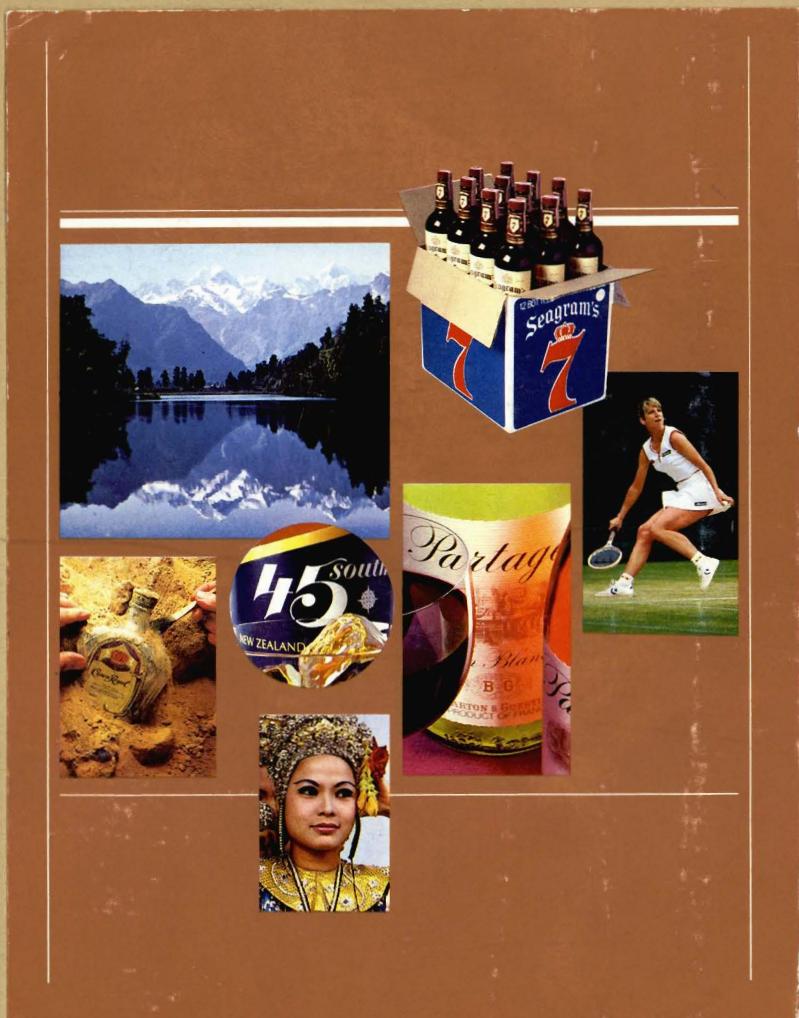




The
Seagram
Company
Ltd.

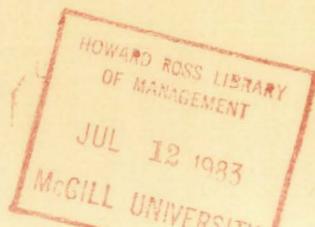
Report for
the Fiscal Period
August 1, 1982—
January 31, 1983





The Seagram Company Ltd. is the world's largest producer and marketer of distilled spirits and wines, with subsidiaries and affiliates in twenty-nine countries on six continents. In addition, the Company has a 21.3 percent equity interest in E.I. du Pont de Nemours and Company.

As reflected in this Report, the Company has changed its fiscal year to end January 31, enabling the more effective inclusion of Du Pont results, which are reported on a calendar basis.



Economies the world over continued to suffer in the six months from August 1, 1982, to January 31, 1983, adversely affecting demand for distilled spirits and wines. Seagram moved to curtail costs further and to align production capacities more closely with current and probable future demand levels. These steps strengthened the Company's overall financial position.

As announced previously, Seagram's fiscal year now extends from February 1 through January 31, thus enabling the Company more readily to incorporate year-end results from E.I. du Pont de Nemours and Company. As a result of this transition, the 1983 fiscal period covered in this Report is only six months, and customary year-over-year comparisons of financial results are not meaningful.

Revenues for the six months ended January 31 totaled \$1.5 billion. Operating income for the period totaled \$150.5 million, and net income was \$125.7 million, or \$1.39 on a per-share basis after a three-for-one stock split. These results reflect not only recession-caused trends in our industry but also the relative strength of the U.S. dollar, in which currency our results are reported. Thus, while our overseas operations were generally strong in local currency terms, their profitability is adversely affected when translated into U.S. dollars.

In North America, virtually every spirits category suffered some decline in the second half of calendar 1982, and this trend has persisted into 1983. Notwithstanding these pressures, two of the Company's premium brands—Crown Royal Canadian Whisky and The Glenlivet Single Malt Scotch—showed solid gains. Sales of Lord Calvert Canadian, which is imported from Canada and bottled in the United States, also increased in the fiscal 1983 period. In addition, Seagram's 7 Crown further enlarged its share of the American blended whiskey market.

For the first time in several years, growth of the domestic wine market in the U.S. slowed perceptibly. Paul Masson, which produces and markets premium California wines, evidenced its strength by holding its position when economic conditions caused many consumers to seek lower-priced products. Sales of imported wines in the U.S. grew steadily, however. Partager and Black Tower performed particularly well, gaining market share in the French and German wine categories, respectively.

In Canada, which also witnessed recession-related declines in many spirits catego-

ries, Seagram generally maintained—and in some cases improved—market share.

Seagram's 83 logged the largest increase of any Canadian whisky, and Captain Morgan White Rum and Wolfschmidt Vodka continued to capture market share. Sir Robert Burnett's Gin also had significant gains.

The Company's performance in Europe was gratifying in local currency terms, with Italy, Germany, Spain and Portugal showing particular strength. Sales of Chivas Regal were solid across the continent, and several of Seagram's other Scotches—including Glen Grant, Passport and 100 Pipers—also increased. Macieira Brandy is still growing dramatically in its home market of Portugal, and sales of B&G Wines advanced in the French domestic market. The Paul Masson Carafes continued to be successful in Europe, and Sandeman Sherry and Port made solid gains. Despite precarious economic conditions in several Latin American countries, Seagram registered some notable successes in this region as well.

Like all consumer products companies, Seagram must keep abreast of—and continually adjust to—changing tastes and preferences in the marketplace. As part of this effort, the Company has moved two new rum products into national distribution in the U.S. after very encouraging test-market programs. Myers's Original Rum Cream and Captain Morgan Spiced Rum each represent a significant opportunity for Seagram as rum continues to grow in popularity.

In recent years, Seagram has also been seeking opportunities outside its traditional spirits and wine business that will both add directly to the Company's profitability and provide potential for the future. One such opportunity involves a recently announced venture with The Coca-Cola Bottling Company of New York, Inc. Seagram and Coke New York have joined to produce and market a new line of premium-quality mixers—Ginger Ale, Tonic Water, Club Soda and Seltzer—called, appropriately enough, Seagram's Mixers. The mixer category represents 250 million of the 4 billion cases of soft drinks sold in the U.S. last year, and it is still expanding at a highly attractive rate.

The process of change and adjustment—essential to the Company's continued vitality—sometimes requires difficult decisions. During the period, Seagram announced the closing of its distillery and bottling plant in Louisville, Kentucky, thereby incurring one-time charges against earnings, primarily for severance payments to employees. These were substantially offset, however, by a gain recognized from the sale of land at 375 Park Avenue in New York.

Dividends received from Du Pont totaled \$56.2 million. In addition, the Company's share of unremitted Du Pont earnings in the period was \$8.9 million.

With great regret we report the retirement of Harold Fieldsteel, Executive Vice President—Administration and Finance, after forty-two years of devoted service to the Company. For the last ten years especially, he was a pivotal factor in the management of the Seagram enterprise, and we will miss him greatly.

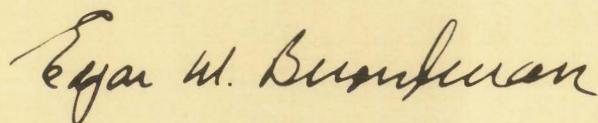
David G. Sacks, who has practiced law for some twenty-five years with the firm of Simpson Thacher & Bartlett and spent five years as Chief Administrative Officer and Member of the Executive Committee of the investment banking firm of Lehman Brothers Kuhn Loeb, has been named to Mr. Fieldsteel's position. Mr. Fieldsteel will not stand for reelection to Seagram's Board of Directors at the Annual Meeting of Shareholders in May, and Mr. Sacks' name will be proposed to the shareholders at this time. Richard Karl Goeltz has been appointed Controller of the Company, a position that had also been held by Mr. Fieldsteel.

At a special meeting of shareholders held on March 10, a three-for-one split in the Company's stock was approved. Seagram now has approximately 90 million shares outstanding.

At its February 2 meeting, the Board of Directors increased the quarterly dividend 13.3 percent to U.S. \$.51 per share. After the three-for-one stock split, the quarterly dividend rate is U.S. \$.17 per share. The increase reflects our assessment of the current strength of the Company and our confidence in Seagram's future financial results.

As always, we are grateful for the continued loyalty and support of Seagram's shareholders, employees and customers.

On behalf of the Board,



Edgar M. Bronfman
Chairman

March 18, 1983

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Highlights

- Spirits and wine operating income and unit volume declined moderately as a result principally of the worldwide recession; revenues from sales outside the United States were lower due to the strength of the U.S. dollar. Spirits and wine after-tax income increased, however, as a result of lower net interest expense and reduced taxes.
- Following the close of the 1983 six-month fiscal period, common shares outstanding were split three-for-one, and the quarterly dividend was increased 13.3 percent.

Earnings Summary

(millions)	Six Months		Fiscal Year	
	1983	1982*	1982	1981
After-tax income				
Spirits and wine	\$ 77.7	\$ 71.5	\$111.3	\$ 98.6
Dividend income from Du Pont	56.2	42.0	95.3	—
Dividend income from Conoco Inc.	—	15.0	15.0	—
Interest on interim investments	—	—	—	180.2
Equity in unremitted Du Pont earnings	8.8	42.1	75.7	—
U.S. oil and gas (discontinued)	—	—	—	6.8
After-tax income before undernoted items				
Interest expense related to share repurchase	142.7	170.6	297.3	285.6
Unrealized translation losses	(8.9)	(4.7)	(17.9)	—
Extraordinary and sundry credits	(8.1)	—	—	—
Net income	\$125.7	\$165.9	\$279.4	\$1,523.8
Earnings per share**				
	\$ 1.39	\$ 1.67	\$ 2.95	\$ 14.48

*Unaudited.

**Adjusted for stock split.

The 1983 fiscal period includes spirits and wine operations for the six months ended January 31, 1983, and the Company's 21.3 percent equity interest in the earnings of E.I. du Pont de Nemours and Company for the six months ended December 31, 1982. Results for the 1983 fiscal period are not necessarily indicative of operations for a full year.

For the six months ended January 31, 1983, after-tax income, excluding interest expense related to a share repurchase and unrealized translation losses, declined 16 percent from the comparable period in 1982. Fiscal 1982 after-tax income, before share repurchase interest expense and extraordinary and sundry credits, rose 4 percent over fiscal 1981. The more significant factors affecting the components of Seagram's earnings are discussed in the sections that follow. Quarterly data for the 1981-1983 period are given on pages 20 and 21.

Spirits and Wine

The results of spirits and wine operations were:

(millions)	Six Months		Fiscal Year	
	1983	1982*	1982	1981
Revenues	\$1,464.9	\$1,609.2	\$2,826.2	\$2,772.7
Operating income	150.5	174.0	291.3	273.6
Interest expense	39.4	57.9	112.6	117.5
Income taxes	33.4	44.6	67.4	57.5
After-tax income	\$ 77.7	\$ 71.5	\$ 111.3	\$ 98.6

*Unaudited.

The above data include oil and gas activities in Canada and internationally, which were not material.

Seagram is the world's largest producer and marketer of distilled spirits and wines, with subsidiaries and affiliates in twenty-nine countries on six continents. 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 six months ended January 31, 1983, declined 9 percent from the first half of 1982; for fiscal 1982 there was a modest gain over 1981 sales. Recessionary conditions and a slack demand in the United States distilled spirits market resulted in a moderate unit volume decline in the U.S. in both the 1983 six-month period and in fiscal 1982. Although unit volume remained virtually unchanged in Canada and internationally, the strength of the U.S. dollar adversely affected local currency revenues upon translation.

To maintain consumer demand for Seagram products, substantial expenditures are made worldwide for advertising and sales promotion. In the 1983 six-month period, these outlays were \$141 million, an increase of 3 percent over the comparable prior year period. The fiscal 1982 expenditures were \$263 million, a 9 percent increase over 1981.

Operating income for the 1983 six-month period declined 13.5 percent from the year-earlier period but as a percentage of revenues remained at 10.3 percent, the level reached for the full year 1982. To enhance profitability, Seagram continues to emphasize the marketing of premium products, which yield relatively greater profit margins.

During the quarter ended January 31, 1983, Seagram recorded a \$15.9 million pre-tax provision for plant closing and severance costs. This accrual reflects estimated expenses associated with the termination of

operations at the Company's Louisville, Kentucky, plant and distillery work force reductions in the United Kingdom. Future savings in overhead costs are expected to exceed the one-time expense from these operational changes. Substantially offsetting these expenses was the recognition of a \$10.6 million pre-tax gain from a capital lease for the land on which the Company's New York office building, itself sold in 1980, is situated.

After-tax spirits and wine income for the 1983 six-month period rose 9 percent as the Company benefited from lower interest expense and lower taxes. Net interest expense declined because of lower borrowing rates and, to a lesser degree, reduced borrowings. The effective income tax rate for the 1983 six-month period was 30 percent, 8 percentage points lower than the prior comparable period, resulting from a greater proportion of operating income in countries with lower statutory tax rates. The effective rates for fiscal 1982 and 1981 were 38 percent and 37 percent, respectively.

Inflation-adjusted data are presented on page 19, using the current cost method of accounting required by Financial Accounting Standards No. 33 and No. 70.

Du Pont Investment and Dividends Received

Following the 1981 sale of its U.S. oil and gas properties for \$2.3 billion, Seagram obtained 20.2 percent of the outstanding shares of Du Pont. Additional shares were subsequently purchased in the market; 50,324,277 shares, or 21.3 percent, are now held. Du Pont is the largest chemical company in North America and, with its acquisition of Conoco, has significant reserves of and operations in oil, gas and coal. For the year ended December 31, 1982, it had approximately \$33 billion in revenues, assets of \$24 billion and earnings of \$900 million.

Seagram's earnings from the 1982 Du Pont investment are as follows:

(millions)	Six Months 1983	Fiscal 1982*
Dividends received, after income taxes	\$56.2	\$ 41.9
Equity in unremitted earnings	8.8	42.1
	\$65.0	\$171.0

*Unaudited.

Du Pont's quarterly dividend rate since Seagram's investment has been \$.60 per share. For the 1983 six-month period, there were two quarterly dividends; for the comparable 1982 six-month period, there was one quarterly dividend and a special \$.35 per share pay-

ment. There was no special dividend paid in the 1983 period. Inasmuch as Seagram's initial investment in fiscal 1982 was subsequent to Du Pont's quarterly dividend payment, the earnings for one quarter consisted entirely of unremitted earnings. Therefore, unremitted earnings in the 1983 six-month period were lower than in 1982. Additional factors resulting in reduced unremitted earnings were lower Du Pont profits for the six-month period ended December 31, 1982, and a \$4.9 million charge related to a decrease in Du Pont's LIFO inventories.

Extraordinary and Sundry Credits

The Company recognized an extraordinary gain of \$1.2 billion after taxes on its 1981 sale of U.S. oil and gas properties to Sun Company. Seagram retains a reversionary interest of 25 percent of future income from producing properties and 49 percent of future income from non-producing properties but shall benefit from the reversionary interest only after Sun has realized certain investment criteria. No value has been assigned to the reversionary interest in the balance sheet. In 1981 the Company also recorded a sundry credit of \$15.6 million for the reversal of deferred taxes provided in 1980 related to certain United Kingdom tax credits.

Cash Flow, Asset Management and Debt Levels

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

(millions)	Six Months 1983	1982*	Fiscal Year 1982	1981
Funds provided by spirits and wine operations	\$137.3	\$136.3	\$176.1	\$178.3
Funds provided by dividends and interim investments (1981)	56.2	57.0	110.3	180.2
Total funds provided	193.5	193.3	286.4	358.5
(Increase) decrease in funds invested in operations, net	(94.0)	(148.6)	6.6	(74.0)
Net funds available	\$ 99.5	\$ 44.7	\$293.0	\$284.5
Dividends paid to shareholders	\$ 27.1	\$ 25.8	\$ 52.9	\$ 46.5

*Unaudited.

Inventories decreased \$49.3 million in the 1983 six-month period and \$14.9 million in 1982, primarily due to the effect of the strength of the U.S. dollar on translation of inventories held overseas. The Company must maintain a large quantity of ageing inventories, especially Scotch whisky, to meet projected demand as much as twelve years into the future.

Capital expenditures were \$45.4 million in the 1983

six-month period and \$90.2 million in 1982, compared with \$140.3 million in 1981. The Company continues to modernize production facilities, but, in view of the prevailing worldwide recession, emphasis is placed on capital projects forecast to have a material benefit in the intermediate term. Accordingly, a lower level of capital expenditures may be anticipated until the economic environment improves.

The Company's oil and gas subsidiary completed a three-well drilling program in Thailand, which fulfilled the Company's remaining drilling obligation. In Canada the Company increased its reserves of oil and gas to 30 million net equivalent barrels of proved reserves, even though capital expenditures were restricted because of the current economic climate for oil and gas producers.

Short-term and long-term debt less cash and short-term investments totaled \$1.2 billion both at January 31, 1983, and July 31, 1982. 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. Total interest expense in 1982 of \$173.8 million was \$56.3 million greater than in 1981 owing to the financing costs associated with the Du Pont investment and the share repurchase, plus a higher average effective interest rate in 1982. Net interest expense for the 1983 six-month period declined from earlier levels due to lower borrowing rates and, to a lesser degree, reduced borrowings outstanding.

With the expected level of funds generated internally from operations and from Du Pont dividends, it is anticipated that total corporate indebtedness will decline over time. Further, no difficulty is anticipated in meeting future financial obligations.

Dividends paid to shareholders have risen steadily from \$37.3 million in 1980 to \$46.5 million in 1981 and \$52.9 million in 1982. Dividends for the six-month 1983 fiscal period were \$27.1 million, compared with \$25.8 million for the first half of fiscal 1982.

Return to Shareholders*

In the second quarter of fiscal 1982, the Company increased the dividend to an annual rate of \$.60 per share. Dividends paid were:

	Six Months	Fiscal	Fiscal
(millions)	1983	1982	1981
First Quarter	\$.15	\$.117	\$.091
Second Quarter	.15	.150	.117
For Six Months	\$.30	.267	.208
Third Quarter		.150	.117
Fourth Quarter		.150	.117
For the Year	\$.567		\$.442

The Company's common shares are traded on the New York, Montreal, Toronto, Vancouver, London and Paris Stock Exchanges. The Company had 13,693 shareholders of record at March 18, 1983. Market prices at January 31, 1983, were Canadian \$31.58 and U.S. \$25.46. The quarterly high and low prices were as follows:

	Six Months 1983		Fiscal 1982		Fiscal 1981	
	High	Low	High	Low	High	Low
Canadian Stock Exchanges (Canadian Dollars)						
First Quarter (October 31)	C\$30%	C\$19%	C\$24%	C\$17%	C\$24	C\$21
Second Quarter (January 31)	32%	26%	23%	20%	25%	21%
Third Quarter (April 30)			21%	19%	22%	20%
Fourth Quarter (July 31)			22%	18%	24	20%
New York Stock Exchange						
First Quarter	US\$24%	US\$15%	US\$19%	US\$15%	US\$20%	US\$18%
Second Quarter	26%	21%	19%	16%	21%	18
Third Quarter			18	15%	19%	17%
Fourth Quarter			18%	14%	20	17

*Dividends per share and share prices for all periods have been adjusted to reflect a three-for-one stock split on March 18, 1983.

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

	Six Months Ended January 31, 1983	Twelve Months Ended July 31,		
		1982	1981	1980
Sales and other income	\$1,464,917	\$2,826,184	\$2,772,733	\$2,534,952
Cost of goods	953,483	1,865,985	1,877,650	1,754,406
	511,434	960,199	895,083	780,546
Selling, general and administrative expenses	360,943	668,868	621,521	540,802
Operating income	150,491	291,331	273,562	239,744
Interest expense	39,411	112,607	117,469	92,720
Income before income taxes and undernoted items	111,080	178,724	156,093	147,024
Provision for income taxes	33,416	67,437	57,450	72,682
Income from spirits and wine operations before undernoted items	77,664	111,287	98,643	74,342
Interest expense related to share repurchase, after income taxes	(8,945)	(17,927)	—	—
Unrealized translation losses in highly inflationary countries	(8,099)	—	—	—
Income from dividends and interim investments in 1981, after income taxes	56,222	110,285	180,187	—
Equity in unremitted earnings of E.I. du Pont de Nemours and Company	8,868	75,796	—	—
Reversal of 1980 deferred taxes related to United Kingdom stock appreciation relief (SAR)	—	—	15,644	—
Income before discontinued operations and extraordinary gains	125,710	279,441	294,474	74,342
Income from discontinued operations, after income taxes	—	—	6,802	68,105
Income before extraordinary gains	125,710	279,441	301,276	142,447
Extraordinary gains, after income taxes	—	—	1,222,481	15,770
Net income	\$ 125,710	\$ 279,441	\$ 1,523,757	\$ 158,217
Per share data*				
Income from operations, dividends and interim investments	\$ 1.29	\$ 2.15	\$ 2.65	\$.71
Equity in unremitted earnings of E.I. du Pont de Nemours and Company	.10	.80	—	—
Reversal of 1980 SAR-related deferred taxes	—	—	.15	—
Income before discontinued operations and extraordinary gains	1.39	2.95	2.80	.71
Income from discontinued operations	—	—	.06	.64
Extraordinary gains	—	—	11.62	.15
Net income	\$ 1.39	\$ 2.95	\$ 14.48	\$ 1.50

*Per share data have been calculated on the basis of the average number of shares outstanding during each period, as adjusted for a three-for-one stock split on March 18, 1983.

Consolidated Balance Sheet

(U.S. dollars in thousands)

Assets	January 31, 1983	July 31, 1982
Current assets		
Cash and short-term investments at cost, which approximates market	\$ 132,323	\$ 104,072
Receivables	360,549	358,306
Inventories	1,023,736	1,072,987
Prepaid expenses	29,446	31,739
Total current assets	1,546,054	1,567,104
Common stock of E.I. du Pont de Nemours and Company	2,621,856	2,599,863
Note receivable from Sun Company, Inc.	90,000	90,000
Property, plant and equipment, at cost	959,133	941,628
Accumulated depreciation	(328,695)	(318,472)
	630,438	623,156
Investments and advances—spirits and wine companies	84,721	88,721
Sundry assets and excess of cost over net assets of companies acquired	88,727	72,122
	\$5,061,796	\$5,040,966

Liabilities and Shareholders' Equity

January 31,
 1983 July 31,
 1982

Current liabilities

Short-term borrowings	\$ 446,391	\$ 516,206
United States excise taxes	75,818	109,594
Payables and accrued liabilities	243,636	218,524
Income and other taxes	25,383	114,614
Indebtedness payable within one year	105,695	73,929
Total current liabilities	896,923	1,032,867

Long-term indebtedness

Deferred income taxes and other credits	742,288	706,166
	817,506	745,058

Minority shareholders of subsidiaries

Shareholders' equity

Shares without par value (reflecting a three-for-one stock split

on March 18, 1983) 1983—89,887,350 shares; 1982—90,232,200 shares

Cumulative currency translation adjustments	(248,061)	(195,073)
Retained earnings	2,799,504	2,701,460
Total shareholders' equity	2,566,424	2,521,426
	\$5,061,796	\$5,040,966

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

	Six Months Ended January 31, 1983	Twelve Months Ended July 31,		
		1982	1981	1980
Operations:				
Income from spirits and wine operations	\$ 77,664	\$ 111,287	\$ 98,643	\$ 74,342
Less: Interest expense related to share repurchase	(8,945)	(17,927)	—	—
Items not requiring the use of funds—				
Depreciation	18,926	33,398	33,905	31,017
Deferred income taxes	41,011	49,622	39,179	17,466
Sundry	8,630	(247)	6,614	14,355
	137,286	176,133	178,341	137,180
Income from dividends and interim investments in 1981	56,222	110,285	180,187	—
Funds provided from operations, dividends and interim investments	193,508	286,418	358,528	137,180
Capital expenditures	(45,429)	(90,244)	(140,341)	(95,697)
Receivables	(2,243)	24,603	(59,516)	(34,136)
Inventories	49,251	14,861	87,933	(130,708)
Prepaid expenses	2,293	(2,996)	2,214	(12,269)
Excise taxes and payables	(8,664)	(24,588)	(8,846)	69,988
Income and other taxes	(89,231)	84,976	44,573	86,847
Funds invested in operations—(increase) decrease	(94,023)	6,612	(73,983)	(115,975)
Net funds available from operations, dividends and interim investments	99,485	293,030	284,545	21,205
Dividends paid	(27,070)	(52,882)	(46,477)	(37,292)
Funds (required by) available from extraordinary items and discontinued operations	—	(154,799)	2,231,868	(1,520)
Investments and other:				
Purchase of shares of E.I. du Pont de Nemours and Company	(6,318)	(87,767)	—	—
Repurchase and cancellation of shares	—	(301,097)	—	—
Common stock of Conoco Inc.	—	—	(2,569,000)	—
Acquisition of Geo. G. Sandeman Sons & Co., Limited	—	—	—	(24,331)
Change in cumulative currency translation adjustments	(52,988)	(65,135)	(130,251)	10,170
Other, net	17,069	38,157	64,897	21,129
Net investments	(42,237)	(415,842)	(2,634,354)	6,968
Financing activities:				
Issuance of long-term indebtedness	144,903	313,119	904,740	69,829
Repayment of long-term indebtedness	(108,781)	(824,700)	(147,009)	(35,951)
Short-term borrowings—(decrease) increase	(38,049)	131,027	203,455	(29,890)
Net financing (repaid) obtained	(1,927)	(380,554)	961,186	3,988
Net change in cash and short-term investments	\$ 28,251	\$(711,047)	\$ 796,768	\$ (6,651)

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

	Six Months Ended January 31, 1983	Twelve Months Ended July 31,		
		1982	1981	1980
Retained earnings at beginning of period	\$2,701,460	\$2,773,498	\$1,296,218	\$1,175,293
Net income	125,710	279,441	1,523,757	158,217
Dividends ⁽¹⁾ (per share: 1983—\$.30; 1982—\$.567; 1981—\$.442; 1980—\$.354)	(27,070)	(52,882)	(46,477)	(37,292)
Cancellation of shares ⁽²⁾	(596)	(298,597)	—	—
Retained earnings at end of period	\$2,799,504	\$2,701,460	\$2,773,498	\$1,296,218

(1) Dividends per share have been adjusted for a three-for-one stock split
on March 18, 1983.

(2) The numbers of shares cancelled were: 1983—114,950 shares;
1982—5,000,000 shares repurchased pursuant to a tender offer.
Shares in these two transactions are stated on a pre-split basis.

Summary of Significant Accounting Policies

The Company follows accounting principles generally accepted in both Canada and the United States. The policies described below and the Notes to Consolidated Financial Statements are an integral part of the Consolidated Financial Statements.

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.

Foreign Currency Translation

A substantial portion of the Company's operations relates to subsidiaries in the U.S. and, therefore, the Consolidated Financial Statements are expressed in U.S. currency. Except for operations in highly inflationary economies, all assets and liabilities of companies outside the U.S. 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 have highly inflationary environments, inventories and property, plant and equipment are accounted for using historical exchange rates, with the related translation effects included in income for the 1983 fiscal period; such translation adjustments were not significant in 1982.

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 is used by the Company in the United States, Puerto Rico and Venezuela. Under the LIFO method, the current costs of producing spirits and wines are charged to cost of goods, and the inventory included in the balance sheet reflects the lower 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.

Whiskey inventories in the United States generally mature for 4½ to 8 years.

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 all 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 intangible development costs, accelerated depreciation methods, and the treatment for tax purposes of a portion of the proceeds of the sale of the U.S. 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.

Intangible Assets

Product trademarks, distribution rights and patents are carried at nominal value. The excess of cost over amounts assigned to net assets of companies acquired is amortized over varying annual periods, none exceeding forty years.

Pensions

The Company has trustee 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 duties and taxes on whiskies and other spirits.

Advertising and promotion expenses are charged to income as incurred.

Notes to Consolidated Financial Statements

Information for the fiscal 1983 period is for the six months ended January 31, 1983; all prior periods are twelve-month fiscal years.

Note 1: Fiscal Year Change

Effective January 31, 1983, the Company changed its fiscal year-end from July 31 to January 31. Accordingly, the 1983 Consolidated Financial Statements include the results of the Company's spirits and wine operations for the six months ended January 31, 1983, and its equity interest in E.I. du Pont de Nemours and Company, which has a December 31 year-end, for the six months ended December 31, 1982. Results for the six months are not necessarily indicative of operations for a full year.

Note 2: Equity in Du Pont

In fiscal 1982, the Company acquired 20.2 percent of the outstanding shares of common stock of E.I. du Pont de Nemours and Company. The Company has since acquired additional shares through open-market purchases and at January 31, 1983, held 50,324,277 shares, or 21.3 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 relating to 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 during the term of the agreements. The agreements cover a ten-year period and will be automatically extended 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 under the equity method whereby its proportionate share of Du Pont's earnings is included in income. Equity in unremitted Du Pont earnings is included in fiscal 1982 income based on Du Pont's earnings for the period from August 17, 1981 (date of acquisition) to June 30, 1982, as adjusted principally for interest expense of \$29.2 million, less \$13.4 million income tax benefit, related to the financing costs associated with the Du Pont holdings. Fiscal 1983 income includes unremitted Du Pont earnings for the six months ended December 31, 1982, as adjusted principally for \$10.7 million in interest expense, less \$4.9 million income tax benefit. Unremitted Du Pont earnings of \$84.7 million are included in consolidated retained earnings at January 31, 1983; no provision has been made for taxes on dividends which could result if these undistributed earnings were remitted.

Dividends from Du Pont were \$60.4 million in the

1983 six-month period and \$102.3 million in 1982, for which \$4.2 million and \$7.1 million of income taxes, respectively, were provided.

The \$401 million excess at acquisition of the Company's carrying value above its equity in Du Pont's net assets was allocated primarily to Du Pont's LIFO inventory. Amortization of \$4.9 million was charged against unremitted Du Pont earnings for the six months ended January 31, 1983, due to a decline in Du Pont's LIFO inventory. The portion allocated to property, plant and equipment and long-term borrowings is being amortized over varying annual periods, none exceeding fifteen years.

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

(millions)	December 31, 1982	June 30, 1982
Current assets	\$ 9,269	\$ 9,908
Noncurrent assets	15,074	14,638
	<u>\$24,343</u>	<u>\$24,546</u>
Current liabilities	\$ 4,794	\$ 4,919
Noncurrent liabilities	8,699	8,912
Stockholders' equity	10,850	10,715
	<u>\$24,343</u>	<u>\$24,546</u>

(millions)	Six Months Ended December 31, 1982	Twelve Months Ended June 30, 1982
Sales and other income	\$16,692	\$32,336
Cost of goods sold and other expenses	<u>\$12,818</u>	<u>\$24,832</u>
Net income	\$ 397	\$ 1,103*

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

Note 3: Extraordinary Gains and Note Receivable from Sun Company, Inc.

In fiscal 1981, 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 as an extraordinary item. The results of this discontinued operation for fiscal 1980 and to August 29, 1980, the date of sale in fiscal 1981, are presented in the Consolidated Statement of Income under the caption "Income from discontinued operations."

Under the terms of sale, the Company retains a reversionary interest, 25 percent in producing properties and 49 percent in nonproducing properties, which entitles the Company to participate if Sun achieves certain investment criteria; no value has been assigned to

this reversionary interest 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 and 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 as follows: at 12.7125 percent on \$225 million; at 11.25 percent on \$225 million; and on the balance at $\frac{3}{8}$ of 1 percent above the interest rate for ninety-day prime commercial paper placed through dealers.

The Company has obtained from a consortium of banks an advance of \$810 million against the Sun note. The advance is nonrecourse as to principal and bears interest at a rate of $\frac{1}{2}$ of 1 percent above the London Interbank Offered Rate (LIBOR). The advance is repayable in four annual installments commencing December 22, 1986. In view of the foregoing, the note receivable is net of the advance in the Consolidated Balance Sheet, and the related interest income and expense are offset in the Consolidated Statement of Income. Included in 1983 cash and short-term investments is \$96 million which is restricted to interest payments on this arrangement.

In fiscal 1980, the Company sold its New York City office building. Simultaneously, a lease was entered into for approximately one-quarter of the facility for fifteen years with an option to renew for three additional ten-year periods. Accordingly, \$17,875,000 of the total \$33,645,000 after-tax gain on the sale was deferred and is being amortized over a fifteen-year period.

Note 4: Credit Arrangements and Long-term Indebtedness

Short-term borrowings at January 31, 1983, consisted of bank borrowings of \$125,194,000 and commercial paper of \$321,197,000. The interest rates on these short-term borrowings were at the prime rates or their equivalent.

The Company's unused lines of credit at January 31, 1983, totaled \$968,318,000, including \$545,000,000 in revolving credit agreements of the Company's United States subsidiary, Joseph E. Seagram & Sons, Inc.

Long-term indebtedness consisted of:

	January 31, (thousands) 1983	July 31, 1982
Revolving Credit Agreement Borrowings, due December 31, 1983, through December 31, 1987; interest at 10.8% on average in fiscal 1983 (15.8% in fiscal 1982)	\$180,000	\$180,000
9% Eurodollar Notes, due February 15, 1983	—	60,000
Term Loan, due November 30, 1983, through November 28, 1986; interest at 10.8% on average in fiscal 1983 (15.1% in fiscal 1982)	300,000	300,000
12% Promissory Notes, due February 1, 1989	22,500	26,000
12 $\frac{3}{4}$ % Eurodollar Notes, due October 1, 1989	100,000	—
7% Debentures, due December 15, 1991 (\$20,234,000 Canadian in 1983 and \$20,610,000 Canadian in 1982)	16,363	16,422
10% Debentures, due June 1, 1995 (\$51,895,000 Canadian in 1983 and \$53,428,000 Canadian in 1982)	41,968	42,571
12% Promissory Notes, due July 15, 1996	82,300	82,300
12 $\frac{3}{4}$ % Debentures, due October 31, 2012 (£12,500,000)	19,050	—
Bank borrowings, primarily sterling, repayable in fiscal 1983 through 1985; interest at 12.7% on average in fiscal 1983 (15.9% in fiscal 1982)	51,147	40,623
Sundry	34,655	32,179
	847,983	780,095
Less: Indebtedness payable within one year	105,695	73,929
	<u>\$742,288</u>	<u>\$706,166</u>

On December 22, 1980, Joseph E. Seagram & Sons, Inc., entered into a \$1.38 billion Revolving Credit Agreement. Borrowings bear interest at a rate of $\frac{1}{2}$ of 1 percent above LIBOR. There is a fee of $\frac{3}{8}$ of 1 percent on the unused portion of the commitment. Borrowings outstanding at December 22, 1983, are repayable in nine semi-annual installments commencing December 31, 1983. Under the terms of the revolving credit facility, amounts repaid may be reborrowed at any time until December 22, 1983. The credit facility may be cancelled at the Company's option, and \$670 million was cancelled August 13, 1982.

In November 1981, the Company repurchased a portion of its outstanding common shares using the proceeds from an unsecured \$300 million five-year term loan bearing interest at $\frac{3}{8}$ percent above LIBOR until November 1984, and $\frac{1}{2}$ percent above LIBOR thereafter. The loan is repayable in four annual installments commencing November 1983. The interest expense associated with this debt, less income tax benefits of \$7.6 million in 1983 and \$14.1 million in 1982, has been shown separately in the Consolidated Statement of Income in order to obtain comparability among the periods presented.

In October 1982, a wholly owned subsidiary of the Company issued in the United Kingdom £50 million of 12 3/8% Debentures due October 31, 2012. By agreement with the underwriters, the subsidiary received £12.5 million of the proceeds upon issuance and will accept delivery of the remainder on March 31, 1983. At January 31, 1983, the U.S. dollar equivalent of the proceeds received and recorded as long-term debt was \$19 million. The remaining proceeds, approximately \$57 million as of January 31, 1983, will be recorded as long-term debt upon delivery.

Interest expense on long-term indebtedness was \$34.6 million in 1983, \$84.8 million in 1982, \$51.9 million in 1981 and \$59.3 million in 1980. Annual repayments and redemptions for the five years subsequent to January 31, 1983, are as follows: 1984—\$105.7 million; 1985—\$177.5 million; 1986—\$125.0 million; 1987—\$124.4 million; 1988—\$49.6 million.

Note 5: Income before Income Taxes and Information Regarding Income Taxes

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

(thousands)	1983	1982	1981	1980
North America	\$ 64,549	\$114,703	\$102,312	\$ 62,519
Foreign	46,531	64,021	53,781	84,505
Total	\$111,080	\$178,724	\$156,093	\$147,024

North America includes United States and Canada.

The components of the income tax provision were:

(thousands)	1983	1982	1981	1980
Current:				
United States Federal	\$ (29,726)	\$ (14,025)	\$135,324	\$ 3,104
Other jurisdictions	13,762	25,028	45,521	58,338
	(15,964)	11,003	180,845	61,442
Deferred:				
United States Federal:				
Tax treatment of sale of U.S. oil and gas properties as a loan	19,416	28,089	24,334	—
Depreciation and other	18,013	3,022	5,910	(183)
Other jurisdictions:				
Depreciation and other	3,582	6,014	470	11,423
	41,011	37,125	30,714	11,240
Total income tax expense	25,047	48,128	211,559	72,682
Less: Taxes applicable to dividends and interim investments	(4,167)	(8,177)	(154,109)	—
Add: Tax benefit applicable to interest expense related to share repurchase and Du Pont investment	12,536	27,486	—	—
Income tax provision applicable to spirits and wine operations	\$ 33,416	\$ 67,437	\$ 57,450	\$ 72,682

The Company's effective income tax rate for income from spirits and wine operations differed from the statutory rate in the United States due to the following factors:

	1983	1982	1981	1980
Statutory rate	46%	46%	46%	46%
Operations outside the United States	(12)	(1)	2	4
United States investment tax credit	—	(1)	(1)	(1)
United Kingdom stock appreciation relief	(4)	(6)	(10)	—
Effective income tax rate	30%	38%	37%	49%

Since 1973 the United Kingdom has permitted companies to mitigate the effects of inflation by deferring certain income taxes related to the value of inventories (Stock Appreciation Relief, SAR). Major modifications to the law were made in 1981, providing that SAR benefits from prior years would be virtually permanent; therefore, in 1981 deferred taxes provided in 1980 were reversed as a sundry credit to income. SAR benefits recognized both for financial reporting and tax purposes were: 1983—\$4.6 million; 1982—\$10.6 million; 1981—\$15.5 million.

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

The Company is authorized to issue an unlimited number of common shares without nominal or par value. After adjustment for a three-for-one stock split effective March 18, 1983, average common shares outstanding were: 1983—90,170,352; 1982—94,711,650; 1981 and 1980—105,232,200.

Note 7: Pension Plans

Pension costs were \$12.1 million in 1983, \$20.4 million in 1982, \$24.7 million in 1981 and \$22.8 million in 1980.

Based on valuation data as of July 31, 1981, the actuarial present value of accumulated plan benefits totaled \$223 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 \$235 million.

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)				
1983				
United States	\$ 886	\$ 9	\$ 21	\$3,735
Europe	254	66	30	688
Latin America and Australasia	207	23	35	268
Canada	118	96	64	371
	\$1,465	\$194	\$150	\$5,062
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
1981				
United States	\$1,703	\$ 6	\$ 75	\$4,531
Europe	563	109	79	764
Latin America and Australasia	305	53	28	229
Canada	202	159	92	310
	\$2,773	\$327	\$274	\$5,834
1980				
United States	\$1,593	\$ 6	\$ 39	\$ 867
Europe	473	125	110	924
Latin America and Australasia	289	38	20	213
Canada	180	136	71	259
	\$2,535	\$305	\$240	\$2,263

The above data exclude discontinued U.S. oil and gas operations.

Note 9: Additional Financial Data

	January 31,		July 31,	
	(thousands)	1983	1982	1982
Receivables:				
Trade		\$ 333,938	\$ 330,272	
Other		42,040	44,076	
		375,978	374,348	
Less: Valuation accounts		(15,429)	(16,042)	
		\$ 360,549	\$ 358,306	
Inventories:				
Spirits and wine		\$ 952,536	\$ 995,900	
Materials and supplies		71,200	77,087	
		\$1,023,736	\$1,072,987	

Inventories accounted for under the LIFO inventory method amounted to \$329,831,000 at January 31, 1983, and \$319,291,000 at July 31, 1982. The excess of current estimated replacement cost over LIFO carrying value was \$292,665,000 and \$300,935,000 at January 31, 1983, and July 31, 1982, respectively.

	January 31, 1983	July 31, 1982		
(thousands)				
Property, plant and equipment:				
Land	\$ 44,675	\$ 49,234		
Buildings	227,285	229,712		
Machinery and equipment	309,389	301,565		
Oil and gas properties outside the United States	217,165	202,193		
Other, including construction in progress	160,619	158,924		
	\$959,133	\$941,628		
Payables and accrued liabilities:				
Trade	\$ 65,814	\$ 81,650		
Other	177,822	136,874		
	\$243,636	\$218,524		
Deferred income taxes and other credits:				
Deferred income taxes	\$693,375	\$648,822		
Other credits	124,131	96,236		
	\$817,506	\$745,058		
(thousands)				
	1983	1982	1981	1980
Reconciliation of cumulative currency translation adjustments:				
Cumulative currency translation adjustments at beginning of period	\$(195,073)	\$(129,938)	\$ 313	\$ (9,857)
Change in cumulative currency translation adjustments before taxes	(52,346)	(62,582)	(123,693)	11,255
Tax effect	(642)	(2,553)	(6,558)	(1,085)
Cumulative currency translation adjustments at end of period	\$(248,061)	\$(195,073)	\$(129,938)	\$ 313
Excise taxes and duties included in sales and cost of goods	\$ 483,588	\$ 910,669	\$ 982,998	\$ 946,706
Minority interest in net income of subsidiary companies	\$ 4,225	\$ 2,367	\$ 2,831	\$ 5,065

Income earned on notes receivable from Sun and applied to interest expense amounted to \$15 million in 1983 and \$21 million in 1982. This classification reflects the Company's intention to reduce indebtedness associated with spirits and wine operations as Sun liquidates the note receivable included in the balance sheet. In 1981, interest income on these notes was included in the caption "Income from dividends and interim investments in 1981, after income taxes" because the ultimate disposition of the principal was not known.

Note 10: Supplementary Financial Data Adjusted for the Effects of Changing Prices (Unaudited)

The U.S. Financial Accounting Standards Board (FASB) has 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, the adjustments for changing prices in the accompanying supplementary schedules are based upon the current cost method of accounting for inflation. The primary financial statements are in compliance with Financial Accounting Standard (FAS) No. 52 for foreign currency translation. Accordingly, current cost adjustments presented herein comply with FAS No. 70, Financial Reporting and Changing Prices: Foreign Currency Translation, 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 inventory 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 wherever permitted under local tax law; LIFO cost in most instances is identical to current cost. Depreciation expense is higher under current cost than historical cost as a result of the increase in costs of construction and machinery and equipment over the past decade. The FASB standards permit no modification of income tax as reported in the primary financial statements to accommodate tax effects normally associated with incurring higher costs.

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.

Statement of Income Adjusted for Changing Prices

(millions, except per share amounts)

Six Months Ended
January 31, 1983

Net income	\$ 126
Adjustments to reflect the effect of specific price changes relating to spirits and wine operations:	
Cost of goods	(19)
Depreciation	(13)
Net income as adjusted for current cost	\$ 94
Gain from decline in purchasing power on net monetary position	\$ 6
Translation adjustment	\$ (68)
Decrease in specific prices of inventories and property, plant and equipment held during the year relative to general inflation	\$ (58)
Income per common share:	
As reported	\$ 1.39
Current cost basis	1.04
Shareholders' equity:	
As reported at year-end	\$2,566
Current cost basis (average fiscal 1983 dollars)	3,609

At January 31, 1983, the current cost of inventory was \$1,618 million, and the current cost of property, plant and equipment, net of accumulated depreciation, was \$1,078 million.

Summary of Supplementary Financial Data

(millions, except per share amounts)

1983⁽¹⁾ 1982 1981 1980 1979

Sales and other income:					
As reported	\$1,465	\$2,826	\$2,773	\$2,535	\$2,369
In average fiscal 1983 dollars	1,465	2,924	3,107	3,163	3,354
Income before discontinued operations and extraordinary gains:					
As reported	126	279	294	74	
Current cost	94	216	261	37	
Income before discontinued operations and extraordinary gains per share:					
As reported	1.39	2.95	2.80	.71	
Current cost	1.04	2.28	2.48	.36	
Gain (loss) from decline in purchasing power on net monetary position	6	127	(63)	157	
Translation adjustment	(68)	(68)	(145)	(58)	
Increase (decrease) in specific prices relative to the change in the general price level	(58)	28	(320)	(18)	
Shareholders' equity at year-end:					
As reported	2,566	2,521	2,661	1,314	
Current cost	3,609	3,745	3,942	2,848	
Cash dividends paid per common share: ⁽²⁾					
As reported	.30	.567	.442	.354	.303
In average fiscal 1983 dollars	.30	.587	.495	.442	.429
Market price per common share at year-end: ⁽²⁾					
As reported	25.46	15.46	17.54	18.67	9.79
In average fiscal 1983 dollars	25.46	15.99	19.65	23.29	13.86
Average U.S. Consumer Price Index (1967 = 100)	293.2	283.4	261.7	235.0	207.1

(1) Six-month period ended January 31, 1983.

(2) As adjusted for a three-for-one stock split on March 18, 1983.

Auditors' Report

To the Shareholders of The Seagram Company Ltd.

We have examined the consolidated balance sheets of The Seagram Company Ltd. and its subsidiary companies as at January 31, 1983 and July 31, 1982 and the consolidated statements of income, retained earnings and changes in financial position for the six months ended January 31, 1983 and for each of the three years in the period ended 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, 1983 and July 31, 1982 and the results of their operations and the changes in their financial position for the six months ended January 31, 1983 and for each of the three years in the period ended July 31, 1982, in accordance with generally accepted accounting principles applied on a consistent basis.

Price Waterhouse
Montréal, Québec
March 18, 1983

Quarterly Data

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

Sales and other income
Operating income
Interest expense
Income before income taxes and undernoted items
Provision for income taxes
Income from spirits and wine operations before
undernoted items
Interest expense related to share repurchase,
after income taxes
Unrealized translation losses in highly inflationary
countries
Income from dividends, after income taxes
Equity in unremitted earnings of E.I. du Pont
de Nemours and Company
Net income

Per share data
Income from operations and dividends
Equity in unremitted earnings of E.I. du Pont
de Nemours and Company
Net income

Sales and other income
Operating income
Interest expense
Income before income taxes and undernoted items
Provision for income taxes
Income from spirits and wine operations before
undernoted items
Income from interim investments, after income taxes
Reversal of 1980 SAR-related deferred taxes
**Income before discontinued operations and
extraordinary gain**
Income from discontinued operations
Extraordinary gain
Net income

Per share data
Income from operations and interim investments
Reversal of 1980 SAR-related deferred taxes
Income before discontinued operations and
extraordinary gain
Income from discontinued operations
Extraordinary gain
Net income

The above information was subjected to a limited review by the Company's independent accountants in accordance with procedures established by the American Institute of Certified Public Accountants.

1983			Fiscal 1982				
1st Quarter	2nd Quarter	Six Months	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Year
\$727,424	\$737,493	\$1,464,917	\$ 813,931	\$795,294	\$607,398	\$609,561	\$2,826,184
90,093	60,398	150,491	107,911	66,089	54,280	63,051	291,331
18,712	20,699	39,411	32,548	25,387	26,836	27,836	112,607
71,381	39,699	111,080	75,363	40,702	27,444	35,215	178,724
24,233	9,183	33,416	30,145	14,424	8,803	14,065	67,437
47,148	30,516	77,664	45,218	26,278	18,641	21,150	111,287
(4,821)	(4,124)	(8,945)	—	(4,661)	(6,299)	(6,967)	(17,927)
—	(8,099)	(8,099)	—	—	—	—	—
28,112	28,110	56,222	15,024	41,923	26,481	26,857	110,285
5,663	3,205	8,868	27,738	14,393	14,887	18,778	75,796
\$ 76,102	\$ 49,608	\$ 125,710	\$ 87,980	\$ 77,933	\$ 53,710	\$ 59,818	\$ 279,441
\$.78	\$.51	\$1.29	\$.57	\$.68	\$.44	\$.46	\$2.15
.06	.04	.10	.26	.16	.17	.21	.80
\$.84	\$.55	\$1.39	\$.83	\$.84	\$.61	\$.67	\$2.95

Fiscal 1981				
1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Year
\$ 777,550	\$778,206	\$605,824	\$611,153	\$2,772,733
99,092	61,918	49,912	62,640	273,562
23,016	31,580	32,271	30,602	117,469
76,076	30,338	17,641	32,038	156,093
36,629	15,557	8,530	(3,266)	57,450
39,447	14,781	9,111	35,304	98,643
24,907	47,493	50,794	56,993	180,187
—	—	—	15,644	15,644
64,354	62,274	59,905	107,941	294,474
6,802	—	—	—	6,802
1,222,481	—	—	—	1,222,481
\$1,293,637	\$ 62,274	\$ 59,905	\$107,941	\$1,523,757
\$.61	\$.59	\$.57	\$.88	\$ 2.65
—	—	—	.15	.15
.61	.59	.57	1.03	2.80
.06	—	—	—	.06
11.62	—	—	—	11.62
\$12.29	\$.59	\$.57	\$1.03	\$14.48

Financial Summary

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

	1983	1982
Operating results⁽¹⁾⁽²⁾		
Spirits and wine revenues	\$1,464,917	\$2,826,184
Spirits and wine operating income—Amount	150,491	291,331
—Percent of revenues	10.3%	10.3%
Income after income taxes		
Spirits and wine	77,664	111,287
Dividends received and interim investment income in 1981	56,222	110,285
Equity in unremitted Du Pont earnings	8,868	75,796
U.S. oil and gas	—	—
After-tax income—Amount	142,754	297,368
—Percent of average shareholders' equity	*	11.5%
Interest expense related to share repurchase	(8,945)	(17,927)
Unrealized translation losses in highly inflationary countries	(8,099)	—
Extraordinary and sundry credits ⁽³⁾	—	—
Net income	\$ 125,710	\$ 279,441
Dividends	\$ 27,070	\$ 52,882
Financial position⁽¹⁾		
Cash and short-term investments	132,323	104,072
Current assets	1,546,054	1,567,104
Common stock of Du Pont (Conoco Inc. in 1981)	2,621,856	2,599,863
Net assets of discontinued operations	—	—
Property, plant and equipment (net)	630,438	623,156
Total assets	5,061,796	5,040,966
Short-term debt, including indebtedness payable within one year	552,086	590,135
Current liabilities	896,923	1,032,867
Long-term indebtedness	742,288	706,166
Total liabilities	2,495,372	2,519,540
Shareholders' equity	2,566,424	2,521,426
Per share statistics⁽⁵⁾		
Income from operations, dividends and interim investments	\$ 1.29	\$ 2.15
Equity in unremitted Du Pont earnings	.10	.80
U.S. oil and gas income	—	—
Income before extraordinary and sundry credits	1.39	2.95
Extraordinary and sundry credits ⁽³⁾	—	—
Net income	\$ 1.39	\$ 2.95
Dividends ⁽⁵⁾	\$.30	\$.567
Shareholders' equity ⁽⁵⁾	28.55	27.94
End of year market price⁽⁵⁾		
New York Stock Exchange	25.46	15.46
Canadian Stock Exchanges	C31.58	C19.29

(1) Because of a change in fiscal year, results for the 1983 fiscal period are for the six months ended January 31, 1983; all other periods are for the twelve-month fiscal years ended July 31. The 1983 financial position information is as at January 31, 1983, and as at July 31 for all other fiscal periods.

(2) Reference should be made to Notes 2 and 3 of the Consolidated Financial Statements with respect to the sale of U.S. oil and gas properties and the subsequent investment in Du Pont.

(3) Includes (i) an after-tax gain on sale of U.S. oil and gas properties of \$1,222,481,000 (\$11.62 per share) in 1981 and an after-tax gain on sale of office building of \$15,770,000 (\$.15 per share) in 1980 and (ii) a reversal in 1981 of 1980 deferred income taxes of \$15,644,000 (\$.15 per share) related to United Kingdom stock appreciation relief and a reversal in 1979 of \$50,589,000 (\$.48 per share) pertaining to prior years and \$24,998,000 (\$.24 per share) arising in 1979.

1981	1980	1979	1978	1977	1976	1975	1974
\$2,772,733	\$2,534,952	\$2,369,316	\$2,109,250	\$2,024,184	\$1,907,045	\$1,818,123	\$1,795,727
273,562	239,744	215,030	179,311	146,831	133,455	141,213	162,774
9.9%	9.5%	9.1%	8.5%	7.3%	7.0%	7.8%	9.1%
98,643	74,342	69,931	57,978	47,460	47,259	44,134	65,445
180,187	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
6,802	68,105	33,418	32,545	37,658	36,705	38,520	24,443
285,632	142,447	103,349	90,523	85,118	83,964	82,654	89,888
11.3%	11.4%	9.5%	9.6%	9.3%	9.3%	9.8%	11.4%
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
1,238,125	15,770	75,587	—	—	—	—	—
\$1,523,757	\$ 158,217	\$ 178,936	\$ 90,523	\$ 85,118	\$ 83,964	\$ 82,654	\$ 89,888
\$ 46,477	\$ 37,292	\$ 31,883	\$ 28,566 ⁽⁴⁾	\$ 28,917	\$ 27,970	\$ 27,970	\$ 27,096
815,119	18,351	25,002	51,848	61,716	133,287	49,732	64,419
2,314,619	1,548,482	1,399,703	1,295,114	1,170,772	1,377,436	1,250,245	1,129,623
2,569,000	—	—	—	—	—	—	—
—	566,390	438,223	368,451	318,392	309,433	306,403	252,138
582,113	531,225	447,692	430,716	380,536	395,265	360,340	300,883
5,833,632	2,829,187	2,457,565	2,252,803	1,982,518	2,184,225	2,022,944	1,777,926
459,108	255,653	285,543	190,149	92,657	188,430	277,164	299,424
962,895	753,270	626,325	495,186	342,968	454,877	489,838	503,993
1,217,747	460,016	421,098	512,064	515,798	595,591	471,900	291,747
3,172,533	1,515,117	1,274,590	1,271,074	1,081,259	1,256,604	1,151,317	960,983
2,661,099	1,314,070	1,182,975	981,729	901,259	927,621	871,627	816,943
\$ 2.65	\$.71	\$.66	\$.55	\$.45	\$.45	\$.42	\$.62
—	—	—	—	—	—	—	—
.06	.64	.32	.31	.36	.35	.37	.23
2.71	1.35	.98	.86	.81	.80	.79	.85
11.77	.15	.72	—	—	—	—	—
\$14.48	\$ 1.50	\$ 1.70	\$.86	\$.81	\$.80	\$.79	\$.85
\$.442	\$.354	\$.303	\$.271	\$.275	\$.266	\$.266	\$.257
25.29	12.49	11.24	9.33	8.56	8.81	8.28	7.76
17.54	18.67	9.79	8.50	7.08	7.96	10.25	11.00
C21.75	C21.83	C11.42	C9.54	C7.50	C7.79	C10.67	C10.67

(4) Due to 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 fiscal 1980, dividends have been declared in U.S. currency.

(5) All per share statistics retroactively reflect a three-for-one stock split effective March 18, 1983. After adjustment for this stock split, average shares outstanding were: 1983—90,170,352; 1982—94,711,650; 1981-1974—105,232,200.

*Not meaningful due to change in fiscal year.

The Seagram Company Ltd.

Directors

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

Charles R. Bronfman, O.C.¹
Deputy Chairman 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
President and
Chief Executive Officer
Alcan Aluminium Limited
(a Canadian multinational aluminium
company)

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

Harold Fieldsteel¹
Director
The Seagram Company Ltd.

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

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

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

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

E. Leo Kolber^{1,3,4}
President
Cemp Investments Ltd.
(a diversified holding company)

Fred H. McNeil^{1,3}
Director
Bank of Montreal
(a Canadian chartered bank)

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

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

The Hon. John N. Turner, P.C., Q.C.⁴
Partner
McMillan, Binch
(barristers and solicitors)

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

John L. Loeb
Ian D. Sinclair, O.C.
Iain M. Tennant

Officers

Edgar M. Bronfman
Chairman and
Chief Executive Officer

Charles R. Bronfman
Deputy Chairman 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

Louis S. Goldberg
Vice President,
Human Resources

Arnold M. Ludwick
Vice President,
Financial Analysis

Edward F. McDonnell
Vice President,
Marketing—International

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Quality Control

William M. Wilbur
Vice President, U.S.A.

Michael C. L. Hallows
Secretary

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.

Auditors

Price Waterhouse

Transfer Agents

The Royal Trust Company
Montreal, Toronto, Calgary,
Vancouver

Manufacturers Hanover
Trust Company
New York

Registrars

The Royal Trust Company
Montreal, Toronto, Calgary,
Vancouver

Manufacturers Hanover
Trust Company
New York

Annual Meeting of Shareholders

The Annual Meeting of Shareholders will be
held May 19, 1983, at 11:30 a.m. (E.D.T.)
at Le Château Champlain, Place du Canada,
Montreal, Quebec, Canada.

Form 10-K

A copy of the Annual Report on Form
10-K, as filed with the Securities and
Exchange Commission in Washington,
D.C., may be obtained by writing to the
Secretary, The Seagram Company Ltd.,
1430 Peel Street, Montreal, Quebec,
Canada H3A 1S9.

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