UNDERWRITING AGREEMENT

June 15, 1999

The Seagram Company Ltd.
375 Park Avenue
New York, N.Y. 10152-0192

Attention: John R. Preston

Ladies and Gentlemen:

The undersigned, Goldman Sachs Canada, CIBC World Markets Inc., RBC Dominion Securities Inc., Nesbitt Burns Inc., Griffiths McBurney & Partners, Newcrest Capital Inc., ScotiaMcLeod Inc., TD Securities Inc. and Edward D. Jones & Co. (the "Canadian Underwriters") understand that The Seagram Company Ltd., a Canadian corporation (the "Company"), proposes, subject to the terms and conditions stated herein, to issue and sell to the Canadian Underwriters an aggregate of 7,500,000 Common Shares of the Company ("Common Shares") and, at the election of the Canadian Underwriters, up to 1,125,000 additional Common Shares. The 7,500,000 common shares to be sold by the Company is herein called the "Firm Canadian Shares", and the 1,125,000 additional Common Shares to be sold by the Company is herein called the "Optional Canadian Shares". The Firm Canadian Shares and the Optional Canadian Shares that the Canadian Underwriters elect to purchase pursuant to Section 3 hereof are herein collectively called the "Canadian Shares".

It is understood and agreed to by all parties that the Company and certain selling shareholders of the Company (the "Selling Shareholders") are concurrently entering into (i) an agreement (the "U.S. Underwriting Agreement") providing for the sale by the Company and the Selling Shareholders of up to a total of 26,000,000 Common Shares (the "Firm U.S. Shares"), including the over-allotment option thereunder for up to an aggregate of 3,900,000 Common Shares (the "Optional U.S. Shares"), through arrangements with certain underwriters in the United States (the "U.S. Underwriters"), for whom Goldman, Sachs & Co. are acting as lead managers (the Firm U.S. Shares and the Optional U.S. Shares are hereinafter referred to as the "U.S. Shares"), and (ii) an agreement (the "International Underwriting Agreement") providing for the sale by the Company and the Selling Shareholders of up to a total of 4,025,000 Common Shares (the "International Shares"), including the over-allotment option thereunder, through arrangements with certain underwriters outside the United States and Canada (the "International Underwriters"). Anything herein or therein to the contrary notwithstanding, the respective closings under this Agreement, the U.S. Underwriting Agreement and International Underwriting Agreement are hereby expressly made conditional on one another. The Canadian Underwriters, the U.S. Underwriters and the

International Underwriters are simultaneously entering into an Agreement among U.S., Canadian and International underwriting syndicates (the "Agreement among Syndicates") which provides, among other things, for the transfer of Common Shares among the three syndicates. Four forms of prospectus are to be used in connection with the offering and sale of common shares contemplated by the foregoing, two (one French and one English version) relating to the Canadian Shares hereunder and the other two relating to the U.S. Shares and the International Shares. Except as used in Sections 3,4, 5, 6, 10 and Subsection 11(b) herein, and except as the context may otherwise require, references hereinafter to the Shares shall include all the Common Shares which may be sold pursuant to either this Agreement, the U.S. Underwriting Agreement or the International Underwriting Agreement.

1. Representations and Warranties of the Company

The Company hereby represents and warrants to each of the Canadian Underwriters, and hereby acknowledges that each of the Canadian Underwriters is relying on such representations and warranties in entering into this Agreement, that:

(a) The preliminary short form prospectus of the Company dated May 19, 1999 in its English and French language versions relating to the Canadian Shares (together with all documents incorporated therein by reference, the "Canadian Preliminary Prospectus"), the amended preliminary short form prospectus of the Company dated May 24, 1999 in its English and French versions relating to the Canadian Shares (together with all documents incorporated therein by reference (the “Canadian Amended Preliminary Prospectus”) and the final short form prospectus of the Company dated June 15, 1999 in its English and French language versions (together with all documents incorporated therein by reference and documentation supplemental thereto, (the "Canadian Final Prospectus") have been filed with the appropriate securities commission or similar regulatory authority (“Canadian Securities Regulators”) in each of the provinces of Canada and the Yukon Territory (the "Qualifying Jurisdictions") under the applicable securities legislation of the Qualifying Jurisdictions and the regulations, rules and policies thereunder ("Canadian Securities Laws") and in each case the Company has received receipts for such filing and has taken all other steps and proceedings that are necessary under Canadian Securities Laws in order to qualify the Canadian Shares for distribution in the Qualifying Jurisdictions by the Canadian Underwriters and other investment dealers registered in such Qualifying Jurisdictions. The Canadian Preliminary Prospectus, the Canadian Amended Preliminary Prospectus and the Canadian Final Prospectus are hereinafter referred to collectively as the "Canadian

Prospectus". The Company has elected to rely upon the rules and procedures established pursuant to National Policy Statement No. 44 of the Canadian Securities Administrators and equivalent procedures established by the *Securities Act* (Quebec) and the legislation adopted thereunder for the pricing of securities after the final receipt for a prospectus has been obtained ("PREP Procedures"). The Company will prepare and file as soon as possible and, in any event, within two full business days after the execution and delivery of this Agreement, with the Canadian Securities Regulators in the Qualifying Jurisdictions, in accordance with the PREP Procedures, a supplemented prospectus, in English and French versions, setting forth the information (the "PREP Information") that is omitted from the Canadian Final Prospectus in a form approved by the Canadian Underwriters (the "PREP Prospectus Supplement"). After the filing of the PREP Prospectus Supplement, the term "Canadian Prospectus" shall also refer to the Canadian Final Prospectus as supplemented by such PREP Prospectus Supplement.

(b) The Canadian Prospectus complies and, as amended or supplemented, if applicable, will comply in all material respects with Canadian Securities Laws and the Canadian Prospectus and any amendment to the Canadian Prospectus or any other amended prospectus, prospectus supplement or amendment required to be filed in order to qualify the Canadian Shares for distribution in the Qualifying Jurisdictions ("Supplementary Material") in their English and French language versions, as of their respective date of filing, constitute and, as amended or supplemented, if applicable, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except that the representations and warranties set forth in this paragraph do not apply to statements or omissions in the Canadian Prospectus or Supplementary Material based upon information relating to any Canadian Underwriters or the Selling Shareholder furnished to the Company in writing by such Canadian Underwriters or the Selling Shareholders expressly for use therein.

No order preventing or suspending the use of the Canadian Prospectus has been issued by a Canadian Securities Regulator in any of the Qualifying Jurisdictions.

(c) The documents incorporated by reference in the Canadian Prospectus, when they were filed with the Canadian Securities Regulators, as the case may be, conformed in all material respects to the requirements of Canadian Securities Laws, and none of such documents as of their respective filing dates, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading; and any further documents so filed and incorporated by reference in the Canadian Prospectus or any further amendment or supplement thereto, when such documents are filed with the Canadian Securities Regulators, as the case may be, will conform in all material respects to the requirements of Canadian Securities Laws and will not, as of their respective filing dates, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; provided, however, that this representation and warranty shall apply only to documents so filed and incorporated by reference during the period that a prospectus relating to the Canadian Shares is required to be delivered in connection with the sales of such Canadian Shares by any Canadian Underwriters (such period being hereinafter sometimes referred to as the "prospectus delivery period"), and provided further, that this representation and any warranty shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by a Canadian Underwriter through Goldman Sachs Canada expressly for use therein or by a Selling Shareholder expressly for use therein.

(d) Neither the Company nor any of its subsidiaries has sustained since the date of the latest audited financial statements of the Company included or incorporated by reference in the Canadian Prospectus any loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, which is material to the Company and its subsidiaries taken as a whole otherwise than as set forth or contemplated in the Canadian Prospectus; and, since the respective dates as of which information is given in the Canadian Preliminary Prospectus, the Canadian Amended Preliminary Prospectus and the Canadian Final Prospectus, there has not been any material decrease in the capital stock or increase in the long-term debt of the Company and its subsidiaries taken as a whole, or any material adverse change, or any development involving a prospective material adverse change, in or affecting the general affairs, management, financial position, shareholders' equity or results of operations of the Company and its subsidiaries, taken as a whole, otherwise than as set forth or contemplated in the Canadian Prospectus;

(e) The Company has been duly incorporated and is validly existing as a corporation in good standing (in this section references to the good standing of any Canadian corporation refer only to the fact that such corporation has a current certificate of compliance) under the laws of Canada, with all necessary power and authority to own its properties and conduct its business as described in the Canadian Prospectus. Each of the following subsidiaries of the Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of its jurisdiction of incorporation, such subsidiaries being hereinafter sometimes referred to as the "Specified Subsidiaries": J.E. Seagram Corp., Joseph E. Seagram & Sons, Inc., JES Developments, Inc., PolyGram N.V. and Universal Studios, Inc.;

(f) All of the issued shares of the capital stock of the Company have been duly and validly authorized and issued, and are fully paid and non-assessable; and all of the issued shares of the capital stock of each of the Specified Subsidiaries have been duly and validly authorized and issued and, except for Polygram N.V. and Universal Studios, Inc., are owned directly or indirectly by the Company, free and clear of all liens, encumbrances, equities or claims. The Company indirectly owns approximately 91.9% of the outstanding shares of the capital stock of each of Polygram N.V. and Universal Studios, Inc.;

(g) The unissued Shares to be issued and sold by the Company to the Canadian Underwriters hereunder, under the U.S. Underwriting Agreement and under the International Underwriting Agreement have been duly authorized and, when issued and delivered against payment therefor as provided herein, will be duly and validly issued and fully paid and non-assessable and will conform to the description of the Common Shares contained in the Canadian Prospectus;

(h) The issue and sale of the Shares to be sold by the Company hereunder, under the U.S. Underwriting Agreement and under the International Underwriting Agreement and the compliance by the Company with all of the provisions of this Agreement, the U.S. Underwriting Agreement and the International Underwriting Agreement and the consummation of the transactions herein and therein contemplated will not conflict with or result in a material breach of any of the terms or provisions of, or constitute a material default under, or result in the creation or imposition of any material lien, charge and encumbrance upon any of the property or assets of the Company or any of its subsidiaries pursuant to the terms of, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument material to the operations of the Company to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any of the property or assets of the Company or any of its subsidiaries is subject, nor will such action result in any violation of the provisions of the Articles of

Amalgamation or the General By-laws of the Company or any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its subsidiaries or any of their respective properties; and no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the issue and sale of the Shares or the consummation by the Company of the transactions contemplated by this Agreement, the U.S. Underwriting Agreement and the International Underwriting Agreement, except the registration under the United States *Securities Act of 1933*, as amended (the "1933 Act") and the applicable rules and regulations of the SEC thereunder of the Shares and such consents, approvals, authorizations, registrations or qualifications as may be required under Canadian Securities Laws, U.S. federal and state laws or other foreign securities, or Blue Sky laws in connection with the purchase and distribution of the Shares by the U.S. Underwriters, the Canadian Underwriters and the International Underwriters;

(i) Other than as set forth in the Canadian Prospectus, in the U.S. prospectuses or in the international prospectuses, there are no legal or governmental proceedings pending to which the Company or any of its subsidiaries is a party or of which any property of the Company or any of its subsidiaries is the subject which, if determined adversely to the Company or any of its subsidiaries, are reasonably expected to have a material adverse effect on the consolidated financial position, shareholders' equity or results of operations of the Company and its subsidiaries; and, to the best of the Company's knowledge, no such proceedings are threatened or contemplated by governmental authorities or threatened by others;

(j) PricewaterhouseCoopers LLP and KPMG Accountants N.V., who have certified certain financial statements of the Company and its subsidiaries are each independent public accountants as required by the *Canada Business Corporations Act* (the "CBCA") and Canadian Securities Laws; and

(k) The financial statements of the Company have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") which conform in all material respects with Canadian GAAP and are consequently in compliance in all material respects with Canadian Securities Laws and the CBCA.

2. Representations and Warranties of the Underwriters

The Canadian Underwriters hereby represent, warrant and covenant to the Company and hereby acknowledge that the Company is relying on each representations, warranties and covenants in entering into this Agreement, that:

(a) During the course of the distribution of the Canadian Shares to the public by or through the Canadian Underwriters, the Canadian Underwriters will offer the Canadian Shares for sale to the public and will sell the Canadian Shares only in those jurisdictions where they may be lawfully offered for sale or sold. Each agreement of the Canadian Underwriters establishing a banking or selling or other group in respect of the distribution of the Canadian Shares in the Qualifying Jurisdictions shall contain a similar covenant by each selling firm. The members of any such group are sometimes hereinafter collectively referred to as the “Selling Firm”.

(b) The Canadian Underwriters will distribute the Canadian Shares in a manner which complies in all material respects with the Canadian Securities Laws.

(c) The Canadian Underwriters will not solicit offers to purchase and sell the Canadian Shares so as to require registration thereof or filing of a prospectus with respect thereto under the laws of any jurisdiction other than the Qualifying Jurisdictions.

(d) The Canadian Underwriters shall offer the Canadian Shares directly in Canada only as permitted by the applicable Canadian Securities Laws, upon the terms and conditions set forth in the Canadian Prospectus or any amendment and this Agreement and will require any other Selling Firm engaged by them in connection with the distribution of the Shares to agree to so distribute.

(e) The Canadian Underwriters shall notify the Company when, in their opinion, the Canadian Underwriters have ceased distribution of the Canadian Shares and provide a breakdown of the number of Canadian Shares distributed in each of the Qualifying Jurisdictions where such breakdown is required for the purpose of calculating fees payable to securities regulatory authorities and a statement as to the distribution of the Canadian Shares for the purpose of assisting in the listing of the Shares on The New York Stock Exchange, The Toronto Stock Exchange and the Montreal Exchange (the "Exchanges").

(f) For purposes of this Section 2, the Canadian Underwriters shall be entitled to assume that the Canadian Shares are qualified or registered for distribution by duly registered investment dealers and brokers in any of the Qualifying Jurisdictions where a receipt or similar document for the Canadian Prospectus shall have been obtained from the Canadian Securities Regulators following the filing of the Canadian Prospectus.

(g) Notwithstanding anything contained in the foregoing, a Canadian Underwriter shall not be liable to the Corporation under this Section 2 with respect to a default by another Canadian Underwriter under this Section 2.

3. Purchase and Sale of Shares

(a) Subject to the terms and conditions herein set forth, (a) the Company agrees to sell to each of the Canadian Underwriters, and each of the Canadian Underwriters agrees, severally and not jointly, to purchase from the Company, at a purchase price per share of Cdn.$73.35, the number of Firm Canadian Shares (to be adjusted by the Canadian Underwriters so as to eliminate fractional shares) determined by multiplying the aggregate number of Firm Canadian Shares to be sold by the Company by a fraction, the numerator of which is the aggregate number of Firm Canadian Shares to be purchased by such Canadian Underwriter as set forth opposite the name of such Canadian Underwriter in Schedule I hereto and the denominator of which is the aggregate number of Firm Canadian Shares to be purchased by all of the Canadian Underwriters from the Company hereunder, and (b) in the event and to the extent that the Underwriters shall exercise the election to purchase Optional Canadian Shares as provided below, the Company agrees to sell to each of the Canadian Underwriters, and each of the Canadian Underwriters agrees, severally and not jointly, to purchase from the Company, at the purchase price per share set forth in clause (a) of this Section 3, that portion of the number of Optional Canadian Shares as to which such election shall have been exercised (to be adjusted by the Canadian Underwriters so as to eliminate fractional shares) determined by multiplying such number of Optional Canadian Shares by a fraction the numerator of which is the maximum number of Optional Canadian Shares which such Canadian Underwriter is entitled to purchase as set forth opposite the name of such Canadian Underwriter in Schedule I hereto and the denominator of which is the maximum number of Optional Canadian Shares that all of the Canadian Underwriters are entitled to purchase hereunder.

(b) The Company, to the extent indicated in Schedule I hereto, hereby grants to the Canadian Underwriters the right to purchase at their election up to 1,125,000 Optional Canadian Shares, at the purchase price per share set forth in the paragraph above, for the sole purpose of covering sales in excess of the number of Firm Canadian Shares. Any such election to purchase Optional Canadian Shares may be exercised only by written notice from the Canadian Underwriters to the Company, given within a period of 30 calendar days after the date of this Agreement and setting forth the aggregate number of Optional Canadian Shares to be purchased and the date on which such Optional Canadian Shares are to be delivered, as determined by the Canadian Underwriters but in no event earlier than the First Time of Delivery (as defined in Section 5 hereof) or, unless the Canadian Underwriters otherwise agree in writing, no earlier than two or later than ten business days after the date of such notice.

(c) As compensation to the Canadian Underwriters for their commitments hereunder and in consideration of the services rendered and to be rendered by the Canadian Underwriters in connection therewith, including but not limited to, acting as financial advisors to the Company, assisting in connection with the preparation of the Canadian Prospectus and related documentation and fulfilling their obligations as underwriters in connection with the distribution of the Canadian Shares, the Company shall pay, at the Time of Delivery (as defined in Section 5 herein) to Goldman Sachs Canada, for the account of the Canadian Underwriters, Cdn.$1.83 per Share purchased at such Time of Delivery.

4. Offering for Sale of Shares

(a) Upon the authorization by Goldman Sachs Canada of the release of the Firm Canadian Shares, the several Canadian Underwriters propose to offer the Firm Canadian Shares for sale upon the terms and conditions set forth herein or in the Canadian Prospectus.

5. Delivery of Share Certificates

(a) The Canadian Shares to be purchased by each Canadian Underwriter hereunder, in definitive form, and in such authorized denominations and registered in such names as Goldman Sachs Canada may request upon at least forty-eight hours' prior notice to the Company shall be delivered by or on behalf of the Company to Goldman Sachs Canada, including at the option of Goldman Sachs Canada, through the facilities of the transfer agent of the Company in the cities designated by Goldman Sachs Canada, for the account of such Canadian Underwriter, against payment by or on behalf of such Canadian Underwriter of the purchase price therefor by wire transfer to the account specified by the Company to Goldman Sachs Canada at least forty-eight hours in advance. The Company will cause the certificates representing the Canadian Shares to be made available for checking and packaging at least twenty-four hours prior to the Time of Delivery (as defined below) with respect thereto at the office of the transfer agent of the Company or its designated custodian (the “Designated Office”). The time and date of such delivery and payment shall be, with respect to the Firm Canadian Shares, 9:30 a.m., New York City time, on June 21, 1999 or such other time and date as Goldman Sachs Canada and the Company may agree upon in writing, and, with respect to the Optional Canadian Shares, 9:30 a.m., New York City time, on the date specified by Goldman Sachs Canada in the written notice given by Goldman Sachs Canada of the Canadian Underwriters' election to purchase such Optional Canadian Shares, or such other time and date as Goldman Sachs Canada and the Company may agree upon in writing. Such time and date for delivery of the Firm Canadian Shares is herein called the “First Time of Delivery”, such time and date for delivery of the Optional Canadian Shares, if not the First Time of Delivery, is herein called the “Second Time of Delivery”, and each such time and date for delivery is herein called a “Time of Delivery”.

(b) The documents to be delivered at each Time of Delivery by or on behalf of the parties hereto pursuant to Section 8 hereof, including the cross-receipt for the Canadian Shares and any additional documents requested by the Canadian Underwriters pursuant to Section 8(j) hereof, will be delivered at the offices of Sullivan & Cromwell, 375 Park Avenue, New York, New York 10152 (the “Closing Location”), and the Canadian Shares will be delivered at the Designated Office, all at each Time of Delivery. A meeting will be held at the Closing Location at 2:00 p.m., New York City time, on the New York Business Day next preceding each Time of Delivery, at which meeting the final drafts of the documents to be delivered pursuant to the preceding sentence will be available for review by the parties hereto. For the purposes of this Section 5, “New York Business Day” shall mean each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in New York are generally authorized or obligated by law or executive order to close.

6. <u>Covenants of the Company</u>

The Company agrees with the Canadian Underwriters:

(a) The Company shall prepare the PREP Prospectus Supplement including the PREP Information in a form approved by the Canadian Underwriters and file such PREP Prospectus Supplement with the Canadian Securities Regulators in each of the Qualifying Jurisdictions not later than the time of filing of the U.S. Prospectus with the SEC and in any event in accordance with PREP Procedures.

(b) Promptly from time to time, the Company shall take such action as the Canadian Underwriters may reasonably request to qualify the Canadian Shares for offering and sale under the Canadian Securities Laws of the Qualifying Jurisdictions and to comply with such laws so as to permit the continuance of sales and dealings therein in such jurisdictions for as long as may be necessary to complete the distribution of the Canadian Shares, provided that in connection therewith the Company shall not be required to qualify as a foreign corporation or to file a general consent to service of process in any jurisdiction;

(c) To use its best efforts to furnish the Canadian Underwriters, prior to noon, New York City time, on the New York Business Day next succeeding the date of this Agreement and from time to time, with commercial copies of the Canadian Prospectus (in its English and French language versions) in Toronto, or such other city designated by Goldman Sachs Canada on behalf of the Canadian Underwriters, in such quantities as may reasonably be requested, and, if the delivery of a prospectus is required at any time prior to the expiration of nine months after the time of receipt of the Canadian Final Prospectus in connection with the offering or sale of the Canadian Shares and if at such time any events shall have occurred as a result of which such Canadian Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, when such Canadian Prospectus is delivered, not misleading, or, if for any other reason it shall be necessary during such same period to amend or supplement the Canadian Prospectus or to file under Canadian Securities Laws, any document incorporated by reference in the Canadian Prospectus in order to comply with Canadian Securities Laws, to notify the Canadian Underwriters and upon their request to prepare and file with the relevant Canadian Securities Regulators an amendment, supplement or document which will correct such statement or omission or effect such compliance and to furnish without charge to each Canadian Underwriter and to any dealer in securities as many copies as the Canadian Underwriters may from time to time reasonably request of any such amended Canadian Prospectus or supplement to such Canadian Prospectus which will correct such statement or omission or effect such compliance, and in case any Canadian Underwriter is required to deliver a prospectus in connection with sales of any of such Canadian Shares at any time nine months or more after the time of receipt of the Canadian Final Prospectus, upon your request but at the expense of such Canadian Underwriter, to prepare and deliver to such underwriter as many copies as it may request of an amended or supplemented Canadian Prospectus complying with Canadian Securities Laws;

(d) The delivery of the Canadian Final Prospectus and the PREP Prospectus Supplement, including any amendments, to the Canadian Underwriters shall constitute the Company's consent to the use by the Canadian Underwriters and any selling group established in connection with the distribution of the Canadian Shares of such documents in connection with the distribution of the Canadian Shares in the Qualifying Jurisdictions.

(e) During the period beginning from the date hereof and continuing to and including the date 90 days after the date of the Canadian Prospectus, not to offer, sell, contract to sell or otherwise dispose of, except as otherwise set forth in the Canadian Prospectus or provided hereunder, under the U.S. Underwriting Agreement and under the International Underwriting Agreement, any securities of the Company that are substantially similar to the Shares, including but not limited to any securities that are convertible into or exchangeable for, or that represent the right to receive, Common Shares or any such substantially similar securities (other than pursuant to employee stock option plans existing on, or upon the conversion or exchange of convertible or exchangeable securities outstanding as of, the date of this Agreement), without the prior written consent of the Canadian Underwriters;

(f) To use the net proceeds received by it from the sale of the Shares pursuant to this Agreement, the U.S. Underwriting Agreement and the International Underwriting Agreement in the manner specified in the Canadian Final Prospectus under the caption "Use of Proceeds"; and

(g) To use its best efforts to list, subject to notice of issuance, the Shares on the Exchanges.

7. Expenses

(a) The Company covenants and agrees with the several Canadian Underwriters that the Company will pay or cause to be paid the following: (i) the fees, disbursements and expenses of the Company's counsel and accountants in connection with the qualification of the Canadian Shares under the Canadian Securities Laws and all other expenses in connection with the preparation, printing and filing of the Canadian Preliminary Prospectus, the Canadian Final Prospectus and amendments and supplements thereto and the mailing and delivering of copies thereof to the Canadian Underwriters and dealers; (ii) the cost of printing or producing any Agreement among the Underwriters, this Agreement, the Agreement among Syndicates and any other documents in connection with the offering, purchase, sale and delivery of the Shares; (iii) all fees and expenses in connection with listing the Shares on the Exchanges; (iv) the cost of preparing stock certificates; and (v) the cost and charges of any transfer agent or registrar; and all other costs and expenses incident to the performance of its obligations hereunder which are not otherwise specifically provided for in this Section 7. It is understood, however, that the Company shall bear the cost of any other matters not directly relating to the sale and purchase of the Canadian Shares pursuant to this Agreement, and that, except as provided in this Section, and Sections 9 and 11 hereof, the Canadian Underwriters will pay all of their own costs and expenses, including the fees of their counsel, stock transfer taxes on resale of any of the Shares by them, and any advertising expenses connected with any offers they may make.

8. Closing Conditions

The obligations of the Canadian Underwriters hereunder, as to the Canadian Shares to be delivered at each Time of Delivery, shall be subject, in their discretion, to the condition that all representations and warranties and other statements of the Company herein are, at and as of such Time of Delivery, true and correct, the condition that the Company shall have performed all of its obligations hereunder theretofore to be performed, and the following additional conditions:

(a) (i) The PREP Prospectus Supplement shall have been filed with the applicable Securities Regulatory Authorities in each of the Qualifying Jurisdictions within the applicable time period prescribed by and in accordance with section 6(b) hereunder; and (ii) no order suspending the trading of the Canadian Shares in any of the Qualifying Jurisdictions or preventing or suspending the use in any of the Qualifying Jurisdictions, of the Canadian Prospectus shall have been issued or threatened by any Canadian Securities Regulators or no proceeding for that purpose shall have been instituted or be pending under any Canadian Securities Laws.

(b) On the date of any PREP Prospectus Supplement filed subsequent to the date of this Agreement and also at each Time of Delivery, PricewaterhouseCoopers LLP and KPMG Accountants N.V., who have certified the financial statements of the Company and its subsidiaries included or incorporated by reference in the Canadian Prospectus, shall have furnished to the Canadian Underwriters a letter or letters dated the respective dates of delivery thereof, in form and substance satisfactory to the Canadian Underwriters, delivered prior to the execution of this Agreement.

(c) Sullivan & Cromwell, U.S. counsel for the Underwriters, and Ogilvy Renault, Canadian counsel for the Canadian Underwriters, shall have furnished to the Canadian Underwriters such written opinion or opinions, dated such Time of Delivery, in the case of Ogilvy Renault with respect to the matters covered in paragraphs (vii) and (xii) of subsection (d) below and in the case of Sullivan & Cromwell with respect to matters covered in paragraphs (v) and (viii) of subsection 7(c) of the U.S. Underwriting Agreement and in respect of the Canadian Prospectus, such matters as the Canadian Underwriters may reasonably request, and such counsel shall have received such papers and information as they may reasonably request to enable them to pass upon such matters (Sullivan & Cromwell being entitled to rely, as to all matters of Canadian law, upon the opinion of Ogilvy Renault as described above and Ogilvy Renault being entitled to rely, as to all matters of law of the Provinces of Canada, other than Ontario and Quebec, and the federal laws of Canada applicable therein, upon the opinions of local counsel).

(d) Goodman Phillips & Vineberg S.E.N.C., Canadian counsel for the Company, shall have furnished to the Canadian Underwriters their written opinion, dated the Time of Delivery, in form and substance satisfactory to the Canadian Underwriters (such counsel being entitled to rely, as to all matters of United States or United States state law, solely upon the opinion of United States counsel (such counsel also being entitled to rely in respect of matters of law other than matters of Canadian federal or Quebec law solely upon opinions of local counsel and as to matters of fact upon certificates of officers of the Company or its subsidiaries, provided that such counsel shall state that they believe both they and the Canadian Underwriters are justified in relying thereon) to the effect that:

(i) The Company has been duly incorporated and is validly existing as a corporation under the laws of Canada, with all necessary corporate power and authority to own its properties and conduct its business as described in the Canadian Prospectus and has received a certificate of compliance under the CBCA;

(ii) The Company has been duly qualified for the transaction of business under the laws of the Province of Quebec;

(iii) The Company has an authorized capitalization and share capital as set forth in the Canadian Prospectus and has taken all corporate actions or proceedings so that all of the issued

Common Shares of the Company (including the Shares being delivered at such Time of Delivery) have been duly and validly authorized and issued as fully paid and non-assessable; and the Shares conform to the description of the Common Shares contained in the Prospectus;

(iv) To such counsel's knowledge and other than as set forth or contemplated in the Canadian Prospectus, there are no legal or governmental proceedings pending in the province of Quebec to which the Company or any of its subsidiaries is a party or of which any property of the Company or any of its subsidiaries is the subject which, if determined adversely to the Company or any of its subsidiaries, would individually or in the aggregate be, in the opinion of such counsel, material to the Company and its subsidiaries taken as a whole; and, to such counsel's knowledge, no such proceedings have been threatened by governmental authorities or threatened by others;

(v) This Agreement has been duly authorized, executed and delivered by the Company and constitutes a legal, valid and binding agreement of the Company, enforceable in accordance with its terms, except as rights of indemnity thereunder may be limited under applicable law and, subject as to enforcement, to general principles of equity or principles to substantially the same effect in civil law, to bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting creditors' rights generally, subject to the qualification that specific performance and injunction are remedies which are available only in the discretion of the court before which any proceedings therefor may be brought.

(vi) The issue and sale of the Canadian Shares being delivered at such Time of Delivery to be sold by the Company and the compliance by the Company with all of the provisions of this Agreement will not breach or result in a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument filed as an exhibit to the U.S. Registration Statement on Form S-3 (File No. 333-78393) or Securities Exchange Act of 1934, as amended document incorporated or deemed incorporated by reference therein to which the Company or any of its subsidiaries is bound or to which any of the property or assets of the Company or any of its subsidiaries is subject, nor will such action result in any violation of the provisions of the charter documents, as amended, or the by-laws of the Company or, with respect to

Canada or the Province of Quebec, any statute or to the knowledge of such counsel, any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its subsidiaries or any of their properties;

(vii) All necessary documents have been filed, all requisite proceedings have been taken and all other legal requirements have been fulfilled under Canadian Securities Laws in each of the Qualifying Jurisdictions to qualify the issuance and sale of the Canadian Shares to the public in each such province through registrants registered under applicable Canadian Securities Laws in such Qualifying Jurisdictions who have complied with the relevant provisions of such applicable Canadian Securities Laws and no consent, approval, authorization, order, registration or qualification of or with any court or governmental agency or body is required for the issue and the sale of the Canadian Shares or the consummation by the Company of the transactions contemplated by this Agreement, other than those which have been obtained;

(viii) The form and terms of the definitive certificates representing the Canadian Shares have been approved and adopted by the directors of the Company and comply with all required legal or stock exchange requirements relating thereto;

(ix) The French version of the Canadian Preliminary Prospectus and the Canadian Final Prospectus (except for Quarterly Reports on form 10-Q for the quarterly periods ended September 30, 1998, December 31, 1998 and March 31, 1999, other financial information contained in the documents incorporated by reference in the Canadian Preliminary Prospectus and Canadian Final Prospectus, the sections in the Canadian Prospectus entitled "Summary Financial Dates", "Capitalization", "Selected Historical Consolidated Financial Dates", and "Management's Discussion and Analysis of Selected Material Consolidated Financial Data and Supplemental Financial Information" (the "Financial Information")) is a complete and proper translation of the English language version of such prospectus;

(x) The French language version of the bilingual certificate for the Canadian Shares is a complete and proper translation of the English version of the bilingual certificate for the Canadian Shares;

(xi) The Common Shares are eligible for investment as set forth under the heading "Eligibility for Investment" in the Canadian Final Prospectus;

(xii) The Shares are not qualified as "foreign property" under the *Income Tax Act* (Canada); and

(xiii) CIBC Mellon Trust Company at its principal offices located in Montreal, Toronto, Calgary and Vancouver has been duly appointed transfer agent and registrar for the Shares of the Company in Canada.

(e) An opinion of PricewaterhouseCoopers LLP and, as to the financial statements of Polygram N.V. incorporated by reference in the Canadian Prospectus, KPMG Accountants N.V., addressed to the Canadian Underwriters and to their counsel, to the effect that the French language version of the Financial Information contained in the Canadian Prospectus, together with all documents therein incorporated by reference, is in all material respects a complete and accurate translation of the English language version thereof and that such versions are not susceptible of any materially different interpretation with respect to any material matter contained therein.

(f) (i) Neither the Company nor any of its subsidiaries shall have sustained since the date of the latest audited financial statements included or incorporated by reference in the Canadian Prospectus any loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labour dispute or court or governmental action, order or decree, otherwise than as set forth or contemplated in the Canadian Prospectus, and (ii) since the respective dates as of which information is given in the Canadian Prospectus there shall not have been any change in the share capital or long-term debt of the Company or any of its subsidiaries or any change, or any development involving a prospective change, in or affecting the general affairs, management, financial position, shareholders' equity or results of operations of the Company and its subsidiaries, otherwise than as set forth or contemplated in the Canadian Prospectus, the effect of which, in any such case described in clause (i) or (ii), is in the judgment of the Canadian Underwriters so material and adverse as to make it impracticable or inadvisable to proceed with the public offering or the delivery of the Canadian Shares being delivered at such Time of Delivery on the terms and in the manner contemplated in the Canadian Prospectus.

(g) Subsequent to the date hereof there shall not have occurred any of the following: (i) a suspension or material limitation in trading in securities generally on the Exchanges; (ii) a general moratorium on commercial banking activities declared by Canadian federal, Canadian provincial, United States federal or New York State authorities; (iii) a suspension or material limitation in trading in the Common Shares on the Exchanges; or (iv) the outbreak or escalation of hostilities involving the United States or Canada or the declaration by the United States or Canada of a national emergency or war, if the effect of any such event specified in this clause (iv) in the judgment of the Canadian Underwriters makes it impracticable or inadvisable to proceed with the public offering or the delivery of the Canadian Shares on the terms and in the manner contemplated in the Canadian Prospectus.

(h) The Shares to be sold by the Company at the Time of Delivery shall have been duly listed, subject to notice of issuance, on the Exchanges.

(i) The Company shall have complied with the provisions of Section 6(d) hereof with respect to the furnishing of prospectuses on the New York Business Day next succeeding the date of this Agreement.

(j) The Company shall have furnished or caused to be furnished to the Canadian Underwriters at such Time of Delivery certificates of officers of the Company, satisfactory to the Canadian Underwriters as to the accuracy of the representations and warranties of the Company herein at and as of such Time of Delivery, as to the performance by the Company of all of its obligations hereunder to be performed at or prior to such Time of Delivery, and as to such other matters as the Canadian Underwriters may reasonably request, and the Company shall have furnished or caused to be furnished certificates as to the matters set forth in subsections (a) and (f) of this Section, and as to such other matters as the Canadian Underwriters may reasonably request.

(k) The purchase of the U.S. Shares under the U.S. Underwriting Agreement and the International Shares under the International Underwriting Agreement shall occur no later than contemporaneously with the purchase of the Canadian Shares under this Agreement.

9. **Indemnity and Contribution**

(a) The Company will indemnify and hold harmless each Canadian Underwriter against any losses, claims, damages or liabilities, joint or several, to which such Canadian Underwriter may become subject, under the Canadian Securities Laws or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Canadian Preliminary Prospectus or the Canadian Final Prospectus, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each Canadian Underwriter for any legal or other expenses reasonably incurred by such Canadian Underwriter in connection with investigating or defending any such action or claim as such expenses are incurred; *provided, however,* that the Company shall not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Canadian Preliminary Prospectus or the Canadian Final Prospectus or any such amendment or supplement in reliance upon and in conformity with written information furnished to the Company by any Canadian Underwriter through Goldman Sachs Canada expressly for use therein; and provided, further, that the Company shall not be liable in any such case to any Canadian Underwriter or any person controlling such Canadian Underwriter under the indemnity agreement in this subsection (a) with respect to any Canadian Preliminary Prospectus to the extent that any such loss, claim, damage or liability of such Canadian Underwriter results from the fact that such Canadian Underwriter sold Canadian Shares to a person who is not sent or given, at or prior to the written confirmation of such sale, a copy of the PREP Prospectus Supplement (excluding documents incorporated by reference) in any case where such delivery is required by Canadian Securities Laws if the Company had previously furnished copies thereof in sufficient quantity and on a timely basis to such Canadian Underwriter and a loss, claim, damage or liability of such Canadian Underwriter results from an untrue statement or omission of a material fact contained in the Canadian Preliminary Prospectus which was corrected in the PREP Prospectus Supplement (excluding documents incorporated by reference).

(b) Each Canadian Underwriter will indemnify and hold harmless the Company against any losses, claims, damages or liabilities to which the Company may become subject, under Canadian Securities Laws or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Canadian Preliminary Prospectus or the Canadian Final Prospectus, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in the Canadian Preliminary Prospectus or the Canadian Final Prospectus or any such amendment or supplement in reliance upon and in conformity with written information furnished to the Company by such underwriter through Goldman Sachs Canada expressly for use therein; and will reimburse the Company for any legal or other expenses reasonably incurred by the Company in connection with investigating or defending any such action or claim as such expenses are incurred.

(c) Promptly after receipt by an indemnified party under subsection (a) or (b) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against an indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party otherwise than under such subsection. In case any such action shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party (which shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under such subsection for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation. In no event shall the indemnifying party be liable for the fees and expenses of more than one counsel for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, provided that this sentence shall not impair any right or an indemnified party to be indemnified for its reasonable costs of investigation. An indemnifying party shall not be liable for any settlement of any action or claim for monetary damages which an indemnified party may effect without the indemnifying party's consent, which consent shall not be unreasonably withheld.

(d) If the indemnification provided for in this Section 9 is unavailable to or insufficient to hold harmless an indemnified party under subsection (a) or (b) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Canadian Underwriters on the other from the offering of the Canadian Shares. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law or if the indemnified party failed to give the notice required under subsection (c) above, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company on the one hand and the Canadian Underwriters on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Canadian Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from the offering of the Canadian Shares purchased under this Agreement (before deducting expenses) received by the Company bears to the total underwriting discounts and commissions received by the Canadian Underwriters with respect to the Canadian Shares purchased under this Agreement, in each case as set forth in the table on the cover page of the Canadian Final Prospectus. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or the Canadian Underwriters on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and the Canadian Underwriters agree that it would not be just and equitable if contributions pursuant to this subsection (d) were determined by pro rata allocation (even if the Canadian Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this subsection (d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this subsection (d), no Canadian Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Canadian Shares underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Canadian Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Canadian Underwriters' obligations in this subsection (d) to contribute are several in proportion to their respective underwriting obligations and not joint.

(e) The obligations of the Company under this Section 9 shall be in addition to any liability which the Company may otherwise have and shall extend, upon the same terms and conditions, to each person, if any, who controls any Canadian Underwriter; and the obligations of the Canadian Underwriters under this Section 9 shall be in addition to any liability which the respective Canadian Underwriters may otherwise have and shall extend, upon the same terms and conditions, to each officer and director of the Company and to each person, if any, who controls the Company within the meaning of the CBCA.

10. Underwriting Purchase Defaults

(a) If any Canadian Underwriter shall default in its obligation to purchase the Canadian Shares which it has agreed to purchase hereunder at the Time of Delivery, Goldman Sachs Canada may in its discretion arrange for it or another party or other parties to purchase such Canadian Shares on the terms contained herein. If within thirty-six hours after such default by any Canadian Underwriter Goldman Sachs Canada does not arrange for the purchase of such Canadian Shares, then the Company shall be entitled to a further period of thirty-six hours within which to procure another party or other parties satisfactory to Goldman Sachs Canada to purchase such Canadian Shares on such terms. In the event that, within the respective prescribed periods, Goldman Sachs Canada notifies the Company that it has so arranged for the purchase of such Canadian Shares, or the Company notifies Goldman Sachs Canada that it has so arranged for the purchase of such Canadian Shares, Goldman Sachs Canada or the Company shall have the right to postpone such Time of Delivery for a period of not more than seven days, in order to effect whatever changes may thereby be made necessary in the Canadian Prospectus, or in any other documents or arrangements, and the Company agrees to file promptly any amendments to the Canadian Prospectus which in the opinion of the Canadian Underwriters may thereby be made necessary. The term

"Canadian Underwriter" as used in this Agreement shall include any person substituted under this Section with like effect as if such person had originally been a party to this Agreement with respect to such Canadian Shares.

(b) If, after giving effect to any arrangements for the purchase of the Canadian Shares of a defaulting Canadian Underwriter or Underwriters by Goldman Sachs Canada and the Company as provided in subsection (a) above, the aggregate number of such Canadian Shares which remains unpurchased does not exceed one-eleventh of the aggregate number of all of the Canadian Shares to be purchased at such Time of Delivery, then the Company shall have the right to require each non-defaulting Canadian Underwriter to purchase the number of Canadian Shares which such underwriter agreed to purchase hereunder at such Time of Delivery and, in addition, to require each non-defaulting Canadian Underwriter to purchase its pro rata share (based on the number of Canadian Shares which such Canadian Underwriter agreed to purchase hereunder) of the Canadian Shares of such defaulting Canadian Underwriter or Underwriters for which such arrangements have not been made; but nothing herein shall relieve a defaulting Canadian Underwriter from liability for its default.

(c) If, after giving effect to any arrangements for the purchase of the Canadian Shares of a defaulting Canadian Underwriter or Underwriters by Goldman Sachs Canada and the Company as provided in subsection (a) above, the aggregate number of such Canadian Shares which remains unpurchased exceeds one-eleventh of the aggregate number of all of the Canadian Shares to be purchased at such Time of Delivery, or if the Company shall not exercise the right described in subsection (b) above to require non-defaulting Canadian Underwriters to purchase Canadian Shares of a defaulting Canadian Underwriter or Underwriters, then this Agreement (or, with respect to the Second Time of Delivery, the obligations of the Canadian Underwriters to purchase and of the Company to sell the Optional Shares) shall thereupon terminate, without liability on the part of any non-defaulting Canadian Underwriter or the Company, except for the expenses to be borne by the Company and the Canadian Underwriters as provided in Section 7 hereof and the indemnity and contribution agreements in Section 9 hereof; but nothing herein shall relieve a defaulting Canadian Underwriter from liability for its default.

11. Miscellaneous

(a) The respective indemnities, agreements, representations, warranties and other statements of the Company and the several Canadian Underwriters, as set forth in this Agreement or made by or on behalf of them, respectively, pursuant to this Agreement, shall remain in full force and effect, regardless of any investigation (or any statement as to the results thereof) made by or on behalf of any Canadian Underwriter or any controlling person of any Canadian Underwriter, or the Company or any officer or director or controlling person of the Company shall survive delivery of and payment for the Canadian Shares.

Anything herein to the contrary notwithstanding, the indemnity agreement of the Company in subsection (a) of Section 9 hereof, the representations and warranties in subsections (b) and (c) of Section 1 hereof and any representation or warranty as to the accuracy of the Canadian Preliminary Prospectus or the Canadian Final Prospectus contained in any certificate furnished by the Company pursuant to Section 8 hereof, insofar as they may constitute a basis for indemnification for liabilities (other than payment by the Company of expenses incurred or paid in the successful defense of any action, suit or proceeding) arising under Canadian Securities Laws, shall not extend to the extent of any interest therein of a controlling person or partner of a Canadian Underwriter who is a director, officer or controlling person of the Company when a final receipt for the Canadian Prospectus has been issued, except in each case to the extent that an interest of such character shall have been determined by a court of appropriate jurisdiction as not against public policy. Unless in the opinion of counsel for the Company the matter has been settled by controlling precedent, the Company will, if a claim for such indemnification is asserted, submit to a court of appropriate jurisdiction the question whether such interest is against public policy and will be governed by the final adjudication of such issue.

(b) If this Agreement shall be terminated pursuant to Section 10 hereof, the Company shall then not be under any liability to any Canadian Underwriter except as provided in Sections 7 and 9 hereof; but, if for any other reason any Shares are not delivered by or on behalf of the Company as provided herein, the Company will reimburse the Canadian Underwriters through Goldman Sachs Canada for all out-of-pocket expenses approved in writing by Goldman Sachs Canada, including fees and disbursements of counsel, reasonably incurred by the Canadian Underwriters in making preparations for the purchase, sale and delivery of the Canadian Shares not so delivered, but the

Company shall then be under no further liability to any Canadian Underwriter in respect of the Canadian Shares not so delivered except as provided in Sections 7 and 9 hereof.

(c) In all dealings hereunder, Goldman Sachs Canada shall act on behalf of each of the Canadian Underwriters, and the parties hereto shall be entitled to act and rely upon any statement, request, notice or agreement on behalf of any Canadian Underwriter made or given by you.

All statements, requests, notices and agreements hereunder shall be in writing, and if to the Canadian Underwriters shall be delivered or sent by mail, telex or facsimile transmission to Goldman Sachs Canada as the representatives at 85 Broad Street, New York, Attention: Registration Department; and if to the Company shall be delivered or sent by mail, telex or facsimile transmission to the address of the Company at 375 Park Avenue, New York, N.Y. 10152-0192, Attention: Vice President and Treasurer; provided, however, that any notice to an Underwriter pursuant to Section 9(c) hereof shall be delivered or sent by mail, telex or facsimile transmission to such Canadian Underwriter at its address set forth in its Underwriters' Questionnaire or telex constituting such Questionnaire, which address will be supplied to the Company by Goldman Sachs Canada upon request. Any such statements, requests, notices or agreements shall take effect upon receipt thereof.

(d) This Agreement shall be binding upon, and inure solely to the benefit of the Canadian Underwriters and the Company and, to the extent provided in Sections 9 and 11(a) hereof, the officers and directors of the Company and each person who controls the Company or any Canadian Underwriter, and their respective heirs, executors, administrators, successors and assigns, and no other person shall acquire or have any right under or by virtue of this Agreement. No purchaser of any of the Canadian Shares from any Canadian Underwriter shall be deemed a successor or assign by reason merely of such purchase.

(e) Time shall be of the essence of this Agreement. As used herein, the term "business day" shall mean a day which is not a Saturday or Sunday or statutory or civil holiday in the city of Toronto.

(f) This Agreement shall be governed by and construed in accordance with the laws of the province of Quebec.

(g) This Agreement may be executed by any one or more of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument.

If the foregoing is in accordance with your understanding, please sign and return to us one for Goldman Sachs Canada and for each of the Canadian Underwriters plus one for each counsel, if any counterparts hereof, and upon the acceptance hereof by you, on behalf of each of the Canadian Underwriters, this letter and such acceptance hereof shall constitute a binding agreement among each of the Canadian Underwriters and the Company.

Very truly yours,

Goldman Sachs Canada
[signed: Douglas A. Guzman]
By:
Name:
Title:

CIBC World Markets Inc.
[signed: David B. Clifford]
By:
Name:
Title:

RBC Dominion Securities Inc.
[signed: Neil M. Selfe]
By:
Name:
Title:

Nesbitt Burns Inc.
[signed: Brent D. Fullard]
By:
Name:
Title:

Griffiths McBurney & Partners
[signed: Eugene C. McBurney]
By:
Name:
Title:

Newcrest Capital Inc.
[signed: Peter F. Grosskopf]
By:
Name:
Title:

ScotiaMcLeod Inc.
[signed: Stephen C. MacCulloch]
By:
Name:
Title:

TD Securities Inc.
[signed: Patrick B. Meneley]
By:
Name:
Title:

Edward D. Jones & Co.
[signed: Philip R. Schwab]
By:
Name:
Title:

Accepted as of the date hereof
at New York
The Seagram Company Limited
[signed: JohnR. Preston]

By:
Name:
Title:

SCHEDULE I

Underwriter	Total Number of Firm Shares to Be Purchased	Number of Optional Shares to Be Purchased if Maximum Option Exercised
Goldman Sachs Canada	2,000,000	
CIBC World Markets Inc.	2,000,000	
RBC Dominion Securities Inc.	2,000,000	
Nesbitt Burns Inc.	700,000	
Griffiths McBurney & Partners	160,000	
Newcrest Capital Inc.	160,000	
ScotiaMcLeod Inc.	160,000	
TD Securities Inc.	160,000	
Edward D. Jones & Co.	160,000	
Total	7,500,000	