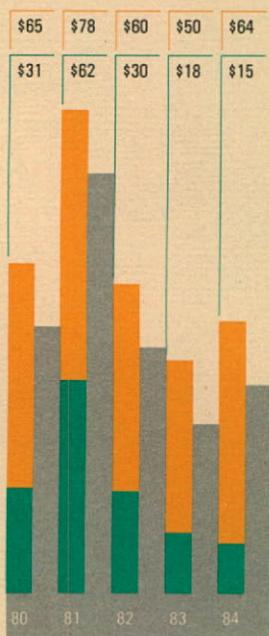
Du Pont Investment and Dividends Received

Following the August 1980 sale of its United States oil and gas properties for \$2.3 billion, Seagram obtained 20.2 percent of the outstanding common shares of Du Pont. Additional shares were subsequently purchased in the market; 53.8 million shares, or 22.5 percent, of Du Pont's outstanding shares were held at January 31, 1985. Du Pont is the largest chemical company in North America and, with its ownership of Conoco, has significant reserves of and operations in oil, gas and coal. For its year ended December 31, 1984, Du Pont had revenues of \$36.2 billion, assets of \$24.1 billion and earnings of \$1.4 billion.

Seagram's earnings from the Du Pont investment were as follows:

	Twelve Months Ended		
	January 31,		
	1985	1984	July 31, 1982
		(millions)	
Dividends received, after income taxes	\$141.3	\$117.1	\$ 95.3
Unremitted earnings	141.4	96.8	75.7
	\$282.7	\$213.9	\$171.0

During the twelve months ended January 31, 1985, Seagram acquired 2.8 million additional Du Pont shares. Seagram received dividends of \$2.90 per share in the twelve months ended January 31, 1985, \$2.50 per share in the twelve-month period ended January 31, 1984, and \$2.15 per share in the 1982 fiscal year; the latter period included three quarterly dividends at \$.60 per share plus a special year-end dividend of \$.35 per share.



Capital Expenditures*

(millions)

- Spirits and Wine
- Canadian and International Oil and Gas

*Excluding property, plant and equipment arising from the acquisition of Geo. G. Sandeman Sons & Co., Limited, in 1980 and of The Wine Spectrum in 1983.



Debt*/Debt* + Equity Ratio

*Net of cash and short-term investments.

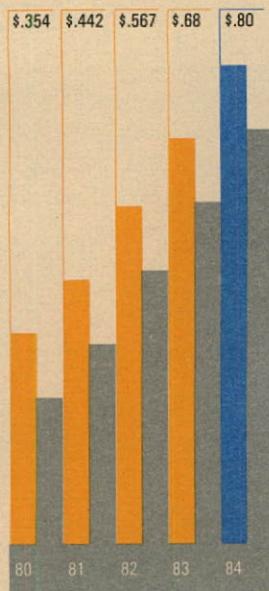
Cash Flow, Asset Management and Debt Levels

A summary follows of the Company's cash flow generated from operations and investments:

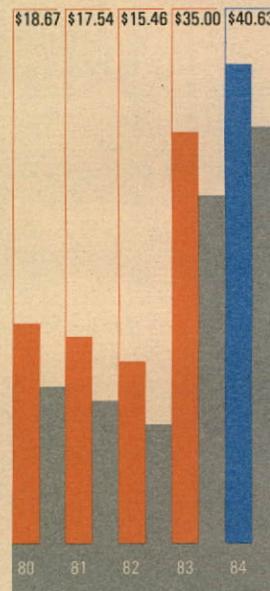
	Twelve Months Ended		
	January 31,		
	1985	1984	July 31, 1982
Funds provided by spirits and wine operations		(millions)	
	\$214.8	\$188.9	\$176.1
Funds invested in spirits and wine operations-decrease	12.0	144.5	6.6
Acquisition of The Wine Spectrum	—	(237.8)	—
Net funds provided by spirits and wine operations	226.8	95.6	182.7
Funds provided by dividends	141.3	117.1	110.3
Net funds available	\$368.1	\$212.7	\$293.0

Spirits and wine capital expenditures were \$63.8 million in the twelve months ended January 31, 1985, compared with \$50.6 million in the prior year and \$60.6 million in 1982. The Company continues to modernize production facilities; however, because of the absence of major volume growth, future capital expenditures are not anticipated to be significantly above the present level.

Short-term and long-term debt less cash and short-term investments totaled \$965.3 million at January 31, 1985, \$157.8 million less than the prior year-end. To fund seasonal working capital requirements, the Company has relied primarily on commercial paper supported by bank credit facilities. The Company borrows funds in different currencies from various sources. Net interest expense for the twelve months ended January 31, 1985, totaled \$121.4 million, an increase of \$9.6 million over the prior year. Net interest expense for the twelve-month period ended January 31, 1984, declined \$61.8 million from the 1982 fiscal year as a result of lower borrowing rates and, to a lesser degree, reduced borrowings outstanding.



Dividends per Share



End-of-Year Share Price

Dividends paid to shareholders have risen steadily to \$72.7 million for the twelve months ended January 31, 1985, from \$61.1 million in the prior year and \$52.9 million in 1982.

Subsequent to January 31, 1985, Seagram agreed to sell its Canadian and North Sea oil and gas properties for \$91.0 million, which was essentially the Company's investment in these assets.

With funds generated from spirits and wine operations and Du Pont dividends, it is anticipated that total corporate indebtedness will decline over time. No difficulty is expected in meeting future financial obligations.

Return to Shareholders

The Company increased its dividend to an annual rate of U.S. \$.80 per share in February 1984. Quarterly dividends of \$.20 per share were paid during the twelve months ended January 31, 1985, compared with \$.17 per share during the prior year.

The Company's common shares are traded on the New York, Montreal, Toronto, Vancouver, London and Paris Stock Exchanges. The Company had approximately 14,350 shareholders of record at February 27, 1985. Market prices at January 31, 1985, were Canadian \$53.625 and U.S. \$40.625. The quarterly high and low prices were as follows:

	Twelve Months Ended			
	January 31, 1985		January 31, 1984	
	High	Low	High	Low
Canadian Stock Exchanges (Canadian Dollars)				
First Quarter	C\$45	C\$40 ¹ / ₄	C\$39 ³ / ₄	C\$31
Second Quarter	46 ¹ / ₄	39 ⁵ / ₈	40 ³ / ₄	36
Third Quarter	51 ³ / ₈	44 ³ / ₈	45	36 ¹ / ₄
Fourth Quarter	54 ¹ / ₂	48	49 ⁵ / ₈	42 ³ / ₄
New York Stock Exchange				
First Quarter	US\$35 ⁵ / ₈	US\$32 ¹ / ₈	US\$32 ³ / ₈	US\$25
Second Quarter	35 ³ / ₄	30	32 ⁷ / ₈	29 ¹ / ₄
Third Quarter	39	33 ³ / ₄	36 ¹ / ₂	29 ³ / ₈
Fourth Quarter	40 ⁷ / ₈	36 ³ / ₈	40	34 ¹ / ₄

Consolidated Statement of Income

(U.S. dollars in thousands, except per share amounts)

The Seagram Company Ltd.
(Incorporated under the Canada Business Corporations Act)
and Subsidiary Companies

	Twelve Months Ended		
	January 31,		
	1985	1984	July 31, 1982
Sales and other income	\$2,821,245	\$2,647,552	\$2,826,184
Cost of goods	1,834,233	1,705,507	1,865,985
	987,012	942,045	960,199
Selling, general and administrative expenses	741,399	711,015	668,868
Operating Income	245,613	231,030	291,331
Interest expense	88,054	67,906	112,607
Income before income taxes	157,559	163,124	178,724
Provision for income taxes	43,742	43,732	67,437
Income from spirits and wine operations	113,817	119,392	111,287
Interest expense related to share repurchase, after income taxes	(12,845)	(15,823)	(17,927)
Income from dividends, after income taxes	141,294	117,130	110,285
Equity in unremitted earnings of E.I. du Pont de Nemours and Company	141,352	96,847	75,796
Net Income	\$ 383,618	\$ 317,546	\$ 279,441
Per share data:			
Income from operations and dividends	\$2.67	\$2.45	\$2.15
Equity in unremitted earnings of E.I. du Pont de Nemours and Company	1.55	1.08	.80
Net Income—primary earnings per share	\$4.22	\$3.53	\$2.95
—fully diluted earnings per share	\$4.05	*	*

*Not applicable.

Consolidated Balance Sheet

(U.S. dollars in thousands)

Assets	January 31,	
	1985	1984
Current Assets		
Cash and short-term investments at cost, which approximates market	\$ 126,886	\$ 89,091
Receivables	388,162	351,465
Inventories	988,941	1,064,500
Prepaid expenses	31,095	25,379
 Total current assets	 1,535,084	 1,530,435
 Common Stock of E.I. du Pont de Nemours and Company	 3,041,883	 2,762,441
 Note Receivable from Sun Company, Inc.	 90,000	 90,000
 Property, Plant and Equipment, at cost	 1,044,463	 1,059,648
Accumulated depreciation	(348,447)	(334,913)
 696,016	 724,735	
 Investments and Advances—spirits and wine companies	 71,261	 101,075
 Sundry Assets, including excess of cost over net assets of companies acquired	 161,628	 95,959
 \$5,595,872	 \$5,304,645	

	January 31,	
	1985	1984
Liabilities and Shareholders' Equity		
Current Liabilities		
Short-term borrowings	\$ 277,724	\$ 364,315
United States excise taxes	68,830	71,426
Payables and accrued liabilities	325,970	345,430
Income and other taxes	34,344	7,234
Indebtedness payable within one year	33,688	87,125
Total current liabilities	740,556	875,530
Long-Term Indebtedness	780,760	760,750
Deferred Income Taxes and Other Credits	964,385	872,817
Minority Interest	30,674	12,967
Shareholders' Equity		
Shares without par value		
1985—91,916,835 shares; 1984—89,887,350 shares	91,521	14,981
Share purchase warrants	27,691	27,691
Cumulative currency translation adjustments	(406,539)	(316,018)
Retained earnings	3,366,824	3,055,927
Total shareholders' equity	3,079,497	2,782,581
	\$5,595,872	\$5,304,645

Approved by the Board:
 Edgar M. Bronfman, Director
 C.E. Medland, Director

Consolidated Statement of Changes in Financial Position

(U.S. dollars in thousands)

The Seagram Company Ltd.
(Incorporated under the Canada Business Corporations Act)
and Subsidiary Companies

	Twelve Months Ended		
	January 31,		
	1985	1984	July 31, 1982
Operations:			
Income from spirits and wine operations	\$113,817	\$119,392	\$111,287
Interest expense related to share repurchase	(12,845)	(15,823)	(17,927)
Items not requiring the use of funds—			
Depreciation	43,891	38,728	33,398
Deferred income taxes	35,742	38,553	49,622
Sundry	34,163	8,064	(247)
	214,768	188,914	176,133
Dividend income	141,294	117,130	110,285
Funds Provided by Operations and Dividends	356,062	306,044	286,418
Capital expenditures	(78,532)	(68,328)	(90,244)
Receivables	(36,697)	54,214	24,603
Inventories	75,559	90,803	14,861
Prepaid expenses	(5,716)	5,754	(2,996)
Excise taxes and payables	(22,056)	63,537	(24,588)
Income and other taxes	79,445	(1,530)	84,976
Funds invested in operations—decrease	12,003	144,450*	6,612
Net Funds Available From Operations and Dividends	368,065	450,494	293,030
Dividends Paid	(72,721)	(61,123)	(52,882)
Funds Required by Prior Year Extraordinary Item	—	—	(154,799)
Investments and Other:			
Acquisition of shares of E.I. du Pont de Nemours and Company	(130,005)	(34,054)	(87,767)
Acquisition of The Wine Spectrum	—	(237,814)	—
Acquisition of minority shareholder's interest in a subsidiary	—	(26,212)	—
Repurchase and cancellation of shares	—	—	(301,097)
Change in cumulative currency translation adjustments	(90,521)	(67,957)	(65,135)
Other, net	6,455	(12,073)	38,157
Net investments	(214,071)	(378,110)	(415,842)
Financing Activities:			
Issuance of long-term indebtedness	196,328	340,078	313,119
Repayment of long-term indebtedness	(176,318)	(321,616)	(824,700)
Issuance of shares to acquire Cemp Enterprises Ltd.	76,540	—	—
Issuance of share purchase warrants	—	27,691	—
Short-term borrowings—(decrease) increase	(140,028)	(100,646)	131,027
Net financing repaid	(43,478)	(54,493)	(380,554)
Net Increase (Decrease) in Cash and Short-Term Investments	\$ 37,795	\$ (43,232)	\$ (711,047)

*Excludes assets and liabilities of The Wine Spectrum at the time of acquisition, which for purposes of this statement are included in "Investments and Other."

Consolidated Statement of Retained Earnings

(U.S. dollars in thousands, except per share amounts)

The Seagram Company Ltd.
(Incorporated under the Canada Business Corporations Act)
and Subsidiary Companies

	Twelve Months Ended		
	January 31,		July 31, 1982
	1985	1984	
Balance at July 31, 1982			\$2,701,460
Net income for the six months ended January 31, 1983			125,710
Dividends for the six months ended January 31, 1983 (per share—\$.30)			(27,070)
Cancellation of shares			(596)
Retained earnings at beginning of period	\$3,055,927	2,799,504	\$2,773,498
Net income	383,618	317,546	279,441
Dividends (per share: twelve months ended January 31, 1985—\$.80; twelve months ended January 31, 1984—\$.68; twelve months ended July 31, 1982—\$.567)	(72,721)	(61,123)	(52,882)
Cancellation of shares	—	—	(298,597)
Retained earnings at end of period	\$3,366,824	\$3,055,927	\$2,701,460

Summary of Significant Accounting Policies

The Company's accounting policies are generally accepted, in all material respects, in both Canada and the United States.

Principles of Consolidation

The Consolidated Financial Statements include the accounts of The Seagram Company Ltd. and its subsidiaries consolidated from the date of acquisition on the basis of purchase accounting. Investments and advances relate principally to nonconsolidated affiliates owned 20 percent or more, which are accounted for using the equity method. The excess of cost over amounts assigned to net assets acquired is amortized over varying periods, none exceeding forty years.

Foreign Currency Translation

A substantial portion of the Company's operations occurs in the United States and, therefore, the Consolidated Financial Statements are expressed in United States currency. Except for operations in highly inflationary economies, all assets and liabilities of companies outside the United States are translated using end-of-year exchange rates; revenues and expenses are translated using the average exchange rate for the year. Unrealized currency translation adjustments are deferred in shareholders' equity, whereas realized transaction gains and losses are recognized currently in net income. For operations in countries which are considered to be highly inflationary, inventories and property, plant and equipment are accounted for using historical exchange rates, with the related translation effects included in income when significant.

Inventories

Inventories are stated at cost, which is not in excess of market, and consist principally of spirits and wines. Cost is determined by either the last-in, first-out (LIFO) method or the identified cost method.

The LIFO method, used by the Company in the United States, Puerto Rico and Venezuela, recognizes current costs of producing spirits and wines in cost of goods and reflects inventory in the balance sheet at production costs of prior periods. In a period of rising prices, the costs of producing spirits and wines are substantially higher than the original production costs associated with the spirits and wines now being sold.

The Company's general practice is to expense, as incurred, costs associated with the ageing of spirits and wines. In accordance with industry practice, current assets include spirits and wines which, in the Company's normal business cycle, will be aged for varying periods of years.

Property, Plant and Equipment

Property, plant and equipment are carried at cost. Depreciation is determined for financial reporting purposes using the straight-line method over estimated useful asset lives, generally at annual rates of 2-10 percent for buildings, 4-20 percent for machinery and equipment, and 2-20 percent for other assets.

Income Taxes

Deferred income taxes are provided for items reported for tax purposes in different periods than recognized in the financial statements. Such provisions relate principally to accelerated depreciation methods and the treatment for tax purposes of a portion of the proceeds of the sale of the United States oil and gas properties as a loan. Deferred taxes are not provided on undistributed earnings of subsidiaries outside of Canada because the Company plans to reinvest such earnings.

Pensions

The Company has trusted pension plans covering substantially all of its employees. Pension costs, determined by independent consulting actuaries, are essentially funded as accrued.

Revenue and Expense Items

Sales and other income and cost of goods include excise taxes and duties paid or accrued on spirits and wines. Advertising and promotion expenses are charged to income as incurred.

Earnings Per Share

Primary earnings per share are based on the average number of outstanding common shares plus, when dilutive, common share equivalents (share purchase warrants). Fully diluted earnings per share assume exercise of share purchase warrants, conversion of convertible debentures and elimination of related after-tax interest expense.

Notes To Consolidated Financial Statements

Note 1: Fiscal Year Change

Effective January 31, 1983, the Company changed its fiscal year-end from July 31 to January 31. For the six-month fiscal period ended January 31, 1983, sales and other income totaled \$1.5 billion, operating income was \$150.5 million, and net income was \$125.7 million. Funds provided by operations and dividends amounted to \$193.5 million, of which \$56.2 million in dividends were received from E.I. du Pont de Nemours and Company. Funds invested in operations totaled \$94.0 million, dividends paid were \$27.1 million, and cash and short-term investments increased \$28.3 million.

Note 2: Equity in Du Pont

In August 1981, the Company acquired 20.2 percent of the outstanding shares of common stock of E.I. du Pont de Nemours and Company. Additional shares have been acquired subsequently through open-market purchases, and at January 31, 1985, the Company held 53.8 million shares, or 22.5 percent, of Du Pont's outstanding common stock.

The Company and Du Pont have entered into agreements providing for mutual board representation and other matters concerning their future relationship. Subject to certain conditions, the Company will not as a general matter exceed a 25 percent holding of Du Pont's voting stock, and Du Pont will have a right of first refusal if the Company offers its Du Pont shares for sale or transfer during the term of the agreements. The agreements expire in October 1991 and will be extended automatically for an additional five years unless the Company gives Du Pont notice of its intention to terminate the agreements.

The Company accounts for its investment in Du Pont using the equity method whereby its proportionate share of Du Pont's earnings is included in income. The \$401 million excess at acquisition of the Company's carrying value above the equity in Du Pont's net assets was allocated primarily to Du Pont's LIFO inventory. The portion allocated to property, plant and equipment and long-term borrowings is being amortized over varying periods, none exceeding fifteen years.

Information regarding dividends from Du Pont and the Company's accounting for unremitted Du Pont earnings follows:

	Twelve Months Ended		
	January 31,		
	1985	1984	July 31, 1982
(thousands)			
Dividends received from Du Pont	\$151,766	\$125,811	\$102,324
Income taxes provided	10,472	8,681	7,060
	\$141,294	\$117,130	\$ 95,264
Interest expense allocated against unremitted Du Pont earnings	\$ 11,150	\$ 14,785	\$ 29,200
Income tax benefit	5,129	6,801	13,400
	\$ 6,021	\$ 7,984	\$ 15,800

Unremitted Du Pont earnings of \$322.9 million are included in consolidated retained earnings at January 31, 1985; no provision has been made for taxes in view of available options for realization.

Summarized financial information for Du Pont, based upon its publicly reported financial statements, is presented below:

	Twelve Months Ended		
	December 31,	1984	1983
		(millions)	
Sales and other income	\$36,218	\$35,769	\$32,336
Cost of goods sold and other expenses	27,425	27,586	24,832
Net income	1,431	1,127	1,103*

*Before cumulative effect of change in accounting for investment tax credit.

	December 31,	
	1984	1983
	(millions)	
Current assets	\$ 8,651	\$ 9,062
Noncurrent assets	15,447	15,370
	\$24,098	\$24,432
Current liabilities	\$ 5,177	\$ 5,059
Noncurrent liabilities	6,688	7,901
Stockholders' equity	12,233	11,472
	\$24,098	\$24,432

Note 3: Sun Note Receivable

In August 1980, the Company sold its United States oil, gas and related properties to Sun Company, Inc., for \$2.3 billion. A gain of \$1.2 billion, after provision for deferred income taxes of \$616 million, was recorded.

Under the terms of the sale, the Company retains reversionary interests of 25 percent in producing properties and 49 percent in nonproducing properties which entitle the Company to participate if Sun achieves certain investment criteria. No value has been assigned to these reversionary interests for financial statement purposes. For tax purposes, a majority of the gain has been treated as an installment sale and the remainder as a loan. The tax provision relating to the loan required assumptions as to future oil and gas prices as well as costs and results of exploration and development and, therefore, may be subject to adjustment by the Internal Revenue Service. Management believes that any changes in the tax provision will not be materially adverse to the Company's financial position.

The Company holds a \$900 million note receivable on the sale from Sun which is due in four annual installments commencing August 29, 1986. The note bears interest at an

average interest rate of 11.76 percent on \$675 million and on the balance at $3/8$ of 1 percent above the interest rate for ninety-day prime commercial paper placed through dealers.

In a series of separate transactions, the Company assigned the Sun note as security to financial institutions and obtained advances aggregating \$810 million which are repayable in installments from September 30, 1986, through December 22, 1989. The advances are nonrecourse as to principal; the lenders have recourse only to the Sun note for the repayment of principal and may not for this purpose look to any other assets of the Company or any of its subsidiaries. In view of the foregoing, the note receivable is net of the advances in the Consolidated Balance Sheet, and the related net interest income is recognized in the Consolidated Statement of Income. Included in cash and short-term investments at January 31, 1985, is \$41 million which is restricted to interest payments on this arrangement.

Note 4: Credit Arrangements and Long-Term Indebtedness

Short-term borrowings at January 31, 1985, consisted of bank borrowings of \$88,256,000 and commercial paper of \$189,468,000, bearing interest at the prime rates or their equivalent, respectively. The Company's unused lines of credit at January 31, 1985, a portion of which supports outstanding commercial paper, totaled \$692,779,000, including \$295,000,000 in revolving credit agreements of the principal United States subsidiary, Joseph E. Seagram & Sons, Inc.

Long-term indebtedness consisted of:

	January 31,	
	1985	1984
	(thousands)	
Term Loan, due November 29, 1985, and November 28, 1986; interest at 10.8% on average (10.1% in 1984)	\$ 33,333	\$225,000
11 $3/8$ % Guaranteed Notes, due November 1, 1986	125,000	—
Eurodollar Notes, due November 25, 1988 through August 16, 1994; interest at 11.3% on average (9.7% in 1984)	107,816	45,956
12% Promissory Notes, due February 1, 1989	12,000	15,500
12 $3/4$ % Eurodollar Notes, due October 1, 1989	99,667	100,000
7 $5/8$ % Debentures, due December 15, 1991 (Canadian \$: 1985—\$18,083,000; 1984—\$19,314,000)	13,624	15,461
7% Eurodollar Subordinated Debentures, due May 15, 1993	99,657	97,813
10 $7/8$ % Debentures, due June 1, 1995 (Canadian \$: 1985—\$45,845,000; 1984—\$48,290,000)	34,539	38,656
12% Promissory Notes, due July 15, 1996	64,600	70,500
8 $1/4$ % Convertible Subordinated Guaranteed Debentures, due June 1, 2008	124,990	125,000
12 $3/8$ % Debentures, due October 31, 2012 (£50,000,000)	56,291	69,758
Sundry	42,931	44,231
	814,448	847,875
Less: Indebtedness payable within one year	33,688	87,125
	\$780,760	\$760,750

In May 1983, the Company issued \$125 million 7% Eurodollar Subordinated Debentures due May 15, 1993, with detachable share purchase warrants. Detachable warrants issued with debentures are accounted for as paid-in capital. Accordingly, based on the relative fair values of the debentures and warrants, \$27.7 million of the \$125 million offering was allocated to the share purchase warrants and included in shareholders' equity. Note 6 provides additional information.

In June 1983, Joseph E. Seagram & Sons, Inc. issued \$125 million 8 $1/4$ % Convertible Subordinated Guaranteed Debentures due June 1, 2008, which are convertible into the Company's common shares and guaranteed on a subordinated basis. The Company also has guaranteed \$125 million 11 $3/8$ % Notes due November 1, 1986, issued by Joseph E. Seagram & Sons, Inc.

In November 1984, for a consideration of \$5.5 million Joseph E. Seagram & Sons, Inc. issued 125,000 debt warrants entitling holders to purchase at par \$125 million 12 $1/4$ % Guaranteed Bonds due 1994; the warrants expire November 23, 1989.

Summarized financial information for Joseph E. Seagram & Sons, Inc. and its subsidiaries is presented below:

	Twelve Months Ended		
	January 31,		
	1985	1984	July 31, 1982
(thousands)			
Sales and other income	\$2,333,741	\$2,139,214	\$2,280,704
Cost of goods	1,637,712	1,465,921	1,601,492
Net income	314,166	271,337	236,977

	January 31,	
	1985	
	1984	(thousands)
(thousands)		
Current assets	\$1,167,264	\$1,194,676
Noncurrent assets	3,868,339	3,585,335
	\$5,035,603	\$4,780,011
(thousands)		
Current liabilities	\$ 384,685	\$ 565,212
Noncurrent liabilities	1,592,897	1,399,878
Shareholders' equity	3,058,021	2,814,921
	\$5,035,603	\$4,780,011

In November 1981, the Company repurchased 15 million of its common shares; interest expense on the borrowings to finance the repurchase, less income tax benefits of \$10.9 million in the twelve months ended January 31, 1985, \$13.5 million in the twelve months ended January 31, 1984, and \$14.1 million in the twelve months ended July 31, 1982, has been shown separately in the Consolidated Statement of Income to obtain comparability among the periods presented.

Interest expense on long-term indebtedness was \$68.7 million, \$78.3 million and \$84.8 million in the twelve-month periods ended January 31, 1985 and 1984, and July 31, 1982, respectively. Annual repayments and redemptions for the five

years subsequent to January 31, 1985, are as follows: 1986—\$33.7 million; 1987—\$156.9 million; 1988—\$14.8 million; 1989—\$59.7 million; 1990—\$113.9 million.

Note 5: Income Taxes

The components of income from spirits and wine operations before income taxes were:

	Twelve Months Ended		
	January 31,		
	1985	1984	July 31, 1982
North America			(thousands)
\$ 81,982	\$ 88,674	\$114,703	
Foreign	75,577	74,450	64,021
	\$157,559	\$163,124	\$178,724

North America includes the United States and Canada.

The components of income tax expense were:

	Twelve Months Ended		
	January 31,		
	1985	1984	July 31, 1982
Income tax provision applicable to spirits and wine operations	\$43,742	\$43,732	\$67,437
Taxes on dividend income	10,472	8,681	8,177
Tax benefit applicable to share repurchase interest expense and Du Pont investment	(16,073)	(20,280)	(27,486)
Total income tax expense	\$38,141	\$32,133	\$48,128
Current			
United States Federal:			
Taxes on dividend income	\$10,472	\$ 8,681	\$ 8,177
Tax benefit applicable to spirits and wine operations	—	(23,964)	(8,802)
Tax benefit applicable to share repurchase interest expense and Du Pont investment	(16,073)	(20,280)	(27,486)
Other jurisdictions	8,000	29,143	39,114
	2,399	(6,420)	11,003
Deferred			
United States Federal:			
Tax treatment of sale of U.S. oil and gas properties as a loan	27,903	37,255	28,089
Depreciation and other	6,992	(3,094)	3,022
Other jurisdictions	847	4,392	6,014
	35,742	38,553	37,125
Total income tax expense	\$38,141	\$32,133	\$48,128

The Company's effective income tax rate for income from spirits and wine operations differed from the statutory rate in the United States as a result of the following factors:

	Twelve Months Ended		
	January 31,		
	1985	1984	July 31, 1982
Statutory rate	46%	46%	46%
Operations outside the United States	(16)	(12)	(1)
United States investment tax credit	(1)	(1)	(1)
United Kingdom stock appreciation relief	(1)	(6)	(6)
Effective income tax rate	28%	27%	38%

Various taxing authorities have proposed or levied assessments of additional income taxes for prior years. Management believes that settlements will not have a material effect on the financial position of the Company.

Note 6: Common Shares and Earnings Per Share

The Company is authorized to issue an unlimited number of common shares without nominal or par value. At January 31, 1985, the Company had outstanding warrants to purchase 3,500,000 common shares at \$37 per share. Joseph E. Seagram & Sons, Inc. had outstanding debentures convertible into 3,310,986 of the Company's common shares at \$37.75 per share. The warrants expire September 15, 1988, and the convertible debentures mature June 1, 2008. The dilutive effect on the Company's earnings per share from the assumed exercise of the share purchase warrants and the assumed conversion of the convertible debentures was less than 3 percent in the twelve months ended January 31, 1984, inasmuch as these securities were outstanding only for a portion of that year.

On August 3, 1984, the Company acquired all of the outstanding share capital of its principal shareholder, Cemp Enterprises Ltd., which was wholly owned by trusts for the benefit of members of the family of the late Samuel Bronfman. The sole assets of Cemp Enterprises at acquisition were 32,874,270 of the Company's shares and \$76.5 million in cash. The Company issued in consideration 34,903,491 shares, representing the number of reacquired shares plus additional shares equal to the cash received divided by 110 percent of the average closing price of the Company's shares during the five trading days preceding the acquisition.

A subsidiary of Cemp Enterprises has outstanding \$14.2 million aggregate stated capital of preference shares, which are reflected in the Consolidated Balance Sheet as minority interest in preferred shares of subsidiaries. Securities issued or guaranteed by the Canadian or United States governments have been deposited in trust for the benefit of the holders of such preference shares, and the Company does not anticipate incurring any liability for payments to be made in connection therewith.

Earnings per share were based on the following weighted average number of shares outstanding in the twelve-month periods ended: January 31, 1985—90,896,522; January 31, 1984—89,887,350; July 31, 1982—94,711,650.

Note 7: Pension Plans

Pension costs were \$26.8 million in the twelve months ended January 31, 1985, \$25.5 million in the twelve months ended January 31, 1984, and \$20.4 million in the twelve months ended July 31, 1982.

Based on valuation data as of July 31, 1983, the actuarial present value of accumulated plan benefits totaled \$271 million, most of which was for vested employees. The weighted

average assumed rate of return used in determining the actuarial present value was 9 percent. Net assets of the pension plans measured at market value were \$312 million.

Health care and life insurance benefits are provided for retirees, including those in certain foreign countries, who were employed by the Company at retirement. The Company essentially funds and expenses the program currently, the cost of which was \$2.5 million for retirees in Canada and the United States for the twelve months ended January 31, 1985.

Note 8: Geographic Data

Financial information relating to significant geographic areas is presented below. Sales to unrelated parties reflect shipments made to locations both within and without each geographic segment. Sales among geographic areas include intercompany transactions on a current market price basis.

	Sales and Other Income			
	Unrelated Parties	Inter- company	Operating Income	Total Assets
(millions)				
Twelve Months Ended				
January 31, 1985				
United States	\$1,752	\$ 13	\$ 37	\$4,354
Europe	600	147	74	632
Latin America and Australasia	301	59	36	239
Canada	168	157	99	371
	\$2,821	\$376	\$246	\$5,596
Twelve Months Ended				
January 31, 1984				
United States	\$1,639	\$ 21	\$ 33	\$4,054
Europe	488	99	70	645
Latin America and Australasia	295	50	35	220
Canada	226	152	93	386
	\$2,648	\$322	\$231	\$5,305
Twelve Months Ended				
July 31, 1982				
United States	\$1,736	\$ 17	\$ 78	\$3,712
Europe	514	99	69	742
Latin America and Australasia	352	49	40	237
Canada	224	149	104	350
	\$2,826	\$314	\$291	\$5,041

Note 9: Additional Financial Data

	January 31,	
	1985	1984
(thousands)		
Receivables:		
Trade	\$357,122	\$322,250
Other	45,612	45,982
	402,734	368,232
Less: Valuation accounts	(14,572)	(16,767)
	\$388,162	\$351,465
Inventories:		
Spirits and wines	\$919,479	\$ 990,091
Materials and supplies	69,462	74,409
	\$988,941	\$1,064,500

Inventories accounted for using the LIFO inventory method amounted to \$294,503,000 at January 31, 1985, and \$306,613,000 at January 31, 1984. The excess of current estimated replacement cost over LIFO carrying value was \$246,428,000 and \$256,261,000 at January 31, 1985 and 1984, respectively.

	January 31,	
	1985	1984
(thousands)		
Property, plant and equipment:		
Land	\$ 53,647	\$ 57,355
Buildings	237,954	254,557
Machinery and equipment	349,481	354,014
Oil and gas properties outside the United States	237,806	230,362
Other, including construction in progress	165,575	163,360
	\$1,044,463	\$1,059,648
Payables and accrued liabilities:		
Trade	\$ 115,461	\$ 77,577
Other	210,509	267,853
	\$ 325,970	\$ 345,430
Deferred income taxes and other credits:		
Deferred income taxes	\$ 831,011	\$ 738,965
Other credits	133,374	133,852
	\$ 964,385	\$ 872,817
Twelve Months Ended		
	January 31,	
	1985	1984
(thousands)		
Reconciliation of cumulative currency translation adjustments:		
Cumulative currency translation adjustments at beginning of period		
	\$316,018	\$248,061
Change in cumulative currency translation adjustments before taxes	(83,921)	(62,712)
Tax effect	(6,600)	(5,245)
	(406,539)	\$316,018
Cumulative currency translation adjustments at end of period		\$195,073
Excise taxes and duties included in sales and cost of goods	\$ 815,541	\$ 816,089
Minority interest in net income of subsidiary companies	\$ 3,365	\$ 2,027
	\$ 863,437	

Net income earned on the note receivable from Sun and applied to interest expense amounted to \$25 million, \$22 million and \$21 million in the twelve-month periods ended January 31, 1985 and 1984, and July 31, 1982, respectively. This classification reflects the Company's intention to reduce indebtedness associated with the spirits and wine segment as Sun liquidates the note receivable.

Auditors' Report

**To the Shareholders of
The Seagram Company Ltd.**

We have examined the consolidated balance sheet of The Seagram Company Ltd. and its subsidiary companies as at January 31, 1985 and 1984 and the consolidated statements of income, retained earnings and changes in financial position for each of the twelve-month periods ended January 31, 1985, January 31, 1984, and July 31, 1982. Our examinations were made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at January 31, 1985 and 1984 and the results of their operations and the changes in their financial position for each of the twelve-month periods ended January 31, 1985, January 31, 1984, and July 31, 1982, in accordance with generally accepted accounting principles applied on a consistent basis.

Price Waterhouse
Montréal, Québec
March 21, 1985

Quarterly Data

(U.S. dollars in thousands, except per share amounts)

	Twelve Months Ended January 31, 1985				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Year
Sales and other income	\$625,620	\$630,030	\$746,794	\$818,801	\$2,821,245
Operating Income	48,302	57,390	83,483	56,438	245,613
Interest expense	20,251	22,887	22,607	22,309	88,054
Income before income taxes	28,051	34,503	60,876	34,129	157,559
Provision for income taxes	7,854	9,973	17,104	8,811	43,742
Income from spirits and wine operations	20,197	24,530	43,772	25,318	113,817
Interest expense related to share repurchase, after income taxes	(3,295)	(3,452)	(3,519)	(2,579)	(12,845)
Income from dividends, after income taxes	33,413	33,636	37,051	37,194	141,294
Equity in unremitted earnings of E.I. du Pont de Nemours and Company	38,970	52,971	25,412	23,999	141,352
Net Income	\$ 89,285	\$107,685	\$102,716	\$ 83,932	\$ 383,618
Net Income Per Share—primary	\$.99	\$1.20	\$1.12	\$.91	\$4.22
—fully diluted	\$.96	\$1.14	\$1.07	\$.88	\$4.05

Supplementary Financial Data Adjusted for the Effects of Changing Prices

The United States Financial Accounting Standards Board (FASB) and the Canadian Institute of Chartered Accountants (CICA) have adopted rules requiring disclosure of supplementary financial data adjusted for the effects of changing prices. In accordance with procedures recognized as experimental by the FASB and the CICA, the adjustments for changing prices in the accompanying supplementary schedule are based upon the current cost method of accounting for inflation, using the translate-restate method.

The current cost method of inflation accounting adjusts reported income for the estimated effect on cost of goods and depreciation expense from changes in specific prices of inventories and property, plant and equipment after they are acquired. Inventories are restated to current cost based upon most recent manufacturing costs. Specific indices are used to determine the current cost of property, plant and equipment.

The cost of goods adjustment under current cost is mitigated by the use of the last-in, first-out inventory method (LIFO) in the historical cost financial statements, generally wherever

permitted under local tax law; LIFO cost in most instances is virtually identical to current cost. Depreciation expense is higher under current cost than historical cost as a result of the increase in costs of construction, machinery and equipment over the past decade. The FASB and CICA standards permit no modification of income tax as reported in the primary financial statements to accommodate tax effects normally associated with incurring higher costs. Unlike the FASB, the CICA suggests that unremitted earnings accounted for using the equity method reflect the effects of changing prices. The accompanying supplementary data are in accordance with the FASB standard.

The current cost method involves the use of assumptions, estimates and subjective judgments. In determining the effects of inflation on operations, no consideration has been given to savings emanating from efficiencies or technological improvements associated with replacing property, plant and equipment. The adjustments to reported income should not be viewed as precise measurements of the effects of inflation.

Twelve Months Ended January 31, 1984

1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Year
\$576,309	\$610,034	\$701,194	\$760,015	\$2,647,552
45,146	54,430	78,727	52,727	231,030
14,315	14,933	15,977	22,681	67,906
30,831	39,497	62,750	30,046	163,124
9,647	11,646	17,648	4,791	43,732
21,184	27,851	45,102	25,255	119,392
(3,885)	(4,036)	(4,329)	(3,573)	(15,823)
28,112	28,111	28,112	32,795	117,130
8,974	22,501	32,107	33,265	96,847
\$ 54,385	\$ 74,427	\$100,992	\$ 87,742	\$ 317,546
\$.61	\$.82	\$1.13	\$.97	\$3.53
—	—	—	—	*

*Not applicable.

Supplementary Financial Data

(millions, except per share amounts)	Twelve Months Ended Jan. 31,		Twelve Months Ended July 31,			Twelve Months Ended Jan. 31,		Twelve Months Ended July 31,		
	1985	1984	1982	1981	1980	1985	1984	1982	1981	1980
Sales and other income:										
As reported	\$2,821	\$2,648	\$2,826	\$2,773	\$2,535					
In average current year dollars	2,821	2,759	3,111	3,306	3,366					
Net income:										
As reported ⁽¹⁾	384	318	279	294	74	Current cost ⁽⁴⁾	\$ (6)	\$ 50	\$ 221	\$ (8)
Adjustments ⁽²⁾	(30)	(31)	(45)	(28)	(20)	Specific prices relative to general price level changes	(100)	(66)	30	(340)
Cost of goods	(25)	(24)	(25)	(33)	(24)	Translation adjustment	(140)	(98)	(73)	(154)
Depreciation						Shareholders' equity at year-end:				
Current cost	329	263	209	233	30	As reported	3,079	2,783	2,521	2,661
In average current year dollars	329	274	230	278	40	Current cost	3,853	3,847	3,985	4,194
Net income per share:						Cash dividends paid per share:				
As reported ⁽¹⁾	4.22	3.53	2.95	2.80	.71	As reported	.80	.68	.567	.442
Current cost	3.62	3.04	2.42	2.64	.39	In average current year dollars	.80	.71	.624	.527
Gain (loss) from decline in purchasing power on net monetary position ⁽³⁾						Share price at year-end:				
FASB	72	85	135	(67)	167	As reported	40.63	35.00	15.46	17.54
CICA	40	50	76	(169)	131	In average current year dollars	40.63	36.47	17.02	20.91
Financing adjustment:						Average U.S. Consumer Price Index (1967=100)	312.0	299.4	283.4	261.7
Inventory and property, plant and equipment	(1)	13	51	(2)	102		312.0	299.4	283.4	261.7
Net income ⁽¹⁾	12	14	18	17	16		312.0	299.4	283.4	261.7

⁽¹⁾Excludes income from discontinued operations and extraordinary gains.⁽²⁾Reflects the effect of specific price changes relating to spirits and wine operations.⁽³⁾The FASB purchasing power gain or loss reflects deferred income taxes as a monetary item whereas the CICA requires classification as a nonmonetary item.⁽⁴⁾At January 31, 1985, the current cost of inventory was \$1,403 million, and the current cost of property, plant and equipment, net of accumulated depreciation, was \$1,107 million.

Financial Summary

(U.S. dollars in thousands, except per share amounts)

	Twelve Months Ended January 31,		Six Months Ended January 31, 1983
	1985	1984	
Operating Results⁽¹⁾⁽²⁾			
Spirits and wine revenues	\$2,821,245	\$2,647,552	\$1,464,917
Spirits and Wine Operating Income—Amount	245,613	231,030	150,491
—Percent of revenues	8.7%	8.7%	10.3%
Income After Income Taxes			
Spirits and wine	113,817	119,392	77,664
Dividends received and, in 1981, interim investment income	141,294	117,130	56,222
Equity in unremitted Du Pont earnings	141,352	96,847	8,868
U.S. oil and gas	—	—	—
After-tax income	396,463	333,369	142,754
Interest expense related to share repurchase	(12,845)	(15,823)	(8,945)
Income after income taxes and share repurchase expense—Amount	383,618	317,546	133,809
—Percent of average shareholders' equity	13.1%	11.9%	*
Nonoperating (expense) income ⁽³⁾	—	—	(8,099)
Extraordinary gains ⁽⁴⁾	—	—	—
Net Income	\$ 383,618	\$ 317,546	\$ 125,710
Dividends	\$ 72,721	\$ 61,123	\$ 27,070
Financial Position⁽¹⁾			
Cash and short-term investments	\$ 126,886	\$ 89,091	\$ 132,323
Current assets	1,535,084	1,530,435	1,546,054
Common stock of Du Pont (Conoco Inc. in 1981)	3,041,883	2,762,441	2,621,856
Net assets of discontinued operations	—	—	—
Property, plant and equipment (net)	696,016	724,735	630,438
Total assets	5,595,872	5,304,645	5,061,796
Short-term debt, including indebtedness payable within one year	311,412	451,440	552,086
Current liabilities	740,556	875,530	896,923
Long-term indebtedness	780,760	760,750	742,288
Total liabilities	2,516,375	2,522,064	2,495,372
Shareholders' equity	3,079,497	2,782,581	2,566,424
Per Share Data⁽⁶⁾			
Income from operations, dividends and interim investments	\$ 2.67	\$ 2.45	\$ 1.29
Equity in unremitted Du Pont earnings	1.55	1.08	.10
U.S. oil and gas income	—	—	—
Income before extraordinary gains	4.22	3.53	1.39
Extraordinary gains ⁽⁴⁾	—	—	—
Net income—primary	\$ 4.22	\$ 3.53	\$ 1.39
Dividends	\$.80	\$.68	\$.30
Shareholders' equity	33.50	30.96	28.55
End-of-year market price:			
New York Stock Exchange	40.63	35.00	25.46
Canadian Stock Exchanges	C53.63	C43.75	C31.58

⁽¹⁾As a result of a change in fiscal year, operating results are presented for the six months ended January 31, 1983; all preceding periods are for the twelve months ended July 31. The financial position information is as at January 31, 1985-1983, and as at July 31 for 1982-1976.

⁽²⁾Notes 3 and 2 of the Consolidated Financial Statements discuss the sale of U.S. oil and gas properties and the subsequent investment in Du Pont.

⁽³⁾Includes (i) unrealized translation losses in countries considered to be highly inflationary in 1983 and (ii) a reversal in 1981 of 1980 deferred income taxes related to United Kingdom stock appreciation relief and a similar reversal in 1979 of \$50,589,000 pertaining to prior years and \$24,998,000 arising in 1979.

⁽⁴⁾Includes an after-tax gain on sale of U.S. oil and gas properties in 1981 and an after-tax gain on sale of office building in 1980.

Twelve Months Ended July 31,

1982	1981	1980	1979	1978	1977	1976
\$2,826,184	\$2,772,733	\$2,534,952	\$2,369,316	\$2,109,250	\$2,024,184	\$1,907,045
291,331	273,562	239,744	215,030	179,311	146,831	133,455
10.3%	9.9%	9.5%	9.1%	8.5%	7.3%	7.0%
111,287	98,643	74,342	69,931	57,978	47,460	47,259
110,285	180,187	—	—	—	—	—
75,796	—	—	—	—	—	—
—	6,802	68,105	33,418	32,545	37,658	36,705
297,368	285,632	142,447	103,349	90,523	85,118	83,964
(17,927)	—	—	—	—	—	—
279,441	285,632	142,447	103,349	90,523	85,118	83,964
10.8%	11.3%	11.4%	9.5%	9.6%	9.3%	9.3%
—	15,644	—	75,587	—	—	—
—	1,222,481	15,770	—	—	—	—
\$ 279,441	\$ 1,523,757	\$ 158,217	\$ 178,936	\$ 90,523	\$ 85,118	\$ 83,964
\$ 52,882	\$ 46,477	\$ 37,292	\$ 31,883	\$ 28,566 ⁽⁵⁾	\$ 28,917	\$ 27,970
\$ 104,072	\$ 815,119	\$ 18,351	\$ 25,002	\$ 51,848	\$ 61,716	\$ 133,287
1,567,104	2,314,619	1,548,482	1,399,703	1,295,114	1,170,772	1,377,436
2,599,863	2,569,000	—	—	—	—	—
—	—	566,390	438,223	368,451	318,392	309,433
623,156	582,113	531,225	447,692	430,716	380,536	395,265
5,040,966	5,833,632	2,829,187	2,457,565	2,252,803	1,982,518	2,184,225
590,135	459,108	255,653	285,543	190,149	92,657	188,430
1,032,867	962,895	753,270	626,325	495,186	342,968	454,877
706,166	1,217,747	460,016	421,098	512,064	515,798	595,591
2,519,540	3,172,533	1,515,117	1,274,590	1,271,074	1,081,259	1,256,604
2,521,426	2,661,099	1,314,070	1,182,975	981,729	901,259	927,621
\$ 2.15	\$ 2.80	\$.71	\$ 1.38	\$.55	\$.45	\$.45
.80	—	—	—	—	—	—
—	.06	.64	.32	.31	.36	.35
2.95	2.86	1.35	1.70	.86	.81	.80
—	11.62	.15	—	—	—	—
\$ 2.95	\$14.48	\$ 1.50	\$ 1.70	\$.86	\$.81	\$.80
\$.567	\$.442	\$.354	\$.303	\$.271	\$.275	\$.266
27.94	25.29	12.49	11.24	9.33	8.56	8.81
15.46	17.54	18.67	9.79	8.50	7.08	7.96
C19.29	C21.75	C21.83	C11.42	C9.54	C7.50	C7.79

⁽⁵⁾As a result of depreciation of the Canadian dollar, dividends measured in U.S. currency declined, although the amount paid in Canadian funds increased to C\$31,780,000 in 1978 from C\$29,745,000 in 1977. Since 1980, dividends have been declared in U.S. currency.

⁽⁶⁾Average shares outstanding were: twelve months ended January 31, 1985—90,896,522; twelve months ended January 31, 1984—89,887,350; six months

ended January 31, 1983—90,170,352; twelve months ended July 31, 1982—94,711,650; twelve months ended July 31, 1981-1976—105,232,200.

*Not meaningful as a result of a change in fiscal year.

The Seagram Company Ltd.

Directors

Edgar M. Bronfman¹
Chairman of the Board and
Chief Executive Officer
The Seagram Company Ltd.

Charles R. Bronfman, O.C.¹
Deputy Chairman of the Board and
Chairman of the Executive Committee
The Seagram Company Ltd.

Philip E. Beekman¹
President and
Chief Operating Officer
The Seagram Company Ltd.

David M. Culver, O.C.
President and
Chief Executive Officer
Alcan Aluminium Limited
(a Canadian multinational aluminium
company)

The Hon. William G. Davis, P.C., Q.C.
(former Premier of Ontario)

Paul Desmarais, O.C.^{2,3}
Chairman of the Board and
Chief Executive Officer
Power Corporation of Canada
(a holding and management
company)

A. Jean de Grandpré, O.C., Q.C.^{2,3}
Chairman of the Board and
Chief Executive Officer
Bell Canada Enterprises Inc.
(a management holding company)

Melvin W. Griffin
Executive Vice President,
Manufacturing
The Seagram Company Ltd.

Alain de Gunzburg⁴
Chairman of the Board
G. H. Mumm & Co. and
Vice President,
Acquisitions and Development
Joseph E. Seagram & Sons, Inc.
(subsidiaries of the Company)

Edward G. Jefferson³
Chairman of the Board and
Chief Executive Officer
E. I. du Pont de Nemours and Company
(a chemicals, fibres, plastics,
specialty products and
integrated energy company)

The Hon. E. Leo Kolber, Senator^{1,3,4}
Vice Chairman
Cemp Investments Ltd.
(a diversified holding company) and
Chairman of the Board
The Cadillac Fairview Corporation Limited
(a real estate development company)

Fred H. McNeil^{1,3}
Chairman of the Board and
Chief Executive Officer
Dome Canada Limited
(a Canadian oil and gas exploration and
producing company)

C. Edward Medland^{2,4}
Chairman of the Board and
Chief Executive Officer
Wood Gundy Inc.
(investment dealers)

David G. Sacks¹
Executive Vice President,
Administration and Finance
The Seagram Company Ltd.

Irving S. Shapiro²
Partner
Skadden, Arps, Slate, Meagher & Flom
(attorneys)

Philip F. Vineberg, O.C., Q.C.^{1,4}
Partner
Phillips & Vineberg
(barristers and solicitors)

John L. Weinberg^{3,4}
Senior Partner
Goldman, Sachs & Co.
(investment bankers)

Honorary Directors

Harold Fieldsteel
John L. Loeb
The Hon. Ian D. Sinclair, O.C., Senator
Iain M. Tennant

Officers

Edgar M. Bronfman
Chairman of the Board and
Chief Executive Officer

Charles R. Bronfman
Deputy Chairman of the Board and
Chairman of the Executive Committee

Philip E. Beekman
President and
Chief Operating Officer

Melvin W. Griffin
Executive Vice President,
Manufacturing

David G. Sacks
Executive Vice President,
Administration and Finance

Richard Karl Goeltz
Vice President, Treasurer
and Controller

Stephen E. Herbits
Vice President,
Corporate Development

Arnold M. Ludwick
Vice President,
Financial Analysis

Edward F. McDonnell
Vice President,
International

Russell W. McLauchlan
Vice President,
Quality Control

Ronald J. Watkins
Vice President,
Human Resources

Michael C. L. Hallows
Secretary

Edward Falkenberg
Assistant Controller

Lionel W. Greer
Assistant Vice President, U.S.A.

Honorary Secretary

Alan A. Sharp

¹Member of the Executive Committee.

²Member of the Audit Committee.

³Member of the Human Resources
Committee.

⁴Member of the Finance Committee.

Annual Meeting of Shareholders

The Annual Meeting of Shareholders will be held on Wednesday, May 22, 1985, at 11:30 a.m. (E.D.T.) at Le Château Champlain, Place du Canada, Montreal, Quebec, Canada.

Auditors

Price Waterhouse

Transfer Agents and Registrars

The Royal Trust Company
Corporate Trust Division
630 Dorchester Blvd. West
Montreal, Quebec H3B 1S6

The Royal Trust Company
Corporate Trust Division
Royal Trust Tower
Toronto-Dominion Centre
Toronto, Ontario M5W 1P9

The Royal Trust Company
Corporate Trust Division
700 The Dome Tower
Toronto-Dominion Square
335 7th Avenue, S.W.
Calgary, Alberta T2P 2Z3

The Royal Trust Company
Corporate Trust Division
Royal Trust Tower
Bentall Centre One
555 Burrard Street
Vancouver, B.C. V7X 1R5

Manufacturers Hanover Trust Company
Stock Transfer Administration
450 West 33rd Street
New York, New York 10001

Stock Symbol

VO

Stock Exchange Listings

Montreal, Toronto, Vancouver, London,
New York and Paris

Corporate Information

Requests for corporate information should be directed to the Secretary, The Seagram Company Ltd., 1430 Peel Street, Montreal, Quebec, Canada H3A 1S9

Shareholder Inquiries

Shareholder inquiries should be addressed to Shareholder Services, The Seagram Company Ltd., 1430 Peel Street, Montreal, Quebec, Canada H3A 1S9 or telephoned to (514) 849-5271. If the inquiry pertains to lost dividend cheques or lost share certificates, it should be communicated directly to The Royal Trust Company in Montreal, at the address indicated.

Edition française du rapport annuel

On peut se procurer l'édition française de ce rapport en écrivant au Secrétaire, La Compagnie Seagram Ltée, 1430, rue Peel, Montréal, Québec, Canada H3A 1S9.

The Seagram Company Ltd.

1430 Peel Street

Montreal, Quebec

Canada H3A 1S9