Management Board's Report

Ladies and Gentlemen,

We have convened this Combined Shareholders' meeting to submit for your approval the proposed resolutions relating to the following matters:

I – Approval of the annual financial statements
1st to 4th resolutions

The first items on the agenda relate to the approval of the reports and the annual statutory (first resolution) and consolidated (second resolutions) financial statements for the fiscal year ended December 31, 2010.
We propose that you approve the Statutory Auditors' Special Report on the agreements and commitments entered into during fiscal year 2010 (third resolution).
Your Management Board resolved to propose this year the distribution of a dividend of €1.40 per share (unchanged from last year), representing an aggregate distribution of more than €1.7 billion and 64% of the adjusted net income for fiscal year 2010. If approved, this dividend will be paid from the €2.277 billion net income of the fiscal year 2010. The dividend coupon will be detached on May 5, 2011 and paid beginning on May 10, 2011.
We propose that you approve this appropriation of net income for fiscal year 2010 (fourth resolution).

II – Supervisory Board – Renewal of three members
5th to 7th resolutions

To facilitate a staggered renewal schedule of the Supervisory Board, we propose to renew, in advance and for a four-year period, the terms of Messrs. Jean-Yves Charlier, Henri Lachmann and Pierre Rodocanachi as members of the Supervisory Board (fifth and seventh resolutions). Their respective term of office shall expire at the end of the Shareholders' Meeting to be held to approve the Financial Statements for the fiscal year ending December 31, 2014.
All of the appointees are heads of companies or have occupied positions of high responsibility. The Supervisory Board of your Company comprises twelve members, including four women and ten independent members.

III – Statutory auditors – appointment
8th and 9th resolutions

The term office of Salustro Reydel (member of KPMG International) as primary Statutory Auditor and the term of office of Mr. Jean-Claude Reydel as alternate Statutory Auditor shall expire at the end of this Shareholders' Meeting. Your Supervisory Board proposes that, after the Audit Committee has delivered its opinion, you appoint KPMG SA as primary Statutory Auditor (eighth resolution) and KPMG Audit IS SAS as alternate Statutory Auditor (ninth resolution), for a new term of six fiscal years.

IV- AUTHORIZATION TO GRANT TO THE MANAGEMENT BOARD AUTHORITY IN ORDER FOR THE COMPANY TO PURCHASE ITS OWN SHARES OR, IF NECESSARY, TO CANCEL THEM
10th (ordinary) resolution and 11th (extraordinary) resolution

We propose that you grant your Management Board the authority, with the power to sub-delegate such authority to its Chairman, to acquire the Company's own shares, in accordance with applicable laws and regulations, on one or more occasions, for a new 18-month period as from the date of this Shareholders' Meeting. Such share purchases may be made through a stock exchange or otherwise, by way of a purchase of Company shares, including blocks of shares, or by the use of options or derivative financial instruments to perform exchange transactions following the issue of securities, or by means of external growth transactions or otherwise, or in order to cancel shares, or to create a market for the shares pursuant to a liquidity agreement in compliance with the *Association Française des Marchés Financiers* (AMAFI)'s code of ethics, or in order to sell or grant shares to employees or corporate officers (tenth resolution). We propose that we set the maximum purchase price at €32 per share with an upper limit of

€2.75 billion. This authorization, once exercised by the Management Board, shall cancel and supersede, for the remaining period, the authorization granted by the Ordinary Shareholders' Meeting held on April 29, 2010 (ninth resolution).
In 2010, the share repurchase program was only used within the framework of a liquidity agreement, in compliance with the AMAFI's code of ethics. An aggregate of 4.65 million shares, i.e., 0.38% of the share capital of the Company, were purchased for a price of €89.6 million and an aggregate of 4.65 million shares were sold, for a price of €90.2 million.
Pursuant to this liquidity agreement, as of December 31, 2010, your Company did not hold any shares and the amount of €50.6 million appeared in the liquidity statement.
The Management Board, during its meeting held on January 25, 2011, resolved to broaden the objectives of the ongoing share repurchase program to cover the grant of free performance shares under the 2009 and 2010 plans. On February 22, 2011, pursuant to these objectives, your Company held 1.759 million of its own shares.
We propose that you grant your Management Board the authority, for an 18-month period, to cancel, if necessary, some shares acquired on the market by the Company, by way of a reduction of the share capital, within the legal limit of 10% and per 24-month period (eleventh resolution).

V – STOCK OPTIONS, PERFORMANCE SHARES
12th and 13th resolutions (extraordinary)

The authorizations granted in 2008 to your Management Board to grant stock options of the Company and free performance shares expire at the end of this Shareholders' Meeting, and therefore we propose that you renew them for a 38-month period, to be able to allow, subject to their individual performance and potential, some employees and corporate officers of the Group to continue to be involved in the success of the Company and the value of the shares.

In relation to the stock options, we propose that you grant your Management Board the authority, within the upper limit of 1% of the share capital, as opposed to the previous 2.5% upper limit, with an exercise price set in compliance with applicable laws and regulations and without any discount (i.e., the average opening price of the Company's shares on the twenty trading days preceding the date of grant). The full rights associated with shares granted are acquired at the end of a three-year period subject to the satisfaction of performance conditions over a two-year period (twelfth resolution).

We propose that you grant your Management Board the authority to grant existing performance shares or performance shares to be issued, within the upper limit of 1% of the share capital. The grant of shares is only definitive after an acquisition period of either (i) two years, followed by the obligation to hold the shares for a two-year period, or (ii) four years, in which case the obligation to hold shares may be reduced or cancelled and is subject to the satisfaction of performance conditions over a two-year period (thirteenth resolution).

The grant of stock options and the grant of shares are subject to the same performance conditions as undertaken by the Company during the Combined Shareholders' Meeting held on April 24, 2008. Your Supervisory Board has set the following performance measures for 2011:

● internal financial indicators: 70% (adjusted net income (45%) and cash flow from operations (25%); and
● external indicators: 30% (performance of Vivendi's shares compared to trading indices: Stoxx Europe 600 Telecommunications index (60 %) and a Media index composed of a representative panel of companies involved in the media, video games and music sectors (40 %).

Each year, the Supervisory Board, after the Human Resources Committee has delivered its recommendation, conducts a detailed analysis of the budget estimates established by the Management Board and the management committees of each Business Unit, and sets the limits (threshold, target, cap) for the calculation of the performance.

The grant of stock options and performance shares to be issued, subject to the approval of the twelfth and thirteenth resolutions, will be subject to performance conditions, considered over a two-year period, applicable to all beneficiaries, and set by the Supervisory Board and the Management Board of your Company.

Details in relation to the conditions of the grant and of the performance criteria are provided in section 3.3 of chapter 3 of the Annual Report available on the website of the Company www.vivendi.com.

In 2009 and 2010, the annual grant of stock options pursuant to the authorization given in 2008 each amounted to, on average, 0.45% of the share capital of the Company. The number of stock options granted each year by your Supervisory Board to the members of the Management Board over the same period represented, on average, 0.10% of the share capital and 25% of the total annual grant.

On December 31, 2010, there remained 48.9 million outstanding granted stock options, i.e., 3.95% of the current share capital, subject to anticipated cancellations in the event of the departure of certain beneficiaries.

In 2009 and 2010, the annual grant of performance shares authorized by your assembly each represented, on average, 0.08% of the share capital of the Company. The number of free shares granted to the members of the Management Board over the same period represented, on average, 0.01% of the share capital of the Company and 10.2% of the total annual grant.

On December 31, 2010, there remained 1.74 million outstanding performance shares being acquired, i.e., 0.14% of the current share capital, subject to anticipated cancellations in the event of the departure of certain beneficiaries.

Your Management Board, during its meeting held on January 25, 2011, resolved that the performance shares plans would be served by existing shares previously purchased by your Company on the market.

VI – DELEGATION OF COMPETENCE TO THE MANAGEMENT BOARD AND FINANCIAL AUTHORIZATIONS 14th to 17th resolutions (extraordinary)

The authorizations or delegations of authority to increase the share capital of your Company with or without any preferential subscription rights that you had granted to your Management Board during the Shareholders' Meeting held on April 30, 2009, will expire in June of this year. In order to enable your Company to maintain its financial flexibility, we propose that you renew them and that you delegate the authority to your Management Board to:

- increase the share capital by issuing ordinary shares, or any securities giving rights to the share capital, with preferential subscription rights, within the aggregate nominal limit of €1.5 billion, representing a maximum amount of 22.04% of the current share capital and the issuance of a maximum of 272.72 million new shares and corresponding, for information purposes only, to an issue amount of €5.72 billion based on a subscription price of €21 per share which is consistent with the average share price recorded over the last weeks (fourteenth resolution);
- increase the share capital by issuing ordinary shares, or any securities giving rights to the share capital, without preferential subscription rights, within the upper limit of a maximum nominal amount of €1 billion, representing a maximum amount of 14.69% of the current share capital and the issuance of a maximum of 181.81 million new shares and corresponding, for information purposes only, to an issue in a maximum amount of €3.82 billion based on a subscription price of €21 per share which is consistent with the average share price recorded over the last weeks (fifteenth resolution); and
- use that delegation, if applicable, to pay for securities purchased pursuant to a public tender offer made by your Company, including in particular, with respect to the exchange component of such offer.

The subscription price for the ordinary shares, or securities giving rights to the share capital, will be set by reference to the weighted-average price of the shares over a three-day period preceding the settlement date, reduced, if applicable, by any discount mandated by law.

A priority period will be, if necessary, reserved to the current shareholders allowing them to subscribe prior to the public.

We remind you that your Management Board cannot use the foregoing delegations without the prior authorization of your Supervisory Board.

We propose that you grant your Management Board the authority to increase, if necessary, the number of shares or securities to be issued, in the event of a share capital increase, with or without preferential subscription rights, in order to address any demands for additional subscription within the upper limit of 15% of the initial issue and at the same price that the price set for that issue (sixteenth resolution).

We propose that you grant your Management Board the authority to increase the share capital or to issue securities giving rights to the share capital within the upper limit of 10% in consideration for contributions in kind to the Company consisting of equity securities or securities giving rights to the share capital of third-party entities, other than in the event of a public exchange offer (seventeenth resolution).

We propose that you grant your Management Board the authority to increase the share capital by incorporating premiums, reserves, income or other items within the upper limit of a nominal amount of €1 billion (twentieth resolution).

The amount of all of the authorizations and delegations of authority that are submitted to you shall be counted against the upper limit of €1.5 billion set forth in the fourteenth resolution of this Shareholders' Meeting.

VII – EMPLOYEE SHAREHOLDINGS
18th and 19th resolutions (extraordinary)

We propose that, within an upper limit of 2% of the share capital, a new delegation of authority be granted to your Management Board to enable it to perform, both in France and internationally, share capital increases that are reserved to employees of the Company and of the Group's Companies, for a 26-month and 18-month period, respectively (eighteenth and nineteenth resolutions). This facilitates the intention of the Company to closely involve all of its employees of the Group in its development, to encourage their participation in the share capital and to further align their interests with those of the Shareholders of the Company. On December 31, 2010, the employees held 2.05% of the share capital of Vivendi.
The aggregate amount of share capital increases that might be performed pursuant to these two delegations is not cumulative; it therefore cannot exceed 2% of the share capital.

The issue price, in the event that the foregoing delegations are utilized, will be equal to the average opening price of the Company's shares on the twenty trading days preceding the date of the decision of the Management Board that sets the subscription price, this average price may be discounted by a maximum of 20%; the amount of such discount, if any, shall be determined by the Management Board, after taking into consideration, in particular, legal, regulatory and tax provisions of foreign laws, as applicable.

Your Management Board and your Statutory Auditors will issue a complementary report in the event that these delegations of authority are used and information will be provided to you on such usage each year during the Shareholders' Meeting.

VIII – AMENDMENT OF ARTICLE 10 OF THE COMPANY'S BY-LAWS "ORGANISATION OF THE SUPERVISORY BOARD" BY ADDING AN ITEM 6: NON-VOTING DIRECTORS (*CENSEURS*)
21st resolution (extraordinary)

So as to enable the Company to benefit from specific expertise in certain often specialized domains, we propose that you amend Article 10 of the Company's by-laws with a provision that permits your Supervisory Board to appoint one or two non-voting directors (C*enseurs*). These non-voting directors participate, with consultative votes only, in the work of the Supervisory Board and can express their opinion independently and contribute value to its work.

IX - AUTHORIZATION TO CARRY OUT LEGAL FORMALITIES
22nd resolution

It is proposed that you grant to the Management Board all powers necessary for the completion of the formalities subsequent to the meeting of your Assembly (twenty-second resolution).

The Management Board

OBSERVATIONS OF THE SUPERVISORY BOARD
The Supervisory Board indicates that, pursuant to Article L.225-68 of the French Commercial Code, it does not wish to formulate any observations in relation to either the management report of the Management Board or the financial statements for fiscal year ended December 31, 2010. It proposes to the Shareholders' Meeting that, after the Audit Committee has delivered its opinion and pursuant to Article L.225-68 of the French Commercial Code, KPMG SA be appointed as primary Statutory Auditor (eighth resolution) and KPMG AUDIT IS SAS be appointed as alternate Statutory Auditor (ninth resolution). Lastly, it recommends the Shareholders' meeting to vote in favor of all of the resolutions that have been submitted to it by the Management Board.