

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ALBERTA, BRITISH COLUMBIA, MANITOBA, NEWFOUNDLAND,
NOVA SCOTIA, ONTARIO, QUEBEC AND SASKATCHEWAN

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM FOR
EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF
THE SEAGRAM COMPANY LTD.

MRRS DECISION DOCUMENT

WHEREAS the Canadian securities regulatory authority or regulator (the "Decision Makers") in each of Alberta, British Columbia, Manitoba, Newfoundland, Nova Scotia, Ontario, Québec and Saskatchewan (collectively, the "Jurisdictions") has received an application from The Seagram Company Ltd. ("Seagram") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") exempting Seagram from the issuer bid requirements of the Legislation in connection with what may technically constitute an issuer bid as part of a proposed reorganization involving Seagram (the "Reorganization");

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications ("MRRS"), the Québec Securities Commission is the principal regulator for this application;

AND WHEREAS Seagram has represented to the Decision Makers that:

1. Seagram is governed by the *Canada Business Corporations Act* (the "CBCA") and its executive offices are located in Montreal, Quebec. Seagram is a reporting issuer or has equivalent status in each of the provinces of Canada and its common shares are listed on The Toronto Stock Exchange, the New York Stock Exchange and the London Stock Exchange Limited. Seagram is not on the list of defaulting issuers maintained by the various securities regulatory authorities in Canada.
2. The authorized share capital of Seagram consists of an unlimited number of common shares (the "Seagram Common Shares") and an unlimited number of preferred shares issuable in series, of which 436,493,537 Seagram Common Shares and no preferred shares were issued and outstanding as at May 31, 2000.
3. Seagram and Vivendi S.A. ("Vivendi"), Canal Plus S.A. ("Canal Plus"), Sofi羅S.A. ("Sofi鑛") and 3744531 Canada Inc. have entered into a merger agreement (the "Merger Agreement") made

as of June 19, 2000 pursuant to which, among other things, Vivendi will merge into its subsidiary Sofi羅 (the surviving corporation is referred to as "Vivendi Universal") and Vivendi Universal will indirectly acquire all of the Seagram Common Shares (the "Transaction") pursuant to an arrangement (the "Arrangement") under section 192 of the CBCA.

4. All shareholders of Seagram will be offered the opportunity to participate in the Reorganization, to be described in the Management Information Circular of Seagram to be sent in connection with the Transaction, subject to certain conditions described therein. However, Seagram currently anticipates that only a limited number of Canadian resident Seagram shareholders would participate in the Reorganization (the "Participants").

5. The purpose of the Reorganization is to enable holders of Seagram Common Shares who elect to participate in the Reorganization to achieve certain tax planning objectives relating to the ownership of their Seagram Common Shares. The Reorganization requires the cooperation of Seagram and Vivendi and must be completed prior to the closing of the Transaction. The Reorganization is intended to allow the Participants access to the applicable amount of "safe income" for purposes of the *Income Tax Act* (Canada) attributable to Participants' existing investment in Seagram Common Shares, without affecting the cost basis for tax purposes of Seagram Common Shares held by other shareholders.

6. The Reorganization would entail the following principal steps:

(a) Each Participant will incorporate one or more corporations (each such corporation referred to herein as "Subco") under the CBCA. Each Participant which is not a corporation will also incorporate one or more holding companies under the CBCA and Participants which are corporations may incorporate additional holding companies under the CBCA (each such additional holding company referred to herein as "Holdco"). Each Subco will have no material assets, no liabilities and will have been incorporated solely for use in relation to carrying out the Reorganization.

(b) Each Participant will transfer, directly or indirectly, through one or more Holdcos, to their respective Subcos all or a portion of their respective existing Seagram Common Shares (the "Existing Seagram Shares") in exchange for common shares of each Subco. A transfer of Existing Seagram Shares to Subco will be effected pursuant to one or more elections made in accordance with subsection 85(1) of the *Income Tax Act* (Canada), and in the case of Qu罇頂c residents, equivalent Qu罇頂c elections.

(c) All of the shares of each Subco will be owned either directly by a Participant or by one or more Holdcos. All of the shares of each Holdco will be owned directly or indirectly by a Participant.

(d) Prior to the sale of the shares of each Subco to Seagram as described below, such Subco may, with the approval of Seagram and Vivendi, but will not necessarily, declare and pay one or more dividends to Holdcos in aggregate

amounts based upon the estimated "safe income" attributable to the Existing Seagram Shares owned by it. Such dividends may be paid in cash or in preferred shares of Subco.

(e) A Participant may, directly or indirectly, subscribe for Subco preferred shares with such dividend proceeds.

(f) Following the payment of the dividends and the issuance of preferred shares (if any) described in items (d) and (e) above, and at a time when each Subco has no outstanding liabilities, all of the issued and outstanding shares of each Subco will be transferred to Seagram in exchange for Seagram Common Shares issued from treasury by Seagram equal to the number of Existing Seagram Shares owned by such Subco (the "New Seagram Shares").

(g) After the acquisition by Seagram of the shares of each Subco and prior to the effective time of the Arrangement, Seagram will wind up each Subco owned by it and all of the Existing Seagram Shares owned by each Subco would be cancelled upon the wind-up by operation of law. Alternatively, at its option, Seagram will amalgamate with each Subco pursuant to a vertical short-form amalgamation under the CBCA and all of the Existing Seagram Shares owned by each Subco would be cancelled upon the amalgamation.

7. The Merger Agreement, which contemplates carrying out the Reorganization and the Arrangement, has been approved by the Board of Directors of Seagram. The completion of the Arrangement is conditional on the prior approval of the shareholders of Seagram. Such approval will be sought at an annual and special meeting scheduled to be held in the final quarter of 2000.

8. All material costs and expenses incurred by Seagram in connection with the Reorganization will be paid for by the Participants.

9. The Participants, their Holdcos and each Subco will be required to enter into a share exchange agreement with, among others, Seagram, in a form and substance satisfactory to Seagram and Vivendi, acting reasonably. The Participants will be required to indemnify Seagram, Vivendi and certain of its affiliates for any adverse tax consequences which any of them may incur in connection with the Reorganization and to provide a release of Vivendi, Seagram and certain of their affiliates and advisors in connection with the Reorganization.

10. Following the completion of the Reorganization, the Participants, either directly or through one or more Holdcos, as well as all other Seagram shareholders, will own the same number of Seagram Common Shares that they owned immediately prior to the Reorganization and will have the same rights and benefits in respect of such shares that they had immediately prior to the Reorganization. The number of Seagram Common Shares issued and outstanding will be the same following completion of the Reorganization as it was prior to the Reorganization.

11. In the course of the Reorganization, Seagram will become the direct owner of all of the issued and outstanding shares of each Subco and, as a result, Seagram will prior to cancellation, become the indirect owner of the Existing Seagram Shares held by each Subco. The acquisition of such Existing Seagram Shares by Seagram in the Reorganization may technically constitute an issuer bid pursuant to the issuer bid provisions of the Legislation since the acquisition may be viewed as involving an acquisition of its own common shares by Seagram, whether indirectly upon the acquisition of the Subcos or directly upon the wind-up of or amalgamation with the Subcos. Such issuer bid may not be exempt from the requirements of the issuer bid provisions of the Legislation.

AND WHEREAS pursuant to the System this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met;s

IT IS HEREBY DECIDED by the Decision Makers that the issuer bid requirements of the Legislation shall not apply to the Reorganization.

DATED this 23rd of October, 2000.

Guy Lemoine Viateur Gagnon