

VIVENDI UNIVERSAL  
Form 11-K  
June 29, 2001

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SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2000

COMMISSION FILE NUMBER

POLYGRAM HOLDING, INC.  
DEFERRED SAVINGS AND INVESTMENT PLAN FOR EMPLOYEES  
375 Park Avenue  
New York, New York 10152  
(Full title of the plan and the address of the plan)

Vivendi Universal, S.A.  
42, avenue de Friedland  
75380 Paris Cedex 08, France  
(Name of issuer of the securities held pursuant to the plan  
and the address of its principal executive office)

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REQUIRED INFORMATION

1. Not Applicable.
2. Not Applicable.
3. Not Applicable.
4. Polygram Holding, Inc. Deferred Savings and Investment Plan for Employees (the "Polygram Plan") is subject to the requirements of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). Attached hereto are the financial statements of the Polygram Plan for the fiscal year ended December 31, 2000 prepared in accordance with the financial reporting requirements of ERISA.

EXHIBITS

1. Financial statements of the Polygram Plan for the fiscal year ended December 31, 2000 prepared in accordance with the financial reporting

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requirements of ERISA.

2. Consent of Gutierrez & Co., independent accountants.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on their behalf by the undersigned hereunto duly authorized.

POLYGRAM HOLDING INC. DEFERRED SAVINGS AND INVESTMENT PLAN FOR EMPLOYEES

By /s/ Andrew Loyst

-----  
Andrew Loyst  
Director - Global Benefits  
Vivendi Universal, S.A.

Date: June 29, 2001

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Exhibit 1

POLYGRAM HOLDING, INC.  
DEFERRED SAVINGS AND INVESTMENT  
PLAN FOR EMPLOYEES

FINANCIAL STATEMENTS  
DECEMBER 31, 2000 and 1999

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POLYGRAM HOLDING, INC.  
DEFERRED SAVINGS AND INVESTMENT PLAN FOR EMPLOYEES

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INDEPENDENT AUDITORS' REPORT

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The Plan Administrator  
 PolyGram Holding, Inc.  
 Deferred Savings and Investment Plan for Employees

We have audited the accompanying statements of net assets available for benefits of the PolyGram Holding, Inc. Deferred Savings and Investment Plan for Employees (the "Plan") as of December 31, 2000 and 1999, and the related statements of changes in net assets available for benefits for the years then ended. These financials are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 6 to the financial statements, the Plan incurred losses on certain investments during 1996. The Company and the Pension Committee, which administers the Plan, commenced a lawsuit during 1997 against the former investment manager to recover all such losses.

In our opinion, the financial statements referred to above, of PolyGram Holding, Inc. Deferred Savings and Investment Plan for Employees as of December 31, 2000 and 1999, and for the years then ended present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2000 and 1999, and the changes in net assets available for benefits for the years then ended in conformity with generally accepted accounting principles.

Gutierrez & Co.

Flushing, New York  
 June 15, 2001  
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POLYGRAM HOLDING, INC.  
 DEFERRED SAVINGS AND INVESTMENT PLAN FOR EMPLOYEES  
 STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	December 31,	
	2000	1999
	-----	-----
NET ASSETS HELD IN TRUST BY BANK OF NEW YORK	\$ 62,490,191	\$ 74,980,864
	-----	-----
NET ASSETS AVAILABLE FOR BENEFITS	\$ 62,490,191	\$ 74,980,864
	=====	=====

The accompanying notes are an integral part of the financial statements.

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POLYGRAM HOLDING, INC.  
 DEFERRED SAVINGS AND INVESTMENT PLAN FOR EMPLOYEES  
 STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	Year Ended De	
	-----	
	2000	
	-----	
CONTRIBUTIONS		
Employee contributions	\$ 4,243,305	\$
Employer contributions	1,693,773	
	-----	
Total Contributions	5,937,078	
	-----	
INVESTMENT ACTIVITIES		
Investment Income - Former Trustee		
Money Market Fund		
Intermediate Fixed Income Fund		
Growth & Income Stock Fund		
Balanced Mutual Fund		
Aggressive Equity Fund		
Participant Loans		
		-----
Total Investment Income		-----
		-----
Net appreciation in fair value of investments - Former Trustee		
Intermediate Fixed Income Fund		
Growth & Income Stock Fund		
Balanced Mutual Fund		
Aggressive Equity Fund		
		-----
Total Net Appreciation in Fair Value of Investments		-----
		-----
Increase in Plan Equity from Investment Activities - Former Trustee		-----
		-----
Investment Income on assets held by Bank of New York		
Net appreciation (depreciation) in fair value of investments	(2,067,190)	
Dividends and interest	1,908,808	
		-----
PARTICIPANT WITHDRAWALS	(16,403,015)	
		-----
INCREASE (DECREASE) IN PLAN EQUITY	(10,624,319)	

The accompanying notes are an integral part of the financial statements.

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POLYGRAM HOLDING, INC.  
 DEFERRED SAVINGS AND INVESTMENT PLAN FOR EMPLOYEES  
 STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

(Continued)

	Year Ended Dec	
	----- 2000 -----	
INCREASE (DECREASE) IN PLAN EQUITY	(10,624,319)	
TRANSFER OF PARTICIPANT BALANCES TO THE SEAGRAM 401(K) PLAN- UNIVERSAL EMPLOYEES	(1,866,354)	
TRANSFER TO SUCCESSOR TRUSTEE FOR USA STUDIOS		(
PLAN EQUITY AT BEGINNING OF YEAR	74,980,864	7
PLAN EQUITY AT END OF YEAR	\$ 62,490,191	\$7
	=====	==

The accompanying notes are an integral part of the financial statements.

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POLYGRAM HOLDING, INC.  
 DEFERRED SAVINGS AND INVESTMENT  
 PLAN FOR EMPLOYEES

Notes to Financial Statements  
 December 31, 2000 and 1999

PLAN FOR EMPLOYEES

Notes to Financial Statements

1. Description of the Plan

The following brief description of PolyGram Holding, Inc. Deferred Savings and Investment Plan for Employees (the "Plan") is provided for general information purposes only. Participants should refer to the plan document for more complete information.

General

The Plan became effective January 1, 1987, and the Plan was amended from time to time including amendments subsequent to December 31, 1998 as described in Note 7. It is a profit sharing, thrift-type defined contribution plan with a 401(k) provision under which certain employees of PolyGram Holding, Inc. (the "Company") may participate. Leased

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employees, "freelance" employees or consultants are not eligible to participate. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

Eligibility

The Plan is a voluntary defined contribution plan. Under the terms of the Plan, former employees of PolyGram Holding, Inc. who are employed with UMG Recordings, Inc. or one of its affiliates, and who have one year of service are eligible to participate in the Plan. Employees are eligible to participate in the Plan beginning with the calendar month following the completion of one year of service. Effective August 23, 1999, the one year of service eligibility requirement is no longer applicable.

Contribution

Eligible employees may make a combination of pretax dollars and after-tax dollars contributions, in whole percentage of annual earnings, through payroll deductions. Participants may contribute up to 16% (17% after August 23, 1999) of their annual earnings, subject to a 12% maximum in pre-tax contributions and 10% (17% after August 23, 1999) maximum in after-tax contributions. Highly compensated employees, as defined by the Plan, are allowed to make Pre-Tax contributions

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POLYGRAM HOLDING, INC.  
DEFERRED SAVINGS AND INVESTMENT  
PLAN FOR EMPLOYEES

Notes to Financial Statements  
December 31, 2000 and 1999

up to 12% (17% after August 23, 1999 with a limit of 12% of their pre-tax account). On the first pretax contribution of 6% of a participant's annual earnings, the Company will match fifty cents for each dollar.

Participants may elect to have their contributions invested in a variety of investment funds (see note 2). Investment elections in the funds may be changed at the beginning of any calendar month and must be made in increments of 5%. Effective August 23, 1999, changes in investment elections or contribution rate changes can be made on a daily basis in increments of 1%.

1. Description of the Plan (continued)

Participants are 100% vested in their pre-tax, after-tax and rollover contributions. A participant's interest in the Company's matching contribution will become vested according to the following schedule:

COMPLETED YEAR OF SERVICE -----	PERCENTAGE VESTED -----
1 year	20%
2 years	40%
3 years	60%

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4 years	80%
5 years or more	100%

In addition, nonvested employer matching contributions become 100% vested upon Disability (as defined by the Plan), retirement or death.

Participants as of December 10, 1998 are fully vested in their benefits accrued through December 31, 1998. Employer matching contributions related to services performed by employees from January 1, 1999 forward are subject to the vesting schedule set forth in the Plan. Effective August 23, 1999, participants who attain age 60 while in service with the Employer shall become 100% vested.

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POLYGRAM HOLDING, INC.  
DEFERRED SAVINGS AND INVESTMENT  
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Notes to Financial Statements  
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Forfeited balances of terminated participants' nonvested accounts are used to reduce future Company contributions. For 2000 and 1999, the total forfeited amounts were \$78,979 and \$35,692, respectively.

### Loans

Participants may borrow from their vested account balance. The minimum loan amount is \$1,000 and the maximum is the lesser of \$50,000 or 50% of the participant's vested amount balance. Only one loan may be outstanding at any one time. Effective August 23, 1999, the interest rate charged on loans shall be set monthly for loans made during the month. Repayments are made through payroll deductions over a period of no more than 5 years although the term may be extended to 15 years if the loan is for the purchase of the participant's primary residence.

### Participant Distributions

The distribution to which a plan participant is entitled is provided by the vested contributions and income thereon allocated to the participants account. The election may be made upon retirement, death, Disability or termination of employment. Distributions are in the form of immediate or deferred cash lump sum or immediate or deferred installments. Installments are available only

1. Description of the Plan (continued)

for participants who retire or who are disabled as defined by the Plan. Normal retirement age is 65; however, a participant may work past his normal retirement date and continue to participate in the Plan until 70-1/2. If a former participant is rehired and has not received a distribution of his account balance, any forfeited amounts will be reinstated. If the former participant has received a distribution, then the distribution must be repaid within five years from the participant's rehire date in order to restore the forfeiture amount. There are also certain inservice withdrawals from the Plan.

2. Summary of Significant Accounting Policies

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### Basis of Accounting

Accounting records of the Plan are maintained on an accrual basis.

### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the

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POLYGRAM HOLDING, INC.  
DEFERRED SAVINGS AND INVESTMENT  
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Notes to Financial Statements  
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financial statements and the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates.

### Risks and Uncertainties

The Plan provides for various investment options. Investment securities are exposed to various risks such as interest rate, market and credit. Due to the risk associated with investment securities and the uncertainty related to changes in the value of such securities, it is at least reasonably possible that changes in risks, in the near term could materially affect participants' account balances and the amounts reported in the statements of net assets available for plan benefits and the statements of changes in net assets available for plan benefits.

### Investments

The Pension Committee, or its appointed investment advisor(s), periodically reviews the investment results of current investment options and evaluates new investments that may be suitable for the Plan.

Market values of the investments held in the Trust are valued by reference to published market quotations where a quoted market exists. When no published market quotation exists, the values are determined by the trustee. Purchases and sales of securities are reflected by the Trustee on a

## 2. Summary of Significant Accounting Policies (continued)

trade-date basis. Unrealized appreciation and depreciation are recognized on the last business day of the year and income from debt securities is recognized as earned. Realized gains and losses are determined on the basis of average cost of investments sold.

Until August 16, 1999, participants may allocate their investments in the five investment funds as follows:



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- Intermediate Fixed Income Fund invests in the PIMCO Low Duration Fund with an objective to obtain maximum current income consistent with preservation of capital and daily liquidity by investing in a diversified portfolio of securities of varying maturities.
- Growth & Income Stock Fund invests in the Vanguard Windsor II mutual fund with an objective to provide long-term growth of capital and income by investing primarily in common stocks. The fund return attempts to mirror the Standard & Poor's Composite Price Index.
- Balanced Mutual Fund invests in the Vanguard Wellington Fund with an objective to provide conservative investors with a prudent investment program. The fund invests in a combination

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POLYGRAM HOLDING, INC.  
DEFERRED SAVINGS AND INVESTMENT  
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of common stocks and bonds. The fund return attempts to mirror a combined index composed of the Standard & Poor's Composite Stock Price Index and the Lehman Long-Term Corporate AA or Better Bond Index.

- Money Market Fund invests in the Dreyfus Cash Management Class A Mutual Fund with an objective to provide a high level of current income with the preservation of capital and the maintenance of liquidity. This is achieved by investing in short-term money market obligations, including securities issued by the U.S. Government, certificates of deposit and other short-term obligations.
- Aggressive Equity Fund invests in the Stein Roe Capital Opportunities Mutual Fund with an objective to provide long-term capital appreciation by investing in selected companies that in the opinion of Stein Roe & Farnham Inc., the advisor, offer opportunities for capital appreciation. This fund was removed from the Plan effective May 31, 1999.

Effective August 16, 1999, the Chase Manhattan Bank was removed as Trustee of the Plan and Bank of New York was appointed as successor Trustee.

Effective August 16, 1999, the assets are held in trust by Bank of New York (Trustee) in the Joseph E. Seagram & Sons, Inc. Master Trust Agreement (Master Trust), which also includes assets of the 401(k) plans of the Company's affiliates, Universal Studios, Inc., UMG

### 2. Summary of Significant Accounting Policies (continued)

Manufacturing and Logistics, Inc. and Spencer Gifts, Inc and Joseph E. Seagram & Sons, Inc. The related investment income and appreciation in fair value represents allocations to the Plan based upon the ratio of the Plan's assets to total Master Trust Assets.

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Investment securities are recorded and valued as follows:

United States government obligations at fair value based on the current market yields; temporary investments in short-term investment funds at cost which in the normal course approximates market value; securities representing units of other funds at net asset value; Vivendi Universal American Depositary Shares. common shares at the closing price reported on the composite tape of the New York Stock Exchange on the valuation date.

During the years ended December 31, 2000 and 1999, the Plan was comprised of ten and nine investment funds, respectively: (i) the Money Market Fund investing primarily in the State Street Yield Enhanced STIF Fund managed by State Street Bank and Trust Company; (ii) the Stable Income Fund investing in the La Salle Income Plus Fund managed by LaSalle National Trust, N.A.; (iii) the Bond Fund investing in PIMCO Total Return Fund; (iv) the S&P 500 Index Fund

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POLYGRAM HOLDING, INC.  
DEFERRED SAVINGS AND INVESTMENT  
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Notes to Financial Statements  
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investing in the Vanguard Employee Benefit Index Fund (which replaced the S&P 500 Flagship Fund, Series C on April 1, 2000), managed by Vanguard; (v) the Managed Equity Fund investing in Vanguard Value Index Fund ( which replaced the Lazard Equity Portfolio on April 1, 2000) managed by Vanguard; (vi) the Growth Equity Fund investing in Brandywine Fund, Inc. managed by Friess Associates (up to February 1, 1999); on December 1, 1999 the Growth Fund was reestablished investing in Vanguard Institutional Index Fund managed by Vanguard; (vii) the Seagram Stock Fund investing primarily in The Seagram Company Ltd. common shares prior to December 8, 2000, and as described below, primarily in Vivendi Universal ADSs beginning December 8, 2000; (viii) the Dreyfus Small Company Value Fund investing in the Dreyfus Small Company Value Fund managed by Dreyfus and (ix) the MSDW International Fund investing in MSDW International Equity Fund managed by Morgan Stanley. On March 1, 2000, the Global Technology Fund investing in the RCM Global Technology Fund managed by Dresdner was added to the investment funds. The investments are administered by the Investment Committee appointed by the Board of Directors of the Company.

On December 8, 2000, The Seagram Company Ltd. (parent of Joseph E. Seagram & Sons, Inc.), Vivendi and Canal Plus S.A. completed a series of transactions pursuant to which the three companies combined into Vivendi Universal. Upon the completion of the merger transactions, shareholders of The Seagram Company Ltd. (other than those exercising dissenters' rights), including the Trustee on behalf of the Plan, received, for each common share of The Seagram Company Ltd. held, 0.80 Vivendi Universal ADSs or a combination of 0.80 non-voting exchangeable shares of Vivendi Universal's Canadian subsidiary, Vivendi Universal Exchangeco, and an equal number of voting rights in Vivendi Universal.

3. Priorities Upon Termination of the Plan

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The Plan may be terminated at the discretion of the Board of Directors of the Company. The employer contributions on behalf of the participants shall then become fully vested. The total value of the employer and employee vested accounts shall be distributed to the participants in a lump-sum cash payment.

#### 4. Administrative Expenses

All costs associated with the maintenance of accounting records and certain investment fees of the Plan are borne by the Company. Administrative expenses paid to investment brokers are deducted from plan earnings.

#### 5. Tax Status

The Plan is approved as qualified under Section 401(a) of the Internal Revenue Code (the "Code") of 1986, as amended, and, therefore, is exempt from Federal income taxes under Section 501(a) of such Code, pursuant to a determination letter dated December 10, 1997 from the Internal Revenue

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POLYGRAM HOLDING, INC.  
DEFERRED SAVINGS AND INVESTMENT  
PLAN FOR EMPLOYEES

Notes to Financial Statements  
December 31, 2000 and 1999

Service (the "IRS"). In the opinion of the plan administrator, the Plan and its underlying trust have operated within the terms of the Plan and the compliance requirements to remain qualified under the applicable provisions of the Code.

#### 6. Litigation

As a result of losses incurred in the Intermediate Fixed Income Fund during 1996, the Company and the Pension Committee, which administers the Plan, commenced a lawsuit in the United States District Court for the Southern District of New York on behalf of the Plan, against the former investment manager, Barclay. The lawsuit alleges, among other things, that Barclay breached its fiduciary duty in the management of the assets and seeks to recover from Barclay all losses incurred by the Plan as a result of such breach. As of June 1998, the Pension Committee determined to keep the litigation off the court's active calendar with the understanding that it can be reactivated in response to further developments.

#### 6. Litigation (Continued)

The Company, as a result of these losses, determined to make a one-time special contribution to the Plan to restore losses incurred in the period July 1, 1996 to November 30, 1996. The Company obtained a favorable ruling from the IRS in November 1997 to make the restoration payment. The payment, which was made on March 2, 1998, was \$2,085,232

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and included interest through February 1998. The payment was allocated to the investment funds in accordance with the participant current investment elections. The following table shows the distribution of the restorative payment:

	DREYFUS	STEIN ROE CAPITAL	PIMCO	VANGUARD WELLINGTON	VANGUARD WINDSOR I
Net loss	\$ 989,389	\$ 165,109	\$ 94,977	\$ 223,630	\$ 432,3
Interest	93,331	15,575	8,959	21,095	40,7
	\$ 1,082,720	\$ 180,684	\$ 103,936	\$ 244,725	\$ 473,1

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POLYGRAM HOLDING, INC.  
DEFERRED SAVINGS AND INVESTMENT  
PLAN FOR EMPLOYEES

Notes to Financial Statements  
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The Plan changed its investment manager from Barclay to Pacific Asset Management, Inc. in December 1996.

7. Plan Amendments

The Plan was amended as of August 1, 1999 to comply with the benefit covenants set forth in the acquisition agreement with respect to the acquisition of Polygram N.V. Further, the provisions of the Plan have been amended as of August 23, 1999 to become substantially similar to the provisions of the other 401(k) plans sponsored by affiliates of the Company in order to simplify and streamline administration of the Plan and the 401(k) plans of its affiliates and to restate the Plan for recent federal legislation. Other changes to the Plan included the change of trustee and recordkeeper as well the investment funds that participants could allocate their investments.

8. ASSETS HELD IN TRUST

The assets of the Plan are invested in the Master Trust held by the Trustee where the assets of other related employee benefit plans of affiliates are invested on a commingled basis.

The Master Trust net assets consist of the following classification of assets and liabilities as of December 31, 2000 and 1999.

2000

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Assets

Investments held in trust at fair valued determined by quoted market prices:

Money Market Fund		
State Street Yield Enhanced STIF Fund	\$	50,734,702
Stable Income Fund		
The LaSalle Income Plus Fund		55,772,944

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POLYGRAM HOLDING, INC.  
DEFERRED SAVINGS AND INVESTMENT  
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Notes to Financial Statements  
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Bond Fund		
PIMCO Total Return Fund, Class A Shares		98,703,855
S&P 500 Index Fund		
State Street S&P 500 Flagship Fund Series C		
Vanguard Employee Benefit Fund		205,414,392
Managed Equity Fund		
Lazard Equity Portfolio Fund		
Vanguard Value Index Fund		51,700,709
Growth Equity Fund		
Vanguard Institutional Index Fund		24,538,463
Cash		
Seagram Stock Fund		
The Seagram Company Ltd. Common Shares		
Vivendi Universal ADSs		48,004,886
Collective Short Term Investment Fund		1,325,251
The Coca-Cola Company Stock Fund		
The Coca-Cola Company Common Stock		2,453,770
Collective Short Term Investment Fund		67,777
Dreyfus Small Company Value Fund		
Dreyfus Small Company Value Fund		24,883,209
MSDW International Equity Fund		
MSDW International Equity Fund		22,109,100
Dreyfus GIC Fund		
GICs and GACS		
Collective Short Term Investment Fund		

8. ASSETS HELD IN TRUST ( Continued )

		2000	
		-----	-----
Dresdner Global Technology Fund			
Dresdner RCM Global Technology Fund	\$	20,418,043	\$
Loans to Participants		9,280,310	

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Total Investments	615,407,411	64
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Receivables

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POLYGRAM HOLDING, INC.  
DEFERRED SAVINGS AND INVESTMENT  
PLAN FOR EMPLOYEES

Notes to Financial Statements  
December 31, 2000 and 1999

Accrued interest and dividends	6,347,086	
Contributions receivable	88,182	
Proceeds from securities sold	371,263	
	-----	
Total Receivables	6,806,531	
	-----	
Total assets	622,213,942	
	-----	
Liabilities		
Accounts payable for securities purchased	6,337,958	
Administrative expenses	26,171	
Other payables		
Benefit payments		
	-----	
Total liabilities	6,364,129	
	-----	
Net Assets	\$ 615,849,813	\$
	=====	=====

As of December 31, 2000 and 1999, the equitable share of PolyGram Holding, Inc. Deferred Savings and Investment Plan for Employees in the Master Trust is 10.15% and 11.60% respectively.

8. ASSETS HELD IN TRUST ( Continued )

As of December 31, 2000 and 1999, the net assets of the Master Trust available to the Plan for benefits in the individual investment funds were as follows:

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	2000	1999
	-----	-----
Money Market Fund	\$ 4,373,990	\$ 5,604,386
Stable Income Fund	958,494	460,154
Bond Fund	11,877,181	15,294,023
S & P 500 Index Fund	11,421,361	14,648,376

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POLYGRAM HOLDING, INC.  
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Managed Equity Fund	18,915,229	32,373,325
Growth Equity Fund	4,217,969	1,883,977
Seagram Stock Fund		304,315
Vivendi Universal ADSs	2,146,016	
Dreyfus Small Company Value Fund	2,827,508	1,508,108
MSDW International Equity Fund	2,572,984	1,432,088
Dresdner Global Technology Fund	1,893,281	
Loan accounts	1,286,178	1,472,112
	-----	-----
Total	\$ 62,490,191	\$ 74,980,864
	=====	=====

9. INVESTMENT INCOME FROM MASTER TRUST

The appreciation in fair value and other income is as follows:  
Investments held in trust at fair value determined by quoted market  
prices:

	December 31,	
	2000	1999
	-----	-----
Bond Fund	\$ 588,172	\$ 82,421
S & P Index Fund	(1,173,047)	1,279,554
Managed Equity Fund	392,178	(1,226,565)
Growth Equity Fund	(1,254,344)	60,289
Seagram Stock Fund		(10,968)
Vivendi Universal ADSs	(61,552)	
Dreyfus Small Company Value Fund	(82,018)	69,853
Dresdner Global Technology Fund	(622,579)	
MSDW International Equity Fund	146,000	39,594
	-----	-----
Investment gains (net of investment losses)	(2,067,190)	294,178
	-----	-----
Interest and dividends	1,908,808	115,784

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Investment Income (loss)

-----  
\$ (158,382)  
=====

-----  
\$ 409,962  
=====

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POLYGRAM HOLDING, INC.  
DEFERRED SAVINGS AND INVESTMENT  
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Notes to Financial Statements  
December 31, 2000 and 1999

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Exhibit 2

CONSENT OF INDEPENDENT ACCOUNTANTS

The Seagram Company Ltd.

PolyGram Holding, Inc. Deferred Savings and Investment Plan for Employees

We hereby consent to the incorporation by reference of our report dated June 15, 2001 which appears in your Annual Report on Form 11-K of PolyGram Holding, Inc. Deferred Savings and Investment Plan for Employees for the fiscal year ended December 31, 2000.

Gutierrez & Co.

Flushing, New York  
June 29, 2001