This document is a free translation of the French *Document de Référence* ("Reference Document ") which was registered under n° D.09-[●] by the French *Autorité des Marchés Financiers* ("AMF") on March 13, 2009. It is to be used for information purposes only. In the event of any inconsistencies between this translation and the "Reference Document", the "Reference Document" shall prevail.

PUBLICIS GROUPE

"REFERENCE DOCUMENT"

PUBLICIS GROUPE S.A.

Fiscal Year 2008

AUTORITE DES MARCHES FINANCIERS
AMF

This Document was filed with the AMF on March 13, 2009, in accordance with Article 212-23 of the AMF's Regulations. This Document may be used in connection with a financial transaction only if supplemented by a Transaction Note certified by the AMF.

Copies of this *Reference Document* are available at Publicis Groupe S.A., 133, avenue des Champs-Elysées, 75008 Paris, and on the Publicis Groupe SA website at: www.publicisgroupe.com and on the AMF's website at: www.amf-france.org.

Pursuant to Article 28 of EU Regulation n°809/2004, the following information is incorporated by reference into this Document:

- the consolidated financial statements of Publicis Groupe for fiscal years 2007 and 2006 prepared in accordance with International Financial Reporting Standards (IFRS), Management's Discussion and Analysis thereof, together with the corresponding reports of the statutory auditors, as well as the statutory accounts of Publicis Groupe S.A., for the fiscal years 2007 and 2006 prepared in accordance with French accounting standards, the corresponding reports of the statutory auditors included in the Documents de Référence (Chapters 4, 5, 6, 7, 9, 10, 12, 18 and 20) filed with the AMF on March 19, 2008, under number D.08-132 and on March 30, 2007, under number D.07-0255; and
- the reports of the statutory auditors on the information concerning the agreements with related parties covered by Article L. 225-86, of the French *Code de commerce* concluded by Publicis Groupe S.A., which are included in the Company's Documents de Référence for 2007 and 2006 filed with the AMF on March 19, 2008, under number D. 08-132, and March 30, 2007, under number D. 07-0255, respectively.

The other information contained in the documents described above is not incorporated by reference herein.

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Cautionary statement concerning forward-looking statements

In this Reference Document, the term “Company” refers to Publicis Groupe S.A., and the terms “Publicis”, “Group” and “Publicis Groupe” refer to the Company and its consolidate subsidiaries collectively.

References to “EUR” or “€” used herein are to euros; references to “$” are to US dollars.

1. PERSONS RESPONSIBLE

1.1 PERSON RESPONSIBLE FOR THE REFERENCE DOCUMENT

Maurice Lévy, Chairman of the Management Board of Publicis Groupe S.A. (hereafter "the Company").

1.2 CERTIFICATE OF PERSON RESPONSIBLE FOR THE REFERENCE DOCUMENT

I hereby certify, having taken every reasonable step therefor, that, to the best of my knowledge, the information in this Reference Document is true and does not contain any material omissions.

I hereby certify that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and provide a fair depiction of the Company's property, financial situation and results, as well as that of the entities included in the consolidation, and that the management report (see Chapters 4, 9, 10, 18.3, 20 and 21) provides a fair representation of the business evolution, results and financial situation of the Company and all of the entities included in the consolidation, as well as a description of the main risks and uncertainties that they face.

I have obtained from the statutory auditors an end-of-engagement letter (*lettre de fin de travaux*), in which they state that they have verified the financial condition and financial statements included in this Reference Document, and have reviewed this Reference Document. The general report of the statutory auditors concerning the financial statements for fiscal year 2008 (which appear in Chapter 20.3 hereof) contains no qualifying comments.

The financial information incorporated in this document was the subject of reports by statutory auditors:

The general report of the statutory auditors concerning the Company's consolidated financial statements for fiscal year 2007 included in the Reference Document filed with the AMF on March 19, 2008, under number D.08-132, contains comments regarding the treatment of the accounts for the years 2005 and 2006 following a change in accounting methods during that period relating to the classification of costs from advertising space provided and not yet billed.

The general report of the statutory auditors concerning the financial statements for fiscal year 2006 included in the *Reference Document* filed with the AMF on March 30, 2007, under number D.07-0255, contains comments regarding the changes in accounting methods resulting from the initial application of the recommendations of the CNC 2003 R-01 relating to accounting methods and the evaluation of retirement benefits and similar benefits, as from January 1, 2006.

Paris, on March 12, 2009

Maurice Lévy,

Chairman of the Management Board

2. STATUTORY AUDITORS

2.1 STATUTORY AUDITORS

ERNST & YOUNG et Autres

Represented by Mr. Jean Bouquot and Ms. Valérie Desclève

41, rue Ybry, 92576 Neuilly-sur-Seine Cedex

Appointed at the general shareholders' meeting on June 4, 2007, as a replacement for Ernst & Young Audit, for a term of 6 years, expiring at the general shareholders' meeting that will be called to approve the financial statements for the fiscal year ending December 31, 2012.

MAZARS

(formerly named MAZARS & GUERARD)

Represented by Mr. Philippe Castagnac

61, rue Henri Régnault, Tour Exaltis, 92400 Courbevoie

Appointed at the general shareholders' meeting on June 25, 1981, and whose term was renewed by the general shareholders' meeting of June 1, 2005 for a term of 6 fiscal years, expiring at the general shareholders' meeting that will be called to approve the financial statements for the fiscal year ending December 31, 2010.

2.2 DEPUTY STATUTORY AUDITORS

AUDITEX

Represented by Ms. Béatrice Huet

11, allée de l'Arche, Faubourg de l'Arche, 92400 Courbevoie

Appointed at the general shareholders' meeting on June 4, 2007, as a replacement for Mr. Denis Thibon, for a term of 6 years, expiring at the general shareholders' meeting that will be called to approve the financial statements for the fiscal year ending December 31, 2012.

Mr. Patrick de Cambourg

61, rue Henri Régnault, Tour Exaltis, 92400 Courbevoie

Appointed at the general shareholders' meeting on June 25, 1998, and whose term was renewed by the general shareholders' meeting of June 8, 2004 for a term of 6 fiscal years, expiring at the general shareholders' meeting that will be called to approve the financial statements for the fiscal year ending December 31, 2009.

3. SELECTED FINANCIAL INFORMATION

Pursuant to Regulation (EC) number 1606/2002 of the European Parliament and of the Council of July 19, 2002, and Regulation (EC) number 1725/2003 of the European Commission of September 29, 2003, Publicis Groupe S.A.'s consolidated financial statements, beginning with the year ended December 31, 2005, have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union.

The tables below present selected consolidated financial data for Publicis Groupe. The selected financial data, as of and for the years ended December 31, 2006, 2007 and 2008, are derived from Publicis' consolidated financial statements included in this *Reference Document* , which have been prepared in accordance with IFRS. These accounts were audited by Mazars, and Ernst & Young and Others, Publicis Groupe's statutory auditors.

In millions of euros, except for percentages and per-share data (in euros)	**2008**	**2007**	**2006**
IFRS income statement data			
Revenue	4,704	4,671	4,386
Operating margin before depreciation and amortization	889	888	820
As % of revenue	*18.9%*	*19.0%*	*18.7%*
Operating margin	785	779	713
As % of revenue	*16.7%*	*16.7%*	*16.3%*
Operating income	751	746	689
Net earnings attributable to Publicis Groupe	447	452	443
Earnings per share [(1)]	2.21	2.18	2.11
Earnings per share diluted[(2)]	2.12	2.02	1.97
Dividend per share [(4)]	0.60	0.60	0.50
IFRS balance sheet data	**December 31, 2008**	**December 31, 2007**	**December 31, 2006**
Total assets [(3)]	11,860	12,244	11,705
Shareholders' equity	2,320	2,198	2,080

(1) *The average number of shares used for calculation of net earnings per share was 209.6 million shares for 2006, 207.6 million shares for 2007 and 202.5 million shares for 2008.*

(2) *The average number of shares used for calculation of diluted net earnings per share was 240.1 million shares for 2006, 239.4 million shares for 2007 and 220.7 million shares for 2008. This includes equity warrants, stock options and convertible bonds that have a dilutive effect. In 2008, the dilutive instruments were the OCÉANEs and certain segments of stock-options whose exercise price is lower than the average price during the period; it must be remembered that the 2008 OCÉANE is only used in the calculation of the diluted income for the period from January 1 –July 17, 2008 as a result of its complete reimbursement at maturity on July 17, 2008.*

(3) *After harmonization of the accounting classification of the purchase of media space delivered but not invoiced in the 2006 financial statements.*

(4) *The proposed dividend for the year 2008 will be submitted for approval to the Annual General Shareholders' Meeting of June 9, 2009.*

4. RISK FACTORS

The risk factors described below, together with the other information concerning Publicis Groupe and its consolidated financial statements included in this Reference Document should be carefully considered before making an investment in the shares or other securities of Publicis Groupe. Each of the risk factors described below may have a negative impact on the Group's earnings, financial condition and share price. Other risks and uncertainties of which Publicis is not aware or which are not currently considered to be significant could also have a negative impact on Publicis. Publicis Groupe is not currently aware of any governmental, economic, budgetary, monetary or political strategies or factors that have affected or may in the future affect, directly or indirectly, its operations.

The advertising and communications industry is highly competitive.

The advertising and communications industry is highly competitive and is expected to remain so. The Group's competitors range from large multinational companies to smaller agencies that operate in local or regional markets. New participants also include systems integrators, database marketing and modeling companies, telemarketers and internet companies offering technological solutions to marketing and communications challenges faced by clients. The Group must compete with these companies and agencies in order to maintain existing client relationships and to obtain new clients and assignments. Increased competition could have a negative impact on the Group's income and earnings.

Unfavorable economic conditions may adversely affect Publicis' operations.

The advertising and communications industry can be significantly affected by downturns in general economic conditions (such as the current period of worldwide economic recession). It is also subject to changes in clients' underlying businesses, and reductions of marketing budgets. Downturns in general economic conditions can have a more severe impact on the advertising and communications industry than on other industries, in part because clients may respond to economic downturns by reducing their advertising and communications budgets in order to meet their earnings goals. For this reason, the Group's business prospects, financial condition, and earnings may be materially adversely affected by a downturn in general economic conditions in one or more markets, and a reduction in client budgets for advertising and communications.

Laws, regulations or voluntary practices that apply to the sectors in which Publicis operates may have a negative impact on its business.

The communications sector in which Publicis operates is subject to legislation, regulation and voluntary codes of conduct. Governments, regulatory authorities and consumer groups often impose prohibitions or restrictions on the advertising of certain products and services, or regulations on certain business activities conducted by the Group. Examples include the *Loi Sapin* in France, which prohibits agencies from buying advertising space for resale to their clients, and, in most countries, regulations which tend to restrict alcohol and tobacco advertising. The application of, or change in, such regulations could have a negative impact on the Group's business and earnings.

Publicis' contracts may be terminated by its clients on short notice.

The loyalty of a client to its communications agency is limited, and a client may choose to terminate a client-agency contract either on relatively short notice, *i.e.*, generally between three and six months, or on the anniversary of the signing of the contract. Some clients solicit competitive bids for their advertising and communications contracts at regular intervals. In addition, there is a general tendency for advertisers to reduce the number of agencies with which they work in order to concentrate their spending on a limited number of leading agencies. This state of affairs increases both competition among advertising agencies and the risk of losing a client. Finally, the recent trend towards consolidation of clients around the world increases the risk that a client will be lost following a merger and/or an acquisition.

A significant percentage of Publicis' revenues is generated by a small number of large advertisers.

The Group's top five and ten clients represented approximately 25% and 34%, respectively, of its consolidated revenue in 2008. One or several of these large clients may, at any time and for any reason, decide to switch advertising and communications agencies, or to reduce or even curtail its spending on advertising. A substantial decline in the advertising and communications spending of a major client, or the loss of any of these accounts, could have a negative impact on Publicis' business and earnings.

Conflicts of interest between Publicis' clients competing within the same business sector may negatively impact its business development.

The Group has several different agency networks, thus limiting potential conflicts of interest. However, without a client's consent, an agency may not offer its services to a competitor of that client or to an advertiser perceived as such. This restriction could limit the Group's growth and have a negative impact on its income and earnings.

Publicis may be exposed to liabilities if certain of its clients' advertising claims are found to be false or misleading, or if its clients' products are defective.

Publicis may be named or joined as a defendant in litigation brought against its clients by third parties, its clients' competitors, governmental or regulatory authorities, or consumers. These actions could involve claims alleging, among other things, that:

- advertising claims used in promoting its clients' products or services are false, deceptive or misleading;
- its clients' products are defective or may be harmful to others; or
- marketing, communications, or advertising materials created for its clients infringe on the intellectual property rights of third parties, since client-agency contracts generally provide that the agency will indemnify the client against claims for infringement of intellectual or industrial property rights.

The damages, costs, expenses or attorneys' fees arising from any of these claims could have an adverse effect on the Group's prospects, business, income and financial condition if it is not adequately insured against such risks or indemnified by its clients. In any event, Publicis' reputation could be negatively affected by such allegations.

Publicis' business depends greatly on the services of its management and employees.

The advertising and communications industry is known for the high mobility among its professionals. If the Group loses the services of certain members of management and other employees, its business and earnings could be negatively affected. Publicis' success is highly dependent on the skills of its creative, sales and media personnel, as well as on their relationships with the Group's clients. If the Group were no longer able to attract and retain additional key personnel, or if it were unable to retain and motivate its existing key personnel, its prospects, business, results of operations and financial condition could be adversely affected.

Publicis' strategy of development through acquisitions and investments may be risky.

Publicis' business strategy includes, among other things, broadening the range of its existing advertising and communications services. The Group has made a number of acquisitions and other investments in furtherance of this strategy, and may continue to do so in the future. The identification of acquisition and investment candidates is difficult, and the Group may incorrectly assess the risks related to a given acquisition or investment. In addition, acquisitions may be concluded on terms that are less favorable than anticipated, and/or the newly acquired companies may either fail to be successfully integrated into Publicis' existing operations, or be integrated in a manner that fails to produce the synergies or other benefits that were expected to be achieved. Such a situation could adversely affect the Group's earnings.

Goodwill on acquisitions and intangible assets, including brands and client relationships, accounted for on the balance sheets of acquired companies may be subject to impairment.

Publicis has recorded a significant amount of goodwill on its balance sheet. Given the nature of its business, the Group's most important assets are intangible, and are accounted for as such. The Group conducts annual assessments of goodwill in order to determine whether its value has been impaired. The assumptions used to estimate future earnings and cash flows for these valuations may prove to be inaccurate, and actual results may differ. Were Publicis to recognize such value impairments, the resulting loss in book value could have a negative impact on its earnings and financial condition.

Internal controls may be difficult to implement.

Publicis operates on a decentralized basis with a large number of legal entities operating independently of one another, most often to accommodate sales and client relationships. As a result, reliable, standardized procedures throughout our operations may take longer to implement than in other companies or in other sectors. The inability to implement such internal control procedures in a timely manner could affect the Group's ability to record, process, summarize and report financial information within the time periods specified by the market authorities. This could have a material adverse impact on the Group's business, financial condition, and the market value of its securities.

Publicis is exposed to a number of risks from operating in developing countries.

Publicis conducts business in a number of developing countries around the world. The risks associated with conducting business in developing countries can include nationalization, social, political and economic instability, increased currency exchange risk, and currency repatriation restrictions and slower payment of invoices. The Group may not be able to insure or hedge against these risks. In addition, commercial laws and regulations in many of these countries may be vague, arbitrary, contradictory, inconsistently administered and retroactively applied. It is therefore difficult to consistently and clearly determine the exact requirements of such laws and regulations. Non-compliance, actual or alleged, with applicable laws in developing countries could have a negative impact on Publicis' prospects, business, results of operations, and financial condition.

Downgrades of credit ratings could adversely affect Publicis' business.

Since 2005, Publicis Groupe S.A. has been publicly rated. The Group is rated as BBB+ by Standard & Poor's, and Baa2 by Moody's Investors Service. A rating downgrade by either of these agencies may adversely affect the Group's ability to raise funds under the same terms as the current ones, and would likely result in the application of higher interest rates to any future indebtedness.

Some provisions of Publicis' statuts (bylaws) could have anti-takeover effects.

Publicis' *statuts* (bylaws) provide double voting rights for shares that have been held by any shareholder in registered form for at least two years. The Group's shareholders have also authorized the Management Board to increase the Company's capital in the event of a tender offer for its securities. These features could discourage, or even prevent, a change in control of the Company unless the recommendation of the Management Board is obtained. The exercise of this power is subject to review by the AMF.

Exposure to liquidity risk

See note 22 of the consolidated financial statements, in Chapter 20.1 of this document.

Exposure to other risks

Note 26 of the consolidated financial statements in Chapter 20.1 of this document specifies exposure to the following risks:

- exchange rate and interest rate risks,
- client counterparty risk,
- bank counterparty risk,
- stock market risk.

The means available for Group treasury management are described in Chapter 10.3 of this document.

5. INFORMATION CONCERNING THE ISSUER

5.1 HISTORY AND DEVELOPMENT OF THE COMPANY

5.1.1 LEGAL NAME AND COMMERCIAL NAME

Publicis Groupe S.A. (the "Company") does business under the trade name Publicis.

5.2 REGISTRATION NUMBER AND LOCATION

542 080 601 RCS Paris; Code APE-NAF 7010Z.

5.2.1 DATE AND DURATION OF INCORPORATION

Incorporated: October 4, 1938.

Expires: October 3, 2037, unless extended.

5.2.2 REGISTERED OFFICE, LEGAL STRUCTURE, APPLICABLE LEGISLATION, JURISDICTION, ADDRESS AND TELEPHONE NUMBER OF COMPANY HEADQUARTERS

A French corporation (*société anonyme*) with a Management Board and a Supervisory Board, governed by articles L. 225-57 through L. 225-93 of the French *Code de commerce*.

The Company's registered office is located at 133, avenue des Champs-Elysées, 75008 Paris, France. The telephone number of the company headquarters is +33 (0) 1 44 43 70 00.

5.2.3 HISTORICAL BACKGROUND

Founded in 1926 by Marcel Bleustein-Blanchet, the Company's name comes from the combination of "Publi", for "Publicité", which means advertising in French, with "six" for 1926. The founder's objective was to transform advertising into a true profession by creating value for society, applying strict codes of ethics and methodology, and in so doing making his company a pioneer in new technologies.

The Company quickly won widespread recognition. At the beginning of the 1930s, Marcel Bleustein-Blanchet was the first to recognize the power of radio broadcasting, a new form of media at the time, to establish brands, and he became the exclusive representative for the sale of advertising time on the government-owned public broadcasting system in France. In 1934, after advertising was banned on government-owned public radio stations, he created "*Radio Cité*," the country's first private radio station.

In 1935, Marcel Bleustein-Blanchet joined forces with the chairman of Havas to form a company named "*Cinéma et Publicité*", which was the first French company specialized in the sale of advertising time in movie theaters. Three years later he launched "*Régie Presse*", an independent subsidiary dedicated to the sale of advertising space in newspapers and magazines.

After having ceased operations during the Second World War, Marcel Bleustein-Blanchet reopened Publicis in 1946, and not only renewed his relationships with pre-war clients but went on to win major new accounts with clients such as Colgate Palmolive, Shell, and Sopad-Nestlé. Recognizing the value of qualitative research in 1948 he made Publicis the first French marketing agency to conclude an agreement with the survey specialist IFOP. Later, he created an in-house market research unit. At the end of 1957, Publicis relocated its offices to the former Hotel Astoria at the top of the Champs Elysées. In 1958, it opened the Drugstore on the first floor, which has since become a Paris landmark. In 1959, Publicis set up its "Industrial Information" department, the forerunner of modern corporate communications.

From 1960 to 1975, Publicis posted rapid growth, benefiting in particular from the beginnings of advertising on French television in 1968, which started with a campaign for Boursin cheese. This was the first TV-based market launch in France, and the slogan *"Du pain, du vin, du Boursin"* (bread, wine and Boursin), soon became familiar to everyone in France.

A few months later, Publicis advised Saint Gobain in its successful defense against a hostile takeover bid from BSN, the first in France's history, further establishing Publicis as an effective innovator.

Publicis was admitted to the Paris stock exchange in June 1970, 44 years after its foundation.

On September 27, 1972, Publicis' headquarters were destroyed by fire and a new building was built on the same site. The Company began pursuing a strategy of expansion in Europe through acquisitions the same year, including the Intermarco network in the Netherlands, followed by the Farner network in Switzerland in 1973, which resulted in the creation of the Intermarco-Farner network to support the expansion of major French advertisers in other parts of Europe.

In 1977, Maurice Lévy was appointed Chief Executive Officer of Publicis Conseil, the Group's main French business, and in 1987 Marcel Bleustein-Blanchet decided to reorganize the governance structures of the Group by forming a Supervisory Board and Management Board to replace the Board of Directors. He became Chairman of the Supervisory Board, and Maurice Lévy was named Chairman of the Management Board. Since then, the strategy for Publicis has been defined by the Management Board and submitted to the Supervisory Board for approval; all operational decisions are made at the Management Board level.

In 1978, Publicis moved into the U.K. with the acquisition of McCormick, and by 1984 had established 23 operations around the world. In 1988, it formed a worldwide alliance with Foote, Cone & Belding Communications ("*FCB*") in the U.S., which merged with Publicis' European network. A growing international presence, which had benefited from the association with FCB, raised the Company's profile with U.S. advertisers. Growth accelerated in the 1990s: France's number four communications network, FCA!, was acquired in 1993, followed by the merger of FCA! with BMZ to form a second European network under the name FCA! BMZ. In 1995, Publicis' alliance with FCB was terminated.

On April 11, 1996, Publicis' founder died. His daughter, Elisabeth Badinter, replaced him as Chairperson of the Supervisory Board. Maurice Lévy increased the Company's efforts to build an international network and offer the Group's clients the broadest presence possible in markets around the world. Publicis accelerated its acquisition program with global expansion that included Latin America and Canada, and subsequently the Asia Pacific region, India, the Middle East and Africa.

The U.S. was a prime focus from 1998 on, due to the Company's strategic commitment to build its presence in the world's largest advertising market. Acquisitions included Hal Riney, the Evans Group, Frankel & Co. (relationship marketing), Fallon McElligott (advertising and new media), DeWitt Media (media buying), Winner & Associates (public relations) and Nelson Communications (healthcare communications).

In 2000, Publicis acquired Saatchi & Saatchi, a business with a global reputation for its talent and creativity, and with a tumultuous history. This acquisition was a major milestone in the Company's expansion in both Europe and the U.S.

In September 2000, Publicis was listed on the New York Stock Exchange.

In 2001, Publicis Groupe formed ZenithOptimedia, a major international player in media buying and planning, by combining its Optimedia subsidiary with Zenith Media, which was previously equally owned by Saatchi & Saatchi and the Cordiant group.

In March 2002, Publicis Groupe announced its surprise acquisition of the U.S. group Bcom3, which controlled Leo Burnett, D'Arcy Masius Benton & Bowles, Manning Selvage & Lee, Starcom MediaVest Group and Medicus, and held a 49% interest in Bartle Bogle Hegarty. Through this transaction, Publicis Groupe also established a strategic partnership with Dentsu, the leading communications group in the Japanese market and a founding shareholder of Bcom3. As a result of this acquisition, Publicis Groupe established its position in the top tier of the advertising and communications industry, ranking fourth worldwide based on reported revenues, with operations in 104 countries and over five continents.

Between 2002 to 2006, Publicis Groupe successfully completed the integration of the BCom3 and Saatchi & Saatchi acquisitions, reorganized many of its entities, and at the same time conducted acquisitions in order to build a coherent range of services to respond to advertisers' needs and expectations. In particular, Publicis acquired agencies that offered a variety of marketing services and operated in emerging markets.

In late 2005, the Group obtained its first official rating ("investment grade") from the two major international rating agencies, Standard & Poor's and Moody's.

In late December 2006, Publicis Groupe launched a friendly tender offer for Digitas Inc., a leader in the digital and interactive communications sector in the United States. This transaction, which was completed in January 2007, was the first step in the Group's remarkable advances in the digital field. The profound change in the world of media due to the influence of digital advances was correctly assessed at that time, and the Group, with the acquisition of Digitas, immediately positioned itself as a market leader.

In 2007, the Group decided no longer to be listed on the New York Stock Exchange.

In 2007 and 2008 Publicis Groupe began a deep shift in structure and mode of operation, moving towards the digital medium. It added digital services to its well-known holistic offering while at the same time strengthening its position in fast-growing economies, two very important areas for the coming years.

In 2007, the Group integrated Digitas Inc., a leader in interactive and digital communication in the United States, acquired in January 2007. Both rapid and successful, the integration ushered in a series of further acquisitions in the digital arena, with certain new entities being immediately united by Digitas for its global deployment. The acquisition of CCG, China's number-one digital and interactive media agency, marked the arrival of Digitas in China under the brand Digitas Greater China. In addition, the listed company Business Interactif, France's leading independent digital and interactive communication group, joined the network under the brand Digitas France. The acquisitions of Wcube and PhoneValley in France enriched Publicis Groupe's digital offering in what is widely held to be a very promising market: mobile communications. Publicis Groupe has also expanded its presence in Italy's digital healthcare communications through the acquisition of specialized agencies. In 2007, with its formula of mixing know-how with fast-growing countries, Publicis Groupe continued its development in China, notably by taking a majority stake in the top marketing agency Yong Yang. Also in 2007, Publicis Groupe significantly expanded its presence in India with the acquisition of Capital Advertising and Hanmer & Partners.

On January 22, 2008, Publicis Groupe and Google publicly announced a collaborative project. This collaboration, which began in 2007, is founded on a shared vision of using new technologies to develop the advertising business. The arrangement is not exclusive and is expected to complement other established partnerships with leaders in interactive media. This unique approach should also lead to remarkable progress in identifying and measuring the impact of advertising campaigns and help provide more precise responses to the specific needs of advertisers through, among other things, more refined consumer profiles. Much of 2008 was devoted to developing the business segments of digital communications and developing countries, which Publicis Groupe has made priorities. In keeping with this strategy, the Group made acquisitions in digital marketing: EmporioAsia in China; Portfolio in Korea; PBJS, a leading agency in strategic communications in the United States and Performics Search Marketing Business, a leader in search marketing also present in Europe and Asia. Publicis Groupe also moved to the next stage in 2008 in the deployment of the international Digitas network, thanks to a link-up between Digitas and Solutions in India, which led to the creation of digital marketing specialist Solutions I Digitas. The bringing together of Saatchi & Saatchi Energy Source Integrated and Energy Source created a leader in interactive solutions in China, while the acquisition of W&K Communications at the end of 2008 has expanded the Group's presence in advertising specialties such as television production and media buying. Amid brisk growth in the digital arena, the most visible sign of the Group's transformation was undoubtedly the launch of VivaKi, a new initiative aimed at optimizing the performance of advertiser investments and maximizing increases in Publicis Groupe's market share. Simultaneously, as part of the VivaKi Nerve Center, the Group created a new technology platform, the largest "Audience on Demand" in existence. It is built on technology from Microsoft, Google, Yahoo! and Platform-A, and offers advertisers a chance to reach precisely defined audiences with a single campaign through multiple networks.

Over the past two years, Publicis Groupe has also made acquisitions to reinforce its service network throughout the world, whether in corporate communications with the McGinn Group in the United States; in Italian media with M,C&A; in sustainable development consulting with the more recent addition of Act Now, also in the United States; or in strategic and financial consulting with the leading agency Kekst and Company.

5.3 INVESTMENTS

5.3.1 PRINCIPAL INVESTMENTS IN THE PAST THREE YEARS

Historically, the Group's principal investments have involved the acquisition of other advertising and communications firms in furtherance of a global expansion strategy. In the years after the acquisition of Bcom3 in 2002, Publicis concentrated on the acquisition of small and mid-sized agencies specialized in different areas of marketing services or operating in emerging markets. At the end of 2006, it made a friendly takeover bid for Digitas Inc., a listed company based in Boston and a leader in digital and interactive communication in the United States.

In 2006, Publicis pursued several initiatives in the new technology sector, in particular with the launch of Denuo, a strategic initiative aimed at anticipating and using the interactive and mobile digital communications sector, which is currently undergoing rapid transformation. The Denuo model is based on three main elements: strategy consulting, invention of new solutions and investment in partnerships. Denuo acts in partnership with, or as a support for, networks in order to enhance the solutions proposed to clients. It also serves its own clients independently.

In another area of new technology, Publicis Groupe and Simon Property Group, a leader in the North American commercial real estate sector, launched OnSpot Digital Network, digital cable channel in high definition, which offers programs on "the art of living," current events, and topics specific to shopping centers and advertising for the general public, aimed at the clientele of the Simon Malls in several major American cities. OnSpot Digital Network broadcasts high-definition content on approximately 2,000 screens in 50 of the largest Simon Malls in 10 major American cities.

In the more traditional area of digital communication, Publicis also acquired two distinct divisions which were then integrated into the ZenithOptimedia network: Moxie Interactive, based in Atlanta and specialized in interactive media advising and purchasing, and Pôle Nord, based in France, which is among the best communications agencies for keyword searches on the internet.

Over the course of 2006, Publicis also finalized several projects in a number of major emerging markets or in certain areas of marketing services. The Group acquired a 60% majority interest in Solutions Integrated Marketing Services, the leading marketing services agency in India. The Group completed the acquisition of 80% of Betterway Marketing Solutions, one of the largest marketing services agencies in China. The Group acquired Emotion, one of the main event communication groups in Asia (present in eight countries and especially active in China and Japan). The Group also acquired Duval Guillaume, the leading independent advertising and marketing services agency in Belgium. The Group also acquired a majority-controlling stake in Capital MS&L in the United Kingdom, a financial communications agency, as well as majority interests in Yorum, Allmedia, Bold and Zone, which are among the most creative and dynamic Turkish communications agencies. Furthermore, on February 15, 2006, Publicis Groupe and Dentsu announced, within the framework of a strategic alliance, a business cooperation agreement covering France and Germany. Under this agreement, Paname (France) and BMZ+more (Germany) will play principal roles in the relationship with Japanese advertisers in these two markets. In healthcare communications, the Group acquired BOZ, thus strengthening its position in France.

On December 20, 2006, Publicis launched a friendly cash tender offer to acquire Digitas Inc. for $1.3 billion, making Publicis Groupe one of the world leaders in digital and interactive communications.

The costs (excluding transferred cash) of the entities acquired in 2006 was €130 million, €49 million of which was paid in that year. €32 million was paid as earn-outs and minority buy-outs. The Group also acquired 3,020,496 of its own shares in 2006 (representing 1.5% of its share capital) for a total amount of €88 million.

2007 was a particularly active year in terms of external growth. The acquisition of Digitas in particular was an important milestone in the Group's expansion, furthering its founder's ambition for the Group to be "a pioneer of new technology", and transforming Publicis into a world leader in digital communications. On January 29, 2007, Publicis Groupe announced the success of its friendly tender offer for Digitas Inc. that had been launched in December 2006. The Group acquired, through one of its American subsidiaries, approximately 93.7% of Digitas' share capital. On January 31, 2007, following a short-form merger, Digitas became a wholly-owned subsidiary of MMS USA Holdings, Inc., which is in turn wholly-owned by the Group.

Digitas, created in 1980 and listed on Nasdaq in March 2000, is headquartered in Boston and has approximately 2,500 employees. It is a leader in marketing services and in digital and interactive communications, and, at the time of its acquisition, was made up of three entities:

- ***Digitas,*** a communications agency that specializes in digital communication and direct marketing services (100% digital). It was created in 1980 and was based in Boston, New York, Chicago and Detroit;
- ***Medical Broadcasting LLC (MBC),*** a health communications agency specializing in marketing services in the health sector, was founded in 1990 and was based in Philadelphia;
- ***Modem Media (MM),*** a pioneering agency in interactive marketing, was founded in 1987 and was active in Atlanta, Norwalk, San Francisco and London.

Clients of Digitas Inc. included American Express, AstraZeneca, AARP, Bristol-Myers Squibb, Cingular, Comcast, Delta Air Lines, General Motors, Heineken, HP, Home Depot, IBM, InterContinental Hotels Group, Kraft Foods, Lloyds TSB, P&G-Crest, Pfizer, sanofi-aventis, Time Warner, Whirlpool, Wyeth, and Wells Fargo.

On March 7, 2007, Publicis Groupe announced the acquisition of Pharmagistics, a communications agency in the health sector based in New Jersey and specializing in direct marketing and sales subject to the PDMA (Prescription Drug Marketing Act), as well as the provision of logistical services between pharmaceutical and biotechnology companies and practitioners.

On April 2, 2007, Publicis Groupe acquired a majority stake in Yong Yang, an agency based in Chengdu, China, and a leader in the field of logistics and retail and promotional marketing. Yong Yang was founded in 1995 as an independent agency and has 29 offices across China, notably in the center of the country. It is the only marketing services company with a substantial presence in Chengdu, the rapidly growing capital of the Sichuan province. This acquisition is an example of the Group's expansion of its marketing services operations in China and in Asia. In 2006, the Group announced the acquisition of control of Shanghai-based Betterway, one of China's largest and most innovative full-range marketing service agencies. The acquisition of 51% of Betterway's capital was concluded on July 11, 2007.

On April 11, 2007, Publicis Groupe announced the acquisition of The McGinn Group, a leading U.S. corporate communications firm based in Arlington, Virginia. This firm is specialized in risk and innovation, corporate affairs, litigation communication, issues advocacy and crisis management, and its strategic acquisition significantly reinforces MS&L's position in the field of corporate communications.

On June 14, 2007, Publicis Groupe announced its intent to acquire Business Interactif, a French company listed on the Eurolist of Euronext Paris market. Following the successful completion of the purchase, Publicis Groupe proceeded with a squeeze-out procedure that was completed in November 2007.

Founded in 1996, Business Interactif, the leading independent French digital and interactive communications group, was integrated into the Digitas Network and renamed Digitas France. This acquisition was a critical step in Publicis Groupe's strategic international expansion plan within the digital communications sector.

On June 28, 2007, Publicis Groupe and Dassault Systèmes announced the execution of a memorandum of understanding to create 3dswym, a joint venture in the field of web-based 3D. Based in Paris, the joint venture will offer a collaborative web-based platform that will allow the marketing directors of large brands to collaborate with consumers on the development of retail products and concepts through the use of advanced web and 3D tools.

On June 29, 2007, Publicis Groupe completed the launch, announced on April 20, 2007, of a joint venture in the global events field, PublicisLive, which focuses exclusively on the most prestigious international and institutional conference events in the world.

On July 3, 2007, Publicis Groupe announced that it had reached an agreement for the acquisition of Muraglia, Calzolari & Associati (M,C&A), the largest independent specialized media agency in Italy. This company, which was renamed M,C&A MediaVest, will strengthen the Group's presence in Italy.

On July 31, 2007, Publicis Groupe acquired Communication Central Group (CCG), the largest independent interactive marketing agency in China, with 200 employees in Shanghai, Beijing and Shenzhen. CCG was integrated into the Digitas network and renamed Digitas Greater China.

On September 6, 2007, Publicis Groupe expanded its mobile marketing services through the acquisition of Phonevalley, a European agency founded in 2006 and based in Paris. A European leader in mobile communication, Phonevalley has become the mobile communication platform of the Publicis Groupe Media network.

On September 12, 2007, Publicis Groupe acquired Wcube, founded in 1995. A leading interactive agency in France, Wcube was integrated into the Publicis network and was renamed Publicis Modem France.

On September 19, 2007, Publicis Groupe became a shareholder of Delhi-based Capital Advertising, the largest and most reputable independent advertising agency in India. Capital Advertising significantly increases the presence of Publicis Worldwide in Delhi which, with its 14 million inhabitants, represents the fastest-growing region in India.

On September 24, 2007, Publicis Groupe announced the acquisition of the SAS agency in the United Kingdom. With the collaboration of SAS, Publicis Consultants UK will expand its range of services in the public relations, design, corporate, financial, and internal communications sectors.

On October 11, 2007, Publicis Groupe acquired Healthware Spa in Italy, a highly innovative agency specialized in digital communications, and Multimedia Healthcare Communications S.r.l., one of the leading independent market development and public relations agencies. These two acquisitions consolidated the leading position of Publicis Healthcare Communications Group (PHCG) in the area of health communications.

On October 31, 2007, Publicis Groupe became the majority shareholder of Hanmer & Partners, present in 42 cities in India, and specialized in public relations, which strengthens MS&L's presence and network in India.

These acquisitions and agreements are clearly consistent with Publicis Groupe's strategy of simultaneously promoting rapid growth in the digital business, pursuing the expansion of marketing services (SAMS : Specialized Agencies and Marketing Services) and activities related to the purchase of advertising space, and developing in emerging markets with high growth rates.

The total cost of company acquisitions that were consolidated during the 2007 fiscal year (excluding acquired cash) was €916 million. €52 million for earn-out payments and €38 million for minority interest buy-outs should be added to this total.

In 2007, the Group purchased 6,396,490 of its own shares (excluding the liquidity contract), representing 3.2% of its capital and a total amount of €202 million.

During 2008 Publicis Groupe made several acquisitions. These acquisitions were all in line with the Group's defined strategy of favoring the development of digital business, positions in countries with rapidly growing economies and, when necessary, service activities.

On January 31, 2008, Publicis Groupe acquired Act Now, a pioneer sustainable development consultancy firm based in San Francisco. Act Now joined the Saatchi & Saatchi network.

In February 2008, Publicis Groupe announced the acquisition of La Vie Est Belle, an agency with business offerings in advertising, public relations, events marketing and online communications. The merger between La Vie Est Belle and Paname gave birth to a new agency, called Full Player.

In March 2008, Publicis Groupe reached a new strategic stage with the international deployment of the Digitas network: Solutions, the Group marketing-services branch in India and Singapore, took on the name Solutions Digitas. The new organization combines the marketing services expertise in the Indian market of Solutions with the international digital-business experience of Digitas. In other words, it has both deep regional roots, thanks to Solutions, and international scope and resources, thanks to Digitas. As a result, Solutions Digitas can now put forward a more complete offering for all its clients in India and Singapore as well as for Digitas's international clients. The new organization has also spurred development of the offering of Digitas digital production company: Prodigious.

In May 2008, Publicis Groupe announced the acquisition of digital marketing agency EmporioAsia, based in Shanghai and now called EmporioAsia Leo Burnett. The agency now operates under Arc, a division of Leo Burnett China. The acquisition considerably strengthens the agency's multinational offering in strategy, production and creation in a fast-growing area of digital business. Ranked as China's best interactive marketing agency, and as one of the Asia-Pacific's best specialists, EmporioAsia provides services in strategy (analysis, research) and online creation (websites, rich media, eDM).

In China, Publicis Groupe launched Saatchi & Saatchi Energy Source Integrated Interactive Solutions, a strategic joint venture combining Saatchi & Saatchi's global advertising network with the Chinese leader in interactive solutions, Energy Source. The new entity is based in Shanghai and Guangzhou and specializes in integrated digital solutions, marketing centered on customer relations, and public relations.

On June 25, 2008, Publicis Groupe launched VivaKi, a new marketing initiative aimed at improving the performance of advertisers' marketing investments and maximizing Publicis Groupe market-share gains amid very strong growth in the digital market. VivaKi groups together Digitas, Starcom MediaVest, Denuo and ZenithOptimedia, which remain autonomous brands, and is developing new services, tools and partnerships.

On June 25, 2008, Publicis Groupe announced the creation of a new technology platform, the advertising sector's largest "Audience on Demand" network, as part of its VivaKi Nerve Center, launched the same day. Built on technology from Microsoft, Google, Yahoo! and Platform-A, the "Audience on Demand" network offers advertisers a chance to reach precisely defined audiences all over the world with a single advertising campaign and through multiple networks.

In early July 2008, Publicis Groupe announced the acquisition of Kekst & Company Incorporated, the top agency in financial and strategic consulting, based in New York.

Kekst and Company joined the Publicis Groupe network of specialized agencies and marketing services (SAMS).

In July 2008, Publicis Groupe announced the acquisition of Portfolio, a first-tier Korean agency with a complete offering of digital marketing services. Portfolio is a pioneer in integrated digital services, known for its great creativity on the Internet and its commitment to delivering results. Portfolio was integrated into Publicis Modem, the digital branch of the global Publicis network, and renamed Publicis Modem Korea. Founded in 1998, Portfolio boasts a vast array of services that includes website development, maintenance and marketing, online advertising, research, database management and marketing as well as digital-campaign analysis and optimization.

In September 2008, Publicis Groupe announced the acquisition of PBJS, a top agency in digital marketing and strategic communications in the United States. Based in Seattle, PBJS offers multi-channel communications solutions with the aim of enriching and maintaining enduring relations between brands and their audiences. The agency is specialized in events, strategic communications and interactive media as well as in branded entertainment. PBJS has retained operational independence while joining the Publicis Events Worldwide network.

On September 10, 2008, Publicis Groupe announced the closing of the acquisition of Performics Search Marketing Business, which until then had belonged to Google. Based in Chicago, Performics is a leader in search marketing whose methods make online advertising campaigns substantially more effective and optimize advertisers' digital media buying. As a result, Publicis Groupe has inherited nearly 130 clients and 200 specialists in Internet search marketing, with offices in Chicago, San Francisco, New York, London, Hamburg, Sydney, Singapore and Beijing. The acquisition of Performics will add to Publicis Groupe's already formidable search-marketing capacity and strengthen the VivaKi Nerve Center.

On November 19, 2008, Publicis Groupe announced the acquisition of Tribal, an agency specialized in the digital medium and based in São Paulo. Tribal was one of Brazil's first independent digital agencies and has joined the global Digitas network. The acquisition of Tribal broadens Digitas' scope of operations and affirms Publicis Groupe's commitment to pursuing growth in emerging economies while increasing the share of its revenues in the fast-growing digital market segment. With its 100 employees, the agency offers a complete range of services, from strategic planning to interactive campaigns and cutting-edge marketing technologies.

In early December 2008, Publicis Groupe announced the acquisition of W & K Communications, based in China. With its integration into the Leo Burnett Greater China network, W & K Communications took the new name of Leo Burnett W & K Beijing Advertising Co. W & K Communications was founded in 2004 and employs nearly 100 specialists in advertising, promotion, television production and media buying. It is present in Beijing and Guangzhou.

These growth transactions and various agreements are all in line with a clear strategy of rapid Group expansion in the digital business and in countries with sharp economic growth. In keeping with this strategy, Publicis Groupe has reaffirmed its goal of earning 25% of its revenues in the digital business and 25% in emerging economies by 2010. The Group is simultaneously continuing to bolster its service activities (SAMS – specialized agencies and marketing services) worldwide when necessary.

Total acquisition costs for entities integrated during the 2008 financial year (excluding transferred cash) come to 127 million euros. This total does not include 31 million euros for earn-out payments and 14 million euros for buy-out payments.

In 2008, the Group bought back 8,047,583 shares, liquidity contracts excluded, representing 4% of share capital, for a total of 196 million euros. Publicis Groupe S.A. also cancelled 8 million shares in February 2008.

5.3.2 PRINCIPAL CURRENT INVESTMENTS

As of the date hereof, the acquisition of Yong Yang in China, which is the object of a firm agreement, has not yet received the final approval of the Chinese administration.

The joint venture between Saatchi & Saatchi and Energy Source in China is now being finalized.

In January 2009, a decision was made to end the partnership with Honeyshed, a joint-venture company between Publicis Groupe and "Droga 5," the first website to link a generation of Internet users with the brands they recognize.

At the very beginning of 2009, Starcom announced a new project within VivaKi to develop a new format of video advertising with the potential to become the new standard in online advertising. Called "The Pool," the initiative will feature contributions from the largest online video suppliers (AOL, Broadband Enterprises, CBS, Discovery, Hulu, Microsoft, and Yahoo!). Also participating are numerous customers of Publicis Groupe agencies.

This innovative project fits in with VivaKi's chief objectives, which include access to new standards, remaining open to all forms of collaboration with media owners and Group clients, reaching a sufficient size to benefit from efficiencies scale and create standards that allows clients to better take into account their consumers and, finally, guaranteeing a worldwide potential to adapt to new digital channels.

5.3.3 FUTURE CAPITAL EXPENDITURES AND DIVESTITURES

The Group intends to focus its future investments on selectively expanding either its service offerings, in particular its digital services, or its geographic scope by focusing on markets with high growth rates. In 2008, the Group reaffirmed its priorities for growth in two sectors — the digital business and in countries with fast-growing economies — which should each account for 25% of total revenues by 2010. The Group also aims to take advantage of any opportunities to increase its business in the sectors, services, and countries where it is already present.

The main priorities in terms of its business expansion are digital and interactive communications, specialized communications, in particular in direct marketing, public relations, event marketing, Customer Relationship Management (CRM), and health communications. Such acquisitions on the primary global markets should allow the Group to increase its holistic offer to its clients.

The Group will also seek selective acquisitions in rapidly developing regions such as China, India and other Asian countries, Russia and certain countries in Latin America.

Finally, as of December 31, 2008, the Group also has commitments with respect to earn-out payments of €181 million and minority interest acquisitions of €116 million, for a total of €297 million, €113 million of which is to be paid within less than one year.

6. BUSINESS OVERVIEW

6.1 MAIN BUSINESS

6.1.1 INTRODUCTION

Ever since its acquisition of Bcom3 in 2002, Publicis Groupe has ranked fourth among communications groups worldwide, behind Omnicom, WPP and Interpublic (American, English and American groups, respectively) based on reported revenues (source: annual reports of the companies).

Publicis Groupe currently operates in more than 200 cities, in 104 countries, on five continents, and had almost 45,000 employees as of December 31, 2008. Publicis Groupe is not only the fourth largest group worldwide, but is also a leader in each of the world's fifteen largest advertising markets, except Japan. Overall, the Group is one of the top communications groups in Europe, North America, the Middle East, Latin America and Asia, ranks number one in the media business (purchase of advertising space) in the United States and China, and is second worldwide. In Japan, Publicis' access to the Japanese market is assured through a strategic partnership with Dentsu, which was established in 2002.

Although the internal management, reporting and compensation systems are not organized by activity, Publicis Groupe does provide the financial markets with information concerning the relative importance of each of the different business lines for the sole purpose of allowing comparisons by sector. The Group's principal activities are traditional advertising services (which accounted for 38% of Group revenues in 2008, compared with 39% in 2007), specialized agencies and marketing services ("SAMS," which in 2008 accounted for 36% of Group revenues, remaining stable compared to 2007) and media services (which accounted for 26% of Group revenues in 2008, compared with 25% in 2007). Digital and interactive communication represented 19% of Group revenues in 2008, compared with 15% in 2007.

These lines of business include essentially the following:

- ***Traditional advertising services.*** The Group provides traditional advertising services primarily through the Publicis Worldwide, Saatchi & Saatchi and Leo Burnett networks. Publicis also conducts its traditional advertising operations through smaller, local units that respond to specific needs of particular clients, such as Fallon (which is now under the same roof as Saatchi & Saatchi), the Bartle Bogle Hegarty agency based in the U.K. in which it holds a 49% interest, as well as Marcel, the Kaplan Thaler Group, and Beacon.
- ***Specialized Agencies and Marketing Services (SAMS).*** To complete or replace traditional advertising services, Publicis provides a variety of specialized communications services such as public relations, corporate and financial communications, healthcare communications (aimed at answering the specific needs of the pharmaceutical industry), direct marketing, sales promotion, CRM (Customer Relationship Management), interactive communications, events communications and design. SAMS is provided mainly by Publicis Public Relations and Communications Group (PRCC), MS&L, Publicis Consultants, Freud, Betterway, Publicis Healthcare Communications Group (PHCG) and Publicis

Events Worldwide. These specialized communications services are generally provided in conjunction with traditional advertising services. In addition, several acquisitions worldwide served to enrich the SAMS offering in many areas, such as public relations and sustainable development consulting (Kest and Company and Act Now in the United States). Digitas, one of the leaders in interactive communications in the United States, which was acquired in early 2007, has become an important SAMS provider and has enhanced the Group's digital and interactive communications network, which includes Digitas Health, Arc, Prodigious Worldwide, Publicis.Net and Publicis Modem, which was created through the merger of Publicis Dialog with Modem Media following the integration of Digitas. Recent acquisitions in the United States (Performics), Asia (Portfolio in Korea, EmporioAsia and W&K in China) and Brazil (Tribal) have expanded the interactive and digital communications business worldwide.

- ***Media services.*** Publicis offers media planning and consulting services, as well as media and advertising space purchasing services, through PGM (Publicis Groupe Media) entities: Starcom MediaVest Group, ZenithOptimedia and Denuo, which was recently formed to advise on new media. In addition, the Group owns, primarily in France, a business called Médias & Régies Europe, which sells advertising space in the press, in the cinema, on billboards and on the radio.

On June 25, 2008, Publicis Groupe announced the launch of VivaKi, a strategic initiative combining Starcom MediaVest, ZenithOptimedia, Digitas, and Denuo. Its purpose is to significantly improve the performance of an advertiser's media buying and maximize gains in Publicis Groupe's market share in the very fast-growing digital market. Starcom MediaVest, ZenithOptimedia, Digitas, and Denuo remain independent. By creating the "VivaKi Nerve Center" technology platform, Publicis Groupe meets several objectives. First, it has created the world's largest digital nerve center in the sector, able to take on and develop the new technologies needed by all Publicis customers. Second, it makes the center's resources and know-how available to all Group entities, including creative agency networks. Finally, the "VivaKi Nerve Center" provides Group customers with the best solutions to improve marketing performance and relations with portals (MSN, Google, Yahoo!) and social networks (MySpace, Facebook, etc.), while also developing integrated media solutions and optimizing the analysis of data and advertising yields.

These developments reflect Publicis Groupe's conviction that a completely new and integrated approach to interactive, analog and digital media is necessary in order to work out the key elements of success — leveraging scale and technological innovation to the full advantage.

6.1.2 STRATEGY

Publicis Groupe has always tried to anticipate the needs of its clients, the evolution of the market and consumer behavior in order to be in a position to consistently provide clients with quality service and to ensure that they benefit, along with the Group, from strategic moves that result in progress and growth. Since the 1990s, it has been able to anticipate two major trends that still influence its sector: globalization and holistic communications.

The Group's first acquisitions at the international level lent credibility to the strategic decision to globalize in order to accompany clients in their efforts to develop their brand, client base, and network internationally.

The anticipation of advertisers' needs in terms of integrated or holistic communications allowed Publicis Groupe to create new, more horizontally integrated, multidisciplinary and comprehensive working methods. As a pioneer of these communications techniques, since the mid-1990s it has been able to develop its own specific approach and take advantage of opportunities.

With the acquisition of Saatchi & Saatchi in 2000, the acquisition of Bcom3 and the formation of a strategic partnership with Dentsu in 2002, and finally the acquisition of Digitas Inc. in 2007, Publicis has consolidated its position as a top, multi-network, global advertising and communications group.

Publicis has reinforced its position significantly, year after year, in the SAMS (Specialized Agencies and Marketing Services) sector at the global level, in particular through targeted acquisitions in the sectors of direct marketing, promotion, CRM (Customer Relationship Management), institutional communications, financial, interactive and events communications, and public relations. These disciplines are a significant part of the holistic service range that allows the Group to leverage an important potential.

Since 2003, Publicis has focused on consolidating the entities acquired and simplifying its financial structure. A strategy of increasing liquidity and decreasing leverage allowed it to receive "investment grade" ratings from Moody's and Standard & Poor's in 2005.

At the same time, Publicis implemented various initiatives with the goal of reducing operating expenses. These entailed sharing resources among operating units, centralizing back-office functions in shared service centers, and introducing a policy of centralized purchasing. These actions resulted in the successful integration of acquired companies, the creation of significant synergies, and a strengthening and simplification of the Group's balance sheet.

At the same time, the Group has embraced the changes in the media landscape, which has been completely transformed by the splitting and fragmentation of its audiences, the proliferation of screens, and the extraordinary development of digital technology under the influence of interactive and mobile communications, as well as the new forms of social interactions resulting from these technological revolutions.

The Group's strategic analysis has again allowed it to be ahead of the competition and maintain key positions ensuring innovation, growth and a long-term perspective, along with the acquisition of Digitas which instantly doubled the revenues generated in the digital sector and secured it a leading position in this key segment of the communications market that is essential for the future.

Today, strengthened by its presence in 104 countries, a diverse client portfolio including worldwide and national industry leaders, financial stability, and a leading position in certain segments and disciplines, Publicis Groupe is ranked among the top communications and marketing services groups, with the profile of an innovator, and a number of well-known features:

- a Group which is strongly focused on the performance and growth of its customers;
- clearly ahead in terms of creation, according to various rankings —in particular, the Gunn Report according to which, since 2004, Publicis Groupe has ranked number one for creativity— thus demonstrating its constant efforts to provide its clients with the ideas they need in order to build images and brands and form essential ties with the consumer on an emotional level;
- equipped with the best analysis and research tools, allowing it to be consistently on the cutting edge of innovation in terms of media purchasing, and to provide its customers with the most favorable returns (ROIs = Return On Investment/Return On Involvement). The Group's media agencies (Starcom

MediaVest, ZenithOptimedia) benefit from unmatched market expertise (repeatedly named "Agency of the Year"), double-digit growth, and an impressive list of achievements in terms of new business;

- having a significant capacity for innovation and experimentation, e.g., the creation of Blogbang or Free Thinking, which have allowed it to remain ahead of demand;
- supported by its large creative agencies, which are also among the best on the market. Saatchi & Saatchi, Leo Burnett or Publicis may be cited as an example, with its spectacular profits and exemplary growth which are a testament to the intellectual and creative quality of its teams and the strength of its customer relations.

These features offer advantages to the Group in a changing world characterized by the globalization of communication, a more empowered consumer, irreversible changes brought on by digital technology and a revolution in content, where the traditional models of communication must be revised.

The merits of the Group's holistic approach were proven recently through its worldwide successful interactions with large clients, such as Crest (Procter & Gamble), Samsung, and once again Carrefour.

Publicis Groupe is a leader in digital technology, owing to the acquisitions in 2007 of Digitas, CCG in China, Phonevalley, Business Interactive and Wcube in France, and Healthware SPA in Italy, and in 2008 of Emporio in China, Portfolio in Korea, and PBJS and Performics in the United States, and also to the complete reorganization of its services and operations in order to stay on top of crucial innovations that bring in new customers and ensure tomorrow's growth.

The Group's basic strategy is the following :

- to remove boundaries between certain structures (to the extent that the management of client conflicts allows),
- to create horizontally integrated, multidisciplinary teams working under the same leadership for those clients who desire this type of organization,
- to create tools, models and organizations allowing clients to access the complex digital world, and to interact with their targets in an optimal manner and at the lowest possible cost.

The first application of this new model was launched in November 2007, with the implementation of The Insight Factory, a precursor to the Digital Nerve Center, which created an exchange of traditional and digital cultures between the Leo Burnett, Starcom MediaVest Group and Digitas networks. Unprecedented in the advertising and marketing industry, the model is strategically designed to guarantee greater exchange through the creation of a platform bringing together some of the most powerful tools and talents in the industry. The resources for this unique operation provided by the various businesses of Leo Burnett and Arc (creative, research, market segmentation and planning, production and data-base management), SMG (media behavioral insights, media research and digital production resources) and Digitas (creative, brand analysis, digital insights, dash-board management systems, digital production and technology development) have produced the desired results.

With a successful experiment for the company and its customers under its belt, with brisk growth in the digital business, and with new technologies continuing to appear and the rise of collaborative content generation, Publicis Groupe decided to take things to the next level in 2008. It created VivaKi, a new strategic initiative to improve the performance of investors and advertisers and to maximize gains in Group market share. Transitioning from analog to digital media had been slowed down by the existence of the three groups of isolated, independent structures. VivaKi removes the brakes, and information flows freely, facilitating the channelling of investments, which is much appreciated by customers.

At the same time, the Group has created within the VivaKi Nerve Center a new technology platform, the largest "Audience on Demand," built on technology from Microsoft, Google, Yahoo!, and PlatformA. It gives advertisers the opportunity to reach precisely identified audiences worldwide with a single advertising campaign and through multiple networks.

This innovative project blends seamlessly with Publicis Groupe strategic objectives:

- access to new standards;
- remaining open to all forms of collaboration with media owners and our customers;
- leveraging scale and creating new standards for our clients that take better account of the consumer;
- creating a worldwide potential to adapt to any new digital channels.

As the linchpin of Group strategy, VivaKi makes it possible to:

- better respond to advertiser needs by offering solutions that integrate all their communications needs including fast, up-to-date, results-oriented methods, without resorting to silos. Publicis Groupe customers will have access to the future before their competitors;
- to focus market study and research resources, tools and talents (rare in this arena) at the VivaKi Nerve Center, and to make the most advanced digital solutions available to all Group units;
- encourage partnerships with the major internet portals, thanks to VivaKi's scale. The agreement with Google in 2008 was born of a shared vision of the use of new technologies to develop advertising. Many other partnerships followed with members of the digital "big leagues," precluding the need for massive investments in ephemeral technologies and providing advances that could be passed along to clients:
- "Audience on Demand" with Yahoo!, Microsoft, and PlatformA (AOL);
- "Mobile Communication" with Yahoo! and PhoneValley, a subsidiary of Publicis Groupe.

The choice of open systems that favor the development of partnerships with the leaders in interactive media stems from a shared vision of the market and of advertisers' new needs. This vision should stimulate the development of new tools and technologies. The Group is committed to developing the best responses to advertiser needs and consumer demands. It has therefore announced the collaboration with Google, the world leader in search engines.

The Group’s aim has always been, and still is, to be the best partner to its clients by providing them with ideas that ensure their growth, and the technologies and organization that will favor the immediate and optimized implementation of their strategy in all communication media. At a time when the media world is rapidly transforming as a result of the impact of technological innovations in the interactive and mobile communication sector, the Group intends once again to be at the forefront of its industry, taking leadership positions and adapting its activities as necessary. The Group’s development will occur through the taking of central positions in the digital sector and within emerging markets, and by pursuing strategic goals such as:

- continuing the development of its SAMS operations — Specialized Agencies and Marketing Services.
- **developing, as a priority, its range of digital, interactive and mobile communication services.** Publicis Groupe is currently implementing a major strategic movement focused on developing digital service offerings in all of its divisions (advertising networks, media networks and specialized agencies). The Company's goal is to generate 25% of its revenues from digital, interactive and mobile communications by 2010.
- **accelerating the Group's growth in targeted emerging economies**. Publicis Groupe intends to develop its presence in emerging markets largely through acquisitions. The Company believes that these markets are experiencing faster growth and have potential that is superior to the world's average. Benefiting from its leading positions in China, Russia, Turkey, Mexico and Brazil, Publicis hopes to accelerate its development in several priority markets, which include these five countries and India. Publicis intends to pursue acquisition opportunities, mainly in the marketing services, health communications and interactive communications sectors, and develop its existing foundations. The Company's goal is to generate 25% of its revenues from emerging markets by 2010. The development of its range of digital communications services and the expansion into emerging markets remains a priority among its strategic objectives. The sum of these businesses should, in theory, represent 50% of its revenues by 2010.
- **pursuing external growth supported by a sound financial policy.** The Group's acquisitions must satisfy profitability and financial stability criteria. Publicis intends to seek targets with significant potential for synergies or improvement in operating margin, which also present a good fit with its corporate culture and values. Moreover, its efforts over the past several years to improve its cash flow should allow it to finance its external growth, while preserving the structural soundness of its balance sheet (see Chapter 12).
- **encouraging the most promising employees (about 1,000) to meet these criteria,** by linking their annual compensation and their bonuses over the long term to achieving growth in results and margins.

Finally, along with its clients, the Company's employees constitute a strategic asset for which the Group has very clear objectives. The Group wishes to provide its most talented employees with a professional framework that will best encourage their development, and to be the leading employer in the sector by offering top career and training opportunities, maintaining the ethical principles and human approach that have always been Publicis' trademark, so that its employees may feel confident, give their best, and be in harmony with the Group's fundamental values.

6.1.3 SERVICES AND BUSINESS STRUCTURE

Publicis provides a full range of advertising and communications services, designing a customized package of services to meet each client's particular needs through a holistic and global approach. These services fall into three major categories: classic traditional advertising, SAMS, which include digital services, media consulting and media buying services.

Advertising

Services

Traditional advertising services principally involve the creation of advertising for products, services and brands. They may also include strategic planning involving the analysis of a product, service or brand compared to its competitors through market research, consumer behavior studies, sociological and psychological studies and creative insight. Once a concept has been approved by a client, Publicis supervises the production, whether internally or by a third party, of the materials necessary to implement it, including film, video, radio, posters and other outdoor advertising, advertising in newspapers, internet or interactive media, as well as cell phones and all electronic materials.

Business Structure

The Group's principal networks are Publicis, Saatchi & Saatchi and Leo Burnett, each boasting distinctive cultural backgrounds, methods and creative styles. Each network offers a broad range of advertising services but also includes some SAMS operations.

- ***Publicis Worldwide:*** This network, headquartered in Paris, operates in 80 countries around the world, including Europe and the United States, and includes the agencies Duval Guillaume, Marcel and Publicis & Hal Riney, as well as Publicis Dialog, which has operations in 44 countries, and Publicis Modem, present in 40 countries, in order to provide a comprehensive services offering.
- ***Leo Burnett:*** Headquartered in Chicago, the Leo Burnett network operates in 83 countries around the world (with the agencies Beacon Communications in Japon, Vigilante and Làpiz in the United States, Emporio Asia Leo Burnett in Shanghai and Leo Burnett W&K Beijing Advertising Co in Beijing and Guangzhou) and possesses the international network Arc Worldwide for marketing services (SAMS), which focuses primarily on direct and interactive marketing and sales promotion. Furthermore, the Group makes use of other independent advertising agencies or entities, which generally operate on a more local or regional level and are specifically positioned (due to their structure and creative styles, in particular) to respond to the specific needs of certain clients.
- ***Saatchi & Saatchi:*** This network, headquartered in New York, operates in 86 countries around the world and consists principally of Saatchi & Saatchi agencies, as well as the new network Saatchi & Saatchi X, specialized in point-of-sale marketing (shopper's marketing), which operates mostly in the U.S. The acquisition in January 2008 of Act Now, a sustainable development consultancy of renowned expertise in the United States, allows the Saatchi & Saatchi network to expand its offering through a new network, Saatchi & Saatchi S. Saatchi & Saatchi S will offer its clients expert advice with respect to, and a solid understanding of, the major issues concerning sustainable development at the economic, social and environmental level.
- ***Fallon:*** This network is headquartered in Minneapolis and has regional offices in London, Tokyo and Singapore.

  "SSF," regroups the Saatchi & Saatchi and Fallon agencies.

- ***Bartle Bogle Hegarty (BBH):*** This U.K.-based network, in which the Group has a 49% interest, is located in London and has regional offices in Singapore, Tokyo, New York, Shanghai and Sao Paulo.
- ***Others:*** The Kaplan Thaler Group in New York, etc.

SAMS (Specialized Agencies and Marketing Services)

Services

The full range of specialized communications services offered by the Group complements or replaces its traditional advertising activities within a given communications campaign, or provides a means of communication for specific targets or products (in particular, healthcare communications and multicultural communications). Services provided by its SAMS operations include:

- ***Direct marketing and Customer Relationship Management (CRM):*** CRM focuses on building client relationships with individual customers, with the goal of developing customer loyalty through the use of different communication channels and direct marketing techniques (such as mail, internet, telephone), as opposed to traditional mass communications-style advertising. Through its CRM operations, Publicis assists clients in creating programs that reach individual customers and enhance brand loyalty. In addition, Publicis provides the appropriate tools and database support to maximize the efficiency of those programs.
- ***Sales promotion and point-of-sale marketing:*** Publicis' sales promotion operations seek to determine the most effective means for communicating with consumers at the point-of-sale locations, and to increase sales either directly through point-of-sale promotions, or through coupon programs and similar means.
- ***Healthcare communications:*** Publicis has a network of agencies that work mainly with clients in the healthcare industry to allow them to reach professional customers such as doctors and other medical professionals, in contrast to mass communications campaigns for drugs, which are often managed by "generalist" advertising agencies. Publicis provides marketing services that cover the entire life cycle of a drug from consulting prior to the release on the market, to advertising, to medical conferences and symposia, to public relations, to sales personnel recruitment and training.
- ***Multicultural and ethnic communications:*** Some of the Group's agencies, mainly based in the U.S. market, have developed expertise in creating advertising and communications services aimed at specific ethnic groups, particularly African-Americans and Hispanics in the U.S.
- ***Corporate and financial communications:*** Publicis provides corporate and financial communications services designed to help clients enhance a company's image and deliver their message to investors, employees and public authorities and, in particular, to help clients achieve their goals in connection with mergers and acquisitions, initial public offerings, spin-offs, proxy contests and similar matters. Publicis also provides services aimed at helping clients address the communications and public relations aspects of publicized crises and other major events.

- ***Human resources communications:*** Through its human resources operations, Publicis creates employee recruitment-related advertising, including classified advertising and campaigns in particular, in the press or on the internet, to improve a client's overall image and to attract the talent of prospective applicants for companies seeking job applicants as well as for recruiting firms. Publicis also assists clients in developing internal communications programs, which aim to mobilize and develop employee loyalty.
- ***Public relations:*** Publicis' public relations services are designed to assist clients with the management of their ongoing relations with the press, specialized audiences and the general public on commercial or institutional topics, client identity or products or services, and to develop an image that is consistent with the strategy. These services include: (i) strategic message and identity development to help clients position themselves in their markets and differentiate themselves from their competitors, (ii) product and company launch or re-launch services, which aim to create awareness of, and position, a product or company with customers, (iii) media relations services, which help clients enhance their brand recognition and image, (iv) composing messages, organization of contacts or events, and (v) creating documents or objects illustrating this strategy and these messages.
- ***Design:*** Publicis' design services are intended to enhance the visual symbols that affect a client's image and to ensure that the design and packaging of products are consistent with the means used to market them. Publicis Groupe launched, with Dassault Systèmes, a joint venture, 3dswym, designed to offer innovative 3D marketing solutions to advertisers. The collaborative platform 3dswym functions as a search and development engine for the conception and creation of products and retail environments, of a new generation directly involving the consumer in the innovation process.
- ***Interactive communications:*** Publicis' interactive communications services consist primarily of corporate and commercial websites and intranet design, internet-related direct marketing consulting and related services, optimization of keyword search capacities on search engines, and internet-based advertising, including banner and display advertisement design.
- ***Events marketing:*** Publicis organizes events for its clients, such as sales force conventions and business events (trade shows, meetings, exhibitions and opening ceremonies) in order to promote a corporate image that is consistent with the client's strategic objectives.
- ***Production and pre-press:*** Technologies used for the execution of advertising and communications programs including photography studios, printing and audio and video facilities, as well as digital signage and digital asset management services.

Business Structure

Publicis provides SAMS both through independent entities within the Group, and through entities which are part of its traditional advertising networks. Such entities work either for their own clients or for clients of other Group entities. The Group's SAMS business units include the following:

- ***Direct marketing / CRM / sales promotion / interactive communications:*** Digitas, Digitas France and Digitas Greater China, Solutions I Digitas, Arc Worldwide, Publicis Modem, Saatchi & Saatchi X, Moxie and Prodigious Worldwide.

- ***Healthcare communications:*** Publicis Healthcare Communications Group (Saatchi & Saatchi Healthcare, Pharmagistics, Groupe BOZ, Publicis Selling Solutions).
- Corporate and financial communications, public relations, human resources communications, design: PRCC (Publicis Consultants, Manning Selvage & Lee, Freud Communications and Kekst & Company).
- ***Multicultural and ethnic communications:*** Bromley Communications, Burrell Communications, Conill, Vigilante and Lápiz.
- ***Events communications:*** Publicis Live, Publicis Events Worldwide, the two agencies being part of Specialized Agencies and Marketing Services (SAMS). This new venture is in response to the increasingly strong demand of governments, institutions and corporations for the organization of technically sophisticated events. Acquired in 2008, PBJS, leading agency in the United States, offers an expertise in strategic communications.
- ***Production, prepress:*** Mundocom, WAM, MarketForward.

Media Operations

Services

Publicis' media services include the use of media analysis to ensure the use of the most effective forms of media and the purchase of the most suitable advertising space for its clients. Publicis also has a separate media sales service for specific advertising media. Such services are described in more detail below.

- ***Media planning:*** Publicis' media planning operations use computer software and data analysis related to consumer behavior and audience analysis of different media in order to build the most effective plan to implement an advertising or communications strategy, tailored to the marketing objectives, the target audience and the budget of its clients.
- ***Media buying:*** Publicis' media buying operations purchase the media space for its clients (including television, print, radio, Internet, and cell-phones) needed to implement its clients' strategies, using its experience and buying power to obtain favorable rates and terms and conditions for our clients. Publicis Groupe is ranked second worldwide for its media businesses and number one in the United States and China.
- ***Media sales:*** Publicis' media sales operations provide advice regarding advertising space and products (outdoor media, print, radio and movie theaters) to advertising and media buying firms on behalf of media companies. In some instances, they sell space to advertising and media buying operations that are part of the Group. They do so, however, on an arm's-length basis, dealing with those businesses on the same terms as other customers.

Business Structure

- ***Media planning and buying:*** two independent entities, ZenithOptimedia, based in London, operates in 70 countries around the world and has a strong presence in the U.K., the U.S., Germany, France and Spain. Starcom MediaVest Group, based in Chicago, operates in 73 countries around the world, with a particularly strong presence in the U.S. Denuo is an agency specialized in consulting on, and monitoring, new technologies (such as internet, video games, mobile phones, iPods).

- The creation in June 2008 of VivaKi marks an important step in the Group's transformation and a deep change in its organization and approach to several business segments, always with the objective of better serving customers and taking full advantage of the boom in the digital business. VivaKi is home to Starcom MediaVest Group, ZenithOptimedia, Denuo, and Digitas, which together are developing new services, new tools and new partnerships. Centralized management allows the new structure to better respond to advertiser needs by offering complete, integrated solutions. All study and research resources, tools, and talents are brought together and concentrated in the VivaKi Nerve Center, which in turn makes the most advanced digital solutions available to all Group units.
- ***Media sales:*** The Group conducts media sales activities through Médias & Régies Europe and its subsidiaries, including Métrobus (poster and billboard advertising in France), Régie 1 (radio in France), Médiavision (movie theater advertising internationally, though mainly in France), and Médiavista (screens located in shopping centers in France and the U.S.). Médias & Régies Europe is present in the United States through a partnership with Simon Malls and OnSpot Digital, a television channel and network of plasma screens located exclusively in shopping malls.

Headquarters

Publicis Groupe S.A. is the Group's holding company whose main purpose is to provide advisory services to Group companies. The cost of such services rendered by the Company and certain of its subsidiaries amounted to approximately €51 million in 2008, which was allocated to the operating entities of the Group on the basis of the relative cost of services received. In addition, the parent Company received dividends from subsidiaries amounting to € 255 million in 2008. Finally, the parent Company holds the medium and long-term debt of the Group.

6.2 MAIN MARKETS

6.2.1 MARKETS BY GEOGRAPHIC ZONE

Publicis conducts operations in 104 countries and more than 200 cities around the world. Its primary markets are the U.S., Europe and the Asia Pacific region. Below is the contribution of selected geographical markets to the Group's revenue for the years ended December 31, 2006, 2007 and 2008 (in millions of euros):

	2008	2007	2006
Europe	1,805	1,799	1,747
North America	2,008	2,016	1,842
Latin America	238	237	214
Asia-Pacific	519	502	471
Africa and Middle East	134	117	112
Total	**4,704**	**4,671**	**4,386**

The information by geographical area is presented in note 27 to the consolidated financial statements in Chapter 20.1 of this document.

6.2.2 INFORMATION BY ACTIVITY SECTOR

Publicis has not provided any information by sector of business activity (see note 27 to the consolidated financial statements in Chapter 20.1 of this document).

6.2.3 MAIN CUSTOMERS

Publicis Groupe provides advertising and communications services to a diversified customer portfolio that is representative of the global economy. It has a significant number of clients that are both national and global leaders in their industries, and approximately half of its revenues are generated by international clients, *i.e.,* clients whose accounts are managed in more than five countries. Its 20 largest clients accounted for approximately 43% of its consolidated revenues in 2008.

Payment terms are consistent with general market practices and the regulations in force in each of the countries in which the Group operates.

Revenues from, and contracts with, different clients vary from year to year. Nevertheless, longstanding clients account for a particularly high proportion of Publicis Groupe's revenues. On average, its retention rate of the 10 biggest clients is 45 years.

The Group's largest clients in 2008 were the following:

- ***Publicis*** **:** Citigroup, Coca-Cola, Deutsche Telekom/T-Mobile, Hewlett-Packard, LG Electronics, L'Oréal, Nestlé, Orange, Pernod Ricard, Procter & Gamble, Qantas, Renault, sanofi-aventis, Siemens, Telefonica, Toyota, UBS, Whirlpool, Zurich Financial.
- ***Leo Burnett :*** Allstate, Coca-Cola, Diageo, Disney, Fiat, Dubai-Holding, General Motors, Kellogg's, McDonald's, Nintendo, Philip Morris, Procter & Gamble, RIM-Blackberry, SAB-Miller, Samsung, Visa, Whirlpool.
- ***Saatchi & Saatchi*****:** Claro, Deutsche Telekom/T-Mobile, General Mills, Inbev, JC Penney, Nestlé, New Zealand Telecom, Novartis, Orange, Procter & Gamble, Sony, Toyota/Lexus, Visa Europe, Wal-Mart.
- ***Starcom MediaVest Group*****:** Allstate, Bank of America, Coca-Cola, Disney, General Motors, Heineken, Kellogg's, Kraft, Mars, SAB Miller, Oracle, Procter & Gamble, RIM-Blackberry, Samsung, Wal-Mart.
- ***ZenithOptimedia*****:** Abbott Laboratories, AstraZeneca, Comcast, 20th Century Fox, Deutsche Telekom/T-Mobile, General Mills, Hewlett-Packard, JP Morgan Chase, L'Oréal, LVMH, Mars, Nestlé, PPR- Puma, P&G – Crest, Procter & Gamble, Richemont Group, sanofi-aventis, Schering-Plough, Telefonica, Toyota/Lexus, Verizon, Zurich Financial.
- ***Publicis Healthcare Communication Group*****:** sanofi-aventis, AstraZeneca, Schering Plough, Sepracor, Bristol-Myers, Novartis, Takeda Pharmaceutical Company.

For 2008, total Group revenues break down by client business sector as follows:

- FMCG: 37%
- automobile industry: 15%
- health: 12%
- finance: 9%
- technology: 7%
- retailing: 4%
- telecommunications: 6%
- leisure: 3%

- media: 2%
- energy: 1%
- luxury: 1%
- other: 3%

The breakdown of revenues by key client business sectors reflects all major economic players. More than 50% of this customer portfolio is relatively resitant to fluctuations in the economy.

6.2.4 SEASONALITY

Clients' advertising and communications expenditures fluctuate, often in response to actual or expected changes in consumer spending. Because consumer spending in many of the Group's markets is typically lower in the beginning of the year, following the holiday season, and in July and August, the most popular vacation months in Europe and North America, than at other times of the year, advertising and communications expenditures have been historically lower during these periods as well. Accordingly, the Group's results of operations have historically often been stronger in the second and fourth quarters of the year than they have been in the first and third quarters.

6.2.5 COMPETITION

Since 2002, following the acquisition of Bcom3, Publicis Groupe has been the fourth largest global advertising and communications group after Omnicom Group, WPP and the Interpublic Group (classification is based on revenues, according to the companies' press releases announcing their annual results). The following table indicates the revenues published by each of these four groups for 2008 :

Omnicom (US GAAP) in millions of $	WPP (IFRS) in millions of £	Interpublic (US GAAP) in millions of $	Publicis Groupe (IFRS) in millions of €
13,360	7,477	6,963	4,704

The reader should note that the figures above are those published by the groups concerned, in the currency and according to the accounting reference used by each of them.

The Group also competes with a number of independent local advertising agencies in markets around the world that propose SAMS activities that focus on specialized areas of communications services.

Advertising and communications markets are generally highly competitive, and Publicis is in constant competition for business with national and international agencies. Publicis expects that competition will continue to increase as a result of multinational clients' continuing consolidation of their advertising accounts among an increasingly limited number of agencies.

6.2.6 GOVERNMENTAL REGULATION

The Group's business is subject to government regulation in France, the U.S. and elsewhere. As the owner of advertising agencies operating in the U.S., which create and place print, television, radio and Internet advertisements, it is subject to the U.S. Federal Trade Commission Act. This statute regulates advertising in all media and requires advertisers and advertising agencies to have substantiation for any advertising claims before disseminating the advertisements. Should any advertisement created by Publicis be found to be false, deceptive or misleading, Publicis could be liable under the U.S. Federal Trade Commission Act.

In France, media buying activities are subject to the *Loi Sapin,* a law requiring transparency in media buying transactions. Pursuant to the *Loi Sapin,* an advertising agency may not purchase advertising space from media companies and then resell the space to clients on different terms. Instead, the agency must act exclusively as the agent of its clients when purchasing advertising space. The *Loi Sapin* applies to advertising activities in France when both the media company and the client or the advertising agency are French or located in France.

In many countries, the advertisement and marketing of certain products, including tobacco, alcohol, pharmaceutical products and food products, is subject to strict government regulation and self-regulatory standards. New regulations or standards imposed on the advertisement or marketing of such products could have an adverse impact on the Group's operations.

6.3 EXCEPTIONAL EVENTS

There is currently no exceptional event, which may have or has in the recent past had a significant impact on the business of the Publicis Groupe.

6.4 BASIS FOR THE COMPANY'S FINANCIAL STATEMENTS REGARDING ITS COMPETITIVE POSITION

The sources for the Company's disclosure regarding its competitive position are indicated herein (see chapters 6.1, 6.2.1 and 6.2.5).

6.5 INSURANCE AND RISK COVERAGE

The Company's policy regarding insurance aims to insure all subsidiaries and all companies in which it holds 50% or more of the voting rights, directly or indirectly, or for which it assumes the management or administrative control or the responsibility for insurance coverage without holding 50% or more of the voting rights.

Insurance coverage is achieved through complementary centralized and local insurance programs. The insurance programs cover the full range of insurable risks.

Centralized Programs

These are programs with an international scope, such as third-party professional liability, personal liability of management, and those related to corporate relations. A worldwide "umbrella" coverage also exists, effective in the case of differences in conditions or limits of local programs, particularly for property damage insurance and operating loss insurance, as well as automobile and employer's third-party liability insurance.

Local Programs

These are insurance contracts for general and employer's third-party liability, property damage, and operating loss, automobile contracts, and other general risks. These contracts are entered into locally in order to comply with local practices and regulations and to respond to applicable risks.

The coverage generally includes the following:

- Property damage and loss from operations: up to €160 million;

- Civil liability: from $20 to $95 million, depending on the risks.

Terrorism risks are covered in the United States, France and the United Kingdom, in accordance with the legal requirements in each country.

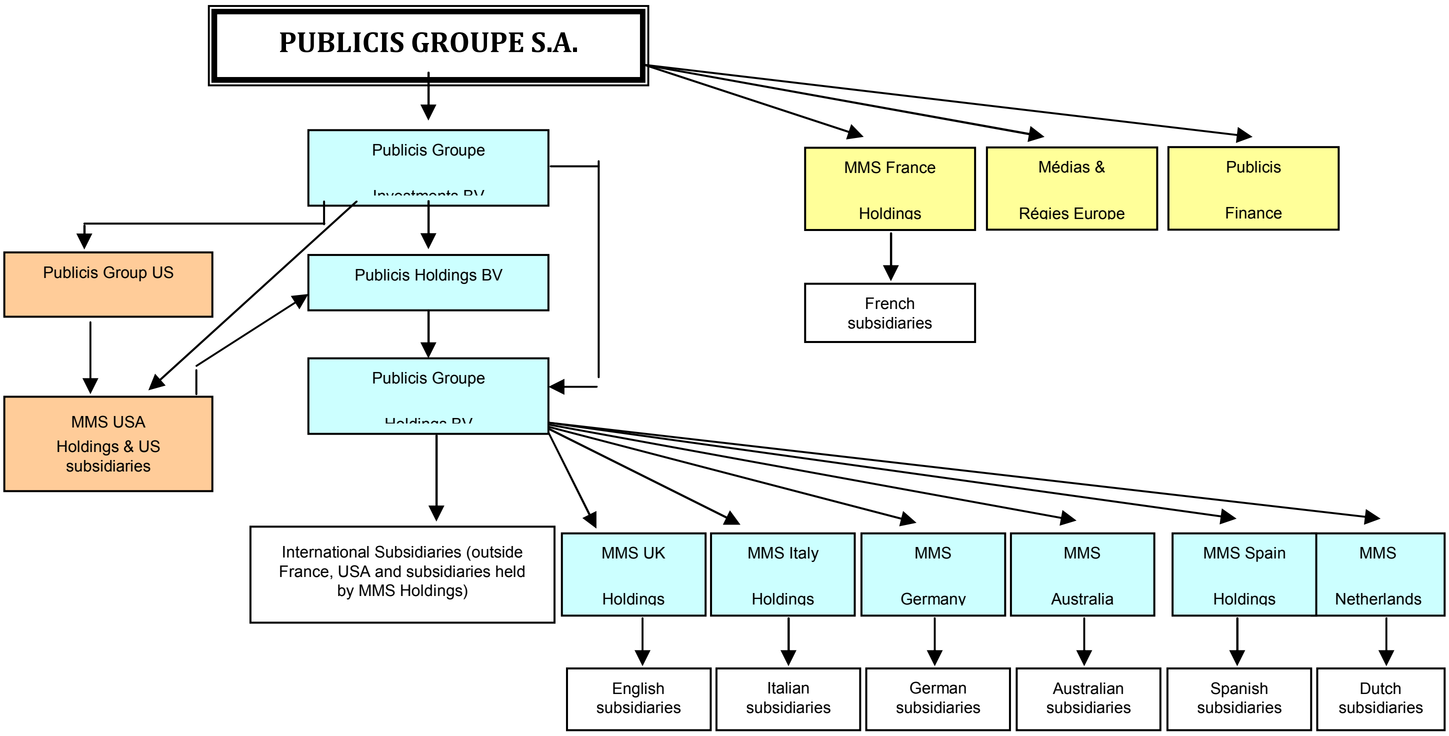
These contracts are established through brokers from large international insurance companies, such as AIG, Chubb, Zurich and Generali, among others.

The premiums paid worldwide amounted to approximately €15 million in 2008.

7. SIMPLIFIED STRUCTURE CHART

7.1 DESCRIPTION OF THE GROUP

Simplified structure chart at December 31, 2008[1]



(1) All companies that are individually named are held by the Group at more than 99%.

The members of the Management Board of the parent Company are sometimes on the boards of, or hold executive offices in, the subsidiaries (see the list of positions held by of members of the Management Board in Chapter 14.1 – Members of the Management Board and Supervisory Board).

7.2 PRINCIPAL CONSOLIDATED SUBSIDIARIES

Information concerning Publicis' principal consolidated subsidiaries as of December 31, 2008 is provided in note 32 to its consolidated financial statements in Chapter 20.1 of the current document.

None of the Company's subsidiaries accounts for more than 10% of its consolidated income.

None of the companies represented in the list of principal companies consolidated as of December 31, 2008 has been sold at the date of the current document.

The majority of the Group's subsidiaries are at least 90% owned by Publicis Groupe. Nevertheless, certain subsidiaries may be jointly held with minority owners whose interest may be substantial (up to 49%) and may be subject to shareholders' agreements. However, these subsidiaries do not hold important assets and are not intended to hold any significant debt or financing. The debt and financing of the Group are 100% held and controlled by Publicis Groupe.

During fiscal year 2008, Publicis Groupe S.A. took no significant stake in any company headquartered in France.

8. PROPERTY, PLANTS AND EQUIPMENT

8.1 MAJOR CURRENT FIXED ASSETS OR PROJECTED CAPITAL EXPENDITURES AND MAJOR RELATED CHARGES

The Group conducts operations in over 200 cities around the world. Except as stated below, it leases, rather than owns, the offices it occupies in most of the cities where it operates. As of December 31, 2008, it owned real property assets with a net book value of €182 million.

Publicis' principal asset is the building it owns and uses as its headquarters at 133 avenue des Champs-Elysées in Paris. It occupies approximately 12,000 square meters of office space in the building for advertising and communications activities and approximately 1,500 square meters of commercial property are occupied by the Publicis Drugstore and two public cinemas.

Publicis Groupe chose to reassess this building at its fair value and to consider this value as the agreed cost on the date of the transition to IRFS accounting standards on January 1, 2004. On this date, the fair value of the building was €164 million, representing an adjustment, at the time, of €159 million in comparison with its value in accordance with previous accounting standards. The valuation was carried out by an independent expert, in accordance with the rent capitalization method.

The Group owns six floors of the building at 15 rue du Dôme in Boulogne, a suburb of Paris, following the exercise of the purchase option of two floors at the expiration of the leasing contract.

The main asset held under a finance lease, the net value of which is €59 million as recorded in the Group's consolidated financial statements as of December 31, 2008, is the Leo Burnett office building located at 35 West Wacker Drive in Chicago, Illinois, United States (whose €77 million gross value at December 31, 2008 is depreciable over 30 years).

Publicis has significant information systems equipment dedicated to the creation and production of advertising, management of media buying and administrative functions.

As of December 31, 2008, the Company has no planned capital expenditures with respect to tangible or intangible assets, other than investments made in the regular course of business.

8.2 ENVIRONMENTAL QUESTIONS WHICH MAY INFLUENCE THE GROUP'S USE OF ITS TANGIBLE ASSETS

The business sector in which the Group operates does not present any environmental risks, and does not require the creation of an ad hoc committee.

9. ANALYSIS OF FINANCIAL POSITION AND RESULTS

The discussion below as well as in Chapter 10 are the principal elements of the management report mentioned in section I of article L.451-1-2 of the Montetary and Financial Code and in article 222-3 of the General Regulations of the AMF, which must include the information mentioned in articles L.225-100, L.225-100-2, L.225-100-3 and in paragraph 2 of article L.225-211 of the Commercial Code.

Other information required to be included in the management report is to be found in Chapters 4, 5, 6, 7, 18.3, 20 and 21.

The following discussion should be read in conjunction with the consolidated financial statements and related notes. It contains forward-looking statements that involve risks and uncertainties, including, in particular, those described in Chapter 4, "Risk Factors."

9.1 INTRODUCTION

Group Results and Financial Position

With the intensification of the problems in the financial sector during the last quarter of 2008, the economic crisis changed dimensions. The weak growth observed up until then was suddenly transformed into a worldwide recession. The limited availability and even disappearance, of credit under acceptable conditions blocked complete sectors of business and commerce all over the world. No sector or country was exempted. In September 2008, the worldwide growth rate for 2009 was reduced (source : World Bank and Natixis) but was still close to 3% as a result of expected "decoupling" of the United States from the rest of the world. The World Bank's general report dated January 2, 2009 notes a world growth rate of 0.9% for the year.

In spite of this instability and a climate of recession, Publicis Groupe experienced good results on operations for 2008. Organic growth of 3.8% is a good performance and illustrates the teams' dynamism and talent as well as the merits of its strategy amidst a crisis context where the worldwide growth was at the most 2.5% in 2008 (Source: World Bank and Natixis).

The operating margin for the year was 16.7%, which is high when the negative impact of exchange rates in the amount of €41 million (2007 at 2008 rate) and the rapid deceleration of activity in certain countries is taken into account as well as the fact that the development of our digital business generates a margin that is lower than the Group's average, although it is increasing.

The Group's net income, group share amounted to €447 million.

Headline diluted earnings per share (as defined in note 1.2 of the consolidated financial statements) increased by 5% to €2.22 compared to €2.11 in 2007. Diluted earnings per share amounted to €2.12 compared to €2.02 in 2007, an increase of 5%.

As of December 31, 2008, net debt was €676 million, decreasing by €161 million compared to December 31, 2007. This was possible essentially due to a high operating margin before depreciation and amortization (18.9% of revenue), an improvement in the working capital and strict control of investment spending.

The Group's average net debt was €1.102 billion, down more than €100 million from 2007, a figure that is after net purchases of treasury shares for €174 million. Free cash flow amounted to €639 million before changes in working capital requirements (as defined in Chapter 10).

During this year of great uncertainty on a worldwide level and marked slowdown of certain activity sectors during the last months of the year in the United States, Europe and also certain Asian countries, the Group was able to achieve quality results.

2008 was once again a good year for net New Business wins which amounted to $5 billion. This figure is the result of estimated media marketing budgets based on annual business (net of losses) from new and existing clients, and does not come from financial reporting. This success was a result of the richness of Publicis Groupe's product offering and its holistic character; it also originated from the innovation provided by the development of digital services in all activity sectors and from the Group's capability of meeting its customers' constraints and emerging needs. According to Nomura (ex Lehman), Publicis Groupe is the sector's leader in budget wins, which well illustrates the Group's strong momentum.

Some of the most significant wins included L'Oréal, Bank of America, Emirates, Schering Plough and Cadbury for media businesses, and Lunesta, Samsung, Sony Bravia, Guinness and Miller Chill for agencies. The biggest losses for media businesses were from Visa, Cadbury, Fiat and Kohler accounts, while agencies attributed their biggest losses to BMW North America, Outback Steakhouse, NYSE Euronext and Sony Ericsson.

The beginning of 2009 was very successful, with new business totaling over $1.5 billion. Carrefour, Comcast and Blackberry are the most prestigious of these new accounts. The most significant losses for the media businesses were the Bayer China, Starhub and HP accounts; and the Burger King, Denny's and NBC Universal accounts for the agencies.

External growth was sustained, with acquisitions realized within the strategic framework defined by the Group: priority was given to digital activities, positions in high growth economies and reinforcement of services when necessary.

9.2 ORGANIC GROWTH

When comparing its performance between years, Publicis measures the impact of changes in foreign currency exchange rates, acquisitions and disposals, and organic growth on reported revenue. Organic growth, which represents the increase in revenue at constant parameters and exchange rates, is calculated as follows:

- the revenue of the previous year is recalculated applying the average current exchange rate;
- the revenue from acquisitions (net of revenue from any divested activities) is subtracted from the current year revenue, in order to neutralize the impact of changes of parameters on growth.

The difference between the revenue for the current year, after subtraction of the revenue from acquisitions (net of that of the divested activities) and the revenue of the previous year (converted at the current exchange rate) is compared with the revenue generated in the prior period to determine the percentage of organic growth.

The Group's management believes that the analysis of organic growth provides a better understanding of its revenue performance and trends than reported revenue because it allows for more meaningful comparisons of current period revenue to that of prior periods. In addition, revenue, determined using constant parameters and currency exchange rates, is generally used in the industry as a key performance indicator.

Organic growth is unaudited and is not a measurement of performance under IFRS and may not be comparable to similarly titled financial data of other companies.

In millions of euros	**Total**
2007 Revenue	**4,671**
Impact of exchange rate	(234)
2007 Revenue at exchange rates for 2008 (a)	4,437
2008 Revenue before impact of acquisitions (b)	4,605
Revenue of acquisitions[1]	99
2008 Revenue	**4,704**
Organic growth (b) / (a)	**3.8%**

(1) Net of disposales

Organic growth was 5.4% for the first quarter, 5.5% for the second quarter, and 3.9% and 1.1%, respectively, for the third and fourth quarters.

The solid organic growth rates of the first and second quarters reflect a more favorable basis for comparison because of weak growth in the first and, especially, second quarters of 2007, which were affected by deteriorated economic conditions for certain healthcare businesses. They also reflect revenue from major new business obtained in 2007 and 2008.

Third quarter growth, down from the first half, marked the beginning of a slowdown in certain businesses and regions. The last quarter remained positive, with growth of 1.1%. This pronounced slowdown after the first nine months of the year reveals the severity of the business decline in several world regions that had previously been growing.

Given this slowdown in global growth, organic growth of 3.8% in 2008 indicates a good performance.

9.3 COMMENTS AND ANALYSIS OF ANNUAL CONSOLIDATED RESULTS FOR FISCAL YEARS 2007 AND 2008

9.3.1 REVENUES

Consolidated revenue for 2008 was €4,704 million compared to €4,671 million in 2007, an increase of 0.7%. Excluding the negative exchange rate effect, consolidated revenue increased 6.0% (2008 revenue at the 2007 exchange rate).

Organic growth was 3.8% despite a clearly more difficult last quarter. The growth in digital activities continued to contribute to the Group's positive worldwide performance, in particular in the United States and in Western Europe. In 2008, digital activities represented 19% of total revenue in 2008 compared to 15% in 2007 and justify Publicis Groupe's transition towards segments experiencing strong growth. The revenues from countries with very strong growth in emerging economies, including countries with strong growth rates, represented 22.9% of the Group's total revenue in 2008 compared to 21.3% for 2007, confirming the Group's goal to have 25% of its revenues originating from these regions in 2010. Emerging markets refer mainly to Central Europe, Russia, Asia Pacific, Latin America, and Africa and the Middle East.

Revenues by business line

The following table shows the percentage of Group revenues for each of the three main business lines in 2007 and 2008:

	2008	2007
Traditional advertising	38%	39%
SAMS	36%	36%
Media	26%	25%
Total	100%	**100%**

Revenues by region

The following table shows the allocation of the Group's revenue by region in 2007 and 2008:

			Change	
in millions of euros	**2008**	**2007**	**Total**	**Organic**
Europe	1,805	1,799	0.3%	1.3%
North America	2,008	2,016	- 0.4%	4.4%
Asia-Pacific	519	502	3.3%	5.0%
Latin America	238	237	0.7%	6.5%
Africa and the Middle East	134	117	14.6%	21.8%
Total	**4,704**	**4,671**	**0.7%**	**3.8%**

All regions contributed positively to the Group's organic growth for 2008. Europe's growth was positive owing to a stellar performance in France due essentially to the numerous budget wins by Publicis Conseil; Central and Eastern Europe, Northern Europe and Italy had neither a positive nor a negative impact on growth, and the United Kingdom, Germany and Spain exhibited negative growth. North America experienced an increase of 4.4%, benefiting in particular from the momentum of digital and media activities, despite a slowdown in the last quarter. The Asia-Pacific region was extremely varied according to the country, with the vast China region and India showing organic growth of 12.8% and 17.4% respectively, which compensated for the decreases observed in Japan and Korea in particular. Latin America experienced strong growth in Venezuela and Argentina as well as good growth in Brazil.

The combined organic growth for the Greater China region, Russia, India and Brazil was 14.2% for 2008.

9.3.2 OPERATING MARGIN AND OPERATING INCOME

Operating Margin

The operating margin before depreciation and amortization was stable in 2008 at €889 million, compared to €888 million in 2007.

Exchange rates had a negative impact of €46 million.

Personnel expenses were nearly stable at €2,852 million compared to €2,829 in 2007 and are under control at 60.6% of revenue.

Other operating expenses, which were €963 million, only increased 0.9% in spite of an increase in the proportion of costs attributable to occupancy rates. The increased occupancy costs resulted from expanded digital activities and, to a lesser extent, the renewal of certain leases in North America. The continued optimization of various operating expenses helped to maintain the operating margin.

The 2008 operating margin was 16.7%. Continued efforts in cost control for the entire Group enabled both the integration costs of various acquisitions and the accelerated deployment of digital activities worldwide to be absorbed.

These operating expenses, as well as the management of other operating costs and the control of expenditures, are subject to ongoing optimization.

Depreciation and amortization amounted to €104 million for the 2008 fiscal year, compared with €109 million in 2007, reflecting careful management of investment expenditures over the period.

Operating Income

Amortization of intangibles arising from acquisitions was slightly lower at €29 million compared to €30 million for the previous year.

An impairment loss of €13 million, mainly corresponding to impairment of goodwill (€5 million for Global Events Management) and of trade names and customer relationships (€6 million) were recognized, compared to impairment losses of €6 million in 2007. Other operating income was €9 million, resulting mainly from the disposal of a lot adjacent to the Leo Burnett building in Chicago for a capital gain of €6 million. Operating income was €751 million in 2008 compared to €746 million in 2007.

9.3.3 OTHER INCOME STATEMENT ITEMS

The Group's net financial expense, consisting of the cost of net financial debt and other financial expense, amounted to €79 million in 2008 compared to €78 million in 2007. The cost of net financial debt increased by €8 million compared to 2007 (€81 million in 2008 compared to €73 million in 2007). This is essentially due to a decrease in the interest rate on the dollar –investments of cash balances (for 62% decrease in the average interest rate on the dollar in 2008 compared to the previous year).

The income tax charge is €196 million for 2008, for an effective tax rate of 29.2%, compared to €201 million in 2007, for an effective tax rate of 30%.

The share of profit of associates was €2 million compared to €9 million in 2007.

Minority interests were €31 million compared to €24 million in 2007.

Net income attributable to equity holders of the parent was €447 million compared to €452 million in 2007.

Headline earnings per share (as defined in note 9 of the consolidated accounts) amounted to €2.33 per share, and the Headline diluted earnings per share were €2.22 per share, representing increases of 2% and 5%, respectively. Earnings per share amounted to €2.21, and diluted earnings per share amounted to €2.12, representing increases of 1% and 5%, respectively. The increases in diluted earnings per share are essentially the result of two factors: the buyback of 8 million shares following the cancellation of an equivalent number of shares, and the impact of reimbursing OCÉANE 2008 in full on the July 17, 2008 maturity date, thus resulting in the elimination of 23,172,413 potentially dilutive shares.

9.3.4 PUBLICIS GROUPE S.A. (PARENT COMPANY OF THE GROUP)

Publicis Groupe S.A.'s revenue consists exclusively of building rentals and management fees for services rendered to subsidiaries of the Group. Total revenue amounted to €22 million for 2008, compared to €25 million in 2007.

Financial income totaled €353 million in 2008 compared to €235 million in 2007. This rise is mainly due to an increase of €191 million in dividends paid by Publicis Groupe Investments over 2007. This increase is partially offset by the elimination of the foreign exchange gain of €52 million recorded in 2007 for the balance collected during the liquidation of the foreign exchange portion of the Eurobond swap.

Operating expenses amounted to €24 million compared to €26 million in 2007.

Financial expense increased from €251 million in 2007 to €381 million in 2008. This is in part due to the increase of provision for impairment of treasury shares of €85 million (€125 million allowance in 2008 compared to €40 million in 2007) and to the increase of provison for exchange rate losses on the loan denominated in sterling pounds to MMS UK of €66 million (€84 million allowance in 2008 compared to €18 million in 2007), both recorded in 2008. It is also due to the full year effect of interest on loans granted by Publicis Groupe Holdings and Publicis Finance Services at the end of 2007 (€40 million), with increases partially offset by the fact that expenses for 2007 included an extraordinary foreign exchange loss (€89 million, largely offset by the exchange profit described above).

Current income before tax is a €30 million loss compared to a loss of €17 million in 2007.

Exceptional items in 2008 were near zero whereas in 2007, it resulted in a net non-recurring gain of €160 million, arising mainly from the capital gain on the transfer of securities in Publicis USA Holdings and MMS USA Holdings to Publicis Groupe Investments.

It must be noted that the cancellation of 8 million repurchased treasury shares carried out by the company in 2008 did not impact the year's income statement as the effect of treasury shares cancellation has been posted in shareholders' equity.

Income tax shows a €59 million tax credit due to the French tax consolidation (€26 million) and a tax provision reversal (€33 million) compared to €20 million in 2007.

Net income of Publicis Groupe SA, the Group's parent company, was at €30 million at December 31, 2008 compared to €164 million at December 31, 2007.

In addition to approving the 2008 financial statements, the shareholders' meeting will be asked to appropriate profit for the 2008 fiscal year of €29,668,795, which with previous retained earnings of €477,004,463 represents distributable profit of €506,673,258, to be distributed to shareholders in the amount of €117,612,590 (€0.60 per 196,020,983 shares, including treasury stock as at December 31, 2008) with appropriation to retained earnings of €389,060,668.

Under the proposed appropriation, the net dividend would be €0.60 per share and the nominal dividend €0.40 per share.

9.4 USE OF ASSUMPTIONS AND ESTIMATIONS IN THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

See note 1.3 of consolidated financial statements in Chapter 20.1 of this document.

10. CAPITAL RESOURCES AND INDEBTEDNESS

10.1 SOURCE AND AMOUNT OF THE GROUP'S CASH FLOWS AND DESCRIPTION OF THESE CASH FLOWS

Net cash flow generated by operations amounted to €715 million in 2008 compared to €798 million in 2007. The decrease resulted mainly from a lesser improvement in working capital requirements in 2008 than in 2007 (€12 million compared with €106 million). At the close of the 2008 fiscal year, working capital requirements were stable compared with the previous year; at the end of 2008, working capital requirements remained stable as compared with the end of the previous year. Tax paid in 2008 decreased over the previous year: €169 million compared to €197 million in 2007. Interest paid amounted to €89 million compared to €87 million in 2007, while interest received decreased from 2007, to €37 million. The decrease of €14 million in interest collected reflects the sharp decrease in average interest rates on the dollar from one year to the next (-62%).

Net cash flow from investments includes purchases and sales of tangible and intangible assets, net acquisitions of financial assets and acquisitions and sales of subsidiaries. The net amount of cash used for investment activities was €237 million in 2008 compared to €1,079 million in the previous year. Net investments in tangible assets amounted to €64 million compared to €77 million in 2007. Acquisitions of subsidiaries and other financial assets, net of disposals, represented an investment of €173 million, compared to €1,002 million in 2007, of which the largest portion consisted of net cash paid for the acquisition of Digitas (€779 million) and Business Interactif (€69 million). The acquisitions of the year (Kekst and Performics for the most part) involved payments of €127 million, and earn-out and buy-out payments were also made for a total of €45 million.

Net cash flow from financing activities includes dividends paid, changes in borrowings, buybacks of treasury shares and equity warrants issued by the Company. Financing transactions required €949 million in 2008 compared to €238 million in 2007. They originate from the reimbursement of OCÉANE 2008 for a principal amount of €672 million, which was temporarily refinanced by drawings on the syndicated credit (Club Deal) for a maximum amount of €450 million, with the drawings fully reimbursed at December 2008. Buyback of treasury shares, net of disposals, amounted to €174 million in 2008, and the total of dividends paid was €106 million.

In total, the Group's cash position net of bank credit balances decreased by €452 million, due to the OCÉANE reimbursement of €672 million, whereas the previous year saw a decrease of €601 million, which was essentially related to the acquisition of Digitas for a sum of $1.3 billion.

Free Cash Flow

The Group's free cash flow, excluding changes in working capital requirements (WCR), increased by 4% over the previous year, to reach an amount of €639 million.

Free cash flow is an indicator used by the Group to measure liquidity arising from operating activities after accounting for investments in fixed assets but before acquisitions or sales of subsidiaries and before financing activities (including financing of working capital requirement).

The following table shows the Group's free cash flow (excluding changes in working capital requirement) :

(in € million)

	December 31, 2008	December 31, 2007
Cash flow from operating activities	715	798
Investments in fixed assets (net)	(64)	(77)
Free cash flow	**651**	**721**
Effect of changes in WCR	(12)	(106)
Free cash flow before changes in WCR	**639**	**615**

Free cash flow in 2008, if determined on the basis of 2007 exchange rates, amounted to €654 million, representing growth of 6% on a constant exchange rate basis.

10.2 INFORMATION ON THE GROUP'S DEBT

Consolidated shareholders' equity rose from €2,198 million as of December 31, 2007 to €2,320 million as of December 31, 2008. The net variation of shareholders' equity since the end of the prior year was a €122 million increase. This increase is due mainly to the income for the year (€447 million), net of dividends paid by the parent company (€106 million) and the impact on shareholders' equity of the repurchase of treasury shares, net of sales (€174 million). The positive and negative impacts of the exchange variations essentially off-set each other over the course of the year. Minority interests amounted to €30 million, compared to €27 million as of December 31, 2007.

Net Financial Debt

(in € million)	December 31, 2008	December 31, 2007
Financial debt (long and short term)	1,541	2,112
Fair value of derivatives covering exposure on Eurobond (1)	(7)	39
Fair value of derivatives covering exposure on intragroup loans/borrowings (1)	9	(1)
Total financial debt including fair value of associated derivatives	1,543	2,150
Cash and cash equivalents	(867)	(1,313)
Net financial debt	**676**	**837**

(1) See "Other receivables and current assets" and "Other credits and current liabilities" in the consolidated financial statements.

Net financial debt decreased by €161 million, from €837 million in 2007 to €676 million in 2008, due to the Group's efforts to reduce its debt. This decrease took place despite significant share repurchases again this year (€174 million in 2008 and €162 million in 2007).

The July 17, 2008 reimbursement of OCÉANE 2008, for an amount of €672 million in principal, although it did not have an impact on net financial debt, resulted in the elimination of a potential dilution of 23,172,413 shares. To finance this reimbursement, the Group drew on its available multi-currency syndicated credit of €1,500 million, for an initial amount of €450 million, which returned to zero at December 2008.

This debt reduction enabled the Group to markedly improve the ratio of net debt to shareholders' equity, which fell from 0.38 at December 31, 2007 to 0.29 at December 31, 2008, which is well under the threshhold of 0.50 set by the Group. The Group's average net debt at December 31, 2008 was reduced slightly, to €1,102 million, from €1,207 million in 2007. At constant exchange rates in 2007, the improvement is more marked, and the decrease is €166 million.

Gross consolidated debt was €1.541 billion at December 31, 2008, compared with €2,112 billion at December 31, 2007. This debt consisted of maturities of greater than 12 months (85%) and maturities of greater than 5 years (22%); see note 22 to the consolidated financial statements at December 31, 2008, for a detailed maturity schedule of Group debt.

Financial debt, after interest rate swaps, includes fixed-rate borrowings (28% of gross consolidated debt, excluding debt relating to purchases of investment securities and minority buyout commitments at December 31, 2008) with an average interest rate of 5.7% in 2008 (this rate includes additional interest related to the stripping into debt and equity of the OCÉANE and ORANE convertible bonds). The average interest rate of floating-rate borrowings, which made up 72% of total debt at December 31, 2008, was 5.5% in 2008.

Further to the unwinding of a Eurobond currency swap entered into at the end of 2007, the majority of Group financial debt is now in euros (77% of gross debt). Debt breakdown by currency at December 31, 2008, was as follows: €1.191 billion in euros, €167 million in U.S. dollars and €183 million in other currencies.

In December 2005, the Group established financial ratio targets meant to direct the Group's financial policy on such matters as acquisitions and dividends. These ratio targets were met at the end of the fiscal year, as the following table shows:

	Optimal Ratio	December 31, 2008	December 31, 2007
Average net debt/operating margin before depreciation	< 1.50	1.2	1.4
Net debt /equity	< 0.5	0.3	0.4
Coverage of interest on operating margin before depreciation/cost of net financial debt	> 7	11	12

10.3 INFORMATION ON BORROWINGS AND THE STRUCTURE OF THE GROUP'S FINANCING

To manage liquidity risk, Publicis has at its disposal significant cash and cash equivalents (amounting to €867 million as of December 31, 2008) and unused credit lines (amounting to €1,931 million as of December 31, 2007, of which €1,666 million in credit are confirmed and €265 million are not confirmed). The main credit line is a multi-currency syndicated facility in the amount of €1,500 million, which expires in 2012 with the option of an extension of until July 2014, with the bank's approval.

These amounts, which are available or can be made available almost immediately, are more than sufficient to allow the Group to meet its current financial debt obligations (maturing in less than 12 months), including commitments to minority shareholders and possible prepayment in January 2010 of the 2018 OCÉANE.

Cash management was optimized through creating domestic cash-pooling structures in the countries of the Group's main operations.

Since 2006, an international cash pooling structure has been implemented with the goal of centralizing all cash for the Group as a whole. Cash resources are for the most part held by subsidiaries in countries where funds can be freely transferred and centralized.

Since December 2005, the Group has been rated by the two leading international agencies – Standard & Poor's and Moody's. At the date of this document, the ratings were: BBB+ from Standard & Poor's; and Baa2 from Moody's.

10.4 INFORMATION CONCERNING ALL RESTRICTIONS ON USE OF CAPITAL, WHICH CAN INFLUENCE, DIRECTLY OR INDIRECTLY, THE GROUP'S BUSINESS

At December 31, 2008, and on the date of the closing of the accounts, there were no triggers or financial covenants in short-term bank financing, syndicated facilities or bond debt.

There are no legal or economic restrictions likely to limit or significantly restrict any transfers of funds to the parent Company in the near future.

10.5 INFORMATION CONCERNING EXPECTED SOURCES OF FINANCING THAT WILL BE NECESSARY TO SATISFY THE COMMITMENTS DISCUSSED IN CHAPTERS 5.2.3 AND 8.1

The Group's available cash was €867 million and it had available credit lines in the amount of €1,931 million as of December 31, 2008. Publicis believes that it has sufficient liquidity to meet its operating requirements and its investment plan for the next 12 months, including in the event of an exercise in January 2010 of the prepayment option with respect to the OCÉANE 2018 bonds (which would result in a use of cash in the amount of €247 million).

10.6 OFF-BALANCE SHEET ARRANGEMENTS

Most of the Group's off-balance-sheet commitments are related to operating leases in the amount of €1.545 billion at December 31, 2008 (see Chapter 20.1, note 24 of the consolidated financial statements for a detailed description of the Group's commitments, including payment schedule).

10.7 CONTRACTUAL OBLIGATIONS

See note 22 in Chapter 20.1 of the consolidated financial statements, Financial Debt, Analysis by Maturity.

11. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES

The various entities included in Publicis Groupe have developed different analysis and research methodologies, in particular concerning consumer behavior and sociological developments. They have also developed software and other tools to assist them in serving clients. Most of these tools concern the media planning businesses of ZenithOptimedia and Starcom MediaVest, and the identification of the most effective channels to reach their clients' target groups. Others are integrated into individual agencies' strategic planning, playing a key role in the unique brand positioning of each advertising agency and agency network, while still others are used for the computerized processing of clients' marketing data, an activity conducted through its MarketForward entity. Several of these tools required significant investment in development or cooperation with outside suppliers. The Group's policy on this matter is described in note 1.2 to the consolidated financial statements in Chapter 20.1.The main tools used in advertising are: FreeThinking, Conversation Monitoring, and Ignition Day Workshops.

- ***in the case of the Publicis network:*** FreeThinking, Conversation Monitoring, Ignition Day Workshops and IdeaAssessor ;
- ***in the case of Leo Burnett:*** Brand ProspectR Segmentation, BrandStockR Equity Metrics, BrandPersonnaSM Archetypes, BrandShelterSM Recession Analytics, What If Mapping, Red & Blue America, The New Shape of Luxury, InnerviewSM Motivation Analytics, HumanKind QuotientSM, HumanKind TerrainsSM, Behavioral Archetypes and Risk Reward Model of Advertising Effects ;
- ***in the case of Saatchi & Saatchi:*** Strategic Toolkit, Sisomo, Xploring, the Story Brief, Inside Lovemarks (in association with QiQ), Saatchi & Saatchi Ideas SuperStore, ainsi que Publicis Ideas IQ Protocol (developed by Saatchi & Saatchi for Publicis Groupe).

In media consultancy:

- ***ZenithOptimedia*** uses Zoom and Touchpoints tool sets, including Awareness Modeller, Budget Allocator, Category Analyzer, Competitive Profiler, Consumer Profiler, Innovations Database, Market Prioritisation Planner, Multi-Copy Planner, Touchpoints ROI Tracker, Wizard TV Planner, ZIPP and Zone.
- ***Starcom MediaVest*** uses, among others, Tardiis, Innovest, Media Pathways, BattleField, Market Contact Audit (under license from Integration), Passion Groups, Contact Destinations, Intent Tracker/Modeler, Captivation Blueprint, IPXact, Map, Beyond Demographics, Media in Motion (patent pending), Budget Allocator, Brain Conquest and CVT (in process of targeting of clientele).
- ***Denuo*** has a new unit, Word of Mouth, which is taking the name Socialight. MarketForward offers customers the BrandGuard and BrandVault [suite] for marketing and creative resources management and sharing, BrandApproval for online annotation and approval, BrandBuilder for dynamic publishing, BrandTracker for managing the adaptation of communications campaigns, BrandProgression for marketing and communications project management, and BrandCaster for Dynamic POP displays in retailing networks.
- ***Digitas*** offers its clients, among other tools, Web.Digitas and DF.

- Finally, ***VivaKi Nerve Center*** makes patented tools and methodologies available to Publicis Groupe agencies. These take the form of platforms for the personalization and, with clients, the execution of support for activities like media planning and buying, online purchasing, and the integration of technologies for targeting and direct contacts on mobile devices or the internet. These assets include Global Marketing Navigator (patent pending), Enterprise Dashboards, Foundational Dashboard Solutions, Click2Sales bid management platform and Search Bench tools. VivaKi Nerve Center has established business relationships with outside companies in order to create unique personalization and execution formalities for Publicis Groupe agencies (Social Listening Studio, REAL Social and Audience, Audience on Demand, Social Performance Marketing and Messaging Solutions, and the Pool). Publicis Groupe agencies can thus concentrate on developing new advertising formats.

Publicis does not believe that it is materially dependent on patents, licenses and/or manufacturing processes. No asset required for the Group's business is held by members of the Management Board or Supervisory Board, or their families.

12. OUTLOOK

The trends described below do not constitute forecasts or profit estimates, as defined by the European Regulation 809/2004 of April 29, 2004, used in application of Directive 2003/71/00 of the European Parliament and Council of November 4, 2003.

With the intensification of the financial sector's problems over the last months of 2008, the economic crisis has changed in dimension. Up until the third quarter, mature economies were evolving in an environment of low growth, though the conviction remained that there was a possibility that the United States was "uncoupled" from the rest of the world and that the real economy would slow down but would remain comparatively immune to the financial crisis.

After the bankruptcy of Lehman and given the state of quasi-bankruptcy of many large financial institutions, the crisis suddenly changed its scope,to affect almost all business sectors and an increasing number of countries.This is the first worldwide economical crisis, and its effects are still unknown.

In a difficult environment with global economic growth of 2.5% in 2008, down significantly from the previous year, Publicis Groupe attained practically all of its objectives, closing the year with a very good performance (the best in Tier One, the "highest level" that defines the four largest groups worldwide) including gains of new budgets, organic growth, operating margin, and free cash flow growing again and enters 2009 with a solid balance sheet, sizeable liquidity and a flexible and adaptable structure.

With an estimate of global GDP growth of 0.9% (source: World Bank), the year 2009 will be very difficult. The most recent forecasts (ZenithOptimedia) predict a global slowdown in advertising spending of 1.8%. By region, only emerging economies are presently expected to show significant growth compared to 2008: Brazil +10%, China +8.8%, but the United States should decline by 6.3%, Japan by 5.7%, Spain by 8%, Germany by 5.1%, while the UK and France should experience a decrease of 4% and 1.9% respectively. However, it is important to stress that these estimates are regularly revised downwards, in particular in regard to GDP, currently predicted to decrease, a forecast that will undoubtedly provoke an understandable decline in spending on advertising.

In this environment, characterized by the entry of various Western economies into a recession and an expected slowdown of emerging economies, Publicis Groupe intends more now than ever to take advantage of its many assets. First and foremost, the Group has demonstrated its ability to control its costs,as illustrated by the steady increase over the years in operating margin. This thorough work is independent of fluctuations in the economy and is supplemented by a great flexibility in the organization, thus permitting rapid adaptations. The strategy of developing digital activities and expanding in high-growth regions, which is beginning to bear fruit, should offset, at least in part, the decrease in certain activities or regions if one assumes that emerging economies nevertheless continue to grow and that on-line advertising expenses will continue to increase by about 10%.

The Group's new account wins over these past years attests to the dynamism and attractiveness of the Publicis Groupe. The teams of the different Group entities will exhibit renewed efforts in this area in order to compensate, at least in part, for the decline in the global markets.

In the face of the many challenges of the coming quarters, Publicis Groupe remains confident, comforted by its recent positive operational performance, a solid balance sheet, a very flexible organization, and teams that are committed to serving the Group’s clients.

13. FORECASTS OR ESTIMATES OF EARNINGS

The Company does not publicly disclose forecasts or profit estimates.

14. CORPORATE GOVERNANCE, MANAGEMENT AND SUPERVISORY BODIES, AND EXECUTIVE MANAGEMENT

14.1 MEMBERS OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

The Company is a *société anonyme* with a Management Board (*Directoire*) and a Supervisory Board (*Conseil de surveillance*), the members of which are collectively referred to as "members."

Composition of the Management Board

First name and last name	Main offices and positions held within the Company	Other offices and positions held within the Group	Main offices and positions held outside the Group	Offices and positions held outside the Group in the last five years
Mr Maurice Lévy Initially appointed : November 27, 1987 Expiration date of current term: December 31, 2011 Address: Publicis Groupe S.A. 133 avenue des Champs Elysées 75008 Paris	***Chairman of the Management Board***	***Chairman and CEO of*** Publicis Conseil SA (France) ***Member of the Supervisory Board*** Médias & Régies Europe SA (France) ***Member of Executive Committee*** Publicis Groupe (P12) ***Director*** Fallon Group, Inc. (USA) * MMS USA Holding, Inc. (USA) ZenithOptimedia Group Limited (UK) MMS USA Investements, Inc. (USA) ***Management Board Member*** Publicis Group U.S. Investments LLC (USA) * *(Term expired in 2008)*	***Member of the Supervisory Board*** Deustche Bank ***Member of the Board of Directors*** Friends of the Quai Branly Museum Decorative Alliance Brain; and Spinal Chord Institute	Positions listed to left, and: ***CEO of the Palais de Tokyo,*** *contemporary art center (French association under law 1901)*
Mr David Kenny Initially appointed : December 4, 2007 (effective from January 1, 2008) Expiration date of current term: December 31, 2011 Address: Digitas 33 Arch Street Boston, MA, 02110 USA	***Member of the Management Board***	***Director*** VivaKi Communications SA (France) ***Member of Executive Committee*** Publicis Groupe (P12) ***Director*** Communication Central Group Investment Ltd (British Virgin Islands) Communication Central Holding Ltd (Hong Kong) Communication Central Software Ltd (British Virgin Islands) Communication Central Software (HK) Ltd (Hong Kong) Digitas, Limited ((Hong Kong) Red Pepper Ltd (British Virgin Islands) VivaKi Productions, Inc. (USA)	***Member of the Board of Directors*** Akamai Technologies, Inc. (USA) Ad Council (USA) Teach for America (USA) The Corporate Executive Board (USA)	Positions listed to left, and: ***Member of the Board of Directors*** Sentient Air (USA)

First name and last name	Main offices and positions held within the Company	Other offices and positions held within the Group	Main offices and positions held outside the Group	Offices and positions held outside the Group in the last five years
Mr Jack Klues Initially appointed : December 7, 2004 (effective from January 1, 2005) Expiration date of current term: December 31, 2011 Adresss: VivaKi Communications 35 West Wacker Drive Chicago, IL 60601 (USA)	***Member of the Management Board***	***Chairman*** Publicis Groupe Media ***Member of Executive Committee*** Publicis Groupe (P12) ***Director*** Starcom Worldwide SA (France) ***Director*** Starcom Worldwide SA de CV (Mexico) MediaVest Group, Inc. (USA) VivaKi Productions, Inc. (USA) ***Chairman, oversight Board*** Leo Burnett Starcom MediaVest Group Digitas collaboration (Insight Factory	None	None
Mr Jean-Yves Naouri Initially appointed : December 4, 2007 (effective from January 1, 2008) Expiration date of current term: December 31, 2011 Address: Publicis Groupe S.A. 133 avenue des Champs Elysées 75008 Paris	***Member of the Management Board***	***Executive Vice President – Operations of*** Publicis Groupe SA ***Member of Executive Committee*** Publicis Groupe (P12) ***Chairman*** Re:Sources 133 SAS ***Président Directeur Général*** Publicis Technology SA ***Member of the Supervisory Board*** Publicis Net SA ***Permanent Representative of Publicis Groupe SA dans*** Publicis Finance Services SA Resources 133 Publicis et Nous SA ***Director*** VivaKi Communications SA Ibase SA Webformance SA ***Membre du Comité de Direction*** Multi Market Services France Holdings SAS ***Director*** MarketForward Corporation (USA)* Lion Resources Iberia SL (Spain) Re:Sources Italy srl Re:Sources Mexico SA de CV Leo Burnett Publicidade Ltda (Brazil)* Publicis Healthcare Communications Group, Inc. (USA) Lion Resources, SA (Costa Rica) ** (Term expired in 2008)*	None	None

First name and last name	Main offices and positions held within the Company	Other offices and positions held within the Group	Main offices and positions held outside the Group	Offices and positions held outside the Group in the last five years
Mr Kevin Roberts Initially appointed : September 14, 2000 Expiration date of current term: December 31, 2011 Address: Saatchi & Saatchi 375 Hudson Street New York NY 10014-3620 USA	***Member of the Management Board***	***Member of Executive Committee*** Publicis Groupe (P12) ***Director*** Saatchi & Saatchi X, Inc. (USA)* Conill Advertising, Inc. (USA)* Saatchi & Saatchi North America, Inc. (USA)* Fallon Group, Inc. * *(Term expired in 2008)*	***Director*** Rowland Communications Worldwide, Inc. (USA) Red Rose Limited (New Zealand) Red Rose Charitable Services Limited (New Zealand) NZ Edge.com Holding Limited (New Zealand) USA Rugby (USA)	Positions listed to left, and: ***Director*** Lion Nathan Plc New Zealand Rugby Football Union North Harbour Rugby Football Union

Members of the Management Board whose terms expired on December 31, 2007 and were not renewed

Ms. Claudine Bienaimé's and Mr. Bertrand Siguier's terms expired on December 31, 2007 and were not renewed.

Composition of the Supervisory Board

First name and last name	Main offices and positions held within the Company	Other offices and positions held within the Group	Main offices and positions held outside the Group	Offices and positions held outside the Group in the last five years
Mrs Elisabeth Badinter Initially appointed : November 27, 1987 Expiration date of current term: June 30, 2012 Address: Publicis Groupe S.A. 133 avenue des Champs Elysées 75008 Paris	***Chairperson of the Supervisory Board*** ***Chairperson of the Nomination Committee*** ***Member of the Compensation Committee***	***Chairperson of the Supervisory Board*** Médias & Régies Europe SA (France)	Author	None
Mrs Sophie Dulac Initially appointed : June 25, 1998 Expiration date of current term: June 30, 2010 Address Les Ecrans de Paris 30, avenue Marceau 75008 PARIS	***Vice-chairperson of the Supervisory Board***	None	***Chairperson of the Board of Directors of*** Les Ecrans de Paris SA (France) ***Manager of*** Sophie Dulac Productions SARL (France) Sophie Dulac Distributions SARL (France) ***Chairman*** Association Paris Tout Court (France)	Positions listed to left, and: ***Vice-chairperson of the Board of Directors of*** CIM de Montmartre SA.

First name and last name	Main offices and positions held within the Company	Other offices and positions held within the Group	Main offices and positions held outside the Group	Offices and positions held outside the Group in the last five years
Mr Simon Badinter Initially appointed : June 17, 1999 Expiration date of current term: June 30, 2011 Address: Médias & Régies Europe 1 rond-point Victor-Hugo 92137 Issy-les-Moulineaux cedex	***Member of the Supervisory Board***	***Chairman of the Mangagement Board*** Médias & Régies Europe SA ***Chairman & CEO*** Médias & Régies America, Inc. (USA) ***Chairman & CEO*** Omni Media Cleveland, Inc. (USA) ***Chairman*** Gestion Omni Media, Inc. (Canada) ***Chairman and CEO of the Department of Development of*** Médias et Régies Europe à Cleveland (USA) ***Director of*** Médiavista SAS (France) ***Permanent Representative of Médias & Régies Europe*** dans R.P.T.P - Métrobus Publicité SA (France) Mediavision et Jean Mineur SA (France) ***Permanent Representative of Média Rail*** dans Média Transports ***Member of the Board*** Onspot Digital (USA) ***Co-General Manager*** Onspot Digital Network (USA)	None	None
Miss Monique Bercault Initially appointed : June 25, 1998 Expiration date of current term: June 30, 2010 Address: Médias & Régies Europe 1 Rond Point Victor Hugo 92137 Issy les Moulineaux cedex	***Member of the Supervisory Board***	***Technical Advisor to the Chairman of the Management Board*** Médias & Régies Europe	None	None

First name and last name	Main offices and positions held within the Company	Other offices and positions held within the Group	Main offices and positions held outside the Group	Offices and positions held outside the Group in the last five years
Mrs Claudine Bienaimé Initially appointed : June 3, 2008 Expiration date of current term: June 30, 2014 Address: Publicis Groupe S.A. 133 avenue des Champs Elysées 75008 Paris	***Member of the Supervisory Board*** ***Member of the Audit Committee*** ***Member of the Compensation Committee***	***Chairperson of*** Publicis Groupe Services SAS * ***Director*** Groupe ZenithOptimedia SA (France) * Publicis Conseil SA (France)* Solange Stricker ! Finincom SA (France) * ***Permanent Representative of Publicis Conseil dans*** Re:Sources 133 SAS (France) World Advertising Movies SA (France) * Publicis Finance Services SA (France) * Publicis EtNous SA (France) * Loeb & Associés SA (France)* Publicis Constellation SA (France)* ***Permanent Representative of Multi Market Services France Holdings SAS (France)*** dans Publicis Technology SA * ***Member of the Management Committee of*** Multi Market Services France Holdings SAS* ***Director*** Publicis Groupe Investissements BV (Netherlands) **Publicis Holdings BV** (Netherlands) **Publicis Groupe Holdings BV** (Netherlands) ** (Term expired in 2008)*	***Director*** Gévelot SA (France) P. C. MR SA (France) Gévelot Extrusion SA (France) Gurtner SA (France) ***Chairman and Chief Executive Officer*** Société Immobilière du Boisdormant SA (France) ***Deputy Chairman of*** Rosclodan SA (France) Sopofam SA (France) ***Chairman of the Audit Committee*** Gévelot SA (France) ***Manager of the*** SCI Presbourg Etoile (France)	Positions listed to left

First name and last name	Main offices and positions held within the Company	Other offices and positions held within the Group	Main offices and positions held outside the Group	Offices and positions held outside the Group in the last five years
Mr Michel Cicurel Initially appointed : June 17, 1999 Expiration date of current term**:** June 30,2010 Address: La Compagnie financière Edmond de Rothschild 47 rue du Faubourg St Honoré 75008 Paris	***Member of the Supervisory Board*** ***Chairman of the Compensation Committee*** ***Member of the Nomination Committee***	None	***Chairman of the Management Board*** La Compagnie Financière Edmond de Rothschild Banque SA (France) Compagnie Financière Saint-Honoré SA (France) ***Chairman of the Board of Directors*** ERS SA (France) Edmond de Rothschild SGR Spa (Italy) Edmond de Rothschild SIM Spa (Italy) ***President of the Supervisory Board*** Edmond de Rothschild Multi Management SAS (France) Edmond de Rothschild Corporate Finance SAS (France) ***Member of the Supervisory Board*** Edmond de Rothschild Private Equity Partners SAS SIACI Saint Honoré SA Newstone Courtage SA ***Director*** Banque Privée Edmond de Rothschild SA (Switzerland) Edmond de Rothschild Limited (UK) LCF Holding Benjamin et Edmond de Rothschild SA (Switzerland) Bouygues Telecom SA Cdb Web Tech (Italy) Société Générale SA Coe-Rexecode (Association) ***Permanent Representative of La Compagnie Financière Edmond de Rothschild Banque in :*** Edmond de Rothschild Asset Management SAS (France) Edmond de Rothschild Financial Services SA (France) Equity Vision SA (France) ***Permanent Representative of* La Compagnie Financière Saint-Honoré in** Cogifrance SA(France) ***Censor*** de Paris-Orléans SA (France)	Positions listed to left, and: ***Director*** Bolloré Investissement SA Cir International La Compagnie Benjamin de Rothschild SA (Switzerland) ***Chairman of the Board of Directors*** Edmond de Rothschild Private Equity Partners SAS ***Member of the Supervisory Board*** Assurances et Conseils Saint Honoré SA SIACI SA ***Permanent Representative of La Compagnie Financière Edmond de Rothschild Banque in*** Edmond de Rothschild Multi Management SAS Assurances Saint-Honoré SA Assurances et Conseils Saint Honoré Edmond de Rothschild Corporate Finance ***Permanent Representative of La* Compagnie Financière Saint-Honoré in** Compagnie de Conseils des Assurances Saint-Honoré ***Member of the council of Sponsors of*** Rothschild & Compagnie Banque ***Censor*** of Francarep

First name and last name	Main offices and positions held within the Company	Other offices and positions held within the Group	Main offices and positions held outside the Group	Offices and positions held outside the Group in the last five years
Mr Michel Halpérin Initially appointed : March 2, 2006 Expiration date of current term: June 30, 2014 Address: Ming Halpérin Burger Inaudi 5, avenue Léon-Gaud 1206 Genève (Switzerland)	***Member of the Supervisory Board***	None	***Delegate*** du Grand Conseil de la République et Canton de Genève ***Chairman*** Human Rights Watch, Comité International de Genève Amis Suisses de l'Université Ben Gourion du Néguev ***Vice-Chairman of the Board of Directors*** BNP PARIBAS SA (Switzerland) ***Member of the Board*** *La Fondation Genève Place Financière* *Marc Rich Holding & Co GmbH, Zoug*	Positions listed to left, and: ***Chairman and Vice-Chairman of*** Grand Conseil de la République and Canton de Genève
Mr Tateo Mataki Initially appointed : September 9, 2004 Expiration date of current term: June 30, 2014 Address: Dentsu Inc. 1-8-1, Higashi-shimbashi Minato-ku Tokyo 105-7001 (Japan)	***Member of the Supervisory Board***	None	***Chairman & CEO*** Dentsu,Inc. ***Representative Director*** Dentsu Inc ***Chairman*** Japan Advertising Agencies Association ***Vice Chairman*** Japan Marketing Association, International Advertising Association Japan Chapter ***Member of*** Nippon Academy Award Association Chambre de Commerce et d'Industrie de Tokyo ***Director*** Tokyo Broadcasting System Television, Inc. ***Corporate Advisor of*** Broadcasting System of Niigata, Inc. ***Advisory Director*** Television Nishinippon Corporation	Positions listed to left, and: ***Member of Controlling Committee*** of Japan Advertising Agencies Association ***Vice Chairman*** of Organizational Committee of world Track + Field Championships (IAAF) in 2007 ***Chairman & CEO*** of Dentsu Inc. ***Corporate Advisor*** *of* Shinetsu Broadcasting Corporation Ltd. ***Senior Corporate Advisor*** Iwate Broadcasting Co., Ltd.

First name and last name	Main offices and positions held within the Company	Other offices and positions held within the Group	Main offices and positions held outside the Group	Offices and positions held outside the Group in the last five years
Mrs **Léone Meyer** Initially appointed : June 7, 2006 Expiration date of current term: June 30, 2012 Address: Phison Capital 39, Quai d'Orsay 75007 Paris	***Member of the Supervisory Board*** ***Member of the Nomination Committee***	None	***Chairperson*** Phison Capital,financial and investment company	Positions listed to left, and: ***Chairperson and Member of the Supervisory Board*** Galeries Lafayette SA ***Chairperson*** Sogefin ***Member of the Supervisory Board*** BHV ***Director*** Cofinoga Lafayette Services-Laser Monoprix ***Member of the Supervisory Board*** Casino.
Mrs Hélène Ploix Initially appointed : June 25, 1998 Expiration date of current term: June 30, 2010 Address: Pechel Industries 162, rue du Faubourg Saint-Honoré 75008 Paris	***Member of the Supervisory Board*** ***Member of the Audit Committee***	None	***Chairperson*** Pechel Industries SAS (France) Pechel Industries Partenaires SAS (France) ***Director*** Lafarge SA (France) BNP Paribas SA (France) Ferring SA (Switzerland) Completel Europe NV (Netherlands) ***Permanent Representative of Pechel Industries Partenaires in*** Ypso Holding SA (Luxembourg) ***Manager*** Hélène Ploix SARL (France) Hélène Marie Joseph SARL (France) Sorepe société civile	Positions listed to left, and: ***Chairperson*** Pechel Services SAS ***Vice Chairperson*** CAE International SA (France) ***Director*** HRF 6 SA (France) Alliance Boots Plc (UK) ***Permanent Representative of*** Pechel Industries IDM SA Holding Nelson SAS Créations Nelson SA Homerider Systems SA Xiring SA Quinette Gallay SA (France) CVBG-Dourthe Kressman SA (France) ***Permanent Representative of*** Pechel Industries Partenaires SVP Management et Participations SA (France)

First name and last name	Main offices and positions held within the Company	Other offices and positions held within the Group	Main offices and positions held outside the Group	Offices and positions held outside the Group in the last five years
Mr Felix G. Rohatyn Initially appointed : June 14, 2001 Expiration date of current term: June 30, 2013 Address: FGR Associate LLC 280 Park Avenue 27th Floor New York, NY 10017 (USA)	***Member of the Supervisory Board***	None	***Chairman*** FGR Associates LLC (USA) ***Vice Chairman*** Lehman Brothers (USA)* ***Director*** LVMH Moët Hennessy Louis Vuitton SA (France) French American Foundation (Etats- Unis) ***Honorary Trustee*** Carnegie Hall (USA) ***Trustee*** Center for Strategic and International Studies (CSIS) (USA) ***Honorary Trustee Board*** Middlebury College (USA) ***Member Council on*** Foreign Relations (USA) ** (Term expired in 2008)*	Positions listed to left, and: ***Member of the Supervisory Board*** Lagardère Groupe SA (France) ***Director*** Suez SA Fiat Spa Comcast Corporation Rothschilds Continuation Holdings AG
Mr Amaury de Seze Initially appointed : June 25, 1998 Expiration date of current term: June 30, 2010 Address: PGB 1 rond-point des Champs Elysées 75008 PARIS	***Member of the Supervisory Board*** ***Member of the Compensation Committee***	None	***Chairman of the Board of Directors*** Carrefour SA (France) ***Vice-Chairman*** Power Corporation du Canada Ltd ***Director*** Groupe Industriel Marcel Dassault SAS (France) Imerys (France) Suez Environnement (France) ***Director*** BW group, Groupe Bruxelles Lambert SA (Belgium) Erbe SA (Belgium) Pargesa Holding SA (Switzerland) ***Member of the Supervisory Board*** Gras Savoye SCA (France)	Positions listed to left, and: ***Chairman of the Supervisory Board*** PAI Partners SAS (France) ***Chairman*** PAI Partners UK Ltd (UK) Financière P.A.I. SAS (France) Financière PAI Partners SAS (France) PAI Partners SAS (France) ***Vice-Chairman of the Supervisory Board*** Carrefour SA ***Chairman of the Board of Directors*** Cobepa SA (Belgium) ***Director*** Carrefour Eiffage SA PAI Europe III General Partner NC (Guernesey) PAI Europe IV General Partner NC (Guernesey) PAI Europ IV UK General Partner Ltd (UK) PAI Europe V General Partner NC (Guernesey) PAI Partners Srl (Italy) Saeco SpA (Italy) Power Corporation du Canada (Canada) Gepeco SA (Belgium) Novalis SAS (France) Novasaur SAS (France) Vivarte SA (France) ***Representative of*** NHG SAS (France)

First name and last name	Main offices and positions held within the Company	Other offices and positions held within the Group	Main offices and positions held outside the Group	Offices and positions held outside the Group in the last five years
Mr Henri-Calixte Suaudeau Initially appointed : 27 November 1987 Expiration date of current term: June 30, 2012 Address: Publicis Groupe S.A. 133 avenue des Champs Elysées 75008 Paris	***Member of the Supervisory Board*** ***Member of the Nomination Committee***	***Director*** Publicis Conseil SA	None	None
Mr Tatsuyoshi Takashima Initially appointed : June 3, 2008 Expiration date of current term:June 30, 2014 Address: Dentsu Inc. 1-8-1, Higashi-shimbashi Minato-ku Tokyo 105-7001 (Japan)	***Member of the Supervisory Board***	None	***Chairman & CEO*** Dentsu, Inc. ***Director*** J-Wave, Inc. ***Executive Director*** Japan Marketing Association ***Temporary Committee Member*** Information Economy Committee Industrial Structure Council Ministry of Economy Trade and Industry of Japan	Positions listed to left, and: **Member** of the Foundation Board de Institute for Management Development
Mr Gérard Worms Initially appointed : June 25, 1998 Expiration date of current term: June 30, 2010 Rothschild & Cie Banque 23 bis, avenue de Messine 75008 Paris	***Member of the Supervisory Board*** ***Chairman of the Audit Committee***	***Member of the Supervisory Board*** Médias & Régies Europe SA (France)	***Vice Chairman*** Rothschild Europe (Netherlands) ***Senior Advisor*** Rothschild & Cie ***Director*** Editions Atlas SAS (France) ***Member of the Supervisory Board*** Métropole Télévision SA (France) ***Censor of*** SIACI Saint-Honoré SA (France) Degrémont SA (France)	Positions listed to left, and: ***Managing Partner of*** Rothschild & Cie Banque ***Managing Partner of Commandité*** Rothschild & Cie ***Chairman*** SGIM SA ***Director*** Cofide SA (Italy) ***Member of the Supervisory Board*** Paris-Orléans SA (France)

Members of the Supervisory Board whose terms expired in 2008 and were not renewed

The terms of Michel David-Weill and Yataka Narita expired subsequent to the shareholders' meeting of June 3, 2008.

Cooptation in the 2009 fiscal year

During its meeting of March 10, 2009, the Supervisory Board appointed Tadashi Ishii by cooptation as the replacement for Tateo Mataki for the remainder of his term, i.e., until the ordinary general shareholders' meeting asked to approve the financial statements for the 2013 fiscal year. The ordinary general shareholders' meeting of June 9, 2009, will be asked to ratify this cooptation.

Tadashi Ishii, born on March 10, 1951, in Tokyo, holds a degree in international studies from Sophia University (Tokyo). He joined Dentsu in April 1973. After working in managerial positions in Dentsu, he was appointed Executive Officer in July 2002 then Senior Executive Officer at corporate headquarters in July 2004. He was appointed CEO and member of the Board of Dentsu Inc. in July 2006. Mr. Ishii does not currently hold shares in Publicis Groupe S.A. However, in accordance with article 13 V of the bylaws, he will be required to hold at least 200 shares in Publicis Groupe S.A.

The terms of office and functions of Mr. Ishii in 2008 and over the last five years were the following:

- Executive Officer, International Headquarters, Dentsu Inc. (2002);
- Executive Officer, International Headquarters, Dentsu Inc. (2004);
- Managing Director, Member of the Board, Account Group Management Headquarters, Dentsu Inc. (2006);
- Managing Director, Member of the Board, Dentsu Inc. (2008).

To the best of the Company's knowledge, there are no existing family ties between the corporate executives of the Company, except between Elisabeth Badinter, daughter of the founder of Publicis Groupe Marcel Bleustein-Blanchet, her son Simon Badinter, and her niece Sophie Dulac.

No member was designated as an employee representative and no Censor was appointed.

To the best of the Company's knowledge, over the past five years:

- no member of the Management Board or the Supervisory Board of Publicis Groupe has been sentenced for fraud;
- no member of the Management Board or the Supervisory Board has filed for bankruptcy, or been subject to a sequestration or liquidation;
- no member has been incriminated or had an official public sanction imposed against him or her by statutory or regulatory authorities or by professional organizations.
-

In addition, to the best of the Company's knowledge, no member of the Management Board or the Supervisory Board of Publicis Groupe was prevented by a court of law from acting as a member of an administrative, management or supervisory board of an issuer, nor to take part in the management or operation of an issuer's business.

14.2 CONFLICTS OF INTEREST WITHIN GENERAL MANAGEMENT AND SUPERVISORY DIVISIONS

The Supervisory Board currently has 15 members (see Chapter 14.1). The rules of corporate governance and the independence criteria adopted by the Company for the members of the Supervisory Board are discussed in Chapter 16.3.1.

Internal guidelines are based on the independence criteria defined by the Supervisory Board on March 9, 2004. In view of the separation of the management and supervisory tasks within the Company and the capital structure, the Supervisory Board accordingly adopted the following characteristics as independence criteria:

- not to be an employee or a member of the Supervisory Board or the Management Board or a close relative of such member;
- not to have a significant business relationship with the Company as either a client or a supplier;
- not to have any family ties or business relationship with any of the Company's auditors.

Except as noted above or in Chapter 19, there are no family relationships between any of the members of the Company's Supervisory Board or the Management Board, nor any potential conflicts of interest between the members of its Supervisory Board or the Management Board. It has no agreements with any of the members of its Supervisory Board or the Management Board providing for benefits to be paid upon termination of employment, nor do any of its subsidiaries have any such agreements, except as described in Chapters 15.1 and 19. Except as described in Chapter 19, none of the members of the Supervisory Board or the Management Board was selected pursuant to arrangements or understandings with major shareholders, customers, suppliers or others.

15. COMPENSATION AND BENEFITS OF MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

For the purposes of the law of July 3, 2008, which transposes Directive 2006/46/EC of the European Parliament and of the Council of June 14, 2006, Publicis Groupe declares that the AFEP-MEDEF code as amended shall be its reference in preparing the report provided for in article L. 225-68 of the French Commercial Code (*Code de commerce*) as from the 2008 fiscal year.

At its meeting of December 2, 2008, the Supervisory Board of Publicis Groupe S.A. examined the AFEP-MEDEF recommendations dated October 6, 2008, concerning the compensation of executive directors of listed companies.

The Board considers that these recommendations are in line with the corporate governance principles of the Group and notes that existing commitments with the members of the Management Board already comply with these recommendations.

15.1 COMPENSATION AND BENEFITS

The following table sets forth the total compensation and benefits that were paid to the members of its Supervisory Board and the Management Board, either by the Company itself or by any of its controlled subsidiaries as defined by Article L.233-3 of the French *Code de commerce*, during the fiscal year ended December 31, 2008. For certain members of the Supervisory Board and the Management Board, this compensation includes both a fixed salary and a variable bonus. The fixed salary included in the total compensation is set forth in the following table (amounts are in euros and do not reflect deductions relating to taxes or social charges).

Compensation (in euros) paid in 2008 (gross total before social charges and tax)

	Total gross compensation paid in 2008	Base compensation	Variable compensation (7)	Attendance fees (7)	Benefits in kind (8)	Total gross compensation paid in 2007	Base compen-sation
Management Board							
Maurice Lévy (3)	3,400,000	900,000	2,500,000	-	-	3,600,000	900,000
Jack Klues (1)	1,917,204	681,740	1,227,132	-	8,332	1,842,339	730,700
Kevin Roberts (1) (4)	3,210,896	681,740	2,505,395	-	23,761	3,001,313	730,700
David Kenny (1)(4)(5)	1,705,684	579,479	1,123,096	-	3,109	-	-
Jean-Yves Naouri (5)	732,600	550,000	182,600	-	-	-	-
Claudine Bienaimé (9)	461,000	-	461,000	-	-	1,119,833	180,000
Bertrand Siguier (9)	587,000	-	587,000	-	-	1,634,788	400,000
Supervisory Board							
Elisabeth Badinter	242,939	182,939	-	60,000	-	232,939	182,939
Sophie Dulac	20,000	-	-	20,000	-	30,000	-
Claudine Bienaimé (9)(10)	-	-	-	-	-	-	-
Henri-Calixte Suaudeau	60,000	-	-	60,000	-	50,000	-
Monique Bercault	25,000	-	-	25,000	-	35,000	-
Hélène Ploix	60,000	-	-	60,000	-	70,000	-
Gérard Worms	60,000	-	-	60,000	-	70,000	-
Amaury de Seze	25,000	-	-	25,000	-	30,000	-
Simon Badinter (1) (6)	401,402	178,616	188,285	25,000	9,501	397,055	191,443
Michel Cicurel	55,000	-	-	55,000	-	40,000	-
Felix G. Rohatyn	25,000	-	-	25,000	-	25,000	-
Tatsuyoshi Takashima(10)	-	-	-	-	-	-	-
Tateo Mataki	15,000	-	-	15,000	-	15,000	-
Michel Halpérin (2)	25,000	-	-	25,000	-	20,000	-
Léone Meyer (2)	50,000	-	-	50,000	-	25,000	-
Michel David-Weill (11)	20,000	-	-	20,000	-	45,000	-
Yutaka Narita (11)	25,000	-	-	25,000	-	25,000	-
Robert Badinter (12)	-	-	-	-	-	10,000	-
Robert L. Seelert (12)	-	-	-	-	-	5,000	-
TOTAL	**13,123,725**	**3,754,514**	**8,774,508**	**550,000**	**44,703**	**12,323,267**	**3,315,782**

(1) *Compensation defined and paid in U.S. dollars. The conversion into euros was made at an average rate of $1 = €0.68174 in 2008 and $1 = €0.73070 in 2007.*
(2) *Mr. Halpérin was appointed on March 2, 2006, and Ms. Meyer on June 7, 2006.*
(3) *Variable compensation may be no more than three times the base compensation.*
(4) *In accordance with the relevant contracts, the variable portion includes an annual pension payment for Mr. Roberts and a retention bonus for Mr. Kenny.*
(5) *Appointed as from January 1, 2008.*
(6) *Principal criteria for the variable compensation: growth of operating income of Médias & Régies Europe as measured by targets and the qualitative objectives reached.*
(7) *Amount paid in 2008 for the 2007 fiscal year (subject to note 4).*
(8) *Benefits in kind relating to the use of a company car are not mentioned when they do not constitute a material amount.*

(9) *Expiration of the term of office as member of the Management Board and termination of employment contract on December 31, 2007. Total compensation paid in 2007 included a retirement bonus and compensation for vacation days in accordance with the National Collective Bargaining Agreement for Advertising Companies (i.e., €863,056 and €21,732, respectively, for Bertrand Siguier, and €629,333 and €10,500, respectively, for Claudine Bienaimé). The bonus set by the Supervisory Board for 2007 was paid in 2008 (€587,000 for Bertrand Siguier and €461,000 for Claudine Bienaimé).*

(10) *Appointed to the Supervisory Board as from June 3, 2008.*

(11) *Expiration of term of office on June 3, 2008.*

(12) *Expiration of term of office in 2006 (Robert Badinter on March 2, 2006, and Robert L. Seelert on June 7, 2006).*

Following the renewal of the mandates of Maurice Lévy, Kevin Roberts and Jack Klues, and the appointments of David Kenny as from January 1, 2008, and Jean-Yves Naouri as from March 17, 2008, the Supervisory Board examined and either renewed or established their compensation. The employment conditions of Management Board members as set by the Supervisory Board are based on guidelines from the Compensation Committee. Yearly compensation for members of the Management Board includes a fixed component (salary and benefits) and a variable component, which is defined in relation to the base salary. The amount of the variable component (the bonus) is based on the year's performance and on the extent to which quantitative and qualitative goals have been reached. At the end of the fiscal year the Compensation Committee determines the extent to which such goals were reached. The variable portion of compensation relating to the fiscal year is determined and paid in the following fiscal year. The main criteria used to determine the variable component paid to Management Board members were:

For fiscal years 2007 and 2008

- Maurice Lévy: organic growth of revenue and the Group net income margin compared with the three leading worldwide communications groups; the consolidation of management structures and the continuation of the Group's roll-out.
- Kevin Roberts: growth in Saatchi & Saatchi revenue and operating margin relative to objectives. In addition to the yearly bonus, Publicis paid a yearly pension allocation pursuant to commitments made for the Saatchi & Saatchi acquisition, which were mentioned in the contract described below.
- Jack Klues: growth in Publicis Groupe Media revenue and operating margin relative to objectives.

For the 2008 fiscal year

David Kenny: growth in Digitas revenue and operating margin relative to objectives. In addition to the yearly bonus, Publicis paid a retention bonus pursuant to the contract described below.

Jean-Yves Naouri: the achievement of qualitative goals of his duties (Group operations).

In accordance with the total maximum amount for attendance fees as approved by the shareholders' meeting, each member of the Supervisory Board received €5,000 in 2008 for each meeting attended in 2007. Each member of the Audit Committee, Nomination Committee and Compensation Committee received €5,000 for each meeting attended in 2007.

Total compensation due for fiscal year 2008

On February 10, 2009, after reviewing the guidelines of the Compensation Committee, the Supervisory Board determined the following variable compensation to be paid in 2009 to

Management Board members for fiscal year 2008: Kevin Roberts: $1,800,000; Jack Klues: $1,800,000; David Kenny: $1,700,000; Jean-Yves Naouri: $440,000.

On March 10, 2009, after reviewing the guidelines of the Compensation Committee, the Supervisory Board set the variable compensation to be paid in 2009 to Maurice Lévy for the 2008 fiscal year at €2,700,000.

Gross compensation of Management Board members for 2008, compared with 2007, was as follows:

Compensation (in euros) due for 2008 and 2007 (gross amounts before social charges and tax)

				(4)	:			(4)
Members of the Management Board	Total due for 2008, including:	Base Compe nsation	Variable Compens ation	Benefits in Kind [3]	Total due for 2007, including:	Base Compen sation	Variable Compens ation	Benefits in Kind [3]
Maurice Lévy [6]	3,600,000	900,000	2,700,000	-	3,400,000	900,000	2,500,000	-
Jack Klues [1]	1,917,204	681,740	1,227,132	8,332	2,061,549	730,700	1,315,260	15,589
Kevin Roberts [1][2]	2,801,852	681,740	2,096,351	23,761	3,439,732	730,700	2,685,322	23,710
David Kenny [1][4][5]	2,183,106	579,479	1,600,518	3,109	-	-	-	-
Jean-Yves Naouri [5]	990,000	550,000	440,000	-	-	-	-	-
Claudine Bienaimé[7]	-	-	-	-	1,280,833	180,000	1,100,833	-
Bertrand Siguier [7]	-	-	-	-	1,871,788	400,000	1,471,788	-

(1) *Compensation defined and paid in U.S. dollars. The conversion into euros was made at an average rate of $1 = €0.68174 in 2008 and $1 = 0.73070 in 2007.*

(2) *The variable component includes an annual pension payment pursuant to the contract.*

(3) *Benefits in kind relating to the use of a company car are not mentioned when they do not constitute a material amount.*

(4) *The variable portion includes a retention bonus pursuant to the contract.*

(5) *Appointed as from January 1, 2008.*

(6) *The variable component may be no more than three times the base compensation.*

(7) *Expiration of term of office as member of the Management Board and termination of employment contract on December 31, 2007. Variable compensation paid in 2007 included the retirement bonus and compensation for vacation days in accordance with the National Collective Bargaining Agreement for Advertising Companies (i.e., €863,056 and €21,732, respectively, for Bertrand Siguier, and €629,333 and €10,500, respectively, for Claudine Bienaimé). The bonus set by the Supervisory Board for 2007 was paid in 2008 (€587,000 for Bertrand Siguier and €461,000 for Claudine Bienaimé).*

On March 17, 2008, at the proposal of the Compensation Committee, the Supervisory Board amended existing contractual commitments relating to compensation, indemnities and benefits that might be due to members of the Management Board, and to the cessation of their terms of office and duties, mainly so that these commitments would be in compliance with law no. 2007-1223 of August 21, 2007 (the "TEPA" law). The statutory auditors were informed of the provisions adopted or authorized by the Board as regulated agreements and, as required by the TEPA law, submitted for the approval of the shareholders' meeting of June 3, 2008, where they were approved. Existing contracts or agreements with the members of the Management Board were consequently amended.

Through certain subsidiaries, Publicis has concluded employment agreements with Kevin Roberts, Jack Klues, David Kenny and Jean-Yves Naouri. The material terms (after the amendments of March 17, 2008) of those agreements are as follows:

- Publicis's agreement with Mr. Roberts for the period 2005-2008 (and a related agreement with a consulting firm owned by Mr. Roberts), renewed for the period

2009-2013, provides that if Mr. Roberts's employment contract is terminated prematurely at the initiative of Publicis Groupe "without just cause" or at the initiative of Mr. Roberts "with just cause" subject to certain circumstances, Publicis may be required to pay him an amount equal to 120% of his annual salary in addition to the maximum annual bonus he would have earned for the year and the annual cost of his various benefits, including social protection for one year, the right to exercise stock options and the right to keep any free shares already granted. However, pursuant to the decision of the Supervisory Board of March 17, 2008, these cash payments and benefits shall not be fully due unless the average annual bonus acquired by Mr. Roberts for the three years preceding the termination of his duties is equal to at least 75% of his target bonus. If the average annual amount is less than 25% of the target bonus, neither cash nor benefits shall be due. If the average annual amount is between 25% and 75% of the target bonus, the payments and benefits shall be calculated proportionately between 0 and 100% by the rule of three.

- Moreover, at the expiration of each contract and subject to certain conditions, Mr. Roberts is entitled to a deferred bonus calculated on the basis of $200,000 per year of employment, effective as from the beginning of the period. The deferred bonus for the period 2003-2008 was paid at the beginning of 2009. In addition, in place of the complementary pension agreements concluded in connection with the Saatchi & Saatchi acquisition, Publicis has agreed to pay Mr. Roberts an annuity in the total amount of $7,045,000 over the period 2009-2014. Of this amount, $5,770,000 is directly conditioned upon his continued employment in the Group from 2009 to 2013, and could be reduced pro rata should Mr. Roberts terminate his employment before the end of this period.
- Publicis' agreement with Jack Klues, which became effective as of July 1, 2004, provides that if Publicis terminates Mr. Klues' employment prematurely "without just cause," Mr. Klues may be entitled to receive an amount equal to his annual compensation (base salary and target bonus) in addition to social protection and outplacement assistance for one year. He also would have the right to exercise all stock options and to retain any previously awarded free shares. However, pursuant to the decision of the Supervisory Board of March 17, 2008, these amounts and benefits shall not be fully due unless the average annual bonus acquired by Mr. Klues for the three years preceding the termination of his duties is equal to at least 75% of his target bonus. If the average annual amount is less than 25% of the target bonus, neither cash nor benefits shall be due. If the average annual amount is between 25% and 75% of the target bonus, the payments and benefits shall be calculated proportionately between 0 and 100% by the rule of three.
- In addition, if Mr. Klues retires at his own initiative at the age of 55 or if he is asked by Publicis to retire at or after the age of 57, he may receive for five years an annual amount equal to 30% of his last annual compensation (base salary plus bonus) and part of his social benefits, provided he complies with a noncompete and nonsolicitation agreement for five years.
- Publicis's agreement with David Kenny, which became effective January 24, 2007, for the period 2007-2009, provides that if Publicis Groupe terminates Mr. Kenny's employment prematurely "without just cause," Mr. Kenny will be entitled to continue receiving medical coverage for a maximum of two years. He also will have the right to exercise all stock options and to retain any previously awarded free shares. However, in accordance with to the decision of the

Supervisory Board of March 17, 2008, these benefits shall not be fully due unless the average annual bonus acquired by Mr. Kenny for the three years preceding the termination of his duties is equal to at least 75% of his target bonus. If the average annual amount is less than 25% of the target bonus, no benefit shall be due. If the average annual amount is between 25% and 75% of the target bonus, the benefits shall be calculated proportionately between 0 and 100% by the rule of three.

Moreover, in addition to any annual bonus that he might legitimately claim, Mr. Kenny shall receive a retention bonus of $1,942,188 directly conditional upon his continued employment in the Group from 2007 to 2009, paid annually in three installments, which could be reduced pro rata should Mr. Kenny terminate his employment before the end of the period.

- The agreements in force between Publicis Groupe Services and Jean-Yves Naouri provide that if his mandate as member of the Management Board of Publicis Groupe S.A. is terminated "without just cause," Mr. Naouri may have the right, if he does not continue his employment duties in Publicis Groupe, to receive one year of total gross remuneration (base compensation and maximum variable component), to exercise any stock options and to retain all free shares awarded. Pursuant to the decision of the Supervisory Board of March 17, 2008, these amounts and benefits shall not be fully due unless the average annual bonus acquired by Mr. Naouri for the three years preceding the termination of his duties is equal to at least 75% of his target bonus. If the average annual amount is less than 25% of the target bonus, neither cash nor benefits shall be due. If the average annual amount is between 25% and 75% of the target bonus, the payments and benefits shall be calculated proportionately between 0 and 100% by the rule of three.

In considering Maurice Lévy's compensation as from 2003, the Publicis Supervisory Board agreed to pay Mr. Lévy a deferred bonus equal to the total amount of bonuses paid or due to him since January 1, 2003, upon the termination of his employment as Chairman of the Management Board of the Company, provided he remains employed for at least seven and a half years as from January 1, 2003, and he complies with a noncompete agreement for a period of three years following such termination. These procedures were the subject of the agreement of November 22, 2004, which was still in force after the renewal of the mandate of the Management Board Chairman effective January 1, 2008. Pursuant to the decisions of the Supervisory Board of March 17, 2008, the main provisions of the agreement of November 22, 2004, relating to deferred conditional compensation are as follows:

1. Deferred conditional compensation

Upon termination of his duties as Chairman of the Management Board, Maurice Lévy shall receive deferred conditional compensation equal to the total gross amount of the annual bonuses acquired by him since 2003, under two quantitative components of these bonuses, referred to as “quantitative bonuses”. These are defined in the agreement of November 22, 2004. One component relates to organic growth and the margin of total consolidated net income of the Publicis Groupe, as compared with the three leading communications groups worldwide (Omnicom, WPP, IPG). The part relating to these two criteria may reach a maximum of 75% of the base compensation. The other component of the bonus relates to the consolidated net income of Publicis Conseil S.A. and its subsidiaries. It is paid for Mr. Lévy's performance of duties of Chief Executive Officer of Publicis Conseil S.A. in accordance with requirements as defined by the Board of Directors of that company.

The payment of this deferred compensation is subject to the achievement of certain performance requirements and to continued employment in the company, both individually and accumulated, as follows:

- **Performance requirement:** the deferred compensation as defined above shall be paid provided that the average annual amount of quantitative bonuses acquired by Maurice Lévy for the last three full years of his term as Chairman of the Management Board be equal to at least 75% of the general average (including the last three years of the term) of annual quantitative bonuses acquired by Mr. Lévy for the years 2003 and after.

  If the average for the last three full years of the term is less than 25% of the general average, there shall be no deferred compensation.

  If the average for the last three full years of the term is between 25% and 75% of the general average, the deferred compensation shall be calculated proportionately between 0 and 100% by the rule of three.

- **Requirement of continued employment:** the deferred compensation is consideration for the commitment of Maurice Lévy to continue his duties for a period of at least nine years as from January 1, 2003. Consequently, Mr. Lévy shall have claim to said deferred compensation, as calculated above, as long as he fulfills his mandate of Chairman of the Management Board of the Publicis Groupe S.A. company until the end of the term on December 31, 2011.
- The termination of duties for reasons of illness or disability, death, or voluntary redundancy following a change in major shareholder of the Group would not be considered a resignation.
- Should departure occur after December 31, 2011, for any reason and subject to the achievement of performance requirements, the deferred compensation payment shall be due.

The commitment relating to the deferred conditional compensation to be paid if certain requirements are met is provisioned for in the parent company financial statements of Publicis Groupe S.A. and in the Group consolidated financial statements. The total amount of quantitative bonus included in the calculation of this provision as at December 31, 2008, was €9,751,100.

NB: The Company has not taken out a pension plan with Maurice Lévy as beneficiary.

2. *Noncompete agreement*

In enforcement of the noncompete agreement signed by Maurice Lévy, Mr. Lévy shall not, for at least three years following the termination of his duties as Chairman of the Management Board of Publicis Groupe S.A., for any reason whatsoever, work in any manner whatsoever with a company operating in the same sector of advertising communication, and more generally with a competitor of Publicis, nor shall he invest in a competitor of Publicis.

In consideration of the observance of this noncompete agreement, Maurice Lévy shall receive a total amount equal to 18 months of total gross compensation (base compensation and maximum bonus as defined at present), paid in equal monthly advance installments over the period covered by the noncompete agreement.

For the purposes of article 225-90-1 of the French Commercial Code (Code de commerce) and of article 2 of decree 2008-448 of May 7, 2008, details of the regulated agreements described above may be found on www.publicisgroupe.com.

15.2 TOTAL AMOUNTS ALLOCATED BY THE COMPANY OR ITS SUBSIDIARIES FOR THE PAYMENT OF PENSIONS AND OTHER BENEFITS

See Chapter 20.1 of the current document, note 29 to the consolidated financial statements.

Total expense corresponding to benefits after the termination of employment and other long-term benefits for the persons who served during 2008 on the Supervisory Board and the Management Board was €3 million in the Group's income statement in 2008.

The total amount of provisions for these benefits was €26 million as of December 31, 2008, €22 million as of December 31, 2007, and €20 million as of December 31, 2006.

Notes to Chapter 15

Summary table of compensation

Published in October 2008, the AFEP-MEDEF compensation guidelines concerning the compensation of executive directors of companies listed on a regulated stock exchange recommend a standard presentation of the compensation of executive directors of such companies.

The following tables are based on the AFEP-MEDEF models. They do not duplicate the additional information provided in references to the tables preceding these notes on compensation and in the tables in Chapter 17 on stock options.

Table 1
Summary table of compensation and options and shares issued to each senior executive and director

Maurice Lévy, Chairman of the Management Board	2007	2008
Total compensation due for the fiscal year *(details in table 2)*	3,400,000	3,600,000
Valuation of options granted during the fiscal year *(details in table 4)*	-	-
Valuation of performance shares awarded during the fiscal year (*details in table 6*)	-	-
Total	3,400,000	3,600,000

Jack Klues, Member of the Management Board	2007	2008
Total compensation due for the fiscal year *(details in table 2)*	2,061,549	1,917,204
Valuation of options granted during the fiscal year *(details in table 4)*	-	-
Valuation of performance shares awarded during the fiscal year (*details in table 6*)	-	-
Total	2,061,549	1,917,204

Kevin Roberts, Member of the Management Board	2007	2008
Total compensation due for the fiscal year *(details in table 2)*	3,439,732	2,801,852
Valuation of options granted during the fiscal year *(details in table 4)*	-	-
Valuation of performance shares awarded during the fiscal year (*details in table 6*)	-	-
Total	3,439,732	2,801,852

Jean-Yves Naouri, Member of the Management Board	2007	2008
Total compensation due for the fiscal year *(details in table 2)*		990,000
Valuation of options granted during the fiscal year *(details in table 4)*	-	-
Valuation of performance shares awarded during the fiscal year (*details in table 6*)	-	-
Total		990,000

David Kenny, Member of the Management Board	2007	2008
Total compensation due for the fiscal year *(details in table 2)*		2,183,106
Valuation of options granted during the fiscal year *(details in table 4)*	-	-
Valuation of performance shares awarded during the fiscal year (*details in table 6*)	-	-
Total		2,183,106

Claudine Bienaimé , Member of the Management Board *(Term expired 12/31/2007)*	2007	2008
Total compensation due for the fiscal year *(details in table 2)*	1,280,833	
Valuation of options granted during the fiscal year *(details in table 4)*	-	-
Valuation of performance shares awarded during the fiscal year (*details in table 6*)	-	-
Total	1,280,833	

Bertrand Siguier, Member of the Management Board *(Term expired 12/31/2007)*	2007	2008
Total compensation due for the fiscal year *(details in table 2)*	1,871,788	
Valuation of options granted during the fiscal year *(details in table 4)*	-	-
Valuation of performance shares awarded during the fiscal year (*details in table 6*)	-	-
Total	1,871,788	

Elisabeth Badinter, Chairperson of the Supervisory Board	2007	2008
Total compensation due for the fiscal year *(details in table 2)*	242,939	237,939
Valuation of options granted during the fiscal year *(details in table 4)*	-	-
Valuation of performance shares awarded during the fiscal year (*details in table 6*)	-	-
Total	242,939	237,939

Sophie Dulac, Member of the Supervisory Board	2007	2008
Total compensation due for the fiscal year *(details in table 2)*	20,000	25,000
Valuation of options granted during the fiscal year *(details in table 4)*	-	-
Valuation of performance shares awarded during the fiscal year (*details in table 6*)	-	-
Total	20,000	25,000

Monique Bercault, Member of the Supervisory Board	2007	2008
Total compensation due for the fiscal year *(details in table 2)*	25,000	30,000
Valuation of options granted during the fiscal year *(details in table 4)*	-	-
Valuation of performance shares awarded during the fiscal year (*details in table 6*)	-	-
Total	25,000	30,000

Léone Meyer, Member of the Supervisory Board	2007	2008
Total compensation due for the fiscal year *(details in table 2)*	50,000	30,000
Valuation of options granted during the fiscal year *(details in table 4)*	-	-
Valuation of performance shares awarded during the fiscal year (*details in table 6*)		-
Total	50,000	30,000

Hélène Ploix, Member of the Supervisory Board	2007	2008
Total compensation due for the fiscal year *(details in table 2)*	60,000	55,000
Valuation of options granted during the fiscal year *(details in table 4)*	-	-
Valuation of performance shares awarded during the fiscal year (*details in table 6*)	-	-
Total	60,000	55,000

Claudine Bienaimé, Member of the Supervisory Board	2007	2008
Total compensation due for the fiscal year *(details in table 2)*		45,000
Valuation of options granted during the fiscal year *(details in table 4)*	-	-
Valuation of performance shares awarded during the fiscal year (*details in table 6*)	-	-
Total		45,000

Simon Badinter, Member of the Supervisory Board	2007	2008
Total compensation due for the fiscal year *(details in table 2)*	413,156	274,817
Valuation of options granted during the fiscal year *(details in table 4)*	-	-
Valuation of performance shares awarded during the fiscal year (*details in table 6*)	-	-
Total	413,156	274,817

Michel Cicurel, Member of the Supervisory Board	2007	2008
Total compensation due for the fiscal year *(details in table 2)*	55,000	50,000
Valuation of options granted during the fiscal year *(details in table 4)*	-	-
Valuation of performance shares awarded during the fiscal year (*details in table 6*)	-	-
Total	55,000	50,000

Michel Halpérin, Member of the Supervisory Board	2007	2008
Total compensation due for the fiscal year *(details in table 2)*	25,000	30,000
Valuation of options granted during the fiscal year *(details in table 4)*	-	-
Valuation of performance shares awarded during the fiscal year (*details in table 6*)	-	-
Total	25,000	30,000

Tateo Mataki, Member of the Supervisory Board	2007	2008
Total compensation due for the fiscal year *(details in table 2)*	15,000	15,000
Valuation of options granted during the fiscal year *(details in table 4)*	-	-
Valuation of performance shares awarded during the fiscal year (*details in table 6*)	-	-
Total	15,000	15,000

Tatsuyoshi Takashima, Member of the Supervisory Board	2007	2008
Total compensation due for the fiscal year *(details in table 2)*		10,000
Valuation of options granted during the fiscal year *(details in table 4)*	-	-
Valuation of performance shares awarded during the fiscal year (*details in table 6*)	-	-
Total		10,000

Felix G. Rohatyn, Member of the Supervisory Board	2007	2008
Total compensation due for the fiscal year *(details in table 2)*	25,000	25,000
Valuation of options granted during the fiscal year *(details in table 4)*	-	-
Valuation of performance shares awarded during the fiscal year (*details in table 6*)	-	-
Total	25,000	25,000

Amaury de Seze, Member of the Supervisory Board	2007	2008
Total compensation due for the fiscal year *(details in table 2)*	25,000	50,000
Valuation of options granted during the fiscal year *(details in table 4)*	-	-
Valuation of performance shares awarded during the fiscal year (*details in table 6*)	-	-
Total	25,000	50,000

Henri-Calixte Suaudeau, Member of the Supervisory Board	2007	2008
Total compensation due for the fiscal year *(details in table 2)*	60,000	35,000
Valuation of options granted during the fiscal year *(details in table 4)*	-	-
Valuation of performance shares awarded during the fiscal year (*details in table 6*)	-	-
Total	60,000	35,000

Gérard Worms, Member of the Supervisory Board	2007	2008
Total compensation due for the fiscal year *(details in table 2)*	60,000	55,000
Valuation of options granted during the fiscal year *(details in table 4)*	-	-
Valuation of performance shares awarded during the fiscal year (*details in table 6*)	-	-
Total	60,000	55,000

Michel David-Weill, Member of the Supervisory Board *(Term expired 06/03/2008)*	2007	2008
Total compensation due for the fiscal year *(details in table 2)*	20,000	5,000
Valuation of options granted during the fiscal year *(details in table 4)*	-	-
Valuation of performance shares awarded during the fiscal year (*details in table 6*)	-	-
Total	20,000	5,000

Yakuta Narita, Member of the Supervisory Board *(Term expired 06/03/2008)*	2007	2008
Valuation of options granted during the fiscal year *(details in table 4)*	25,000	5,000
Valuation of performance shares awarded during the fiscal year (*details in table 6*)	-	-
Total compensation due for the fiscal year *(details in table 2)*	-	-
Total	25,000	5,000

Table 2
Summary table of total compensation of each senior executive and director

Maurice Lévy Chairman of the Management Board	Amounts for 2007		Amounts for 2008	
	due	paid	due	paid
base compensation	900,000	900,000	900,000	900,000
variable compensation	2,500,000	2,700,000	2,700,000	2,500,000
exceptional compensation	-	-	-	-
attendance fees	-	-	-	-
benefits in kind	-	-	-	-
Total	3,400,000	3,600,000	3,600,000	3,400,000

Jack Klues Member of the Management Board	Amounts for 2007		Amounts for 2008	
	due	paid	due	paid
base compensation	730,700	730,700	681,740	681,740
variable compensation	1,315,260	1,096,050	1,227,132	1,227,132
exceptional compensation		-	-	
attendance fees	-	-	-	-
benefits in kind	15,589	15,589	8,332	8,332
Total	2,061,549	1,842,339	1,917,204	1,917,204

Kevin Roberts Member of the Management Board	Amounts for 2007		Amounts for 2008	
	due	paid	due	paid
base compensation	730,700	730,700	681,740	681,740
variable compensation	2,685,322	2,246,903	2,096,351	2,505,395
exceptional compensation	-	-	-	-
attendance fees	-	-	-	-
benefits in kind	23,710	23,710	23,761	23,761
Total	3,439,732	3,001,313	2,801,852	3,210,896

Jean-Yves Naouri Member of the Management Board	Amounts for 2007		Amounts for 2008	
	due	paid	due	paid
base compensation			550,000	550,000
variable compensation			440,000	182,600
exceptional compensation	-	-	-	-
attendance fees	-	-	-	-
benefits in kind	-	-	-	-
Total			990,000	732,600

David Kenny Member of the Management Board	Amounts for 2007		Amounts for 2008	
	due	paid	due	paid
base compensation			579,479	579,479
variable compensation			1,600,518	1,123,096
exceptional compensation	-	-	-	-
attendance fees	-	-	-	-
benefits in kind	-	-	3,109	3,109
Total			2,183,106	1,705,684

Claudine Bienaimé Member of the Management Board *(Term expired 12/31/2007)*	Amounts for 2007		Amounts for 2008	
	due	paid	due	paid
base compensation	180,000	180,000		
variable compensation	1,100,833	939,833		461,000
exceptional compensation	-	-	-	-
attendance fees	-	-	-	-
benefits in kind	-	-	-	-
Total	1,280,833	1,119,833		461,000

Bertrand Siguier Member of the Management Board *(Term expired 12/31/2007)*	Amounts for 2007		Amounts for 2008	
	due	paid	due	paid
base compensation	400,000	400,000		
variable compensation	1,471,788	1,234,788		587,000
exceptional compensation	-	-	-	-
attendance fees	-	-	-	-
benefits in kind	-	-	-	-
Total	1,871,788	1,634,788		587,000

Elisabeth Badinter Chairperson of the Supervisory Board	Amounts for 2007		Amounts for 2008	
	due	paid	due	paid
base compensation	182,939	182,939	182,939	182,939
variable compensation				
exceptional compensation	-	-	-	-
attendance fees	60,000	50,000	55,000	60,000
benefits in kind	-	-	-	-
Total	242,939	232,939	237,939	242,939

Sophie Dulac Member of the Supervisory Board	Amounts for 2007		Amounts for 2008	
	due	paid	due	paid
base compensation				
variable compensation				
exceptional compensation	-	-	-	-
attendance fees	20,000	30,000	25,000	20,000
benefits in kind	-	-	-	-
Total	20,000	30,000	25,000	20,000

Monique Bercault Member of the Supervisory Board	Amounts for 2007		Amounts for 2008	
	due	paid	due	paid
base compensation				
variable compensation				
exceptional compensation	-	-	-	-
attendance fees	25,000	35,000	30,000	25,000
benefits in kind	-	-	-	-
Total	25,000	35,000	30,000	25,000

Léone Meyer Member of the Supervisory Board	Amounts for 2007		Amounts for 2008	
	due	paid	due	paid
base compensation				
variable compensation				
exceptional compensation	-	-	-	-
attendance fees	50,000	25,000	30,000	50,000
benefits in kind	-	-	-	-
Total	50,000	25,000	30,000	50,000

Hélène Ploix Member of the Supervisory Board	Amounts for 2007		Amounts for 2008	
	due	paid	due	paid
base compensation				
variable compensation				
exceptional compensation	-	-	-	-
attendance fees	60,000	70,000	55,000	60,000
benefits in kind	-	-	-	-
Total	60,000	70,000	55,000	60,000

Claudine Bienaimé Member of the Supervisory Board	Amounts for 2007		Amounts for 2008	
	due	paid	due	paid
base compensation				
variable compensation				
exceptional compensation	-	-	-	-
attendance fees	-	-	45,000	-
benefits in kind	-	-	-	-
Total			45,000	

Simon Badinter Member of the Supervisory Board	Amounts for 2007		Amounts for 2008	
	due	paid	due	paid
base compensation	191,443	191,443	178,616	178,616
variable compensation	188,285	166,539	56,700	188,285
exceptional compensation	-	-	-	-
attendance fees	25,000	30,000	30,000	25,000
benefits in kind	9,073	9,073	9,501	9,501
Total	413,156	397,055	274,817	401,402

Michel Cicurel Member of the Supervisory Board	Amounts for 2007		Amounts for 2008	
	due	paid	due	paid
base compensation				
variable compensation				
exceptional compensation	-	-	-	-
attendance fees	55,000	40,000	50,000	55,000
benefits in kind	-	-	-	-
Total	55,000	40,000	50,000	55,000

Michel Halpérin Member of the Supervisory Board	Amounts for 2007		Amounts for 2008	
	due	paid	due	paid
base compensation				
variable compensation				
exceptional compensation	-	-	-	-
attendance fees	25,000	20,000	30,000	25,000
benefits in kind	-	-	-	-
Total	25,000	20,000	30,000	25,000

Tateo Mataki Member of the Supervisory Board	Amounts for 2007		Amounts for 2008	
	due	paid	due	paid
base compensation				
variable compensation				
exceptional compensation	-	-	-	-
attendance fees	15,000	15,000	15,000	15,000
benefits in kind	-	-	-	-
Total	15,000	15,000	15,000	15,000

Tatsuyoshi Takashima Member of the Supervisory Board	Amounts for 2007		Amounts for 2008	
	due	paid	due	paid
base compensation				
variable compensation				
exceptional compensation	-	-	-	-
attendance fees			10,000	
benefits in kind	-	-	-	-
Total			10,000	

Felix G. Rohatyn Member of the Supervisory Board	Amounts for 2007		Amounts for 2008	
	due	paid	due	paid
base compensation				
variable compensation				
exceptional compensation	-	-	-	-
attendance fees	25,000	25,000	25,000	25,000
benefits in kind	-	-	-	-
Total	25,000	25,000	25,000	25,000

Amaury de Seze Member of the Supervisory Board	Amounts for 2007		Amounts for 2008	
	due	paid	due	paid
base compensation				
variable compensation				
exceptional compensation	-	-	-	-
attendance fees	25,000	30,000	50,000	25,000
benefits in kind	-	-	-	-
Total	25,000	30,000	50,000	25,000

Henri-Calixte Suaudeau Member of the Supervisory Board	Amounts for 2007		Amounts for 2008	
	due	paid	due	paid
base compensation				
variable compensation				
exceptional compensation	-	-	-	-
attendance fees	60,000	50,000	35,000	60,000
benefits in kind	-	-	-	-
Total	60,000	50,000	35,000	60,000

Gérard Worms Member of the Supervisory Board	Amounts for 2007		Amounts for 2008	
	due	paid	due	paid
base compensation				
variable compensation				
exceptional compensation	-	-	-	-
attendance fees	60,000	70,000	55,000	60,000
benefits in kind	-	-	-	-
Total	60,000	70,000	55,000	60,000

Michel David-Weill Member of the Supervisory Board *(Term expired 06/03/2008)*	Amounts for 2007		Amounts for 2008	
	due	paid	due	paid
base compensation				
variable compensation				
exceptional compensation	-	-	-	-
attendance fees	20,000	45,000	5,000	20,000
benefits in kind	-	-		-
Total	20,000	45,000	5,000	20,000

Yutaka Narita, Member of the Supervisory Board *(Term expired 06/03/2008)*	Amounts for 2007		Amounts for 2008	
	due	paid	due	paid
base compensation				
variable compensation				
exceptional compensation	-	-	-	-
attendance fees	25,000	25,000	5,000	25,000
benefits in kind	-	-	-	-
Total	25,000	25,000	5,000	25,000

Table 3
Table of attendance fees

Members of the Supervisory Board	*Attendance fees paid in 2007*	*Attendance fees paid in 2008*
Elisabeth Badinter, Chairperson	50,000	60,000
Sophie Dulac	30,000	20,000
Simon Badinter	30,000	25,000
Monique Bercault	35,000	25,000
Claudine Bienaimé	-	-
Michel Cicurel	40,000	55,000
Michel Halpérin	20,000	25,000
Tateo Mataki	15,000	15,000
Léone Meyer	25,000	50,000
Hélène Ploix	70,000	60,000
Felix G. Rohatyn	25,000	25,000
Amaury de Seze	30,000	25,000
Henri-Calixte Suaudeau	50,000	60,000
Tatsuyoshi Takashima	-	-
Gérard Worms	70,000	60,000
Michel David-Weill *(Term expired 06/03/2008)*	45,000	20,000
Yutaka Narita *(Term expired 06/03/2008)*	25,000	25,000
TOTAL	**560,000**	**550,000**

Table 4
Stock options granted during the fiscal year to each senior executive and director by the Company and by each Group company

	No. and date of plan	Type of options (for existing or new shares)	Valuation of options using the method applied for the consolidated financial statements	Number of options granted during the fiscal year	Exercise price	Vesting period
Member of the Management Board				None		

Table 5
Stock options exercised during the fiscal year by each senior executive and director (list of names)

Maurice Lévy Chairman of the Management Board	No. and date of plan	Number of options exercised during the fiscal year	Exercise price	Year of grant
None exercised				

Jack Klues Member of the Management Board	No. and date of plan	Number of options exercised during the fiscal year	Exercise price	Year of grant
None exercised				

Kevin Roberts Member of the Management Board	No. and date of plan	Number of options exercised during the fiscal year	Exercise price	Year of grant
None exercised				

Jean-Yves Naouri Member of the Management Board	No. and date of plan	Number of options exercised during the fiscal year	Exercise price	Year of grant
07/30/2008	Plan Publicis November 1998	6,000	€10.24	1998

David Kenny Member of the Management Board	No. and date of plan	Number of options exercised during the fiscal year	Exercise price	Year of grant
Exercised every 15 days according to the 10b5-1 plan submitted to the AMF	Plans Digitas	1,090,000	€6.02	1999 to 2001

Claudine Bienaimé Member of the Management Board *(Term expired 12/31/2007)*	No. and date of plan	Number of options exercised during the fiscal year	Exercise price	Year of grant
02/19/2008	Plan Publicis March 1998	7,500	€8.66	1998
08/01/2008	Plan Publicis November 1998	5,000	€10.24	1998

Bertrand Siguier Member of the Management Board *(Term expired 12/31/2007)*	No. and date of plan	Number of options exercised during the fiscal year	Exercise price	Year of grant
None exercised				

Table 6
Performance shares granted to each senior executive and director

No. and date of plan	No shares were granted to any executive director during the fiscal year	Valuation of equities using the method applied for the consolidated financial statements	Acquisition date	Vesting date

16. BOARD PRACTICES

The Company's corporate governance conforms with that of a dual French *société anonyme*. The composition of the Management Board and the Supervisory Board is outlined in Chapter 14.1 of this document.

16.1 INFORMATION REGARDING SERVICE AGREEMENTS OF THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BOARD

See Chapter 15.1 of this document.

16.2 INFORMATION ON THE NOMINATION COMMITTEE, THE COMPENSATION COMMITTEE AND THE AUDIT COMMITTEE

Nomination Committee

In accordance with the last paragraph of article 16 II of the Company's *statuts* (bylaws), an Nomination Committee, which reports to the Supervisory Board, has been created by article 6 and the articles that follow of the Supervisory Board's Rules for the Conduct of Business. The Committee is made up of at least three and no more than five members, who must be individuals and members of the Supervisory Board, appointed by the Supervisory Board. The Committee may appoint an external consultant, either temporarily or on a permanent basis, whose compensation will be determined by the Committee.

The members of the Nomination Committee are appointed for the duration of their term to the Supervisory Board and may be reelected in the same manner, pursuant to article 13 of the *statuts* (bylaws). The Nomination Committee elects a Chairman from amongst its members, who directs the Committee and reports to the Supervisory Board.

The members of the Nomination Committee may be dismissed *ad nutum* by the Supervisory Board, without cause. Nominations and dismissals are communicated by regular mail, sent to all members of the Nomination Committee. At least half of the members of the Nomination Committee must be present to validly deliberate. A member may not participate by proxy.

Attendance fees are paid to the members of the Nomination Committee for each of the Committee meetings that they attend as set by the Supervisory Board subject to the global maximum annual attendance fees for all of the members of the Supervisory Board as determined by the general shareholders' meeting.

The mission of the Nomination Committee is as follows:

- propose candidates to the Supervisory Board for the cooptation and nomination of members of the management by the Supervisory Board or by the general shareholders' meeting; and
- follow the development of the directors and management of the Group's main subsidiaries or networks.

The Nomination Committee is composed of Ms. Elisabeth Badinter, Chairman, Ms. Léone Meyer, Mr. Michel Cicurel and Mr. Henri-Calixte Suaudeau.

The Committee met once during the 2008 fiscal year and reported on its work to the Supervisory Board.

The Committee has examined the change in composition of the Supervisory Board; it has made its recommendations as to the renewal of the terms expired in June 2008 of certain members of the Supervisory Board and as to the appointment of two new members of the Board.

Compensation Committee

The Compensation Committee's methods of nominating members and their functions are the same as those used by the Nomination Committee. The Compensation Committee's responsibility towards the Supervisory Committee is the following:

- to examine and propose the compensation for the members of the Management Board, including option grants and purchase of shares in the Company, free shares or of any similar instruments; propose to the Management Board and the amounts of attendance fees that are submitted for decision to the general shareholders' meeting; and
- in general, examine and validate the general policies of the Management Board on compensation and allocation of options, free shares or of any similar instruments.

The Compensation Committee is composed of Mr. Michel Cicurel, Chairman, Ms. Elisabeth Badinter, Mr. Amaury de Seze, and (since July 22, 2008) Ms. Claudine Bienaimé. Mr. Gérard Pédraglio is appointed as the Committee's permanent expert.

The Committee met five times during the 2008 fiscal year, with all members present, and reported on its work to the Supervisory Board.

The Committee examined the compensation of the members of the Management Board, and considered that there was no need to change the basis of their compensation. It also reviewed the application of the rules on determining variable compensation, and following renewal of the terms of the Chairman and of two members of the Management Board, and the nomination of two new members on January 1, 2008, the Committee presented its recommendations, in light of the members' performance. The Supervisory Board fixed the salaries of the Management Board members based on the Committee's recommendations.

The Committee examined the compensation of the managers of the Group's main subsidiaries and networks, and, more generally, the system of incentive compensation currently in place for high-level executives in the Group. In general, the variable compensation is related to annual performance and depends on achieving results or goals, either on an individual level or at the level of a specific entity taken at the entity level, on the basis of many elements related to history and to the decisions made at the entity level. On the Committee's recommendation, a harmonization of these systems is being carried out with the introduction of a new system for the 2006-2008 period, for calculating the bonus pools for the networks, the principles of which have been approved by the Committee. The bonus pools are calculated for each network on the basis of the network's performance and of the performance of the Group as a whole. The Committee examined the application of this new system for determining bonus pools for 2006, and then those for 2007, and then those for 2008. The Committee will follow the management Board's guidance with respect to the 2009 bonus scheme.

Concerning stock option plans, in 2008, there were no allocations in favor of Management Board members, nor in favor of any Publicis Groupe employees.

The Committee has examined the Management Board's short and long-term compensation and loyalty plans for key employees of the Group. The stock option plans integrate, in particular, the allocation of free shares to employees with the goal of ensuring that these systems are competitive in the market and align the interests of the beneficiaries with the interests of the shareholders, while minimizing costs for the Group.

At the beginning of 2008, the Committee confirmed that the contracts or commitments undertaken by the Company and its subsidiaries on behalf of the members of the Management Board complied with law 2007-1223 of August 21, 2007 (the "TEPA" law). It presented its recommendations to the Supervisory Board, which approved the necessary amendments to these contracts or commitments. As required by law, these amendments were approved by the shareholders' meeting of June 3, 2008. The contracts and commitments can be found in Chapter 15 of this annual report.

In November 2008, having studied the AFEP-MEDEF guidelines of October 6, 2008, concerning the compensation of executive directors of listed companies, the Committee concluded that the existing commitments were in compliance with these recommendations, which it then communicated to the Supervisory Board.

Audit Committee

In accordance with the last paragraph article 16 II of the Company's *statuts* (bylaws), an Audit Committee, which reports to the Supervisory Board, was created under article 5 and the articles that follow of the Supervisory Board's Rules for the Conduct of Business. The Committee is made up of at least three and no more than five members of the Supervisory Board appointed by the Supervisory Board. The Committee may appoint, either temporarily or on a permanent basis, an external consultant, whose compensation is determined by the Committee. Members are chosen for their competence and expertise in the Committee's scope of work. They are appointed for the term of their mandate to the Supervisory Board and may be reappointed in the same manner, pursuant to article 13 of the *statuts* (bylaws). The Audit Committee elects a Chairman among its members to direct the work of the Committee and to provide reports to the Supervisory Board. The members of the Audit Committee may be dismissed *ad nutum* by the Supervisory Board, with or without cause. Nominations and dismissals are communicated by regular mail sent to all members of the Audit Committee members. The attendance fee amounts allocated to the members of the Audit Committee, as well as for the members of the Nomination and Compensation Committees, for each of the Committee meetings attended, is fixed by the Supervisory Board as part of the total maximum attendance fee amount allocated to the Supervisory Board members as a whole by the shareholders at the General Assembly.

The Audit Committee is composed of Gérard Worms, the Chairman of the Committee, Hélène Ploix and (since July 22, 2008) Claudine Bienaimé. Jean-Paul Morin has been designated as the permanent Audit Committee expert. Two members of the Audit Committee are considered as independent members.

The Committee supervises the organization and implementation of the Group's audit, supervises the quality of the Group's internal control, and ensures the accuracy and fairness of the accounts. It also ensures that the external auditors' recommendations are implemented and gives its opinion on the budgets for the external audit of the Group.

The Committee met five times during the 2008 fiscal year, with all members present.

At each of the meetings, the director of internal audit informed the Committee of the progress of internal audit projects and the implementation of control and any problems encountered.

The Group's financial management presented to the Audit Committee the accounts before submitting them to the Supervisory Board.

The Committee heard the Statutory Auditors' opinion on the accuracy of the financial statements without the Financial Director or the Group's management being present.

The Committee also established the audit plan for the coming year with the Statutory Auditors and the internal auditors.

Each time the Supervisory Board met and examined the accounts, the Chairman of the Committee shared the Committee's opinion with the Board on the figures presented.

On February 4, 2009, before the Management Board's meeting on the closing of the financial statements, the Committee examined the 2008 financial statements and heard the Chief Financial Officer and the head of internal audit. It also heard the Statutory Auditors, without the members of the Management Board being present.

The Committee noted that the accounting services continued to improve the timelines for the preparation of accounts and the quality of information.

The Committee also noted that the Statutory Auditors did not have any reservations or observations on the consolidated financial statements. The Committee examined all of the important subjects, such as the use of provisions established upon the acquisition of Bcom3, the retirement provisions, the impairment tests and other line items that require specific attention. The Committee indicated to the Supervisory Board that it did not have any comments.

The Committee noted that the continuation of the program to simplify the Group's legal structure and to reduce the number of entities (with the particular goal of improving the effectiveness of the internal control), resulted in the elimination of 52 entities in 2008. The Committee took note of this program's continuation in 2009 and in following years.

16.3 REPORT OF THE SUPERVISORY BOARD CHAIR ON THE PREPARATION AND ORGANIZATION OF THE SUPERVISORY BOARD WORK AND THE INTERNAL CONTROL PROCEDURES

This is a free translation into English of a report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

As part of my responsibilities as Chairman of the Supervisory Board and in accordance with article L. 225-68, paragraph 7, of the French Commercial Code (*Code de commerce*), I am required to report on the preparation and organization of the Board's work and on the internal control procedures that have been implemented in the Group. The terms of this report were approved by the Supervisory Board at its meeting of February 10, 2009.

16.3.1 PREPARATION AND ORGANIZATION OF THE SUPERVISORY BOARD'S WORK

Since November 27, 1987, Publicis Groupe S.A. has chosen to function under a Management Board and a Supervisory Board. This structure allows Publicis to separate management activities from supervisory activities and to establish a real balance of power. The Management Board is the Company's decision-making body. Under the Company's bylaws, the transactions referred to in article 12, paragraphs 13 to 16, were subject to prior consent by the Supervisory Board. The shareholders' meeting of June 4, 2007, amended the Company's bylaws, empowering the Supervisory Board to determine each year which transactions referred to in article 12 of the bylaws would require the Supervisory Board's prior approval. During the meeting of February 10, 2009, renewing its discussion of February 12, 2008, the Supervisory Board decided that the purchase or sale of any real estate, the purchase or sale of any company whose value exceeded 5% of the Company's share capital, and any loan, bond or share issuance exceeding 5% of the Company's shareholders' capital would be subject to prior approval of the Supervisory Board.

These provisions were included in the Rules on the Conduct of Business that were adopted by the Supervisory Board on March 29, 2005, and on February 10, 2009, in their latest version, along with fundamental rules on matters such as the independence of the Board, conflicts of interest and confidentiality. The Rules for the Conduct of Business establish the terms on which the Board operates and its relationship with the Management Board. To prevent insider trading, the Management Board established rules regulating the conduct of the permanent insiders of the Group, defining the periods in which trading in Company shares is permitted. These rules also apply to the Supervisory Board. The internal regulations of the Supervisory Board are available on the Group website: www.publicisgroupe.com.

In 2008 the Supervisory Board was composed of 15 members, over a third of whom met criteria for independence set out in the MEDEF-AFEP document dated October 2003 on the corporate governance of listed companies, as transposed into the Rules for the Conduct of Business. The Board holds its discussions in French, and a team of interpreters for Japanese and English is available to members who desire their assistance. The Board met six times during the year, with an attendance rate of 88%. On average, meetings lasted nearly four hours. The documents necessary for examining the items on the agenda are normally sent to Board members one week in advance, and the Management Board is available to provide clarifications or additional information for any Supervisory Board member. In order to facilitate participation by members, particularly those who live overseas, the Supervisory Board has included provisions in its Rules for the Conduct of Business to allow one or more members participate in Board meetings by video-conference. The composition of the Supervisory Board is described in Chapter 14.1 of the Reference Document for fiscal year 2008.

The main points examined and decisions made by the Supervisory Board at its meetings in 2008 were the following:

The Board meeting of February 12, 2008, received the Management Board's report on the previous fiscal year and examined the parent company and consolidated financial statements of the 2007 fiscal year. It decided on the proposed resolutions to be submitted to the shareholders' meeting, particularly those concerning the composition of the Supervisory Board. The Board set limits on the powers of the Management Board and its authorizations for sureties and guarantees. The Board approved the variable component of compensation for members of the Management Board in 2007, except for that of its Chairman. The Board authorized the Management Board to carry out the cancellation of eight million treasury shares. In addition, the Board performed the annual self-assessment of its work.

On March 17, 2008, the Supervisory Board examined and made compliant the existing contractual commitments relating to compensation, indemnities and benefits that might be due to members of the Management Board upon the cessation of their terms of office and duties (the "TEPA" law).

The Supervisory Board likewise approved the variable component of compensation for the Chairman in 2007. It set the compensation procedures for members of the Management Board as from 2008.

The Board meeting of February 3, 2008, received the Management Board's report as at March 31, 2008, and examined the parent company and consolidated financial statements as well as the updated forecasts. The Management Board presented the Supervisory Board its proposed employee shareholder plan.

The Board meeting of July 22, 2008, received the Management Board's report as at June 30, 2008, and examined the parent company and consolidated financial statements as well as the updated forecasts. It examined the composition of the Committees and appointed Claudine Bienaimé as member of the Audit and the Compensation Committees.

Most of the Supervisory Board meeting of September 9, 2008, was devoted to the Management Board's presentation of general Group policies concerning the short- and medium-term compensation of high-level employees, particularly the plans implemented as from 2009. The Management Board presented the new 2009 bonus plan and proposed that incentive stock options be supplemented with free share plans. The Supervisory Board consented to the implementation of a co-investment plan for key employees, on the basis of the level of investment of the beneficiaries. The plan would award free shares subject to ongoing employment and performance conditions.

The Board meeting of December 2, 2008, received the Management Board's report as at September 30, 2008, and examined the parent company and consolidated financial statements as well as the updated forecasts. The Board also examined the AFEP-MEDEF guidelines of October 6, 2008, concerning the compensation of executive officers, and drafted a press release as follows:

"At its meeting of December 2, 2008, the Supervisory Board of Publicis Groupe S.A. examined the AFEP-MEDEF recommendations dated October 6, 2008, concerning the compensation of executive directors of listed companies.

“The Board considers that these recommendations are in line with the corporate governance principles of the Group and notes that existing commitments with the members of the Management Board already comply with these recommendations.

“Accordingly, in application of the Act of July 3, 2008, implementing the European Union directive 2006/46/EC of June 14, 2006, Publicis Groupe declares that the amended AFEP-MEDEF corporate governance code will be the reference for the preparation of the report provided for in article L. 225-68 of the French Commercial Code as from the 2008 fiscal year”.

The Supervisory Board examined the Management Board's proposal to award 50 free shares in 2009 to employees of companies whose corporate headquarters are in France and which are held at least 50% by the Group. This plan should extend where possible to Group companies located outside France.

The Supervisory Board performed the annual self-assessment of its work, examined the summary results and drew conclusions. Each member of the Board completed a questionnaire for the self-assessment; the results were then summarized and commented on. The number of topics mentioned for improvement decreased from 2007 to 2008.

Three special committees (Nomination Committee, Compensation Committee and Audit Committee) assist the Supervisory Board in performing its duties with the aim of improving Group corporate governance. The rules for the operation of these three committees were included in the Rules for the Conduct of Business.

The Nomination Committee

Since February 27, 2007, the members of the Nomination Committee have been Elisabeth Badinter (Committee Chairman), Léone Meyer, Michel Cicurel and Henri-Calixte Suaudeau. Its principal role is to examine and propose the nominations of the Company's officers. The Nomination Committee met once during the 2008 fiscal year. It made recommendations regarding the composition of the Supervisory Board, some of whose terms of office expired on the occasion of the shareholders' meeting of June 3, 2008. The Supervisory Board adopted these recommendations. The shareholders' meeting re-elected Michel Halpérin and Tateo Mataki and nominated Claudine Bienaimé and Tatsuyoshi Takashima as new members.

The Compensation Committee

Since February 27, 2007, the members of the Compensation Committee have been Michel Cicurel (Committee Chairman), Elisabeth Badinter and Amaury de Seze, as well as Claudine Bienaimé since July 22, 2008. Gérard Pédraglio is the permanent expert of the Committee. Its principal role is to examine and make proposals regarding the compensation of Company officers and to ratify the Group's general policies on compensation and the grant of stock options, free shares or any other compensation instrument.

The Committee met five times during the 2008 fiscal year, with all members present. It made recommendations to the Supervisory Board on the compensation of Management Board members.

At the beginning of 2008, the Committee confirmed that the contracts or commitments undertaken by the Company and its subsidiaries on behalf of the members of the Management Board complied with the law of August 21, 2007 (the "TEPA" law), for the promotion of labor, employment and purchasing power, and presented its recommendations to the Supervisory Board, which approved the necessary amendments to these contracts or commitments. In accordance with regulated agreements these amendments were approved by the shareholders' meeting of June 3, 2008, and are described in the management report on the 2008 fiscal year. The rules and principles adopted by the Supervisory Board to determine the compensation and benefits of the Company officers are described in Chapter 15 of the Reference Document for the 2008 fiscal year. Major factors governing stock options grants are described in Chapter 17.3 of the Reference Document.

The Audit Committee

Since July 2005, the members of the Audit Committee have been Gérard Worms (Committee Chairman), Hélène Ploix and Michel David-Weill. Jean-Paul Morin was appointed by the committee as its permanent expert. After the resignation of Michel David-Weill, Claudine Bienaimé was appointed member of the Committee on July 22, 2008. The Committee supervises the organization and implementation of the Group's audit and the quality of internal control, and it verifies the accuracy and fairness of the financial statements. It also ensures that the external auditors' recommendations are implemented and gives its opinion on the budgets for the external audit of the Group.

The Committee met five times during fiscal year 2008, with all members present. The Audit Committee reported its opinion to the Supervisory Board on approving the financial statements, and more generally on the internal control procedures that are the subject of the second part of this report. The Audit Committee's work in fiscal year 2008 is described in the paragraph "Audit Committee" in Chapter 16.2 of the Reference Document.

Information about agreements concerning a possible change of control or that might have an influence on a takeover bid, and about requirements for shareholders to gain entry into shareholders' meetings:

Information about agreements concerning a possible change of control or that might have an influence on a takeover bid is presented in Chapter 18.3 of the Reference Document; information about requirements for shareholders to gain entry into shareholders' meetings is provided in articles 20 to 24 in the Company bylaws.

16.3.2 RISQUE MANAGEMENT AND INTERNAL CONTROL PROCEDURES FOR THE GROUP

Risk management

Risk management is integrated into Group operating and financial management. Its purpose is to identify situations that might prevent Group targets from being reached and to implement tools that would prevent such events from happening.

Every two weeks a "Group committee," including the Chairman of the Management Board and the heads of the financial, human resources and legal departments, as well as the head of Shared Service Centers and IT, meets to discuss the Group's major risks.

Working with the senior management, the operating management of networks is especially involved in monitoring the risks related to major contracts or to business in emerging countries. It continually analyzes the Group's exposure to the loss of material contracts, to risks of conflicts of interest and to changes in contractual clauses.

The human resources department regularly transmits to senior management its analyses of the attraction and retention of talent and the risks related to the possible loss of key senior managers. The risks related to the acquisitions policy and to the management of the Group's liquidity, foreign exchange and debt positions are followed by the Group's financial management in liaison with senior management. The risks associated with accounting and financial information were the subject of a detailed analysis, on which the internal control system is based; this analysis was performed by the internal audit management.

In 2008, the Group set up a working group composed of those functions most affected by risk management. This group reports to senior management and meets quarterly. The internal audit ensures the coordination of the group's work. In 2008, the group mapped the major risks as identified by the heads of networks, presenting the results to the Chairman of the Management Board and to the Audit Committee.

Internal control

a) Organization

The internal control provisions are meant to apply to the entire Group. Implemented by the Management Board and applied at all levels of the Group, they are designed to provide reasonable assurance for achieving objectives related to:

- the achievement and optimization of operations,
- the reliability of financial information, and
- compliance with laws and regulations in force.

The Group's internal control system is based on the COSO (Committee Of Sponsoring Organizations of the Treadway Commission) procedures, particularly in regards to the listing of the Group in the U.S. until 2007. Following its delisting from the NYSE, the Group retained and adopted the system implemented to meet the requirements of the Sarbanes-Oxley Act, with the goal of continual improvement of internal control. During the 2008 fiscal year, the Group's internal audit management performed an analysis to identify any significant points of divergence between Group procedures and those set out by the AMF. This work concluded that the system was in compliance with the AMF framework.

- b) Internal control procedures with respect to financial and accounting information

The Group's Supervisory Board and Audit Committee reasserted their desire for continual improvement and strengthening of existing internal control procedures. The improvement of internal control procedures is carried out on three levels:

- the Management Board and operating management,
- the operating management of the networks, and
- the Audit Committee and internal audit.
-

This improvement program depends on the following resources:

The Shared Service Centers

To better meet the demands of a business based on a large number of agencies, the Group began in 1996 and continues systematically to implement a network of Shared Service Centers. A simplified version of Shared Service Centers is being introduced in emerging countries.

Internal control documentation

The control activities contribute to the production of accounting and financial information that is documented at the network and corporate operations levels. The documentation of control activities is managed by a dedicated software application that allows centralized oversight of changes in the system rollout.

Supervisory controls

In 2008, the Group continued to improve its internal control procedures through the implementation of an integrated internal control program involving dedicated teams within the networks. Their function is to analyze and reinforce the supervisory controls. This dedicated organization works closely with internal audit management and contributes to the reliability of the self-assessment procedure performed by the network.

Self-assessment of internal control

The continual improvement of the internal control procedures is also based on the results of the self-assessment carried out for every control activity. This self-assessment encourages entities to assume more responsibility for the effectiveness of their controls. It is centrally analyzed by the internal audit management using the work of network internal control correspondents and the conclusions of internal audit missions. Summarized information on the self-assessment procedure is periodically reported to the Audit Committee.

The internal audit procedure

Internal audit management reports to the Group's general secretary and has permanent access to the Audit Committee Chairman. The internal audit plan is based on past events, risk analysis, evaluation of internal control procedures and specific requests from senior management. As part of the audit plan, as approved by the Audit Committee, an internal audit is performed in order to ensure the monitoring of the relevance and effectiveness of the internal control implemented by the Group. The internal audit missions are reported to Group senior management, and guidelines and action plans are monitored. A summary of all missions carried out, including the special missions, is reported at each Audit Committee meeting.

c) Continual improvement of the internal control procedures.

Each identified internal control deficiency gives rise to a new action plan validated by the management of the entity concerned and recorded and monitored in order to verify the implementation of the audit guidelines.

The Group has continued to rationalize its control activities through an approach to risks that maps the risk zones and focuses on key procedures that allow them to be covered. This approach strengthens existing controls through a methodology adapted to the level of risk.

Senior management receives reports on the monitoring of the principal deficiencies and action plans and the significant changes in organization and systems that affect internal control, which are integrated in the audit plan.

2008 Summary

Supervisory Board discussions and reports on actions taken or underway indicate that the internal control procedures were a priority for the Group's managers. The Management Board and the Audit Committee were regularly informed of the project's progress, requirements and resources, and results.

The Group will continue to improve its internal control procedures, notably through reinforced on-site reviews and the development and adaptation of the integrated internal control and audit program.

Paris, March 10, 2009

Elisabeth Badinter

Chairman of the Supervisory Board

16.4 STATUTORY AUDITORS' REPORT ON THE REPORT FROM THE CHAIRPERSON OF THE SUPERVISORY BOARD

Statutory Auditors' Report, prepared in accordance with Article L.225-235 of the French Commercial Code (Code de commerce), on the report prepared by the Chairperson of the Supervisory Board of Publicis Groupe S.A,

Year ended December 31, 2008

This is a free translation into English of the statutory auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with French law and professional auditing standards applicable in France.

As statutory auditors of Publicis Groupe S.A, and in accordance with Article L. 225-235 of the French Commercial Code (Code de commerce), we hereby report on the report prepared by the Chairperson of the Supervisory Board of your company in accordance with Article L. 225-68 of the French Commercial Code for the year ended December 31, 2008.

It is the Chairperson's role to prepare, and submit to the approval of the supervisory board, a report setting out the internal control and risk management procedures in place within the company and providing the other information required by article L. 225-68 of the French Commercial Code, notably in relation to systems and procedures operated in the area of corporate governance.

Our role is to:

- provide you with any matters we have to report regarding the information contained in the chairperson's report concerning internal control procedures relating to the preparation and processing of financial and accounting information, and
- to confirm that this report contains all of the disclosures required by article L. 225-235 of the French Commercial Code. It is not however our role to verify the fair presentation of these other disclosures.

We performed our procedures in accordance with professional standards applicable in France.

Information concerning internal control procedures relating to the preparation and processing of financial and accounting information

Professional standards require that we perform the necessary procedures to assess the fair presentation of the information provided in the chairperson's report concerning internal control procedures relating to the preparation and processing of financial and accounting information. Our procedures consisted principally of:

- obtaining an understanding of the internal control procedures relating to the preparation and processing of financial and accounting information underlying the information presented in the Chairperson's report and of the existing documentation
- obtaining an understanding of the work performed to prepare this information and the existing documentation

- determining if any major control weaknesses relating to the preparation and processing of financial and accounting information as we may have identified in the context of our engagement have been appropriately disclosed in the Chairperson's report.

On the basis of these procedures, we have nothing to report on the information provided on the company's internal control procedures relating to the preparation and processing of financial and accounting information, contained in the Chairperson of the Supervisory Board's report, prepared in accordance with Article L. 225-68 of French company Law (Code de commerce).

Other disclosures

We confirn that the report of the Chairperson of the board of directors includes the disclosures required by article L. 225-68 of the French commercial code.

French original signed on March 11, 2009 by the Statutory Auditors

MAZARS	ERNST & YOUNG et Autres
Philippe Castagnac	Jean Bouquot
	Valerie Desclève

16.5 CODE OF ETHICS

The Group has adopted a code of ethics, which applies specifically to the members of the Management Board, chief financial officer and other principal financial officers. Publicis has also adopted a code of ethics applicable to all of our employees. These codes of ethics are available on the Group's website, at www.publicisgroupe.com, under "Corporate Social Responsibility" and "Principles."

In addition, Publicis undertakes to provide a copy of its codes of ethics to any person free of charge upon request. Such requests may be directed to Publicis' legal department by telephone at +33 (0) 1 44 43 70 00 or by mail to 133, avenue des Champs-Elysées, 75008 Paris, France.

17. EMPLOYEES

17.1 NUMBER OF EMPLOYEES

For more information see Chapter 20.1 of the current document, note 3 to the consolidated financial statements.

17.2 SHARE OWNERSHIP

Share ownership of members of the Supervisory Board and the Management Board:

At December 31, 2008, no members of the Supervisory or Management Boards held more than 1% of the shares of the Company, excluding the holdings mentioned in Chapter 18.1 of Léone Meyer, who directly or indirectly held 10,307,829 shares, or approximately 5.26% of share capital, which included 10,303,539 shares held by Phison Capital, and Maurice Lévy, who directly or indirectly held 4,722,854 shares, or approximately 2.41% of share capital, including 2,920,000 shares held through *sociétés civiles* belonging to him and his family.

At December 31, 2008, the members of the Supervisory and Management Boards (excluding Elisabeth Badinter and her children) directly or indirectly held 18,056,770 shares, or 9.21% of the share capital of the Company, including 2.41% controlled by Maurice Lévy (see Chapter 18.1). The members of the Management Board also held 2,493,530 stock subscription or purchase options on Company shares on that same date, 1,648,530 of which were fully vested. The exercise of 845,000 of these options is subject to the achievement of a three-year plan. Exercise prices range from €7.57 to €33.18 per share, and options will expire between 2008 and 2016 (see note 28 of the consolidated financial statements).

The following table presents the ownership of each corporate officer in the share capital of the Company at December 31, 2008 in terms of number of shares and voting rights, and the number of shares that each officer may acquire through the exercise of new stock subscription options and existing stock purchase options.

The following table contains information regarding the numbers of shares, voting rights and stock options held by Publicis Groupe's Management Board and Supervisory Board members as of December 31, 2007. Two types of stock options are held: those with the right to buy 'new' shares if the Company issues additional shares, and those with the right to buy 'existing' shares.

	Shares of Publicis Groupe owned	Voting rights of Publicis Groupe owned [(1)]	Options held for new shares	Options held that are exercisable for existing ehares		Weighted average price
				Total number	Number that are conditional options[(2)]	
Management Board						
Maurice Lévy [(3)]	4,722,854	9,250,208		1,396,275	300,000	28.07
Jack Klues [(4)]	0	0		338,164	170,000	27.05
Kevin Roberts [(5)]	0	0		497,840	300,000	27.50
David Kenny	322,500	322,500		126,640		12.03
Jean-Yves Naouri [(6)]	71,798	71,798		134,611	75,000	28.37
Supervisory Board						
Elisabeth Badinter	20,072,339	40,144,678				
Sophie Dulac	2,469,460	4,938,920				
Claudine Bienaimé	68,198	121,996		150,499		27.93
Henri-Calixte Suaudeau	80,381	160,762				
Monique Bercault	1,010	1,850				
Léone Meyer & Phison Capital	10,307,829	19,149,658				
Hélène Ploix	8,950	10,970				
Gérard Worms	340	680				
Michel Halpérin	1,500	1,500				
Amaury de Seze	350	550				
Simon Badinter	750	1,100				
Michel Cicurel	200	400				
Felix G. Rohatyn	1,000	2,000				
Tatsuyoshi Takashima	200	200				
Tateo Mataki	200	400				

(1) *Shows the impact of possible double voting rights.*

(2) *The exercise of these options is subject to the achievement of objectives set forth in the three-year long-term incentive plan known as " LTIP II" (2006-2008).*

(3) *Maurice Lévy holds 1,802,854 shares of the Company directly and 2,920,000 shares through* sociétés civiles *amounting to 9,250,208 voting rights.*
Options held in tranches 11, 15, 16, 19, 21 and 22.

(4) *Options held in tranches 17 and 22.*

(5) *Options held in tranches 19 and 22.*

(6) *Options held in tranches 11, 13, 16, 17, 22 and 23.*

NB: the bylaws require members of the Supervisory Board to hold 200 shares.

The Group has several stock option plans for the members and the Management Board, as well as for its executives and many employees. In addition, Digitas created stock option plans for their managers and employees before being acquired by the Group, which were converted into Publicis Groupe S.A. purchase options or share subscription options (see note 28 to the consolidated financial statements).

The 20th resolution of the Company's extraordinary general shareholders' meeting of June 4, 2007 authorized the Management Board, pursuant to articles L. 225-177 and others of the French *Code de commerce*, to grant employee members of the staff and certain corporate officers of the Company or economic interest groups that are linked to the Company under the conditions mentioned in article L.225-180 of the French *Code de* *commerce*, for a period of 38 months, options with a right to new share warrants to be issued for a capital increase and/or options with a purchase right for shares legally acquired by the Company.

The total number of open and unexercised options will not grant the right to subscribe to a number of shares that exceeds 10% of the share capital. It includes, to the advantage of the option beneficiaries, the shareholders' waiver of their preferential subscription rights to shares issued throughout the option exercise period. The Management Board will set the subscription or purchase price of shares on the date at which the options are granted, within the limits and according to the modalities provided for by law. The beneficiaries may exercise the options for 10 years, starting on the day that the options are granted.

In light of the general shareholders' meeting's authorization, the Management Board holds the necessary power to set the dates at which the options shall be granted, to determine the dates of each grant, to set the conditions under which the options will be granted, to approve the list of beneficiaries of the options and to decide upon the number of options to which each shall be able to subscribe or acquire, to set the conditions of the options' exercise and the price, the period or periods during which the options may be exercised, and to determine, without exceeding 10 years, the period during which the beneficiaries may exercise their options and the exercise periods for the options, and to agree on the conditions under which the price and the number of shares to be subscribed or bought will be adjusted in the case provided for by the law.

The June 4, 2007 authorization replaced the authorization of June 1, 2005, upon which the Management Board created the Long-Term Incentive Plan ("LTIP II") in 2006.

Stock options granted and/or exercised between January 1, 2008 and December 31, 2008

	Stock options granted /purchased	Title of stock option	Average price (in euros)	Expiration date	Plan
Stock options granted from January 1 to December 31, 2008					
Maurice Lévy	-				
Kevin Roberts	-				
David Kenny	-				
Jack Klues	-				
Jean-Yves Naouri	-				
Stock options exercised from January 1 to December 31, 2007					
Maurice Lévy	-				
Kevin Roberts	-				
David Kenny	1,090,000	A	6.02	2008-2011	Digitas Plan 1999 and 2001
Jack Klues	-				
Jean-Yves Naouri	6,000	S	10.24	2008	1998

The total number of unexercised options held by corporate officers at December 31, 2008, stood at 2,493,530 (including 845,000 conditional options under the 2006-2008 Plan known as "LTIP II"). Their average exercise price was €27.02**.**

The Company did not set aside or accrue any material amount of funds to provide pension, retirement or similar benefits for its directors in their capacities as such during the 2008 fiscal year, except with respect to the obligations described in Chapter 15.1 and in note 29 of the notes to the consolidated financial statements. The aggregate amounts set aside or accrued by Publicis in the year ended December 31, 2008 to provide for post-employment benefits and other long-term benefits of the Supervisory Board and Management Board members, including pension, retirement or similar benefits for Publicis' directors, was €26 million.

17.3 EMPLOYEE SHAREHOLDINGS

The options for subscription or purchase of Publicis Groupe shares, offered to and exercised by the 10 most highly compensated non-director employees are the following:

	Number of options distributed / subscribed or purchased	Average weighted price (€)	Plan
Options granted between January 1 and December 31, 2008, by the issuer and by any company included in the scope of option allocation to their respective 10 employees, whose number of options thus extended is the highest (on a global basis)			
Options held from the issuer and the afore mentioned companies, exercised between January 1 and December 31, 2008 by their respective 10 employees who bought or subscribed the greatest number of options (on a global basis)	49,988	11.05	8th and 9th tranches + Digitas Plan 1999/2004

The employees' interest in the share capital through the Company savings plans and according to the definition of article L. 225-102 of the French *Code de commerce* at December 31, 2007 was insignificant.

FCPE Publicis Groupe S.A. held 563,581 shares of Publicis Groupe at December 31, 2008. Consequently, Publicis Groupe employees held through the FCPE 0.29% of the share capital as of the same date.

The total number of options for subscription or purchase of Publicis Groupe shares distributed or exercised during the 2008 fiscal year, as well as those remaining to be exercised on December 31, 2008, are shown in note 28 of the notes to the consolidated financial statements in Chapter 20.1 of the current document.

Pursuant to the authorization of the combined ordinary and extraordinary shareholders' meeting (23rd resolution), on March 11, 2009, acting with the approval of the Supervisory Board, the Management Board implemented a plan to grant 50 free shares in the first half of 2009 to each of the Company's 4,500 employees in France working in subsidiaries held at more than 50%.

This program of free grants in France is the first step in a broader program of employee share ownership, which will progressively be extended to all Group employees in countries where the Group has a major presence. Ultimately this program is expected to amount to slightly under 1% of share capital at December 31, 2008.

The tables below show the options allocated over the last 10 years (in the year 1999 and the year 2008, no options were exercised):

	2000	Formerly Nelson Plans (1)	Formerly Saatchi Plans (2)	2001	2001	2002	2002	2002
Date of the Extraordinary General Meeting authorizing the allocations.	29/08/2000			29/08/2000				
Date of the Management Board's meeting deciding the allocation	7/09/00			23/04/01	26/11/01	18/01/02	10/06/02	8/07/02
Total number of allocated share subscription options (S) and share purchase options (A)	100,000 A	699,367(1) A	4,253,507(2)	380,000 A	2,943,135(4) A	104,600 A	5,000 A	220,000 A
Of which are Directors:	100,000			220,000	278,057(4)	15,000		220,000
Of which are the 10 first beneficiary employees:	-	-	-	712 705(4)		75 100	-	
Start date for exercise of the options	by third parties 07/09/01 07/09/02 07/09/03	(1)	08/09/00 (3)	23/04/05	26/11/05	18/01/06	10/06/06	8/07/06
Expiration date	6/09/10	2008 to 2009	20/04/06	22/04/11	25/11/11	17/01/12	9/06/12	7/07/12
Subscription or purchase price in €	43.55	(1)	-	33.18	29.79	29.79	32.43	29.79
Subscription or purchase price in € as at 12/31/08	43.55	(1)	-	33.18	29.79	29.79	32.43	29.79
Adjusted total number of allocated share purchase options and share subscription options as at 12/31/08	100,000	(1)	-	380,000	2,943,135(4)	104,600	5,000	220,000
Total number of shares subscribed or purchased as at 12/31/08	-	381,339	4,218,415	-	-	-	-	-
Total number of cancelled subscription options as at 12/31/08	-	318,028	35,092	27,000	2,943,135(4)	19,400	-	-
Total number of share purchase options and share subscription options remaining as at 12/31/08	100,000	-	-	353,000	-	85,200	5,000	220,000

(1) *Stock subscription option plans (mainly 1998 and 1999) in respect of shares of Nelson Communication. These options were converted into stock purchase option on the stock of Publicis Groupe S.A. (at a unit price of $24.40 for the 1998 and 1999 plans) when Nelson Communication was acquired in November 2000. At the end of December 2000, there were 699,367 unexercised options outstanding.*

(2) *Options granted under the Saatchi & Saatchi plans that existed at the time of the share exchange offer by Publicis Groupe S.A. for the shares of Saatchi & Saatchi in 2000 gave rise to the conversion of Saatchi & Saatchi shares received when the options were exercised into Publicis shares based on the share exchange ratio applied at the time of the acquisition, or 18,252 shares of Publicis Groupe S.A. for 100 Saatchi & Saatchi shares.*

(3) *Date of the general shareholders' meeting of Publicis Groupe S.A. that approved the acquisition of Saatchi & Saatchi.*

(4) *Conditional options, the exercise of which is contingent on the achievement of objectives under the three-year plan. The objectives of the plan of 11/26/01 were not achieved, and all options under the plan were cancelled.*

	2003	2003	2004	2004	2005	2006	2006	2007	Digitas[(4)] Plans
Date of the Extraordinary General Meeting authorizing the allocations.	29/08/2000					01/06/2005			
Date of the Management Board's meeting deciding the allocation	28/08/03	28/08/03	28/09/04	28/09/04	24/05/05	21/08/06	21/08/06	24/08/07	
Total number of allocated share subscription options (S) and share purchase options (A)	517,067 A	9,498,000[(1)] A	11,000 A	1,959,086[(1)] A	935,192[(1)] A	100,000 A	10,256,050[(1)] A	1,574,400[(1)] A	3,199,756 A
Of which are Directors:	415,000			575,000[(1)]		100,000	950,000[(1)]	-	-
Of which are the 10 first beneficiary employees:		970,000[(1)]		442,580[(1)]	210,000[(1)]	-	738,000 [(1)]	258,000[(1)]	-
Start date for exercise of the options	28/08/07	50% 2006[(2)] 50% 25/04/07[(2)]	28/09/08	50% 2006[(2)] 50% 25/04/07[(2)]	50% 2006[(2)] 50% 25/04/07[(2)]	21/08/10	50% 2009[(3)] 50% 2010[(3)]	50% 2009[(3)] 50% 2010[(3)]	31/01/07
Expiration date	27/08/13	27/08/13	27/09/14	27/09/14	23/05/15	20/08/16	20/08/16	23/08/17	2009 to 2017
Subscription or purchase price in €	24.82	24.82	24.82	24.82	24.76	29.27	29.27	31.31	
Subscription or purchase price in € as at 12/31/08	24.82	24.82	24.82	24.82	24.76	29.27	29.27	31.31	2.47 to 58.58
Adjusted total number of allocated share purchase options and share subscription options as at 12/31/08	517,067	9,498,000[(1)]	11,000	1,959,086[(1)]	935,192[(1)]	100,000	10,256,050[(3)]	1,574,400[(1)]	3,199,756
Total number of shares subscribed or purchased as at 12/31/08	-	2,236,559	-	340,150	319,307	-	-	-	1,972,415
Total number of cancelled subscription options as at 12/31/08	37,000	3,542,142	11,000	391,365	198,289	-	2,290,800	152,167	370,805
Total number of share purchase options and share subscription options remaining as at 12/31/08	480,067	3,719,299	-	1,227,571	417,596	100,000	7,965,250	1,422,233	856,536

(1) *Conditional options, the exercise of which is contingent on the achievement of objectives under the three-year plan. The level of achievement of 2003-2005 plan objectives was measured in 2006. The level of achievement of 2006-2008 plan objectives will be measured in 2009.*

(2) *The exercise period began in 2006, following a determination of the level of achievement of objectives and the subsequent number of exercisable options. One-half of the total exercisable number of options could be exercised after that date; the other half, one year later. Non-exercisable options have been cancelled.*

(3) *The exercise period will begin in 2009, when the level of achievement of objectives and the subsequent number of exercisable options has been established. One-half of the total exercisable number of options may be exercised as of that date; the other half, one year later.*

(4) *Options granted under the option plans of Digitas that existed when Digitas was acquired in 2007 were converted into stock purchase options on shares of Publicis Groupe using the existing ratio of the purchase price established under the offer for Digitas stock (restated in euros) and the market value of Publicis Groupe stock on the date of the merger. The subscription price was adjusted accordingly.*

18. MAJOR SHAREHOLDERS

18.1 MAJOR SHAREHOLDERS AND VOTING RIGHTS

As of December 31, 2008, to the best of Publicis' knowledge, no person held, directly or indirectly, individually or jointly, an interest greater than or equal to 5% or more of its shares (a "Major Shareholder"), except as described below. Publicis' *statuts* (bylaws) set forth that all its shareholders have the same proportional voting rights with respect to the shares they hold, except that shares owned by the same shareholder in registered form for at least two years carry double voting rights. We have not issued any preferred shares or any securities without voting rights.

On March 11, 2009, the Publicis Groupe announced the implementation of a co-investment plan allowing about 160 Group managers to subscribe to a program to invest in Publicis Groupe shares. This program calls for the granting of free conditional shares, which ultimately cannot exceed 1.8% of share capital as of December 31, 2008.

The total of free shares granted to all employees (see Chapter 17.3) and free shares to be granted under the co-investment plan may not exceed 3% of share capital at December 31, 2008, at the end of a five-year period.

History and distribution of share capital and voting rights of the Company

At December 31, 2008	Shares held	% of share capital[5]	Voting rights	% of voting rights[6]
A/ Shareholders holding more than 5% of the capital				
Elisabeth Badinter [1]	20,072,339	10.24	40,144,678	16.29
Dentsu Inc [2]	18,641,505	9.51	36,940,978	14.99
Harris Associates L.P.	13,161,200	6.71	13,161,200	5.34
SEP Dentsu-Badinter [3]	10,391,203	5.30	20,782,406	8.44
Léone Meyer et Phison Capital SAS [4]	10,307,829	5.26	19,149,658	7.77
B/ Treasury shares	17,166,682	8.76	-	-
C/ Public (registered and bearer shares)	106,280,225	54.22	116,190,119	47.16
Total	**196,020,983**	**100.00**	**246,369,039**	**100.00**

(1) *Elisabeth Badinter fully owned 3.47% of share capital (5.52% voting rights) and had the right to income in respect of 6.77% of shares with her children owning the underlying shares (10.77% of voting rights).*

(2) *Does not include shares held by the SEP in respect of which Dentsu may be deemed the beneficial owner due to the shareholders' agreement between Elisabeth Badinter and Dentsu (see Chapter 19 "Shareholders' Agreement between Elisabeth Badinter and Dentsu" for details). For such shares, Dentsu would be deemed to beneficially own 29,032,707 shares, amounting to 14.81% of the share capital of the Company and 23.43% of voting rights (reflecting double voting rights).*

The voting rights of Dentsu are limited by agreement to 15%.

(3) *This silent partnership was created in September 2004 by Dentsu and Ms. Badinter in order to implement the limitation on the voting rights of Dentsu to 15% (see Chapter 19 "Shareholders' Agreement between Elisabeth Badinter and Dentsu" for details).*

(4) *Léone Meyer holds 4,290 shares directly and 10,303,539 share indirectly through Phison Capital.*

(5) *Percentages are based on the total number of outstanding shares including treasury shares.*

(6) *Percentages are based on the total number of outstanding shares disregarding treasury shares with no voting rights and counting the double voting rights attached to some shares.*

At December 31, 2007	Shares held	% of share capital[5]	Voting rights	% of voting rights[6]
A/ Shareholders holding more than 5% of the capital				
Elisabeth Badinter [1]	20,072,339	9.92	40,144,678	16.79
Dentsu Inc [2]	17,918,915	8.85	35,837,830	14.99
SEP Dentsu-Badinter [3]	10,771,961	5.32	17,193,922	7.19
Harris Associates L.P	10,304,798	5.09	10,304,798	4.31
B/ Treasury shares	18,786,943	9.28	-	-
C/ Public (registered and bearer shares)	124,532,398	61.54	135,586,326	56.72
Total	**202,387,354**	**100.00**	**239,067,554**	**100.00**

(1) *Elisabeth Badinter fully owned 3.36% of shares (5.69% of voting rights) and had the right to receive income with respect to 6.56% of shares with her children owning the underlying shares (11.10of voting rights).*

(2) *Does not include shares held by the SEP in respect of which Dentsu may be deemed the beneficial owner under the shareholders' agreement between Elisabeth Badinter and Dentsu (see Chapter 19 "Shareholders' Agreement between Elisabeth Badinter and Dentsu" for details. For such shares Dentsu would be deemed to beneficially own 29,032,907 shares amounting to 14.61% of the share capital of the Company and 22.28% of voting rights (reflecting double voting rights).*

The voting rights of Dentsu are limited by agreement to 15%.

(3) *This silent partnership was created in September 2004 by Dentsu and Ms. Badinter in order to implement the limitation on the voting rights of Dentsu to 15% (see Chapter 19 "Shareholders' Agreement between Elisabeth Badinter and Dentsu" for details).*

(4) *Percentages are based on the total number of outstanding shares including treasury shares.*

(5) *Percentages are based on the total number of outstanding shares disregarding treasury shares with no voting rights and counting the double voting rights attached to some shares.*

At December 31, 2006	Shares held	% of share capital[5]	Voting rights	% of voting rights[6]
A/ Shareholders holding more than 5% of the capital				
Elisabeth Badinter [1]	20,072,339	10.10	40,144,678	16.75
Dentsu Inc [2]	18,248,963	9.18	36,155,894	15.09
SEP Dentsu-Badinter [3]	10,783,945	5.43	17,217,890	7.19
B/ Treasury shares	15,105,351	7.60	-	-
C/ Public (registered and bearer shares)	134,498,631	67.69	146,084,577	60.97
Total	**198,709,229**	**100.00**	**239,603,039**	**100.00**

(1) *Elisabeth Badinter fully owned 3.42% of shares (5.67% of voting rights) and had the right to receive income with respect of 6.68% of shares with her children owning the underlying shares (11.08% of voting rights).*

(2) *Does not include shares held by the SEP in respect of which Dentsu may be deemed the beneficial owner under the shareholders' agreement between Elisabeth Badinter and Dentsu (see Chapter 19 "Shareholders' Agreement between Elisabeth Badinter and Dentsu" for details). For such shares, Dentsu would be deemed to beneficially own 29,032,907 shares, amounting to 14.61% of Company share capital and 22.28% of voting rights (reflecting double voting rights).*

The voting rights of Dentsu are limited by agreement to 15%.

(3) *This silent partnership was created in September 2004 by Dentsu and Ms. Badinter in order to implement the limitation on the voting rights of Dentsu to 15% (see Chapter 19 "Shareholders' Agreement between Elisabeth Badinter and Dentsu" for details).*

(4) *Percentages are based on the total number of outstanding shares including treasury shares.*

(5) *Percentages are based on the total number of outstanding shares disregarding treasury shares and counting the double voting rights attached to some shares.*

During 2008 the Company was informed that the legal threshold of 5% of voting rights had been crossed by Harris Associates L.P., which informed the *Autorité des Marchés Financiers* of having crossed the legal threshold of 5% (above) on January 25, 2008, and on March 5, 2008 (below), then again on March 13, 2008 (above), and on May 5, 2008 (below). The 5%

threshold of voting rights was crossed one last time by Harris Associates L.P. on June 27, 2008 (above), and on November 28, 2008 (below). On February 24, 2009, Harris Associates LP stated that it had fallen under 5% of share capital and held 4.96% and 3.69% of the voting rights of Publicis Groupe S.A. Leone Meyer declared that on April 4, 2008, she had crossed above 5% of the voting rights of Publicis Groupe S.A., and then on July 31, 2008, 5% of the share capital of the Company and consequently held 5.09% of share capital and 7.26% of voting rights. And lastly, on April 3, 2008, the agreement between Dentsu Inc., a company operating under Japanese law, and Elisabeth Badinter declared that it had crossed above the 25% threshold of share capital ownership and held 25.08% of share capital and 36.18% of voting rights.

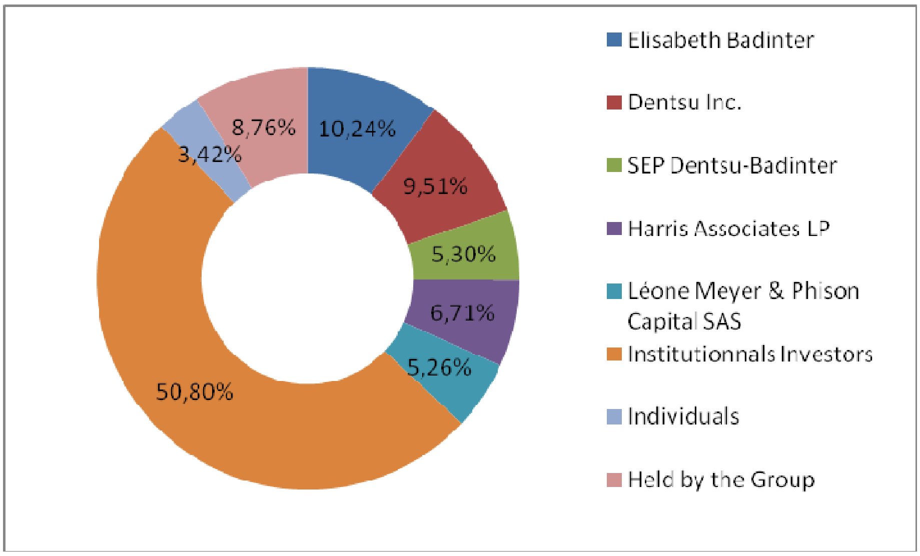
According to the most recent exhaustive survey of the approximate number of identifiable bearer shares *(Titres au Porteur Identifiables)* and information on registered shares managed by CACEIS Corporate Trust, there were 781 shareholders as of December 31, 2008.

The distribution of share capital and voting rights at December 31, 2008, after consideration of maximal dilution based on convertible and exchangeable securities and equity warrants appears in Chapter 21.1.4 of this document.

According to the most recent available survey of identifiable bearer shares as well as information on the registered shares managed by CACEIS Corporate Trust, we had 781 shareholders as of December 31, 2008.

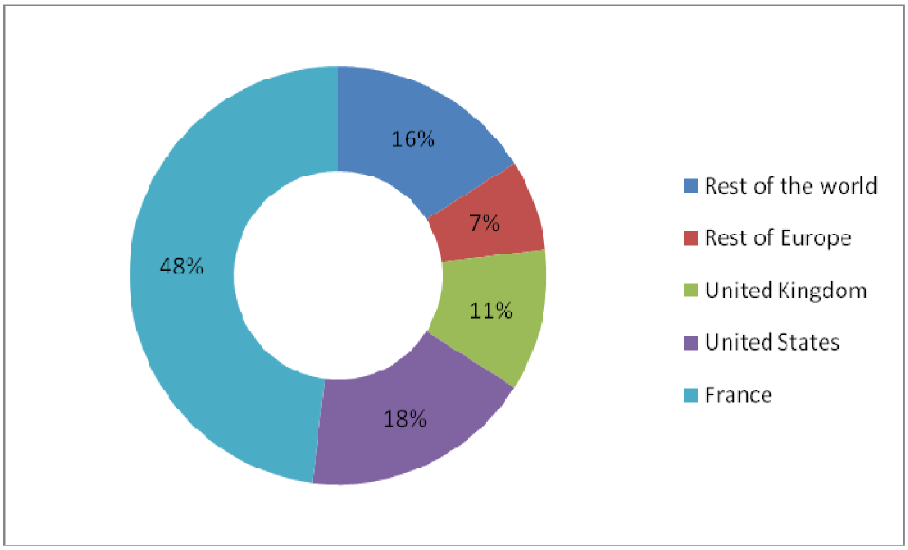
The allocation of share capital and voting rights in the Company as of December 31, 2008, after the maximum dilution due to convertible and exchangeable securities and equity warrants is discussed in Chapter 21.1.4 of this document.

Allocation of share capital by type of shareholder as of December 31, 2008 (% of capital)



Source: Euroclear / Capital Precision December 31, 2008

Allocation of institutional shareholdings by geography as of December 31, 2008 (% of capital)



Source: Euroclear /Capital Precision – December 31, 2008

18.2 CONTROL OF THE COMPANY

To ensure the transparency and availability of public information, the Company follows the recommendations issued by MEDEF-AFEP in October 2003 regarding corporate governance of listed companies, largely based on the Supervisory Board's internal regulations, the latest version having been approved on February 10, 2009. Moreover, in accordance with these recommendations, the composition of the Supervisory Board and the Management Board ensures that Elisabeth Badinter and Dentsu (see Chapter 19) may not exercise control in a way that would be prejudicial to the Company.

To Publicis' knowledge, except as disclosed in Chapter 19, Publicis is not directly or indirectly owned or controlled by any other corporation, foreign government or any other natural or legal person severally or jointly and it is not aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company.

18.3 AGREEMENTS REGARDING AN EVENTUAL CHANGE IN CONTROL OR AGREEMENTS LIKELY TO BE INFLUENTIAL IN THE EVENT OF A TAKEOVER BID

To the best of the Company's knowledge, there are no agreements that may lead to a change in control.

Information required by Article L.225-100-3 of the French Commercial Code included in this *Reference Document* is the following: the mention of the existence of approvals granted by the Company's shareholders' meeting to the Management Board regarding the share issuance (included in Chapter 21.1), the capital structure (described in Chapter 18.1), shareholders agreements (described in Chapter 19) and the existence of the double voting right (provided for in the Company's bylaws and described in Chapter 21.2).

It was also specified that, to the best of the Company's knowledge, no agreements exist requiring payments, other than those described in Chapter 15.1, to the members of the Management Board or employees if their employment ends as a result of a takeover, nor any agreement signed by the Company which may be modified or ended in the event of a change in control of the Company.

19. RELATED PARTY TRANSACTIONS

Terms and Conditions of Transactions with Related Parties

Certain members of Publicis Groupe S.A.'s Supervisory Board (Michel David-Weill, whose term ended on June 3, 2008, Felix Rohatyn, Gérard Worms and Michel Cicurel and Hélène Ploix) hold management positions in financial establishments that could have business relations with the Company.

The Company entered into a liquidity contract with Rothschild in respect of its own shares, which is mentioned in this chapter. On February 26, 2008, the liquidity contract given by the Publicis Groupe to Rothschild Cie Banque, Paris was terminated.

Under a one-year contract dated February 26, 2008, that may be renewed by tacit agreement, the Publicis Groupe entrusted SG Securities (Paris) with the implementation of a liquidity contract in respect of ordinary shares, pursuant to the Ethics Charter of the AFEI dated March 14, 2005, approved by the AMF on March 22, 2005, and published in BALO on April 1, 2005. Nevertheless, all members of the Supervisory Board have been deemed to be independent pursuant to the criteria applied by the Company.

On November 30, 2003, Publicis Groupe S.A. and Dentsu Inc. (Dentsu) concluded an agreement pursuant to the merger agreement dated March 7, 2002, between Publicis Groupe S.A. and its subsidiaries Philadelphia Merger Corp. and Philadelphia Merger LLC, on one hand, and Bcom3 Group, Inc., on the other hand, which resulted in Philadelphia Merger Corp. absorbing, by way of merger, Bcom3. The agreement includes clauses concerning the management of Publicis Groupe S.A. related to the composition of the Supervisory Board, representation of Dentsu this board, as well as the Audit Committee; and the transfer of shares of Publicis Groupe S.A. held by Dentsu, including a limitation of the participation of Dentsu to 15% of the voting rights of Publicis Groupe S.A. Moreover, it includes an anti-dilution clause in favor of Dentsu that aims to facilitate the accounting under the equity method of Dentsu's investment in Publicis Groupe S.A. This agreement, described in greater detail below, will expire on July 12, 2012 unless it is renewed for 10 years by agreement between the parties. This was the subject of a Decisions and Information (*Décisions et Informations*) of the AMF on January 9, 2004 under the number 204C0036.

Compensation of Supervisory Board and Management Board Members

Compensation of individuals who were members of the Supervisory Board and the Management Board at December 31, 2008, or during the financial year then ended, is disclosed in Chapter 15.1.

Except as described in Chapters 14.2, 19 and 22, the Company, including its subsidiaries, has not entered or committed to enter into any material transactions with related parties since January 1, 2009.

The following transactions were carried out with related parties in 2008 (in millions of euros):

	Revenues with related parties[(1)]	Increase in provision for doubtful accounts
Dentsu	(9)	-

(1) This is the difference between purchases and sales made by the Group with Dentsu. These transactions were carried out at market prices. The purchases and sales were not material for either party, either individually or taken as a whole.

The balance sheet at December 31, 2008 included the following transactions with related parties:

	Receivables from/loans to related parties	Provisions sfor doubtful accounts	Liabilities to related parties
Dentsu	7	-	1
Somupi	13	-	-
Onspot Digital	-	-	2
Bromley	1	-	-

Publicis/Dentsu Agreement

On November 30, 2003, Publicis Groupe S.A. entered into an agreement (the "Publicis/Dentsu Agreement") with Dentsu regarding its interest in the capital of Publicis Groupe S.A. (the "Agreement between Dentu and Publicis")..

The Publicis/Dentsu Agreement supersedes and replaces the "Memorandum of Understanding" entered into with Dentsu on March 7, 2002. This agreement was concluded in accordance with the rules relating to regulated agreements.

Under the Publicis/Dentsu Agreement, so long as Dentsu owns at least 10% of Publicis shares (calculated in a specific manner), Publicis is required to propose to its shareholders resolutions for the appointment of two Dentsu representatives to its Supervisory Board. The number of Dentsu representatives will increase if the total number of Publicis Groupe S.A.'s Supervisory Board members increases so that Dentsu maintains a representation in proportion with its voting rights. The two current members of its Supervisory Board appointed pursuant to the Publicis/Dentsu Agreement are Tatsuyoshi Takashima and Tateo Mataki.

Until July 12, 2012, Dentsu will be subject to a "standstill" limiting its ownership of Publicis shares to the number of shares that entitles it to 15% of Publicis Groupe S.A.'s total voting power, unless its Supervisory Board agrees otherwise.

Dentsu is entitled to a protection against any dilution of its interest that may result from a Publicis Groupe S.A. capital increase in cash to which Dentsu would not be entitled to subscribe by exercising its preferential subscription rights.

Dentsu may not sell or transfer any shares of Publicis Groupe S.A. to a third party prior to July 12, 2012 (excluding the subsidiaries of the latter and the SEP – see below). In the event of a public offer for shares of Publicis Groupe S.A., Dentsu must tender its shares (i) if the Supervisory Board of Publicis Groupe S.A. publicly recommends accepting the offer and states that it is in the Company's interest, and if the Management Board does not publicly oppose the offer or state that it is not in the interest of Publicis Groupe S.A.; or (ii) if Elisabeth Badinter tenders any or all of her shares of Publicis Groupe S.A. in the offer; or (iii) if the public offer is initiated by Elisabeth Badinter acting alone or in concert with another party.

On September 24, 2004, Publicis Groupe S.A. and Dentsu entered into an amendment of the Publicis/Dentsu Agreement. Such amendment was entered into to reflect the agreements and amendments entered into by and between Dentsu and Elisabeth Badinter on September 24, 2004, as described below.

The Publicis Groupe S.A. /Dentsu Agreement will expire on July 12, 2012, unless Publicis and Dentsu agree to renew it for an additional 10 year term.

Elisabeth Badinter/Dentsu Shareholders' Agreement

On November 30, 2003, Elisabeth Badinter and Dentsu entered into a shareholders' agreement to govern their relationship as shareholders of Publicis Groupe S.A. (the "Badinter/Dentsu Agreement").

Under the Badinter/Dentsu Agreement, Dentsu has undertaken, to elect or renew the mandates of the Supervisory Board members that will be designated by Elisabeth Badinter.

In respect of the Supervisory Board, Dentsu is bound to:

- to vote in favor of Elisabeth Badinter or any person she would select as her substitute as chairperson of the Supervisory Board;
- to vote in favor of the candidates to the Supervisory Board proposed by Elisabeth Badinter and in favor of maintaining their office;
- to vote in favor of the candidates to Publicis' management (and in particular to the Management Board) proposed by Elisabeth Badinter.

The Badinter/Dentsu Agreement provides for the creation of a special committee, to be comprised of members appointed by Elisabeth Badinter and by Dentsu among the members of the Supervisory Board (Elisabeth Badinter has the right to appoint the majority of its members). The role of the committee is to

(i) examine all strategic decisions to be submitted for the approval of the Supervisory Board and/or the vote of the shareholders;

(ii) determine the vote on matters on which Dentsu has agreed to vote as directed by Elisabeth Badinter;

(iii) in the case of a meeting convened at the request of Dentsu, examine such other matters identified by a member of the committee designated by Dentsu.

In addition, Dentsu agreed to exercise its votes as directed by Elisabeth Badinter on a number of matters, including those relating to certain mergers or similar business combinations involving the Company and a third party. Dentsu also agreed (i) not to transfer any Publicis Groupe S.A. shares to a third party until July 12, 2012 (subject to specified exceptions), and (ii) to be subject to specified restrictions on any transfer of shares, and to Badinter's approval with respect to any transfer, carried out between July 12, 2012 and July 12, 2014.

After consulting Badinter, Dentsu has undertaken to vote in Publicis Groupe S.A.'s General Shareholders' Meetings, as does Elisabeth Badinter, on the following draft resolutions:

- amendment of the Publicis bylaws (statuts) concerning: the company's name, headquarters, number of members of the Management Board or of the Supervisory Board, term and number of shares required for exercising this function;
- any merger or combination as a result of which the Publicis shareholders at the time of the merger retain the majority of the new group after the transaction;
- distribution of dividends in reasonable amounts up to 40% of the distributable profit;
- increases of less than 10% of the capital or its voting rights without waiver of preferential subscription rights and up to a total amount of 10% of Publicis capital at March 7, 2002;
- capital reduction resulting from the repurchase of shares by the Company.
- After consulting Elisabeth Badinter, Dentsu has the right to vote as it chooses for the following draft resolutions:

- the decision to issue securities representing more than 10% of its capital or of the Publicis voting rights;
- the attribution of subscription rights;
- reserved capital increases;
- public offers of Publicis securities without preferential subscription rights;
- the contribution or transfer of assets, insofar as they are subject to a vote of the General Shareholders' Meeting;
- approval of any transaction involving Elisabeth Badinter, Dentsu or a Publicis subsidiary.
- Dentsu shall vote in favor of the approval of the financial statements, provided that its representatives on the Supervisory Board are heard by the Audit Committee, that the Auditors have certified the accounts, without reservation, that Dentsu's representatives, heard by the Audit Committee, have provided any comments to the Statutory Auditors and the Statutory Auditors have responded and maintained their certification.
- Prior to July 12, 2012, Dentsu may not hold more than 15% of the voting rights of Publicis Groupe S.A. either alone or jointly with Elisabeth Badinter. If this threshold is crossed involuntarily, Dentsu commits not to exercise any supplementary voting rights, except in certain exclusively enumerated cases.
- Dentsu may not enter into any agreement in respect of the management or direction of Publicis Groupe S.A. without the prior consent of Elisabeth Badinter. Reciprocally, Elisabeth Badinter may not enter into any agreement in respect of the management or direction of Publicis without the prior consent of Dentsu. Any breach of this agreement by one of the parties entitles the other party to terminate the agreement.
- Elisabeth Badinter will make every effort to ensure that Dentsu is protected from any dilution resulting from a capital increase in cash to which Dentsu could not subscribe by exercising its preferential subscription rights.

The potential amendment of the shareholders' agreement between Dentsu and Badinter will be discussed in good faith so that Dentsu may account for its holdings in Publicis Groupe S.A., provided that economic and legal balance is maintained. On September 24, 2004, Elisabeth Badinter and Dentsu amended their shareholders' agreement through a rider creating a *société en participation* (the "SEP"). According to its bylaws, the purpose of the SEP is to exercise the voting rights attached to those shares of Publicis Groupe S.A. contributed to the SEP. Dentsu must contribute shares of Publicis Groupe S.A. to the SEP when their associated voting rights exceed the 15% ceiling mentioned above. When the SEP was formed, Dentsu contributed rights in respect of 11,181,399 ordinary shares of Publicis Groupe S.A. Dentsu has successively contributed and withdrawn shares since September 24, 2004, bringing the number of Publicis Groupe S.A. shares held by the SEP to a total of 10,391,203 as of December 31, 2008.

Elisabeth Badinter is the manager of the SEP. In this capacity, she exercises the voting rights attached to shares held by the SEP.

The SEP expires on September 24, 2014, or upon the expiry of the shareholders' agreement between Elisabeth Badinter and Dentsu, whichever occurs first, unless the parties agree otherwise.

Elisabeth Badinter has a right of first refusal in the event of a contemplated sale of Publicis Groupe S.A. shares contributed to the SEP to a third party. The shareholders' agreement between Dentsu and Badinter ends on July 12, 2014, unless both parties to the agreement agree to renew it for the same term.

After communicating the agreements mentioned above to the AMF (Autorité des Marchés Financiers), a more detailed summary was published in the Decisions and Information (Décisions et Informations) of the AMF, number 204C0036 of January 9, 2004, and number 204C1206 of October 11, 2004.

Moreover, on June 28, 2007, the Company extended a contract with Deutsche Bank which was due to expire on November 30, 2007, and pursuant to which Deutsche Bank had been entrusted with the purchase of the Company's shares on its behalf, within the scope of the authorization granted by the shareholders' meeting of June 4, 2007, in its 10th resolution, as reported in Chapter 21.1.3 of this document.

Regulated agreements relating to the compensation of members of the Management Board

On March 17, 2008, the Supervisory Board revised existing contractual commitments relating to certain aspects of compensation, indemnities and benefits likely to be due to members of the Management Board upon termination of their offices and duties, in particular so that such commitments would comply with law no. 2007-1223 of August 21, 2007, known as "the TEPA law." The provisions adopted or authorized by the Board were communicated to the Statutory Auditors and submitted, when required by the TEPA law, to the General Shareholders' Meeting of June 3, 2008, which approved them. These agreements are discussed in detail in Chapter 15.1 of this document.

Information on agreements falling under article L. 225-86 of the French Commercial Code and entered into by the Company appear in the 2006, 2007 and 2008 Reference Documents of the Company.

- 2008: in Chapter 15.1 and this chapter;
- 2007: document registered with the *Autorité des Marchés Financiers* on March 19, 2008, under the visa number D.08-132, on page 77;
- 2006: document registered with the *Autorité des Marchés Financiers* on March 30, 2007, under the visa number D.07-0255, on page 86;

See also note 29 to the consolidated financial statements in Chapter 20.1 hereof.

Special report of the Statutory Auditors on certain related party agreements and commitments

Year ended December 31, 2008

In our capacity as Statutory Auditors of your company, we hereby report to you on certain contractual agreements and commitments with certain related parties.

We are not required to ascertain whether any contractual agreements and commitments exist but to inform you, on the basis of the information provided to us, of the terms and conditions of agreements indicated to us. It is not our role to comment as to whether they are beneficial or appropriate. It is your responsibility, under the terms of article R. 225-58 French company Law (Code de commerce), to evaluate the benefits resulting from these agreements and commitments prior to their approval.

We carried out the procedures that we considered necessary in accordance with the auditing standards issued by the French national institute of statutory auditors in relation to this type of engagement. These procedures involved verifying that the information provided to us is consistent with the documents from which it is derived.

We inform you that we have been not advised of the signature of any contractual agreements or commitments subject to article L.225-86 of French Company Law (Code de Commerce) during the year ending December 31, 2008.

Moreover, in accordance with French Company Law (Code de Commerce), we have been informed that the following contractual agreements and commitments approved previously, have been pursued during the year ending December 31, 2008:

Agreement between Publicis Groupe S.A. and Dentsu Inc

Shareholder concerned: Dentsu Inc

Nature, purpose and conditions

On November 30, 2003, Publicis Groupe S.A. and Dentsu concluded an agreement consecutive to the commitments taken in connection with the merger agreement dated March 7, 2002, between Publicis Groupe SA and its subsidiaries Philadelphia Merger Corp. and Philadelphia Merger LLC on one hand, and Bcom3 Group, Inc. on the other hand, which resulted in Philadelphia Merger Corp absorbing by way of merger, Bcom3. The main provisions of these commitments were described in the prospectus (note d'opération) with regard to the merger with Bcom3 granted visa number 02-564 by the COB on May 16, 2002.

The agreement includes clauses concerning the management of Publicis Groupe S.A. (composition of the Supervisory Board, change of the legal form and representation of Dentsu on the Audit Committee), clauses concerning the transfer of shares and equity warrants of Publicis Groupe S.A. held by Dentsu including, in particular, a limitation of the participation of Dentsu to 15 % of the voting rights of Publicis Groupe S.A. Moreover, it includes an anti-dilution clause in favor of Dentsu and a clause concerning the upholding of the accounting of Dentsu's investment in the Publicis Groupe under the equity method. This agreement will expire on July 12, 2012 unless it is renewed for ten years by agreement between the parties. This was the object of a Decision and Information ("*Décision et Information*") of the AMF on January 9, 2004 under the number 204C0036.

This contractual agreement had no impact on the accounts of Publicis Groupe SA for the year ended December 31, 2008.

Deferred Compensation of Management Board Members

I. Company Commitments to the Management Board Chairman, Mr. Maurice Lévy :

a. Conditional deferred compensation

Upon the termination of his duties as Management Board Chairman, Maurice Lévy will receive deferred compensation equal to the total gross amount of the portion of the annual bonuses received by him since 2003 pursuant to the two quantitative components of these bonuses, called "quantitative bonuses," as defined in the agreement of November 22, 2004, i.e.:

- the portion of the bonus linked to organic growth and the total consolidated net income of Groupe Publicis, compared to that of the Top Tier (Omnicom, WPP, IPG). The portion of the bonus related to each of these two criteria may reach a maximum of 75% of the fixed compensation
- the portion of the bonus linked to the net consolidated profit of Publicis Conseil S.A. and its subsidiaries, paid for performing the duties of Chief Executive Officer of Publicis Conseil S.A. pursuant to the terms defined by that company's board of directors.

The payment of the deferred compensation defined above is subject to meeting the following independent, cumulative performance-based and length of presence conditions:

1. Performance-based condition:

The deferred compensation defined above will be paid provided that the average annual amount of the "quantitative bonuses" received by Maurice Lévy for the last three complete years of his term as Management Board Chairman is at least equal to 75% of the general average (including the last three years of his term of office) of the annual "quantitative bonuses" received by Maurice Lévy for 2003 and subsequent years.

If the average of the last three complete years of his term of office is less than 25% of the general average, there will be no deferred compensation.

If the average of the last three complete years of his term of office is between 25% and 75% of the general average, the deferred compensation will be calculated proportionally between 0 and 100% by the rule of three.

2. Length of presence condition:

Deferred compensation is the consideration for Mr. Lévy's commitment to remain in office for at least nine years following January 1, 2003. Therefore, Mr. Lévy will be entitled to such deferred compensation, as calculated above, provided that he does not resign from his position as Chairman of the Management Board of Publicis Groupe SA prior to the end of his term of office on December 31, 2011.

Termination of his duties on account of illness or disability, death or voluntary departure following a change in the Groupe's core shareholder will not be considered as a resignation.

If Mr. Lévy departs after December 31, 2011, for whatever reason and subject to meeting the performance conditions, the payment of the deferred compensation will be due.

Covenant not to compete

Maurice Lévy will not, during the three years following the termination of his duties as Chairman of the Management Board of Publicis Groupe SA, for any reason whatsoever, collaborate in any manner whatsoever with a company doing business in the field of advertising, and more generally, with a competitor of Publicis, nor take any stake in a competitor of Publicis.

In consideration of this commitment, Mr. Lévy will receive a sum equal to 18 months of his total gross compensation (the fixed portion and the maximum variable portion as currently defined). This sum will be paid to him in equal monthly advances. These advances must be refunded by Mr. Lévy if he fails to comply with the covenant.

Because this payment constitutes compensation for a covenant not to compete, it is not subject to any performance criteria.

II. Commitments of Publicis Groupe SA or companies it controls to other Management Board members:

M. Kevin Roberts

Potential severance payments

Pursuant to the terms of the current contracts between Saatchi & Saatchi North America Inc., Saatchi & Saatchi Limited and Kevin Roberts, if these contracts are terminated early by Groupe Publicis “without cause,” or if Kevin Roberts terminates them “for cause,” Mr. Roberts could be entitled to a sum equal to 120% of his annual fixed compensation, plus 100% of his maximum annual bonus, continuation of his benefits for one year and the right to exercise any stock options and to keep any bonus shares that may have been granted to him.

These sums and benefits are not owed in full unless the average annual amount of the bonuses received by Mr. Roberts for the three months preceding the termination of his duties is at least equal to 75% of his “target bonus.” If the average annual amount is less than 25% of the “target bonus,” no sum or benefit will be owed. If the average annual amount is between 25% and 75% of the “target bonus,” the payments and benefits will be calculated proportionally between 0 and 100% by the rule of three.

M. Jack Klues

Potential severance payments

Pursuant to the terms of the current contract between Publicis Groupe SA, Starcom Mediavest Group, Inc. and Jack Klues, if this contract is terminated early by Groupe Publicis “without cause,” Mr. Klues could be entitled to a sum equal to one year of his annual fixed compensation, plus 100% of his maximum annual bonus, continuation of his benefits for one year, assistance from an outplacement firm for up to one year, and the right to exercise any stock options and to keep any bonus shares that may have been granted to him.

These sums and benefits are not owed in full unless the average annual amount of the bonuses received by Mr. Klues for the three months preceding the termination of his duties is at least equal to 75% of his “target bonus.” If the average annual amount is less than 25% of the “target bonus,” no sum or benefit will be owed. If the average annual amount is between 25% and 75% of the “target bonus,” the payments and benefits will be calculated proportionally between 0 and 100% by the rule of three.

Covenant not to compete

Pursuant to an agreement signed in June 1997 applicable to all senior executives of Leo Burnett Company, Inc. (Jack Klues’ employer at the time), which is still in effect following the renewal of his term as Management Board member effective January 1, 2008, if Mr. Klues retires at his own initiative beginning at age 55 or if he is made to retire beginning at age 57, he may also be entitled, for five years, to a sum equal to 30% of his last annual compensation (fixed plus bonus), as well as portion of his fringe benefits, provided that he complies with a five-year covenant not to compete and not to solicit employees.

Because these sums and benefits constitute compensation for a covenant not to compete, they are not subject to any performance criteria.

M. David Kenny

Potential severance payments

Pursuant to the terms of the current contract between Publicis Groupe SA, Digitas Inc. and David Kenny, if this contract is terminated early by Groupe Publicis "without cause," Mr. Kenny may be entitled to maintenance of his medical coverage for a maximum of two years. He will be entitled to exercise any stock options and to keep any bonus shares that may have been granted to him.

These benefits will not be owed in full unless the average annual amount of the bonuses received by David Kenny for the three years prior to the termination of his duties is at least equal to 75% of his "target bonus." If the average annual amount is less than 25% of the "target bonus," no sum or payment or benefit will be owed. If the average annual amount is between 25% and 75% of the "target bonus," the benefits will be calculated proportionally between 0 and 100% by the rule of three.

M. Jean-Yves Naouri

Potential severance payments

Pursuant to the terms of the current agreements between Publicis Groupe Services and Jean-Yves Naouri, if his term as a member of the Management Board of Publicis Groupe SA is terminated "without cause," Mr. Naouri may be entitled, if he does not retain any salaried duties at Groupe Publicis, to one year of gross global compensation (fixed portion and maximum variable portion) and be entitled to exercise any stock options and to keep any bonus shares that may have been granted to him.

These sums and benefits will not be owed in full unless the average annual amount of the bonuses received by Jean-Yves Naouri for the three years prior to the termination of his duties is at least equal to 75% of his "target bonus." If the average annual amount is less than 25% of the "target bonus," no sum or benefit will be owed. If the average annual amount is between 25% and 75% of the "target bonus," the sums and benefits will be calculated proportionally between 0 and 100% by the rule of three.

We conducted our work in accordance with French professional standards. These standards require that we perform the necessary procedures to verify that the information provided to us is consistent with the documentation from which it has been extracted.

French original signed on March 11, 2009 by the Statutory Auditors

MAZARS	ERNST & YOUNG et Autres
Philippe Castagnac	Jean Bouquot
	Valerie Desclève

20. FINANCIAL INFORMATION REGARDING THE ISSUER'S ASSETS, FINANCIAL CONDITION, AND RESULTS OF OPERATIONS

20.1 CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statement

Millions of euros	Notes	2008	2007	2006
Revenue		**4,704**	**4,671**	**4,386**
Personnel expenses	*3*	(2,852)	(2,829)	(2,630)
Other operating expenses	*4*	(963)	(954)	(936)
Operating margin before depreciation and amortization		**889**	**888**	**820**
Depreciation and amortization expense (excluding intangibles arising on acquisition)	*5*	(104)	(109)	(107)
Operating margin		**785**	**779**	**713**
Amortization of intangibles arising on acquisition	*5*	(29)	(30)	(22)
Impairment	*5*	(13)	(6)	(31)
Non-current income (expense)	*6*	8	3	29
Operating income		**751**	**746**	**689**
Cost of net financial debt	*7*	(81)	(73)	(36)
Other financial income (expense)	*7*	2	(5)	(14)
Income of consolidated companies before taxes		**672**	**668**	**639**
Income taxes	*8*	(196)	(201)	(192)
Net income of consolidated companies		**476**	**467**	**447**
Share in net income of associates	*13*	2	9	22
Net income		**478**	**476**	**469**
Net income attributable to minority interests		31	24	26
Net income attributable to equity holders of the parent		**447**	**452**	**443**

Per share data *(in euros)*	*9*			
Number of shares		*202,536,963*	*207,599,301*	*209,611,690*
Net earnings per share		2.21	2.18	2.11
Number of shares – diluted		*220,728,941*	*239,365,113*	*240,064,428*
Net earnings per share – diluted		2.12	2.02	1.97

Consolidated balance sheet

Millions of euros	*Notes*	**December 31, 2008**	**December 31, 2007**	**December 31, 2006**
Assets				
Goodwill, net,	*10*	3,693	3,546	2,840
Intangible assets, net	*11*	794	826	693
Property and equipment, net	*12*	480	501	511
Deferred tax assets	*8*	91	148	186
Investments in associates	*13*	44	49	44
Other financial assets	*14*	101	112	118
Non-current assets		**5,203**	**5,182**	**4,392**
Inventory and costs billable to clients	*15*	319	391	430
Accounts receivable	*16*	4,843	4,926	4,550
Other receivables and other current assets	*17*	628	432	413
Cash and cash equivalents	*18*	867	1,313	1,920
Current assets		**6,657**	**7,062**	**7,313**
Total assets		**11,860**	**12,244**	**11,705**

Liabilities and shareholders' equity				
Share capital		78	81	79
Additional paid-in capital and retained earnings		2,242	2,117	2,001
Shareholders' equity	***19***	**2,320**	**2,198**	**2,080**
Minority interests		30	27	27
Total equity		**2,350**	**2,225**	**2,107**
Long-term financial debt (more than 1 year)	*22*	1,323	1,293	1,911
Deferred tax liabilities	*8*	232	240	216
Long-term provisions	*20*	459	449	509
Non-current liabilities		**2,014**	**1,982**	**2,636**
Accounts payable		5,802	5,662	5,270
Short-term financial debt (less than 1 year)	*22*	218	819	203
Income taxes payable		68	99	149
Short-term provisions	*20*	110	107	116
Other creditors and other current liabilities	*23*	1,298	1,350	1,224
Current liabilities		**7,496**	**8,037**	**6,962**
Total liabilities and shareholders' equity		**11,860**	**12,244**	**11,705**

Consolidated cash flow statement

Millions of euros	2008	2007	2006
I- Cash flows from operating activities			
Net income	478	476	469
Income taxes	196	201	192
Cost of net financial debt	81	73	36
Capital (gains) losses on disposal (before tax)	(2)	(3)	(27)
Depreciation, amortization and impairment on property and equipment and intangible assets	146	145	160
Non-cash expenses on stock options and similar items	9	22	16
Other non-cash income and expenses	8	9	11
Share in net income of associates	(2)	(9)	(22)
Dividends received from associates	10	11	19
Taxes paid	(169)	(197)	(229)
Interest paid	(89)	(87)	(85)
Interest received	37	51	74
Change in working capital requirements [(1)]	12	106	(21)
Net cash provided by operating activities	**715**	**798**	**593**
II- Cash flows from investing activities			
Purchases of property and equipment and intangible assets	(92)	(88)	(81)
Proceeds from sale of property and equipment and intangible assets	28	11	32
Purchases of investments and other financial assets, net	(1)	(6)	(3)
Acquisitions of subsidiaries	(172)	(1,006)	(58)
Disposals of subsidiaries	-	10	11
Net cash flows provided by (used in) investing activities	**(237)**	**(1,079)**	**(99)**
III- Cash flows from financing activities			
Capital increase	1	2	-
Dividends paid to parent company shareholders	(106)	(92)	(66)
Dividends paid to minority shareholders of subsidiaries	(24)	(26)	(23)
Cash received on new borrowings	482	12	19
Reimbursement of borrowings	(1,128)	(24)	(52)
Net (purchases)/sales of treasury shares and equity warrants	(174)	(162)	(264)
Cash received on hedging transactions	-	52	36
Net cash flows provided by (used in) financing activities	**(949)**	**(238)**	**(350)**
IV- Impact of exchange rate fluctuations	**19**	**(82)**	**(139)**
Net change in consolidated cash flows (I + II + III + IV)	**(452)**	**(601)**	**5**
Cash and cash equivalents at January 1	1,313	1,920	1,980
Bank overdrafts at January 1	(24)	(30)	(95)
Net cash and cash equivalents at beginning of year	1,289	1,890	1,885
Cash and cash equivalents at December 31	867	1,313	1,920
Bank overdrafts at December 31	(30)	(24)	(30)
Net cash and cash equivalents at end of year	837	1,289	1,890
Net change in cash and cash equivalents	**(452)**	**(601)**	**5**
[(1)] *Breakdown of change in working capital requirements*			
Change in inventory and costs billable to clients	64	32	(46)
Change in accounts receivable and other receivables	(110)	(689)	(526)
Change in accounts payable, other creditors and provisions	58	763	551
Change in working capital requirements	**12**	**106**	**(21)**

Statement of changes in shareholders' equity

Number of shares	*Millions of euros*	Share capital	Additional paid-in capital	Reserves and retained earnings	Gains and losses recogni-zed through equity	Share-holders' equity	Minority interests	Total equity
184,069,246	**December 31, 2005**	**79**	**2,584**	**(725)**	**118**	**2,056**	**20**	**2,076**
	Gains and (losses) recognized through equity				(103)	(103)	(4)	(107)
	Net income for the year			443		443	26	469
	Total recognized income and (expenses) for the year			**443**	**(103)**	**340**	**22**	**362**
1,600,219	Increase in share capital of Publicis Groupe	-	47	(47)				
	Dividends paid			(66)		(66)	(23)	(89)
	Share-based compensation			16		16		16
	Buyback of equity warrants (BSA)			(201)		(201)		(201)
	Additional interest on Orane			(1)		(1)		(1)
	Effect of changes in scope of consolidation and of commitments to purchase minority interests						8	8
(2,065,587)	Purchases/sales of treasury shares			(64)		(64)		(64)
183,603,878	**December 31, 2006**	**79**	**2,631**	**(645)**	**15**	**2,080**	**27**	**2,107**
	Gains and (losses) recognized through equity				(229)	(229)	(3)	(232)
	Net income for the year			452		452	24	476
	Total recognized income and (expenses) for the year			**452**	**(229)**	**223**	**21**	**244**
3,678,125	Increase in share capital of Publicis Groupe	2	111	(48)		65		65
	Dividends paid			(92)		(92)	(26)	(118)
	Share-based compensation			22		22		22
	Fair value of the stock options included in the acquisition cost of Digitas and Business Interactif			65		65		65
	Additional interest on Orane			(3)		(3)		(3)
	Effect of changes in scope of consolidation and of commitments to purchase minority interests						5	5
(3,681,592)	Purchases/sales of treasury shares			(162)		(162)		(162)
183,600,411	**December 31, 2007**	**81**	**2,742**	**(411)**	**(214)**	**2,198**	**27**	**2,225**
	Gains and (losses) recognized through equity				(47)	(47)	(3)	(50)
	Net income for the year			447		447	31	478
	Total recognized income and (expenses) for the year			**447**	**(47)**	**400**	**28**	**428**
1,633,629	Increase (Decrease) in share capital of Publicis Groupe and cancellation of treasury shares	(3)	(189)	192		-		-
	Dividends paid			(106)		(106)	(25)	(131)
	Share-based compensation			9		9		9
	Additional interest on Orane			(7)		(7)		(7)
(6,379,739)	Purchases/sales of treasury shares			(174)		(174)		(174)
178,854,301	**December 31, 2008**	**78**	**2,553**	**(50)**	**(261)**	**2,320**	**30**	**2,350**

Gains and losses recognized directly through equity

a/ Changes in the year

Millions of euros	2008	2007	2006
Valuation of available-for-sale investments at fair value	(15)	(16)	11
Hedge on net investments	-	(1)	(8)
Actuarial gains and losses on defined benefit plans	(29)	8	2
Deferred taxes on stock options	(1)	(8)	2
Cumulative translation adjustment	(2)	(212)	(110)
Total gains and (losses) recognized directly through equity in the year	**(47)**	**(229)**	**(103)**

b/ Balances at year end

Millions of euros	December 31, 2008	December 31, 2007	December 31, 2006
Valuation of property at fair value *(1)*	105	105	105
Valuation of available-for-sale investments at fair value	4	19	35
Hedge on net investments	-	-	1
Actuarial gains and losses on defined benefit plans	(48)	(19)	(27)
Deferred taxes on stock options	(7)	(6)	2
Cumulative translation adjustment	(315)	(313)	(101)
Cumulative gains and losses recognized directly through equity at year end	**(261)**	**(214)**	**15**

(1) Valuation at fair value on first-time application of IFRS on January 1, 2004

Notes to the consolidated financial statements

Note 1. Accounting policies

1.1. Consolidation principles and policies

In application of European regulation N° 1606/2002 pertaining to international standards, issued on July 19, 2002, the consolidated financial statements for the 2008 financial year were prepared in accordance with IAS /IFRS international standards applicable at December 31, 2008 as approved by the European Union.

The financial statements for the 2008 financial year are presented with two years comparatives, 2007 and 2006, also prepared under IAS /IFRS accounting standards. Accounting options related to first time adoption of IFRS are presented in note 1.4 below.

The financial statements were approved by the Management Board on February 6, 2009 and reviewed by the Supervisory Board on February 10, 2009. They will be submitted for the approval of the shareholders, who have the power to change the financial statements as presented, at the Annual General Meeting on June 9, 2009.

Reporting currency

Publicis prepares and reports its consolidated financial statements in euros.

Investments in subsidiaries

The consolidated financial statements include the financial statements of Publicis Groupe S.A. and its subsidiaries prepared to December 31 each year. Subsidiaries are consolidated as from the time that the Group obtains control until the date at which control is transferred to an entity outside the Group.

Control is the power to determine the financial and operational policies of an enterprise in order to obtain economic advantages from its activities. Control is presumed to exist when the Group holds, directly or indirectly through subsidiaries, the majority of the voting rights in an enterprise. In cases where the Group holds, directly or indirectly, less than half of the voting rights, control can however derive from the enterprise's documents of incorporation, by virtue of contractual or statutory rights, from the power to appoint or dismiss the majority of the Board of Directors or from the power to cast the majority of votes.

Investments in associates

The Group's investments in associates are accounted for under the equity method. An associate is an enterprise over which the Group has significant influence. This is presumed to be the case when the Group's ownership percentage is greater than or equal to 20% and when the entity is neither a subsidiary nor an enterprise that is subject to the joint control of the Group and others.

Investments in associates are recognized in the balance sheet at acquisition cost, as increased or decreased by changes in the Group's share in the net assets of the associate subsequent to acquisition. The Group's investment includes the amount of any goodwill, which is treated in accordance with the Group's accounting policy in this area as presented in paragraph 1.2 below. The income statement reflects the Group's share in the after tax profit or loss of the associate.

Transactions in foreign currencies

Transactions in foreign currencies are recognized at the exchange rate applicable at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate applicable at the balance sheet date. All differences arising are recognized in the income statement except for differences on loans and borrowings which, in substance, form part of the net investment in a foreign entity. These latter differences are recognized through equity until such time as the net investment is disposed of, at which time they are recognized through the income statement.

Translation of financial statements denominated in foreign currencies

The functional currency of each Group entity is the currency of the economic environment in which it operates. The local currency denominated financial statements of subsidiaries located outside of the euro zone are translated into euros, the reporting currency of the consolidated financial statements, in the following manner:

- Assets and liabilities are translated at year-end exchange rates;
- Income statement items are translated at average exchange rates for the year;
- Translation gains and losses resulting from the application of these rates are recognized in "Gains and losses recognized through equity – change in cumulative translation adjustment" for the Group share with the remainder being recorded in "Minority interests" in the balance sheet.

Goodwill and fair value adjustments to assets and liabilities recognized in the context of the acquisition of a foreign entity are expressed in the functional currency of the acquired enterprise and translated at the exchange rate applicable at the balance sheet date.

Elimination of intercompany transactions

Transactions between consolidated subsidiaries are fully eliminated, as are the corresponding receivables and payables. Similarly intercompany gains or losses on sale, internal dividends and provisions relating to subsidiaries are eliminated from consolidated results, except in the case of impairment.

1.2 Other accounting policies

Research and study costs

Publicis records costs of research and studies as expenses in the period in which they are incurred. These costs relate primarily to the following items: studies and tests related to advertising campaigns, development costs in respect of internet sites and related tools, research programs in respect of consumer behavior and advertisers' needs in various areas, and studies and modeling conducted in order to optimize media purchases for the Group's clients.

Development expenditure incurred on an individual project is capitalized when its future recoverability can be considered to be reasonably certain. All expenditure capitalized is amortized over the period over which it is expected that revenues related to the project will be earned.

Goodwill

Goodwill arising on consolidation represents the difference between the acquisition cost of investments (including potential additional purchase price consideration, which is recognized in financial debt when its payment is probable and it can be measured reliably) and the Group's share in the fair value of identified assets, liabilities and contingent liabilities at the date of acquisition.

Goodwill recognized in the balance sheet is not amortized but is, rather, subject to impairment tests performed annually. Impairment tests are performed for the cash generating unit(s) to which the goodwill was allocated by comparing the recoverable value and the carrying amount of the cash generating unit(s). The Group considers that agencies or combinations of agencies are cash generating units.

The recoverable value of a cash generating unit is the greater of its fair value (generally its market value), net of costs of disposal, and its value in use. Value in use is determined on the basis of discounted future cash flows. Calculations are based on five-year cash flow forecasts, a terminal growth rate for subsequent cash flows and the application of a discount rate to all future flows. The discount rates used reflect current market assessments of the time value of money and the specific risks to which the cash generating unit is subject.

If the carrying amount of a cash generating unit is greater than its recoverable value, the assets of the cash generating unit are written down to their recoverable value. Impairment losses are allocated, firstly, to goodwill, and are recognized through the income statement.

Intangible assets

Separately acquired intangible assets are recognized at acquisition cost. Intangible assets acquired in the context of a business combination are recognized at their fair value at the acquisition date, separately from goodwill, if they meet one of the two following conditions:

- They are identifiable, i.e., they result from legal or contractual rights, or
- They are separable from the acquired entity.

Intangible assets are comprised primarily of tradenames, client relationships technology, e-mail address databases and software.

Tradenames, which are considered to have indefinite useful lives, are not amortized. They are subject to annual impairment tests which involve comparing their recoverable value to their carrying amount. All impairment losses are recognized in the income statement.

Client relationships with a finite useful life are amortized over such useful lives, which are generally between 10 and 40 years. They are also subject to impairment tests if there are any indicators that they may have been impaired.

Technology results from the Group's engagement in interactive activities. It is amortized over a period of 3 to 4 years.

Databases of e-mail addresses are used in the context of direct e-mailing campaigns. These databases are amortized over 2 years.

The method used to identify any impairment of intangible assets is based on discounted future cash flows. More precisely, for tradenames, the Group uses the "royalty savings" method, which takes into account the future cash flows that the tradename would generate in royalties if a third party were prepared to pay for use of the tradename. As regards client relationships, the method takes into account the discounted future cash flows expected to be generated by the clients. Independent experts perform the valuations. The financial factors used are consistent with those used for valuation of goodwill balances.

Capitalized software includes both software for internal use and software used for sales and marketing purposes, and is stated at either purchase cost or, when developed internally, at production cost. Software is amortized over its useful life which, apart from in exceptional circumstances, does not exceed three years.

Property and equipment

Property and equipment is stated at cost, as reduced by cumulative depreciation and impairment losses. Publicis opted to revalue its building at 133, Avenue des Champs - Elysées in Paris at its fair value at the date of transition to IFRS and to consider this value as being the deemed cost at the transition date.

If necessary, the total cost of an asset is split among its individual components where they have different useful lives. In such cases each component is recognized separately and depreciated over its specific useful life.

Property and equipment is depreciated on a straight-line basis over the assets' estimated useful lives. Useful lives of property and equipment are generally as follows (straight-line method):

- Buildings: 20 to 70 years.
- Fixtures, fittings and general installations: 10 years.
- Office furniture and equipment: 5 to 10 years.
- Vehicles: 4 years.
- Computer hardware: 2 to 4 years.

If any indicators imply that items of property and equipment may be impaired, the recoverable value of the property and equipment or the cash generating unit(s) to which such assets belong is compared to their carrying amount. Any impairment loss is recognized through the income statement.

Leases

Finance leases, which transfer substantially all the risks and rewards of ownership of the leased assets to the Group, are recognized in the balance sheet as from the outset of the lease contract at the lesser of the fair value of the leased asset and the discounted present value of minimum lease payments. Assets acquired under finance leases are recognized in property and equipment and a corresponding liability is recognized in financial debt. They are depreciated over the length of the lease contract or over the useful lives applicable to similar assets owned by the Group, whichever is the shorter. In the income statement, the lease rental expenses are replaced by the interest expense on the debt and the depreciation expense relating to the assets. The tax effect of this consolidation adjustment is also taken into account.

Leases under which the lessor does not transfer substantially all the risks and rewards inherent to ownership of the assets are classified as operating leases. Payments made under operating leases are recognized in the income statement on a straight-line basis over the period of the lease.

Other financial assets

All investments are initially recognized at fair value, which corresponds to either the price paid or the value of assets given in payment.

Subsequent to initial recognition, investments recognized in the "investments held-for-trading" or "investments available-for-sale" categories are measured at their fair value at the balance sheet date. Gains and losses arising on investments held-for-trading are recognized in the income statement. Gains and losses arising on investments available-for-sale are recognized in equity, on a specific line, until such time as the asset is sold or until it is shown that the asset is impaired.

Other long-term investments which are intended to be held-to-maturity, such as bonds, are measured subsequent to initial recognition at amortized cost using the effective interest rate method. For investments recognized at amortized cost, gains and losses are recognized in the income statement on disposal, or when the assets are impaired, and also through the process of amortization.

For investments that are actively traded on organized financial markets, fair value is determined by reference to the published market price at the balance sheet date. For investments in respect of which no market price is published on the basis of an active market, fair value is either determined by reference to that of an almost identical instrument or is calculated on the basis of the cash flows that are expected to be derived from the investment.

Loans and advances to associates and non-consolidated companies

This caption includes financial receivables held by consolidated companies on both associates and non-consolidated entities.

Impairment is recorded on these assets when there is a recoverability risk resulting from the financial condition of the entities in question.

Inventory and costs billable to clients

Inventory and costs billable to clients primarily comprise work-in-progress related to the advertising business, consisting of technical, creative and production work (graphic design, TV and radio production, editing, etc.), which is billable, but has not yet been billed to clients. They are recognized on the basis of costs incurred and a provision is recorded when their net realizable value is lower than cost. Unbillable work or costs incurred relating to new client development activities are not recognized in assets except when they constitute expenses incurred during the proposal process which may be billed to the client under the terms of the contract. In order to assess net realizable value, inventory and costs billable to clients are reviewed on a case-by-case basis and written down, if appropriate, on the basis of criteria such as the existence of client disputes and claims.

Accounts receivable

Receivables are recognized at the initial amount of the invoice. An allowance for doubtful accounts is recognized for receivables for which there is a risk of non-recovery. Such allowances are determined, case-by-case, on the basis of various criteria such as difficulties in recovering the receivables, the existence of any disputes and claims, or the financial position of the debtor.

As a result of the nature of the Group’s activities, accounts receivable are of a short-term nature. However any receivable whose recovery date was distant would be measured at its present value.

Derivatives

The Group uses derivatives such as foreign currency and interest rate hedges in order to hedge its current or future positions against foreign exchange rate risk or interest rate risk. These derivatives are measured at their fair value, which is determined either on the basis of market prices available at the balance sheet date or by application of valuation models incorporating market data at the balance sheet date.

Once these derivatives for part of a designated hedging relationship for accounting purposes, it is necessary to distinguish between:

- Fair value hedges, which are used to hedge against changes in the fair value of a recognized asset or liability,
- Cash flow hedges, which are used to hedge against exposure to changes in future cash flows, and
- Hedges of net investments.

For fair value hedges related to a recognized asset or liability, all gains and losses resulting from the remeasurement of the hedging instrument at fair value are recognized immediately in the income statement. In parallel, changes in the value of the hedged item, for the effective portion of the hedge, are reflected in the carrying value of this item and a gain or loss is recognized in the income statement.

For hedges in respect of firm commitments which meet the conditions for use of hedge accounting (hedges of future cash flows), the portion of the gain or loss realized on the hedging instrument that is determined to be an effective hedge is recognized through equity. The ineffective portion is recognized immediately in the income statement. Gains and losses previously recognized through equity are taken to the income statement of the period in which the firm commitment affects results, for example when the sale effectively takes place.

For hedges of net investments in foreign businesses, including hedges of monetary items recognized as forming part of the net investment, the accounting treatment is similar to that used for hedges of future cash flows. Gains or losses corresponding to the effective portion of the hedging instrument are recognized directly through equity while those which correspond to the ineffective portion are taken to the income statement. On disposal of the foreign investment, the cumulative amount of gains and losses previously recognized through equity are taken to the income statement.

In the case of derivatives which do not meet the criteria for hedge accounting, all gains and losses resulting from changes in their fair value are recognized directly in the income statement of the period.

Changes in the fair value of derivatives which are designated as fair value hedges are recognized in “Other financial income (expense)”, as are changes in the value of the underlying hedged items. The fair value of derivatives is recognized in “Other receivables and other current assets” or in “Other creditors and other current liabilities”.

Cash and cash equivalents

Cash and cash equivalents include cash in bank, petty cash, short term deposits with an initial maturity of less than three months and money market funds and monetary mutual funds subject to an insignificant risk of change in value, i.e., that comply with the following criteria: sensitivity to interest rate risk less than or equal to 0.25 and 12 month historical volatility close to zero.

For the purposes of the consolidated cash flow statement, cash includes cash and cash equivalents as defined above, less bank overdrafts.

Treasury shares

Irrespective of their intended use, all treasury shares are recognized as a deduction from shareholders' equity.

Bonds

- Bonds reimbursable in cash:

The bonds are initially recognized at their fair value, which corresponds to the amount of cash received, net of issue costs.

Subsequent to initial recognition, bonds are recognized at amortized cost, using the effective interest rate method, which takes account of all issue costs and any redemption premium or discount.

- Bonds with conversion options and bonds reimbursable in shares:

In the case of bonds convertible into shares (Oceane), bonds reimbursable in shares (Orane) and bonds with detachable equity warrants (OBSAs), the debt component and the equity component are separately recognized as of the date of initial recognition. The fair value of the debt component on issue is determined by discounting the future contractual cash flows using the market interest rate that would have been applicable if the company had issued a bond with the same conditions but without a conversion option.

The value of the equity component is determined at the date of issue as the difference between the fair value of the debt component and the fair value of the entire bond. The value of the conversion option is not revised during subsequent financial years.

Issue costs are allocated between the debt component and the equity component on the basis of their respective carrying amounts at the date of issue.

The debt component is subsequently measured on an amortized cost basis.

Buyout commitments to minority shareholders

Publicis has granted put options to shareholders of its consolidated subsidiaries giving them the right to sell their minority shareholdings to the Group.

While awaiting an IFRIC interpretation or a specific IFRS on this matter, the following accounting treatment has been adopted in accordance with currently applicable IFRS standards:

- On initial recognition, these commitments are recognized in financial debt at the discounted value of the purchase commitment, with the double entry being booked to minority interests and, for the balance, to goodwill,
- Subsequent changes in the value of the commitment are recognized by adjusting the amount of goodwill,
- On expiration of the commitment, if the purchase does not take place, the entries previously recognized are reversed; if the purchase is completed, the amount recognized in financial debt is reversed against the cash outflow related to the purchase of the minority shareholding.

Provisions

Provisions are recognized when:

- The Group has a current obligation (legal or constructive) resulting from a past event,
- It is probable that an outflow of resources embodying economic benefits will be necessary to extinguish the obligation, and,
- The amount of the outflow can be estimated reliably.

If the effect of the time value of money is material, provisions are discounted to present value. Increases in the amount of provisions resulting from the unwinding of the discount are recognized as financial expenses.

Contingent liabilities are not recognized but are, rather, when material, disclosed in the notes to the financial statements (except in the case of business combinations where they constitute identifiable items for recognition).

- Provisions for litigation and claims

  The Group recognizes a provision in each case where a risk related to litigation or a claim of any type (commercial, regulatory, tax or employee related) is identified, where it is probable that an outflow of resources will be necessary to extinguish this risk and where a reliable estimate of costs to be incurred can be made. In such cases, the amount of the provision (including any related penalties) is determined by the agencies and their experts, under the supervision of the Group's head office teams, on the basis of their best estimate of the probable costs related to the litigation or the claim.

- Provisions for restructuring

  Restructuring costs are fully provided for in the period in which the decision to implement the restructuring plan is made and announced.

  In the context of an acquisition, restructuring plans which do not constitute liabilities for the acquired enterprise at the date of acquisition are recognized as expenses.

  These costs consist primarily of severance and early retirement payments and notice periods not worked, recognized in personnel expenses, and, in some cases, of write-downs of property and equipment and other assets.

- Vacant property provisions

  A provision is recognized for the amount of rent and related expenses to be paid, net of any sublease revenues to be received, for all buildings that are sublet or vacant and are not intended to be used in the context of the Group's principal activities.

  In the context of business combinations, provisions are also recorded when the acquired company has property rental contracts with less favorable terms than those prevailing in the market at the acquisition date.

- Pensions and other post-employment benefits

  The Group recognizes commitments related to pensions and other post-employment benefits in accordance with the type of plan in question:

  – Defined contribution plans: the amount of Group contributions paid to the plan is recognized as an expense of the period;

– Defined benefit plans: the cost of defined benefits is separately determined for each plan using the projected unit cost actuarial method. Actuarial gains and losses arising in the year are recognized directly in equity. The effect of unwinding the discount on employee benefit commitments, net of the expected return on plan assets is recognized in "Other financial income (expense)".

Accounts payable

This caption includes all operating payables (including notes payable and accrued supplier invoices) related to the purchase of goods and services including those related to media space purchases as an agent. These payables are due within less than one year. However any payable whose due date was distant would be measured at its present value.

Revenue

A written agreement with clients (purchase order, letter, contract, etc.) indicating the nature and the amount of the work to be performed is required for the recognition of revenue. The Group's revenue recognition policies are summarized below:

- For commission based customer arrangements (excluding production):

  Revenue from advertising creation services and media space buying services is recognized at the date of publication or broadcast.

- For other customer arrangements (project based arrangements, fixed fee arrangements, time-based arrangements, etc.):

  Revenue under project based arrangements is recognized in the accounting period in which the service is rendered. Revenue under fixed fee arrangements is recognized on a straight-line basis which reflects the nature and the scope of services rendered. Revenue under time-based arrangements is recognized on the basis of work performed.

- Fees based on performance criteria:

  Revenue is recognized when the performance criteria have been met and the customer has confirmed its agreement.

Publicis stock options

The fair value of options granted is recognized in personnel expenses over the vesting period of the options. It is determined by an independent expert using the Black-Scholes model.

For plans in respect of which exercise depends on achievement of objectives, the Group evaluates the probability that the objectives will be achieved and takes account of this estimate in its calculation of the number of shares to be issued.

Non-current income (expense)

In order to facilitate understanding of the Group's operational performance, Publicis presents unusual income and expenses in "Non-current income (expense)". This caption notably includes capital gains and losses on disposal of assets.

Cost of net financial debt and other financial income (expense)

Cost of net financial debt includes interest expense on financial debt and interest income on cash and cash equivalents.

Other financial income (expense) mainly includes the effects of unwinding of discount on vacant property provisions and on pensions provisions (net of return on plan assets), changes in the fair value of derivatives and foreign exchange gains and losses.

Income taxes

Net income is taxed based on the tax laws and regulations in effect in the respective countries where the income is recognized. Deferred taxes are recognized using the balance sheet liability method in respect of temporary differences between the tax value and the carrying amount of assets and liabilities.

Deferred tax assets are recognized for deductible temporary differences, loss carryforwards and unused tax credits to the extent that it is probable that taxable profits (resulting from the reversal of taxable temporary differences or taxable profits that will be generated by the entity) against which such items can be used will be available in future years.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and if necessary is reduced to the extent that it is no longer probable that sufficient taxable profits for the use of all or part of the deferred tax asset will be available. Previously unrecognized deferred tax assets are evaluated at each balance sheet date and recognition occurs if it has become probable that future taxable profits will enable them to be recovered.

Deferred tax assets and liabilities are measured on the basis of tax rates expected to be applicable in the year in which the asset will be realized or the liability settled. The tax rates used are those that have been enacted, or virtually enacted, at the balance sheet date.

Earnings per share and diluted earnings per share

Earnings per share is calculated by dividing net income attributable to ordinary shares by the weighted average number of ordinary shares in issue during the period, including the effect of redemption of Orane in shares, as Orane are contractually reimbursable in ordinary shares.

Diluted earnings per share is calculated by dividing net income attributable to ordinary shares, after cancellation of interest on bonds reimbursable in, or convertible into, ordinary shares, by the weighted average number of ordinary shares in issue during the period adjusted by the effect of options, equity warrants and the conversion of bonds convertible into ordinary shares (Oceane). In the calculation of diluted earnings per share, only instruments with a dilutive effect, i.e., those whose effect is to reduce net earnings per share, are taken into account.

For Publicis stock options and equity warrants the following method is used:

In order to calculate diluted earnings per share, the dilutive options and the dilutive equity warrants are presumed to have been exercised.

The proceeds resulting from the exercise of these instruments are considered to have been received for the issue of ordinary shares at the average market price for ordinary shares during the period (which is deemed to represent fair value – this share issue has neither a dilutive or anti-dilutive effect and is not taken into account in the calculation of diluted earnings per share). The difference between the number of ordinary shares issued and the number of ordinary shares that would have been issued at the average market price is treated as an issuance of shares without financial consideration, thus having a dilutive effect; this number of shares is taken into account in the denominator of diluted earnings per share.

In this manner, options and equity warrants only have a dilutive effect when the average market price for ordinary shares during the period exceeds the exercise price for such options or equity warrants (i.e., when they are "in the money").

In addition to earnings per share as described above (both basic and diluted), the Group usually calculates and communicates a basic and diluted "Headline" earnings per share, which is similar to that described above except that the earnings taken into account exclude:

- The "Impairment" and "Amortization of intangibles arising on acquisition" captions, and
- Certain specifically designated unusual income and expenses (recorded under the "Non-current income (expense)" caption).

1.3 Principal sources of uncertainty arising from use of estimates

The Group's financial position and results depend on the accounting policies, assumptions, estimates and judgments used in preparing the consolidated financial statements. The Group bases its estimates on its past experience and on a series of other assumptions considered reasonable in the circumstances for the measurement of the amounts to be retained for the Group's assets and liabilities. Actual outcomes could however differ significantly from the estimates made.

The characteristics of the main accounting policies, the judgments and other uncertainties affecting the application of these accounting policies, together with the sensitivity of the results to changes in the conditions and assumptions, are factors to be taken into account. As such, the Group makes estimates and assumptions concerning the future. The accounting estimates thus obtained will, by definition, rarely be equal to the actual outcomes.

The main assumptions concerning future events, and other sources of uncertainty arising from the use of estimates at the balance sheet date, in respect of which a significant risk of changes in estimates of the net carrying amount of assets and liabilities during future years exists, relate to:

- The fair value allocated to assets and liabilities acquired through business combinations,
- Impairment of goodwill and intangible assets,
- Provisions,
- Provisions for doubtful receivables,
- Measurement at fair value of the options granted under Publicis Groupe S.A.'s stock option plans.

Detailed disclosures in these areas are provided in Notes 5, 20, 21, 26 and 28 hereafter.

1.4 Accounting options taken on first-time adoption of IFRS

IFRS financial reporting for 2004 was prepared in accordance with the requirements of IFRS 1. Retrospective application in the opening balance sheet of the accounting policies retained for IFRS financial reporting constituted the general rule applied for adjustment. The effect of these adjustments was recognized directly through shareholders' equity.

The optional exceptions to retrospective application of IFRS standards, allowed by IFRS 1 for preparation of the opening balance sheet, are as follows:

Business combinations

Publicis opted for the possibility not to restate prior classification and methods used for business combinations that took place before the transition date. As from this date, business combinations are treated in accordance with the requirements of IFRS 3.

Furthermore, the gross value of goodwill under IFRS at January 1, 2004 is deemed to be equal to the net value of such goodwill under French standards.

Cumulative translation adjustments

Publicis opted to not identify, and reconstitute as separate components of shareholders' equity, cumulative translation adjustments at the date of transition to IFRS. Cumulative translation adjustments resulting from the translation of the accounts of foreign companies were thus cancelled at the date of transition to IFRS and any gains and losses on future disposals of these foreign entities will only take account of translation adjustments generated after the IFRS transition date.

Actuarial gains and losses on pension commitments

Publicis opted to recognize all actuarial gains and losses in respect of employee benefit plans at the IFRS transition date. This treatment had already been applied in the 2004 consolidated financial statements as prepared in accordance with French accounting standards

Measurement of certain tangible assets at fair value as deemed cost

Publicis opted to revalue its building at 133, avenue des Champs Elysées in Paris at its fair value and to consider this value as being the deemed cost at the transition date.

The fair value of this building at the transition date amounts to 164 million euros, which represents an adjustment of 159 million euros compared to its carrying amount under previous accounting standards. The valuation was performed by an independent expert using the rent capitalization method.

Publicis option plans

Publicis only applies IFRS 2, share based payments, for option plans granted after November 7, 2002 whose rights have not yet vested before January 1, 2005.

Designation of financial instruments as being measured at fair value through income or as available-for-sale

Publicis retained the option of designating financial instruments as being either measured at fair value through income or as available-for-sale assets at the transition date.

1.5 Impact of IFRS standards and IFRIC interpretations applicable as from January 1, 2008 and impact of IFRS standards and IFRIC interpretations which are published but not yet in force

The accounting policies used to prepare the consolidated financial statements are in accordance with IFRS standards and IFRIC interpretations as approved by the European Union at December 31, 2008, which are available on the following website:

http://ec.europa.eu/internal_market/accounting/ias_en.htm#adopted-commission

These accounting policies retained are consistent with those used in preparing the consolidated financial statements for the year ended December 31, 2007, except for the adoption of the following new standards and interpretations:

- IFRIC 11 - IFRS 2 - Group and treasury share transactions
- Amendments to IAS 39 and IFRS 7 – Reclassification of financial assets.

Application of these standards and interpretations did not have a material impact on the financial statements.

These accounting policies do not diverge from IFRS standards published by the IASB as the application of the following standards and interpretations, which are mandatory for financial periods beginning on or after January 1, 2008, would have no impact on Publicis Group's financial statements:

- IFRIC 12 - Service concession arrangements,
- IFRIC 14 - IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction. This interpretation was approved by the European Union in December 2008, however the date for mandatory application in the European Union has been deferred to accounting periods beginning after December 31, 2008

As regards IFRS standards or interpretations that have been approved by the European Union but whose application is not mandatory at January 1, 2008, Publicis Groupe decided to not apply the following standards and interpretations early:

- Amendment to IAS 1 - Presentation of financial statements (revised)
- Amendment to IAS 23 – Borrowing costs
- IFRS 8 – Operating segments
- IFRIC 13 – Customer loyalty programmes
- Amendment to IFRS 2 – Share-based payment: Vesting Conditions and Cancellations
- IFRIC 14 - IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction

Furthermore, the Group does not apply the following standards and interpretations which have not been approved by the European Union at December 31, 2008:

- IFRS 3 (revised) – Business combinations
- Amendments to IAS 27 – Consolidated and separate financial statements
- Amendments to IAS 39 – Financial instruments: Recognition and measurement: eligible hedge items
- IFRIC 15 - Agreements for the construction of real estate
- IFRIC 16 – Hedges of a net investment in a foreign operation
- IFRIC 17 - Distributions of non-cash assets to owners
- Amendments to IAS 32 and IAS 1 – Puttable financial instruments and obligations arising on liquidation
- Improvements to IFRSs

Publicis is currently in the process of determining the potential impact of these new standards on the Group's consolidated financial statements. Publicis Groupe considers that at this stage of the analysis process the impact of application of these standards cannot be known with sufficient accuracy.

Note 2. Changes in scope of consolidation

2.1 Acquisitions in 2008

The main acquisitions in the year were as follows:

- In July 2008, the Group acquired Kekst and Company Incorporated, a leader in the area of strategic and financial consulting, based in New-York;
- In September 2008, the Groupe acquired Performics Search Marketing Business, a leader in "search marketing", whose technologies notably enable the effectiveness of online advertising campaigns to be improved. The company is based in Chicago.

Taken as a whole, the acquisition cost (excluding cash and cash equivalents acquired) of fully consolidated entities acquired during the year totaled 177 MEUR, of which 127 MEUR was paid during the year. Acquisitions in the year, taken as a whole, represent less than 1% of consolidated revenue and consolidated net income attributable to equity holders of the parent

2.2 Acquisitions in 2007

The main acquisitions in 2007 were as follows:

Digitas

In December 2006, Publicis Groupe made a friendly public takeover offer for Digitas Inc. (USA), a leader in the area of marketing services and digital and interactive communications. As a result of this offer, which expired on January 29, 2007, the Group, through one of its American subsidiaries, acquired more than 90% of the share capital of Digitas.

This transaction was followed by a merger, following which MMS USA Holdings now holds 100% of Digitas. This acquisition was financed using the available cash of the Group's American subsidiaries.

Digitas is consolidated as from January 25, 2007, being the date at which control was obtained.

The allocation of the acquisition price is as follows (millions of euros):

Acquisition price of Digitas shares	947
Costs related to the transaction	7
Fair value of stock-options, net of tax	40
Acquisition cost (A)	**994**
Non-current assets [(1)]	42
Current assets	293
Total assets (B)	**335**
Non-current liabilities	(20)
Current liabilities	(230)
Total liabilities (C)	**(250)**
Net assets acquired before fair value adjustments [(1)] (D =B+C)	**85**
Client relationships	127
Tradenames	91
Adjustment of inventories to fair value	10
Provisions on property commitments	(12)
Provisions for tax risks	(2)
Other adjustments	(3)
Tax impact of the above adjustments	(81)
Recognition of deferred tax assets on tax loss carry forwards not recognized by Digitas	46
Recognition of deferred taxes on temporary differences not recognized by Digitas	17
Total fair value adjustments (E)	**193**
Net assets acquired after fair value adjustments (F =D+E)	**278**
Goodwill (G=A-F)	**716**

[(1)] *Excluding goodwill and intangible assets related to acquisitions made by Digitas.*

Digitas' revenue and net income for the period from January 25, 2007 to December 31, 2007 amount, respectively, to 312 MEUR and 11 MEUR.

If the acquisition had been completed on January 1, 2007, the combined revenue and net income (attributable to equity holders of the parent) of Publicis and Digitas for the year would have amounted, respectively, to 4,691 and 452 MEUR.

Business Interactif

On June 14, 2007, Publicis Groupe announced its intention to acquire Business Interactif, France's leading independent digital and interactive communications group, which was listed on the Eurolist™ market of Euronext Paris. Following the success of the purchase offer, the Group filed a mandatory squeeze-out offer which was finalized in November 2007.

The Group owns 100% of Business Interactif's share capital at 31 December 2007. Business Interactif is consolidated as from July 9, 2007, being the date at which control was obtained.

Allocation of the acquisition price of Business Interactif was finalized in 2008 and resulted in a 1 MEUR adjustment to goodwill.

The definitive allocation of the acquisition price is as follows (millions of euros)

Acquisition price of Business Interactif shares paid in cash	68
Acquisition price of Business Interactif shares paid by a capital increase of Publicis Groupe	63
Costs related to the transaction	2
Fair value of stock-options, net of tax	-
Acquisition cost (A)	**133**
Non-current assets [(1)]	4
Current assets	20
Total assets (B)	**24**
Non-current liabilities	3
Current liabilities	23
Total liabilities (C)	**25**
Net assets acquired before fair value adjustments [(1)] (D =B+C)	**(1)**
Client relationships	6
Technology	5
Tradename	2
Deferred rent	1
Tax impact of the above adjustments	(5)
Total fair value adjustments (E)	**9**
Net assets acquired after fair value adjustments (F =D+E)	**8**
Goodwill (G=A-F)	**125**

(1) Excluding goodwill and intangible assets related to acquisitions made by Business Interactif.

Business Interactif's revenue for the period from July 9, 2007 to December 31, 2007 amounts to 15 MEUR. Its net income for the same period is at break even.

If the acquisition had been completed on January 1, 2007, the combined revenue and net income (attributable to equity holders of the parent) of Publicis and Business Interactif for the year would have amounted, respectively, to 4,686 and 447 MEUR.

Other acquisitions in the year, taken together, represent less than 1% of consolidated revenue and of net income attributable to equity holders of the parent.

2.3 Disposals in 2008 and 2007

The Group did not make any material disposal in either 2008 or 2007.

Companies sold contributed less than 0.5% to consolidated revenue and consolidated net income attributable to equity holders of the parent in 2008. This was also the case in 2007.

Note 3. Personnel expenses and headcount

Personnel expenses include salaries, commissions, bonuses, employee profit sharing and holiday pay. They also include expenses related to stock option plans and expenses related to pensions (excluding the net effect of unwinding of discount on benefit obligations which is included in "Other financial income (expense)").

Millions of euros	2008	2007	2006
Remuneration	2,270	2,254	2,104
Social security expenses	362	350	333
Post-employment benefits	73	71	69
Stock-option expense	9	22	16
Temporaries and freelances	138	132	108
Total	**2,852**	**2,829**	**2,630**

Breakdown of headcount

By geographical area:

	December 31, 2008	December 31, 2007	December 31, 2006
Europe	16,230	15,904	15,258
North America	14,556	14,347	11,990
Rest of the world	13,941	13,557	12,691
Total	**44,727**	**43,808**	**39,939**

By function (in %):

	December 31, 2008	December 31, 2007	December 31, 2006
Commercial	21%	22%	23%
Creative	18%	18%	17%
Production and specialized activities	17%	16%	15%
Media and research	23%	22%	23%
Administration and Management	17%	17%	17%
Other	4%	5%	5%
Total	**100%**	**100%**	**100%**

Note 4. Other operating expenses

Other operating expenses include all external charges other than production and media purchases. They notably include rent, other lease expenses and other expenses related to the occupancy of premises of an amount of 275 MEUR in 2008, as against 258 MEUR in 2007 and 257 MEUR in 2006. They also include taxes (other than income taxes) and additions to and reversals of provisions.

Note 5. Depreciation, amortization and impairment

Millions of euros	2008	2007	2006
Amortization expense on other intangible assets (excluding intangibles arising on acquisition)	(15)	(15)	(16)
Depreciation of property and equipment	(89)	(94)	(91)
Depreciation and amortization expense (excluding intangibles arising on acquisition)	**(104)**	**(109)**	**(107)**
Amortization of intangibles arising on acquisition	**(29)**	**(30)**	**(22)**
Impairment of intangibles arising on acquisition	(6)	(2)	(1)
Impairment of goodwill	(6)	(4)	(30)
Impairment of property and equipment	(1)	-	-
Impairment	**(13)**	**(6)**	**(31)**
Total depreciation, amortization and impairment	**(146)**	**(145)**	**(160)**

Impairment of intangibles arising on acquisition

Impairment tests were carried out on all of the Group's tradenames, being mainly those recognized on acquisition of Bcom3 (Leo Burnett, Starcom, MS&L and Medicus) and the Fallon, Digitas and ZenithOptimedia tradenames. Fallon, Publicis Healthcare Communications Group, Leo Burnett Digitas and MS&L client relationships were also subjected to impairment tests. All valuations required for these impairment tests were performed by an independent expert.

At December 31, 2008, the after tax discount rates used in the valuations were between 8.5% and 11.5% (between 10.4% and 35.2 % before tax).

These tests led the Group to recognize impairment losses on the Medicus tradename in an amount of 3 MEUR and client relationships of Webperformance in an amount of 3 MEUR.

These expenses were determined for the Medicus tradename using an after tax discount rate of 9% (11% before tax) and for the client relationships of Webperformance using an after tax discount rate of 11.5% (35.2% before tax).

At December 31, 2007 and December 31, 2006, the after tax discount rates used in the valuations were respectively between 8.5% and 11% (between 10.5% and 18.7% before tax) and between 8.0% and 10.5% (between 9.8% and 16.9% before tax). These tests led the Group to recognize impairment losses on Fallon's client relationships in an amount of 2 MEUR in 2007 and 1 MEUR in 2006.

Impairment of goodwill

Impairment tests were carried out on the cash generating units, which are comprised of agencies or combinations of agencies.

The valuation required for performance of the impairment test on the goodwill of Leo Burnett (which resulted from the allocation of the overall goodwill arising on acquisition of Bcom3) was performed by an independent expert. In addition, following the Group's reorganization and the creation of Vivaki, the Group also carried out an impairment test on Vivaki, which incorporates the Digitas, Starcom and Zenith CGUs and which notably includes the goodwill on the Digitas US and Digitas France-Business Interactif entities. The other impairment tests were performed by the Group.

At December 31, 2008, the after tax discount rates used were between 9% (12% before tax) and 11% (15.6% before tax). The terminal growth rate used in the projections is between 0% and 3%.

These tests led the Group to recognize impairment of 5 MEUR on the goodwill of Global Events Management.

In addition, the Group benefited from a tax saving of 1 MEUR resulting from tax loss carryforwards which existed at the date of acquisition of Bcom3 but which had not been recognized in the balance sheet. Impairment of the Bcom3 goodwill was thus recognized for an identical amount.

Furthermore, the carrying amounts of the Leo Burnett and Vivaki goodwill amount, respectively, to 989 MEUR (being 27% of the total carrying amount of goodwill) and 1,420 MEUR (being 38% of the total carrying amount of goodwill) at December 31, 2008.

At December 31, 2007 and December 31, 2006, the after tax discount rates used were respectively between 9% and 10 % (between 12.6% and 13.6% before tax) and between 8.5% and 10.5 % (between 11.9% and 14.7% before tax). The terminal growth rate used in the projections was between 0% and 3% in 2007 and between 2.5% and 3% in 2006. These tests led the Group to recognize impairment of 2 MEUR on the goodwill of a subsidiary of Médias & Régies Europe in 2007 and impairment of 23 MEUR in total on the goodwill of Johnston & Associates (13 MEUR), Eventive (8 MEUR) and Publicis Austria (2 MEUR) in 2006.

Leo Burnett

The impairment test on the Leo Burnett goodwill was carried out on the basis of the value in use of this cash generating unit determined using its 5-year business plan (2009-2013) and the following assumptions:

- Discounting of future cash flows at a pre-tax rate of 9.5% after tax (13.2% before tax),
- Growth of revenue over the period 2009-2013 in line with the average expected growth of the creative agency networks,
- A terminal growth rate of 2.5%,
- Margins that decrease slightly over the first 4 years of the business plan and are constant for the last year of the business plan and beyond.

The value in use thus calculated is greater than the carrying amount of the Leo Burnett cash generating unit. No impairment loss thus needs to be recognized. Use of a discount rate 1% higher than that used leads to the same conclusion. The same conclusion is also reached using a 1% lower change in:

- The terminal growth rate,
- Revenues for the period 2009-2013, or
- Operating margin before depreciation and amortization.

Vivaki

The impairment test on Vivaki, including notably the goodwill on the Digitas US and Digitas France-Business Interactif entities, was performed on the basis of the value in use of this group of cash generating units, determined using 5-year business plans (2009-2013) and the following assumptions:

- Discounting of future cash flows at a pre-tax rate of 9.5% after tax (12.9% before tax),

- Growth of revenue over the period 2009-2013 in line with the average expected growth of the analog and digital media business,
- A terminal growth rate of 2.8%,
- Margins that are decrease slightly over the first 3 years of the business plan and are constant for the last 2 years of the business plan and beyond.

The value in use thus calculated is greater than the carrying amount of all the cash generating units grouped together in Vivaki. No impairment loss thus needs to be recognized. Use of a discount rate 1% higher than that used leads to the same conclusion. The same conclusion is also reached using a 1% lower change in:

- The terminal growth rate,
- Revenues for the period 2009-2013, or
- Operating margin before depreciation and amortization.

In addition, impairment tests on intangible assets and goodwill took into account the potential impact of the reduction or cessation of business with certain clients, either by reducing revenues for the period in the business plans in question or by carrying out sensitivity analysis demonstrating that cessation of business with certain clients would have an impact of less than 1% on the total value of the intangible assets and goodwill.

Note 6. Non-current income (expense)

This caption brings together unusual items of income and expense. It notably includes capital gains and losses on disposal of assets.

millions of euros	**2008**	**2007**	**2006**
Capital gains (losses) on disposal of assets (1)	2	3	27
Other non-current income (expense)	6	-	2
Non-current income (expense)	**8**	**3**	**29**

(1) In 2006, this line item is mainly comprised of the capital gain on the sale of the Saatchi & Saatchi building located in Neuilly-sur-Seine, France.

Note 7. Net financial costs

millions of euros	2008	2007	2006
Interest expense on loans and bank overdrafts	(102)	(115)	(107)
Interest expense on finance lease obligations	(8)	(9)	(10)
Interest income	29	51	81
Cost of net financial debt	**(81)**	**(73)**	**(36)**
Foreign exchange gains (losses)	17	-	7
Change in the fair value of derivatives	(11)	2	(10)
Financial expense related to unwinding of discount on long-term vacant property provisions (at a rate of 5%)	(3)	(5)	(7)
Net financial expense related to unwinding of discount on pension provisions	(4)	(4)	(5)
Dividends received from unconsolidated companies	2	2	1
Reversal of provision on loan	1	-	-
Other financial income (expense)	**2**	**(5)**	**(14)**
Net financial costs	**(79)**	**(78)**	**(50)**

Note 8. Income taxes

Analysis of income tax expense

millions of euros	2008	2007	2006
Current tax expense	(171)	(213)	(232)
Tax loss carryforwards and tax credits which reduced current tax expense but were not recognized in assets in prior periods	50	49	59
Total current tax expense	**(121)**	**(164)**	**(173)**
Net deferred tax expense related to the creation and reversal of temporary differences	(50)	(31)	(18)
Changes in provisions against deferred tax assets and recognition of deferred tax assets	(25)	(6)	(1)
Total deferred tax income (expense)	**(75)**	**(37)**	**(19)**
Income taxes	**(196)**	**(201)**	**(192)**

Analysis of income taxes recognized through equity in the year

Income taxes recognized directly through equity in the year relate to the swap on the Eurobond 2012 (see Note 22), to actuarial gains and losses on employee benefit commitments and to stock options. These movements are set out in the following table:

millions of euros	2008	2007	2006
Swap on Eurobond 2012	-	-	(2)
Actuarial gains and losses	15	(1)	(4)
Stock options	(1)	(8)	2
Deferred tax assets recognized directly in equity	**14**	**(9)**	**(4)**
Swap on Eurobond 2012	-	-	(9)
Actuarial gains and losses	(2)	2	-
Deferred tax liabilities recognized directly in equity	**(2)**	**2**	**(9)**

Effective tax rate

The effective tax rate is as follows:

Millions of euros	2008	2007	2006
Income of consolidated companies before taxes	672	668	639
Capital gain on disposal of land adjacent to the Leo Burnett building in Chicago	(6)	-	-
Capital gain on the sale of the Saatchi & Saatchi building	-	-	(27)
Goodwill impairment, excluding impairment arising from the use of tax losses which were not recognized at the time of acquisition of Bcom3	5	2	23
Income before non-current gains and losses	**671**	**670**	**635**
French tax rate	34.43%	34.43%	34.43%
Expected tax expense:	**(231)**	**(231)**	**(219)**
Effect of:			
- Differences in income tax rates	15	(1)	(3)
- Income taxed at reduced rates	(2)	2	-
- Use of prior tax losses and recognition of deferred tax assets in respect of prior year losses	50	49	59
- Losses in year for which no deferred tax asset was recognized and provisions against deferred tax assets	(139)	(54)	(17)
- Other permanent differences	111	34	(12)
Income taxes per the income statement:	**(196)**	**(201)**	**(192)**
Effective tax rate	**29.2%**	**30.0%**	**30.2%**

Tax loss carryforwards

Following the acquisition of Saatchi & Saatchi, the Group had approximately 503 MEUR of tax loss carryforwards, arising out of Saatchi transactions prior to the acquisition, available to it. At December 31, 2008, the amount of unrecognized tax loss carryforwards, from an accounting perspective, is 5 MEUR (compared with 54 MEUR and 55 MEUR respectively at December 31, 2007 and December 31, 2006).

In addition to the Saatchi & Saatchi tax loss carryforwards, the Group has 531 MEUR of tax loss carryforwards at December 31, 2008, compared with 424 MEUR at December 31, 2007 and and 305 MEUR at December 31, 2006 (of which respectively 515 MEUR, 368 MEUR and 253 MEUR can be carried forward indefinitely) which have not given rise to recognition of a deferred tax asset in the consolidated balance sheet because of uncertainties related to possibilities for their use.

The tax saving on tax loss carryforwards of the Bcom3 group which existed at the time of the acquisition and which were used in 2008 have been adjusted against Bcom3 goodwill for 1 MEUR, in accordance with IFRS 3 (compared with 2 MEUR and 7 MEUR in 2007 and 2006 respectively).

Deferred taxes recognized in the balance sheet

At December 31, deferred tax assets and liabilities are as follows:

Millions of euros	December 31, 2008	December 31, 2007	December 31, 2006
Short-term (less than 1 year)	59	75	46
Long-term (more than 1 year)	214	250	315
Effect of offset of deferred tax assets and liabilities by tax group	(182)	(177)	(175)
Total deferred tax assets	**91**	**148**	**186**
Short-term	(36)	(39)	(17)
Long-term	(378)	(378)	(374)
Effect of offset of deferred tax assets and liabilities by tax group	182	177	175
Total deferred tax liabilities	**(232)**	**(240)**	**(216)**
Deferred tax assets (liabilities) , net	**(141)**	**(92)**	**(30)**

Source of deferred taxes

Millions of euros	December 31, 2008	December 31, 2007	December 31, 2006
Deferred tax assets arising on temporary differences (excluding Bcom3)	208	213	230
Deferred tax assets on compound bonds	9	10	11
Deferred tax assets on restructuring and vacant property commitments related to the Bcom3 acquisition	27	42	71
Deferred tax assets arising on tax loss carryforwards	29	60	49
Effect of offset of deferred tax assets and liabilities by tax group	(182)	(177)	(175)
Total deferred tax assets	**91**	**148**	**186**
Deferred tax liabilities related arising on temporary differences (excluding compound bonds)	(63)	(49)	(61)
Deferred tax liabilities on compound bonds	-	(7)	(19)
Deferred tax liabilities attributable to adjustment of assets and liabilities at fair value on acquisition	(298)	(308)	(257)
Deferred tax liability arising on the Champs Elysées building being restated at fair value (as deemed cost)	(53)	(53)	(54)
Effect of offset of deferred tax assets and liabilities by tax group	182	177	175
Total deferred tax liabilities	**(232)**	**(240)**	**(216)**
Deferred tax assets (liabilities), net	**(141)**	**(92)**	**(30)**

At December 31, 2008, deferred tax liabilities include those arising on the adjustment of intangible assets on the acquisitions of Zenith (26 MEUR), Bcom3 (181 MEUR) and Digitas (72 MEUR), as well as those related to the separation of the compound bonds (Oceane, Orane) into their components and the deferred tax liability arising on the Champs Elysées building being adjusted to fair value (as deemed cost) at the date of transition to IFRS.

Note 9. Earnings per share

Earnings per share and diluted earnings per share

Millions of euros except share data		2008	2007	2006
Net income used for the calculation of earnings per share				
Net income attributable to equity holders of the parent	a	447	452	443
Impact of dilutive instruments:				
- Savings in financial expenses related to the conversion of debt instruments, net of tax (1)		20	32	31
Net income attributable to equity holders of the parent - diluted	b	467	484	474
Number of shares used for the calculation of earnings per share				
Average number of shares composing the company's share capital		196,277,148	200,072,094	197,648,765
Treasury shares to be deducted (average for the year)		(16,651,410)	(16,946,147)	(14,072,558)
Shares to be issued to redeem the Orane		22,911,225	24,473,354	26,035,483
Average number of shares used for the calculation	c	202,536,963	207,599,301	209,611,690
Impact of dilutive instruments: (2)				
- Effect of exercise of dilutive stock options		137,404	2,941,554	1,736,783
- Effect of the exercise of the equity warrants		-	167,511	59,208
- Shares resulting from the conversion of the convertible bonds (1)		18,054,574	28,656,747	28,656,747
Number of shares – diluted	d	220,728,941	239,365,113	240,064,428
(in euros)				
Earnings per share	a/c	**2.21**	**2.18**	**2.11**
Earnings per share – diluted	b/d	**2.12**	**2.02**	**1.97**

(1) In 2006, 2007 and 2008, both the 2008 and 2018 Oceane are taken into account in the calculation; however the Oceane 2008 is only taken into account in the calculation of diluted net income for the period January 1 to July 17, 2008 as it was redeeemed on maturity at the latter date.

(2) Only the equity warrants and stock options with a dilutive effect, being those whose exercise price is lower than the average share price for the year, are taken into consideration.

It should be noted that 8 million treasury shares were cancelled on February 28, 2008. This cancellation was followed by the purchase of an equivalent number of shares (8 million) between March and June 2008.

Redemption of the Oceane 2008 on maturity automatically led to the elimination of 23,172,413 potentially dilutive shares as from July 17, 2008.

Headline earnings per share (basic and diluted)

Millions of euros except share data		2008	2007	2006
Net income used for the calculation of headline [(1)] earnings per share				
Net income attributable to equity holders of the parent		447	452	443
Items excluded:				
- Amortization of intangibles arising on acquisition, net of tax		18	18	13
- Impairment, net of tax		12	4	23
- Sale of land in Chicago		(6)		
- Sale of the Saatchi & Saatchi building (Ile de la Jatte)		-	-	(27)
Adjusted net income attributable to equity holders of the parent	e	471	474	452
Impact of dilutive instruments:				
- Savings in financial expenses related to the conversion of debt instruments, net of tax		20	32	31
Adjusted net income attributable to equity holders of the parent – diluted	f	491	506	483
Number of shares used for the calculation of earnings per share				
Average number of shares composing the company's share capital		196,277,148	200,072,094	197,648,765
Treasury shares to be deducted (average for the year)		(16,651,410)	(16,946,147)	(14,072,558)
Shares to be issued to redeem the Orane		22,911,225	24,473,354	26,035,483
Average number of shares used for the calculation	c	202,536,963	207,599,301	209,611,690
Impact of dilutive instruments:				
- Effect of exercise of dilutive stock options		137,404	2,941,554	1,736,783
- Effect of the exercise of the equity warrants		-	167,511	59,208
- Shares resulting from the conversion of the convertible bonds		18,054,574	28,656,747	28,656,747
Number of shares - diluted	d	220,728,941	239,365,113	240,064,428
(in euros)				
Headline earnings per share [(1)]	e/c	**2.33**	**2.28**	**2.16**
Headline earnings per share - diluted [(1)]	f/d	**2.22**	**2.11**	**2.01**

(1) Earnings per share before amortization of intangibles arising on acquisition, impairment and the capital gain (loss) on the disposals of the Ile de la Jatte building in Neuilly, in 2006, and the sale of land in Chicago, in 2008.

In January 2009, the company purchased 2,241,811 Oceane 2018 bonds, thus eliminating an equivalent number of potentially dilutive shares (see note 30).

Note 10. Goodwill

Publicis opted for the possibility not to restate prior classification and methods used for business combinations that took place before the transition date. As from this date, business combinations are treated in accordance with the requirements of IFRS 3 and thus goodwill and intangible assets with indefinite useful lives are no longer amortized.

At January 1, 2004, the transition date, the gross carrying amount of goodwill under IFRS is equal to the gross value of such goodwill under French standards less prior accumulated amortization.

Goodwill balances in respect of consolidated companies can be analyzed as follows:

Millions of euros	Europe	North America	Rest of the world	Total
Net value at December 31, 2007	**1,182**	**1,894**	**470**	**3,546**
2008 financial year:				
- Gross goodwill at January 1, 2008	1,254	1,904	510	3,668
- Changes in the year (including translation adjustments)	(57)	175	31	149
Total gross value	**1,197**	**2,079**	**541**	**3,817**
Impairment	(73)	(11)	(40)	(124)
Net value at December 31, 2008	**1,124**	**2,068**	**501**	**3,693**

Changes in goodwill

Millions of euros	Gross value	Impairment	Net value
January 1, 2006	**3,006**	**(123)**	**2,883**
Acquisitions	110	-	110
Impairment	-	(30)	(30)
Changes related to the recognition of commitments to purchase minority interests (1)	39	-	39
Disposals and derecognition	(13)	13	-
Translation adjustment and other	(169)	7	(162)
December 31, 2006	**2,973**	**(133)**	**2,840**
Acquisitions	947	-	947
Impairment	-	(4)	(4)
Changes related to the recognition of commitments to purchase minority interests (1)	22	-	22
Disposals and derecognition	(25)	11	(14)
Translation adjustment and other	(249)	4	(245)
December 31, 2007	**3,668**	**(122)**	**3,546**
Acquisitions	149		149
Impairment		(6)	(6)
Changes related to the recognition of commitments to purchase minority interests (1)	(21)		(21)
Disposals and derecognition	-	-	-
Translation adjustment and other	21	4	25
December 31, 2008	**3,817**	**(124)**	**3,693**

(1) While awaiting a specific IFRS or an IFRIC interpretation, commitments to purchase minority interests have been recognized in financial debt with the double entry being booked to minority interests and, for the balance, to goodwill. Any future changes in such minority interests as well as any change in the valuation of such commitments will modify the related goodwill balance.

At December 31, 2008 the gross value of goodwill resulting from the Bcom3 acquisition is 1,643 MEUR. Cumulative impairment recognized in respect of this goodwill amounts to 19 MEUR at December 31, 2008. It corresponds to the amount of tax savings on the tax loss carryforwards of Bcom3 used since 2004.

For the main acquisitions in 2007, the purchase price allocation in respect of:

- Digitas had been completed at December 31, 2007,

- Business Interactif was finalized in 2008, resulting in a 1 MEUR adjustment to goodwill.

Note 11. Intangible assets, net

Changes in intangible assets with finite useful lives

Millions of euros	Client relationships			Software, technology and other		
	Gross value	**Amortization/ impairment**	**Gross value**	**Amortizatio/ impairment**	**Gross value**	**Amortization/ impairment**
January 1, 2006	**592**	**(234)**	**358**	**117**	**(80)**	**37**
Additions	-	-	-	8	-	8
Amortization	-	(22)	(22)	-	(16)	(16)
Impairment	-	(1)	(1)	-	-	-
Disposals and write-off	-	-	-	(6)	6	-
Translation and other	(46)	25	(21)	(2)	2	-
December 31, 2006	**546**	**(232)**	**314**	**117**	**(88)**	**29**
Additions	133	-	133	26	-	26
Amortization	-	(28)	(28)	-	(16)	(16)
Impairment	-	(2)	(2)	-	-	-
Disposals and write-off	-	-	-	(4)	4	-
Translation and other	(56)	21	(35)	(5)	(1)	(6)
December 31, 2007	**623**	**(241)**	**382**	**134**	**(101)**	**33**
Additions	-	-	-	13	-	13
Amortization	-	(27)	(27)	-	(16)	(16)
Impairment	-	(3)	(3)	-	-	-
Disposals and write-off	-	-	-	(8)	6	(2)
Translation and other	7	(6)	1	2	(1)	1
December 31, 2008	**630**	**(277)**	**353**	**141**	**(112)**	**29**

Changes in intangible assets with indefinite useful lives and in total intangible assets

Millions of euros	Tradenames			Total intangible assets		
	Gross value	Impairment	Net value	Gross value	Amortization/ impairment	Net value
January 1, 2006	**398**	**(30)**	**368**	**1,107**	**(344)**	**763**
Additions	-	-	-	8	-	8
Amortization	-	-	-	-	(38)	(38)
Impairment	-	-	-	-	(1)	(1)
Disposals and write-off	-	-	-	(6)	6	-
Translation and other	(17)	(1)		(65)	26	(39)
December 31, 2006	**381**	**(31)**		**1,044**	**(351)**	**693**
Additions	93	-	93	252	-	252
Amortization	-	(1)	(1)	-	(45)	(45)
Impairment	-	-	-	-	(2)	(2)
Disposals and write-off	-	-	-	(4)	4	-
Translation and other	(35)	4	(31)	(96)	24	(72)
December 31, 2007	**439**	**(28)**	**411**	**1,196**	**(370)**	**826**
Additions	-	-	-	13	-	13
Amortization	-	(1)	(1)	-	(44)	(44)
Impairment	-	(3)	(3)	-	(6)	(6)
Disposals and write-off	-	-	-	(8)	6	(2)
Translation and other	7	(2)	5	16	(9)	7
December 31, 2008	**446**	**(34)**	**412**	**1,217**	**(423)**	**794**

Valuation of intangible assets

Valuation tests performed by an independent expert at year-end 2008 resulted in the recognition of impairment of 3 MEUR on the Medicus tradename and 3 MEUR on client relationships (see Note 5).

Note 12. Property and equipment, net

Millions of euros	Land and buildings	Other	Total
Gross value at January 1, 2006	**351**	**862**	**1 213**
Additions	-	71	71
Disposals and write offs	(36)	(59)	(95)
Changes to scope of consolidation	-	9	9
Translation and other	(13)	(54)	(67)
Gross value at December 31, 2006	**302**	**829**	**1,131**
Additions	-	77	77
Disposals and write offs	(2)	(46)	(48)
Changes to scope of consolidation	-	40	40
Translation and other	(11)	(52)	(63)
Gross value at December 31, 2007	**289**	**848**	**1,137**
Additions	-	79	79
Disposals and write offs	(13)	(54)	(67)
Changes to scope of consolidation	-	1	1
Translation and other	(1)	(11)	(12)
Gross value at December 31, 2008	**275**	**863**	**1,138**
Accumulated depreciation at December 31, 2007	**(39)**	**(597)**	**(636)**
Increases	(3)	(86)	(89)
Reversals	6	52	58
Changes to scope of consolidation	-	-	-
Translation and other	2	7	9
Accumulated depreciation at December 31, 2008	**(34)**	**(624)**	**(658)**
Net value at December 31, 2008	**241**	**239**	**480**

Land and buildings

At December 31, 2008, the net book value of land and buildings of which Publicis is the proprietor is 182 MEUR.

The Group's principal property asset is its corporate headquarters located at 133 avenue des Champs-Elysées in Paris. This seven-story building comprises about 12,000 square meters of office space primarily occupied by Group companies and 1,500 square meters of commercial property occupied by the Publicis Drugstore and two public cinemas.

Publicis opted to revalue this building at its fair value and to consider this value as being the deemed cost at January 1, 2004, the date of transition to IFRS. The fair value of this building at the transition date amounts to 164 MEUR, leading to an adjustment of 159 MEUR compared to its carrying amount under previous accounting standards. The valuation was performed by an independent expert using the rent capitalization method.

Publicis Groupe S.A., also owns six floors of a building located at 15 rue du Dôme in Boulogne, after exercise of its purchase option in respect of two floors at the term of its finance lease agreement at the end of 2007.

Other property and equipment

The Group notably has significant information systems equipment dedicated to the creation and production of advertising, management of media buying, and administrative functions.

Assets under finance leases

The net book value of such assets in the consolidated balance sheet is 59 MEUR at December 31, 2008.

These assets are mainly composed of the Leo Burnett office building at 35 West Wacker Drive in Chicago (United States). Leo Burnett's finance lease contract is in respect of assets with a gross value of 77 MEUR, depreciable over 30 years.

Property and equipment includes the following amounts in respect of assets held under finance leases:

Millions of euros	**December 31, 2008**	**December 31, 2007**	**December 31, 2006**
Gross value of buildings	78	81	99
Depreciation	(19)	(23)	(27)
Net value	**59**	**58**	**72**

Note 13. Investments in associates

Investments in associates at December 31, 2008 amounted to 44 MEUR (as against 49 MEUR at December 31, 2007 and 44 MEUR at December 31, 2006).

Millions of euros	**Carrying amount**
Amount at January 1, 2006	**33**
Acquisitions	15
Disposals	(2)
Share in net income of associates	22
Dividends paid	(19)
Effect of translation and other	(5)
Amount at December 31, 2006	**44**
Acquisitions	7
Disposals	-
Share in net income of associates	9
Dividends paid	(11)
Effect of translation and other	-
Amount at December 31, 2007	**49**
Acquisitions	-
Disposals	-
Share in net income of associates	2
Dividends paid	(10)
Effect of translation and other	3
Amount at December 31, 2008	**44**

The main account balances in the balance sheets and the income statements of associates are as follows:

Millions of euros	At December 31, 2008	At December 31, 2007	At December 31, 2006
Share in balance sheets of associates			
Non-current assets	20	33	22
Current assets	139	155	78
Total assets	**159**	**188**	**100**
Non-current liabilities	3	8	3
Current liabilities	112	131	53
Total liabilities	**115**	**139**	**56**
Net assets	**44**	**49**	**44**

Millions of euros	2008	2007	2006
Share of income statements of associates			
Revenue	108	105	200
Net income	2	9	22
Carrying amount of the investment	44	49	44

The main associates are Bartle, Bogle Hegarty (BBH), Bromley Communications, International Sports and Entertainment (iSe) and Burrell Communications. At 31 December 2008, the carrying amounts of the investments in BBH, Bromley Communications, iSe and Burrell Communications amount, respectively, to 14 MEUR, 7 MEUR, 8 MEUR and 6 MEUR.

iSe, which was created jointly in 2003 between Publicis (45%) and Dentsu (45%), managed the “Hospitality and Prestige Ticketing” program in respect of the 2006 World Cup Football Championship. As its shareholders have decided to liquidate the company, its remaining assets and liabilities have been considered to be current since December 31, 2006.

Note 14. Other financial assets

Other financial assets are notably comprised of investments considered to be available-for-sale.
The portion of other financial assets maturing in less than one year is classified in current assets.

Millions of euros	December 31, 2008	December 31, 2007	December 31, 2006
Available-for-sale financial assets			
- IPG shares	14	29	49
- Other	7	8	8
Loans and advances to associates and non-consolidated companies	14	13	5
Other non-current financial assets	92	88	82
Gross value	**127**	**138**	**144**
Impairment	(26)	(26)	(26)
Net value	**101**	**112**	**118**

Publicis owns 1.02% of Interpublic Group (IPG) at December 31, 2008. This investment is not consolidated and the shares are classified as "available-for-sale". The historical share price of IPG shares is 3.87 US dollars. The quoted share price at December 31, 2008 is 3.96 US dollars.

Summary financial information in respect of IPG (most recent published consolidated figures):

Millions of dollars	**2007**
Revenue	6,554
Net income	131
Shareholders' equity at December 31,	2,332

Note 15. Inventory and costs billable to clients

Millions of euros	**December 31, 2008**	**December 31, 2007**	**December 31, 2006**
Gross value	**326**	**397**	**435**
Impairment of inventories and costs billable to clients	(7)	(6)	(5)
Net value	**319**	**391**	**430**

In 2008, allowances for impairment against inventories and costs billable to clients amounted to 3 MEUR. Reversals of impairment amounted to 2 MEUR.

Note 16. Accounts receivable

Millions of euros	**December 31, 2008**	**December 31, 2007**	**December 31, 2006**
Trade accounts receivable	4,925	4,955	4,578
Notes receivable	9	46	38
Gross value	**4,934**	**5,001**	**4 616**
Opening impairment of doubtful accounts	(75)	(66)	(76)
Impairment in the year	(35)	(24)	(18)
Reversals in the year	19	18	17
Change in scope of consolidation	-	(4)	-
Translation and other	-	1	11
Closing impairment of doubtful accounts	**(91)**	**(75)**	**(66)**
Net value	**4,843**	**4,926**	**4,550**

These receivables are due in less than one year.

Note 17. Other receivables and other current assets

Millions of euros	December 31, 2008	December 31, 2007	December 31, 2006
Taxes receivable	183	176	172
Advances to suppliers	272	114	58
Prepayments	55	53	62
Derivatives hedging current assets and liabilities	10	4	1
Derivatives on intercompany loans and borrowings	23	4	-
Derivatives hedging net investment	-	-	8
Derivative hedging the fair value of the Eurobond	7	-	-
Other receivables and other current assets	81	85	114
Gross value	**631**	**436**	**415**
Impairment	(3)	(4)	(2)
Net value	**628**	**432**	**413**

Note 18. Cash and cash equivalents

Millions of euros	December 31, 2008	December 31, 2007	December 31, 2006
Cash and bank balances	449	679	551
Short-term liquid investments	418	634	1,369
Total	**867**	**1,313**	**1,920**

Short-term liquid investments are principally comprised of UCITS classified in the AMF "Monetary Euro" category and are subject to a negligible risk of change in value.

Note 19. Shareholders' equity

The statement of changes in shareholders' equity is presented with the other consolidated financial statements.

Share capital of the parent company

Movements on shares composing the company's share capital over the last three years are as follows:

In shares	2008	2007	2006
Share capital at January 1	202,387,354	198,709,229	197,109,010
Capital increase	1,562,129	3,451,155	1,562,129
Exercise of stock subscription options	71,500	226,970	38,090
Cancellation of shares	(8,000,000)	-	-
Shares composing the share capital at December 31	**196,020,983**	**202,387,354**	**198,709,229**
Treasury shares at December 31	(17,166,682)	(18,786,943)	(15,105,351)
Shares in circulation at December 31	**178,854,301**	**183,600,411**	**183,603,878**

Publicis Groupe's share capital decreased by 2,546,548 euros in 2008, corresponding to 6,366,371 shares with a par value of 0.40 euro each:

- 8,000,000 shares were cancelled in the context of the authorization provided in the 10th resolution of the Annual General Shareholders Meeting on June 4, 2007,
- 1,562,129 shares were issued in redemption of the fourth tranche of the Orane,
- 71,500 shares were issued in the context of exercise of options.

At December 31, 2008 the company's share capital was 78,408,393 euros, comprised of 196,020,983 shares with a par value of 0.40 euro each.

Deduction of treasury shares existing at December 31, 2008

Treasury shares held at the end of the period, including treasury shares held in the context of the liquidity contract, are deducted from shareholders' equity.

The following movements took place on the treasury share portfolio in 2006, 2007 and 2008:

Millions of euros (except for share data)	Number of shares	Gross value
Treasury shares held at December 31, 2005 *(1)*	**13,039,764**	**323**
Acquisitions (other than under liquidity contract)	3,020,496	88
Disposals (exercises of stock-options)	(914,909)	(23)
Movements in the context of the liquidity contract	(40,000)	(1)
Treasury shares held at December 31, 2006 *(1)*	**15,105,351**	**387**
Acquisitions (other than under liquidity contract)	6,396,490	202
Disposals (exercises of stock-options)	(3,262,398)	(85)
Movements in the context of the liquidity contract	547,500	18
Treasury shares held at December 31, 2007 *(1)*	**18,786,943**	**522**
Cancellation of treasury shares	(8,000,000)	(221)
Acquisitions (other than under liquidity contract)	8,047,583	196
Disposals (exercises of stock-options)	(1,120,344)	(30)
Movements in the context of the liquidity contract:		
– Cessation of contract with Banque Rothschild	(547,500)	(18)
– New contract signed with Société Générale	-	-
Treasury shares held at December 31, 2008 *(1)*	**17,166,682**	**449**

(1) Including shares held under the liquidity contract (no shares at December 31, 2008)

Dividends voted and proposed

Millions of euros (except for per share data in €)	Per share	Total
Dividends paid in 2008 (in respect of the 2007 financial year)	0.60	106
Dividends proposed to the Annual General Meeting (in respect of the 2008 financial year)	0.60	118(1)

(1) Amount for all existing shares at December 31, 2008, including treasury shares.

The dividend proposed in respect of the 2008 financial year will not have any tax impact for the company.

Capital management

The Group's policy consists of maintaining a solid capital base, in order to preserve the confidence of investors, creditors and the market and to support future development of the business. Group management pays particular attention to the gearing ratio defined as net debt (financial debt less cash and cash equivalents) divided by shareholders equity (including minority interests). It has determined that the optimal gearing ratio is less than 0.50. The gearing ratio at December 31, 2008 was 0.29, compared with 0.38 and 0.10 respectively at December 31, 2007 and December 31, 2006.

Management also pay particular attention to the dividend cover ratio, defined as the ratio of the unit dividend to earnings per share. This ratio should be 27.1% for 2008, in view of the dividend that will be proposed to the next Annual Shareholders General Meeting, compared with 27.5% and 23.7% for 2007 and 2006.

The Group purchases its own shares in the market in the context of the authority delegated to the Management Board by the Annual General Shareholders Meeting of June 4, 2007 as renewed by the Annual General Shareholders Meeting of June 3, 2008. During 2006, 2007, and 2008, the Group directly purchased its own shares in order to satisfy its obligations under stock option plans or with a view to cancelling these shares. During these same years, the Group also indirectly purchased and sold its own shares through the intermediary of a investment services provider acting in the name of and behalf of Publicis Groupe S.A., while remaining fully independent of this company and not being subject to its influence, in the context of the liquidity contract drawn up in accordance with the ethics charter recognized by the French Financial Markets Authority (AMF).

The Annual General Shareholders Meeting of June 3, 2008 also renewed the authorization given to decrease the company's share capital by cancelling treasury shares held by Publicis Groupe S.A. up to a maximum amount of 10% of such share capital over a twenty six month period. This authorization was delegated to the Management Board.

Note 20. Provisions

Millions of euros	Re-structuring	Vacant property	Sub-Total	Pensions and other post-employment benefits	Litigation and claims	Other	Total
January 1, 2006	**34**	**182**	**216**	**286**	**48**	**152**	**702**
Increases	**11**	**10**	**21**	**27**	**4**	**47**	**99**
Releases on use	(9)	(21)	(30)	(30)	(6)	(31)	(97)
Other releases	-	(5)	(5)	-	-	-	(5)
Changes to scope of consolidation	-	-	-	(5)	-	1	(4)
Actuarial (gains) losses	-	-	-	(5)	-	-	(5)
Translation and other	(12)	(30)	(42)	(17)	(10)	4	(65)
December 31, 2006	**24**	**136**	**160**	**256**	**36**	**173**	**625**
Increases	10	3	13	31	8	31	83
Releases on use	(10)	(20)	(30)	(40)	(7)	(38)	(115)
Other releases	-	(17)	(17)	-	(1)	-	(18)
Changes to scope of consolidation	3	25	28	4	-	4	36
Actuarial (gains) losses	-	-	-	(11)	-	-	(11)
Translation and other	(2)	(18)	(20)	(17)	(9)	2	(44)
December 31, 2007	**25**	**109**	**134**	**223**	**27**	**172**	**556**
Increases	17	9	26	25	2	41	94
Releases on use	(13)	(18)	(31)	(31)	(3)	(38)	(103)
Other releases	(1)	(17)	(18)	-	(3)	(23)	(44)
Changes to scope of consolidation	-	-	-	-	-	-	-
Actuarial (gains) losses	-	-	-	45	-	-	45
Translation and other	(3)	-	(3)	-	2	22	21
December 31, 2008	**25**	**83**	**108**	**262**	**25**	**174**	**569**
Of which short-term	**16**	**19**	**35**	**29**	**16**	**30**	**110**
Of which long-term	**9**	**64**	**73**	**233**	**9**	**144**	**459**

Restructuring and vacant property provisions

Restructuring provisions and vacant property provisions result mainly from the acquisition of Bcom3.

Restructuring provisions

These provisions are based on estimated closing or restructuring costs for certain activities as a result of plans announced publicly but not yet carried out at year-end 2008 (principally severance pay). The plans, detailed by project and nature, were approved by General Management before being announced. The plans are monitored centrally in order to ensure that the provision is applied to costs incurred and in order to justify the remaining balance on the basis of outstanding costs to be incurred.

Vacant property provisions

Vacant property provisions are principally comprised of provisions related to the acquisition of Bcom3, for an amount of 50 MEUR at December 31, 2008. These provisions relate mainly to New York City for a total amount of 47 MEUR including 26 MEUR for the rental contract related to the property at 375 Hudson Street in New York City. Valuations have been carried out by discounting rent payable, less expected sub-lease income, at an annual rate of 5%.

Obligations in respect of employee benefits

Obligations in respect of employee benefits (see note 21) include:

- Defined benefit pension plans,
- Post-employment health cover plans, and
- Long-term benefits such as deferred remuneration and long-service awards.

Note 21. Defined benefit pension commitments and post-employment health cover

The Group has a certain number of commitments under defined benefit plans (pension plans and health cover). Commitments under material plans are calculated in accordance IAS 19 on an annual basis.

The calculations for these defined benefit plans have been carried out by independent experts in the United States, England, Germany, France and Japan.

Change in the actuarial benefit obligation

Millions of euros	December 31, 2008			December 31, 2007			December 31, 2006		
	Pension plans	Health cover	Total	Pension plans	Health cover	Total	Pension plans	Health cover	Total
Actuarial benefit obligation at start of	**(420)**	**(21)**	**(441)**	**(454)**	**(24)**	**(478)**	**(445)**	**(45)**	**(490)**
Service cost	(16)	-	(16)	(18)	-	(18)	(19)	-	(19)
Interest expense on benefit obligation	(21)	(1)	(22)	(22)	(1)	(23)	(20)	(2)	(22)
Contributions by plan participants	-	(1)	(1)	-	-	-		-	-
Plan amendments	(3)	-	(3)	-	-	-		14	14
Acquisitions, disposals	-	-	-	-	-	-	(8)	(2)	(10)
Reductions in headcount and plan	1	-	1	2	-	2	7	-	7
Actuarial gains and (losses)	23	1	24	6	(1)	5	(7)	5	(2)
Benefits paid	25	2	27	30	3	33	24	2	26
Translation adjustments	33	-	33	36	2	38	14	4	18
Actuarial benefit obligation at end of year	**(378)**	**(20)**	**(398)**	**(420)**	**(21)**	**(441)**	**(454)**	**(24)**	**(478)**

Change in the fair value of plan assets

Millions of euros	***December 31, 2008***			***December 31, 2007***			**December 31, 2006**		
	Pension plans	**Health cover**	**Total**	**Pension plans**	**Health cover**	**Total**	**Pension plans**	**Health cover**	**Total**
Fair value of plan assets at start of year	**274**	**-**	**274**	**277**	**-**	**277**	**261-**	**-**	**261**
Actual return on plan assets	(51)	-	(51)	25	-	25	24	-	24
Employer contributions	20	-	20	23	-	23	23	-	23
Contributions by plan participants	-	-	-	-	-	-	-	-	-
Plan amendments	-	-	-	-	-	-	-	-	-
Acquisition, disposals	-	-	-	-	-	-	1-	-	1-
Reductions in headcount and plan settlements	-	-	-	-	-	-	(4)	-	(4)
Benefits paid	(19)	-	(19)	(24)	-	(24)	(19)	-	(19)
Translation adjustments	(31)	-	(31)	(27)	-	(27)	(9)	-	(9)
Fair value of plan assets at end of year	**193**	**-**	**193**	**274**	**-**	**274**	**277**	**-**	**277**
Surplus (deficit)	**(185)**	**(20)**	**(205)**	**(146)**	**(21)**	**(167)**	**(177)**	**(24)**	**(201)**
Unrecognized past service cost	1	(8)	(7)	-	(10)	(10)		(13)	(13)
Effect of ceiling on value of assets	(1)	-	(1)						
Net provision for defined benefit pension commitments and post-employment health cover	**(185)**	**(28)**	**(213)**	**(146)**	**(31)**	**(177)**	**(177)**	**(37)**	**(214)**
Provision for other long-term benefits	**(49)**	**-**	**(49)**	**(46)**	**-**	**(46)**	**(42)**		**(42)**
Total provision for pension commitments and other post-employment benefits	**(234)**	**(28)**	**(262)**	**(192)**	**(31)**	**(223)**	**(219)**	**(37)**	**(256)**

Net periodic pension cost

Millions of euros	***December 31, 2008***			***December 31, 2007***			**December 31, 2006**		
	Pension plans	**Health cover**	**Total**	**Pension plans**	**Health cover**	**Total**	**Pension plans**	**Health cover**	**Total**
Service cost	(16)	-	(16)	(18)	-	(18)	(19)	-	(19)
Interest expense on benefit obligation (1)	(21)	(1)	(22)	(22)	(1)	(23)	(20)	(2)	(22)
Expected return on plan assets (1)	18	- 2	18	19	-	19	17	-	17
Amortization of unrecognized past service cost	(1)	1	-	-	2	2	-	1	1
Reductions in headcount and plan settlement	1	-	1	2	-	2	3	-	3
Defined benefit plan expense	**(19)**	**-**	**(19)**	**(19)**	**1**	**(18)**	**(19)**	**(1)**	**(20)**
Expenses of other plans (including defined contribution plans)	**(58)**	**-**	**(58)**	**(57)**	**_**	**(57)**	**(54)**	**-**	**(54)**
Net periodic pension cost	**(77)**	**-**	**(77)**	**(76)**	**1**	**(75)**	**(73)**	**(1)**	**(74)**

(1) *Being a net financial cost of 4 MEUR in 2008, classified in "Other financial income (expense)" (See Note 7)*

Sensitivity analysis

Millions of euros	Pension plans		Health cover	
	Increase of 1%	Decrease of 1%	Increase of 1%	Decrease of 1%
Change in discount rate				
Effect on actuarial benefit obligation at end of year	(35)	42	(1)	2
Change in inflation rate				
Effect on actuarial benefit obligation at end of year	21	(18)	n/a	n/a

Actuarial assumptions (Weighted average rates)

	Pension plans				Post-employment health cover			Group
December 31, 2008	North America	Europe	Rest of the world	Total	North America	Europe	Total	Total
Discount rate	6.00%	6.15%	1.75%	6.04%	6.00%	6.75%	6.15%	6.05%
Expected return on plan assets (1)	7.70%	6.77%	n/a	7.14%	n/a	n/a	n/a	7,14%
Future salary increases	n/a	3.79%	2.00%	3 .76%	5.00%	n/a	5.00%	4.91%
Future pension increases	n/a	2.67%	n/a	2.67%	n/a	n/a	n/a	2.67%

	Pension plans				Post-employment health cover			Group
December 31. 2007	North America	Europe	Rest of the world	Total	North America	Europe	Total	Total
Discount rate	6.00%	5.64%	1.75%	5.75%	6.0%	5.75%	5.94%	5.76%
Expected return on plan assets (1)	7.70%	6 .81%	n/a	7.17%	n/a	n/a	n/a	7.17%
Future salary increases	n/a	4 .18%	2.00%	4.16%	5.00%	n/a	5.00%	4.92%
Future pension increases	n/a	3.09%	n/a	3.09%	n/a	n/a	n/a	3.09%

	Pension plans				Post-employment health cover			Group
December 31. 2006	North America	Europe	Rest of the world	Total	North America	Europe	Total	Total
Discount rate	5.75%	4.77%	2.25%	5.18%	5.75%	5.00%	5.61%	5.20%
Expected return on plan assets (1)	7.70%	6.85%	n/a	7.22%	n/a	n/a	n/a	7.22%
Future salary increases	n/a	4.01%	2.25%	3.99%	5.00%	n/a	5.00%	4.07%
Future pension increases	n/a	2.86%	n/a	2.86%	n/a	n/a	n/a	2.86%

(1) The return on each portfolio of assets is calculated on the basis of the expected return and the weighting of each of its component categories of assets. The rate of return on each investment is based on the discount rate increased or decreased by a premium applied to each asset according to its risk profile.

Analysis of experience adjustments

Millions of euros	*2008*	*2007*	*2006*
Actuarial gains (losses) arising from changes in assumptions	25	1	4
Actuarial gains (losses) arising from experience adjustments	(1)	4	(6)
Actuarial gains (losses) generated on the benefit obligation	**24**	**5**	**(2)**
Actuarial gains (losses) arising from experience adjustments	(69)	6	7
Actuarial gains (losses) generated on plan assets	**(69)**	**6**	**7**
Total actuarial gains (losses) in the period	**(45)**	**11**	**5**

Allocation of plan assets

	2008	2007	2006
Shares	54.8%	61.0%	68.5%
Bonds	41.0%	34.9%	28.5%
Real estate	3.2%	2.0%	1.2%
Other	1.0%	2.1%	1.8%
Total	**100%**	**100%**	**100%**

Estimate of employer contributions and of future benefits payable

Millions of euros	Pension plans	Health cover	Total
Estimate of employer contributions for 2009	22	-	22

Millions of euros	December 31, 2008		
	Pension plans	Health cover	Total
Estimate of future benefits payable			
2009	27	2	29
2010	25	2	27
2011	25	2	27
2012	31	2	33
2013	26	2	28
Years 2014 to 2018	128	9	137
Total over the next 10 financial years	**262**	**19**	**281**

Breakdown between US and non-US plans

Millions of euros	***December 31, 2008***			***December 31, 2007***			**December 31, 2006**		
	US	**Non US**	**Total**	**US**	**Non US**	**Total**	**US**	**Non US**	**Total**
Actuarial benefit obligation at end of year	(175)	(223)	(398)	(163)	(278)	(441)	(188)	(290)	(478)
Fair value of plan assets at year end	81	112	193	110	164	274	113	164	277
Surplus (deficit)	**(94)**	**(111)**	**(205)**	**(53)**	**(114)**	**(167)**	**(75)**	**(126)**	**(201)**
Unrecognized past service cost	(9)	2	(7)	(10)	-	(10)	(13)	-	(13)
Impact of ceiling on plan assets	-	(1)	(1)	-	-	-	-	-	-
Net provision for defined benefit pension commitments	**(103)**	**(109)**	**(212)**	**(63)**	**(114)**	**(177)**	**(88)**	**(126)**	**(214)**

Millions of euros	**December 31, 2008**			**December 31, 2007**			**December 31, 2006**		
	US	**Non US**	**Total**	**US**	**Non US**	**Total**	**US**	**Non US**	**Total**
Service cost	(8)	(8)	(16)	(9)	(9)	(18)	(10)	(9)	(19)
Interest expense on benefit obligation	(9)	(13)	(22)	(10)	(13)	(23)	(10)	(12)	(22)
Expected return on plan assets	8	10	18	8	11	19	7	10	17
Amortization of unrecognized past service cost	-	-	-	2	-	2	1	-	1
Reductions in headcount and plan settlements	-	1	1	-	2	2	-	3	3
Defined benefit plan expense	**(9)**	**(10)**	**(19)**	**(9)**	**(9)**	**(18)**	**(12)**	**(8)**	**(20)**
Expenses under other plans (including defined contribution plans)	**(29)**	**(29)**	**(58)**	**(30)**	**(27)**	**(57)**	**(26)**	**(28)**	**(54)**
Net periodic pension cost	**(38)**	**(39)**	**(77)**	**(39)**	**(36)**	**(75)**	**(38)**	**(36)**	**(74)**

Increase in medical expenses

The rate of increase in medical expenses retained for 2008 is 8.84 % with a progressive reduction in the rate of increase to a rate of 4.83% for 2009 and following years.

A change of 1 % in the estimated increase in medical expenses would have the following impacts:

Millions of euros	**Increase of 1%**	**Decrease of 1%**
Impact on service cost and interest expense on the benefit obligation	-	-
Effect on the benefit obligation at year end	(1)	1

Note 22. Financial debt

Number of securities at 31 December 2008	*Millions of euros*	December 31, 2008	December 31, 2007	December 31, 2006
	Bonds (excluding accrued interest) issued by Publicis Groupe:			
750 000	Eurobond 4.125% - January 2012 (Effective rate 4.30%)	782	736	742
5 484 334	Oceane 2.75% - January 2018 (Effective rate 2.75%)	243	238	234
	Oceane 0.75% - July 2008 (Effective rate 6.61%)	-	652	615
1 562 129	Orane 0.82 % variable - September 2022 (Effective rate 8.50%)	26	30	33
	Bond convertible into IPG shares – 2% – January 2007	-	-	7
	Other debt:			
	Accrued interest	14	16	16
	Other borrowings and lines of credit	72	37	38
	Bank overdrafts	30	24	30
	Debt related to finance leases	77	73	83
	Debt related to acquisition of shareholdings	181	149	140
	Debt arising from commitments to purchase minority interests	116	157	176
	Total financial debt	**1,541**	**2,112**	**2,114**
	Of which short-term	**218**	**819**	**203**
	Of which long-term	**1,323**	**1,293**	**1,911**

The bonds issued by Publicis Groupe are at fixed rates and are denominated in euros.

In January 2005, a euro/dollar swap was put in place at the time of issue of the Eurobond in order to hedge the Group's net dollar-denominated assets, and thus to significantly reduce sensitivity of Group shareholders' equity to future exchange rate fluctuations between the euro and the US dollar.

Following a change made to the terms of the swap in 2006, the issue, originally in euros at fixed rate (interest rate 4.125%), was swapped to variable rate. In this context, a balancing payment of 30 MEUR was received and the corresponding income was recognized in shareholders' equity.

From the point of view of IAS 39, the swap from fixed rate euro to variable rate dollar was designated as:

- A net investment hedge, leading to the recognition of changes in the foreign exchange component of the derivative in shareholders' equity;
- A hedge of the fair value of the Eurobond debt for the interest rate component. In this context, the portion of the Eurobond debt swapped into variable rate was remeasured at fair value at the balance sheet date.

The Group unwound the foreign exchange component of the swap during 2007 and, on so doing, received a balancing payment of 52 MEUR which had no impact on the consolidated income statement (As the foreign exchange component had been qualified as a net investment hedge leading to changes in the fair value of the derivative being recognized through shareholders' equity).

At December 31, 2008, the fair value of the swap is recognized in other receivables and other current assets for 7 MEUR, compared with a fair value 39 MEUR recognized in other creditors and other current liabilities of at 31 December 2007.

Furthermore, the 750 outstanding bonds convertible into IPG shares were redeemed on their maturity date, January 2, 2007

Debt arising from commitments to purchase minority interests, as well as earn-out clauses, are identified on a centralized basis and are valued on the basis of contractual clauses and the most recent available data as well as on projections for the relevant figures over the period.

Changes in debt arising from commitments to purchase minority interests are presented hereafter:

Millions of euros	***Debt arising from commitments to purchase minority interests***
At December 31, 2006	**176**
Debts contracted in the period	26
Buyouts exercised	(38)
Revaluation of the debt and translation adjustments	(7)
At December 31, 2007	**157**
Debts contracted in the period	9
Buyouts exercised	(15)
Revaluation of the debt and translation adjustments	(35)
At December 31, 2008	**116**

The buyouts in the financial year were paid in cash. The same will apply for the buyouts to take place relating to the debt at December 31, 2008.

Analysis by date of maturity

		December 31, 2008					
Millions of euros	**Total**	**Maturity**					
		2009	**2010**	**2011**	**2012**	**2013**	**+ 5 years**
Bonds and other bank borrowings	1,167	105	17	3	785	3	254[1]
Debt related to finance leases	77						77
Debt related to acquisition of shareholdings	181	64	31	63	22	1	-
Debt arising from commitments to purchase minority interests	116	49	31	24	5	4	3
Total	**1,541**	**218**	**79**	**90**	**812**	**8**	**334**

[1] *Including 243 MEUR for the Oceane 2018, which has an early redemption option exercisable in January 2010 and 2014 (see note 24)*

Millions of euros	Total	December 31, 2007					
		Maturity					
		2008	2009	2010	2011	2012	+ 5 years
Bonds and other bank borrowings	1,733	730	5	3	3	739	253
Debt related to finance leases	73	-	-	-	-	-	73
Debt related to acquisition of shareholdings	149	43	31	37	36	1	1
Debt arising from commitments to purchase minority interests	157	46	13	45	25	10	18
Total	**2,112**	**819**	**49**	**85**	**64**	**750**	**345**

Millions of euros	Total	December 31, 2006		
		Maturity		
		- 1 year	1 to 5 years	+ 5 years
Bonds and other bank borrowings	1,715	87	634	994
Debt related to finance leases	83	-	-	83
Debt related to acquisition of shareholdings	140	59	71	10
Debt arising from commitments to purchase minority interests	176	57	94	25
Total	**2,114**	**203**	**799**	**1,112**

Analysis by currency

Millions of euros	December 31, 2008	December 31, 2007	December 31, 2006
Euros	1,191	1,795	1,024
US dollars	167	166	913
Other currencies	183	151	177
Total	1,541	2,112	2,114

Following the unwinding of the foreign exchange component of the Eurobond 2012 swap during 2007, the Eurobond, which had previously been considered as US dollar denominated debt, is now classified as Euro denominated debt.

Analysis by interest rate category

The Group's financial indebtedness in comprised of fixed rate loans (28% of gross financial debt at December 31, 2008, excluding debt related to acquisition of shareholdings and debt arising from commitments to purchase minority interests) at an average interest rate for 2008 of 5.7% (this rate takes account of the additional interest related to the separate recognition of the debt and equity components of both the Oceane convertible bonds and the Orane). Variable rate indebtedness, (approximately 72% of indebtedness at December 31, 2008) incurred an average interest rate of 5.5% in 2008.

Exposure to liquidity risk

The future repayments relating to financial debt, before the effects of discounting (and excluding debt related to finance leases), are as follows:

Millions of euros	Total	December 31, 2008					
		Maturity					
		2009	2010	2011	2012	2013	+ 5 years
Bonds and other bank borrowings	1,441	114	25	16	891	15	380[1]
Debt related to acquisition of shareholdings	197	66	33	71	26	1	-
Debt arising from commitments to purchase minority interests	125	51	34	26	5	5	4
Total	**1 ,763**	**231**	**92**	**113**	**922**	**21**	**384**

(1) Including 310 MEUR relating to the Oceane 2018 which has an early redemption option exercisable in January 2010 and 2014 (see note 24)

To manage its liquidity risk, Publicis has, firstly, substantial cash (cash and cash equivalents in an amount of 867 MEUR at December 31, 2008) and, secondly, unused credit lines (amounting to 1,931 MEUR at December 31, 2008, comprised of 1.666 MEUR of confirmed credit lines and 265 MEUR of unconfirmed credit lines). The main component of these credit lines is a syndicated multicurrency loan facility of 1,500 MEUR expiring in 2012 with an option to extend until July 2014, after agreement of the banks. No other lines of credit were in the course of being negotiated at December 31, 2008. This situation remains unchanged at the date of approval of the financial statements. These amounts, that are available or can be accessed almost immediately, enable the Group to comfortably meet payment of at least the short-term portion (less than 1 year) of its financial debt and to redeem the Oceane 2018 early, if necessary, in January 2010.

Most of the Group's debt consists of bonds which do not include specific covenants. They only include standard credit default event clauses (i.e., liquidation, bankruptcy, or default, either on the debt itself or on repayment of another debt if higher than a given threshold) and are generally applicable above a threshold of 25 MEUR. The only early redemption options exercisable by bondholders are in respect of the Oceane 2018 and are exercisable successively in January 2010 and 2014.

The Group has not put in place credit derivatives to date.

Finance lease commitments

The reconciliation between future minimum payments required under finance lease contracts and the present value of net minimum payments under these leases is as follows:

Millions of euros	December 31, 2008						
	Total	Maturity					
		2009	2010	2011	2012	2013	+ 5 years
Minimum payments	247	8	8	9	9	9	204
Effect of discounting	(170)	(8)	(8)	(9)	(9)	(9)	(127)
Present value of minimum payments	77	-	-	-	-	-	77

Millions of euros	December 31, 2007						
	Total	Maturity					
		2008	2009	2010	2011	2012	+ 5 years
Minimum payments	241	7	8	8	8	8	202
Effect of discounting	(168)	(7)	(8)	(8)	(8)	(8)	(129)
Present value of minimum payments	73	-	-	-	-	-	73

Millions of euros	December 31, 2006						
	Total	Maturity					
		2007	2008	2009	2010	2011	+ 5 years
Minimum payments	280	8	8	9	9	9	237
Effect of discounting	(197)	(8)	(8)	(9)	(9)	(9)	(154)
Present value of minimum payments	83	-	-	-	-	-	83

Note 23. Other creditors and other current liabilities

Millions of euros	December 31, 2008	December 31, 2007	December 31, 2006
Advances received	361	372	335
Liabilities to personnel	324	323	316
Tax liabilities (except income taxes)	184	175	188
Deferred revenue	212	242	134
Fair value of derivatives matching current assets and liabilities	11	5	1
Derivatives on intercompany loans and borrowings	32	3	2
Derivative hedging the fair value of the Eurobond[1]	-	39	33
Other current liabilities	174	191	215
Total	**1,298**	**1,350**	**1,224**

(1) At December 31, 2008, the fair value of the derivative hedging the Eurobond is positive and is thus presented in other receivables and other current assets (see Note 17).

Other creditors and other current liabilities fall due for payment within one year. However any creditor or liability whose maturity date was distant would be discounted.

Note 24. Off-balance sheet commitments

Operating lease commitments

		December 31, 2008					
Millions of euros	**Total**	**Maturity**					
		2009	**2010**	**2011**	**2012**	**2013**	**+ 5 years**
Commitments given							
Operating lease commitments	1,545	216	185	161	145	122	716
Commitments received							
Sub-lease commitments	36	10	8	7	7	1	3

		December 31, 2007					
Millions of euros	**Total**	**Maturity**					
		2008	**2009**	**2010**	**2011**	**2012**	**+ 5 years**
Commitments given							
Operating lease commitments	1,335	225	196	168	147	142	457
Commitments received							
Sub-lease commitments	42	10	10	8	6	6	2

		December 31, 2006					
Millions of euros	Total	**Maturity**					
		2007	**2008**	**2009**	**2010**	**2011**	**+ 5 years**
Commitments given							
Operating lease commitments	1,325	198	196	182	160	140	449
Commitments received							
Sub-lease commitments	73	18	14	12	10	9	10

Lease rent expense (net of sub-lease income) was 197 MEUR in 2008 as against 189 MEUR in 2007 and 193 MEUR in 2006.

Other commitments

	December 31, 2008			
	Total	**Maturity**		
Millions of euros		**Less than 1 year**	**1 to 5 years**	**More than 5 years**
Commitments given				
Commitments to sell investments	6	6	-	-
Guarantees (1)	177	57	60	60
Other commitments (2)	310	48	166	96
Total	**493**	**111**	**226**	**156**
Commitments received				
Unutilized credit facilities(3)	1,931	431	1,500	-
Other commitments	6	5	-	1
Total	**1,937**	**436**	**1,500**	**1**

(1) *At December 31, 2008, guarantees include a guarantee of payment of real estate taxes and operating expenses relating to the Leo Burnett building in Chicago, for a total amount of 107 MEUR over the period until 2019. They also include approximately 31 MEUR of guarantee on media space purchase transactions.*

(2) *These include, in an amount of 306 MEUR, minimum royalties guaranteed in the context of operation of media space resources.*

(3) *The 5-year credit facility was used during 2008 and was fully reimbursed before December, 2008. Furthermore, the unutilized credit facilities include of 1.666 MEUR of confirmed credit lines.*

Millions of euros	Total	December 31, 2007		
		Maturity		
		Less than 1 year	1 to 5 years	More than 5 years
Commitments given				
Commitments to sell investments	8	8	-	-
Guarantees(1)	184	74	41	69
Other commitments (2)	64	33	31	-
Total	**256**	**115**	**72**	**69**
Commitments received				
Unutilized credit facilities	1,989	489	1 500	-
Other commitments	7	6	-	1
Total	**1,996**	**495**	**1,500**	**1**

(1) At December 31, 2007, guarantees include a guarantee of payment of real estate taxes and operating expenses relating to the Leo Burnett building in Chicago, for a total amount of 110 MEUR over the period until 2019. They also include approximately 46 MEUR of guarantees on media space purchase transactions.

(2) These include, in an amount of 46 MEUR, minimum royalties guaranteed in the context of operation of operating contracts.

Millions of euros	Total	December 31, 2006		
		Maturity		
		Less than 1 year	1 to 5 years	More than 5 years
Commitments given				
Commitments to sell investments	8	8	-	-
Guarantees	180	53	44	83
Other commitments	46	24	22	-
Total	**234**	**85**	**66**	**83**
Commitments received				
Unutilized credit facilities	1,546	511	1,035	-
Credit facility dedicated to the acquisition of Digitas (1)	759	759	-	-
Other commitments	2	1	1	-
Total	**2,307**	**1,271**	**1,036**	**-**

(1) This credit facility amounted to 1 billion dollars at December 31, 2006. The Group finally officially decided not to use this credit facility at the end of January 2007, as available cash and credit facilities were sufficient to finance the acquisition.

Commitments related to bonds and to Orane

Oceane 2018 – 2.75% actuarial January 2018

With respect to the Oceane 2018, bondholders may request that bonds be converted, at the rate of one share for each bond (which bonds had a unit value of 39.15 euros on issue), at any time as from January 18, 2002 until the seventh business day before the maturity date (January 2018). Taking account of the early redemptions made in February 2005 and in January 2006, Publicis Groupe has a commitment to deliver, if requests for conversion are made, 5,484,334 shares which may, at Publicis Groupe's discretion, be either new shares to be issued or existing shares held in its portfolio (see also note 30 concerning post balance sheet events).

In addition, the bondholders have the possibility of requesting early redemption in cash, of all or part of the bonds they own, on January 18, 2010 and 2014. The early redemption price is calculated in such a way as to provide a gross annual actuarial yield on the bond of 2.75% at the date of redemption.

Oceane 2008 – 0.75% actuarial July 2008

With respect to the Oceane 2008, the bondholders could have requested that bonds be converted, at the rate of one share for each bond (with a value of 29 euros on issue), at any time as from August 26, 2003 until the seventh business day before the maturity date (July 2008). Publicis Groupe therefore had a commitment to deliver 23,172,413 shares which could, at Publicis Groupe's discretion, have been either new shares to be issued or existing shares held in its portfolio. On July 17, 2008, the Group reimbursed the Oceane 2008 for a total principal amount of 672 MEUR and thus freed itself of its commitment to the bondholders.

Orane - Bonds redeemable in new or existing shares – September 2022

After the redemption of a first four tranches of the bond in September 2005, 2006, 2007 and 2008, each Orane gives a right to receive 14 new or existing Publicis Groupe shares, at the rate of one share per year until the twentieth anniversary of issuance of the bond. Publicis Groupe therefore has the obligation to deliver 1,562,129 shares each year from year 2009 to 2022, being 21,869,806 shares in total, which may, at Publicis Groupe's discretion, be either new shares to be issued or existing shares held in its portfolio.

Obligations related to equity warrants

The exercise of the equity warrants, which can occur at any time between September 24, 2013 and September 24, 2022 – would lead to an increase in Publicis Groupe's share capital. After cancellation of the equity warrants redeemed in 2005 and 2006, Publicis Groupe is committed to issuing (in the case where all equity warrants were to be exercised) 5,602,699 shares with a par value of 0.40 euros and a premium of 30.1 euros.

Other commitments

At December 31, 2008, no material commitment such as a pledge, a guarantee or a mortgage or other security over assets, nor any other material off-balance sheet commitment as defined by current accounting standards, exists.

Note 25. Financial instruments

Balance sheet by category of financial instruments

Millions of euros	Carrying amount	Fair value	Fair value through profit or loss	Available for sale	Loans and receivables	Assets held to maturity	Debt at amortized cost	Derivative instruments
			December 31, 2008					
Other financial assets	101	101		19	78	4		
Accounts receivable	4,843	4,843			4,843			
Other receivables and other current assets [(1)]	118	118			78			40
Cash and cash equivalents	867	867	867					
Assets	**5,929**	**5,929**	**867**	**19**	**4,999**	**4**	**-**	**40**
Long-term financial debt (more than 1 year)	1,323	1,533					1,323	
Accounts payable	5,802	5,802			5 802			
Short-term financial debt (less than 1 year)	218	230					218	
Other creditors and other current liabilities [(2)]	217	217			174			43
Liabilities	**7,560**	**7,782**	**-**	**-**	**5,976**	**-**	**1,541**	**43**

Millions of euros	Carrying amount	Fair value	Fair value through profit or loss	Available for sale	Loans and receivables	Assets held to maturity	Debt at amortized cost	Derivative instrumens
			December 31, 2007					
Other financial assets	112	112	-	34	64	14	-	-
Accounts receivable	4,926	4,926	-	-	4,926	-	-	-
Other receivables and other current assets [(1)]	89	89	-	-	81	-	-	8
Cash and cash equivalents	1,313	1,313	1,313	-	-	-	-	-
Assets	**6,440**	**6,440**	**1,313**	**34**	**5,071**	**14**	**-**	**8**
Long-term financial debt (more than 1 year)	1,293	1,437	-	-	-	-	1,293	-
Accounts payable	5,662	5,662	-	-	5,662	-	-	-
Short-term financial debt (less than 1 year)	819	827	-	-	-	-	819	-
Other creditors and other current liabilities [(2)]	238	238	-	-	191	-	-	47
Liabilities	**8,012**	**8,164**	**-**	**-**	**5,853**	**-**	**2,112**	**47**

Millions of euros	Carrying amount	Fair value	December 31, 2006 Fair value through profit or loss	Available for sale	Loans and receiva bles	Assets held to maturity	Debt at amortized cost	Derivative instruments
Other financial assets	118	118	-	54	48	16	-	-
Accounts receivable	4,550	4,550	-	-	4,550	-	-	-
Other receivables and other current assets [(1)]	121	121	-	-	112	-	-	9
Cash and cash equivalents	1,920	1,920	1,920	-	-	-	-	-
Assets	**6,709**	**6,709**	**1,920**	**54**	**4,710**	**16**	**-**	**9**
Long-term financial debt (more than 1 year)	1,911	2,025	-	-	-	-	1,911	-
Accounts payable	5,270	5,270	-	-	5,270	-	-	-
Short-term financial debt (less than 1 year)	203	203	-	-	-	-	203	-
Other creditors and other current liabilities [(2)]	251	251	-	-	215	-	-	36
Liabilities	**7,635**	**7,749**	**-**	**-**	**5,485**	**-**	**2,114**	**36**

(1) Excluding tax receivables, advances to suppliers and prepayments (see Note 17).

(2) Excluding advances received, liabilities to personnel, tax liabilities and deferred revenue (see Note 23).

Income statement by category of financial instruments

				December 31, 2008					
Millions of euros	**Valuation at fair value**	**Interest on assets revalued at fair value**	**Dividends on available for sale assets**	**Impairm-ent of assets held to maturity**	**Debt at amortized cost**		**Loans and receivables**		**Change in value of derivative**
					Foreign exchange gains or losses	Interest	Foreign exchange gains or losses	Impairment and reversal of impairment	
Operating income	-	-	-	(1)	-	-	-	(37)	-
Cost of net financial debt	-	37	-	-	-	(118)	-	-	-
Other financial income (expense) [(1)]	-	-	2	-	-	-	17	1	(11)

				December 31, 2007					
Millions of euros	**Valuation at fair value**	**Interest on assets revalued at fair value**	**Dividends on available for sale assets**	**Impairment of assets held to maturity**	**Debt at amortized cost**		**Loans and receivables**		**Change in value of derivative**
					Foreign exchange gains or losses	Interest	Foreign exchange gains or losses	Impairment and reversal of impairment	
Operating income	-	-	-	(1)	-	-	-	(26)	-
Cost of net financial debt	(1)	51	-	-	1	(124)	-	-	-
Other financial income (expense) [(1)]	-	-	2	-	-	-	-	-	2

Millions of euros	Valuation at fair value	Interest on assets revalued at fair value	Dividends on available for sale assets	Impairm-ent of assets held to maturity	Debt at amortized cost		Loans and receivables		Change in value of derivative
	December 31, 2006								
					Foreign exchange gains or losses	Interest	Foreign exchange gains or losses	Impairment and reversal of impairment	
Operating income	-	-	-	(1)	-	-	-	(20)	-
Cost of net financial debt	(17)	81	-	-	17	(117)	-	-	-
Other financial income (expense) [(1)]	-	-	1	-	-	-	7	-	(10)

(1) Excluding the financial expenses related to unwinding of discount on long-term vacant property provisions and pensions provisions (See Note 7).

Fair value

The table below sets out a comparison, by category of assets and liabilities, of the carrying amounts and the fair values of all the Group's financial instruments, except for receivables and payables.

Financial assets belonging to the "held-for-trading" and "available-for-sale" categories are already valued at fair value in the financial statements.

Financial debts are valued at amortized cost in the financial statements, in accordance with the effective interest rate method.

Millions of euros	December 31, 2008		December 31, 2007		December 31, 2006	
	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount
Financial assets excluding operating assets:						
Cash and cash equivalents	867	867	1,313	1,313	1,920	1,920
Available-for-sale assets (IPG and others)	19	19	34	34	54	54
Other financial assets	82	82	78	78	64	64
Derivatives in asset position	40	40	8	8	9	9
Financial liabilities including operating liabilities:						
Convertible bonds (Oceane) – debt component	225	243	861	890	852	849
Orane – debt component	115	26	117	30	43	33
Eurobond	800	782	767	736	776	742
Debt related to finance leases	161	77	136	73	150	83
Commitments to purchase minority commitments and earn-outs payable	297	297	306	306	316	316
Other loans	116	116	77	77	91	91
Derivatives in liability position	43	43	47	47	36	36

The fair value of the Eurobond and of the debt components of convertible bonds and Orane has been calculated by discounting the expected future cash flows at market interest rates.

Note 26. Management of market risks

Exposure to interest rate risk

Group management determines the mix between fixed and variable-rate debt and periodically reviews its decision based on interest rate trend forecasts

At the end of 2008, the Group's gross financial indebtedness after taking account of the effects of the swap on the Eurobond (excluding debt related to acquisition of shareholdings and debt arising from commitments to purchase minority interests) is comprised:

- for 28% of its amount by fixed rate loans with an average interest rate for 2008 of 5.7%
- for 72% of its amount by variable rate loans with an average interest rate for 2008 of 5.5%

Variable rate indebtedness at December 31, 2008, after deducting cash and cash equivalents and other financial assets, is negative in an amount of 51 MEUR: an increase of 1% in short-term interest rates would, on this basis, have a positive effect of 0.5 MEUR on the Group's pre-tax profits.

An increase of 1 % in short-term interest rates applied to the position at short term variable rates (less than 1 year) would have a positive effect of 8 MEUR on the Group's pre-tax profits.

The following table sets out the carrying amount by maturity at December 31, 2008 of the Group's financial instruments that are exposed to interest rate risk:

Millions of euros	Total at December 31, 2008	Maturity		
		Less than 1 year	1 to 5 years	More than 5 years
Fixed rate :				
Eurobond	782		782	
Oceane (debt component)	243			243
Orane (debt component)	26	3	12	11
Debt related to finance leases	77			77
Net liability (asset) at fixed rate before management	**1,128**	**3**	**794**	**331**
Effect of swap on Eurobond	(782)	-	(782)	-
Net liability (asset) at fixed rate after management	**346**	**3**	**12**	**331**
Variable rate :				
Bank borrowings	86	72	14	
Bank overdrafts	30	30		
Cash and cash equivalents	(867)	(867)		
Other financial assets	(82)			(82)
Net liability (asset) at variable rate before management	**(833)**	**(765)**	**14**	**(82)**
Effect of swap on Eurobond	782		782	
Net liability (asset) at variable rate after management	**(51)**	**(765)**	**796**	**(82)**

Exposure to exchange rate risk

The table below shows the Group's net assets at December 31, 2008 broken down over the main currencies:

Millions of euros	Total at December 31, 2008	Euro [(1)]	US Dollar	Pound Sterling	Other
Assets	**11,860**	1,970	6,144	718	3,028
Liabilities	**(9,510)**	(3,073)	(3,919)	(467)	(2,051)
Net assets	**2,350**	**(1,103)**	**2,225**	**251**	**977**

(1) Functional currency.

In addition, changes in exchange rates against the euro, the reporting currency used in the Group's financial statements, can have an impact of the Group's consolidated balance sheet and consolidated income statement.

The breakdown of Group revenues by transaction currency is as follows:

	2008	2007	2006
Euro	24%	23%	24%
US Dollar	41%	43%	41%
Pound Sterling	9%	10%	10%
Other	26%	24%	25%
Total revenue	**100%**	**100%**	**100%**

The impact of a drop of 1% in the Euro's exchange rate against the US Dollar and the Pound Sterling would be (favorable impact):

- 24 MEUR on 2008 consolidated revenue
- 4 MEUR on 2008 operating margin

The majority of commercial transactions are denominated in the local currencies of the countries in which they are transacted. As a result, exchange rate risk relating to such transactions is not very significant and is occasionally hedged through foreign currency hedging contracts.

As regards intercompany loans and borrowings, these are subject to appropriate hedges if they present a significant net exposure to exchange rate risk. It should however be noted that, as most treasury needs of subsidiaries are financed at country level through cash pooling mechanisms, international financing operations are limited in number and in duration.

Derivatives used are generally forward foreign exchange contracts.

The table below summarizes foreign currency hedging contracts in place at December 31, 2008. These contracts hedge both recognized assets and liabilities and future cash flows. It should be noted that Publicis recognizes changes in the fair value of derivatives relating to future cash flows through profit and loss because of the immaterial impact of such items.

Currency sold	Currency purchased	Nominal amount of currency sold (local currency in millions)	Nominal amount of currency purchased (local currency in millions)	Fair value in millions of euros
AUD	EUR	(66.0)	32.4	(0.1)
AUD	USD	(64.0)	44.2	0.6
CAD	USD	(12.6)	10.0	(0.3)
DKK	EUR	(21.3)	2.9	0.0
EUR	AED	(17.6)	87.8	(0.4)
EUR	AUD	(32.5)	66.1	0.1
EUR	CAD	(58.6)	93.4	(3.6)
EUR	CHF	(3.9)	6.0	0.1
EUR	GBP	(96.4)	90.4	(1.7)
EUR	MXN	(7.8)	152.4	0.0
EUR	USD	(1,256.1)	1,742.7	(2.5)
GBP	CHF	(1.5)	2.8	0.3
GBP	EUR	(18.0)	22.3	3.6
GBP	SEK	(0.5)	5.8	0.0
GBP	USD	(2.4)	3.8	0.2
HKD	EUR	(10.0)	1.0	0.1
NOK	EUR	(47.1)	4.7	0.0
NZD	EUR	(25.0)	10.3	0.0
SEK	EUR	(229.9)	22.6	1.5
USD	EUR	(28.7)	20.4	(0.2)
USD	GBP	(9.9)	6.6	(0.2)
Total				**(1.7)**

Exposure to client counterparty risk

The Group analyses its trade accounts receivables, focusing in particular on improving the time taken to recover such receivables, in the context of management of its working capital requirements and assisted by its "Focus on cash" program. The Group Treasury department monitors overdue receivables for the entire Group. In addition, the Group periodically reviews the list of its main clients in order to determine exposure to client counterparty risk at Group level and, if necessary, it puts in place specific monitoring in the form of a weekly summary of the Group's exposure to certain clients.

Any write-downs required are assessed on an individual basis and take into account different criteria such as the customer's situation and delays in payment. No general provisions are recorded on an overall basis.

The tables below present the ageing of billed trade accounts receivable over the last three years:

Millions of euros	December 31, 2008							
		Overdue receivables						
Trade accounts receivable, net	**Amounts not yet due**	**Total**	**Less than 30 days**	**31 to 60 days**	**61 to 90 days**	**91 to 120 days**	**More than 120 days**	**Impairment recognized**
3,707	**2,931**	**776**	487	136	67	31	146	(91)

Millions of euros	December 31, 2007							
		Overdue receivables						
Trade accounts receivable, net	**Amounts not yet due**	**Total**	**Less than 30 days**	**31 to 60 days**	**61 to 90 days**	**91 to 120 days**	**More than 120 days**	**Impairment recognized**
3,835	**3 ,152**	**683**	447	110	48	33	120	(75)

Millions of euros	December 31, 2006							
		Overdue receivables						
Trade accounts receivable, net	**Amounts not yet due**	**Total**	**Less than 30 days**	**31 to 60 days**	**61 to 90 days**	**91 to 120 days**	**More than 120 days**	**Impairment recognized**
3,849	**2,912**	**937**	580	156	84	45	138	(66)

Exposure to bank counterparty risk

The Group has defined a policy for selecting banks which it authorises as counterparties for all of its subsidiaries. This policy makes it compulsory to deposit all cash and cash equivalent balances with the authorised banks and, more generally, to use only these banks for all banking services. The list of authorised banks is periodically reviewed by Group Treasury. Exceptions to this policy are managed in a centralized manner for the entire group by Group Treasury.

In addition, analysis is performed in order to ensure that the great majority of the Group's cash and cash equivalents is lodged with authorised banks.

Exposure to risks related to shareholdings

The main shareholdings that are exposed to a significant market risk are the shares in Interpublic Group (IPG). They are classified as available-for-sale assets and a 10% decrease in their market value would not have an impact on earnings but would have an impact on shareholders' equity at December 31, 2008.

Impact of a 10% fall in the market value of the IPG shares held by the Group:

	Millions of euros
Effect on balance sheet assets	(1)
Effect on shareholders' equity	(1)
Effect on net income	-

The Group also holds treasury shares. A fall in their value would not impact the income statement as the purchase cost of treasury shares is recorded as a deduction from shareholders' equity.

Note 27. Segment reporting

Information by geographical area

The information is calculated on the basis of location of the agencies.

Millions of euros	Europe	North America	Rest of the world	Total
2008				
Income statement items:				
Revenue (1)	1,805	2,008	891	**4,704**
Depreciation and amortization expense (excluding intangibles arising on acquisition)	(44)	(44)	(16)	**(104)**
Operating margin	242	397	146	**785**
Amortization of intangibles arising on acquisition	(8)	(18)	(3)	**(29)**
Impairment	(10)	(3)	-	**(13)**
Share in net income of associates	5	(3)	-	**2**
Balance sheet items:				
Goodwill and intangible assets, net	1,318	2,583	586	**4,487**
Property and equipment, net	266	174	40	**480**
Deferred tax assets	33	36	22	**91**
Investments in associates	27	15	2	**44**
Other financial assets	37	45	19	**101**
Current assets (liabilities) (2)	(94)	(1,329)	(65)	**(1,488)**
Deferred tax liabilities	(136)	(91)	(5)	**(232)**
Long-term provisions	(180)	(222)	(57)	**(459)**
Disclosures in respect of the cash flow statement:				
Purchases of property and equipment and intangible assets	(41)	(37)	(14)	**(92)**
Purchases of investments and other financial assets, net	-	2	(3)	**(1)**
Acquisitions of subsidiaries	(30)	(112)	(30)	**(172)**
Non-cash expenses on stock options and similar items	3	5	1	**9**
Other non-cash income and expenses	4	4	-	**8**

(1) As a result of the manner in which this indicator is calculated (difference between billings and cost of billings), no eliminations are required between the different zones.

(2) Current assets (liabilities) are comprised of the following balance sheet captions: inventories and costs billable to clients, accounts receivable, other receivables and other current assets, accounts payable, income taxes payable, short-term provisions and other creditors and other current liabilities.

Millions of euros	Europe	North America	Rest of the world	Total
2007				
Income statement items:				
Revenue [1]	1,799	2,016	856	**4,671**
Depreciation and amortization expense (excluding intangibles arising on acquisition)	(42)	(50)	(17)	**(109)**
Operating margin	269	398	112	**779**
Amortization of intangibles arising on acquisition	(8)	(19)	(3)	**(30)**
Impairment	(3)	(2)	(1)	**(6)**
Share in net income of associates	6	3	-	**9**
Balance sheet items:				
Goodwill and intangible assets, net	1,396	2 ,418	558	**4,372**
Property and equipment, net	283	174	44	**501**
Deferred tax assets	38	87	23	**148**
Investments in associates	28	19	2	**49**
Other financial assets	40	54	18	**112**
Current assets (liabilities) [2]	(139)	(1,196)	(134)	**(1,469)**
Deferred tax liabilities	(146)	(91)	(3)	**(240)**
Long-term provisions	(182)	(215)	(52)	**(449)**
Disclosures in respect of the cash flow statement:				
Purchases of property and equipment and intangible assets	(35)	(38)	(15)	**(88)**
Purchases of investments and other financial assets, net	(8)	-	2	**(6)**
Acquisitions of subsidiaries	(142)	(815)	(49)	**(1,006)**
Non-cash expenses on stock options and similar items	7	12	3	**22**
Other non-cash income and expenses	4	5	-	**9**

(1) As a result of the manner in which this indicator is calculated (difference between billings and cost of billings), no eliminations are required between the different zones.

(2) Current assets (liabilities) are comprised of the following balance sheet captions: inventories and costs billable to clients, accounts receivable, other receivables and other current assets, accounts payable, income taxes payable, short-term provisions and other creditors and other current liabilities.

Millions of euros	**Europe**	**North America**	**Rest of the world**	**Total**
2006				
Income statement items:				
Revenue [(1)]	1,747	1,842	797	**4,386**
Depreciation and amortization expense (excluding intangibles arising on acquisition)	(43)	(46)	(18)	**(107)**
Operating margin	277	332	104	**713**
Amortization of intangibles arising on acquisition	(6)	(15)	(1)	**(22)**
Impairment	(16)	(14)	(1)	**(31)**
Share in net income of associates	20	2	-	**22**
Balance sheet items:				
Goodwill and intangible assets, net	1,176	1,805	552	**3,533**
Property and equipment, net	292	169	50	**511**
Deferred tax assets	42	125	19	**186**
Investments in associates	27	15	2	**44**
Other financial assets	30	72	16	**118**
Current assets (liabilities) [(2)]	(95)	(1,139)	(132)	**(1,366)**
Deferred tax liabilities	(147)	(68)	(1)	**(216)**
Long-term provisions	(197)	(284)	(28)	**(509)**
Disclosures in respect of the cash flow statement:				
Purchases of property and equipment and intangible assets	(38)	(27)	(16)	**(81)**
Purchases of investments and other financial assets, net	7	(7)	(3)	**(3)**
Acquisitions of subsidiaries	(31)	(2)	(25)	**(58)**
Non-cash expenses on stock options and similar items	6	7	3	**16**
Other non-cash income and expenses	3	8	-	**11**

(1) As a result of the manner in which this indicator is calculated (difference between billings and cost of billings), no eliminations are required between the different zones.

(2) Current assets (liabilities) are comprised of the following balance sheet captions: inventories and costs billable to clients, accounts receivable, other receivables and other current assets, accounts payable, income taxes payable, short-term provisions and other creditors and other current liabilities.

Segment reporting

After performing detailed analysis of risks and profitability by area of business in accordance with IAS 14 "Segment reporting", the Group considers that it operates in a single segment.

The Group's operational structure does not correspond to a coherent configuration of companies by standard types of business or discipline. This structure, which has been in the making for several years, is designed to provide the Group's clients with a global, holistic service offering involving all disciplines. A presentation by standard type of business or discipline does not reflect the group's current structure.

Note 28. Publicis Groupe S.A. stock options.

Description of outstanding plans

The stock option plans outstanding at December 31, 2008 have the following characteristics:

- Long Term Incentive Plan (LTIP) 2006-2008 (twenty second tranche in 2006 and twenty third tranche in 2007)

  Options granted under this plan have an exercise price equal to the average Publicis share price for the 20 days preceding the date of grant. Exercise of the options is subject to a condition of continued presence and the total number of options granted is contingent on the achievement of growth and profitability objectives over the entire period 2006-2008. The exercise period commences in 2009 when the number of options which may be exercised will have been determined. Half of the number of options declared to be exercisable may be exercised as of this date; the other half will be exercisable one year later in 2010. The options expire 10 years after the date of grant.

- Plan granted in 2006 (twenty first tranche)

  Options granted under these plans provide a right to acquire one share for an exercise price equal to average Publicis share price for the 20 days preceding the date of grant. Options may be exercised after a period of 4 years and expire 10 years after the date of grant.

- Long Term Incentive Plan (LTIP) 2003-2005: (seventeenth tranche in 2003, nineteenth tranche in 2004, twentieth tranche in 2005)

  Options granted under this plan have an exercise price equal to the average cost of the treasury shares in portfolio at the date of grant. Out of the total number of options granted, the number which can be exercised was determined in April 2006 on the basis of achievement of growth and profitability objectives over the entire period 2003-2005. For half of the exercisable options, the exercise period commenced in 2006. The other half will be exercisable as from April 25, 2007. The options expire 10 years after the date of grant.

  Options granted under these plans provide a right to acquire one share for an exercise price equal to the average cost of the treasury shares in portfolio at the date of grant. Options may be exercised after a period of 4 years and expire 10 years after the date of grant.

- Plan granted in 2001 (eleventh tranche):

  Options granted under this plan provide a right to acquire one share for an exercise price equal to the average Publicis share price for the 20 days preceding the date of grant. Options may be exercised after a period of 4 years and expire 10 years after the date of grant.

- Plan granted in 2000 (tenth tranche):

  Options granted under this plan provide a right to acquire one share for an exercise price equal to the average Publicis share price for the 20 days preceding the date of grant. Options may be exercised after a period of 5 years and expire 10 years after the date of grant.

1- Stock options originated by Publicis

Characteristics of Publicis stock option plans outstanding at 31/12/2008

Shares with 0.40 euro par value	Type of option	Date of grant	Exercise price of options (€)	Outstanding options at 31/12/08	Of which exercisable 31/12/08	Expiry date	Remaining contractual life (in years)
10th tranche	Acquisition	07/09/2000	43.55	100,000	100,000	2010	1.68
11th tranche	Acquisition	23/04/2001	33.18	353,000	353,000	2011	2.30
13th tranche	Acquisition	18/01/2002	29.79	85,200	85,200	2012	3.04
14th tranche	Acquisition	10/06/2002	32.43	5,000	5,000	2012	3.44
15th tranche	Acquisition	08/07/2002	29.79	220,000	220,000	2012	3.51
16th tranche	Acquisition	28/08/2003	24.82	480,067	480,067	2013	4.65
17th tranche	Acquisition	28/08/2003	24.82	3,719,299	3,719,299	2013	4.65
19th tranche	Acquisition	28/09/2004	24.82	1,227,571	1,227,571	2014	5.74
20th tranche	Acquisition	24/05/2005	24.76	417,596	417,596	2015	6.39
21st tranche	Acquisition	21/08/2006	29.27	100,000		2016	7.64
22nd tranche (1)	Acquisition	21/08/2006	29.27	7,965,250		2016	7.64
23rd tranche (1)	Acquisition	24/08/2007	31.31	1,422,233		2017	8.64
Total of all tranches				16,095,216	6,607,733		
Average exercise price				28.02	25.78		

(1) Conditional options whose exercise is subject to a condition of continued presence and to meeting objectives over the course of a 3 year plan (LTIP 2006-2008)

Movements on Publicis stock option plans in 2008

Shares with 0.40 euro par value	Exercise price of options (euros)	Outstanding options at December 31, 2007	Options granted in 2008	Options exercised in 2008	Options cancelled or lapsed in 2008	Outstanding options at December 31, 2008
8th tranche	8.66	21,000		(21,000)	0	0
9th tranche	10.24	54,500		(50,500)	(4,000)	0
10th tranche	43.55	100,000		0	0	100,000
11th tranche	33.18	360,000		0	(7,000)	353,000
13th tranche	29.79	88,200		0	(3,000)	85,200
14th tranche	32.43	5,000		0	0	5,000
15th tranche	29.79	220,000		0	0	220,000
16th tranche	24.82	485,067		0	(5,000)	480,067
17th tranche	24.82	3,999,348		0	(280,049)	3,719,299
19th tranche	24.82	1,251,459		0	(23,888)	1,227,571
20th tranche	24.76	475,655		0	(58,059)	417,596
21st tranche	29.27	100,000		0	0	100,000
22nd tranche	29.27	9,208,050		0	(1,242,800)	7,965,250
23rd tranche	31.31	1,564,400		0	(142,167)	1,422,233
24th tranche						0
Total of all tranches		17,932,679	0	(71,500)	(1,765,963)	16,095,216
Average exercise price		27.99		9.78	28.48	28.02
Average price on exercise				21.88		

Movements on Publicis stock option plans in 2007

Shares with 0.40 euro par value	Exercise price of options (euros)	Outstanding options at December 31, 2006	Options granted in 2007	Options exercised in 2007	Options cancelled or lapsed in 2007	Outstanding options at December 31, 2007
7th tranche	5.63	17,510	-	(9,470)	(8,040)	0
8th tranche	8.66	27,000	-	(6,000)	-	21,000
9th tranche	10.24	266,000	-	(211,500)	-	54,500
10th tranche	43.55	100,000	-	-	-	100,000
11th tranche	33.18	367,000	-	-	(7,000)	360,000
13th tranche	29.79	93,400	-	-	(5,200)	88,200
14th tranche	32.43	5,000	-	-	-	5,000
15th tranche	29.79	220,000	-	-	-	220,000
16th tranche	24.82	496,067	-	-	(11,000)	485,067
17th tranche	24.82	5,679,827	-	(1,547,680)	(132,799)	3,999,348
18th tranche	24.82	11,000	-	-	(11,000)	-
19th tranche	24.82	1,517,004	-	(201,608)	(63,937)	1,251,459
20th tranche	24.76	779,761	-	(264,769)	(39,337)	475,655
21st tranche	29.27	100,000	-	-	-	100,000
22nd tranche	29.27	10,097,850	-	-	(889,800)	9,208,050
23rd tranche	31.31	-	1,574,400	-	(10,000)	1,564,400
Total of all tranches		19,777,419	1,574,400	(2,241,027)	(1,178,113)	17,932,679
Average exercise price		27.21	31.31	23.31	28.17	27.99
Average price on exercise		-	-	31.44	-	-

Movements on Publicis stock option plans in 2006

Shares with 0.40 euro par value	Exercise price of options (euros)	Outstanding options at December 31, 2005	Options granted in 2006	Options exercised in 2006	Options cancelled or lapsed in 2006	Outstanding options at December 31, 2006
6th tranche	4.91	12,870	-	-	(12,870)	-
7th tranche	5.63	25,600	-	(8,090)	-	17,510
8th tranche	8.66	40,500	-	(13,500)	-	27,000
9th tranche	10.24	282,500	-	(16,500)	-	266,000
10th tranche	43.55	100,000	-	-	-	100,000
11th tranche	33.18	380,000	-	-	(13,000)	367,000
13th tranche	29.79	104,600	-	-	(11,200)	93,400
14th tranche	32.43	5,000	-	-	-	5,000
15th tranche	29.79	220,000	-	-	-	220,000
16th tranche	24.82	517,067	-	-	(21,000)	496,067
17th tranche	24.82	7,010,200	-	(688,879)	(641,494)	5,679,827
18th tranche	24.82	11,000	-	-	-	11,000
19th tranche	24.82	1,832,186	-	(138,542)	(176,640)	1,517,004
20th tranche	24.76	887,975	-	(54,538)	(53,676)	779,761
21st tranche	29.27	-	100,000	-	-	100,000
22nd tranche	29.27	-	10,256,050	-	(158,200)	10,097,850
Total of all tranches		11,429,498	10,356,050	(920,049)	(1,088,080)	19,777,419
Average exercise price		24.92	29.27	24.15	25.38	27.21
Average price on exercise		-	-	30.72	-	-

Determination of the fair value of options granted in the year

No new grant of stock options was made in 2008.

The following table summarizes the main assumptions and calculations relating to the tranches granted in 2006 and 2007 :

	23rd tranche		22rd tranche		21rd tranche
	(a)	(b)	(a)	(b)	
Number of options granted in the year	787,200	787,200	5,128,025	5,128,025	100,000
Initial value of the option granted, in euros	5.98	7.02	6.25	7.09	7.25
Assumptions:					
Price of the share at the date of grant (in euros)	31.31	31.31	29.27	29.27	29.27
Exercise price (in euros)	31.31	31.31	29.27	29.27	29.27
Volatility of the Publicis share	25.00%	25.00%	24.00%	24.00%	24.00%
Average duration of the option (in years)	2.8	3.8	3.8	4.8	5
Dividend yield	1.60%	1.60%	1.23%	1.23%	1.23%
Risk free rate	4.39%	4.43%	3.64%	3.72%	3.75%

(a) Conditional options whose exercise is subject to a condition of continued presence and to meeting objectives over the course of a 3 year plan, exercisable as from May 2009.

(b) Conditional options whose exercise is subject to a condition of continued presence and to meeting objectives over the course of a 3 year plan, exercisable as from May 2010.

2- Stock-options originated by Digitas

On the acquisition of Digitas, these plans were converted into Publicis share purchase option plans, applying the ratio existing between the purchase price set in the public offer for Digitas shares (translated into euros) and the Publicis share price at the completion date of the merger. The subscription price was correspondingly adjusted.

Characteristics of Digitas stock option plans outstanding at December 31, 2008

Shares with 0.40 euro par value	Date of grant		Exercise price of the options (€)		Outstanding options at 31/12/08	Of which exercisabe 31/12/08	Expiry date		Remaining contractual life (in years)
	min	**max**	**min**	**max**			**min**	**max**	
Digitas plans:									
1999	01/12/1999	10/03/2000	21.36	21.36	25,188	25,188	01/12/2009	10/03/2010	1.01
2000	03/04/2000	01/02/2001	13.73	50.65	47,228	47,228	03/04/2010	01/02/2011	1.71
2001	01/03/2001	24/01/2007	5.08	35.42	769,648	663,561	01/03/2011	24/01/2017	5.49
2005 UK	01/06/2005	01/12/2006	21.70	35.42	5,784	3,412	01/06/2015	01/12/2016	7.49
Modem Media plans:									
1997	26/03/1997	29/09/2004	18.30	19.18	1,840	1,840	01/01/2008	29/09/2014	5.74
1999	12/04/2000	22/06/2004	2.62	54.05	5,657	5,657	12/04/2010	22/06/2014	3.86
2000	12/10/2000	25/05/2004	16.35	16.35	1,191	1,191	12/10/2010	25/05/2014	1.78
B.S.H. plans (1)									
1998a	01/05/1999	01/06/1999	6.16	6.16	0	0	01/05/2009	01/06/2009	0.32
1998b	06/01/1999	06/01/1999	2.47	2.47	0	0	06/01/2009	06/01/2009	
Total of all tranches					**856,536**	**748,077**			
Average exercise price					22.22	21.30			

(1) *Bronner Slosberg Humphrey*

Movements on Digitas stock option plans in 2008

Shares with 0.40 euro par value	Exercise price of the options (€)		Outstanding options at 31/12/2007	Options exercised in 2008	Options cancelled or lapsed in 2008	Outstanding options at 31/12/2008
	min	**max**				
Digitas plans:						
1999	21.36	21.36	34,263	(5,750)	(3,325)	25,188
2000	13.73	50.65	72,895	(236)	(25,431)	47,228
2001	5.08	35.42	926,287	(23,041)	(133,598)	769,648
2005 UK	21.70	35.42	14,430	0	(8,646)	5,784
Modem Media plans:						
1997	18.30	19.18	7,130	(3,882)	(1,408)	1,840
1999	2.62	54.05	7,409	(975)	(777)	5,657
2000	16.35	16.35	1,191	0	0	1,191
B.S.H. plans (1)						
1998a	6.16	6.16	1,040,199	(1,040,199)	0	0
1998b	2.47	2.47	46,294	(46,294)	0	0
Total of all tranches			2,150,098	(1,120,377)	(173,186)	856,536
Average exercise price			14.50	5.58	29.46	22.22

(1) *Bronner Slosberg Humphrey*

Furthermore, a plan to grant Restricted Shares of Digitas put in place between January 4, 2005 and January 23, 2007, is in operation. It was converted into a Publicis share plan using the same ratios as for ordinary stock-option plans (see above). At the acquisition date, outstanding Restricted Shares of Digitas represented the equivalent of 396,654 Publicis shares.

The 151,467 Restricted Shares still outstanding at December 31, 2008 will progressively cease to be subject to restrictions on dates spread over the period to January 23, 2010. Once the period of restriction is completed, and subject to meeting conditions regarding continued presence, the 151,467 Restricted Shares outstanding at December 31, 2008 will become equivalent to ordinary Publicis Groupe shares.

Impact of stock option plans on the 2008 income statement

As regards the Long Term Incentive Plan 2006-2008, a probability of 60% of achievement of the objectives was retained for the calculation of the 2008 expense relating to this plan (versus 75% in 2007).

In total, the impact of Publicis stock option plans on the 2008 income statement amounts to 9 MEUR before tax and social security, compared with 22 MEUR in 2007. The large decrease in this expense is due to the impact of both the adjustment to the rate of achievement of the objectives and to the decision to not grant a new tranche under the LTIP in 2008.

Note 29. Related party disclosures

The following transactions were carried out with related parties in 2008:

	2008		2007		2006	
Millions of euros	**Revenue (1)**	**Impairment of receivables**	**Revenue (1)**	**Impairment of receivables**	**Revenue (1)**	**Impairment of receivables ts**
Dentsu	(9)	-	5	-	5	-

(1) This is the difference between purchases and sales made by the Group with Dentsu .These transactions were carried out at market prices.

	2008			2007			2006		
Millions of euros	**Receivables /loans**	**Impairment of receiva-bles/loans**	**Payables and financial debt**	**Receivables/ loans**	**Impairment of receiva-bles/loans**	**Payables and financial debt**	**Receivables/ loans**	**Impairment of receiva-bles/loans**	**Payables and financial debt**
Dentsu	7	-	1	3	-	2	23	-	6
ISE	-	-	-	-	-	-	1	-	-
Onspot Digital	-	-	2	-	-	2	-	-	7
Somupi	13	-	-		-	-	-	-	-
Bromley	1	-	-	2	-	-	-	-	-

Terms and conditions of transactions with related parties

- On November 30, 2003, Publicis Groupe and Dentsu concluded an agreement consecutive to the commitments taken in connection with the merger agreement dated March 7, 2002, between Publicis Groupe and its subsidiaries Philadelphia Merger Corp. and Philadelphia Merger LLC on one hand, and Bcom3 Group, Inc. on the other hand, which resulted in Philadelphia Merger Corp absorbing by way of merger, Bcom3. The main provisions of these commitments were described in the prospectus (note d'opération) with regard to the merger with Bcom3 granted visa number 02-564 by the COB on May 16, 2002.

  The agreement includes clauses concerning the management of Publicis Groupe (composition of the Supervisory Board, change of the legal form and representation of Dentsu on the Audit Committee), clauses concerning the transfer of shares and equity warrants of Publicis Groupe held by Dentsu including, in particular, a limitation of the participation of Dentsu to 15 % of the voting rights of Publicis Groupe. Moreover, it includes an anti-dilution clause in favor of Dentsu and a clause concerning the upholding of the accounting of Dentsu's investment in the Publicis Groupe under the equity method. This agreement will expire on July 12, 2012 unless it is renewed for ten years by agreement between the parties. This was the object of a Decision and Information ("Décisions et Informations") of the AMF on January 9, 2004 under the number 204C0036.

- Certain members of the Group’s Supervisory Board exercise management responsibilities within banks which could have business relations with the Group. In this respect, it is noted that the liquidity contract relating to Publicis shares signed with Banque Rothschild was terminated in February 2008.

Remuneration of Supervisory Board and Management Board members

Remuneration of individuals who were members of the Supervisory Board or the Management Board at the balance sheet date, or during the financial year then ended, is as follows.

Millions of euros	**2008**	**2007**	**2006**
Overall gross remuneration (1)	11	12	11
Post employment benefits (2)	(1)	1	1
Termination or end-of-contract payments (3)	-	-	-
Other long-term benefits (4)	-	3	4
Share-based payment (5)	1	3	2

(1) Remuneration, bonuses, indemnities, directors’ fees and benefits in kind paid during the year.
(2) Change in pensions provisions (net impact on the income statement). In 2008, the impact is a net reversal.
(3) Expense recognized in the income statement in respect of provisions for termination or end of contract payments.
(4) Expense recognized in the income statement in respect of provisions for deferred conditional remuneration and bonuses.
(5) Expense recognized in the income statement in respect of Publicis Groupe stock option plans

Furthermore, the overall provision for post-employment benefits and other long-term benefits of Supervisory Board and Management Board members at December 31, 2008 is 26 MEUR (this amount was 22 MEUR at December 31, 2007 and 20 MEUR at December 31, 2006).

Note 30. Post balance sheet events

On January 6, 2009, Leo Burnett signed an agreement with the US Army putting an end to a dispute relating to a potential overbilling risk. The amount of the settlement, which was fully provided for at December 31, 2008, was 15.5 MUSD, broken down as follows:

- Payment of a penalty of 12.1 MUSD;

- Unbilled work of 3.4 MUSD was taken into account in determining the amount of the penalty.

On January 19, 2009, the Group had the opportunity to purchase 2,241,811 Oceane 2018 bonds for an amount of 95 MEUR (corresponding to a nominal amount of 88 MEUR). These 2,241,811 Oceane bonds represent 12.72% of the amount initially issued. Following this purchase, 3,242,523 Oceane bonds remain in circulation for a nominal amount of 127 MEUR (excluding redemption premium).

Note 31. Fees of the statutory auditors and members of their networks

The expense recognized by the Group in 2007 and 2008 in respect of the fees of the statutory auditors of Publicis Groupe S.A. was as follows:

Fees in millions of euros	**Ernst & Young**				**Mazars**				**Total**			
	Amount (excl. VAT)		**%**		**Amount (excl. VAT)**		**%**		**Amount (excl. VAT)**		**%**	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Audit												
Statutory audit, audit opinion, review of individual and consolidated accounts												
Publicis Groupe S.A. (parent company)	0.6	0.7	10%	11%	0.4	0.4	11%	11%	1.0	1.1	10%	11%
Subsidiaries	4.3	4.1	68%	64%	2.9	3.0	81%	82%	7.2	7.1	73%	70%
Sub-total	4.9	4.8	78%	75%	3.3	3.4	92%	93%	8.2	8.2	83%	81%
Other work and services directly related to the statutory audit engagement												
Publicis Groupe S.A. (parent company)	-	-	0%	0%	-	-	0%	0%	-	-	0%	0%
Subsidiaries	1.1	1.0	17%	16%	0.3	0.3	8%	7%	1.4	1.3	14%	13%
Sub-total	1.1	1.0	17%	16%	0.3	0.3	8%	7%	1.4	1.3	14%	13%
Other services												
Tax	0.3	0.6	5%	9%	-	-	0%	0%	0.3	0.6	3%	6%
Sub-total	0.3	0.6	5%	9%	-	0	0%	0%	0.3	0.6	3%	6%
TOTAL	**6.3**	**6.4**	**100%**	**100%**	**3.6**	**3.7**	**100%**	**100%**	**9.9**	**10.1**	**100%**	**100%**

Note 32. List of main consolidated companies at December 31, 2008

A) Fully consolidated companies

The companies listed below are the operating companies with revenue in excess of 10 MEUR.

Company name	% control	% interest	Country
Publicis Conseil	99.61%	99.61%	France
Publicis Constellation	99.94%	99.55%	France
Global Event Management	100.00%	99.61%	France
Publicis Dialog	100.00%	99.61%	France
Publicis Consultants I France	99.97%	99.97%	France
Saatchi & Saatchi	100.00%	100.00%	France
Leo Burnett	100.00%	100.00%	France
SCAP	100.00%	99.61%	France
Groupe ZenithOptimedia	99.95%	99.95%	France
Metrobus publicité	67.00%	67.00%	France
Vivaki Communication *(1.a)*	100.00%	100.00%	France
Boz *(2)*	100.00%	99.90%	France
Publicis Net *(2)*	99.98%	99.59%	France
World Advertising Movies *(2)*	99.68%	99.68%	France
Publicis Frankfurt	100.00%	100.00%	Germany
Publicis Hamburg	100.00%	100.00%	Germany
BMZ + more	100.00%	100.00%	Germany
Publicis Kommunikations agentur Erlangen	100.00%	100.00%	Germany
Saatchi & Saatchi	100.00%	100.00%	Germany
Leo Burnett	100.00%	100.00%	Germany
Zenithmedia Dusseldorf	100.00%	100.00%	Germany
Optimedia Gesellschaft für Media-Services *(2)*	100.00%	100.00%	Germany
ZenithOptimedia Australia	100.00%	63.00%	Australia
Saatchi & Saatchi Communications Australia	100.00%	100.00%	Australia
Leo Burnett	100.00%	100.00%	Australia
Starcom MediaVest Group	100.00%	100.00%	Australia
Publicis Mojo	100.00%	63.00%	Australia
Duval Guillaume	100.00%	100.00%	Belgium
Publicis Brasil Comunicaçao	99.99%	99.99%	Brazil
Finance Nazca Saatchi & Saatchi Publicidade	51.00%	51.00%	Brazil
Leo Burnett Propaganda *(2)*	100.00%	100.00%	Brazil
Publicis Canada	70.00%	70.00%	Canada
Leo Burnett Company	100.00%	100.00%	Canada
TMG MacManus Canada	100.00%	100.00%	Canada
Saatchi & Saatchi Great Wall Advertising	100.00%	100.00%	China
Leo Burnett	100.00%	100.00%	China
Leo Burnett Shanghai Advertising	70.00%	70.00%	China
Publicis Advertising	85.00%	85.00%	China
Welcomm Publicis Worldwide	90.00%	90.00%	South Korea
Publicis Comunicacion Espana	100.00%	100.00%	Spain
Publicis Dialog Espana *(1.b)*	100.00%	100.00%	Spain
Starcom MediaVest Groupe Iberia *(1.c)*	100.00%	100.00%	Spain
Optimedia	99.73%	99.73%	Spain
Zenith Media	100.00%	100.00%	Spain
Publicis USA	100.00%	100.00%	United States
Publicis & Hal Riney	100.00%	100.00%	United States

Company name	% control	% interest	Country
Publicis NY	96.69%	96.69%	United States
Saatchi & Saatchi North America	100.00%	100.00%	United States
Conill Advertising	100.00%	100.00%	United States
Saatchi & Saatchi X *(1.d)*	100.00%	100.00%	United States
Leo Burnett Company *(1.e)*	100.00%	100.00%	United States
Leo Burnett Detroit	100.00%	100.00%	United States
Martin Retail Group	70.00%	70.00%	United States
Arc Worldwide	100.00%	100.00%	United States
Fallon Group	100.00%	100.00%	United States
The Kaplan Thaler Group	100.00%	100.00%	United States
Manning Selvage & Lee	100.00%	100.00%	United States
Capps Digital	100.00%	100.00%	United States
Medicus Group International	100.00%	100.00%	United States
Saatchi & Saatchi Healthcare Communications	100.00%	100.00%	United States
Publicis Selling Solutions	100.00%	100.00%	United States
Science Oriented Solutions	100.00%	100.00%	United States
Starcom MediaVest Group	100.00%	100.00%	United States
Optimedia International U.S.	100.00%	100.00%	United States
Zenith Media Services	100.00%	100.00%	United States
TMG Strategies *(1.f)*	80.00%	80.00%	United States
Digitas	100.00%	100.00%	United States
Kekst and Company *(2)*	100.00%	100.00%	United States
European Advertising Organisation SA of	100.00%	100.00%	Greece
Advertisements Promotion & Publications TLG India	100.00%	100.00%	India
Solutions Integrated Marketing Services *(2)*	60.00%	60.00%	India
Publicis	100.00%	100.00%	Italy
Saatchi & Saatchi	100.00%	100.00%	Italy
Leo Burnett Company	100.00%	100.00%	Italy
Starcom Mediavest Group Italia	100.00%	100.00%	Italy
Beacon Communications KK	66.00%	66.00%	Japan
MMS Communications KK *(1.g)*	100.00%	100.00%	Japan
Olabuenaga Chemistri	62.50%	62.50%	Mexico
Saatchi & Saatchi	100.00%	100.00%	New Zealand
Starcom *(2)*	100.00%	100.00%	Poland
Publicis	100.00%	100.00%	United Kingdom
Publicis Dialog	100.00%	100.00%	United Kingdom
Zed Media	100.00%	100.00%	United Kingdom
Saatchi & Saatchi Group	100.00%	100.00%	United Kingdom
Leo Burnett	100.00%	100.00%	United Kingdom
Arc Integrated Marketing	100.00%	100.00%	United Kingdom
Fallon London	100.00%	100.00%	United Kingdom
Manning Selvage & Lee	100.00%	100.00%	United Kingdom
Publicis Healthcare Communications Group	100.00%	100.00%	United Kingdom
D'Arcy Masius Benton & Bowles *(2)*	100.00%	100.00%	United Kingdom
ZenithOptimedia	100.00%	100.00%	United Kingdom
Zenith Optimedia International	100.00%	100.00%	United Kingdom
Freud Communications	100.00%	56.26%	United Kingdom
DM Europe *(1.h)*	100.00%	100.00%	United Kingdom
Leo Burnett	100.00%	100.00%	Russia
OOO Publicis United	100.00%	100.00%	Russie
Publicis Groupe Media Eurasia *(2)*	100.00%	100.00%	Russia
MMS Communications Singapore	100.00%	100.00%	Singapore

Company name	% control	% interest	Country
JKL	00.00%	100.00%	Sweden
Publicis Werbeagentur	100.00%	100.00%	Switzerland
Saatchi & Saatchi Simko	100.00%	100.00%	Switzerland
Leo Burnett	100.00%	100.00%	UAE
Starcom MediaVest Group	100.00%	100.00%	UAE

B) Equity accounted companies (associates)

Company name	% control	% interest	Country
BBH Communications	49,00%	49,00%	United Kingdom
Bromley Communications	49,00%	49,00%	United States
Burrell Communications Group	49,00%	49,00%	United States
iSe-Hospitality	45,00%	45,00%	Switzerland

1) Change in company name:

	Company name in 2008	Company name in 2007	Country
(a)	Vivaki Communication	Business Interactif	France
(b)	Publicis Dialog Espana	Group K/Arc	Spain
(c)	Starcom MediaVest Groupe Iberia	Starcom Worldwide Media Estrategia	Spain
(d)	Saatchi & Saatchi X	Thompson Murray	United States
(e)	Leo Burnett Company	Leo Burnett USA	United States
(f)	TMG Strategies	McGinn MS&L	United States
(g)	MMS Communications KK	Medicus KK	Japan
(h)	DM Europe	Modem Media London	United Kingdom

2) Companies included in the list in 2008 that were not included in the list in 2007:

- Companies acquired in 2008: Kekst and Company (United States).
- Entities whose revenue in the year has become greater than the threshold for publication:

Company name in 2008	Country
Boz	France
Publicis Net	France
World Advertising Movies	France
Optimedia Gesellschaft für Media-Services	Germany
Leo Burnett Propaganda	Brazil
Solutions Integrated Marketing Services	India
Starcom	Poland
D'Arcy Masius Benton & Bowles	United Kingdom
Publicis Groupe Media Eurasia	Russia

20.2 STATUTORY ACCOUNTS

Publicis Groupe S.A. (parent company) Statutory Accounts for the year ended December 31, 2008

Publicis Groupe S.A. (parent company) Statutory Accounts for the year ended December 31, 2008

Income statement

In thousands of euros	*Note*	2008	2007	2006
Billings (goods and services)	*3*	17,935	22,498	22,275
Release of provisions		3,143	2,324	2,038
Other revenues		1,073	0	46
Total opering revenues		**22,151**	**24,822**	**24,359**
Other purchases and external charges		(9,887)	(11,899)	(12,909)
Taxes other than income taxes		(1,547)	(1,282)	(1,581)
Personnel expenses		(5,056)	(5,643)	(4,322)
Depreciation, amortization and increases in provisions		(5,896)	(6,202)	(4,394)
Other expenses		(1,612)	(557)	(618)
Total operating expenses		**(23,998)**	**(25,583)**	**(23,824)**
Operating (loss) income		**(1,847)**	**(761)**	**535**
Investment income		317,058	161,095	177,557
Interest and other financial revenue		8,282	63,003	50,642
Release of provisions		27,621	10,630	908
Total financial revenue		**352,961**	**234,728**	**229,107**
Increases of provisions		(215,932)	(66,498)	(14,969)
Interest and other financial expenses		(165,849)	(184,986)	(91,827)
Total financial expenses		**(381,781)**	**(251,484)**	**(106,796)**
Share of results of partnerships		896	900	723
Financial income (expense), net	*4*	**(27,924)**	**(15,856)**	**123,034**
Net (loss) income before exceptional items and taxes		**(29,771)**	**(16,617)**	**123,569**
Exceptional revenue on operational transactions		2	0	9
Exceptional revenue on capital transactions		0	770,107	33,026
Release of provisions		0	0	0
Total exceptional income		**2**	**770,107**	**33,035**
Exceptional expenses on operational transactions		0	0	0
Exceptional expenses on capital transactions		0	(610,251)	(212,893)
Increase of provisions		0	0	0
Total exceptional expenses		**0**	**(610,251)**	**(212,893)**
Exceptional items	*5*	**2**	**159,856**	**(179,858)**
Income taxes	*6*	**59,438**	**20,454**	**17,293**
Net income (loss)		**29,669**	**163,693**	**(38,996)**

Balance sheet as at December 31

In thousands of euros	*Note*	2008	2007	2006
ASSETS				
Intangible assets:				
Concessions and legal goodwill		2,989	2,989	2,989
Accumulated amortization		(438)	(398)	(358)
Property and equipment:	*7.1*			
Land		3,627	3,627	3,627
Buildings		11,463	11,463	8,529
Equipment		6,621	6,704	6,583
Other		12,284	9,225	8,567
Accumulated,depreciation of property and equipment		(20,571)	(19,666)	(19,069)
Non-current financial assets:				
Investments	*7.2*	5,670,348	5,670,717	4,635,288
Loans and advances to invested entities	*7.3*	1,014,125	1,077,420	1,157,414
Other non-current securities	*7.4*	449,239	503,985	387,478
Loans and other financial assets		487	514	589
Provisions on non-current financial assets	*7.4*	(131,999)	(35,993)	(6,840)
Non-current assets		**7,018,175**	**7,230,587**	**6,184,797**
Advances paid to suppliers		21	6	5
Accounts receivable		3,545	3,154	2,768
Other receivables		16,372	20,328	23,372
Marketable securities	*8*	28,885	15,054	18,698
Cash		14	14	28,635
Current assets		**48,837**	**38,556**	**73,478**
Prepayments		0	113	871
Deferred expenses	*9*	4,143	5,172	6,665
Bond redemption premiums	*10*	48,312	53,482	58,416
Translation adjustment asset	*11*	86,443	19,446	7,981
TOTAL ASSETS		**7,205,910**	**7,347,356**	**6,332,208**

Balance sheet as at December 31

In thousands of euros	*Note*	**2008**	**2007**	**2006**
LIABILITIES AND EQUITY				
Capital stock		78,408	80,955	79,484
Additional paid in capital		2,602,170	2,742,960	2,631,610
Legal reserves		8,095	7,884	7,884
Retained earnings		477,004	419,087	550,037
Shareholders' equity before net income (loss) for year		**3,165,677**	**3,250,886**	**3,269,015**
Net income (loss) for year		29,669	163,693	(38,996)
Shareholders' equity	*13*	**3,195,346**	**3,414,579**	**3,230,019**
Proceeds from issuance of participating securities (Orane)		667,029	714,674	762,319
Other equity	*14*	**667,029**	**714,674**	**762,319**
Provisions for contingencies and charges	*15*	**118,248**	**88,000**	**67,668**
Bonds	*16*	1,048,590	1,726,577	1,733,541
Bank borrowings and overdrafts	*17*	378	144	836
Borrowings and other financial liabilities	*18*	2,162,871	1,388,006	512,369
Trade payables		6,537	6,971	9,236
Tax and employee related payables		3,615	4,065	3,592
Other creditors		818	1,183	167
Deferred income		0	0	0
Liabilities		**3,222,809**	**3,126,946**	**2,259,741**
Translation adjustment liability	*11*	2,478	3,157	12,461
TOTAL LIABILITIES AND EQUITY		**7,205,910**	**7,347,356**	**6,332,208**

Cash flow statement

In thousands of euros	2008	2007	2006
CASH FLOW FROM OPERATING ACTIVITIES			
Net income (loss) for the year	29,669	163,693	(38,996)
Capital (gains) losses on disposal	11,022	(158,856)	180,047
Depreciation, amortization and provisions	217,404	138,490	9,227
Transfers to deferred charges, net of amortization	1,029	2,649	2,549
Amortization of redemption premiums on the Oceane and the Eurobond	5,170	4,935	4,975
GROSS OPERATING CASH FLOW	***264,294***	***150,911***	***157,802***
Change in net working capital requirements	(95,680)	(11,316)	14,786
Net cash provided by operating activities (I)	**168,614**	**139,595**	**172,588**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchases of property and equipment and intangible assets		(987)	(292)
Proceeds from sale of property and equipment and intangible assets	0	0	26,966
Proceeds from sale of investments and other financial assets, net	13,290	(24,694)	(48,952)
Acquisitions of subsidiaries	0	(943,688)	0
Disposals of subsidiaries	0	131,052	26
Net cash flows provided by used in investing activities (II)	**13,290**	**(838,317)**	**(22,252)**
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid to parent company shareholders	(105,566)	(91,954)	(66,137)
Cash proceeds of capital increases	699	2,271	331
Cash received on new bond issues	0	536	194
Cash paid on redemption of bonds	(672,000)	(7,500)	(48,289)
Increases in other borrowings	1,230,335	963,847	0
Decreases in other borrowings	(450,000)	(88,210)	(907,839)
Buyback of equity warrants	0	0	(200,197)
Buyback of treasury stock	(196,110)	(202,340)	(88,078)
Sale of treasury stock	24,335	90,499	22,704
Net cash flows provided by (used in) financing activities (III)	**(168,307)**	**667,149**	**(1,287,311)**
CHANGE IN CASH AND CASH EQUIVALENTS (I +II +III)	**13,597**	**(31,573)**	**(1,136,975)**
Cash and cash equivalents at January 1	14,924	46,497	1,183,472
Cash and cash equivalents at December 31	28,521	14,924	46,497
CHANGE IN CASH AND CASH EQUIVALENTS	**13,597**	**(31,573)**	**(1,136,975)**

Notes to the statutory accounts of Publicis Groupe S.A.

The company's business mainly involves managing its investments and providing services to all Group companies.
Additionally, and to a lesser degree, the company receives rental income from leasing its property assets.

Note 1. Significant events of the financial year

The following significant events occurred during 2008:

- On February 27, 2008, Publicis Groupe cancelled 8 million shares of treasury stock. The net carrying amount of the treasury stock cancelled was 191,680 KEUR. Following this operation, and in accordance with the authorization granted by the mixed general meeting of shareholders of June 4, 2007, the company's capital stock was reduced by 3,200 KEUR and additional paid-in capital was reduced by 188,480 KEUR. This cancellation did not have any impact on 2008 net income.
- On July 17, 2008, in accordance with the terms of the contract signed at the date of issuance, Publicis Groupe redeemed all of the Oceane 2008 bonds at their maturity date. The total amount of the redemption was 677,040 KEUR, composed of the bonds nominal value of 672,000 KEUR and 5,040 KEUR of interest. This redemption was made through the use of available cash of 227,040 KEUR and through a drawdown of 450,000 KEUR under the syndicated credit facility ("Club Deal"). The drawdown on the Club Deal was fully reimbursed at December 31, 2008.
- A provision for taxes, relating to a capital gain on the transfer of securities on which taxation was deferred, which had been recognized in the 2000 financial year at the time of the contribution of the shares of American subsidiaries to the US holding company, was partially reversed in an amount of 33,220 KEUR in 2008. This followed the decision to resell, in 2008, a portion of the shares contributed in 2000 without the initial authorization received from the tax authorities being called into question (following receipt of agreement from the tax authorities).

Note 2. Accounting policies

The statutory accounts for 2008 have been prepared in accordance with the French General Accounting Plan (Plan Comptable Général) and in conformity with legal and regulatory texts applicable in France.

Comparability of financial statements

The accounting policies used in the preparation of the 2008 financial statements are identical to those used to prepare the accounts for the previous financial year.

Intangible assets

Intangible assets subject to amortization are composed of the concession in respect of parking spaces, which is amortized over a 75 year period (length of the concession), and of the legal goodwill of the Publicis cinema, which is fully amortized.

Property and equipment

Property and equipment is recognized at net acquisition cost and is subject to annual depreciation calculated on a straight-line basis over the following periods:

- 50 years — Building on avenue des Champs-Élysées, Paris
- 25 years — Building on rue du Dôme in Boulogne-Billancourt
- 20 to 10 years — Fixtures and fittings,
- 10 years — Equipment,
- 4 years — Vehicles,
- 3 years — Computer equipment.

Investments

The gross value of investments is comprised of the purchase price of securities excluding ancillary expenses. Foreign currency securities purchased are recognized at their purchase price translated into euros at the exchange rate applicable on the date of the transaction.

Provisions are recognized whenever the investment's value in use is lower than its carrying amount. Value in use is determined on the basis of objective criteria, such as revalued net assets, capitalized earnings and market capitalization, associated where necessary with more subjective criteria, such as specific industry indicators or ratios determined, in the context of economical assumptions and the company's growth forecasts, on the basis of the present value of projected future cash flows, and the strategic nature of the investment to the Group.

Marketable securities

Marketable securities are, if necessary, provided against at the balance sheet date if their current value is lower that their carrying amount. Current value corresponds, for listed securities, to the average quoted price for the month preceding the year end and, for non-listed securities, to probable selling price.

Bonds

Bonds are recognized at their par value.

In cases where a redemption premium exists, the bond liability is increased by the total amount of such a premium. This entry is balanced by recognition in assets of an identical redemption premium amount, which is amortized over the life of the bond on an actuarial basis.

In cases where an issue premium exists, the bond liability is recognized at par value and the issue premium is recognized as an asset. The issue premium is amortized over the life of the bond.

Orane, being bonds reimbursable in new or existing shares, are recognized in other equity because of their intrinsic characteristics.

Provisions for contingencies and charges

Provisions for contingencies and charges are recognized to cover liabilities which are foreseen but whose amount is not known with certainty.

Provisions for contingencies and charges include, among other items:

- A provision for retirement benefits. These provisions are recognized as from December 31, 2006 on the basis of an actuarial valuation performed by independent experts, in application of CNC recommendation 2003 R-01
- A provision for other conditional long-term commitments to employees
- The balance on the provision for taxes on the capital gain generated on an asset contribution carried out in the context of a reorganization of activities in America in 2000
- A provision for work that must be carried out in the head office building in Paris
- A provision for a foreign exchange loss on the sterling loan granted to MMS UK.

Financial income and expense

Financial income is accounted for in accordance with the usual treatment for such items being:

- Dividends earned from French companies: recognition at the date of the vote of the distribution decision by the Annual General Meeting
- Dividends from foreign companies: recognition at the date of payment or at the date of recording in the current account
- Financial income on current accounts, term deposits and bonds: on a continuous basis as earned
- Interest and dividends on marketable securities: at the date of receipt

Finance costs related to the Eurobond 2012 are presented net of the interest income arising on the interest rate swap.

The share of results of partnerships recognized in the income statement represents our company's share in the 2008 results of Régie 1 (49%), in accordance with the express provisions of that entity's articles of association.

Exceptional items

These include capital gains and losses on sale of property & equipment, intangible assets and investments and particularly capital losses corresponding to the purchase price of equity warrants and capital gains and losses arising on the early redemption of bonds.

In addition, in order to not hamper interpretation of its "net (loss) income before exceptional items and taxes", the company recognizes in exceptional items such increases (releases) of provisions on investments which, because of their source and amount, are of an exceptional nature.

Note 3. Billings

Billings are mainly composed of:

- Rent received from the building located at 133 Champs Elysées in Paris.
- Services invoiced to Group companies

Note 4. Financial income (expense), net

In thousands of euros	2008	2007	2006
Dividends [(1)]	254,551	93,759	111,356
Other income from investments	62,507	67,336	66,201
Financial income from investments	**317,058**	**161,095**	**177,557**
Other financial income [(2)]	3,328	6,843	44,051
Foreign exchange gains [(3)]	4,954	56,160	6,591
Interest and other financial income	**8,282**	**63,003**	**50,642**
Reversal of provisions against investments	4,229	6,808	0
Reversal of provision for impairment of treasury stock	0	0	0
Reversal of provision for contingencies on treasury stock	5,246	1,842	0
Reversal of other financial provisions	18,146	1,980	908
Reversals of financial provisions & expense transfers	**27,621**	**10,630**	**908**
Total financial income	**352,961**	**234,728**	**229,107**
Increase of provision for impairment of treasury stock	(125,410)	(40,189)	0
Increase of provision for contingencies on treasury stock	0	0	(7,088)
Amortization of bond premiums and issue costs	(5,027)	(7,121)	(7,190)
Allowance to provision for foreign exchange losses	(84,549)	(18,146)	-
Increases of other financial provisions	(946)	(1,042)	(691)
Increases in financial provisions and amortization of financial assets	**(215,932)**	**(66,498)**	**(14,969)**
Bond-related expenses	(68,297)	(61,315)	(61,830)
Other financial expenses	(93,268)	(33,940)	(23,990)
Foreign exchange losses	(4,284)	(89,731)	(6,007)
Interest and other financial expenses	**(165,849)**	**(184,986)**	**(91,827)**
Total financial expenses	**(381,781)**	**(251,484)**	**(106,796)**
Share in results of partnerships	896	900	723
Financial income (expense), net	**(27,924)**	**(15,856)**	**123,034**

(1) In 2008, dividends of 221,051 KEUR were received from Publicis Groupe Investments BV
(2) In 2006, an amount of 30 MEUR was recognized in financial income corresponding to the balancing payment received at the time of changes to the terms of the swap related to the Eurobond during 2006.
(3) In 2007, an amount of 52 MEUR was recognized in foreign exchange gains corresponding to the balancing payment received at the time of unwinding, during 2007, of the foreign currency component of the swap on the Eurobond.

Note 5. Exceptional items

No material exceptional items were recorded in 2008.

Exceptional items in 2007 represent, in net terms, income of 159,856 KEUR, mainly composed of the capital gain of 158,930 KEUR on the contribution of the shares owned in Publicis USA Holdings and MMM USA Holdings to Publicis Groupe Investments.

Exceptional items in 2006 amounted, in net terms, to a loss of 179,858 KEUR, principally composed of:

A net capital gain of 20,318 KEUR related to the sale of the building on Ile de la Jatte in Neuilly (including 11,285 KEUR of exceptional expenses resulting from the portion of the loss on merger arising on the absorption of all the assets and liabilities of Saatchi & Saatchi that was allocated to the building)

An exceptional expense related to the buyback of equity warrants for 200,197 KEUR

Note 6. Income taxes

In the 2008 financial year the company, which is the parent company of the French tax group (which includes 39 subsidiaries), made taxable losses of 240,030 KEUR on a standalone basis.

The gain on tax consolidation recognized in 2008 by Publicis Groupe amounted to 26,218 KEUR. This gain on tax consolidation is, in accordance with the tax consolidation agreements signed with the other member companies, recognized in the financial statements of the parent company of the tax group.

In addition, the provision for taxes, relating to a capital gain on the transfer of securities on which taxation was deferred, recognized in the 2000 financial year at the time of the contribution of the shares of American subsidiaries to the US holding company, was partially reversed in an amount of 33,220 KEUR in 2008.

In total tax income (negative expense) recorded in the 2008 income statement amounted to 59,438 KEUR.

Tax loss carryforwards of the French tax group at 31 December 2008, which can be carried forward for an indefinite period of time, amount to 512,139 KEUR.

Note 7. Non-current assets

7.1 Property and equipment

In December 2007, Publicis exercised the call option which it held under its finance lease contract regarding two floors of the building located at rue du Dôme. An amount of 2,921 KEUR was capitalized in this respect.

As from this date, Publicis owns the entire building (except for a number of parking places). Its total net carrying amount in the financial statements is 5,937 KEUR at 31 December 2008.

7.2 Investments

There were no significant movements in investments in 2008.

It is recalled that, in the context of the acquisition of Vivaki Communications, put options were granted to beneficiaries of stock options and free shares that were not exercisable at the closing date of the mandatory squeeze-out offer. These commitments represent an amount of 664 KEUR at December 31, 2008, compared with 1,031 KEUR in 2007.

In 2007, the gross amount of investments increased by 1,035,429 KEUR. This increase results from:

- The contribution of shares in Publicis USA Holdings and MMS USA Holdings to Publicis Groupe Investments, which resulted in a decrease in investments of 436,645 KEUR and an increase in the investment in Publicis Groupe Investments of 595,575 KEUR, and

- Participation in an amount of 833,060 KEUR in a capital increase of Publicis Groupe Investments.

7.3 Loans and advances to invested entities

Loans and advances to invested entities amount to 1,014,125 KEUR at December 31, 2008 and are mainly comprised of two loans granted to Group companies:

- MMS USA Holdings for a foreign currency amount equivalent to 767,747 KEUR
- MMS UK Holdings for a foreign currency amount equivalent to 222,206 KEUR

These receivables amounted to 1,077,420 KEUR at December 31, 2007. The decrease in this account caption in 2008 is explained mainly by the 27,378 KEUR impact of changes in exchange rates on the two foreign currency denominated loans referred to above and by the decrease of 33,204 KEUR in the current account opened with MMS France Holdings in respect of the French cash-pool.

7.4 Other non-current securities

Other non-current securities are mainly composed of treasury stock (excluding shares held in the context of the liquidity contract).

The historical cost of these shares at December 31, 2008 is 449,239 KEUR. The market value, measured on the basis of the average share price in December 2008 of 18.48 euros, is 317,240 KEUR. A provision for impairment of 131,999 KEUR was thus recognized in order to adjust the value of the portfolio to its market value. In addition it should be noted that as the average share price in December 2008 was below the exercise price of the options, the provision for contingencies previously recognized was fully reversed in an amount of 5,246 KEUR.

Movements in the year and the position at year end are summarized in the following table:

(In thousands of euros except for share data)	Number of shares	Gross carrying amount	Provision for impairment	Net carrying amount
Treasury stock held at December 31, 2007	**18,239,443**	**503,985**	**(35,961)**	**468,024**
Purchase of shares	8,047,583	196,110	-	196,110
Exercised options	(1,120,344)	(29,803)	-	(29,803)
Cancellation of shares	(8,000,000)	(221,053)	29,372	(191,681)
Additional impairment recognized in 2008	-	-	(125,410)	(125,410)
Treasury stock held at December 31, 2008	**17,166,682**	**449,239**	**(131,999)**	**317,240**

The treasury stock acquired in the context of the liquidity contract is recorded in marketable securities. At December 31, 2008, no shares were held under the liquidity contract (see paragraph 8 below).

Note 8. Marketable securities

During 2008, the liquidity contract signed with Banque Rothschild was terminated and a new contract was put in place with Société Générale.

At December 31, 2008, Publicis did not hold any shares acquired in the context of the liquidity contract.

Marketable securities are broken down as follows at December 31, 2008:

In thousands of euros	December 31, 2008	December 31, 2007	December 31, 2006
Monetary mutual funds	-	-	-
Term deposits	-	-	-
Held under the liquidity contract:			
Monetary mutual funds	28,885	1,005	18,698
Treasury stock	-	18,276	-
Provision for impairment of treasury stock	-	(4,227)	-
Total marketable securities (net carrying amount)	**28,885**	**15,054**	**18,698**

Note 9. Deferred charges

This caption includes deferred charges in respect of bond issue costs. It also includes deferred charges in respect of putting in place syndicated credit facilities. The amount recognized in assets corresponds to the amount remaining to be amortized over the remaining period to maturity of the bonds and to expiry of the credit facilities.

At December 31, 2008, deferred charges are composed of:

- 2,863 KEUR in respect of bond issue costs
- 1,280 KEUR in respect of costs putting in place syndicated credit facilities

Note 10. Bond issue and redemption premiums

These premiums amount respectively (net carrying amount at December 31, 2008) to:

- 46,014 KEUR for the 2018 Oceane
- 2,298 KEUR for the Eurobond

Note 11. Translation adjustment assets and liabilities

In thousands of euros	December 31, 2008	December 31, 2007	December 31, 2006
Translation adjustment assets	86,443	19,446	7,981
of which:			
- on the loan of 211,652 thousand pounds to MMS UK	84,549	18,146	-
- on the loan of 977,250 thousand dollars to MMS USA Holdings [(1)]	-	-	7,981
Translation adjustment liabilities	2,478	3,157	12,461
of which:			
- on the loan of 211,652 thousand pounds to MMS UK	-	-	8,437
- on the loan of 977,250 thousand dollars to MMS USA Holdings	-	-	-

[(1)] As from December 31, 2007, no translation adjustment is recognized on this loan as it is matched with refinancing of an identical amount with Publicis Finance Services, a subsidiary which manages the group's international cash-pool.

Note 12. Average headcount

The average headcount of the company was 2 management staff.

Note 13. Shareholders' equity

The capital stock of Publicis Groupe has undergone the following changes over the last five years:

Dates	Capital transactions	Changes in share capital Shares with 0.4 euros par value: Number of shares	Par value *In thousands of euros*	Additional Paid-in capital *In thousands of euros*	Total cumulative amount of capital	Cumulative numberof shares in the company
As at January 1, 2004					78,151	195,378,253
2004	Saatchi & Saatchi - Exercise of options	37,928	15	1,612	78,166	195,416,181
	Exercise of options under the Publicis plan	54,880	22	304	78,188	195,471,061
2005	Exercise of options under the Publicis plan	75,820	30	515	78,218	195,546,881
	Redemption of Orane (1st tranche)	1,562,129	625	47,020	78,843	197,109,010
2006	Exercise of options under the Publicis plan	38,090	16	316	78,859	197,147,100
	Redemption of Orane (2nd tranche)	1,562,129	625	47,020	79,484	198,709,229
2007	Exercise of options under the Publicis plan	226,970	91	2,180	79,575	198,936,199
	Redemption of Orane (3rd tranche)	1,562,129	625	47,020	80,200	200,498,328
	Remuneration of the contribution of Digitas France shares	1,889,026	755	62,149	80,955	202,387,354
2008	Exercise of options under the Publicis plan	71,500	29	670	80,984	202,458,854
	Cancellation of shares (February 2008)	(8,000,000)	(3,200)	(188,481)	77,784	194,458,854
	Redemption of Orane (4th tranche)	1,562,129	624	47,020	78,408	196,020,983
As at December 31, 2008					**78,408**	**196,020,983**

Changes in shareholders' equity between January 1, 2008 and December 31, 2008 were as follows:

In thousands of euros	January 1, 2008	Capital increase	Cancellation of treasury stock	Allocation of 2007 results	Distribution of dividends	2008 net income	December 31, 2008
Capital stock	80,955	653	(3,200)				78,408
Additional paid-in capital	2,742,959	47,692	(188,481)				2,602,170
Legal reserve	7,884			211			8,095
Retained earnings	419,088			163,482	(105,566)		477,004
Sub-total	3,250,886	48,345	(191,681)	163,693	(105,566)		3,165,677
Net income for year	163,693			(163,693)		29,669	29,669
Total	**3,414,579**	**48,345**	**(191,681)**	**0**	**(105,566)**	**29,669**	**3,195,346**

Note 14. Other equity

Other equity is comprised of a 20-year bond redeemable in new or existing shares (Orane) issued on September 24, 2002 in the context of the acquisition of the Bcom3 Group.

The initial amount of the bond was 857,812 KEUR. It was reduced to 667,029 KEUR following redemption of the four first tranches in September 2005, 2006, 2007 and 2008. At December 31, 2008, 1,562,129 Orane with a par value of 427.00 euros remain in issue. Each gives a right to receive 14 new or existing Publicis Groupe shares at a rate of one per year from September 1, 2009 to September 1, 2022, being a total of 21,869,806 shares. In parallel, the unit value of each ORANE is reduced by 30.50 euros per year on each of these dates.

Orane bear interest at a minimum rate of 0.82% of par value. This interest rate was reviewed for the second time on payment of the coupon on September 1, 2008, on the basis of 110% of the average of dividends over the last three financial years; the revised coupon, set for the period September 2008 to September 2009, represents annual interest of 1.75% of par value.

Note 15. Provisions for contingencies and charges

In thousands of euros	**Amount at January 1 2008**	**Increase in 2008**	**Reversal in 2008 *(provision used)***	**Reversal in 2008 *(provision not used)***	**Amount at December 31, 2008**
Provision for tax [(1)]	39,867	-	-	(33,220)	6,647
Provision for retirement indemnities	4,439			-	4,439
Provision for conditional long-term commitments to employees	14,254	3,097	-	-	17,351
Provision for contingencies on treasury stock [(2)]	5,246	-	-	(5,246)	0
Provision for foreign exchange losses	18,146	84,549	-	(18,146)	84,549
Other provisions for contingencies [(3)]	6,048	2,357	(3,143)	-	5,262
TOTAL	**88,000**	**90,003**	**(3,143)**	**(56,612)**	**118,248**

(1) *This is the provision for tax on the capital gain on the transfer of shares to Publicis USA Holdings in March 2000, in respect of which taxation is deferred in accordance with article 210-A of the French General Tax Code. A portion of this provision was reversed in 2008 – see note 1 – Significant events of the financial year*

(2) *See note 7.4 – Other non-current securities*

(3) *These provisions include an amount of 3,000 KEUR provided at December 31, 2008 for repairs to comply with applicable standards to be performed on the company's head office building in Paris.*

Note 16. Bonds

In thousands of euros

Number of securities	Category of bond	December 31, 2008	December 31, 2007	December 31, 2006
-	Convertible IPG 2% January 2007	-	-	7,500
5 484 334	Oceane 2.75% actuarial January 2018	214,710	214,710	214,710
	Oceane 2.75% - Redemption premium	74,268	74,268	74,268
-	Oceane 0.75% - July 2008	-	672,000	672,000
750 000	Eurobond 4.125% - January 2012	750,000	750,000	750,000
	Total excluding accrued interest	**1,038,978**	**1,710,978**	**1,718,478**
	Accrued interest	9,612	15,599	15,063
	Balance sheet total	**1,048,590**	**1,726,577**	**1,733,541**

- Bond convertible into Interpublic Group (IPG) shares – 2% January 2007

  The 750 outstanding bonds convertible into IPG shares were redeemed on their maturity date, January 2, 2007.

- Oceane – 2.75% actuarial January 2018

  The 16-year bond convertible into new or existing shares (Oceane), issued on January 18, 2002 for a total original amount of 690 MEUR (excluding premium), was composed of 17,624,521 bonds of 39.15 euros each (representing a premium of 35% over the Publicis share reference price at the time of the issue), issued at par and bearing interest at the annual rate of 1%. These bonds are reimbursable in full on maturity, on January 18, 2018, for an amount equal to their par value plus a redemption premium of 34.59%. A 62.36% portion of these bonds was reimbursed in February 2005 and a further 6.52% was reimbursed in February 2006, reducing the overall amount of the debt to 215 MEUR, The remaining bonds will be redeemed in full at their maturity, on January 18, 2018, for an amount corresponding to 134.59% of par. However, they may be redeemed prior to maturity, either through purchase on public markets or by public tender or exchange offers, at any time after January 18, 2007. Bondholders have the possibility of requesting early redemption on January 18 in either 2010 or 2014. Additionally, Publicis Groupe has a right to redeem the bonds at any time after January 18, 2007 in the event that the share price exceeds 125% of the early redemption price. Bondholders may request the conversion or exchange of bonds at any time after January 18, 2002 and no later than the seventh working day preceding the maturity date, on the basis of one share per bond. Shares issued may, at the discretion of the company, be either existing or new shares.

- Oceane – 0.75% July 2008

  The 5-year bond convertible into existing or new shares (Oceane), issued on July 8, 2003 for a total amount of 672 MEUR was fully redeemed on July 17, 2008. It had been composed of 23,172,413 bonds of 29 euros, issued at par and bearing interest at the annual rate of 0.75%.

- Eurobond - 4.125% January 2012

The standard bond issued on January 28, 2005, for an amount of 750 MEUR bearing interest at 4.125 % and maturing in 2012, is comprised of 750,000 bonds with a par value of 1,000 euros each. Issued at 99.3% of par value, they bore an issue premium of 5 MEUR, which is amortized over the duration of the bond.

The bonds will be redeemed at par on maturity, being January 31, 2012.

Note 17. Bank borrowings and overdrafts

This account is solely comprised of bank overdrafts.

Note 18. Borrowings and other financial liabilities

In thousands of euros	December 31, 2008	December 31, 2007	December 31, 2006
Long-term borrowings from Publicis Finance Services (1)	702,199	663,847	-
Long-term borrowings from Publicis Groupe Holdings (2)	300,000	300,000	-
Current accounts – short-term borrowings from subsidiaries and accrued interest	1,153,976	419,335	506,167
Sundry creditors	6,696	4,824	6,202
Total	**2,162,871**	**1,388,006**	**512,369**

(1)) On 28 November 2007, Publicis Groupe contracted a loan of 977,250 thousand dollars from Publicis Finance Services, the Group subsidiary which manages the international cash pool, in order to partly finance the purchase, from Publicis Finance Services, of a loan granted to MMS USA Holdings, a subsidiary, for the acquisition of Digitas Inc at the start of 2007.
(2) The 300,000 KEUR of borrowings are a subordinated participating loan granted by Publicis Groupe Holdings on October 5, 2007 for a period of 55 years.

The significant increase in borrowings and other financial liabilities at December 31, 2008 is due to the increase in the euro-denominated current account with Publicis Finance Services following the July 2008 redemption of the OCEANE 2008 for 672,000 KEUR. It is recalled that the drawdowns of 450,000 KEUR initially made under the syndicated credit facility are fully reimbursed at December 31, 2008.

Note 19. Maturity schedule for receivables and liabilities

All receivables included in current assets are due to be settled within less than one year.

The maturity schedule for liabilities is presented below:

In thousands of euros	Total	Less than 1 year	1 to 5 years	More than 5 years
Bonds	1,048,590	9,612	750,000	288,978
Bank borrowing and overdrafts	378	378	-	-
Borrowings and other financial liabilities	2,162,871	1,160,672		1,002,199
Trade payables	6,537	6,537	-	-
Tax and employee-related payables	3,615	3,615	-	-
Other creditors	818	818	-	-
Total liabilities	**3,222,809**	**1,181,632**	**750,000**	**1,291,177**

Note 20. Disclosures concerning related entities and investments.

In thousands of euros	Amount concerning entities which are related to the company	Amount concerning entities in which the company has an investment
Balance sheet:		
Investments	5,670,349	2,623
Loans and advances to invested entities	1,014,125	
Accounts receivable	6,158	
Other receivables	10,363	
Borrowings and other financial liabilities	2,158,893	
Trade payables	301	
Income statement:		
Billings (goods and services)	17,542	
Investment income	254,551	
Interest and other financial revenue	64,635	
Release of financial provisions	0	
Share of results of partnerships - Income	897	
Interest and other financial expenses	(81,985)	
Exceptional revenue	0	
Exceptional expenses	0	

Note 21. Off-balance sheet commitments

Off-balance sheet commitments given

Commitments related to bonds and Orane

- Oceane 2018 – 2.75% actuarial January 2018

  With respect to the Oceane 2018, bondholders may request that bonds be converted, at the rate of one share for each bond (which bonds had a unit value of 39.15 euros on issue), at any time after January 18, 2002 until the seventh business day before the maturity date (January 2018). Taking account of the early redemptions made in February 2005 and January 2006, Publicis Groupe has a commitment to deliver, if requests for conversion are made, 5,484,334 shares which may, at Publicis Groupe's discretion, be either new shares to be issued or existing shares held in its portfolio.

  In addition, the bondholders have the possibility of requesting early redemption in cash, of all or part of the bonds they own, on January 18 in 2010 and 2014. The early redemption price is calculated in such a way as to provide a gross annual actuarial yield on the bond of 2.75% at the date of redemption.

- Orane - (bonds redeemable in new or existing shares) – September 2022

  After the redemption of the first four tranches of the bond in September 2005, 2006, 2007 and 2008, each ORANE gives a right to receive 14 new or existing Publicis

Groupe shares, at the rate of one share per year until the twentieth anniversary of issuance of the bond. Publicis Groupe therefore has the obligation to deliver 1,562,129 shares each year from year 2009 to 2022, being a total of 21,869,806 shares which may, at Publicis Groupe's discretion, be either new shares to be issued or existing shares held in its portfolio.

- Eurobond 2012

  In January 2005, Publicis Groupe granted a 977 MUSD long-term loan to MMS USA Holdings, a 100% subsidiary of the Group.

  In order to hedge against future changes in the USD/euro exchange rate, Publicis Groupe, in January 2005, swapped its Eurobond of 750 MEUR into 977 MUSD of US dollars.

  Following the changes made to the terms of the swap in 2006, the original fixed rate euro issue (interest rate 4.125%) has been swapped into dollars at variable rate (6.33% for the last two months of 2006). In September 2007, the foreign currency component of the swap was unwound in the overall context of management of exposure of the Group's net assets to foreign exchange risk.

Commitments related to equity warrants

The exercise of equity warrants – which could occur at any time between September 24, 2013 and September 24, 2022 – would lead to an increase in Publicis Groupe's capital stock. After cancellation of the equity warrants bought back in 2005 and 2006, Publicis Groupe is committed to creating (if all equity warrants were to be exercised) 5,602,699 shares with a 0.40 euro par value and 30.1 euros of additional paid-in capital.

Option plans

a- Stock options originated by Publicis

No new tranche of stock options was granted in 2008.

Characteristics of Publicis stock option plans outstanding at 31/12/2008

Shares with 0.40 euro par value	Type of option	Date of grant	Exercise price of options (€)	Outstanding options at 31/12/08	Of which exercisable 31/12/08	Expiry date	Remaining contractual life (in years)
10th tranche	Acquisition	07/09/2000	43.55	100,000	100,000	2010	1.68
11th tranche	Acquisition	23/04/2001	33.18	353,000	353,000	2011	2.30
13th tranche	Acquisition	18/01/2002	29.79	85,200	85,200	2012	3.04
14th tranche	Acquisition	10/06/2002	32.43	5,000	5,000	2012	3.44
15th tranche	Acquisition	08/07/2002	29.79	220,000	220,000	2012	3.51
16th tranche	Acquisition	28/08/2003	24.82	480,067	480,067	2013	4.65
17th tranche	Acquisition	28/08/2003	24.82	3,719,299	3,719,299	2013	4.65
19th tranche	Acquisition	28/09/2004	24.82	1,227,571	1,227,571	2014	5.74
20th tranche	Acquisition	24/05/2005	24.76	417,596	417,596	2015	6.39
21st tranche	Acquisition	21/08/2006	29.27	100,000		2016	7.64
22nd tranche (1)	Acquisition	21/08/2006	29.27	7,965,250		2016	7.64
23rd tranche (1)	Acquisition	24/08/2007	31.31	1,422,233		2017	8.64
Total of all tranches				16,095,216	6,607,733		
Average exercise price				28.02	25.78		

(1) *Conditional options whose exercise is subject to meeting objectives over the course of a 3 year plan (LTIP 2006-2008)*

Movements on Publicis stock option plans in 2008

Shares with 0.40 euro par value	Exercise price of options (euros)	Outstanding options at December 31, 2007	Options granted in 2008	Options exercised in 2008	Options cancelled or lapsed in 2008	Outstanding options at December 31, 2008
8th tranche	8.66	21,000		(21,000)	0	0
9th tranche	10.24	54,500		(50,500)	(4,000)	0
10th tranche	43.55	100,000		0	0	100,000
11th tranche	33.18	360,000		0	(7,000)	353,000
13th tranche	29.79	88,200		0	(3,000)	85,200
14th tranche	32.43	5,000		0	0	5,000
15th tranche	29.79	220,000		0	0	220,000
16th tranche	24.82	485,067		0	(5,000)	480,067
17th tranche	24.82	3,999,348		0	(280,049)	3,719,299
19th tranche	24.82	1,251,459		0	(23,888)	1,227,571
20th tranche	24.76	475,655		0	(58,059)	417,596
21st tranche	29.27	100,000		0	0	100,000
22nd tranche	29.27	9,208,050		0	(1,242,800)	7,965,250
23rd tranche	31.31	1,564,400		0	(142,167)	1,422,233
24th tranche						0
Total of all tranches		17,932,679	0	(71,500)	(1,765,963)	16,095,216
Average exercise price		27.99		9.78	28.48	28.02
Average price on exercise				21.88		

Movements on Publicis stock option plans in 2007

Shares with 0.40 euro par value	Exercise price of options (euros)	Outstanding options at December 31, 2006	Options granted in 2007	Options exercised in 2007	Options cancelled or lapsed in 2007	Outstanding options at December 31, 2007
7th tranche	5.63	17,510	-	(9,470)	(8,040)	0
8th tranche	8.66	27,000	-	(6,000)	-	21,000
9th tranche	10.24	266,000	-	(211,500)	-	54,500
10th tranche	43.55	100,000	-	-	-	100,000
11th tranche	33.18	367,000	-	-	(7,000)	360,000
13th tranche	29.79	93,400	-	-	(5,200)	88,200
14th tranche	32.43	5,000	-	-	-	5,000
15th tranche	29.79	220,000	-	-	-	220,000
16th tranche	24.82	496,067	-	-	(11,000)	485,067
17th tranche	24.82	5,679,827	-	(1,547,680)	(132,799)	3,999,348
18th tranche	24.82	11,000	-	-	(11,000)	-
19th tranche	24.82	1,517,004	-	(201,608)	(63,937)	1,251,459
20th tranche	24.76	779,761	-	(264,769)	(39,337)	475,655
21st tranche	29.27	100,000	-	-	-	100,000
22nd tranche	29.27	10,097,850	-	-	(889,800)	9,208,050
23rd tranche	31.31	-	1,574,400	-	(10,000)	1,564,400
Total of all tranches		**19,777,419**	**1,574,400**	**(2,241,027)**	**(1,178,113)**	**17,932,679**
Average exercise price		27.21	31.31	23.31	28.17	27.99
Average price on exercise		-	-	31.44	-	-

Movements on Publicis stock option plans in 2006

Shares with 0.40 euro par value	Exercise price of options (euros)	Outstanding options at December 31, 2005	Options granted in 2006	Options exercised in 2006	Options cancelled or lapsed in 2006	Outstanding options at December 31, 2006
6th tranche	4.91	12,870	-	-	(12,870)	-
7th tranche	5.63	25,600	-	(8,090)	-	17,510
8th tranche	8.66	40,500	-	(13,500)	-	27,000
9th tranche	10.24	282,500	-	(16,500)	-	266,000
10th tranche	43.55	100,000	-	-	-	100,000
11th tranche	33.18	380,000	-	-	(13,000)	367,000
13th tranche	29.79	104,600	-	-	(11,200)	93,400
14th tranche	32.43	5,000	-	-	-	5,000
15th tranche	29.79	220,000	-	-	-	220,000
16th tranche	24.82	517,067	-	-	(21,000)	496,067
17th tranche	24.82	7,010,200	-	(688,879)	(641,494)	5,679,827
18th tranche	24.82	11,000	-	-	-	11,000
19th tranche	24.82	1,832,186	-	(138,542)	(176,640)	1,517,004
20th tranche	24.76	887,975	-	(54,538)	(53,676)	779,761
21st tranche	29.27	-	100,000	-	-	100,000
22nd tranche	29.27	-	10,256,050	-	(158,200)	10,097,850
Total of all tranches		**11,429,498**	**10,356,050**	**(920,049)**	**(1,088,080)**	**19,777,419**
Average exercise price		24.92	29.27	24.15	25.38	27.21
Average price on exercise		-	-	30.72	-	-

b- Stock-options originated by Digitas

On the acquisition of Digitas, these plans were converted into Publicis share purchase option plans, applying the ratio existing between the purchase price set in the public offer for Digitas shares (translated into euros) and the Publicis share price at the completion date of the merger. The subscription price was correspondingly adjusted.

Characteristics of Digitas stock option plans outstanding at December 31, 2008

Shares with 0.40 euro par value	Date of grant		Exercise price of the options (€)		Outstanding options at 31/12/08	Of which exercisable 31/12/08	Expiry date		Remaining contractual life (in years)
	min	max	min	max			min	max	
Digitas plans:									
1999	01/12/1999	10/03/2000	21.36	21.36	25,188	25,188	01/12/2009	10/03/2010	1.01
2000	03/04/2000	01/02/2001	13.73	50.65	47,228	47,228	03/04/2010	01/02/2011	1.71
2001	01/03/2001	24/01/2007	5.08	35.42	769,648	663,561	01/03/2011	24/01/2017	5.49
2005 UK	01/06/2005	01/12/2006	21.70	35.42	5,784	3,412	01/06/2015	01/12/2016	7.49
Modem Media plans:									
1997	26/03/1997	29/09/2004	18.30	19.18	1,840	1,840	01/01/2008	29/09/2014	5.74
1999	12/04/2000	22/06/2004	2.62	54.05	5,657	5,657	12/04/2010	22/06/2014	3.86
2000	12/10/2000	25/05/2004	16.35	16.35	1,191	1,191	12/10/2010	25/05/2014	1.78
B.S.H. plans [(1)]									
1998a	01/05/1999	01/06/1999	6.16	6.16	0	0	01/05/2009	01/06/2009	0.32
1998b	06/01/1999	06/01/1999	2.47	2.47	0	0	06/01/2009	06/01/2009	
Total of all tranches					856,536	748,077			
Average exercise price					22.22	21.30			

(1) Bronner Slosberg Humphrey

Movements on Digitas stock option plans in 2008

Shares with 0.40 euro par value	Exercise price of the options (€)		Outstanding options at 31/12/2007	Options exercised in 2008	Options cancelled or lapsed in 2008	Outstanding options at 31/12/2008
	min	max				
Digitas plans:						
1999	21.36	21.36	34,263	(5,750)	(3,325)	25,188
2000	13.73	50.65	72,895	(236)	(25,431)	47,228
2001	5.08	35.42	926,287	(23,041)	(133,598)	769,648
2005 UK	21.70	35.42	14,430	0	(8,646)	5,784
Modem Media plans:						
1997	18.30	19.18	7,130	(3,882)	(1,408)	1,840
1999	2.62	54.05	7,409	(975)	(777)	5,657
2000	16.35	16.35	1,191	0	0	1,191
B.S.H. plans [(1)]						
1998a	6.16	6.16	1,040,199	(1,040,199)	0	0
1998b	2.47	2.47	46,294	(46,294)	0	0
Total of all tranches			2,150,098	(1,120,377)	(173,186)	856,536
Average exercise price			14.50	5.58	29.46	22.22

(1) Bronner Slosberg Humphrey

Furthermore, a plan to grant Restricted Shares of Digitas put in place between January 4, 2005 and January 23, 2007, is in operation. It was converted into a Publicis share plan using the same ratios as for ordinary stock-option plans (see above). At the acquisition date, outstanding Restricted Shares of Digitas represented the equivalent of 396,654 Publicis shares.

The 151,467 Restricted Shares still outstanding at December 31, 2008 will progressively cease to be subject to restrictions on dates spread over the period to January 23, 2010. Once the period of restriction is completed, and subject to meeting conditions regarding continued presence, the 151,467 Restricted Shares outstanding at December 31, 2008 will become equivalent to ordinary Publicis Groupe shares.

Contractual guarantees given

- Guarantee until 2019 on behalf of Leo Burnett USA to the owner of the premises 35 West Wacker Drive, Chicago, for a maximum amount of 132,332 thousand dollars in respect of rental payment and of 149,069 thousand dollars in respect of real estate taxes and operating expenses related to the building.
- Guarantee until 2016 on behalf of Zenith Optimedia Ltd (UK) to the owner of the premises at 24 Percy Street, London, for a maximum amount of 20,110 thousand pounds in respect of rental payment and an amount of 2,708 thousand pounds in respect of operating expenses related to the building.
- Guarantee until 2022 on behalf of Fallon London Limited (UK) to the owner of the premises at 20-30 Great Titchfield Street, London, for an amount of 28,355 thousand pounds in respect of rental payment and an amount of 2,845 thousand pounds in respect of operating expenses related to the building.
- Joint and several guarantees of the debts of Publicis Groupe Holdings, Publicis Holdings, and Publicis Groupe Investments.

Commitments given in the context of hedging of foreign currency loans granted to certain subsidiaries (other than the Eurobond swap described above):

Amount in foreign currency (in thousands)	**USD 17 445**	**GBP 9 821**	**USD 815**
Contract type	Forward sale	Forward sale	Forward purchase
Currencies	USD/EUR	GBP/EUR	USD/EUR
Maturity date	31/03/2009	02/01/2009	30/01/2009
Forward rate	1.395	0.8053	1.2695
Equivalent value in thousands of euros	12,505	12,196	642
Market value at December 31, 2008 (Thousands of euros)	12,535	10,311	586

Off-balance sheet commitments received

- Unutilized lines of credit in the amount of 1,500 MEUR under a multicurrency loan facility expiring in July 2012 with an option to extend, after obtaining the agreement of the banks, until July 2014.
- Bilateral credit lines of 166 MEUR which are unused at December 31, 2008.

Note 22. Subsequent events

On January 19, 2009, the Group had the opportunity to purchase 2,241,811 Oceane 2018 bonds for an amount of 94,960 KEUR (representing a nominal amount of 87,767 KEUR). These 2,241,811 Oceane bonds represent 12.72% of the amount initially issued. Following this purchase, 3,242,523 Oceane bonds remain in circulation for a nominal amount of 126,945 KEUR (excluding redemption premium).

Note 23. Subsidiaries and other investments at December 31, 2008

(figures in thousands of euros, except for shareholders' equity which is expressed in local currency)

a – Subsidiaries and other investments whose book value exceeds 1% of the capital stock of Publicis Groupe

Company	Capital stock	Reserves and retained earnings	% interest	Gross book value	Net book value	Loans and advances	Billings	Net income	Dividends received
1- Subsidiaries									
Publicis Groupe Investments B.V. Prof. W.H. Keesomlaan 12 1183 DJ Amstelveen Netherlands	69,742	7,343,706	100.00	5,375,438	5,375,438	0	0	221,007	221,051
MMS France Holdings 133, Champs-Elysées 75008 Paris SIREN 444 714 786	114,607	0	99.61	248,670	248,670	0	0	25,464	19,026
Médias et Régies Europe 9/11 rue Blaise Pascal 92 200 Neuilly sur Seine SIREN 353 938 905	24,150	12,013	99.99	25,508	25,508	0	13,592	(17,849)	1,868
Metrobus 9/11 rue Blaise Pascal 92 200 Neuilly sur Seine SIREN 327 096 426	1,840	20,053	32.30	17,508	17,508	0	161,599	1,916	1,653
2- Other investments									
Europe 1 Immobilier 26bis, rue François 1er 75008 Paris SIREN 622 009 959	1,050	4,942	10.00	1,959	1,959	0	13,184	(1,479)	0

b - General information with regard to all subsidiaries and other investments

	Subsidiaries		Other investments	
	French	Foreign	French	Foreign
Book value of shares held				
- gross	292,282	5,375,438	2,628	0
- net	292,282	5,375,438	2,628	0
Amount of loans granted	890	0	0	0
Amount of dividends received	34,396	221,051	0	0

Details of securities at December 31, 2008

	% interest	Net carrying value (in thousands of euros)
I- Investments		
A. Investments in French companies		
380 517 041 shares MMS France Holdings	99.61%	248,670
1 609 989 shares Médias et Régies Europe	99.99%	25,507
37 146 shares Metrobus	32.30%	17,508
7 000 shares Europe 1 Immobilier	10.00%	1,959
245 000 shares Régie 1	49.00%	373
9 097 shares Publicis Finance Services	99.97%	186
3 700 shares Publicis Groupe Services	100.00%	37
Vivaki Communications	(1)	664
Investments with a carrying value less than 15,000 euros, aggregate		6
Total French investments		**294,910**
B. Investments in foreign companies		
153,023 shares Publicis Groupe Investments	100.00%	5,375,438
Investments with a carrying value less than 15,000 euros, aggregate		-
Total Foreign investments		**5,375,438**
Total investments		**5,670,348**
II- Other fixed asset securities		
C. French securities		
17,166,682 treasury stock Publicis Groupe (2)	8.76%	317,240
Total other fixed asset securities		**317,240**
III- Other securities		
D. Other French securities		
Monetary mutual funds		28,885
Securities with a carrying value less than 15,000 euros, aggregate		5
E. Other foreign securities		14
Total other securities		**28,904**
Total securities		**6,016,492**

(1) Shares to be purchased in the context of the liquidity contracts (see note 7.2 on investments)
(2) Shares held in the context of share buyback programs, excluding liquidity contract.

Results of Publicis Groupe over the last five years

	2008	2007	2006	2005	2004
Capital stock at year end					
Capital stock (In thousands of euros)	78,408	80,955	79,484	78,844	78,188
Number of shares in issue	196,020,983	202,387,354	198,709,229	197,109,010	195,471,061
Maximum number of future shares to be issued :					
- Through the exercise of stock options granted	-	75,500	310,510	361,470	441,440
- Through the exercise of equity warrants (1)	-	-	5,602,699	-	-
- Through the conversion of bonds (2)	50,526,553	52,088,682	53,650,811	56,362,527	68,921,934
Operations and results for the year (In thousands of euros)					
Billings, excluding VAT	17,935	22,498	20,898	25,574	31,011
Net income (loss), before taxes, depreciation, amortization and provisions	161,267	203,161	(39,537)	143,611	417,618
Income taxes (credit)	(59,437)	(20,454)	(17,293)	(33,554)	(1,857)
Net income (loss) after taxes, depreciation, amortization and provisions	29,669	163,693	(38,996)	254,045	418,108
Income distributed to shareholders	117,613	105,573	91,954	66,137	54,722
Earnings per share (in euros)					
Earnings per share after taxes but before depreciation, amortization and provisions	1.13	1.10	(0.11)	0.90	2.15
Earnings per share after taxes, depreciation, amortization and provisions	0.15	0.81	(0.20)	1.29	2.14
Dividends per share	0.60	0.60	0.50	0.36	0.30
Employees (In thousands of euros except headcount)					
Average salaried employee headcount	2	3	3	3	9
Gross salary expense	2,612	4,075	2,951	1,938	2,550
Social charges and benefits (social security, charities, and similar benefits)	798	1,568	1,370	671	699

(1) The equity warrants were not taken into consideration except for 2006 when their exercise price of 30.5 euro was below the Publicis Groupe share price

(2) It was assumed that new shares would be issued to redeem both Oceane and Orane

(3) Estimate on the basis of existing shares as at December 31, 2008, including treasury stock

20.3 AUDIT OF FINANCIAL INFORMATION PRESENTED

Statutory Auditors' Report on the consolidated financial statements

Year ended December 31, 2008

This is a free translation into English of the statutory auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. This report includes information specifically required by French law in all audit reports, whether qualified of not, and this is presented below the opinion on the financial statements. This information includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting matters. These assessments were made for the purpose of issuing an opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements. The report also includes information relating to the specific verification of information in the group management report.

This report, together with the statutory auditors' report addressing financial and accounting information in the Presidents' report an internal control, should be read in conjunction with, and is construed in accordance with French law and professional auditing standards applicable in France.

In our capacity as Statutory Auditors, we hereby report to you, for the year ended December 31, 2008, on:

- The audit of the accompanying consolidated financial statements of Publicis Groupe S.A,
- The justification of our assessments,
- The specific verification required by law.

These consolidated financial statements have been approved by the Company's Management Board. Our role is to express an opinion on these financial statements based on our audit.

I. - Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes verifying, by audit sampling and other selective testing procedures, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used, the significant estimates made by management, and the overall financial statements presentation. We believe that the evidence we have gathered in order to form our opinion is adequate and relevant.

In our opinion, the consolidated financial statements for the year give a true and fair view of the assets, liabilities, financial position and results of the consolidated group of entities in accordance with IFRS as adopted by the European Union.

II. - Justification of assessments

In accordance with the requirements of article L. 823-9 of the French company Law (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- Note 1.2 “Accounting policies” to the consolidated financial statements describes the accounting policies with respect to revenue recognition. In connection with our assessment of the accounting policies applied by your Group, we assessed the appropriateness of the accounting policies used for revenue recognition and we ensured that these accounting policies were correctly applied.
- Your company has recognized provisions as described in note 20 "Provisions" and in note 21 "Defined benefit pension commitments and post-employment health cover" included in the notes to the consolidated financial statements. These notes describe the methods of calculation and valuation of restructuring provisions, vacant property provisions, provision for litigation and claims and provisions for employee benefits. Our assessment of the valuation of these provisions was based on tests of the procedures followed by management in valuing these provisions and on the review of independent valuations performed by experts.
- Your company performs impairment tests with regard to the value of intangible assets, goodwill and property and equipment in accordance with the methods described in note 1.2 “Accounting policies” and in note 5 “Depreciation, amortization and impairment” of the notes to the consolidated financial statements. We reviewed the manner in which these impairment tests were performed as well as the cash flow forecasts and assumptions used by the company and independent experts.
- Your company has determined the fair values of options granted in the context of Publicis Groupe S.A. stock option plans, as described in note 28 " Publicis Groupe S.A. stock options” included in the notes to the consolidated financial statements. Our work consisted of reviewing the data used and in assessing the assumptions made by the company and the independent expert.

The assessments were thus made in the context of the performance of our audit of the consolidated financial statements taken as a whole and therefore contributed to the formation of our audit opinion expressed in the first part of this report.

III. - Specific verification

We have also verified the information given in the group management report as required by French law.

We have no matters to report regarding its fair presentation and conformity with the consolidated financial statements.

French original signed on March 11, 2009 by the Statutory Auditors

MAZARS	ERNST & YOUNG et Autres
Philippe Castagnac	Jean Bouquot
	Valerie Desclève

Statutory Auditors' Report on the annual financial statements

Year ended December 31, 2008

This is a free translation into English of the statutory auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. This report includes information specifically required by French law in all audit reports, whether qualified of not, and this is presented below the opinion on the financial statements. This information includes an explanatory paragraph discussing the auditors' assessments) of certain significant accounting matters. These assessments were made for the purpose of issuing an opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements. The report also includes information relating to the specific verification of information in the management report.

This report should be read in conjunction with, and is construed in accordance with French law and professional auditing standards applicable in France.

In our capacity as Statutory Auditors, we hereby report to you, for the year ended December 31, 2008, on:

- The audit of the accompanying financial statements of Publicis Groupe S.A,
- The justification of our assessments,
- The specific verifications and information required by law.

These financial statements have been approved by the company's Management Board. Our role is to express an opinion on these financial statements based on our audit.

I. - Opinion on the financial statement

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes verifying, by audit sampling and other selective testing procedures, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used, the significant estimates made by management, and the overall financial statements presentation. We believe that the evidence we have gathered in order to form our opinion is adequate and relevant.

In our opinion, the financial statements give a true and fair view of the company's financial position and its assets and liabilities as of December 31, 2008 and of the results of its operations for the year then ended in accordance with the accounting rules and principles applicable in France.

II. - Justification of assessments

In accordance with the requirements of article L. 823-9 of French company Law (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

Your company reviews the value in use of its investments as described in the "Investments" section of note 2 "Acounting policies" to the annual financial statements. We assessed the appropriateness of the methods used by the company and we ensured ourselves of the reasonableness of the estimates made.

The assessments were thus made in the context of the performance of our audit of the financial statements taken as a whole and therefore contributed to the formation of our unqualified audit opinion expressed in the first part of this report.

III. - Specific verifications and information

We have also performed the specific verifications required by law.

We have no matters to report regarding:

- the fair presentation and the conformity with the financial statements of the information given in the Management Report and in the documents addressed to the shareholders with respect to the financial position and the financial statements,
- the fair presentation of the information provided in the Management Report relating to compensation and benefits paid to members of the management and supervisory bodies concerned as well as commitments granted in their favor at the time of their commencement in, change in or departure from functions or subsequently.

In accordance with French law, we have ensured that the required information concerning the purchase of investments and controlling interests and the names of the principal shareholders has been properly disclosed in the Management Report.

French original signed on March 11, 2009 by the Statutory Auditors

MAZARS	ERNST & YOUNG et Autres
Philippe Castagnac	Jean Bouquot
	Valerie Desclève

20.4 DIVIDEND DISTRIBUTION POLICY

Dividend paid for the fiscal year:	Number of shares that received dividends	Dividend per share (in euros)	Total dividend distribution (in millions of euros)	Share price at December 31 (in euros)	Net Earnings
2004	182,406,052	0.30	54.7	23.85	1.25%
2005	183,713,196	0.36	66.1	29.40	1.22%
2006	184,117,525	0.50	92.1	31.95	1.56%
2007	175,954,392	0.60	105.6	26.78	2.24%
2008	196,020,983*	0.60 **	117.6	18.40	3.26%

** Number of securities, including Group-held shares, at December 31, 2008.*

*** Dividend proposed to ordinary general shareholders' meeting on June 9, 2009.*

Dividends on shares that are not claimed within five years of the date of declared payment revert to the French government.

For the past several years, the Company's dividend distribution policy focused on ensuring regular dividend payments to its shareholders while maintaining a sufficient self-financing capacity that allows it to finance the Company's development.

After four years of sustained growth in the unit dividend, the recommendation will be made to leave the dividend per share for fiscal year 2008 unchanged.

Given this most difficult of worldwide economic environments, the Company believes it only reasonable to recommend that the dividend be maintained at the same level as the one paid for fiscal year 2007.

20.5 LITIGATION

The Group is not aware of any existing, suspended or threatened judicial or arbitration proceedings against it, which may have or may have had over the course of the last twelve months a significant impact on the Group's or the Company's financial condition or earnings.

20.6 IMPORTANT CHANGES IN THE FINANCIAL OR COMMERCIAL SITUATION

No important changes in the Group's financial position have occurred since December 31, 2008.

No important changes in the Group's business position have occurred since December 31, 2008.

21. COMPLEMENTARY INFORMATION

21.1 SHARE CAPITAL

21.1.1 SUBSCRIBED CAPITAL AND CLASS OF SHARES

Composition of share capital

At December 31, 2008, the total share capital was €78,408,393.20 and was divided into 196,020,983 shares, fully paid-up with a par value of €0.40, of which 67,514,738 shares carried double voting rights.

Unissued authorized capital

The Company's extraordinary general shareholders' meeting held on June 4, 2007:

- in its twelfth resolution, authorized the Management Board for the period of twenty-six months to issue shares (other than preferred stock) or other equity or debt securities giving access to capital or to the allocation of claims or likely to do so, subject to the employees' preferential subscription rights. This authorization allows to conduct one or several issuances of securities of the Company's subsidiaries in accordance with Article L.228-93 of the French *Code de commerce*. The nominal amount of the capital increase resulting from all issuances under this resolution must not exceed €40 million, and the maximum nominal amount of debt securities must not exceed €900 million.

As at December 31, 2008, the Management Board has not used this delegation of authority.

- in its thirteenth resolution, authorized the Management Board for a period of 26 months to issue shares (other than preferred stock) or other equity or debt securities, which are not subject to any preferential subscription rights, and offer them to the public. This authorization allows to conduct one or several issuances of securities of the Company's subsidiaries in accordance with article L. 228-93 of the French *Code de commerce*. In addition, this resolution authorizes the issuance of ordinary shares by the Company that would result from debt or equity security offerings by the Company's subsidiaries. The nominal amount of the capital increase resulting from all issuances under this resolution must not exceed €40 million, and the maximum nominal amount of debt securities must not exceed €900 million.

As at December 31, 2008, the Management Board has not used this delegation of authority.

- in its fourteenth resolution, subject to the maximum of 10% of share capital per year, authorized the Management Board for a period of 26 months to issue shares (other than preferred stock) or securities, which are not subject to any preferential subscription rights, and offer them to the public; the pricing of such offerings may be determined on the basis of market price, based on one of the following methods: (i) offer price equal to the average trading price of Publicis Groupe S.A. shares on the market of Euronext Paris calculated over a maximum period of six months prior to the issuance; or (ii) offer price equal to the average weighted trading price of the Publicis Groupe S.A. shares on the market of Euronext Paris on the day before the issuance with a maximum discount of 25%.

As at December 31, 2008, the Management Board has not used this delegation of authority.

- in its fifteenth resolution, authorized the Management Board for a period of 26 months to implement capital increases by incorporating reserves, gains or premiums or others the capitalization of which shall be possible by virtue of the law and bylaws, followed by the issuance and free grants of shares or increases in the par value of existing shares, or a combination of the two. The nominal amount of the capital increase resulting from all issuances under this resolution must not exceed €40 million.

As at December 31, 2008, the Management Board has not used this delegation of authority.

- in its sixteenth resolution, authorized the Management Board for a period of 26 months to issue shares or various securities, including warrants issued autonomously, in exchange for shares tendered as part of a public exchange offer launched by the Company with respect to the shares of another company listed on a regulated exchange in accordance with article L. 225-148 of the French *Code de commerce* or any other such transaction involving another company whose shares are traded on an exchange regulated by foreign law. The resolution also provided for the elimination, if necessary, of the preferential subscription rights attached to such securities. The nominal amount of the capital increase resulting from all issuances under this resolution must not exceed €40 million.

As at December 31, 2008, the Management Board has not used this delegation of authority.

- in its seventeenth resolution, authorized the Management Board for a period of 26 months to issue shares or other equity or debt securities, subject to the maximum of 10% of the Company's share capital at the time of the issuance, compensate in-kind contributions of shares or other equity securities agreed by the Company when article L. 225-148 of the French *Code de commerce* is not applicable.

As at December 31, 2008, the Management Board has not used this delegation of authority.

- in its eighteenth resolution, authorized the Management Board for a period of 26 months to increase the number of shares or equity securities issued in the event of an increase in the Company's share capital, with or without preferential subscription rights, within 30 days of the initial offer subscription period, subject to the 15% maximum of the initial issuance and at the same price as used in the initial issuance.

As at December 31, 2008, the Management Board has not used this delegation of authority.

- in its nineteenth resolution, authorized the Management Board for a period of 26 months, in the framework of the provisions of articles L.443-5 *et seq*. of the Labor Code and L.225-138-1 of the Commercial Code, and in accordance with the provisions of articles L.225-129-2 to L. 225-129-6 of the Commercial Code, to decide capital increases reserved for employees of the Company and of companies affiliated to the Company in the meaning of L.225-180 of the Commercial Code. The authorization is valid for a capital increase of a nominal amount of two million eight hundred thousand euros. This amount shall be deduced on the amount of the overall forty million limit. The subscription price for the shares issued pursuant to said authorization is determined under the conditions provided for in the provisions of article L.443-5 of the Labor Code.

As at December 31, 2008, the Management Board has not used this delegation of authority.

- in its twentieth resolution, authorized the Management Board for a period of 38 months to grant to employees or company officers of the Company or of companies or economic interest groups affiliated to it under the conditions set forth in article

L.225-180 of the Commercial Code, or to some of them, and within the limits provided for in regulations in force, options granting the right to subscribe new shares of the Company to be issued pursuant to a capital increase and/or options granting the right to purchase shares acquired by the Company in accordance with legal provisions. The total number of shares so granted open and non exercised may not give right to a number of shares representing more than 10% of the Company capital. The price of subscription or purchase of the shares shall be set by the Management Board on the date at which the options shall be granted, without any possibility of discount, within the limits and under the conditions provided for by the law. The beneficiaries may exercise the options within 10 years as of their being granted.

- in its twenty-second resolution, authorized the Management Board for a period of 38 months to grant free existing shares or shares that will be issued in the future to management and certain employees. The total number of free shares that may be granted under this resolution is limited to 10% of the share capital, and the nominal amount of the capital increase resulting from all issuances under this resolution must not exceed €40 million.

As at December 31, 2008, the Management Board has not used this delegation of authority.

Finally, the extraordinary general shareholders' meeting on June 4, 2007, in its twenty-first resolution, set the maximum amount of all capital increases through the issuance of shares or other securities made pursuant to the authorizations granted to the Management Board in the twelfth, thirteenth, fourteenth, fifteenth, sixteenth, seventeenth, eighteenth, nineteenth and twenty-second resolutions at the nominal global amount of €40 million due to the effect on share capital through the operation of legislative and regulatory provisions related to issuance of share or securities.

The extraordinary general shareholders' meeting on June 4, 2007, in its twenty-third resolution, also authorized the Management Board for a period of 18 months to use the authorizations granted pursuant to the resolutions eleven to twenty-two in case of public offer targeting the securities of the Publicis Groupe, under the conditions provided for by article L.233-33 of the Commercial Code.

In their extraordinary general meeting of June 3, 2008, the shareholders:

- In their twenty-first resolution, in accordance with article L. 443-1 and subsequent provisions of the *Code du travail* and article L. 225-138-1 of the *Code de commerce* and article L. 225-129-6 of the latter, authorized the Management Board to increase share capital over a period of twenty-six months by issuing shares or marketable securities giving entitlement to shares of the Company with suspension of preferential subscription rights to participants in a corporate savings plan of the Company and companies in France and abroad linked to it under the terms and conditions of article L. 225-180 of the *Code de commerce* and article L. 444-3 of the *Code du Travail*. The maximum par value amount of the share capital that may be created by virtue of this resolution plus the amount of any increase by virtue of resolution twenty-two below may not exceed two million eight hundred thousand euros, with the stipulation that this amount will be booked to the limit established in the twenty-first resolution of the general shareholders' meeting of June 4, 2007. The subscription price will be established under the terms and conditions of article L. 443-5 of the *Code du travail*, with a discount not to exceed 20% of the average closing prices over the twenty trading sessions immediately preceding the date of the decision establishing the opening subscription date. The shareholders also authorize the Management Board to reduce or eliminate the discount at its own discretion in order to reflect legal, accounting, tax and social benefit schemes that might exist locally. The Management Board may also decide to grant free shares to be issued or already issued or other securities to be issued or already issued giving entitlement to the share capital of the Company for the discount, provided that their monetary value established at the subscription price is taken into consideration and does not cause the limits established in articles L. 443-5 et L. 443-7 of the *Code du travail* to be surpassed and that the characteristics of other shares giving entitlement to the share capital of the Company be established by the Management Board under the terms and conditions of applicable regulations. This authorization renders null and void the delegation given in the nineteenth resolution of the extraordinary general shareholders' meeting of June 4, 2007 in respect of any unused portion and the remaining time period of said delegation;

As of December 31, 2008, the Management Board had not used this delegation of authority.

- In their twenty-second resolution, pursuant to articles L. 225-129 and subsequent provisions and article L. 225-138 of the *Code de commerce*, authorized the Management Board to increase share capital over a period of eighteen months in proportions and at such a times as it deems appropriate through the issuance of shares and any other marketable securities giving immediate or subsequent access to the share capital of the Company with suspension of preferential subscription rights. The beneficiaries of subscription rights must be:
- (i) employees and corporate officers of companies of the Publicis Groupe tied to the Company under article L. 225-180 of the *Code de commerce* and article L. 444-3 of the *Code du travail* with headquarters outside France; (ii) and/or investment funds or other entities, whether or not they are legal entities, employee shareholder plans invested in securities of the Company when the owners of units or shareholders are the individuals mentioned in (i) of this paragraph; (iii) and/or any bank or banking subsidiary acting at the request of the Company for the purpose of implementing a shareholder or savings plan for the individuals mentioned in (i) of this paragraph to the extent that the subscription rights of parties authorized pursuant to this resolution would allow the employees of subsidiaries abroad to benefit from equivalent share ownership or savings formulas in respect of their economic advantages as those available to other employees of the Publicis Groupe. The par value of the share capital increase owing to this resolution plus the amount of any increase pursuant to the twenty-first resolution above may not exceed two million eight hundred thousand euros. This amount will be booked to the total amount established in the twenty-first resolution of the general shareholders' meeting of June 4, 2007. The issue price of each share of the Company will be established by the Management Board with a maximum discount of 20% of the average of closing prices over the twenty trading days immediately preceding the date of the decision establishing the subscription price in respect of the share capital increase, or in the case of a share capital increase at the same time as a share capital increase reserved for members of the savings plan, the subscription price of this share capital increase (twenty-first resolution). The shareholders also authorize the Management Board to reduce or eliminate the discount at its own discretion in order to take local legal, accounting, tax and social benefit schemes into consideration.

As of December 31, 2008, the Management Board had not used this delegation of authority.

In their twenty-third resolution, pursuant to articles L. 225-197-1 and subsequent provisions of the *Code de commerce*, authorized the Management Board to grant free ordinary shares of the Company, either existing or to be issued, over a period of thirty-eight months, to salaried employees or eligible corporate officers (within the meaning of article L. 225-197-1 II paragraph 1 of the *Code de commerce*) of the Company of its own choosing or of companies or groups tied to it under the terms and conditions of article L. 225-197-2 of the *Code de commerce*, or to certain categories of them with suspension of preferential subscription rights. The total number of Company shares that may be freely given may not exceed 5% of the share capital of the Company, and the par value shall be recorded against the limit established in the twenty-first resolution of the general shareholders' meeting of June 4, 2007. This resolution renders the authorization given by the combined ordinary and extraordinary shareholders' meeting of June 4, 2007 in its twenty-second resolution null and void as of said date.

As of December 31, 2008, the Management Board had not used this delegation of authority.

- In its twenty-fourth resolution, authorized the Management Board to avail itself of the authorizations given in resolutions twenty through twenty-three of said general shareholders' meeting for a period of eighteen months in the event of a public offer for Company shares within the terms and conditions of article L. 233-33 of the *Code de commerce*, as well as the twelfth, thirteenth, fourteenth, fifteenth, sixteenth, seventeenth, eighteenth, twentieth, and twenty-first resolutions of the general shareholders' meeting of June 4 2007.

As of December 31, 2008, the Management Board had not used this delegation of authority.

21.1.2 THE EXISTENCE OF NON-REPRESENTATIVE SHARES, THE AMOUNT AND THEIR MAIN CHARACTERISTICS

All shares are representative of the Company's share capital.

21.1.3 NUMBER, BOOK VALUE AND NOMINAL VALUE OF THE TREASURY SHARES, SHARES IN THE ISSUER'S NAME, OR SHARES HELD BY THE ISSUER'S SUBSIDIARIES

With the prior consent of the Supervisory Board and pursuant to the eleventh resolution of the shareholders in their combined ordinary and extraordinary meeting of June 4, 2007, on February 27, 2008, the Management Board reduced share capital from €80,960,941.60 to €77,760,941.60, represented by 194,402,354 shares each with a par value of €0.40, through the cancellation of 8,000,000 treasury shares.

Company's Treasury Shares

The ordinary and extraordinary general shareholders' meeting of June 3, 2008, in its nineteenth resolution, authorized the Management Board to carry out, or to have carried out, purchases in order to fulfill the following objectives:

1) To grant or transfer shares to employees and/or management of the Company and/or of the Group in accordance with terms and conditions provided for by applicable law;

2) To deliver shares in order to honor commitments related to securities giving right to acquire Company shares giving access to the capital;

3) The retention and later delivery of shares (pursuant to an exchange, payment or other) or in the framework of external growth projects within the limit of 5% of the capital;

4) To stimulate the secondary market or liquidity of Publicis Groupe's shares through an investment services provider who acts independently and without being influenced by the Company, in the name and on the behalf of the Company, in accordance with a

liquidity contract, which complies with the code of ethics recognized by the French Regulatory Authority (*Autorité des Marchés Financiers*) or any other applicable regulations;

5) To cancel shares acquired by the above-mentioned methods;

6) The implementation of any market practices admitted or that would become admitted by market authorities.

This repurchase program would also permit the Company to operate with any other authorized purpose or which would become so by the law or regulations in force. In such a case, the Company would inform its shareholders through a press release.

The maximum number of shares that may be repurchased cannot exceed 10% of the share capital, at any time, this percentage applying to a capital adjusted based on the transactions affecting it later than this Meeting, it being recalled that the Company owns, as at March 31, 2008, 11,552,990 shares of €0.40 each, acquired pursuant to the former authorizations and subject for this authorization to a global maximum set at €500 million.

The maximum share purchase price was set at €36 and the minimum share sale price was set at €18; these limits do not apply, however, to shares purchased to satisfy the free allocations of shares to employees or to satisfy option exercises of those shares; in this latter case, the sale price or exchange value is determined in accordance with the specific applicable provisions.

The general shareholders' meeting decided that the Company may use this authorization and continue its share repurchase program, including during public tender offer for the shares or other securities of the Company, or initiated by the Company, subject to applicable regulation.

This authorization, which is valid for a period of 18 months, terminated and replaced the authorization previously granted by the tenth resolution adopted at the Shareholders' Meeting of Publicis Groupe on June 4, 2007. The description of the share repurchase program was made available on the AMF website and on the Publicis Groupe S.A. website on June 13, 2008.

Summary report of purchases under various plans since 2000:

	Quantity	Average Price
Visa 00 963 of 6/5/2000 Period between the two general shareholders' meetings of 6/22/2000 and 08/28/2000	1,175,250	41.17
Visa 00 1399 of 8/9/2000 Period between the two general shareholders' meetings of 8/29/2000 and 06/13/2001	4,610,000	38.15
Visa 00 627 of 5/23/2001 Period between the two general shareholders' meetings of 6/14/2001 and 06/17/2002	2,065,290	25.28
Visa 02 659 of 5/31/2002 Period between the two general shareholders' meetings of 6/18/2002 and 05/14/2003	7,660,253	21.49
Visa 03 331 of 4/28/2003 Period between the two general shareholders' meetings of 5/15/2003 and 06/07/2004	339,000	22.68
Visa 04 455 of 5/18/2004 Period between the two general shareholders' meetings of 6/8/2004 and 05/31/2005	1,429,749	23.31
Visa 05 373 of 5/11/2005 Period between the two general shareholders' meetings of 6/1/2005 and 12/31/2005	1,327,144	26.72
Period from 01/01/2006 to 12/31/2006	4,154,434	29.45
Period from 01/01/2007 to 12/31/2007	8,437,786	32.31
Period from 01/01/2008 to 12/31/2008	10,306,003	23.80

Under the liquidity contract with Rothschild bank until February 25, 2008, then with Société Générale, the Company acquired 2,258,420 shares at an average price of €21.78 and sold 2,805,920 shares at an average price of €20.40. Acting under the buy-back program through the intermediary of CA Cheuvreux and not under the liquidity contract, the Company acquired 8,047,583 shares at an average price of €24.37.

The amount of the trading costs and fees paid by the Company in 2008 for transactions carried out in the framework of the share repurchase program authorized by the Shareholders' Meeting of June 4, 2007 in its tenth resolution, and then by the Shareholders' Meeting of June 3, 2008 in its nineteenth resolution, is €178,894.

These authorizations, which allow the Company to repurchase its own shares representing up to 10% of its share capital, were granted by the general shareholders' meetings on June 25, 1998, December 11, 1998, June 22, 2000, August 29, 2000, June 14, 2001, June 18, 2002 (visa COB no. 02-659 of May 5, 2002), on May 15, 2003 (visa COB no. 03-331 of April 28, 2003), on June 8, 2004 (visa AMF no. 04-455 of May 18, 2004), on June 1, 2005 (visa AMF no. 05-0373 of May 11, 2005), on June 7, 2006 and June 4, 2007 and June 3, 2008 (the description of the share repurchase program was made available on the AMF website and on the Publicis website on June 13, 2008). Publicis Groupe held 17,166,682 shares (8.76% of the Publicis Groupe S.A. capital) at December 31, 2008.The net total cost of such shares was €449,239,001, and the average unit price per share of €26.17.

With the prior consent of the Supervisory Board and pursuant to the eleventh resolution of the shareholders in their combined ordinary and extraordinary meeting of June 4, 2007, on February 27, 2008, the Management Board reduced share capital from €80,960,941.60 to

€77,760,941.60, represented by 194,402,354 shares each with a par value of €0.40, through the cancellation of 8,000,000 treasury shares.

21.1.4 TOTAL AMOUNT OF CONVERTIBLE OR EXCHANGEABLE SECURITIES AND EQUITY WARRANTS, INCLUDING THE SPECIFIED TERMS AND CONDITIONS FOR CONVERSION, EXCHANGE OR SUBSCRIPTION

The distribution of shares at December 31, 2008, on the basis of full dilution resulting from financial instruments issued by the Company, is the following:

	Shares held	%	Voting rights	%
Elisabeth Badinter (registred)	20,072,339	8.76%	40,144,678	14.37%
Dentsu Inc	18,641,505	8.14%	36,940,978	13.22%
Harris Associates L.P	13,161,200	5.75%	13,161,200	4.71%
SEP Dentsu-Badinter	10,391,203	4.54%	20,782,406	7.44%
Leone Meyer & Phison Capital SAS	10,307,829	4.50%	19,149,658	6.86%
Shares (held by the Company)	17,166,682	7.50%	0	0.00%
Public (registered and bearer)	106,280,225	46.41%	116,190,119	41.60%
Orane (1)	21,869,806	9.55%	21,869,806	7.83%
Equity warrants(2) (2)	5,602,699	2.45%	5,602,699	2.01%
Oceane 2018 (2)	5,484,334	2.40%	5,484,334	1.96%
Total	228,977,822	100.00%	279,325,878	100.00%

(1) *The Group issued 1,562,500 Orane exchangeable for 18 new or existing shares of the Company. As of December 31, 2008, 14 shares per ORANE are still to be exchanged.*

(2) *[Securities below strike price] at the most recent accounting date (February 6, 2009)*

A shareholder holding 1% of the share capital of Publicis Groupe S.A. as at December 31, 2008 would hold 0.86% of the share capital of Publicis Groupe S.A. at that date, in case of exercise or conversion of rights attached to securities giving access to the capital (OCÉANEs, Orane, equity warrants) assuming these rights would be fully satisfied by the issuance of new shares.

No transaction significantly modifying the information in the table above has been carried out since the closing of the 2008 financial year.

The terms of conversion, exchange and subscription of convertible and exchangeable securities and equity warrants are described in note 24 to the consolidated financial statements in Chapter 20.1 of this document.

21.1.5 PLEDGES, GUARANTEES AND SURETIES

There is no indirect self-control of the Company. At December 31, 2008, 3,719,326 registered shares managed by the Company, and 130,336 registered shares administered by others, were pledged, representing a total of 3,849,662 pledged shares.

Principal pledge

Name of registered shareholder	Beneficiary–Creditor lienor	Opening date of pledge	Closing date of pledge	Condition for lifting pledge	Number of issuer's shares pledged	% of issuer's capital pledged
Consorts Badinter	LCF Edmond de Rothschild	09/09/2003	Not indicated	Agreement of creditor lienor	3,681,000	1.87%

No major asset held by Group companies was subject to a pledge.

21.1.6 OTHER INFORMATION

The trading of Publicis Groupe stock

As was the case of nearly all businesses, the average performance of the sector on worldwide financial markets was in sharp decline following a retreat that was just as marked in 2007, as the sources of concern over the financial system multiplied through the months following the explosion of the subprime crisis in the summer of 2007. From bank rescues to the bankruptcy of a major financial establishment, investors on the whole were hardly spared. Market volatility remained very high throughout the year, especially in September. Equities were heavily affected, with historic losses posted on all markets. The shock wave caused by the bankruptcy of a major U.S. bank in September led to the blockage of interbank credit and very real concerns over a possible rationing of credit. Numerous public efforts have facilitated a return to slightly more normal operation of credit markets, although the effects of numerous budget stimulus measures, however enthusiastically received, have not provided sufficient reassurance because they will only be measurable over the next several quarters, and perhaps not before 2010. Therefore, in this context of precipitous market decline, the sector's worldwide market performance (Omnicom, WPP, Interpublic, Dentsu, Havas, Aegis and Publicis Groupe) was down 42% in 2008.

In this tumultuous year for markets around the world, Publicis stock surrendered 31.3%, the CAC 40 (the main French market index) 42.7%, and the DJ Stoxx Media 40.6%.

Publicis Groupe stock went through several phases in 2008. After a drop in the first quarter, the share hit its highest point, €26.57, on May 2, 2008, the day after reassuring data on Group growth were published.

In June, the increasingly anxious environment of financial markets set the Publicis Groupe share price on a downward trend that continued until August. Then good half-year results, noticeably stronger growth, the development of digital businesses placing the Group in a leading position as well as strong business in the emerging economies gave the share price a bit of its past luster as it stabilized at around €22. On September 15 the announcement that a major financial establishment had failed came as a brutal shock to investors, who chose to withdraw from markets and hold on to their cash. On October 24, 2008, Publicis Groupe stock hit its low for the year at €15.08. This movement of true panic continued through the end of November when broader and more concerted governmental intervention was taken by the G-20. It should be noted that in this climate of total uncertainty from September until today, the Publicis Groupe has outperformed the sector in a gratifying manner, notwithstanding the unprofitable environment.

The quality of 2008 results in a very difficult year-end environment clearly shows the wisdom of the strategic choices made in recent years. The size of new budgets won throughout the year bears witness to the dynamism and attractiveness of the Group. These recognized advantages should be reflected in the share price as soon as questions over where the world economy is going have been answered.

An ongoing relationship with investors

In 2008, the Group maintained a consistent relationship with investors. Over the course of the year, Group managers met with nearly 300 institutional investors in private meetings in France, in most European Union countries and in North America. Publicis Groupe also participated in large industry conferences in Palm Beach and Barcelona, as well as in international conferences in Paris, New York and Tokyo, with the aim of promoting business in France.

Securities market

Publicis Groupe S.A.Shares

- Listed on: Euronext Paris (ISIN code: FR0000130577);
- First day listed: June 9, 1970;
- Securities admitted on Euronext Paris: all securities composing the share capital;

On December 27, 2007, Publicis Groupe S.A. was informed of the termination of the listing of its shares on the New York Stock Exchange. This removal from public listing followed the Company's September 17, 2007, request to U.S. market authorities to end the listing of Publicis Groupe S.A. shares (listed in the form of American Depositary Receipt with parity of one ADR for one Publicis share). Transactions rarely exceeded an annual average of 1% of all shares comprising the Company's share capital.

The shares can also be traded on the OTC market—"Pink Sheets" (unlisted) in New York (ticker : PUBGY)

- Changes in trading price on Euronext Paris in 2008 :
- highest: €26.57 on May 2, 2008,
- lowest: €15.08 on October 24, 2008,
- average price: €22.28.

Périod		Number of sessions	Average volume exchanged by session		Monthly listing price (in €)			
			Number of securities	Capital (in thousands €)	First listing	Last listing	Highest	Lowest
2007	August	23	1,099,854	34,887	31.36	31.72	33.00	30.36
	September	20	1,024,226	29,539	31.96	28.84	31.96	27.91
	October	23	1,145,555	32,110	28.15	28.03	30.48	27.79
	November	22	1,134,895	28,202	28.03	24.85	28.21	22.88
	December	19	860,278	23,038	24.94	26.78	27.10	24.11
2008	January	22	1,513,032	36,464	26.65	24.10	26.74	19.53
	Febuary	21	1,199,228	28,769	24.35	23.99	25.34	22.25
	Mach	19	1,123,715	27,194	23.51	24.20	24.51	21.48
	April	22	1,041,604	27,030	24.04	25.95	26.50	23.55
	May	21	910,129	23,254	26.47	25.55	26.57	24.61
	June	21	1,250,933	25,744	25.60	20.58	25.81	20.47
	July	23	1,254,975	26,430	20.37	21.06	21.45	17.81
	August	21	824,826	18,913	20.93	22.93	23.03	20.65
	September	22	1,288,997	28,474	22.75	22.09	24.34	20.40
	October	23	1,711,242	30,203	22.16	17.65	22.30	15.08
	November	20	971,277	17,735	17.84	18.26	19.45	15.36
	December	21	722,782	13,291	18.18	18.39	19.77	17.10
2009	January	21	940,238	17,281	18.10	18.38	19.20	16.60
	February	20	887,261	16,396	18.10	18.48	20.70	17.68

Oceane Publicis Groupe S.A. 2018 – 2.75%

- Listed on: Euronext Paris (ISIN code: FR0000180127);
- First day listed: January 21, 2002;
- Changes in trading price on Euronext Paris in 2008:
  - highest: €42.8329 on December 31, 2008;
  - lowest: €41.0889 on October 29, 2008;
  - average price: €42.0252

Eurobond offering Publicis Groupe S.A. 4.125% 2012

- Listed on: Luxembourg Stock Exchange (code ISIN : FR0010157354);
- First day listed: January 28, 2005
- Changes in trading price on Luxembourg Stock Exchange in 2008:
  - highest: €99.81 euros on December 1, 2008
  - lowest: €91.656 on December 10, 2008
  - average price: €94.515

21.1.7 SHARE CAPITAL HISTORY

The allocation of share for the past three years has been the following:

Dates	Shares capital transaction	Number of shares	Per value	Shares capital
12/31/2005	**Share Capital at December, 31, 2005**	**197,109,010**	0.40	**78,843,604**
09/01/2006	Capital increase (2nd tranche of ORANE repayment)	1,562,129	0.40	624,852
2006	Exercise of Publicis stock options	38,090	0.40	15,236
12/31/2006	**Share Capital at December, 31, 2006**	**198,709,229**	0.40	**79,483,692**
from 09/07/2007 to 10/29/2007	Capital increase (contribution of Business Interactif – now Digitas France - shares)	1,889,026	0.40	755,610
09/03/2007	Capital increase (3rd tranche of ORANE repayment)	1,562,129	0.40	624,852
2007	Exercise of Publicis stock options	226 970	0.40	90,788
12/31/2007	**Share Capital at December, 31, 2007**	**202,387,354**	0.40	**80,954,942**
02/27/2008	Reduction of capital (cancellation of shares held by the Company)	(8,000,000)	0.40	(3,200,000)
02/01/2008	Capital increase (4th tranche of ORANE repayment)	1,562,129	0.40	624,852
2008	Exercise of Publicis stock options	71,500	0.40	28,600
12/31/2008	**Share Capital at December, 31, 2008**	**196,020,983**	0.40	**78,408,394**

21.2 MEMORANDUM AND BYLAWS

Corporate Purpose (article 2 of the Company statuts)

The Company's corporate purposes are to:

- produce, and derive value added from, in any manner, advertising in any form and irrespective of its type;
- organize shows and radio or television broadcasts, set up radio, television and other programming, use movie theaters, recording or broadcasting studios and projection and viewing rooms, publish paper documents and edit music, sketches, scripts and theater productions; and
- more generally, carry out commercial, financial, industrial and real and intangible property transactions directly or indirectly related to the above in order to foster the development and growth of the Company's business.

The Company may conduct operations in any country in its own behalf or on the account of third parties, either alone or jointly, with other companies or persons and carry out in any form, directly or indirectly, activities in line with its corporate purpose.

The Company may also acquire interests in other businesses, regardless of such businesses' purposes.

Management Board (articles 10 to 12 of the Company statuts)

The Management Board oversees Publicis' management. The Management Board is appointed by the Supervisory Board and must have at least two but no more than seven members. Each member is appointed for a four-year period and must be a natural person, but need not be a shareholder. Members of the Management Board may be re-appointed. No member of the Management Board may serve after the ordinary general shareholders' meeting following his or her 70th birthday. The Supervisory Board appoints one of the members of the Management Board as chairperson and may appoint one or several or all the other members of the Management Board as managing directors. The members of the Management Board may be dismissed either by the Supervisory Board or by the shareholders at a general meeting.

Supervisory Board (articles 13 to 17 of the Company statuts)

The Supervisory Board has the responsibility of exercising ongoing supervisory authority over the Management Board. It is composed of no less than three and no more than eighteen members, appointed at the shareholders' meeting. Members of the Supervisory Board serve six-year terms and may be re-elected. Members over 75 years of age may not constitute more than one-third of the Supervisory Board, which may be rounded up. Should this limit be exceeded, the oldest member of the Supervisory Board will automatically resign. The potential crossing of this threshold shall be determined as at the date of the Supervisory Board's meeting to approve the financial statements for the past fiscal year. The Company *statuts* provide that a member of its Supervisory Board must own at least 200 of the Company shares for during the course of his or her term. The members of the Supervisory Board may be dismissed only by the general meeting of shareholders.

Rights Related to Each Category of Shares (article 8 of the Company statuts)

Each share confers the right proportionate to such share to a part of the corporate assets and benefits. The shareholders may be held liable only up to the value of the shares that they hold. Each time that it is necessary to hold several shares to exercise any right, shareholders must be personally responsible for gathering the number of shares required.

General Shareholders' Meetings (articles 19 to 24 of the Company statuts)

General shareholders' meetings are open to all shareholders regardless of the number of shares held. The procedures for providing notice of meetings and holding meetings are prescribed by French law. Meetings take place at the company's headquarters or at any other specified location, in the above-mentioned notice and set by the notifier (article 19 of the Company *statuts*).

Representation and admission to Shareholders' meetings (article 20 of the Company statuts)

Any shareholder may participate, personally or through an authorized intermediary, in shareholders' meetings, justifying his identity and his ownership of the securities, through registration on the Company's registry, under the conditions provided for by the law.

Double voting rights (article 21 of the Company statuts)

The Company *statuts* provide double voting rights for shares held in registered form by the same shareholder for at least two years.

Declaration of share ownership (articles 7 III and 6 paragraph 6 of the Company statuts)

The Company *statuts* provide that any natural or legal person, acting individually or jointly and acquiring or disposing of, by any means as described in article L 233-7 of the French *Commercial Code*, 1% or any multiple of 1% of the company share capital or voting rights, shall notify the Company within five trading days of such acquisition or disposal, of the total number of shares or voting rights held, by registered mail with return receipt addressed to Publicis' headquarters. In addition, a legal entity holding shares representing more than 2.5% of the Company's share capital or voting rights must disclose to the Company the identity of all persons holding, directly or indirectly, more than one-third of the share capital or voting rights of that entity. Should the number of voting rights be greater than the number of shares, the percentages will be calculated based on voting rights. These declaration obligations also apply each time that the fraction of the shares or voting rights held falls below one of the thresholds specified in the preceding paragraph.

Shareholders who fail to comply with this requirement may be deprived of voting rights with respect to any shares exceeding the relevant threshold until the required disclosure is made, a duration provided for by current legislation. Except in cases of crossing one of the thresholds provided for in the *above-mentioned* article L. 233-7, this sanction will only be applied on the request, recorded in the minutes of the general shareholders' meeting, of one or more shareholders holding at least 1% of the Company's capital.

21.3 RIGHTS, PREFERENCES AND RESTRICTIONS APPLICABLE TO PUBLICIS SHARES

Voting Rights (article 21 paragraph 5 of the Company statuts)

Each of the Company shares carries the right to cast one vote in shareholder elections. However, resulting from a decision of the extraordinary general shareholders' meeting of September 14, 1968, a share held by the same shareholder in registered form for at least two years carries the right to cast two votes. The right to cast two votes is still applicable if the shares have been transferred from a registered person to another, as an intestate estate or testamentary succession, through the joint ownership of the shares, through the donation to a living person for the benefit of a spouse or parent through an inherited right.

The extraordinary general shareholder's meeting has the possibility to purely and simply cancel the double voting right, however this cancellation will only become effective after the approval of the special meeting of shareholders who benefit from the double voting right.

In the event of conventional share ownership stripping of the Company, the limited owners and bare owners of shares can freely distribute voting rights in the Extraordinary or Ordinary Shareholders Meeting subject to their notifying the Company beforehand, by providing a certified copy at least 20 calendar days before the first General Meeting is held following the afore-mentioned ownership stripping by registered mail. Failing notification within this period, the distribution will be implemented in full rights in accordance with Article L.225-110, paragraph 1, of the French *Code de commerce*.

Liquidation Rights (article 32 of the Company statuts)

At the expiration of the Company's term of incorporation, or in the event of dissolution or liquidation, any assets remaining after payment of the Company's debts and social security expenses, liquidation expenses and all of the Company's remaining obligations will be distributed first to repay in full the nominal value of its shares. Any surplus will be distributed pro rata among shareholders in proportion to the nominal value of their shareholdings.

21.4 PRINCIPAL AUDITOR FEES AND SERVICES

See note 31 of Chapter 20.1 of the consolidated financial statements included herein.

22. IMPORTANT CONTRACTS

On November 30, 2003, Publicis entered into an agreement (the "Alliance Agreement") with Dentsu in order to reinforce the strategic alliance implemented on March 7, 2002 between the two groups.

Pursuant to the Alliance Agreement, Publicis agreed to terminate, and to cause Saatchi & Saatchi and ZenithOptimedia to terminate, the Company's arrangements and agreements with partners in Japan. Publicis Groupe also agreed to partner with Dentsu in Japan exclusively and not to initiate any new business in Japan without prior consultation with Dentsu. Subject to certain exceptions, the Group will represent Dentsu and its clients in North America, Europe, Australia and New Zealand.

Under the agreement, Dentsu will consult Publicis Groupe before making any investments, initiating any joint ventures or other new ventures in Australia, Europe or the United States, and will not enter into any new partnership agreements with WPP, Interpublic, Omnicom or Havas. The Company also agreed not to partner with any of those companies or Hakuhodo. The Company agreed to the continued expansion of the Dentsu network in Asia and acknowledged the existing Dentsu partnership with WPP and Dentsu Young & Rubicam, and Dentsu agreed not to expand that partnership.

In addition, Publicis Groupe and Dentsu have committed to share know-how, research and experience that can be used to develop and improve services to multinational clients. The Company and Dentsu also indicated the company's expectation that it will jointly develop various communications businesses internationally, including, in particular, sports marketing businesses. Pursuant to the agreement, it founded iSe International Sports and Entertainment AG in 2003 within which the Company and Dentsu each had a 45% interest; Fuji Television Network, Inc. and Tokyo Broadcasting Service each having a 4% interest; SportsMondial owns the remaining 2%. Following the successful management and organization of the official hospitality programs of the 2006 FIFA World Cup for which the company was principally created, the shareholders decided on March 2, 2007, to proceed with the liquidation of the joint venture.

Finally, Publicis Groupe and Dentsu created an executive committee responsible for the management of this strategic alliance and composed of the Company and Dentsu's respective Chairmen, Chief Executive Officers and management. This committee shall be kept informed of Denstu's development projects and the Company's in Asia. Denstu, however, will have no obligation to inform the committee of its activity in Japan.

This contract was concluded for a 20-year term, and may be terminated by either party. The agreement will terminate if Dentsu's interest in Publicis Groupe share capital falls below 10%.

23. INFORMATION FROM THIRD PARTIES, EXPERTS' DECLARATIONS AND DECLARATIONS OF INTEREST

None.

24. DOCUMENTS ON DISPLAY

During the period of validity hereof, the Company's bylaws (statuts), minutes of the general shareholders' meetings, as well as reports of the Management Board and the auditors, and all documents addressed or available to shareholders as required by law are available at the registered office of Publicis Groupe S.A., at 133 avenue des Champs Elysées, 75008 Paris.

The bylaws (*statuts*) of the Company are also available on the Publicis Groupe's website (http://www.publicisgroupe.com).

The statutory accounts and the consolidated financial statements of Publicis Groupe for the fiscal years ending December 31, 2006 and December 31, 2007, are available at the registered office of the Company as required by relevant laws and regulations. They are also available on the website of Publicis Groupe (http://www.publicisgroupe.com) and on the website of the *Autorité des Marchés Financiers* (http://www.amf-france.org).

Furthermore, historical financial information for any direct or indirect subsidiary of the Company for the fiscal years ending December 31, 2007 and December 31, 2008, is available at the registered office of such subsidiary, as required by relevant laws and regulations.

01/10/08	Marcel Bleustein Blanchet – first Frenchman inducted into the American Advertising Hall of Fame
01/18/08	Maurice Lévy honored by the American Anti-Defamation League's 2008 Award
01/22/08	Announcement of collaboration between Google and Publicis Groupe
01/29/08	Report on the economy of the immaterial: one year later, half of the measures put in place
01/31/08	Acquisition of Act Now in the USA
02/07/08	Publicis Groupe acquires La Vie est Belle
02/14/08	Publicis Groupe annual results 2007
03/13/08	Buy-back and cancellation of 8 million shares
03/26/08	Digitas launches Solutions I Digitas in India and Singapore
04/24/08	Richard Attias to Step Down John Rossant to become Executive Chairman, Anthony Gazagne to become Managing Director
04/29/08	Publicis Groupe files its 2007 Registration Document
05/22/08	Publicis Groupe acquires Emporio Asia, leading digital agency in China
06/03/08	Publicis Groupe Annual General Meeting of Shareholders - Dividend set at 0.60 euro per share
06/19/08	Publicis Groupe in strategic joint venture in China - Launches Saatchi & Saatchi Energy Source Integrated Interactive Solutions
06/24/08	Publicis Groupe in no. 2 position at Cannes: 101 Lions
06/25/08	Publicis Groupe Creates First Open-Source Audience On Demand Network
06/25/08	Publicis Groupe launches VivaKi - A new growth engine for the new media and digital environment
06/25/08	Publicis Groupe and Yahoo! Unveil broad technology initiatives to drive greater advertiser effectiveness and consumer engagement online and on-the-go
06/27/08	Notice to the holders of bonds convertible into new shares and/or exchangeable into existing shares
06/30/08	Results for the first half of 2008
07/02/08	Publicis Groupe acquires Kekst and Company, incorporated world's premier strategic and financial public relations firm
07/17/08	Reimbursement of bonds with option of conversion and/or exchange for new or existing shares, maturity 2008.
07/22/08	Publicis Groupe acquires Portfolio - leading South Korean full service digital marketing agency

07/24/08	2008 First Half Results - Good performance in terms of growth, margins and new business
07/25/08	John Farrell resigns as President & CEO of Publicis Groupe SAMS worldwide
07/29/08	Jean-Yves Naouri to oversee Publicis Healthcare Communications Group (PHCG)
08/06/08	Publicis Groupe to Acquire Performics Search Marketing Business
08/13/08	Publicis Groupe files its first half financial report
09/03/08	Publicis Groupe acquires PBJS, leading interactive marketing and events agency
09/08/08	Publicis Groupe and Taschen announce the launch of a history of advertising by Stéphane Pincas and Marc Loiseau
09/10/08	Publicis Groupe completes acquisition of Performics Search Marketing Business
09/11/08	Performics' Nick Beil and ZenithOptimedia's Fred Joseph join VivaKi Nerve Center executive team
09/22/08	Robert Namias joins Publicis Groupe
10/28/08	Third quarter revenue 2008
11/19/08	Publicis Groupe to acquire Tribal, leading Brazilian independent digital agency
12/02/08	Publicis Groupe acquires W&K Communications agency further strengthening its operations in China
12/08/08	Fabrice Fries is appointed President of Publicis Consultants I France
12/10/08	Publicis Groupe most awarded group at prestigious French advertising award show

Share buyback program

The buyback program was posted on the AMF and Publicis Groupe websites on June 13, 2008.

Financial information published through Business Wire

Quarterly information

10/28/08	Revenues for Q3 2008 and the first 9 months of 2008
04/29/08	Revenues for Q1 2008

Yearly and half-year results

02/11/09	Q4 and annual revenues for 2008
07/24/08	Results at September 1, 2008

Other

06/03/08	General Shareholders' Meeting – fiscal 2007

Presentations

Annual and half-year results

07/24/08	Results at September 1, 2008

Others

06/03/08	General Shareholders' Meeting – fiscal 2007

Information submitted to the Registrar of the Commercial Court of Paris (Greffe du Tribunal de Commerce de Paris)

04/03/2008	Capital increase after exercise of stock options in January and February 2008: Chairman's announcement of February 26, 2008
04/08/2008	Capital reduction: from the minutes of the Management Board meeting of February 27, 2008
07/03/2008	Submission of yearly and consolidated financial statements for fiscal 2007
07/15/2008	Composition of Board of Directors, modification of bylaws, etc.: from the minutes of the Mixed GSM of June 3, 2008, the bylaws and the Journal of Legal Notices Petites Affiches of July 10, 2008
09/05/2008	Capital increase after the redemption of Orane and the exercise of stock options from February to August 2008: from the minutes of the Management Board meeting of August 26, 2008, the bylaws and the Journal of Legal Notices Petites Affiches of September 2, 2008
01/27/2009	Capital increase after exercise of stock options from September to December 2008: Chairman's announcement of January 12, 2009, Journal of Legal Notices Petites Affiches of January 21, 2009

Information published by Publicis Groupe in the Bulletin des Annonces Légales Obligatoires (Balo) and available on the BALO website (www.journal-officiel.gouv.fr/balo/)

Quarterly revenues

05/12/2008	no. 58	Revenues for Q1 2008
07/30/2008	no. 92	Revenues for Q2 2008

Yearly financial statements

03/13/2008	no. 32	Yearly financial statements 2007

Call for the Mixed General Meeting of June 3, 2008:

04/25/2008	no. 50	Official meeting notification

Information published in the Journal of Legal Notices Petites Affiches

03/20/2007	notice no. 011285	Capital reduction through cancellation of acquired shares
04/04/2008	notice no. 012941	Capital increase after exercise of stock options
05/16/2008	notice no. 017148	Notice of meeting for Mixed General Meeting of June 3, 2008
06/18/2008	notice no. 023505	Voting rights
07/10/2008	notice no. 027903	Appointment of two members to the Supervisory Board and expiry of terms for two members of same
09/02/2008	notice no. 035563	Capital increase after redemption of Orane (1st tranche) and exercise of stock options
01/21/2008	notice no. 003015	Capital increase after exercise of stock options

Monthly declaration of voting rights on the Publicis Groupe website since April 1, 2008 (http://www.publicisgroupe.com).

Annual Financial Report – Cross-Referencing Table

This *Reference Document* includes all elements of the Annual Financial Report mentioned at paragraph I of article L. 451-1-2 of the Monetary and Financial Code as well as in article 222-3 of the AMF General Regulation. The following cross-referencing table lists the chapters of the *Reference Document* corresponding to the various sections of the Annual Financial Report.

Section of the Annual Financial Report	Chapters
Annual financial statements	20.2
Consolidated financial statements	20.1
Report of the statutory auditors on the annual financial statements	20.3
Report of the statutory auditors on the consolidated financial statements	20.3
Management report including at minimum the information mentioned in articles L. 225-100, L. 225-100-2, L. 225-100-3 and L. 225-211, paragraph 2, of the *Code du Commerce*	4, 5, 6, 7, 8, 9 10, 11, 12, 14 15, 17, 18, 20, 21
Declaration of the persons responsible for the Management Report	1
Remuneration of the statutory auditors	20.1 (note 31)
Report of the Chairman of the Supervisory Board, established in adherence to legal provisions	16.3
Report of the statutory auditors on internal control	16.4
List of all information published by the Company or made public during the last 12 months	25