The Seagram Company Ltd. Annual Report 1976

The Seagram Company Ltd. is the world's largest producer and marketer of distilled spirits and wines. Through its wholly owned subsidiary, Texas Pacific Oil Company, Inc., the Company is also engaged in the search for, discovery, development, and production of crude oil and natural gas.

In 1976 the Company's total assets and sales, including those of its subsidiaries and affiliates in twenty-five countries, each exceeded the $2 billion mark for the first time. Net earnings for the year were $80.5 million.

In the cover photograph, Sylva Lavoie, a Seagram employee for thirty-five years, draws a sample of whisky at the Company's LaSalle, Quebec, distillery for testing by quality control specialists to ensure that it is aging properly. Later this individually aged whisky will be blended with approximately one hundred others to make V.O., the largest selling Canadian whisky in the world. The Seagram quality control story is presented in a special section of this Annual Report, beginning on page 11.

At right, The Pinnacles, a Paul Masson vineyard in California's Salinas Valley, is irrigated at dawn.

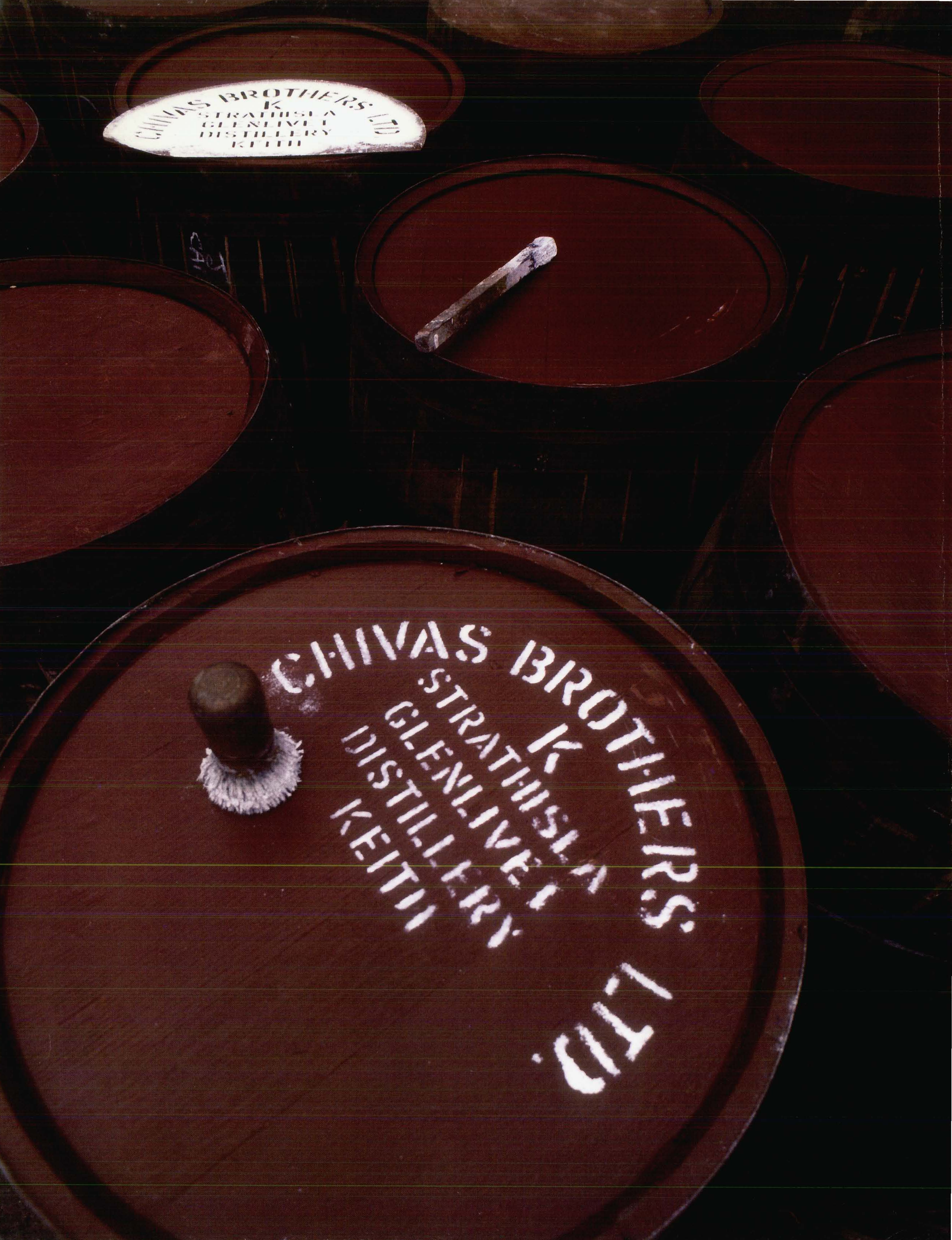
Distiller's Corporation — Seagrams, Ltd.

Highlights

The Seagram Company Ltd. and Subsidiary Companies

	1976	1975
Sales	**$2,048,970,000**	$1,930,786,000
Operating Income*		
Spirits and Wine Operations	**150,171,000**	145,042,000
Oil and Gas Operations	**39,045,000**	38,122,000
Total	**189,216,000**	183,164,000
Net Income	**80,523,000**	74,120,000
Net Income per Share	**2.30**	2.11
Dividends	**27,970,000**	27,970,000
Dividends per Share	**.80****	.80**
Working Capital Provided from Operations	**183,074,000**	155,481,000
Total Assets	**2,161,193,000**	1,991,314,000

*Before interest expense and income taxes.
**In Canadian currency.


CHIVAS BROTHERS LTD.
K
STRATHISLA
GLENLIVET
DISTILLERY
KEITH

Report of the Directors to the Shareholders

YOUR DIRECTORS ARE PLEASED to report that in the year ended July 31, 1976, the Company increased its earnings and became a $2-billion corporation in both sales and assets. Short-term debt was substantially reduced.

Net income was $80,523,000, or $2.30 per share, an increase of 8.6 percent over the prior year's $74,120,000, or $2.11 per share. Consolidated net sales were a record $2,048,970,000, up 6.1 percent from $1,930,786,000 in 1975. All amounts are in United States currency unless otherwise noted.

Operating income before interest expense and income taxes was $189,216,000, an increase of 3.3 percent. Interest expense for 1976 was $65,677,000, compared with $69,506,000 in 1975. The decrease of $3,829,000 was due primarily to lower short-term rates.

Dividends amounted to $.80 (Canadian) per share.

The quarterly earnings trend improved during the year. With the exception of the first quarter, each reporting period showed an improvement over the comparable period a year earlier. Earnings for the second half of 1976 were up 12.7 percent over the second half of fiscal 1975.

These favourable results and trends are reported in greater detail in the "Line of Business Summary" and "Management's Discussion and Analysis of the Summary of Operations" on pages 50 and 51, respectively, of this Report. In general, they reflect strong growth in our worldwide Scotch whisky business, substantial earnings improvement in our Latin American operations, and an increased contribution to operating income by our oil and gas operations. These more than offset the effects of higher tax rates on petroleum operations in the United States.

The Company clearly benefited from being able to satisfy the growing public taste for Scotch, vodka, gin and premium wines as well as from its traditional leadership position in Canadian and American whiskies. In addition to its increasingly diversified product line, Seagram also profited from the breadth of its geographical position. Finally, as a result of the Company's accelerated investment in Texas Pacific, this important subsidiary's oil

Worldwide sales of Seagram Scotch whiskies, led by Chivas Regal, were a major contributor to the Company's earnings in 1976. At left, barrels are stenciled prior to being put in the bonding warehouse in Keith, Scotland.

Seagram's strength begins with its leadership brands. Seven Crown, V.O., Chivas Regal and Crown Royal—each is clearly the largest seller in its category; each widened its lead in 1976.

and gas production continued at approximately the level of the prior year, while the output of the U.S. industry again declined.

We shall discuss each of these areas below, for together they are indicative of the future progress of The Seagram Company Ltd. as well as its current strength. As the Company has grown and consumer tastes have developed, however, one Seagram strength has remained constant. That is our traditional emphasis on quality in our products. Seagram's exceptional care in its production processes has made the Company's quality control the model for our own industry and for others. It will be the keystone of Seagram's success in the future. For this reason, the special section of the 1976 Annual Report beginning on page 11 is devoted to the philosophy and specifics of this ongoing commitment and to the efforts of the dedicated quality control people throughout the Company. In their hearts and hands rests the perpetuation of one of Seagram's most valuable assets.

No other distiller rivals Seagram as a producer and marketer of Canadian whisky. In addition to Crown Royal and V.O., the Company markets four brands bottled in the U.S. First introduced in 1975, James Foxe is the newest such brand.

During the last twelve months, Seagram continued to strengthen its leadership position in the major U.S. and Canadian markets. Its share of the U.S. distilled spirits market today approaches 20 percent. Of the seventy-odd brands that sell more than 500,000 cases a year in the U.S., Seagram has fifteen. Of the thirty-five brands that sell more than a million cases in the U.S., Seagram has eight—and two others are close to this level. In all major Seagram product categories, our brands performed better than their categories as a whole in 1976.

The Company's dominant brands again had a good year. As a category American blended whiskey continued to decline, but Seven Crown's sales and share increased. Seven Crown remains the largest selling distilled spirit of any type in the United States. Chivas Regal, which outsells its closest competitor in the premium Scotch category by nearly two-to-one, had another outstanding year; its sales increased by 8 percent. Seagram's V.O. continues as the number one imported brand in the U.S. and the largest selling Canadian whisky in the world. V.O.'s share of market grew again in 1976, although, like the other premium-priced Canadian whiskies, the brand continues to suffer from severe pricing competition. Crown Royal, the deluxe Canadian, is in a class by itself. Its U.S. sales increased by

17 percent last year.

Overall, sales of Canadian whiskies in the United States improved during the year. This reflected not only Crown Royal's performance but also substantial growth among those brands bottled in the United States. Canadian Lord Calvert, our largest seller in this group, enjoyed a 14 percent increase. Our most recent entry, James Foxe Canadian, also showed good progress.

In 1976 Scotch whiskies were an especially significant factor in Seagram's success, although Scotch sales for the industry as a whole have slowed during the last two years. In addition to Chivas Regal's notable contribution, 100 Pipers had a good year, particularly in Latin America. Passport, bottled in the U.S. for the American market, showed a 40 percent sales growth in the United States. Seagram's future prospects in Scotch are buoyed not only by these strong performance trends but also by the Company's especially strong and balanced inventory position in older stocks essential for future growth.

In the U.S. market the 1976 performance of Seagram's vodkas, gins and rums was also outstanding. From a combined base of more than three million cases, our vodkas—Wolfschmidt, Crown Russe and Nikolai—are growing almost twice as rapidly as the category as a whole. Sales of gins, led by Seagram's Extra Dry and Calvert, are rising three times as fast as this type. Our rum sales are even stronger. Ronrico's 16 percent growth was significantly greater than that of the category; its sales passed the half-million case mark. Myers's Jamaica rum grew 13 percent in the U.S. market.

THE U.S. MARKET for Christian Brothers brandy, marketed under contract by the Seagram affiliate Fromm & Sichel, as well as our increasingly extensive line of cordials, continued to grow in volume and profitability. Sales of Christian Brothers brandy climbed to twice those of its nearest competitor, and the growth rate of the prestigious Leroux line of cordials was 8 percent. In 1976 we introduced four new products for this expanding market—Amaretto di Torino, Cognac à l'Orange, Fraises des Bois and Cherry Karise.

Sales of premium domestic table wine, the type of primary importance to us, are showing steady annual growth. With Paul Masson and Christian Brothers, we have a significant share of this market segment. Paul

Led by Chivas Regal, Seagram's Scotches enjoyed an outstanding year in 1976. Passport is now the fastest growing brand in the world, and 100 Pipers did particularly well overseas.

Masson table wines were 16 percent ahead of 1975 sales, and four new medium-priced varietal wines were introduced by Paul Masson during the year.

Sales of imported wines in North America from France, Italy and Germany showed a resurgence of strength during the year. Sales of such wines, most of them produced by our own overseas affiliates, were 36 percent ahead of the prior year. Sales performance of Barton & Guestier (B&G) French wines and the Italian wines imported under the Brolio, Ricasoli and Bersano labels was especially strong. Sales of Mumm champagne in the U.S. gained 17 percent.

Our Chateau and Estate Wines division in the U.S., which imports independently produced fine European wines, registered sales nearly triple those of the prior year. Through this division the Company also acquired the French wine inventories, trademarks and overseas affiliations of Frank Schoonmaker, thus adding another highly respected name to Seagram's expanding wine operations.

An improving trend in the distilled spirits market in Canada has resulted in volume gains that have compensated almost totally for the continued exclusion of our products from British Columbia. Our British Columbia plants were closed in September 1975 as a result of a labour dispute; every effort is being made to have our products relisted in that province. Excluding British Columbia, Crown Royal sales increased 29 percent over a year ago; imported Scotch sales, led by Chivas Regal, advanced 23 percent over 1975 levels; and our vodkas, gins and rums performed well in this rapidly expanding and profitable segment of the Canadian distilled spirits industry. For the first time total rum sales exceeded half a million cases. In another area of strength, the sales of B&G French wines advanced 60 percent, and sales of all imported Seagram wines in Canada were 54 percent greater than the previous levels.

Turning to overseas markets, the Company has benefited increasingly from its international investment policies. In 1960 total assets outside Canada and the United States were only $46 million. Today we have operating assets abroad in excess of $600 million. Our overseas markets in both developed and developing countries continue to offer significant opportunities for sales and profit expansion, as increased education, travel and affluence

The Company has strong brands and broad representation in such rapidly growing product areas as vodka, gin, rum, brandy and cordials. Each of the brands pictured again outperformed its respective category in the U.S.

tend to strengthen the demand for branded distilled spirits and wines.

In 1976 local economic conditions slowed progress in such countries as the United Kingdom, Italy and Portugal. But our French and German affiliates showed good improvement in their home markets and achieved particularly solid growth in worldwide shipments of B&G French and Kayser German wines. Results of our joint venture operation in Japan, Kirin-Seagram Limited, have progressed and continue to show great promise. Sales in Japan of Robert Brown whisky, introduced in 1974, increased by a substantial 54 percent over last year, and the newly introduced Dunbar's has been well received.

Results from our Latin American subsidiaries were at record levels despite political unrest and economic pressures in some countries. In Brazil the volume of Passport and 100 Pipers Scotch more than doubled. In the face of extremely difficult economic conditions in Argentina, costs were trimmed, and price increases kept ahead of currency devaluations; earnings improved significantly. In Venezuela sales of Cacique rum, for which our affiliate is Licorerias Unidas, passed the million case mark for the first time. Scotch whiskies and Company brands marketed by C.A. Distribuidora Chumaceiro also showed good growth. As a whole our two Venezuelan affiliates increased their contribution to Seagram's profits by some 50 percent.

To promote further market penetration and profit growth in Latin America, Seagram is proceeding with the kind of capital investment program that has facilitated its progress in other markets. This year in Brazil, for example, we will complete construction of a $10 million distillery and bottling facility. A $16 million distillery expansion program is underway in Venezuela and will be completed in 1978.

Similarly, to accommodate the growing U.S. cordial market, we are consolidating and expanding our production capability with a new $5 million bottling facility in Relay, Maryland. In Memphis the Company has purchased a cooperage facility that will replace several older plants and reduce costs. As part of the purchase agreement, we have also provided for an economical long-term supply of white oak for cooperage.

The steady annual growth of the U.S. premium wine market provides a strong incentive for Seagram's expanding wine activities. Sales of vintage imports from Seagram's affiliates in Germany, France and Italy increased substantially last year. In the U.S., Paul Masson wines again increased their market share, and the Company was enhanced by the 1976 acquisition of the Frank Schoonmaker name and French wine inventories.

SUBSTANTIAL CAPITAL INVESTMENT, particularly over the last five years, has also been required to bring the contribution of our oil and gas subsidiary to the levels reached in 1976. Since 1972 the Company has committed more than $250 million to its exploration and development program. In 1976 Texas Pacific's investment increased 23 percent to $80 million. Texas Pacific was able not only to support this record level of exploration and development spending but also to return a substantial amount of cash to its parent company.

In 1976 Texas Pacific's revenues were $156 million or 7.6 percent of consolidated sales; operating income was $39 million, or 21 percent of the total. During the reporting period, the Company's investment of $44 million for exploration and development drilling was an increase of 69 percent over the prior year's. The Company maintained oil production at 39,100 barrels per day, virtually the same level as in 1975.

The PCP Findley well in Bolton Creek Area of Alberta was Texas Pacific's most noteworthy discovery this year. It was also one of the most significant recent finds in Canada. We hold a 15 percent interest in 23,000 acres on this prospect. A confirmation well was completed in August 1976, and seven development wells are planned in the area. In the United States two of our production platforms offshore the Gulf Coast continue to be developed; they should be producing by December 1978. Overseas we are drilling a second well offshore Dubai; the first offshore Dubai well on a different concession was dry.

A most interesting secondary recovery project is in the initial stage of development in Stephens County, Texas. When in full operation in the mid-1980's, it will produce at the rate of 13,000 barrels a day. Texas Pacific is discussing joint development of this project with potential partners.

WE CONTINUE TO BE OPTIMISTIC about the prospects for the oil industry in general and Texas Pacific in particular. We expect petroleum prices to increase as provided for by current legislation in the United States and Canada; this is essential to ensure additional investment by the industry. It is clear that oil and gas operations are making and will continue to make an increasing contribution to the overall results of The Seagram Company Ltd.

The growing Canadian market again accounted for an important share of Seagram's spirits and wine sales in 1976. Some of the brands pictured above are not distributed in the U.S. but are leaders in their categories in Canada. B&G wines, which Seagram markets worldwide, had a particularly outstanding year in Canada.

As a company whose operations span the globe, whose products are in increasing demand by a growing world population, Seagram has been engaged for the last several years in a substantial capital investment program. As noted above, major outlays for plant, production and warehousing facilities and in inventory acquisitions for its distilled spirits and wine businesses, as well as in exploration and production programs for its oil and gas operations, have increased Seagram's total assets by $700 million or some 50 percent over the last five years. In fiscal 1976 capital investment for the Company as a whole reached $143 million. With the platform for future growth now largely in place, Seagram has reached the point where the pace of this capital expansion will be slower than in the past. The level of the Company's debt will be substantially stabilized as a result.

THE YEAR 1976 WAS AN EVENTFUL ONE for the progress made in restructuring as well as stabilizing debt. To achieve a better balance between short- and long-term debt, Seagram issued two securities during the year. These were seven-year Eurodollar notes for $60 million at 9 percent interest issued in February 1976 and a private placement through Seagram's U.S. subsidiary in July 1976 of $100 million of twenty-year 9¼ percent promissory notes. These actions have had the beneficial effect of reducing our short-term debt over the last fiscal year, thereby enhancing the flexibility to capitalize on future opportunities as they arise.

The Financial Accounting Standards Board in the United States has issued a Statement concerning translation of the financial reports of foreign subsidiaries. The Statement, which is effective in the U.S. for our fiscal year 1977, will require recognition of any gains on foreign currency translation to be included in current income. Although the Company has always recognized any net losses, it has consistently deferred net gains on currency translation, but the effect of including the amount in 1976 would not have been material.

During the year two members of the Board of Directors were appointed to the Audit Committee. They are C. Edward Medland and John L. Weinberg who joined William J. Green on the Committee. The appointments of Alan A. Sharp, Secretary of the Company, and Richard K. Goeltz, Treasurer of Joseph E. Seagram & Sons, Inc.,

Seagram's broad strength in overseas markets is an important guarantee of the Company's future growth. Cacique rum sells more than a million cases and is by far Venezuela's most popular brand. Schwarzer Kater is one of Germany's leading liqueurs. Robert Brown is one of the fastest growing whiskies in Japan. And Captain Morgan is one of the most popular rums in the United Kingdom.

each as Assistant Treasurer of The Seagram Company Ltd., were announced in November 1975.

We were deeply saddened to report the death of the Honourable Louis P. Gélinas on January 1, 1976, a distinguished member of our Board for eight years and an Honorary Director at the time of his death.

To summarize, 1976 was a year of heartening progress for Seagram. The Company resumed the trend of consistently improving earnings that have characterized our results for the last two decades. The substantial investment required to broaden our product line and our geographical diversity has proved well spent, as has that committed to our increasingly profitable oil and gas operations. The Company ended the year in a sounder, better balanced financial position. We foresee continued strong demand for our products in both the near and longer term future, and we are well prepared to meet that demand. With the continued strong support of our employees and customers, we are confident of the Company's future progress.

On behalf of the Board,

Edgar M. Bronfman
Chairman

September 20, 1976

Arthur Dawe, head of quality control in Canada for twelve years, "noses" V.O. sample.

Commitment to Quality

POPULAR MYTH HAS IT that with corporate growth must come a decline in caring, a gradual but relentless erosion of standards. The history of Seagram demonstrates otherwise.

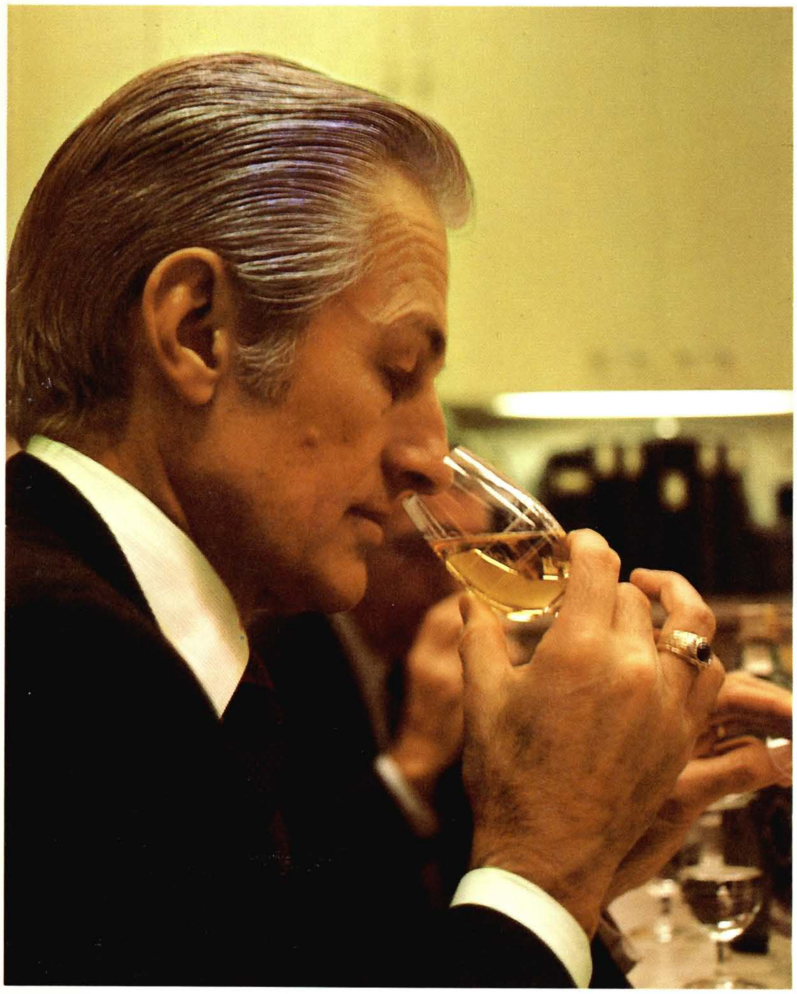
For The Seagram Company Ltd., quality is the heart of the matter. In an age of mass production and marketing, the term "quality control" has a sterile scent, as if it were somehow sufficient to avoid mistakes in a production process. But it can also symbolize a commitment to excellence, the keeping of many promises. It can be, and at Seagram it is, a commitment that the most advanced technology will be employed to supplement the human senses that must be the final arbiters. It is the sinew that runs throughout the chronicle of Seagram's growth and diversification. But in the end, it is the story of the individual people—from the Company's founder, the late Samuel Bronfman, through the other pioneers and builders, to those who today lead the world's largest producer and marketer of distilled spirits and wines . . .

ROY MARTIN, a farmer's son, remembers the morning in February 1927 when he first showed up for work at the Seagram office and distillery at Waterloo, Ontario, where two 120-foot wells each provided 1,000 gallons a minute of water of exceptional quality. After nine years learning the business, he was brought to the distillery at LaSalle, Quebec, on Montreal Island. There he learned blending and quality control methods from Samuel Bronfman. "Mr. Sam just put the bee in me," Roy Martin says. "I got access to all the formulas of the blends of our whiskies, and I tasted them. I learned what a difference of one percent of this ingredient, or zero point five percent of that ingredient, would make to the aroma and taste of the blend."

In a few months he was told, "Roy, you are now responsible for the quality of the blends." There is a way he says it.

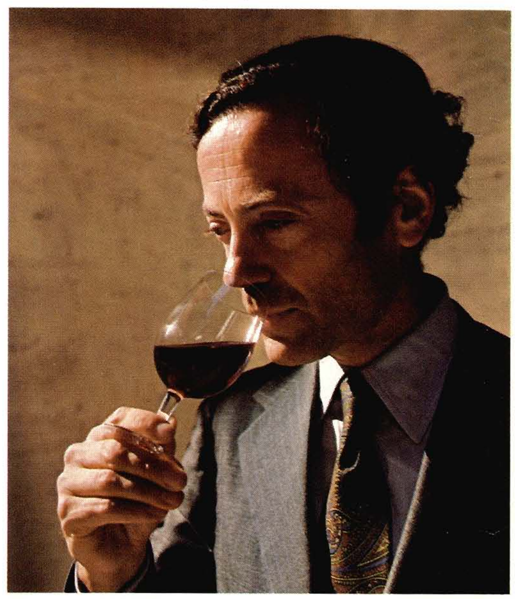
Roy Martin remembers how he and Samuel Bronfman worked together to perfect Seagram's V.O., then with a sales target of 100,000 cases a year, and later, in honour of the visit to Canada of King George VI and Queen Elizabeth, to create Crown Royal. "We made up well over 600 samples before we knew we had that one right."

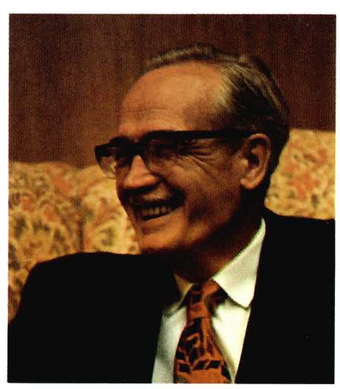
Over the years the two would "nose" and taste at the Bronfman home on weekends. He remembers how he trained "Mister Sam's" sons Edgar and Charles in blending and



Russell W. McLauchlan, senior quality control executive.

Agustín Huneeus, wine quality coordinator.





Roy Martin, pioneer blender.

Dr. Albert J. Bronsky, chief of research and development, examines products exposed to varying light and temperature conditions.

Veteran distillery employee "noses" aging Scotch.

quality control, first during school vacations, then fulltime at the LaSalle plant. "Once, when I was going to be away, Edgar asked me, 'Do you mind if I go ahead with this?' I said, 'Good luck to you.' I was delighted—but I was not surprised—to learn that Edgar actually stopped production when he came across some samples that were not quite good enough."

Roy Martin, who retired in 1973, recollects: "Mr. Sam said again and again that distilling is a science and blending is an art. His was a personal philosophy of quality that became the lifeblood of a very large corporation. If I were asked my opinion, I would say this is the secret of our success today . . ."

RUSSELL W. MCLAUCHLAN, now fifty-two, is in charge of all quality control for spirits throughout the Company. A graduate chemist, he joined the Company in 1947 and in five years had worked his way up to quality control superintendent at Lawrenceburg, Indiana, Seagram's largest distillery. "I wanted to be in quality," he says. "I wanted to be able to say, 'I made this.'"

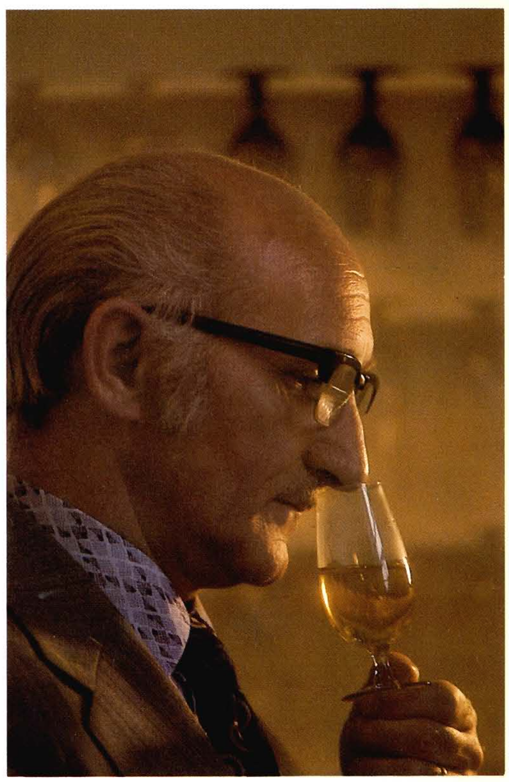
Each Seagram plant has a quality control manager and a number of assistants sufficient to monitor the quality of each process. From their ranks will likely come the distillery managers of the future, already schooled in the disciplines of quality control. All of the quality control managers, as well as the scientists and technicians in the laboratories, are responsible to Russell McLauchlan. "And I report directly to the Chairman of the Company," he says. "Our senior executives have themselves been fully trained and are personally expert in quality controls. And I am sure I can state that quality is the principal consideration of our Company. Without that, I personally could not work . . ."

AGUSTIN HUNEEUS was born forty-three years ago in Chile, one of the two most distinguished geographies of wine in the new world. Educated at Fordham and Columbia Universities, he was for thirteen years a wine executive in Latin America. Now, assisted by graduate biologist Walter Edwards, he coordinates quality control for all Seagram's wines worldwide. Agustín Huneeus maintains he is "not a poet of wine. It is just that I understand it, feel it, love it."

The assurance of quality in wines and spirits rests on fundamentally different arts. With wines the effort must be to preserve individuality, to safeguard the unique characteristics of the grape in the geography

New Allt à Bhainne distillery in Scotland.

Quality control technician in Scotland.



James Lang, guardian of the classic taste of Chivas.

of its origin, to foster the flowering of each successive vintage. No man can dictate to nature in such matters. But men can guard the potential of the wine by protecting nature against her own undesirable eccentricities so that the wines' distinctive voices will be heard. In the words of Professor Emile Peynaud, the great French oenologist and writer on wines, "The ultimate goal is to be able not to treat wines at all or, at most, to use nothing but a simple clarifying treatment. Treat the crop so as to avoid treating the wine."

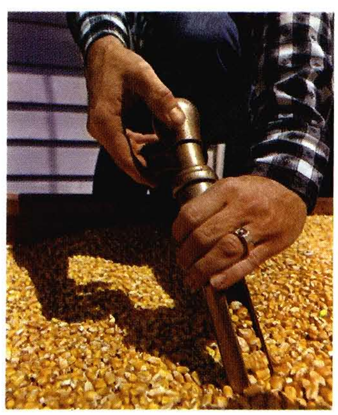
THE ASSURANCE of quality in Seagram's wine is at heart, therefore, a local matter. Though coordinated procedurally by Agustín Huneeus, it is a decentralized artistry. In addition to laboratory programs in each region of origin, Seagram retains a "Quality Assurance Panel" that includes independent wise men of wine. The French panel includes Professor Peynaud; the German, Professor H. Haubs, director of the Institute for Oenology and Production Technology at Geisenheim; the Italian, Professor Felice Cavallotto, a faculty member at the Technical Institute of Oenology at Alba since 1928, and Dr. Mirko Ferrarese, a member of the Italian Academy of Wines and former advisor in oenology to the European Economic Community; the Californian, Professor Harold W. Berg, Chief Oenologist at the University of California in Davis.

As Huneeus says, "Always, we show intense respect for regional tradition. We are extremely careful not to impose our own organoleptic judgements. We do our work with the utmost delicacy and with the help of profound expertise..."

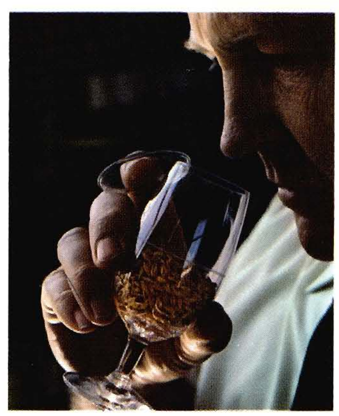
WITH SPIRITS, in contrast, the art begins with the blender, and Seagram is widely recognized as the world's preeminent specialist in the field. Russell McLauchlan defines it as: "The art of combining meticulously selected, mature, high-quality whiskies, each with its own flavour and other characteristics, with such skill that the whole is better than the sum of its parts, so that each makes its own contribution to the finished blend without any one predominating."

By reason of their skills, experience, attitudes and philosophies, the senior quality control experts are also the chief blenders of the Company's products. The Company maintains four libraries of distilled spirits which are renewed, sample by sample, every six months. The first, in Montreal, files more than 600 Canadian whiskies, brandies and rums. The

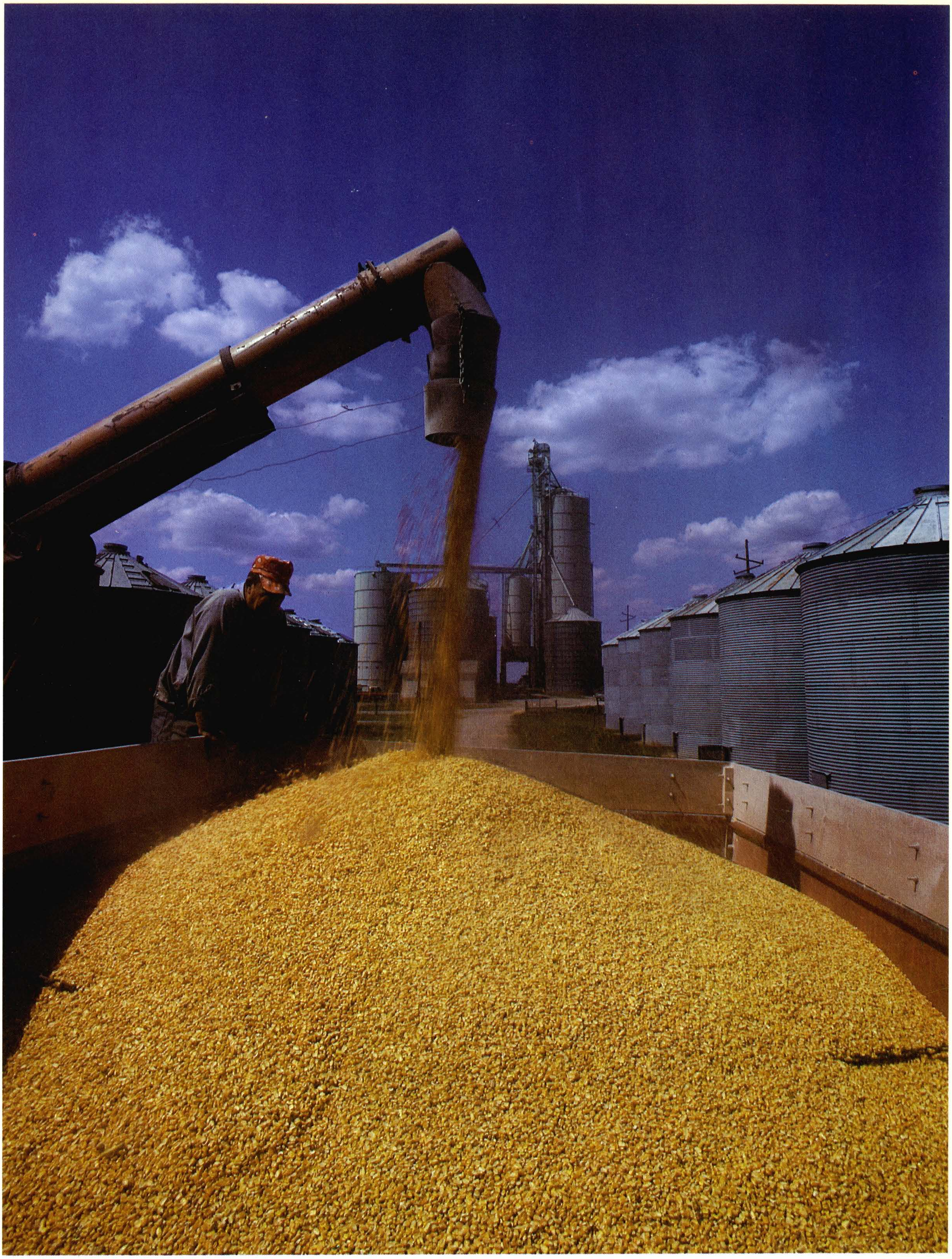
Harvesting corn for Seagram in Champaign, Illinois.



Sampling grain for quality.



Verifying quality of barley.



Loading corn for Seagram elevator in Champaign. Corn is checked against precise specifications for weight, moisture content and aroma.

Riddling racks in G. H. Mumm cave require constant care. Bottles are turned periodically and corks kept moist as champagne ages in controlled climate.

second, in New York, contains more than 1,000 American whiskeys, brandies and other spirits. The third, also in New York, holds more than 500 types of distilled spirits from overseas. The fourth, in Paisley, Scotland, keeps more than 600 types of Scotch malts and grain whiskies.

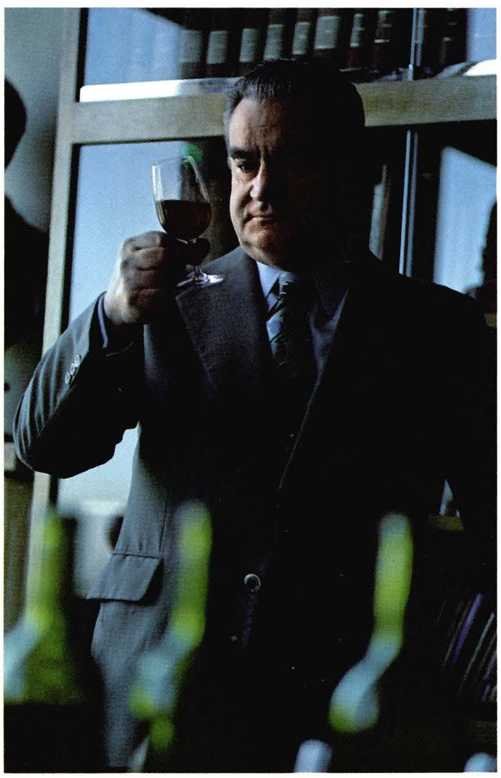
The senior blenders draw from these libraries to create, specify and maintain the taste and aroma of each Seagram product. As Russell McLauchlan says: "The consumer who pays his money for Seven Crown wants Seven Crown. Our job is to guarantee that he gets the Seven Crown taste every time."

IN SERVICE of this commitment, McLauchlan and his two principal associates—among them the three have nearly a century of experience with the Company—have specified literally thousands of procedures and quality verifications. They range from the organoleptic—the skilled use of the human senses of sight, smell and taste—to chemical and biological confirmations in the laboratories. For each ingredient and process, there is a litany of testing.

The assurance of quality begins with the selection of raw materials. To guarantee its supply of superior corn, rye, barley and occasional rye malts, the Company contracts for the crops of specially selected farmers in Canada and the U.S. Midwest. Seagram even buys (and resells) the farmers' oats and soybeans to guarantee first call on the crops it wants. The Company maintains its own grain elevators in Illinois and Indiana. Quality control people perform scores of tests, from the farmers' fields through the elevators, until the grain is finally accepted at the distilleries.

THE PERSONALITY of each distillery reflects the distinctive flavours of the water used in its processing. In Canada, which has 25 percent of the world's fresh water supply, Seagram benefits from the cold purity of deep wells and rivers. In Kentucky the water comes from quiet, limestone-touched pools fed by springs and impoundments. Scotland's waters are world famous for their softness, as their streams pass them over the distinctive Scottish peat. Seagram quality controllers test them all before adding any to the grain.

Each distillery also has its distinctive "bacterial aura," a natural environment essential to the distilling process. No one in the industry has as many distilleries as Seagram's twenty-five, and this number is one measure of the wealth of flavours available to Seagram blenders. Indi-



Prof. Emile Peynaud, leading French oenologist.

All B&G wines are tested and their qualities personally noted.

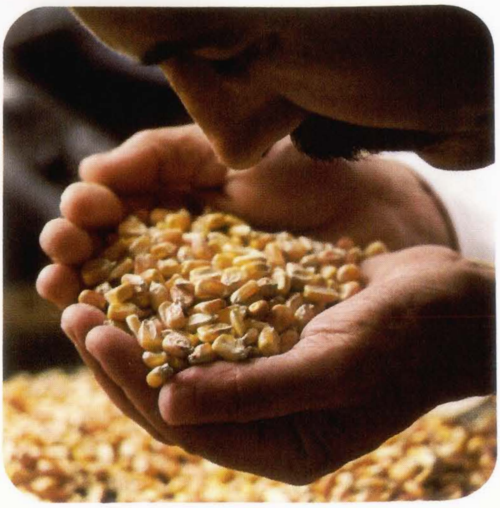
Reference samples of every Julius Kayser wine shipped.

Budding grapes near Bordeaux.


QUART
ORTED
eagram's
V.O.
NADIAN WHISKY
A BLEND
86.8 PROOF
ROM CANADA

One hundred superb, individually aged whiskies – each made from the finest grains and purest waters – are painstakingly blended to make Seagram's V.O. But the world's number one Canadian is more than a blend. It is a treasured tradition. Today, as he has been for the last twelve years, the custodian of that tradition is

As many as 120 different whiskies are blended to make V.O. Only grains of "Seagram quality" are used.



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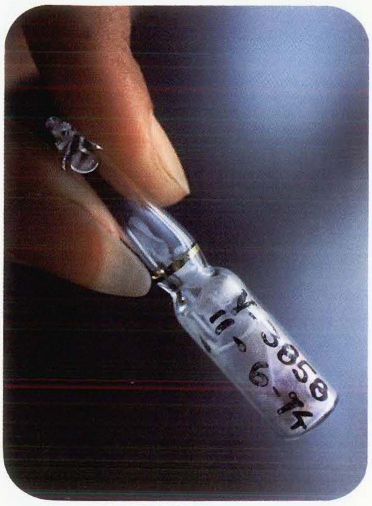
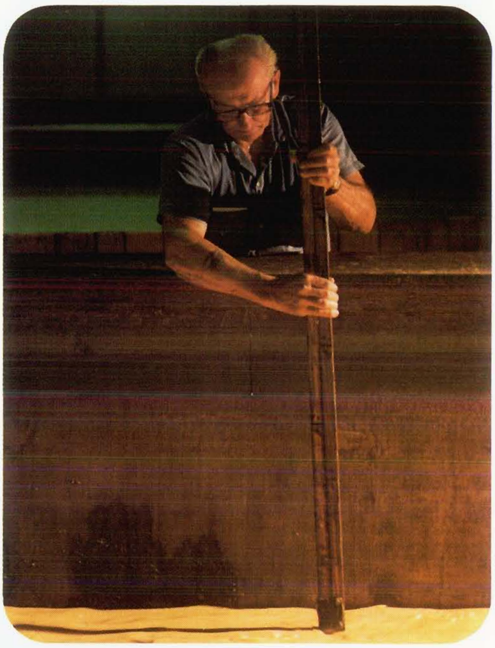
In the final stage of bottling at LaSalle plant in Montreal, Seagram's V.O., bound for the U.S. market, is capped and the tax stamps affixed. V.O. is the largest selling brand imported into the U.S. and the most popular Canadian whisky in the world.

Master Blender Arthur Dawe. One principle has guided him: "Seagram's V.O. may be many things to many people, but it is, and always must be, one flavour."

Some find its taste exceptionally clean, even crisp. Others praise its unique balance. Arthur Dawe blends for "a quality of fullness that is never overpowering, a delicacy that is never weak. Its bouquet is, for me, a myriad of delights…"



One of the yeasts from Seagram's unique library of 453 strains.

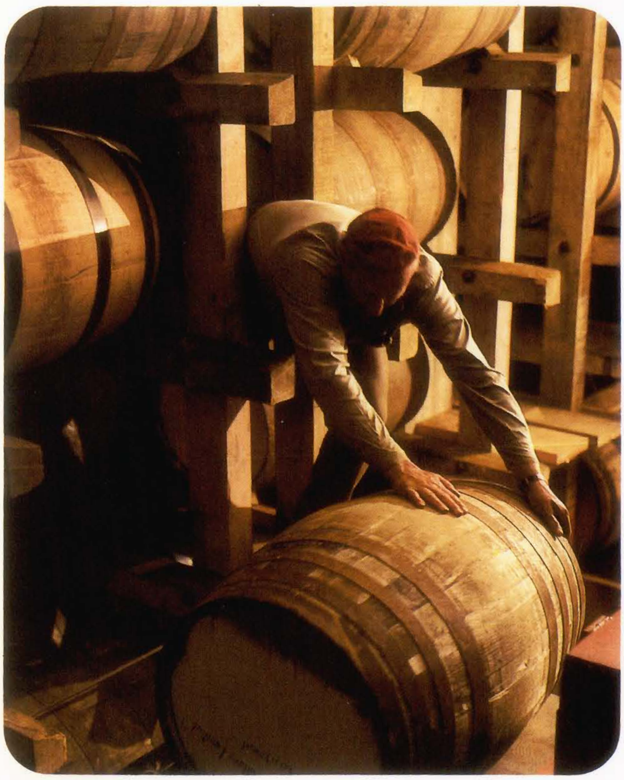


Expert distillery employees continually monitor fermenting mash (above) and periodically send samples to the quality control laboratory in Montreal.

The quality of the whiskies that will make V.O. is checked at every step in the process (left).

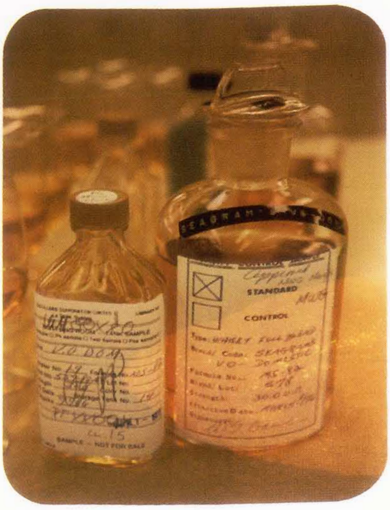
V.O.'s consistent and singular superiority is the fruition of many processes, the work of many hands: Farmers who grow their crops specifically for Seagram, tasters who verify the purity of waters from springs hidden underground, the artists who select the yeasts from Seagram's unrivaled library, veteran distillers who watch over fermentation, coopers who build and carefully char the barrels in which each individual whisky will age.

Only the finest aged white oak staves are used by coopers to handcraft the barrels that age V.O.'s whiskies.

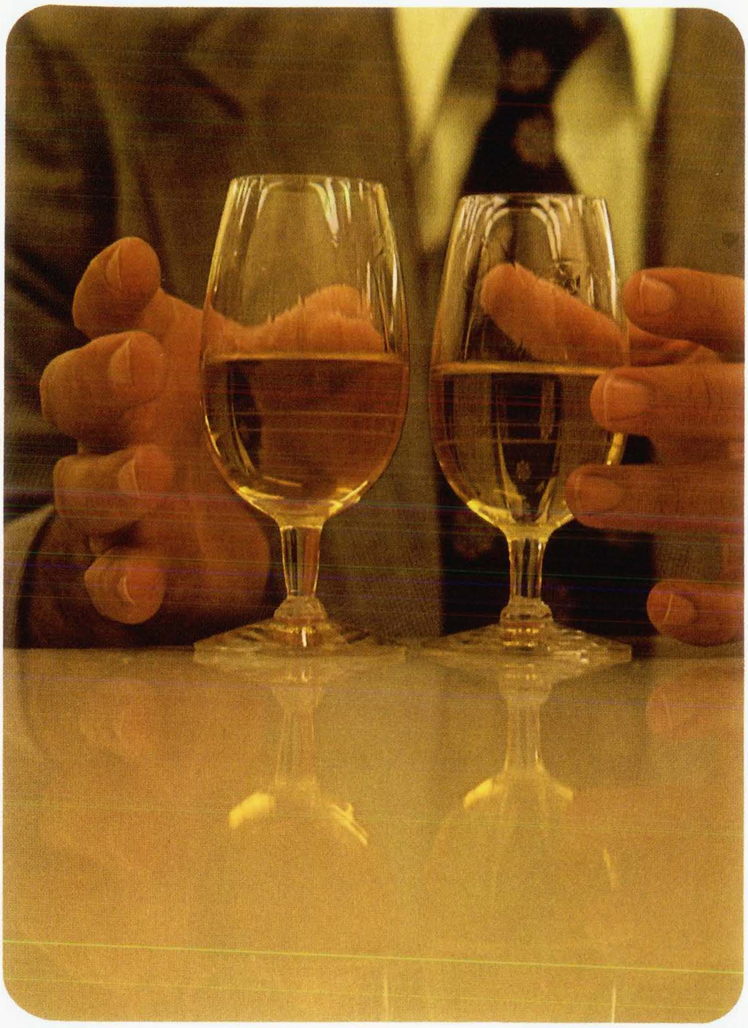


Barrels are racked in LaSalle in such a way as to enable the taking of periodic samples to check the aging process.

When it has been blended, each batch of V.O. is measured against the approved standard (below).



At each step the process is monitored, checked and rechecked. With care, with love. Finally the blenders bring them all together, in a way no other maker of Canadian whisky even tries. They taste each new sample against the standard, passing the new only when it is indistinguishable from the old. Only then does Arthur Dawe allow it to be called V.O. Only then is it beribboned with the distinctive yellow and black.



Master blender begins his "blind" comparison of the latest batch of blended V.O. with the standard. Only if his and three colleagues' educated senses cannot differentiate between the samples will the new be approved.

Even the distinctive tying of V.O.'s ribbons of yellow and black are checked to ensure they are right.


Seagram's
V.O.
CANADIAN WHISKY
QUART

vidually designed quality assurance programs are applied in each of these distilleries, and every finished tank of spirits is analyzed both chemically and by quality controllers considered to have especially acute organoleptic judgement. Samples from each tank are also double checked in the main quality control laboratories in Montreal, New York and Paisley.

EVEN THE BARRELS in which the approved samples are aged have their special regimens. The Company manufactures its own barrels. Only the heart of prime white oak is used, and the staves are stacked in the open air for a year or more to properly season the wood before the barrel is built and precisely charred. All of these procedures are measured and monitored by the quality controllers. Only then are the spirits barreled for warehousing and aging—and more monitoring. As Russell McLauchlan says, "People like to feel warm, but not too warm; cool, but not too cool; comfortable and relaxed, with air to breathe and opportunity to grow. Whiskies should be treated in barrels the same way."

Periodic maturation examinations are conducted on each type of whisky or other spirit in inventory and samples shipped to the quality control office in Montreal under Arthur Dawe or to New York.

In these offices the men and women of quality control are not only monitoring the spirits in production and inventory, they are also specifying and double checking the use of every element of packaging in which the products will be offered to the public. Bottles and caps, labels and glues, containers and gift cartons, ribbons and bows—all are specified and checked; no deviations or changes are permitted without the approval of quality control.

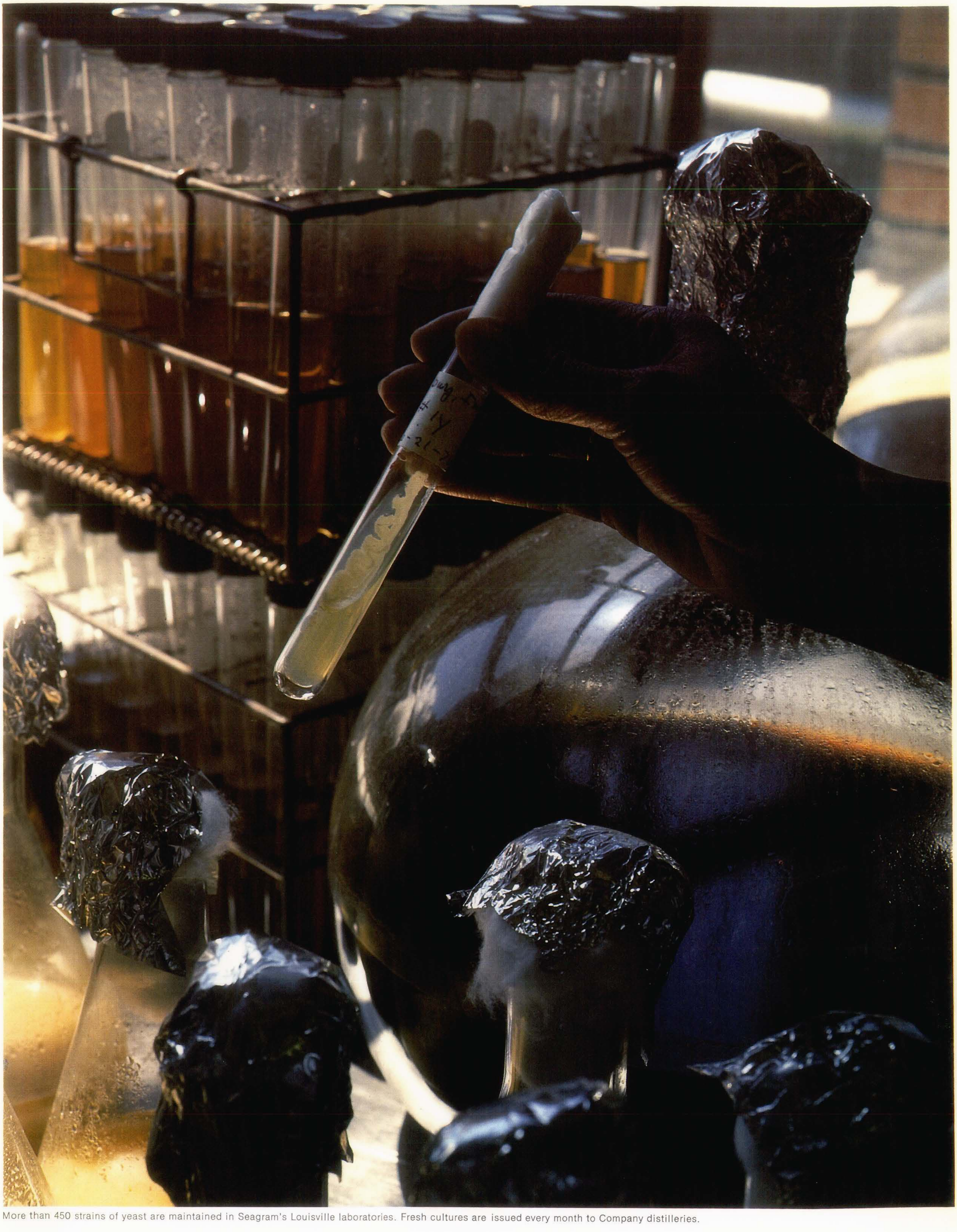
THERE ARE ALSO experiments for the future. New combinations of grains and yeasts are tried, as are minute changes of formula and method. Totally new products are developed and aged for later evaluation.

In all this work, Russell McLauchlan sums up, "We use the most advanced technology and some of the most expensive machines available. We can now measure and analyze down to billionth parts of a fraction. But there is still no substitute for organoleptic quality controls—the unique detection of differences by the human senses of taste and smell . . ."

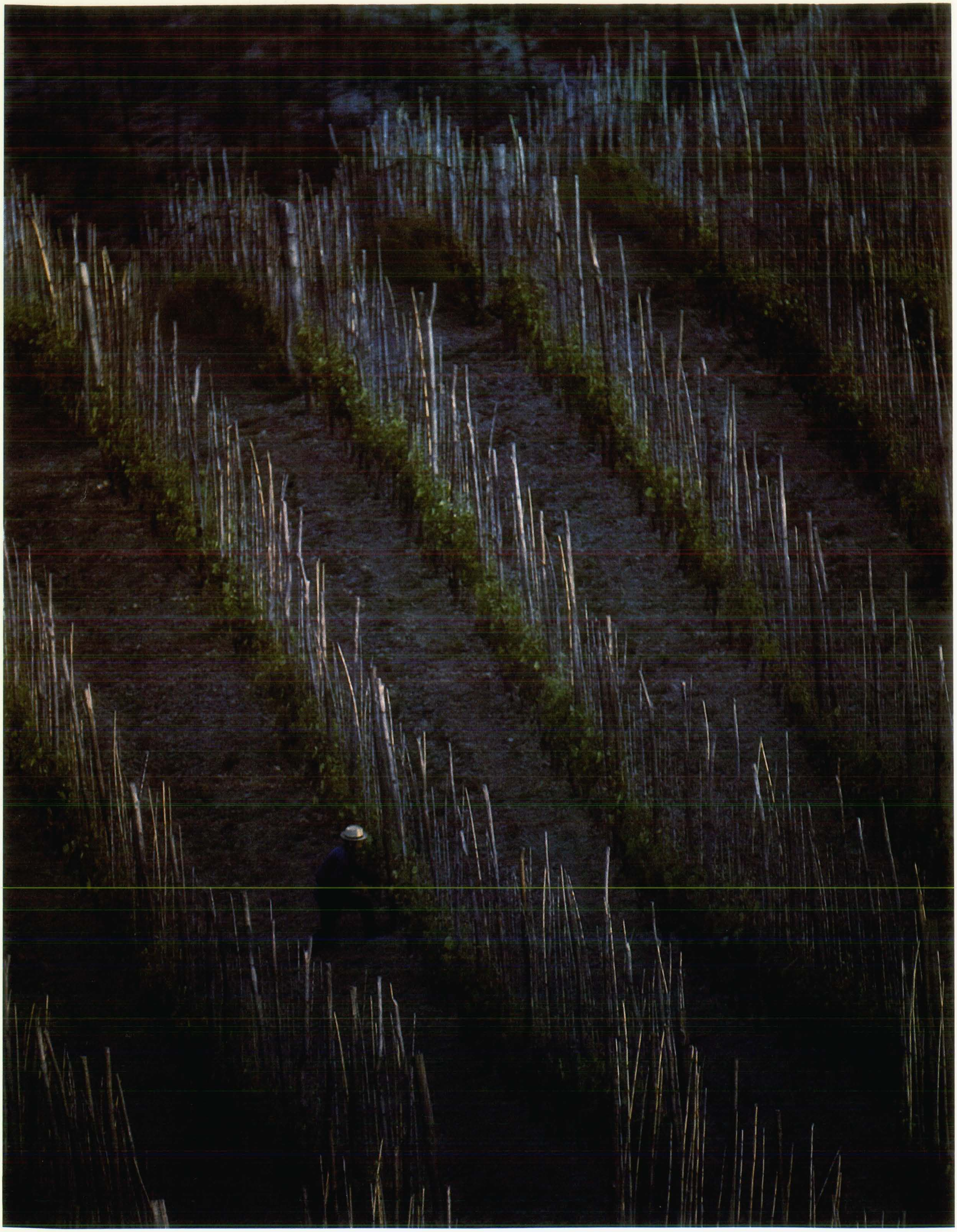
Standards have not only been maintained but refined and new means for their assurance developed. Most significantly of all, virtually

Lawrenceburg computer is only one in the industry for controlling distillery processes.

Quality controller inspecting newly bottled Kessler.



More than 450 strains of yeast are maintained in Seagram's Louisville laboratories. Fresh cultures are issued every month to Company distilleries.



To Barone Bettino Ricasoli, his vineyards near Florence "are a place of birth, and wine of good birth is generously capable of wonderful surprises."

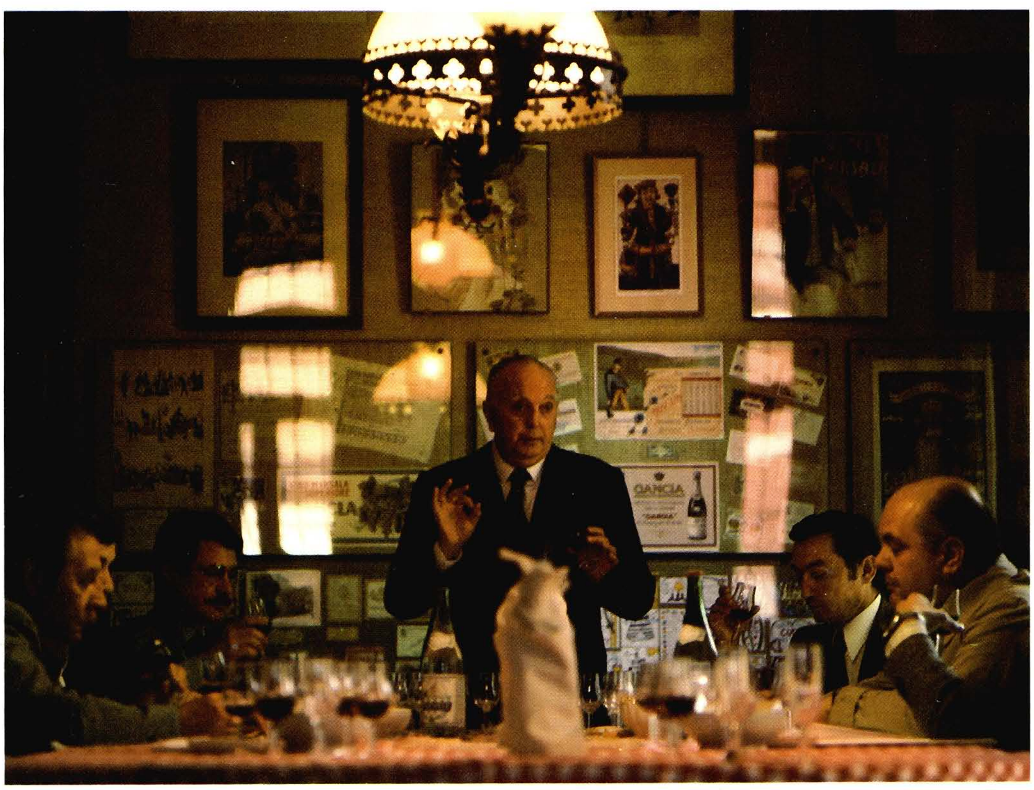
every addition to Seagram has meant not only new brands to satisfy developing consumer tastes but also the talents and dedication of the master blenders and loving vintners whose skills and dedication had given their own products their distinction.

In a sense the pattern was set when Seagram entered the United States after the Repeal of Prohibition. The Company acquired distilleries at Lawrenceburg, Indiana, and Relay, Maryland. But blending was delayed until the Company's accumulated stocks of superior whiskies aged, and six-year-olds could be shipped down from Canada. Samuel Bronfman said, "Other United States distillers were enjoying a bonanza in sales. No matter, I waited. Quality in the bottle and our reputation were much more important to me than immediate profits."

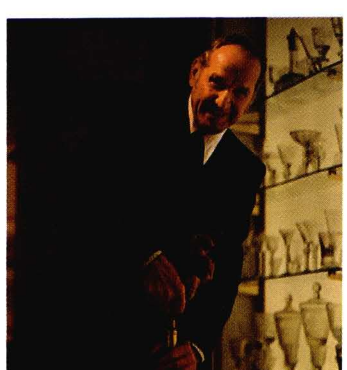
By 1939 Seagram blends were clearly outselling their competitors. The founder chose that time to institute new programs of quality research. They included a "Psychometric Laboratory" in which a panel of forty "sensitive observers" worked five at a time, in semi-partitioned cubicles, testing unmarked samples of new whiskies against the approved control samples. When the new samples were shipped to the plant, panels there repeated the tests, including checking samples picked at random from the bottling line every hour.

By 1952 the "sensitive observers" had given way to a new generation of professionals trained by Roy Martin and his colleagues. That year *Fortune* magazine singled out Seagram's leadership and said the Company "has evidently spent more money than anyone else on the technology of flavor." The process continues.

With the Company's entry into new product lines overseas came new and distinguished talent. In Scotland the Company acquired the Robert Brown Company which had been established in 1861; the Strathisla-Glenlivet distillery at Keith, and then Chivas Brothers Ltd. of Aberdeen, established in 1801. Chivas Brothers meant a twelve-year-old Scotch whisky that would merit being advertised as "The Chivas Regal of Scotches." It also meant James Lang, Chivas' master blender. Jimmy Lang today says: "The Chivas product is supposed in some places to have reached perfection. But it hasn't. It's not. I still come to work in Paisley in a morning, look out at the bit of green outside my office window, add a touch to the product here, take away a touch there, and the whisky



Dr. Arturo Bersano approves a great Barolo.



Brother Timothy of the Christian Brothers.

Joseph Stillman, winemaster at Paul Masson.

tastes a bit better. It does. One hundred thousand consumers might not know the difference. But I know."

WITH THE ACQUISITION of the Italian vineyards and wineries of Ricasoli and Bersano came the rare, personal qualities implicit in the words of their proprietors. Writes Barone Bettino Ricasoli: "Quality is pain and joy for every wine producer. How beautiful it is to taste a young wine which carries in its body a quality potentiality, and then to follow that same wine year after year while it matures and develops its natural richness . . ."

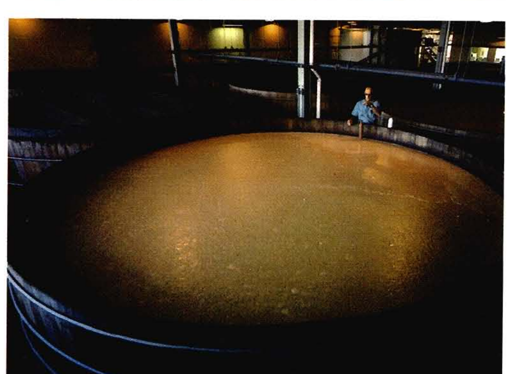
The President of the Bersano Wine Company sees it this way: "What man enjoys in wine that he cannot fully understand and describe is in fact the soul of wine. In front of this wonderful reality of taste, aromas and bouquets, which refresh the body and restore the soul and help us on our way with new hopes, everyone creates the halo of a myth. There is a message of land, each piece of ground with its own taste, its aroma, its bouquet, and something also of the vinetender's soul. Something antique and sure continues in the wines that I have been offering for many years. This is the thought of Arturo Bersano who is now an old vintner, who has always been picking grape bunches and spontaneous flowers in the vineyard and has chosen the best bottles to honour friendship —and he has never repented for doing this."

THE DECISIVE MOVE in California came in 1955 with the acquisition of the Paul Masson Vineyards. Established in 1852 and located in the Santa Cruz Mountains above Saratoga, these vineyards, sloping to the east and spared the direct rays of the California sun, with moisture from springs a few inches beneath the chalky topsoil, offered a variety of good quality wines at reasonable prices.

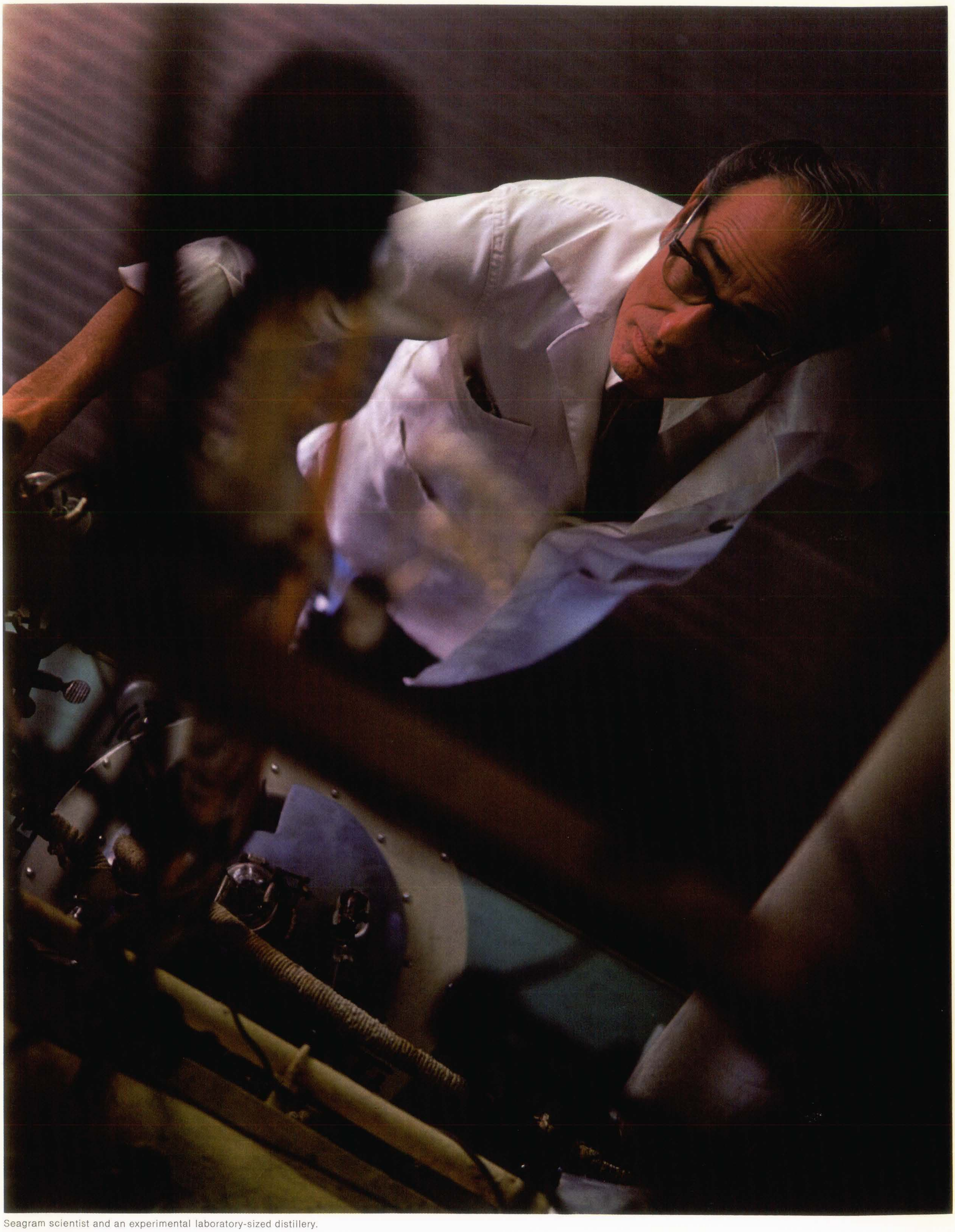
In the 1960's Paul Masson began to create the completely new Pinnacles Vineyard near Soledad, 150 miles south of San Francisco. When the vineyards on this gently sloping benchland have matured, they will produce some 15,000 metric tons of premium grapes of twenty different varieties. They will be among the finest in the world, and they will be tended by a new generation. One of their number, Paul Masson quality control director Larry E. Brink, already has picked up the torch. "Wine has everything," he says. "It's a great career. It has economics, romance, philosophy, even a little religion . . ."

Every label and cap must be perfect on Wolfschmidt bottles.

Any imperfect bottles are detected here.



Mash is checked repeatedly during fermentation.



Seagram scientist and an experimental laboratory-sized distillery.

THE FUTURE? One of those at the center of the question is Dr. Albert J. Bronsky, corporate manager of research and development, whose headquarters are at Louisville, Kentucky. Son of a lawyer and a pharmacist, he manages one of the highest concentrations of talent in the Company. Six of his associates have doctorates, ten have master's degrees and twelve have bachelor's degrees. "It is a matter of prime significance for the quality of our products," says Dr. Bronsky, "that Seagram has the largest research division in the industry. If I wanted to sound more competitive, I would add that it is virtually the only one."

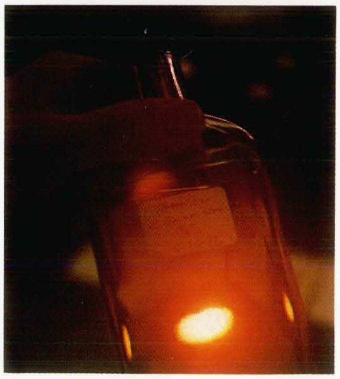
Dr. Bronsky and his scientists are developing new enzymes and deciphering the mysteries of the aging process of whiskies. With E. J. Lowe, director of research and development for Paul Masson, they are working on new uses of wine yeasts which could produce enjoyable new flavours of wine.

Dr. Bronsky's laboratories are the shrines as well as the workshops of those who envisage immense technological progress in spirits and wine. Here are gas chromatographs that are connected with computers as well as a mass spectrograph which can identify, differentiate and quantify the different components of the products. Here are infrared, ultraviolet and visible spectrophotometers which offer extremely sophisticated optical methods for measuring the components. An atomic absorption spectrophotometer offers quantitative measurements to a fraction of parts per million.

"So I've got all these machines," Dr. Bronsky says, "and it is miraculous. But there is absolutely no substitute for the human mind. There is absolutely no substitute for the human senses of sight, taste and smell. So you see, I may be the apostle of technology in this Company, but you can also count me with Russ McLauchlan and the blenders and the humanistic values of the men they have around them."

AND WITH SAMUEL BRONFMAN. Not long before he died in 1971, he thanked the people of the Company everywhere in the world, the pioneers like Roy Martin who helped bring the whole thing together, the sons to whom he was passing the torch, the public whose tastes he never underrated. In that message he mandated his successors to live up to his own assurance of quality: "I was determined to live up to Rule One in the Book of Seagram: 'Make finer whiskies. Make them taste better.'"

Reference samples of new whiskies and other spirits.



Clarity check on Jameson's Irish whiskey.

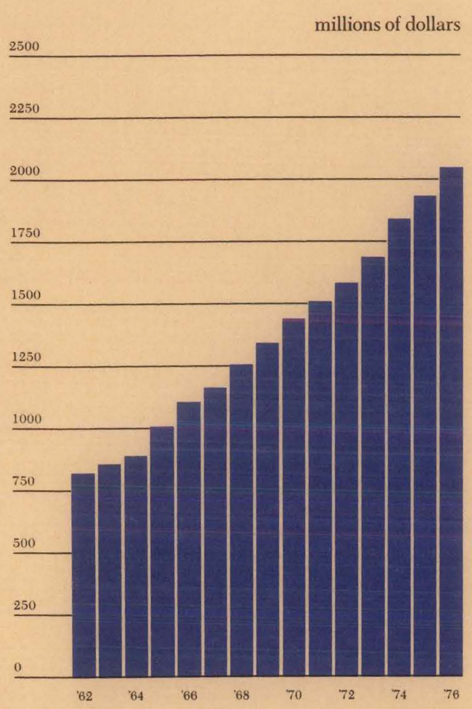
"Stillman" monitors whisky's flow as it passes through "spirit safe" in Glen Keith Distillery, Scotland.

Financial Report

Contents

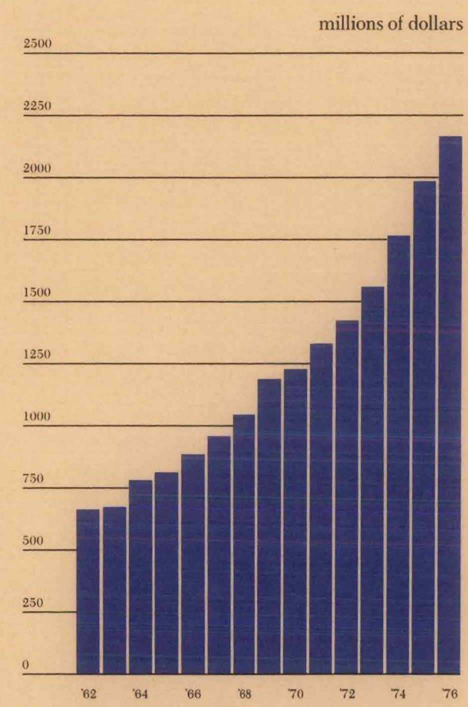
Financial Review

Sales



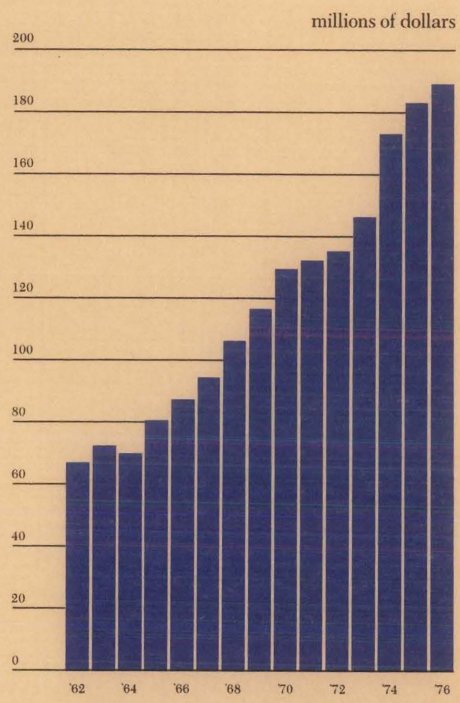
Sales exceeded $2 billion for the first time, representing an increase of 6.1 percent over the prior year. Excluding excise taxes, sales reached $1.1 billion, 11.7 percent over the prior year. The geographical derivation of sales, excluding excise taxes to improve comparability between the areas, was as follows: United States 68 percent; Canada 6 percent; Europe 15 percent; and Central and South America 11 percent. During the last fifteen years, sales have increased at an annual compound rate of 6.8 percent.

Total Assets



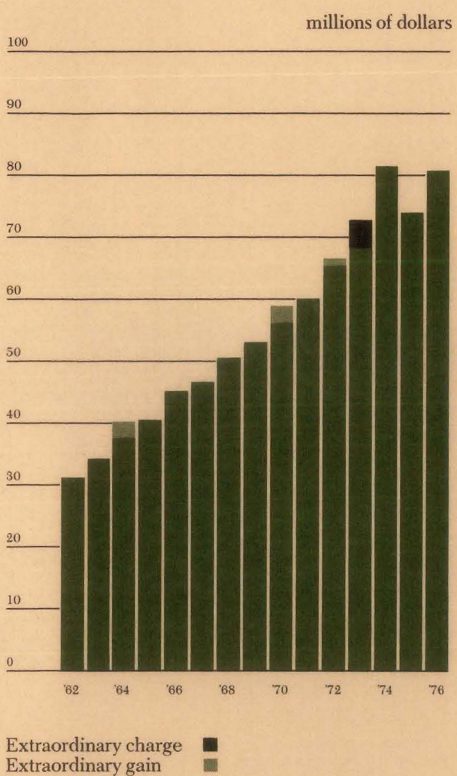
The Company's total assets surpassed $2 billion for the first time, increasing 8.5 percent over 1975. Over the last fifteen years, significant changes in the composition of total assets were as follows: current assets in 1976, 65 percent as compared with 71 percent in 1962; net property, plant and equipment, 17 percent as compared with 20 percent; oil and gas properties, less accumulated depreciation, depletion and amortization, 14 percent as compared with 6 percent.

Operating Income



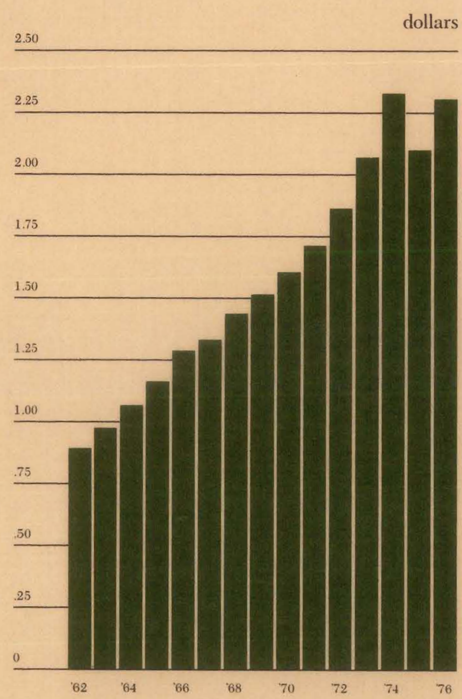
Operating income, revenue less all expenses except interest expense and income taxes, increased 3.3 percent over 1975. Both of the Company's product lines, spirits and wine and oil and gas, increased their contribution this year. The Line of Business Summary on page 50 and Management's Discussion and Analysis of the Summary of Operations on page 51 discuss in detail the source of operating income for the past five years. During the last fifteen years, operating income has increased at an annual compound rate of 7.6 percent, a somewhat faster rate of increase than that of net income.

Net Income



Net income increased 8.6 percent over the prior year. Except for 1975, net income has increased every year for the past twenty years. The reasons for the increase in earnings are discussed in Management's Discussion and Analysis of the Summary of Operations on page 51. During the last fifteen years, net income has increased at an annual compound rate of 6.9 percent.

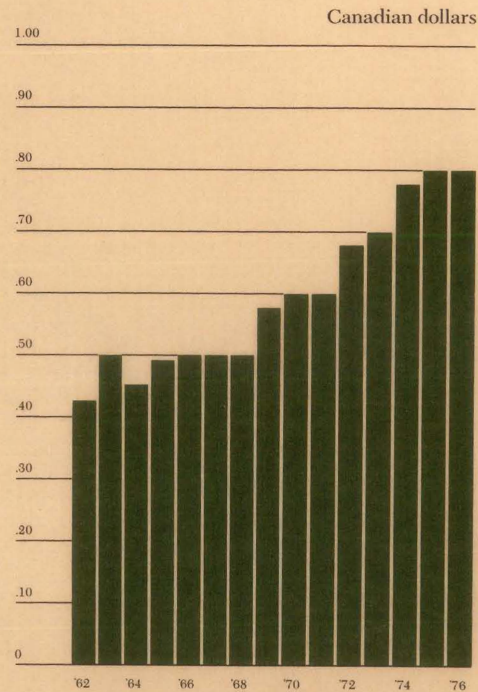
Earnings per Share*



The Company's earnings per share were $2.30 in 1976, up 8.6 percent from $2.11 in 1975. Aside from stock splits in fiscal years 1965 and 1972, the number of shares outstanding has remained unchanged over the last fifteen years. During this period, earnings per share have increased at an annual compound rate of 6.9 percent.

*Before extraordinary items; adjusted for 2-for-1 stock splits in fiscal years 1965 and 1972.

Dividends per Share*



Dividends per share paid in 1976 amounted to $.80 in Canadian currency. A major portion of the Company's 1976 earnings was retained for use in expansion of operations. During the last fifteen years, dividends per share have increased at an annual compound rate of 4.6 percent.

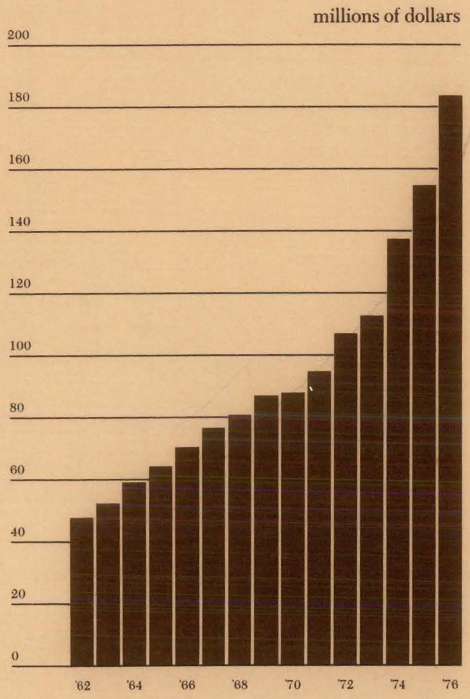
*Adjusted for 2-for-1 stock splits in fiscal years 1965 and 1972.

5000

100

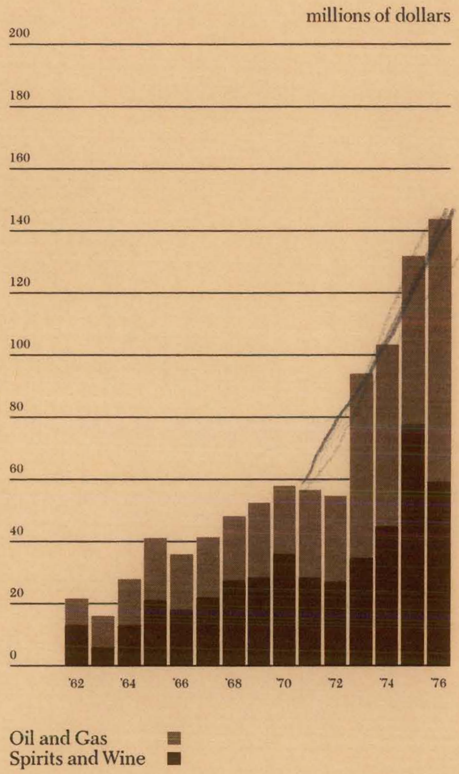
150

Working Capital Provided from Operations



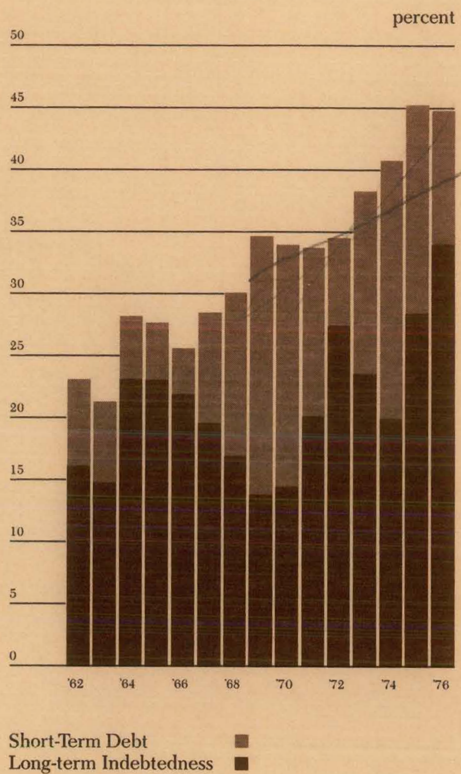
Working capital provided from the Company's operations totaled $183.1 million in 1976, an increase of 17.7 percent over 1975. During the last fifteen years, working capital provided from operations has increased at an annual compound rate of 10.1 percent. These funds have been used for increased aging inventories, oil and gas operations, property, plant and equipment, and the payment of dividends.

Capital Expenditures



Capital expenditures within the past five years have amounted to $528 million, $284 million in the oil and gas segment of the business and $244 million in the spirits and wine segment. Capital spending in the spirits and wine segment has been concentrated in the wine operations and the overseas whisky business, particularly in the United Kingdom and Latin America. Increased investments in oil and gas operations have reflected expanded exploration programs in offshore areas in both the United States and overseas.

Ratio of Debt to Total Capitalization

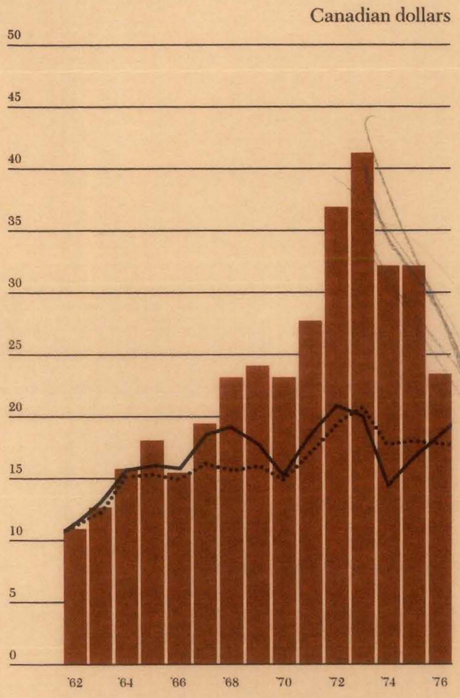


Within the past year, short-term debt was reduced substantially, declining from 17 percent of total capitalization (i.e. shareholders' equity, long-term indebtedness, indebtedness payable within one year, and short-term borrowings) to 11 percent. At July 31, 1976, shareholders' equity represented a higher proportion of the Company's capitalization, increasing from 54.9 percent to 55.2 percent.

B+S =

Stock
Out

Common Stock Price*

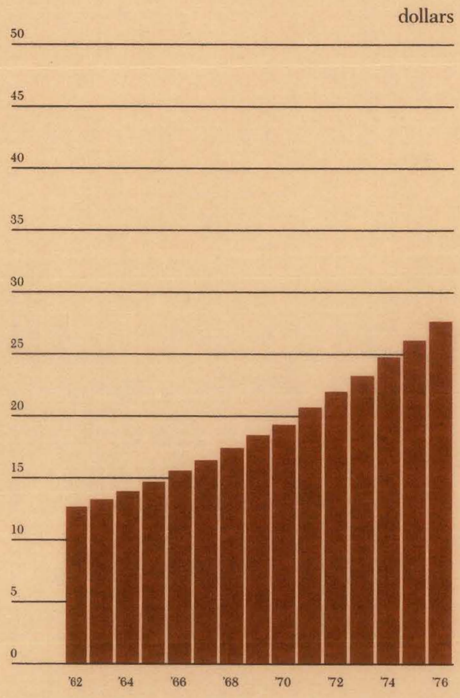


Toronto Stock Exchange Industrial Average ·········
New York Stock Exchange Composite Index ———

The Company's common stock is listed on the Montreal, Toronto, Vancouver, New York, Paris and London Stock Exchanges. At July 31, 1976, the common stock price was $23.38, or $4.14 below shareholders' equity per share. The Company has 35,077,400 shares of common stock outstanding which are held by 19,000 stockholders.

*Adjusted for 2-for-1 stock splits in fiscal years 1965 and 1972. Price on Canadian Exchanges.

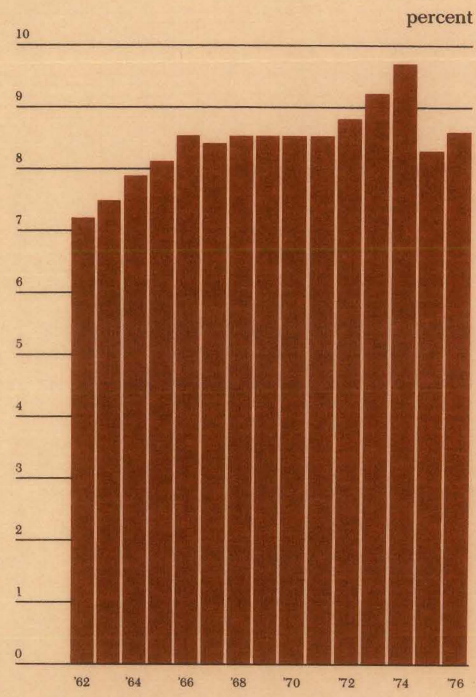
Shareholders' Equity per Share*



Shareholders' equity per share rose 5.8 percent to $27.52 at July 31, 1976. The increases in shareholders' equity per share over the last fifteen years reflect the Company's policy of reinvesting a major portion of earnings. Total shareholders' equity reached a record $965 million. During the last fifteen years, shareholders' equity per share has grown at an annual compound rate of 5.7 percent.

*Adjusted for 2-for-1 stock splits in fiscal years 1965 and 1972.

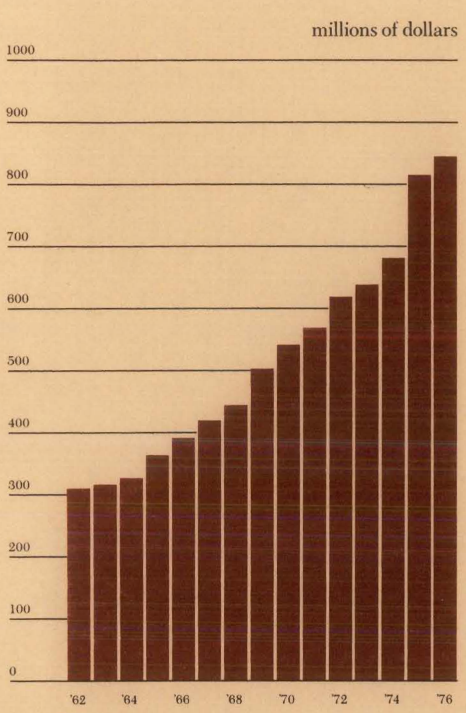
Return on Shareholders' Equity*



In 1976 return on shareholders' equity was 8.6 percent. Over the five-year period ending July 31, 1976, this index averaged 8.9 percent. Return on shareholders' equity is a commonly used measure of investment productivity.

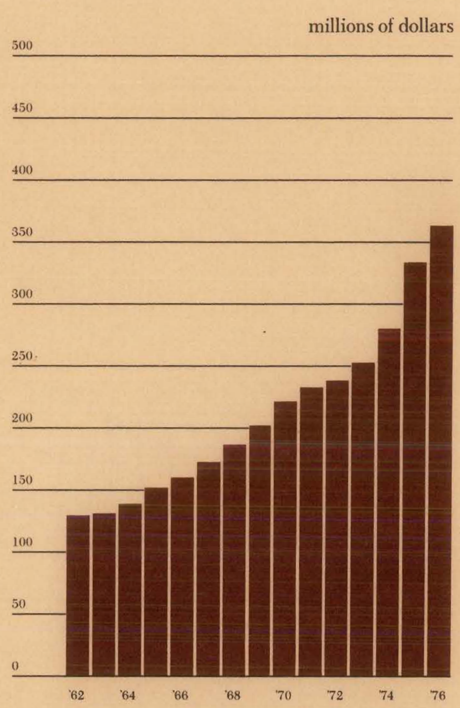
*Income before extraordinary items divided by average shareholders' equity.

Inventories



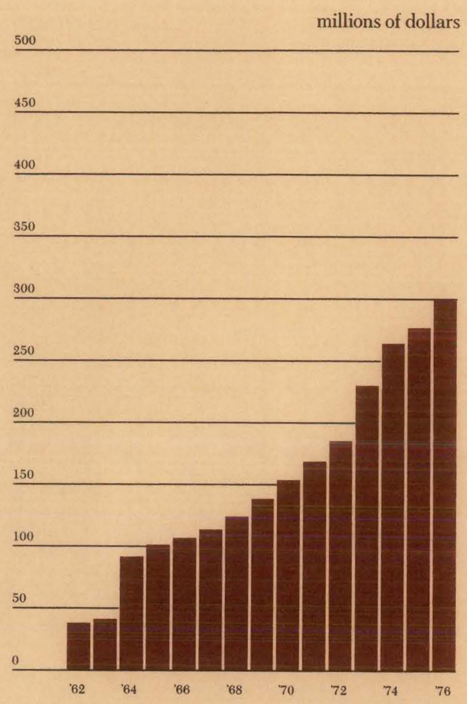
Due to the extended period required for the aging of spirits and wine, inventories are the largest element in the Company's total assets—$841 million at July 31, 1976. Inventories have increased during each of the last fifteen years; as sales increase, the requirement to age inventories grows proportionately. A substantial portion of the Company's inventories is valued using the last-in, first-out (LIFO) method, as described in the Summary of Significant Accounting Policies on page 45. Current replacement cost of those inventories valued at LIFO is $178 million over book value.

Property, Plant and Equipment—Spirits and Wine



In 1976 the Company's net investment in property, plant and equipment rose to $362 million, representing an increase of 9.0 percent over 1975. The new investment in property, plant and equipment amounted to $59.5 million in 1976, which is approximately three times greater than depreciation. In the last fifteen years, the total investment has nearly tripled with a major portion of the growth occurring in the most recent five-year period. This growth is consistent with the Company's policy of investing in new facilities and modernizing existing plants to expand capacity and improve efficiency.

Oil and Gas Properties



Within the last year, oil and gas properties, less accumulated depreciation, depletion and amortization, have increased by 7.6 percent. This continues the historic trend of increased investment in the oil and gas industry. These properties now represent nearly half of the Company's total property, plant and equipment as compared to 1962 when only 22 percent of the total was invested in petroleum operations. At July 31, 1976, proved and probable reserves of oil and gas totaled 234 million equivalent barrels. The Company's investment in undeveloped leases, at cost, amounted to $63 million.

Consolidated Statement of Income and Retained Earnings

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

For the years ended July 31, 1976 and 1975
(Amounts stated in United States currency)

	1976	1975
Sales	$2,048,970,000	$1,930,786,000
Cost of goods	1,496,143,000	1,409,273,000
	552,827,000	521,513,000
Investment and other income	8,456,000	6,009,000
	561,283,000	527,522,000
Selling, general and administrative expenses	372,067,000	344,358,000
Operating income	189,216,000	183,164,000
Interest on long-term indebtedness	41,829,000	28,342,000
Interest on short-term borrowings	23,848,000	41,164,000
Income before income taxes	123,539,000	113,658,000
Provision for income taxes—current	34,083,000	27,296,000
—deferred	8,933,000	12,242,000
	43,016,000	39,538,000
Net income	80,523,000	74,120,000
Retained earnings at beginning of year	895,314,000	849,164,000
	975,837,000	923,284,000
Dividends	27,970,000	27,970,000
Retained earnings at end of year	$ 947,867,000	$ 895,314,000
Net income per share	$2.30	$2.11

Consolidated Balance Sheet

July 31, 1976 and 1975
(Amounts stated in United States currency)

Assets

	1976	1975
Current assets		
Cash	$ 42,636,000	$ 38,328,000
Short-term investments and other marketable securities, at cost which approximates market	90,651,000	11,404,000
Receivables	404,786,000	398,635,000
Inventories	841,295,000	807,098,000
Prepaid expenses	19,542,000	20,645,000
	1,398,910,000	1,276,110,000
Property, plant and equipment, at cost	586,212,000	539,799,000
Accumulated depreciation	224,236,000	207,681,000
	361,976,000	332,118,000
Oil and gas properties, at cost	385,001,000	347,567,000
Accumulated depreciation, depletion and amortization	86,706,000	70,339,000
	298,295,000	277,228,000
Investments and advances—spirits and wine companies	67,945,000	71,681,000
Sundry assets	34,067,000	34,177,000
	$2,161,193,000	$1,991,314,000

Liabilities and Shareholders' Equity

	1976	1975
Current liabilities		
Short-term borrowings	$ 179,950,000	$ 270,808,000
United States excise taxes	93,982,000	78,837,000
Payables and accrued liabilities	145,999,000	113,872,000
Income and other taxes	30,415,000	19,966,000
Indebtedness payable within one year	8,480,000	6,356,000
	458,826,000	489,839,000
Long-term indebtedness	595,591,000	471,900,000
Deferred income taxes and other credits	115,933,000	93,778,000
Minority shareholders of subsidiaries	25,437,000	22,944,000
Shareholders' equity		
Common stock, without par value		
Authorized—46,000,000 shares		
Issued —35,077,400 shares	17,539,000	17,539,000
Retained earnings	947,867,000	895,314,000
	965,406,000	912,853,000
	$2,161,193,000	$1,991,314,000

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

Consolidated Statement of Changes in Financial Position

For the years ended July 31, 1976 and 1975
(Amounts stated in United States currency)

	1976	1975
Financial resources provided by:		
Net income	$ 80,523,000	$ 74,120,000
Items not requiring the use of working capital—		
Depreciation, excluding oil and gas operations	21,884,000	21,277,000
Charges relating to oil and gas properties	62,604,000	41,556,000
Deferred income taxes	8,933,000	12,242,000
Sundry	9,130,000	6,286,000
Working capital provided from operations	183,074,000	155,481,000
Net change in other credits	16,822,000	(915,000)
Additions to long-term indebtedness	180,650,000	199,071,000
	380,546,000	353,637,000
Financial resources used for:		
Additions to property, plant and equipment	59,535,000	77,362,000
Additions to oil and gas properties	83,671,000	54,546,000
Reductions in long-term indebtedness	56,959,000	18,918,000
Dividends	27,970,000	27,970,000
Other, net	(1,402,000)	12,503,000
	226,733,000	191,299,000
Net increase in working capital	$153,813,000	$162,338,000
Consisting of increase (decrease) in:		
Cash and short-term investments	$ 83,555,000	$(14,687,000)
Receivables	6,151,000	37,665,000
Inventories	34,197,000	123,034,000
Prepaid expenses	(1,103,000)	2,172,000
	122,800,000	148,184,000
Short-term borrowings and indebtedness payable within one year	(88,734,000)	(22,260,000)
United States excise taxes	15,145,000	3,256,000
Payables and accrued liabilities	32,127,000	8,926,000
Income and other taxes	10,449,000	(4,076,000)
	(31,013,000)	(14,154,000)
Net increase in working capital	$153,813,000	$162,338,000

Summary of Significant Accounting Policies

The Company follows the generally accepted accounting principles described below. These, together with the notes which follow, should be considered an integral part of the consolidated financial statements.

Principles of Consolidation

The consolidated financial statements include the accounts of The Seagram Company Ltd. and all subsidiaries. Investments and advances—spirits and wine companies relate principally to non-consolidated affiliates owned 20% or more; these investments are included on an equity basis.

Foreign Exchange Accounting

A substantial amount of the assets, liabilities, sales and earnings originates in the accounts of subsidiaries in the United States through the operation of a wholly owned subsidiary, Joseph E. Seagram & Sons, Inc., and, therefore, the statements are expressed in United States currency. The accounts of companies located in Canada and elsewhere outside the United States have been translated generally using the following exchange rates: inventories on hand and inventory items included in cost of goods at historic cost at the time of production or acquisition; other current assets, current liabilities and long-term indebtedness at the rates of exchange at July 31; non-current assets, deferred income taxes, accumulated depreciation and capital stock at rates of exchange prevailing at the time of acquisition or issue; items of income or expense, other than inventory items and depreciation, at average rates of exchange prevailing during the fiscal year.

Unrealized conversion differences due to normal fluctuations in exchange rates are deferred as long as the cumulative balance is a net gain.

The foregoing policy is in conformity with the Financial Accounting Standards Board Statement No. 8 on foreign exchange accounting with the exception of the Company's policy to defer unrealized exchange gains, the effect of which on the financial statements is not material. Statement No. 8 is effective for the Company's fiscal year 1977.

Inventories

Inventories are stated at cost which is not in excess of market and consist principally of whiskies and spirits. 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 and Puerto Rico. Under the LIFO method, the current costs of producing whisky are charged to cost of goods sold, and the original production costs are retained in inventory. In the current period of rising prices, the costs of producing whisky are substantially higher than the original production costs associated with the whisky now being sold. Whisky inventories in the United States generally mature for 4½ to 8 years.

It is the Company's practice to charge to expense as incurred all costs associated with the aging of whisky; these costs consist of warehouse depreciation, warehouse operating expenses, insurance and local taxes.

Current assets include spirits and wines which, in the normal business cycle of the industry, will remain in storage to 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 on a straight-line basis over the estimated useful asset lives. Upon sale or retirement, the accumulated depreciation, together with any amounts realized on sale, is offset against the cost of the assets sold or retired. The resulting profit or loss, if any, is included in income. Expenditures for maintenance and repairs are charged to income as incurred; renewals and improvements are capitalized.

Oil and Gas Properties

Investments in oil and gas properties are carried at cost. Oil and gas operations are conducted principally through a wholly owned subsidiary, Texas Pacific Oil Company, Inc. The Company uses the successful efforts method of accounting for oil and gas operations whereby costs of drilling and developing producing wells are capitalized, and the costs of unsuccessful wells are charged to expense when incurred. Costs of acquiring acreage, including geological and geophysical costs, are capitalized. Undeveloped acreage costs for leases in offshore United States waters are amortized over the projected holding period based on historical experience of the operator; for onshore acreage these costs are expensed upon surrender. Costs of productive oil and gas wells, including intangible development costs as well as the cost of producing oil and gas dedicated to previously existing production payments, are capitalized and amortized on the unit-of-production method based on the Company's overall oil and gas reserves.

Income Taxes

Deferred income taxes are provided for items reported for tax purposes in different periods than for financial purposes, and result principally from additional tax deductions available through the use of accelerated depreciation methods and tax-deductible reserves for inventory replacement in the United Kingdom.

The United States investment tax credit is deducted from income tax expense in the year in which the related asset is placed in service.

Taxes have not been provided on undistributed earnings of subsidiaries outside of Canada because the Company plans to reinvest such earnings.

Advertising and Promotion Expenses
Advertising and promotion expenses are charged to income as incurred.

Intangible Assets
Product trademarks, distribution rights, patents and goodwill are carried at nominal value, and, except for goodwill which is amortized principally over fifteen years, related outlays are charged to income as incurred.

Pensions
The Company has trusteed non-contributory pension plans covering substantially all of its employees. Pension costs, determined by independent consulting actuaries, are funded as accrued.

Note 1
Inventories accounted for under the LIFO inventory method amounted to $245,595,000 at July 31, 1976 and $256,280,000 at July 31, 1975. The excess of current estimated replacement cost over LIFO carrying value was $177,702,000 at July 31, 1976 and $170,991,000 at July 31, 1975.

Note 2
Depreciation, depletion and amortization of oil and gas properties provided in the year ended July 31, 1976 aggregated $24,286,000 and $24,139,000 in the preceding year; the accumulated balance of depletion and amortization at July 31, 1976 was $58,083,000. During fiscal 1975, the principal oil and gas properties were subject to reserved production payments. Payments to holders of the production payments, including interest and production taxes, were $26,943,000 in fiscal 1975, and this amount is excluded from consolidated sales.

Note 3
Short-term borrowings at July 31, 1976 consisted of bank borrowings of $72,613,000 and commercial paper of $107,337,000. The maximum amount of short-term borrowings outstanding during the fiscal year ended July 31, 1976 was $425,590,000 and averaged $325,890,000 for the fiscal year ended July 31, 1976. The interest rates on these short-term borrowings were at prime or its equivalent.

Unused lines of credit at July 31, 1976 were $445,155,000. Of this total, $107,337,000 were in support of commercial paper outstanding. Commitment fees on these lines vary and in aggregate are not material.

Although there are no formal agreements with lending institutions, the Company follows a general policy in the United States of maintaining balances equal to approximately 10% (based on a twelve-month moving average) of the lines of credit. These balances may be withdrawn at any time without sanction. There are no compensating balances maintained outside the United States.

Note 4
Chivas Brothers Limited, a wholly owned subsidiary in the United Kingdom, entered into a contract in December 1973 whereunder it agreed at such time as it elects, but within a period of five years, to purchase Scotch whisky from a subsidiary of a British bank (the owner). The whisky is purchased by the owner from various distillers unrelated to the Company and is identified and held by Chivas Brothers until required for regular blending into its products. The amount of commitment, representing the aggregate acquisition cost to the owner, was $36,310,000 at July 31, 1976, and under the contract can

reach a maximum of $64,440,000. Chivas Brothers pays and, in order to provide accounting compatibility with its practices for owned stocks, expenses currently charges equivalent to whisky aging and financing costs. Performance of Chivas Brothers under the purchase commitment is guaranteed by the Company.

Note 5

Long-term indebtedness consisted of the following:

	July 31 1976	July 31 1975
Seven Year 7½% Notes, due July 1, 1978	$ 50,000,000	$ 50,000,000
Seven Year 7% Debentures, due December 15, 1978 ($25,000,000 Canadian)	25,625,000	24,250,000
Five Year 9½% Debentures, due June 1, 1980 ($65,000,000 Canadian)	66,625,000	63,050,000
Seven Year 9% Eurodollar Notes, due February 15, 1983	60,000,000	–
Twenty-five Year 4¼% Debentures, due April 1, 1983	19,867,000	20,824,000
Twenty-five Year 4⅝% Promissory Notes, due February 1, 1989	47,000,000	50,500,000
Twenty Year 7⅝% Debentures, due December 15, 1991 ($25,000,000 Canadian)	25,625,000	24,250,000
Twenty Year 10⅞% Debentures, due June 1, 1995 ($60,000,000 Canadian)	61,500,000	58,200,000
Twenty Year 9¼% Promissory Notes, due July 15, 1996	100,000,000	–
Twenty-five Year 7¾% Debentures, due September 1, 1996	50,000,000	50,000,000
Bank borrowings, primarily Sterling, repayable in fiscal 1978 through 1980; interest at 10.8% on average in fiscal 1976 (10¼% in fiscal 1975)	64,752,000	77,913,000
Eurodollar borrowings, interest at 7½% on average	–	25,000,000
Sundry	33,077,000	34,269,000
	604,071,000	478,256,000
Less: Indebtedness payable within one year	8,480,000	6,356,000
	$595,591,000	$471,900,000

Annual repayments and redemptions for the five years subsequent to July 31, 1976 are as follows: 1977—$8,480,000, 1978—$91,755,000, 1979—$60,442,000, 1980—$96,997,000, 1981—$24,178,000. It is the Company's intention to refinance substantial portions of the foregoing debt as it matures.

On July 22, 1976, the Company issued $100 million of long-term indebtedness; a major portion of the proceeds was temporarily invested in marketable securities at July 31, 1976, and is being used to reduce commercial paper maturing in the first half of fiscal 1977.

Arrangements are occasionally entered into whereby funds of companies outside the United States are deposited on a time basis, and equivalent borrowings are provided elsewhere, principally in the United Kingdom. These deposits and borrowings, being in effect transfers of an inter-company nature, are offset in consolidation. The amount under such arrangements at July 31, 1976 was $16,110,000, all of which expires more than one year thereafter.

Consolidated retained earnings at July 31, 1976 include $433,615,000 representing a portion of the retained earnings of Joseph E. Seagram & Sons, Inc. and its subsidiaries, which, under provisions of the most restrictive indenture requirements, cannot be paid in the form of dividends or otherwise transferred to the Canadian parent.

Note 6

During the years ended July 31, 1976 and 1975, the directors and officers of The Seagram Company Ltd. received remuneration from the Company and from its subsidiary companies (including payments in 1976 to five directors, two of whom were also officers, who ceased to serve in these capacities during the year) as set out below:

	18 Directors of the Company 1976	18 Directors of the Company 1975	6 Officers of the Company 1 of whom is not a Director 1976	6 Officers of the Company 1 of whom is not a Director 1975
The Seagram Company Ltd.	$ 62,000	$ 53,000		
Joseph E. Seagram & Sons, Inc.			$ 734,000	$ 660,000
Distillers Corporation Limited	98,000	103,000	308,000	418,000
G. H. Mumm & Cie.	99,000	91,000		
	$259,000	$247,000	$1,042,000	$1,078,000

Note 7

Charges to earnings for pension costs amounted to $11,900,000 in 1976 and $9,200,000 in 1975. Pension fund assets exceed vested benefits; past service costs are not material.

Note 8

The overall tax rates are below the 48% statutory tax rate in the United States due to the taxation of operations outside of the United States, mainly Canada, at a lower rate and to oil and gas operations.

	1976	1975
Statutory rate	48%	48%
Operations outside the United States	(8%)	(5%)
Oil and gas	(3%)	(6%)
United States investment tax credit	(2%)	(2%)
Effective rate	35%	35%

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

Note 9

Prior to the virtual elimination of percentage depletion on oil and gas production effective January 1, 1975, the Company was not required under generally accepted accounting principles in the United States to provide deferred income taxes on intangible drilling and related costs capitalized in the financial statements but deducted currently for United States income tax purposes. Intangible drilling and related costs deducted prior to January 1, 1975 amounted to approximately $123,000,000 for which the related deferred income taxes would have aggregated $61,000,000. These income taxes will be provided only to the extent that the net balance of such capitalized intangible drilling and related costs declines below the balance at January 1, 1975.

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 July 31, 1976 and 1975 and the consolidated statements of income and retained earnings and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the consolidated financial position of the companies as at July 31, 1976 and 1975 and the results of their operations and the changes in their financial position for the years then ended, in accordance with generally accepted accounting principles applied on a consistent basis.

Price Waterhouse & Co.
5 Place Ville Marie, Montréal, Québec H3B 2G4
September 20, 1976

Five-Year Summary of Operations

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

	1976	1975	1974	1973	1972
Sales	**$2,048,970**	$1,930,786	$1,840,986	$1,688,487	$1,585,162
Cost of goods	**1,496,143**	1,409,273	1,365,684	1,273,583	1,200,688
	552,827	521,513	475,302	414,904	384,474
Investment & other income	**8,456**	6,009	5,361	5,346	5,405
	561,283	527,522	480,663	420,250	389,879
Selling, general & administrative expense	**372,067**	344,358	307,225	273,164	253,471
Operating income	**189,216**	183,164	173,438	147,086	136,408
Interest expense	**65,677**	69,506	48,396	29,821	25,172
Income before income taxes	**123,539**	113,658	125,042	117,265	111,236
Income taxes	**43,016**	39,538	43,467	44,584	45,541
Income before extraordinary items	**80,523**	74,120	81,575	72,681	65,695
Extraordinary items*	—	—	—	(4,613)	577
Net income	**$ 80,523**	$ 74,120	$ 81,575	$ 68,068	$ 66,272
Per share**					
Income before extraordinary items	**$2.30**	$2.11	$2.33	$2.07	$1.87
Extraordinary items	—	—	—	(.13)	.02
Net income	**$2.30**	$2.11	$2.33	$1.94	$1.89
Dividends (Canadian currency)	**$ .80**	$ .80	$.775	$ .70	$.675

*In the year ended July 31, 1973, the extraordinary charge of $4,613,000 arose from an adjustment on translation of foreign currencies due to the February 1973 devaluation of the United States dollar.

In the year ended July 31, 1972, the net extraordinary item of $577,000 consisted of a $9,158,000 gain on the sale of a Canadian subsidiary, Gramercy Holdings Limited, and a charge of $8,581,000 principally due to an adjustment on translation of foreign currencies arising from the December 1971 devaluation of the United States dollar.

**The number of shares outstanding during the period has remained constant at 35,077,400.

Line of Business Summary

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

The following summary shows sales and operating income for the two major lines of business: (a) spirits and wine; (b) oil and gas. This presentation conforms to the line of business breakdown included in the Annual Report on Form 10-K, as filed with the Securities and Exchange Commission for the year ended July 31, 1976.

	1976	1975	1974	1973	1972
Sales:					
Spirits and wine	$1,892,483	$1,807,708	$1,786,836	$1,660,941	$1,559,665
Oil and gas	156,487	123,078	54,150	27,546	25,497
	$2,048,970	$1,930,786	$1,840,986	$1,688,487	$1,585,162
Operating Income:					
Spirits and wine	$ 150,171	$ 145,042	$ 161,193	$ 148,964	$ 135,568
Oil and gas	39,045	38,122	12,245	(1,878)	840
	$ 189,216	$ 183,164	$ 173,438	$ 147,086	$ 136,408

Quarterly Data

1976:	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Sales	$ 542,194	$ 525,106	$ 499,558	$ 482,112
Operating income	59,289	34,300	44,785	50,842
Interest expense	18,329	18,071	17,409	11,868
Income before income taxes	40,960	16,229	27,376	38,974
Income taxes	15,360	4,155	10,540	12,961
Net income	$ 25,600	$ 12,074	$ 16,836	$ 26,013
Per share				
Net income	.73	.34	.48	.75
Dividends (Canadian currency)	.20	.20	.20	.20
Stock price*				
High	31⅞	31¼	31½	26½
Low	25½	25¼	25	23¼

1975:	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Sales	$ 515,394	$ 494,916	$ 463,412	$ 457,064
Operating income	60,653	30,459	42,576	49,476
Interest expense	16,993	19,477	18,325	14,711
Income before income taxes	43,660	10,982	24,251	34,765
Income taxes	15,761	2,780	8,813	12,184
Net income	$ 27,899	$ 8,202	$ 15,438	$ 22,581
Per share				
Net income	.80	.23	.44	.64
Dividends (Canadian currency)	.20	.20	.20	.20
Stock price*				
High	32¾	36	36⅞	33⅞
Low	24¼	30½	29⅜	28

*Canadian Stock Exchanges.

Management's Discussion and Analysis of the Summary of Operations

The following summary, together with the Report of the Directors to Shareholders on pages 3 to 10, relates to the comparative financial statements for years 1976 and 1975 and identifies material factors influencing results.

1976 Compared with 1975

Total sales increased 6.1 percent and exceeded $2 billion for the first time. Excluding excise taxes, sales were up 11.7 percent to $1,091,531,000. Excise taxes were a lower percentage of sales due to proof reductions in the middle of fiscal 1975; in addition, oil and gas revenue, which does not include excise taxes, was a larger proportion of total sales.

In the United States, the Company's largest market, Seagram's brands maintained or increased their share of market. Sales of Seven Crown, the Company's largest selling brand, surpassed the level set in the prior year. Sales of V.O., the Company's second largest selling brand, declined 4 percent, although the sales of the Company's Canadian whiskies increased 4 percent overall. Chivas Regal, the Company's third most important brand, increased 8 percent in sales. Sales of vodka and gin, which generally have a lower profit margin, rose 14 percent over the prior year. Sales in Canada were down slightly due to lack of sales in British Columbia. Sales in Latin America were up substantially; revenue in Europe increased in total, although there were declines in the United Kingdom home market.

Oil revenue increased 27.1 percent due to the retirement of the Glanville Production Payment in December 1974. Production was at approximately the same level as the prior year; moderate price increases were realized during the year.

Operating income increased in spirits and wines due to improvement in the Company's Scotch whisky operations and higher earnings in Latin America. Results in the Canadian domestic market declined due to lack of sales in British Columbia. Operating income from oil and gas operations did not increase commensurate with revenue due to higher depreciation, depletion and amortization associated with the increased revenue, and higher exploration expenses arising from the expanded overseas exploration program.

Interest expense declined due to lower borrowing rates; average borrowing levels increased slightly during the year.

The overall tax rate remained the same as the prior year. Higher U.S. taxes on oil and gas operations were offset by a larger proportion of pre-tax income in Latin America, where the Company's tax rates are lower than in the U.S. and Canada.

1975 Compared with 1974

Total sales increased 4.9 percent in 1975. Excluding excise taxes, sales were up 10.4 percent. Excise taxes were a smaller percentage of sales due to the aforementioned proof reductions and a higher proportion of oil and gas revenue.

The overall sales increases in 1975 were influenced substantially by higher oil and gas revenue, in part from the retirement of the Glanville Production Payment in December 1974. Sales of spirits and wines, net of excise taxes, rose 2.7 percent in fiscal 1975. In the United States, Seagram's brands maintained or increased their share of market, although sales of blended whiskies fell behind those of a year ago, and sales of V.O. also declined slightly. In addition, work stoppages in the United Kingdom reduced shipments of Scotch whisky, particularly in the fourth quarter.

The increase in operating income in 1975 was due to increased oil and gas revenue which was offset in part by higher exploration and development expenses. Contribution from spirits and wine operations declined as cost increases, particularly of corn, more than offset selling price increases in North America and certain proof reductions in the United States. These proof reductions serve to reduce excise tax payments. In addition, the overall product mix was not as profitable in 1975 as in 1974 in the United States market; sales of gin, vodka and rum, which have lower margins, increased while sales of aged products declined slightly. Operating income declined in the United Kingdom as a result of extraordinary increases in costs, severe competition and higher taxes in the home market, and labour problems which impeded the Company's ability to fill its orders for Scotch products in the United States and other export markets.

Interest expense increased in 1975 as a result of higher borrowing levels. Proceeds from the increased borrowings in both years were used primarily for accumulation of aging inventory, additions to oil and gas properties, and additions to property, plant and equipment.

Fifteen-Year Financial Summary
(U.S. dollars in thousands, except per share amounts)

For the fiscal year	1976	1975	1974	1973	1972	1971
Sales	**$2,048,970**	$1,930,786	$1,840,986	$1,688,487	$1,585,162	$1,512,246
Operating income	**189,216**	183,164	173,438	147,086	136,408	132,112
Income before extraordinary items	**80,523**	74,120	81,575	72,681	65,695	60,117
Extraordinary items	—	—	—	(4,613)	577	—
Net income	**80,523**	74,120	81,575	68,068	66,272	60,117
Per share—income before extraordinary items	**2.30**	2.11	2.33	2.07	1.87	1.71
Per share—extraordinary items	—	—	—	(.13)	.02	—
Per share—net income	**2.30**	2.11	2.33	1.94	1.89	1.71
Return on shareholders' equity	**8.6%**	8.3%	9.7%	9.2%	8.8%	8.5%
Dividends	**27,970**	27,970	27,096	24,473	23,173	20,513
Dividends per share (Canadian currency)	**.80**	.80	.775	.70	.675	.60
Working capital provided from operations	**183,074**	155,481	138,648	113,031	107,247	94,302
Capital expenditures—						
Spirits and wine	**59,535**	77,362	45,287	34,603	26,638	28,523
Oil and gas	**83,671**	54,546	59,916	58,180	28,037	28,780
Total	**143,206**	131,908	105,203	92,783	54,675	57,303

At fiscal year-end	1976	1975	1974	1973	1972	1971
Total assets	**2,161,193**	1,991,314	1,766,058	1,568,346	1,416,327	1,325,930
Shareholders' equity	**965,406**	912,853	866,703	812,224	768,629	725,530
Shareholders' equity per share	**27.52**	26.02	24.71	23.16	21.91	20.68
Inventories	**841,295**	807,098	684,064	637,142	617,906	568,002
Property, plant and equipment—spirits and wine (net)	**361,976**	332,118	278,668	253,312	236,865	231,846
Oil and gas properties (net)	**298,295**	277,228	264,238	229,072	184,886	168,191
Short-term debt	**188,430**	277,164	299,424	190,748	82,649	146,734
Long-term indebtedness	**595,591**	471,900	291,747	308,291	320,730	219,608
Closing stock price (Canadian currency)	**23.38**	32.00	32.00	41.00	36.75	27.63

The number of shares outstanding during the period has been 35,077,400 after adjusting for 2-for-1 stock splits on November 25, 1964 and November 26, 1971.

*Excludes Texas Pacific acquisition.

1970	1969	1968	1967	1966	1965	1964	1963	1962
$1,437,234	$1,342,566	$1,255,352	$1,164,626	$1,104,386	$1,005,119	$ 897,083	$ 864,522	$ 820,412
130,033	117,928	107,648	94,618	88,531	81,680	70,967	73,398	67,718
56,719	53,260	50,625	47,117	45,076	41,059	37,630	34,259	31,613
2,497	—	—	—	—	—	2,725	—	—
59,216	53,260	50,625	47,117	45,076	41,059	40,355	34,259	31,613
1.62	1.52	1.44	1.34	1.29	1.17	1.07	.98	.90
.07	—	—	—	—	—	.08	—	—
1.69	1.52	1.44	1.34	1.29	1.17	1.15	.98	.90
8.5%	8.5%	8.5%	8.4%	8.5%	8.1%	7.9%	7.5%	7.2%
19,632	18,611	16,184	16,166	16,182	15,777	14,563	16,182	14,232
.60	.575	.50	.50	.50	.488	.45	.50	.425
87,738	87,470	81,189	76,068	70,712	63,727	58,899	52,908	47,655
35,485	28,874	27,654	23,521	18,561	22,051	14,504	7,157	14,121
22,380	23,933	21,371	18,540	18,160	18,960	14,722*	9,219	8,509
57,865	52,807	49,025	42,061	36,721	41,011	29,226	16,376	22,630
1,235,379	1,191,761	1,048,413	956,479	883,346	820,012	774,895	673,363	651,741
685,926	646,342	611,693	577,252	546,301	517,407	490,642	464,850	446,774
19.55	18.43	17.44	16.46	15.57	14.75	13.99	13.25	12.74
536,175	500,379	443,416	418,901	389,738	359,688	329,430	315,674	311,987
219,186	200,344	185,017	172,438	160,896	150,388	137,010	129,694	128,984
151,924	138,085	124,039	114,467	107,035	100,040	92,077	39,396	36,965
201,197	203,956	113,944	71,350	27,214	33,026	36,318	37,714	39,645
149,258	136,097	148,397	158,483	160,694	164,472	158,322	87,535	92,763
23.00	24.00	23.13	19.38	15.50	18.00	15.81	12.56	10.81

Directors

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

†Charles R. Bronfman
President and
Chairman of the Executive Committee
The Seagram Company Ltd.

Paul Desmarais
Chairman of the Board and
Chief Executive Officer
Power Corporation of Canada, Limited

†Harold Fieldsteel
Vice President,
Treasurer and Controller
The Seagram Company Ltd.

†*William J. Green
Chairman of the Board
Clevepak Corporation

Melvin W. Griffin
President
The House of Seagram Ltd.

†Alain de Gunzburg
Chairman of the Board
G. H. Mumm & Cie and
Vice-Chairman—Managing Director
Banque Louis-Dreyfus

†E. Leo Kolber
President
Cemp Investments Ltd.

Fred H. McNeil
Chairman of the Board and
Chief Executive Officer
Bank of Montreal

*C. Edward Medland
President and
Chief Executive Officer
Wood Gundy Limited

Ian D. Sinclair
Chairman and
Chief Executive Officer
Canadian Pacific Limited

Philip F. Vineberg, O.C., Q.C.
Partner
Phillips & Vineberg

*John L. Weinberg
Partner
Goldman, Sachs & Co.

Honorary Directors

Allan Bronfman
John L. Loeb
J. E. Frowde Seagram

Officers

Edgar M. Bronfman
Chairman and
Chief Executive Officer

Charles R. Bronfman
President and Chairman of the
Executive Committee

Harold Fieldsteel
Vice President,
Treasurer and Controller

Alan A. Sharp
Secretary and Assistant Treasurer

Richard K. Goeltz
Assistant Treasurer

Leonard P. Babich
Assistant Controller

Auditors

Price Waterhouse & Co.

Registrars

Canada Permanent Trust Company
Montreal and Toronto

The Bankers' Trust Company
Calgary and Vancouver

Manufacturers Hanover
Trust Company
New York

Transfer Agents

The Royal Trust Company
Montreal, Toronto, Calgary,
Vancouver

Bankers Trust Company
New York

Annual Meeting of Shareholders

The Annual Meeting of Shareholders will be held November 18, 1976, at 11:30 a.m. (E.S.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.

†Member of the Executive Committee.
*Member of the Audit Committee.

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The Seagram Company Ltd.
1430 Peel Street
Montreal, Quebec
Canada H3A 1S9