PUBLICIS GROUPE

2010 REGISTRATION DOCUMENT

ANNUAL FINANCIAL REPORT

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The elements of the Annual Financial Report are clearly identified in the table of contents using the pictogram ✤

PUBLICIS GROUPE

2010 REGISTRATION DOCUMENT

ANNUAL FINANCIAL REPORT

This Registration Document contains all parts of the annual financial report.

PROFIL

3rd-ranked Global Communications Group

Publicis Groupe offers its local and international clients a complete range of communication services

Operating in **104 countries** on 5 continents,
Publicis Groupe has around **49,000** employees

Digital Communications

Leader in digital and interactive communications
(**28%** of 2010 revenues)

Creative Performance

Number 1 in Creative Performance (since 2004 - the Gunn Report)

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

This Registration Document was filed with the Autorité des marchés financiers (AMF) on March 15, 2011, in accordance with article 212-13 of the AMF general regulations. It may be used in connection with a financial transaction only if supplemented by a Transaction Note certified by the AMF.

This document has been prepared by the issuer and invokes the liability of its signatories.

Copies of the Registration Document are available from Publicis Groupe S.A., 133, avenue des Champs-Élysées, 75008 Paris, on the website of Publicis Groupe S.A.: **www.publicisgroupe.com** and on the AMF website: **www.amf-france.org**.

This document is a free translation of the French Document de Référence ("Registration Document") which was registered under n° D.11-0131 by the French Autorité des Marchés Financiers ("AMF") on March 15, 2011. It is to be used for information purposes only. In the event of any inconsistencies between this translation and the "Registration Document", the "Registration Document" shall prevail.

Pursuant to article 28 of EU Regulation No. 809/2004, the following information is incorporated by reference into this Document:

- the consolidated financial statements of Publicis Groupe for 2009 and 2008, prepared in accordance with International Financial Reporting Standards (IFRS), the analysis thereof, the corresponding reports of the statutory auditors, as well as the statutory financial statements of Publicis Groupe S.A. for 2009 and 2008, prepared in accordance with French accounting standards, the corresponding reports of the statutory auditors, which are included in the Registration Documents (Chapters 4, 5, 6, 7, 9, 10, 12, 18 and 20) filed with the AMF on March 19, 2010 under number D.10-0129, and on March 13, 2009 under number D.09_0120;
- the reports of the statutory auditors on the information concerning the agreements with related parties covered by article L. 225-86 of the French Commercial Code concluded by Publicis Groupe S.A., which are included in the Company's Registration Documents for 2009 and 2008 filed with the AMF on March 19, 2010, under number D.10-0129 and on March 13, 2009 under number D.09-0120, respectively.

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

Message from Chairman & CEO of Publicis Groupe

Maurice Lévy

Publicis Groupe's excellent 2010 performance in terms of organic growth (8.3%) and margins (15.8%) reflects the trust shown in us by our clients and the quality and commitment of our employees. The fruitful cooperation between them has resulted in the transformation of our group and propelled it to the cutting-edge of the industry.

To our clients, I say, thank you for trusting us as partners.

To our employees, I say thank you for your dedication to serving clients with a dynamism that responds to – and anticipates – the changing communications landscape. You, our employees, have shown amazing resourcefulness and resiliency in meeting a challenging environment over the past few years. At the same time you succeeded in dramatically transforming our group, a feat that required truly colossal efforts. The net result of your extraordinary commitment is continued client satisfaction in our quality of service, and this has translated into the very strong Publicis Groupe performance we see today.

There have been a number of challenges that we – clients and Publicis Groupe teams – faced together. The first was the emergence of the digital world. Beginning in 2006, with foresight and determination, we began a major transformation. That head start catapulted us into a leadership position in this critical communications resource today, placing us at the forefront of the trends that are transforming our society: mobile, social networks, co-creation, e-commerce and borderless communications. If I say that digital is a "resource", it is because it opens up opportunities for clients to reach their audiences with a level of power, immediacy, impact and engagement that were previously unimaginable. We believed in digital, we invested in digital, we created new organizations like VivaKi, and we have become successful leaders in digital.

We have done all this without sacrificing the Publicis values and culture that have made us distinctive and true leaders in the global competitive arena. In fact, it is not only our investments that have enabled us to massively increase our market share; our values have ensured the smooth integration of our acquisitions and made us welcome in new countries where growth remains strong. Our gratifying performances in terms of growth and margin are due not just to the professional qualities and the dynamism of our teams, which are the sources of our competitive advantage; they are also the fruit of our unique approach to communications and our desire to place human values at the heart of everything we do.

While it might surprise some people, I have always thought that the concept of profit is not inconsistent with high standards, recognition of our people and social responsibility. Indeed, it must remain a key priority if we wish to preserve the group's independence, and it will provide us with the resources needed for sustainable growth.

With the year 2010 complete, we can now examine the results: they are excellent, with a very solid balance sheet on which we can securely build for the future. But we must not rest on our laurels; Publicis Groupe has succeeded over the years precisely because we have never been satisfied to stand still. We will continue to move forward with new initiatives on the two strategic pillars where we have successfully concentrated our efforts over the past few years: digital and high-growth markets.

For digital, the first of these pillars of our success, we aim to pursue a selective investment approach in order to complete our presence in the top 20 countries worldwide and to consolidate our leadership. Our objective is for this segment to generate 35% of Publicis Groupe revenue within three years. It is not just a matter of figures, or even growth, but the need to increase our capacity in order to become the truly dominant leader in this sector, which is so vital to our clients.

Our approach in emerging economies is also succeeding. We have created a solid base that enables us to establish new objectives – such as doubling our size in China and Brazil – and to make further inroads into the so-called "Next Eleven".

Based on expert forecasts for the next three years, and while remaining cautious, I believe that our group has the right profile for the new economic order and for the new communications landscape. I also believe that we will be in a position to outperform the market and continue to generate very healthy margins. We will continue to put into place 'game changing' transformation involving our organization and to enhance our people through training and development. We will also continue to source our strength from the diversity of our talent and through a small but growing contribution to sustainable development.

Finally, I would like to say a word of appreciation to one other group that has been essential to our success – our shareholders. They have stood by us with confidence and support, and this has enabled us to take the prudent risks that are important to ensure successful future performance. We aim to ensure that our shareholders are rewarded appropriately for their investment through dividends as well as appreciation in the share price and which reflect the progress to which we are committed.

While it is true that a company like ours is made of our clients and our teams, there is also a Management Board and a Supervisory Board, who represent our shareholders as well as watching over the interests of all of those participating in the great enterprise that Publicis Groupe is today. Their support during the times of economic crisis and the excellence of their counsel at all times has been a key to Publicis Groupe matching and regularly surpassing the growth of our industry.

The harmonious relationship between the Executive Committee (P12), the Management Board and the Supervisory Board, as well as the various administrative bodies within Publicis Groupe is no doubt one of the secrets of our success.

Maurice Lévy

Chairman & CEO

Message from Chair Supervisory Board

Élisabeth Badinter

The greatest accomplishment of Publicis Groupe has been to preserve a spirit of conquest in the men and women it brings together everywhere in the world. This was clear in 2010. Last year was one in which our employees demonstrated once again that they have both the desire and the ability to go beyond their past accomplishments, no matter how difficult the challenge. That means being ambitious, winning new accounts and opening up new approaches to business development, in the midst of a challenging environment.

Despite the tough business climate, our people refused to take ‘no’ for an answer and followed their drive to win. They took on the future with confidence, mastering the obstacles in their way, with the determination that overcomes pessimism and fatalism. And so, while they achieved great things this year, the spirit that drove those achievements may be even more impressive and admirable.

Our people have reminded us that they are clearly our most valuable asset. If the recent crisis had a silver lining, it was in fully revealing their value. On behalf of the Supervisory Board and on my personal behalf, I would like to thank each and every one of them for the job they have done.

We would also like to thank the Management Board and its Chairman, Maurice Lévy, in particular. Their visionary strategies have made it possible for Publicis Groupe not only to achieve robust growth as we come out of one of the world’s most serious economic downturns, but to actually emerge strengthened from that downturn. Publicis Groupe is now brimming with health and making us believe anything is possible.

It is gratifying and encouraging that – very early on and before everyone else – the group was able to identify the sources of future growth that were emerging from new patterns of social behaviour; these are important to understand for any company, let alone a communications group. The way Publicis Groupe continues to monitor those changes and advise our clients on what they mean to their strategies and operations is one reason why they value our counsel. Indeed, our partners are keenly aware of the Publicis Groupe spirit as a whole and have proven it by continuing to place their trust in us.

Keeping ahead of the pack and moving forward without preconceived notions – such have been the hallmarks of Publicis since its creation. This is reflected in its strategic choices, what it does, how it does it, and in its governance practices.

At a time when adjusting the male/female balance in senior management is still on the drawing boards at many companies, it is a source of great pride for me to preside over the Supervisory Board with the largest number of women in Europe. I am even prouder when I think that this happened naturally. Our appointments were made without regard to quotas, affirmative action or other regulations. We simply acknowledged the value of the people around us, among whom there happened to be as many women as men.

I am the least surprised of anyone!

Élisabeth Badinter

Chair Supervisory Board

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PRESENTATION OF THE GROUP

1.1 Key figures

In application of European regulation No. 1606/2002 of July 19, 2002 on international norms, the Group's consolidated financial statements for the financial years presented herein have been drawn up according to the IAS/IFRS international accounting standards and the applicable IFRIC interpretations at December 31, 2010, as approved by the European Union.

The tables below present selected consolidated financial data for Publicis Groupe. The selected financial data for the years ended December 31, 2008, 2009 and 2010, are derived from Publicis' consolidated financial statements included in this document, which have been prepared in accordance with IFRS standards. These financial statements were audited by Publicis Groupe's statutory auditors, Mazars and Ernst & Young et Autres.

KEY FIGURES

Data from the Income Statement million euro, excepting percentages and per-share data (in euro)	2010	2009	2008
Revenue	5,418	4,524	4,704
Operating margin before Depreciation & Amortization	967	772	889
% of revenue	17.8%	17.1%	18.9%
Operating margin	856	680	785
% of revenue	15.8%	15.0%	16.7%
Operating Income	835	629	751
Net Income attributable to the group	526	403	447
Earnings Per Share[1]	2.60	1.99	2.21
Diluted Earnings Per Share [2]	2.35	1.90	2.12
Dividend proposed [3]	0.70	0.60	0.60
Data from the Balance Sheet	**December 31, 2010**	**December 31, 2009**	**December 31, 2008**
Total Assets	14,941	12,730	11,860
Groupe's share of consolidated shareholders' equity	3,361	2,813	2,320

(1) Earnings Per Share calculations based on an average of 202.1 million shares in 2010, 202.3 million in 2009, and 202.5 million in 2008.

(2) Diluted Earnings Per Share calculations based on an average of 235.5 million shares in 2010, 220.9 million shares in 2009 and 220.7 million shares in 2008. These calculations include the stock options, free shares, warrants and the convertible bonds that dilute EPS. Stock options and warrants deemed to dilute EPS are those whose exercise price is lower than the average share price for the period. In 2010, all these instruments diluted EPS.

(3) The dividend proposed for 2010 will be submitted to the Combined Shareholders' Meeting of June 7, 2011, for its approval.

1.2 Group history

Founded in 1926 by Marcel Bleustein-Blanchet, the Company's name originates from the combination of "Publi", for "Publicité", which means advertising in French, and "six" for 1926. The founder's ambition was to transform advertising into a true profession with social value, applying a rigorous methodology and ethics, and to make Publicis a "pioneer of new technologies". The Company quickly won widespread recognition. In the early 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. Publicis became the exclusive representative for the sale of advertising time on the government-owned public broadcasting system in France. But in 1934, the French government withdrew advertising from State radio; Marcel Bleustein-Blanchet therefore decided to launch his own radio station, "Radio Cité", the first-ever French private radio station. In 1935, he 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 suspending 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: Colgate-Palmolive, Shell and Sopad-Nestlé. Recognizing the value of qualitative research, in 1948 he made Publicis the first French advertising 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 Élysées. In 1958, it opened the Drugstore on the first floor, which has since become a Paris landmark. In 1959, Publicis set up its department of "Industrial Information", a forerunner of modern corporate communications.

From 1960 to 1975, Publicis grew rapidly, benefiting in particular from the beginnings of advertising on French television in 1968. The campaign for Boursin cheese inaugurated this new medium: this was the first TV-based market launch in France, and its slogan soon became familiar to everyone in the country: "Du pain, du vin, du Boursin" (bread, wine and Boursin). Several months later, Publicis innovated again by siding with one of its clients in a new kind of battle: the defense of Saint-Gobain for which BSN had launched the first-ever hostile takeover bid in France.

In June 1970, forty-four years after its creation, Publicis became a listed company on the Paris stock exchange.

However, on September 27, 1972, Publicis' head offices were entirely destroyed by fire. A new building was built on the same site and the Company set about pursuing a strategy of expansion in Europe through acquisitions the same year, taking over the Intermarco network in the Netherlands (1972), followed by the Farner network in Switzerland in 1973; this 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.

In 1978, Publicis set up operations in the United Kingdom after acquiring the Mc Cormick advertising agency. In 1984, Publicis had operations in 23 countries around the globe.

In 1987, Marcel Bleustein-Blanchet decided to reorganize Publicis as a company with Supervisory and Management Boards. He became Chairman of the Supervisory Board, and Maurice Lévy was appointed 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 1988, Publicis concluded a global alliance with the American firm Foote, Cone & Belding Communications (FCB) which merged with the European network. Publicis expanded its global footprint, notably thanks to the reputation achieved with US companies following the implementation of this alliance.

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 terminated its alliance with FCB.

On April 11, 1996, Publicis' founder died. His daughter, Elisabeth Badinter, replaced him as Chairperson of the Supervisory Board. Maurice Lévy redoubled the Company's drive to build an international network and offer the Group's clients the broadest possible presence in markets around the world. Publicis stepped up its acquisition program to a global scale, moving into Latin America and Canada, and subsequently the Asia Pacific region, India, the Middle East and Africa. The US was a prime focus from 1998 on, as the Company sought 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 as well as a tumultuous history. This acquisition was a landmark in the development of the Group in Europe and the United States.

In September, Publicis Groupe was listed on the New York stock exchange.

In 2001, Publicis Groupe formed ZenithOptimedia, a major international player in media buying and planning, by merging its Optimedia subsidiary with Zenith Media, which had previously been owned 50/50 by Saatchi & Saatchi and the Cordiant group.

In March 2002, Publicis Groupe announced its surprise acquisition of the US 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. At the same time, Publicis Groupe 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, becoming the fourth largest advertising group worldwide, with operations in more than 100 countries and five continents.

From 2002 to 2006, Publicis Groupe successfully completed the integration of BCom3 and Saatchi & Saatchi and reorganized many of its entities. At the same time it made a number of acquisitions to create a coherent range of services that would address advertisers' needs and expectations, particularly offering different types of marketing services and access to the principal emerging markets. In late 2005, the Group obtained its first official rating ("investment grade") from the two leading 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 and worldwide. This operation, which was completed in January 2007, was the first step in the Group's remarkable advance into digital technology. The Group correctly foresaw at that time the profound changes that the arrival of digital communications would have on the media world and, with the acquisition of Digitas, immediately positioned Publicis as a market leader in that domain. With the launch of The Human Digital Agency project, the Group clearly signaled its intention to integrate digital technology into the heart of its business.

In 2007, the Group decided to end its listing on the New York Stock Exchange.

The acquisition of Digitas at end-2006 effectively doubled its footprint in the field of interactive communication and accelerated the evolution of Publicis Groupe towards digital activities, a strategy in full harmony with the objectives and vision of the Group's founder: to be a pioneer of new technologies.

During 2007 and 2008, Publicis Groupe undertook a profound reorganization of its structures and operational methods in order to adapt to the requirements of the digital era. It has thus added digital services to its well-known holistic service offer, while simultaneously pursuing the consolidation of its positions in fast-growing economies. Both of these initiatives are of high strategic importance for the future.

2007 was the year of Publicis' integration of Digitas Inc. This rapid and successful integration triggered a series of acquisitions in the digital domain in order to complete the group's global offer in the fields of interactive and mobile communication and to accelerate its international deployment.

2008 and 2009 were devoted to pursuing Publicis Groupe's priority development in the two strong growth areas of digital communications and developing countries.

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.

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 Publicis Groupe's market share growth. At the same time, and in the framework of the VivaKi Nerve Center, the Group has created a new technological platform, the largest network of "Audience on Demand" - supported by Microsoft, Google, Yahoo! and PlatformA technologies - offering advertisers the possibility to target specifically defined audiences, in a single campaign and via multiple networks.

The global economic crisis in 2009, which saw numerous economies enter into recession and global trade shrink by 12%, did not hinder the development of Publicis Groupe's strategy.

The acquisition of Razorfish – the number two interactive agency in the world after Digitas – from Microsoft on October 13, 2009, brought new strengths to the Group's digital activities, notably in e-commerce, interactive marketing, search engines, strategy and planning, social network marketing and the resolution of technological architecture and integration issues. With this acquisition, Publicis Groupe and Microsoft sealed a strategic alliance permitting the development of Microsoft's offer as well as new opportunities for Publicis Groupe's clients.

During 2009, Publicis Groupe and Microsoft entered into a global collaboration agreement defining three core objectives for the development of digital media. Microsoft's and VivaKi's respective teams will be able to provide clients with greater added value and effectiveness in all the domains of the digital sphere: contents, performance, definition, targeting, and audience ratings.

These developments prove Publicis Groupe's capacity to anticipate market changes in order to meet new client needs and provide solutions in line with consumer expectations, thereby ensuring the Group's continued growth.

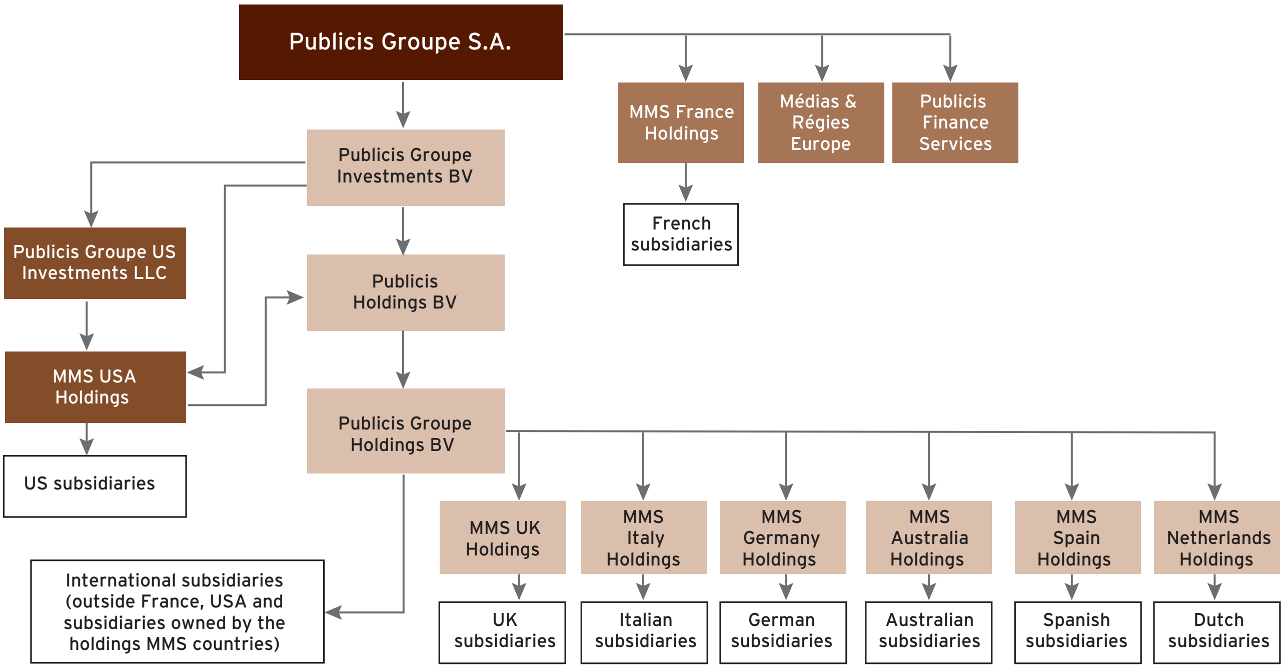
In 2009, Publicis Groupe became the world's third-largest communications firm, overtaking its competitor IPG.

Thus, having confirmed the success of its strategy, in 2010 the Group continued its investments in digital activities and in high-growth areas of the world such as China, Brazil and India. By the end of 2010, the two pillars of this strategy – digital activities and the high-growth emerging countries – represented close to half of Publicis Groupe's total revenue. The targeted investments over the last three years have strengthened its leader position in the digital sphere and have significantly enhanced its presence in the regions of the world where the strongest economic growth is expected.

1.3 Structure chart

1.3.1 DESCRIPTION OF THE GROUP

SIMPLIFIED STRUCTURE CHART AT DECEMBER 31, 2010 (1)



The members of the Management Board of the parent company may also exercise directorship mandates or hold executive offices at the subsidiaries (see the list of positions held by members of the Management Board in Section 2.1 - Members of the Management Board and Supervisory Board).

1.3.2 LIST OF MAJOR SUBSIDIARIES

Information concerning Publicis' principal consolidated subsidiaries at December 31, 2010, is provided in Note 32 to its consolidated financial statements in Section 4.6 of the current document.

None of the Company's subsidiaries accounts for more than 10% of the Group consolidated revenue or net income.

None of the companies in the list of principal companies consolidated at December 31, 2010 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 borrowings or financing. The borrowings and financing of the Group are 100% held and controlled by Publicis Groupe.

During 2010, Publicis Groupe S.A. took no significant stake in any company headquartered in France.

(1) *All companies individually named are more than 99% Group-owned.*

1.4 Activities and strategy

1.4.1 INTRODUCTION

Between 2002 – when it acquired Bcom3 – and 2008, Publicis Groupe was the world's fourth-largest communications group behind Omnicom, WPP and Interpublic Group (IPG) (American, English and American groups, respectively). In 2009 it moved into third place, ahead of IPG (ranking based on reported revenue, source: annual reports of the companies) despite only consolidating the newly acquired Razorfish for part of the year. Razorfish is the world's second-largest interactive communications agency.

At December 31, 2010, Publicis Groupe operates in more than 200 cities and 104 countries spanning five continents, with a headcount of roughly 49,000. Publicis Groupe is not only the world's third-largest group, but is also a leader in all 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, ranking number one in media buying in the United States and China, and number two worldwide.

Although the internal management, reporting and compensation systems are not organized by business sector, Publicis Groupe does provide the financial markets with information concerning the relative size of each of the different business sectors for the sole purpose of allowing sector comparisons. The Group's principal business is traditional advertising (which accounted for 32.6% of Group revenue in 2010, compared with 35% in 2009), specialized agencies and marketing services ("SAMS", which in 2010 accounted for 47.4% of Group revenue vs. 44% in 2009, and include all digital activities) and media services (which accounted for 20.0% of Group revenue in 2010 compared with 21% in 2009).

With the creation of the VivaKi technological platform in June 2008, a strategic initiative involving Starcom MediaVest, ZenithOptimedia, Digitas and Denuo, and the purchase in October 2009 of Microsoft's Razorfish, the world's second-largest interactive agency after Digitas, Publicis Groupe has consolidated its position as digital leader with 28% of the Group's revenue originating from digital and interactive communications compared with 22.4% in 2009.

Today, the digital activities are managed either within dedicated, specialized, independent organizations like Digitas and Razorfish or by structures that are fully integrated into networks, such as Leo Burnett, Publicis Worldwide and Saatchi & Saatchi, as well as MS&L and Publicis Healthcare Communications Group. In addition, the transversal nature of the VivaKi Nerve Center, which hosts and develops new technologies required by its clients, means that all VivaKi's strengths and capabilities are available to any Group entity. The VivaKi Nerve Center gives Group clients access to the best technological solutions and the assurance of high-performance campaigns. It also manages relations with the platforms (MSN, Google, Yahoo!) or social networks (MySpace, Facebook, etc.) and develops integrated media solutions and tools to optimize the analysis of data and online advertising productivity.

These developments reflect Publicis Groupe's view of the future: in addition to strong development of everything digital, advertisers worldwide will need integrated solutions that bring together digital and analog and whose performance and return on investment can be measured and analyzed.

1.4.2 STRATEGY

Publicis Groupe has at all times endeavored to anticipate the development of markets and the behavior of consumers. In this way, it has always been able to serve its clients, giving them the tools to benefit from winning trends that could deliver progress, growth and savings. As early as the middle of the 1990s, the Group had already foreseen the two major trends still shaping our sector today: globalization and holistic communications.

The Group's first international acquisitions at the end of the 1990s and from 2000 onwards gave credibility to the choice of globalization as a way of accompanying our clients as they develop global identities for their brands, their clients and their networks.

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. Publicis Groupe, a pioneer of these communication techniques from the middle of the 1990s, was able to develop specific approaches for the benefit of its clients.

Gradually, with organic growth, the establishment of agencies and acquisitions, Publicis Groupe has constructed a substantial offering in Specialized Agencies and Marketing Services (SAMS), giving the Group a very interesting growth potential today.

Almost 20 years later, Publicis Groupe, true to its choices and conscious of the changes in the marketplace, especially the rapid fragmentation of media and consumers, is accelerating the pace of its investments in new information technologies. It is investing in major interactive communications agencies: Digitas in 2007, then Razorfish in 2009, respectively the first and second interactive global communication agencies. At the same time, the Group is investing in numerous structures in these disciplines across the world, whether in Europe, the United States or in high-growth countries.

The Group's strategic analysis has allowed it, yet again, to anticipate the competition and take key positions in major areas for innovation, growth and the future: the acquisitions of Digitas and Razorfish increase very significantly its share of revenues derived from digital. Similarly, the Group's new technologies offer allows it to occupy a leading position in a segment with enormous potential and vital to the future of communications.

In this way, the Group has embraced the changes in a media scene that has been completely transformed by the breakup and fragmentation of audiences, the multiplication and then the inevitable merging of screens, the extraordinary development of digital under the influence of interactive and mobile communications, and the new forms of relations born of the social networks that have emerged from these technological innovations.

Today, strengthened by its presence in more than 100 countries, a diversified client portfolio of global and national leaders in their fields, a healthy financial balance sheet, and leadership in some segments and disciplines, Publicis Groupe is one of the leading communication groups, with a highly innovative profile and a number of marked characteristics:

- a strong focus on "clients", accompanying them and ensuring their marketing investments perform well;
- clearly a creative leader according to different rankings – notably the Gunn Report where, since 2004, Publicis Groupe has been ranked in top place for creative performance – a clear indication of its constant concern to deliver novel and strong ideas to its clients on every occasion, constructing the images and brands that create the links between them and consumers in the precious arena of emotion;
- equipped with the best analysis, measurement and research tools, allowing it to be at the cutting edge 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) enjoy an unrivalled recognition in the marketplace, double-digit growth and an impressive list of achievements in terms of new business;
- a strong capacity for innovation and experimentation with, for example, the creation of VivaKi and the VivaKi Nerve Center, allowing the Group to stay ahead of demand;
- a dynamic approach, driven by its large creative agencies, which are also among the best on the market. To name just a few: Leo Burnett, Publicis and Saatchi & Saatchi, with their spectacular ability to win new clients and stellar growth, demonstrate their outstanding ability to 'think outside the box', their teams' creativity and commitment to their clients;
- a unique capacity in digital: based both on the major specialized digital agencies, such as Digitas or Razorfish and on the integrated digital competences within the network – Leo Burnett, Publicis Worldwide, Saatchi & Saatchi, as well as MS&LGROUP and PHCG. Publicis Groupe has a unique offering that meets the latest technological requirements, and the needs of the Group's clients, who benefit from all the developments and partnerships offered by the VivaKi Nerve Center.

These features offer advantages to the Group in a changing world where the traditional models of communication must be revised due to the pressure created by changes in the sociological, technological and media realms.

The Group intends to remain at the forefront of innovation in all these domains, to ensure it continues to offer its clients the best solutions and to recruit new clients and drive tomorrow's market share growth.

This basic strategy will be built around the following:

- removing barriers between Group structures whenever there is no client conflict of interests;
- creating horizontally integrated, multidisciplinary teams under the same leadership for clients who desire a holistic and coordinated approach to their communications;
- creating tools, models and organizations that help clients to access the complex digital world, and to interact with their targets in an optimal manner and at the lowest possible cost.

The most visible sign of this new model was launched in June 2008 with the creation of VivaKi and the VivaKi Nerve Center, which brings together the strengths of the ZenithOptimedia, Starcom MediaVest Group, Digitas, Razorfish and Denuo networks. This organization leverages economies of scale and talent for the benefit of the Group's clients.

In VivaKi Nerve Center the Group has created a new technology platform, the largest ever "Audience on Demand" network, supported by Microsoft, Google, Yahoo ! and Platform-A technologies, and offering advertisers a chance to reach precisely defined audiences everywhere in the world, with a single, multiple network campaign.

This innovative project is perfectly aligned with Publicis Groupe's strategic objectives:

- to access new standards;

- to be open to all forms of collaboration with media owners and our customers;
- to leverage scale and create new standards for our clients that take better account of the consumer;
- to offer our clients solutions that improve performance while reducing costs.

The VivaKi Nerve Center, a linchpin of the Group's strategy, will enable us:

- to better respond to advertisers' needs by offering fast, up-to-date, high-performing solutions that integrate all their communications needs. Publicis Groupe clients will thus have access to the future before their competitors;
- to focus market studies and research resources, tools and talents (rare in this world) within the VivaKi Nerve Center, and make the most advanced digital solutions available to all Group units;
- to encourage partnerships with the major Internet portals, thanks to VivaKi's scale.

The agreements with Google in 2008 and Microsoft in 2009 were born of a shared vision on the use of new technologies to develop advertising. The Group has since concluded several other collaborative agreements with the digital « majors ». In this way, the Group precludes the need to make massive investments in ephemeral technologies, while also offering its clients a head-start and new opportunities:

- "Audience on Demand" with Yahoo !, Microsoft and PlatformA (AOL),
- "Mobile Communications" with Yahoo ! and Phone Valley, a Publicis Groupe subsidiary,
- "The Pool" research towards a video standard for advertising.

At the same time, Publicis Groupe 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 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 Company's balance sheet. These optimization operations are carried out within the Group's strategy of offering its clients the best services at the best cost. In line with this, Publicis Groupe has now embarked on the regionalization of its shared service centers, in addition to major investments on the installation of an ERP system that will lead to a single, horizontal, global information system.

At the same time, a vigorous policy of liquidity creation and debt reduction has enabled the Group to benefit from an "investment grade" rating by the agencies Moody's and Standard & Poor's since 2005.

Publicis Groupe holds key positions in digital and in emerging markets: it intends to strengthen its position by the means of the following strategy:

- continuing to develop the Specialized Agencies and Marketing Services (SAMS);
- accelerating the Group's growth in targeted emerging economies. The Group wants to develop, mainly by acquisitions, its presence in countries with fast-growing economies with strong potential, and with significantly higher growth than the global average;
- pursuing external growth targets supported by a sound financial policy. The Group's acquisitions must satisfy profitability and financial stability criteria. The Group intends to seek targets with significant potential for synergies and improvement in operating margin, which also present a good fit with its corporate culture and values;
- encouraging the most promising employees (about 1,000) to meet these criteria, by linking their annual compensation and long-term bonuses to growth and margin targets.

Value creation strategy

The media evolutions with the emergence and explosion of the Internet, Google, Microsoft, the appearance of social networks (Facebook, YouTube, MySpace, Twitter), the development of digital television and the proliferation of channels, changing consumer behavior and consumer markets and the fragmentation and growing complexity caused by the interactions between all these actors led to the establishment of the first stage of Publicis' recent strategy. Since 2006, the Group has concentrated on the development of digital activities, which grew from 7% of total revenue in 2006 to 28.0% in 2010. At the same time, the Group has increased its presence in countries with strong economic growth, which today represent 22.7% of revenue. This strategic direction is being continued and the Group aims to earn 65% of its future revenue from these two growth segments – digital and emerging economies.

The new complexity of the media scene, interactivity with consumers and the increase in advertisers with the arrival of new actors from emerging economies, or made possible by new media, confirm the strategy chosen by Publicis and commit it to pursuing and developing a new phase which should lead the Group from the status of "supplier of services" to "creator of value". The new challenges of its clients - whether relating to the their search for value, the strength of brands, the new challenges represented by distributors' own brands, the "hard discount", the net, e-commerce, the new competition from emerging markets- all present opportunities for Publicis as it evolves towards a better recognition of the value created.

Publicis Groupe's strategy of being the best demands that we help customers use the growing quantity of available data and technologies. A growing population discovers what it wants and when it wants it. Media are available on demand, and this will only be accelerated with new routers, networks and tools. The VivaKi Nerve Center lends its expertise to media agencies in order to help them target audiences directly (Audience on Demand), build new models by comparing client data with data on what people read or search for (Data on Demand), and to help understand the reality of the brand and sales with the aim of constantly fine-tuning advertising campaigns (Insight on Demand).

Today, the Group's clients are looking for the most creative and catchy ideas to be able to express themselves in a world of fragmented, cluttered communications; in addition, the Group's clients need access to the strongest skills in the use of data and technology so that their ideas grab the attention of their intended targets.

As in the past, all these future investments form an integral part of a chosen strategy whose aim is to create a Group with the capacity to create the best value for its customers and shareholders by taking advantage of a robust and vibrant combination of creativity, database science and technology.

This strategic development will be accompanied by investment in talent, technology and emerging economies. Talent is sought to increase our digital expertise and creative excellence in order to enrich content, strengthen the strategic teams, and drive innovation and new service offerings. In digital technologies, pursuing the development of international activities, strengthening the agencies and developing strategic partnerships and initiatives with the major Internet players will allow Publicis Groupe to keep ahead of the pack and anticipate the changes and evolutions in the communications industries. In emerging economies, investments will be designed to strengthen the presence of all entities belonging to Publicis Groupe.

Publicis Groupe is committed to ensuring that all its units are able to offer both creativity and technology in order to create value for its clients. Thanks to the centralization of support functions, the Group can release resources that can be reinvested in creativity. Creativity is core to the Group's strategy, and discussed at all management meetings. It is an essential factor, allowing Publicis Groupe to lead the pack in winning new business.

In order to meet this ambition, Publicis Groupe must focus on new forms of partnership and new remuneration models with its clients. The service provider is paid according to time spent, whereas a value creator is paid according to the wealth generated and shared with its clients. Publicis Groupe, as an acknowledged global leader in creative ideas, new business and digital media, aims to gain greater market recognition for its contribution to the success of its customers. It intends doing this by innovating in organizational models and partnerships, with a strategic ambition to share in the value created. At the same time, it intends to remain prudent in its investments, looking for partnerships with the greatest technological platforms such as the alliances developed with Google, Microsoft, Yahoo! and the mobile telephone operators.

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 the professional framework that will best encourage their development, and to be the best 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 of their best, and work in harmony with the Group's core values.

Sustainable Development (or CSR - Corporate Social Responsibility)

Publicis Groupe published its first Corporate Social Responsibility (CSR) report (available at www.publicisgroupe.com) in May 2009. Structured around four major themes chosen by the Group (Social; Society/Community; Governance/Economy; Environment), this report marks a significant step in the Group's desire to assess its progress in this area. It follows the GRI (Global Reporting Initiative) grid with around 35 quantitative and qualitative indicators, allowing the Group to follow progress and evaluate where improvements are possible.

For the first time, this document presents the group's carbon footprint (at a global level) calculated with Bureau Veritas, according to the European Ademe methodology and the American GHG Protocol methodology.

The 2010 CSR report will continue in that vein, with the objective of establishing a stable analysis framework, and improving the quality of available information.

At the same time, the Group has decided to carry out several complex tasks in the four different arenas, albeit with a different timetable for each. The complexity of the issues within CS means it is necessary to combine global objectives at the Group level while, at the same time, taking into account the reality of what has been achieved and what it is possible to achieve, at the local level. In this way also, an increasing number of collaborators are able to become involved, making it a meaningful experience.

More than ever, the Group's CSR initiative is part of a very pragmatic logic that combines progress with ongoing improvement.

1.4.3 KEY ACTIVITIES AND GROUP ORGANIZATION

Publicis provides a broad 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 encompass three main categories: traditional advertising, specialized agencies and marketing services – SAMS – including digital offers, and media advice and purchasing.

Traditional advertising

Think "global", act "local" may sound like a cliché but it is a reality. For proof, we have only to look at our clients' brands, which are growing more and more global every day.

For this reason, besides the creative output of advertising agencies we see every day on billboards, TV, radio or in newspapers, advertising networks today play an essential role in accompanying their clients in the global development of their brands.

The first mission of advertising agencies and networks is to find ideas that are, at the same time, sufficiently universal to bridge borders and adaptable to local markets, so consumers can easily and effectively receive the ideas conveyed.

Publicis Groupe owns, at a global level, three main advertising networks: Leo Burnett, Publicis and Saatchi & Saatchi. Each of these networks has its own culture and philosophy, and each has been able to build long-lasting partnerships with its clients in all sectors.

Alongside these three networks, Publicis offers a wide range of independent agencies, each with a reputation for creative excellence, such as Fallon in Minneapolis and London, Kaplan Thaler in New York, Marcel in Paris and Bartle Bogle Hegarty (a 49% holding) in London, New York, Singapore and São Paolo.

In each agency and each network, the teams' strategic, creative expertise makes it possible to find the best ideas to serve clients either at a local and/or international level. These ideas lead to advertising campaigns that can be made available via traditional media, the Internet, or interactive media, according to the best solution for each client.

The partnership between an advertising agency and its clients is often a long-term partnership, where there is a real dialogue based on the client's knowledge of its own company and brands and the agency's expertise in terms of creativity and consumer understanding.

The global brands with the greatest success are the fruit of this partnership and reciprocal confidence, and Publicis Groupe agencies are proud to manage a great number of these brands.

Publicis Groupe networks

- **Publicis Worldwide:** this network, based in Paris, is located in 86 countries on all continents, notably in Europe and the United States (the agencies Duval Guillaume, Marcel and Publicis & Hal Riney). It includes the Publicis Dialog network, established in 44 countries, and Publicis Modem (dedicated to digital offerings), present in 44 countries, as well as Marcel (which includes Publicis Net), based in Paris so as to present clients with a holistic offer.

  Its global expertise offer includes advertising, interactive communications and digital marketing (Publicis Modem), CRM and direct marketing (Publicis Dialog).
- **Leo Burnett:** based in Chicago, the network has a presence in 76 countries around the world. It also owns the international network Arc Worldwide for marketing services (SAMS), which focuses primarily on direct and interactive marketing and sales promotion. Leo Burnett also owns other agencies and independent advertising entities, generally more local or regional, with a well-specified target (because of their specific structure and creative styles) to respond to the particular needs of some clients.
- **Saatchi & Saatchi**: this network, based in New York, has a presence in 80 countries on five continents. It mainly includes the agencies Saatchi & Saatchi (including the agencies Team One and Conill in the United States), as well as the network Saatchi & Saatchi X, a specialist in point of sale marketing (shopper's marketing). Saatchi & Saatchi S, a network created in 2008 after the acquisition of Act Now, is a sustainable development consultancy of renowned expertise in the United States, which gives clients expert advice on, and a solid understanding of, the major issues concerning sustainable development at the economic, social and environmental level.
- **Fallon:** a network based in Minneapolis and with regional platforms in London, Tokyo and Singapore.

  "SSF" brings together the Saatchi & Saatchi and Fallon agencies.
- **Bartle Bogle Hegarty (BBH):** 49% held by Publicis Groupe, this network is based in London and has regional platforms in Singapore, Tokyo, New York, Sao Paolo and Shanghai.
- **Other agencies:** The Kaplan Thaler Group in New York, a global communications agency famous for its talent in creating buzz moments in numerous areas.

Specialized Agencies and Marketing services (SAMS)

These units offer a set of techniques and specialties which can be deployed to complement or replace traditional advertising within a given communications campaign, or to provide a communications medium for specific targets or products (in particular, healthcare communications and multicultural communications). These specialized communications services are generally provided in conjunction with traditional advertising services. Specialized agencies (SAMS) offer, in particular, the following services:

- **Interactive Communication:** digital communications are provided partly via the 'all digital' agencies such as Digitas and Razorfish within VivaKi, as well as by all the agencies integrated within the Group's various media advertising networks. By digital activities we primarily mean the creation of corporate or commercial websites, intranet sites, advice about online direct marketing, e-commerce, search engine optimization, Internet ads (especially banners and windows) and any other communication via the Internet or mobile channels.
- **Direct marketing, CRM (Customer Relationship Management):** the aim is to create a direct relationship between a brand and a consumer (by contrast with traditional mass-market advertising) by a variety of methods (mail shots, Internet, telephone) and to develop customer loyalty. 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:** promotions seek to determine the most effective means for communicating with consumers at the point-of-sale, and to increase sales either directly at the point-of-sale, or through coupon programs and similar means.
- **Healthcare communication:** this segment is concerned with the pharmaceutical industry, institutes, hospitals and insurance companies, as well as companies producing consumer goods aimed at health and well-being. It must reach healthcare professionals, public authorities and the general public. Healthcare communications cover the entire lifecycle of a product: from consulting prior to the release on the market, to communication tools (advertising, direct marketing, digital, telemarketing), medical training, scientific communications, public relations, events and recruitment of temporary sales staff.

  Public relations activities, communications, corporate and financial communications and events communications have been regrouped within the MS& L Group since 2009:

  - **Public Relations:** the aim of these operations or actions is to help clients with the management of their ongoing relationship with the press, specialized audiences and the general public on commercial or corporate topics, client identity, products or services and to develop an image that is coherent with their 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 other materials illustrating this strategy and these messages.
  - **Corporate and financial communications:** this encompasses all initiatives that allow customers to construct a company image or to communicate with interested parties, such as shareholders, employees, public authorities. In particular, it deals with financial communications (especially during initial public offerings – IPOs – or other financial transactions), in the context of stock market listings, disposals, proxy contests and similar matters. Publicis also provides services aimed at helping clients address the communications and public relations aspects of public crises and other major events.
  - **Events communication:** designing and organizing corporate or commercial events (conventions, trade shows, congresses, meetings and opening ceremonies) in order to promote a corporate image that is consistent with the client's strategic objectives.
- **Multicultural or ethnic communication:** an area mainly limited to the American market; it consists of advertising and other communication techniques aimed at culturally specific groups, such as Hispanics and African-Americans.

Media

Publicis' media services include planning to clients to ensure the most effective media are used for their communications campaigns and buying on their behalf the most suitable advertising space for its clients.

Advice services (media planning) and media buying are carried out by two entities of VivaKi: Starcom MediaVest Group and ZenithOptimedia.

The following services are provided:

- **Media advice/Media planning:** using computer software and data analysis related to consumer behavior and analysis of different media audiences 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 client's budget;

- **Media buying:** purchase of all advertising space (radio, television, billboards, press, Internet and cell phones) on behalf of an advertiser as part of an agreed media plan, using the Group's experience and buying power to obtain the most favorable rates and terms and conditions for our clients. Publicis Groupe is the second global group for its media activities and is in first place in the United States and in China.

The operation is structured around two independent entities, which manage media advice and purchasing.

- ZenithOptimedia, based in London, operates in 70 countries around the world and has a strong presence in the UK, the US, Germany, France and Spain; and
- Starcom MediaVest Group, based in Chicago, operates in 73 countries, with a strong presence in the United States. Denuo is a specialist agency for consulting and market watch in the arena of new technologies (Internet, video games, mobile telephones, iPods).

VivaKi, which since June 2008 has grouped together Starcom MediaVest Group, ZenithOptimidia, Denuo and Digitas, allows the new structure to better respond to advertiser needs by offering customized solutions. It pools all market study and research resources, tools and talents within the VivaKi Nerve Center, in order to make the most advanced digital solutions available to all Group units.

The Group also remains active in its original business, essentially in France: the sale of advertising time and/or space in newspapers, cinema, billboards and radio, carried out by Médias & Régies Europe.

Médias & Régies Europe includes Métrobus (billboard/poster advertising in France), Régie 1 (radio in France), Mediavision (cinema, mainly in France) and Médiavista (communications inside shopping malls).

Parent company

Publicis Groupe S.A. is the Group's holding company. Its main purpose is to provide advisory services to Group companies. The cost of such services by the Company and certain of its subsidiaries amounted to approximately 50 million euros in 2010, which was allocated among the operating entities of the Group based on the cost of the services rendered. In addition, the parent company received dividends from subsidiaries amounting to 250 million euros in 2010.

Finally, the parent company holds the Group's medium- and long-term borrowings.

1.4.4 GROUP ASSETS

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. At December 31, 2010, it owned real estate assets with a net carrying amount of 173 million euros. The Group's principal real estate asset is its corporate headquarters located at 133 avenue des Champs-Élysées in Paris. This 7-story building includes approximately 12,000 square meters of office space, occupied by the Group's companies, and approximately 1,500 square meters of commercial property occupied by the Publicis Drugstore and two public cinemas.

Publicis Groupe chose to restate this building at its fair value after IFRS was implemented and to consider this value as the agreed cost on the date of the transition to IFRS accounting standards. On this date, the fair value of the building was 164 million euros, representing an adjustment, at the time, of 159 million euros to its value under previous accounting standards. The valuation was performed by an independent expert using the rent capitalization method.

The main asset held under a finance lease is the Leo Burnett office building located at 35 West Wacker Drive in Chicago, Illinois, United States. Its net value recorded in the Group's consolidated financial statements at December 31, 2010 was 56 million euros (its gross value at the same date was 80 million euros, depreciable over 30 years).

The Group owns major IT systems and hardware that are used in the creation and production of advertising, the management of media buying and administrative functions.

Since December 31, 2010, the Company has not planned any significant capital expenditures with respect to property, plant and equipment or intangible assets, other than investments made by the Group in the regular course of its business.

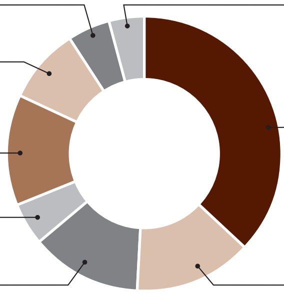
1.4.5 MAIN CLIENTS

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 revenue is generated by international clients, i.e. clients whose accounts are managed in more than five countries. The top 30 clients represent around 47% of the Group's consolidated revenue – see Section 4.6 Notes to the consolidated financial statements – Note 26. Payment terms are consistent with general market practices and the regulations in force in each of the countries in which the Group operates. Revenue from, and contracts with, different clients vary from year to year. Nevertheless, a significant share of Publicis Groupe's revenue comes from loyal clients that have been with the Company for years. On average, its retention rate of the ten biggest clients is 45 years.

The main clients of the Group's major networks in 2010 are listed below:

- **Publicis:** Citigroup, Deutsche Telekom, France Télécom, General-Mills, General Motors, Groupe Carrefour, HP, L'Oréal, LG Electronics, Nestlé, Procter & Gamble, Renault, sanofi aventis, Siemens, UBS;
- **Leo Burnett:** Allstate, Coca-Cola Company, Fiat Groupe, General Motors, Kellogs/Keebler, McDonald's, Nestlé, Philip Morris International, Philip Morris USA, Procter & Gamble, Research in Motion, SAB-Miller, Samsung, Sony Ericsson, Whirlpool Group;
- **Saatchi & Saatchi:** ABInBev, Claro, Deutsche Telekom, France Télécom, General-Mills, Groupe Carrefour, JC Penney, Kraft, Mead Johnson, Nestlé, Novartis, Procter & Gamble, St. Paul Travelers, Toyota, Visa;
- **Starcom MediaVest Group**: Allstate, Bank of America, Bristol-Myers Squibb, Coca-Cola Company, Comcast, General Motors, GMAC Trade, Kellog/Keebler, Kraft, Mars, Procter & Gamble, Research in Motion, Samsung, Wal-Mart, Walt Disney;
- **ZenithOptimedia:** Deutsche Telekom, Fox, General-Mills, JP Morgan, L'Oréal, LVMH, Mars, Nestlé, PPR, Reckitt Benckiser, Richemont Groupe, Sanofi-Aventis, Telefonica, Toyota, Verizon;
- **Publicis Healthcare Communications Group:** Abbott Laboratories, Astellas, AstraZeneca, Bayer, Biovail, Boehring, Bristol-Myers Squibb, Eli Lilly, Merck & Co, Pfizer, Procter & Gamble, Sankyo, Sanofi-Aventis, Shire, Takeda Pharm;
- **Digitas:** Amex, AstraZeneca, General Motors, Procter & Gamble, Comcast, Pfizer, Bank of America, Kraft, Bristol-Myers Squibb, Samsung, Sun Trust, Delta Airlines, Whirlpool Group, Sanofi-Aventis;
- **Razorfish:** Microsoft Corporation, State Farm, Kraft, Daimler, JCPenney, Johnson & Johnson, McDonald's, Ford, Intel, SAB-Miller, AT&T, Volkswagen, Pfizer, Levi Strauss & Co.

In 2010, the Group's total revenue came from the following client business sectors:



The share of revenue by principal client sector is representative of the major economic players and the structure of the portfolio remains stable. More than half of this portfolio comprises clients whose resistance to economic fluctuations is strong.

1.4.6 SEASONALITY

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

1.4.7 COMPETITION

Since 2009 the group has been ranked in third place among global communication groups (ranked according to earnings. Source: Company annual reports).

See the table below for the published earnings of the top four groups in 2010:

	Omnicom (US GAAP) (in millions of dollars)	WPP (IFRS) (in millions of pounds sterling)	Interpublic (US GAAP) (in millions of dollars)	Publicis Groupe (IFRS) (in millions of euros)
Figures published in local currency	12,542	9,331	6,532	5,418
Figures published in dollars	12,542	14,409 *	6,532	7,175 *

* *2010 average exchange rates: $1 = 0.7551 euros, £1 = 1.1660 euros.*

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

Publicis Groupe also competes with a number of local, independent advertising agencies in markets around the world, via its specialized agencies and marketing services (SAMS).

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.

1.4.8 GOVERNMENTAL REGULATIONS

The Group's business is subject to government regulation in France, the US and elsewhere.

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 the media company and the client or the advertising agency are French or located in France.

In many countries, the advertising 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 advertising or marketing of such products could have an adverse impact on the Group's operations.

1.5 Investments

1.5.1 MAIN INVESTMENTS DURING THE PAST THREE YEARS

The Group's strategic development is centered on investments in talent, technology and emerging economies. Talent is sought to increase our digital expertise and creative excellence in order to enrich content, strengthen the strategic teams, and drive innovation and new service offerings. In digital technologies, pursuing international business development, strengthening our agencies, and developing strategic alliances and initiatives with major Internet players, will allow Publicis Groupe to remain at the forefront of change and anticipate the changes and evolution of the communications industry. Investments in emerging economies will strengthen the presence of all Publicis Groupe entities.

During 2008, numerous external growth operations were completed, in line with the strategic objectives set out by Publicis Groupe

In the digital domain

Publicis Groupe marked a new strategic stage in the international deployment of the Digitas network. Solutions, the marketing services branch of the Group in India and Singapore is now called Solutions Digitas. It now offers a wider range of services to all its clients in India and Singapore, as well as to Digitas' 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. Ranked the best interactive marketing agency in China and one of the top specialists in Asia-Pacific, EmporioAsia, is renowned for its talent in strategy (analysis, research) and online creativity (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, customer relationship marketing and public relations.

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 strong creativity on the Internet. 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, the top agency in the United States for digital marketing and strategic communications. The agency specializes in event marketing, strategic communications and interactive media as well as in branded entertainment.

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.

Finally, on November 19, 2008, Publicis Groupe announced the acquisition of Tribal, a specialist digital agency based in São Paolo, Brazil. Tribal was one of Brazil's leading independent digital agencies. Now it has joined the global Digitas network.

Consultancy Activities

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

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 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.

Finally, early in 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, promotions, television production and media buying. It is present in Beijing and Guangzhou.

All these growth transactions and agreements are in line with the Group's clear strategy of rapid expansion in digital and in countries with strong economic growth. This is in line with the Group's strategy of obtaining 25% of its earnings from digital and 25% from emerging economies by 2010. At the same time, the Group is continuing to enhance its global service activities (SAMS) whenever necessary.

Total acquisition costs for entities integrated during 2008 (gross payments, before acquired cash) come to 127 million euros. The total also omits 31 million euros in earn-out payments and 14 million euros for buyouts.

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

2009 was the year Publicis acquired Razorfish, the world's second largest interactive agency. This places the Group squarely at the forefront of digital services.

On October 14, 2009, Publicis Groupe announced that the acquisition of Razorfish (jointly announced with Microsoft Corporation on August 9, 2009) had been concluded. Razorfish is one of the world's largest companies specializing in interactive marketing technologies and services. Based in the United States, Razorfish is the second global interactive agency after Digitas. This acquisition confirms the Group's uncontested and durable leadership in interactive communications, both because of its market share and the additional skills it brings in e-commerce and websites

The Group acquired Nemos, the leading Swiss agency in interactive communications. Established in 2002, Nemos is based in Zurich and considered one of the premier agencies in Flash programming and multimedia.

The acquisition of Yong Yang in China received the approval of the Chinese authorities, who authorized the closing of the transaction. The Chinese license necessary for the creation of a joint venture between Saatchi & Saatchi and Energy Source was obtained during the first quarter of 2009; the Company is already established.

On May 19, 2009, Publicis Groupe announced the acquisition of Bulgarian agency Publicis MARC, an integrated communications agency based in Sofia.

On September 1, 2009, Publicis Groupe announced an agreement for the purchase of Unilever's *Pour Tout Vous Dire*, one of the four main multi-brand CRM platforms within France's fast-moving consumer goods (FMCG) sector.

On September 3, 2009, Publicis Groupe announced that it had taken a majority share in the organizing company of the Women's Forum for the Economy and Society. Founded in 2005 by Aude Zieseniss de Thuin, the Women's Forum for the Economy and Society is an independent global forum for women.

Total acquisition costs for entities integrated during 2009 (gross payments, before acquired cash) come to 210 million euros. This amount only includes the portion of Razorfish's acquisition price paid in cash; there is an additional 173 million euros in treasury shares held in the portfolio. The total also omits 71 million euros in earn-out payments and 23 million euros for buyouts.

In 2009, the group bought back 31,040 shares, liquidity contracts excluded, representing 0.02% of share capital, for a total of less than 1 million euros.

During the year 2010, Publicis Groupe made several acquisitions in various parts of the world and took a minority stake in Taterka Comunicações, a Brazilian advertising agency based in São-Paulo and covering 18 countries in Latin America. All these transactions fall under Publicis Groupe's policy of continuing to expand its digital business while reinforcing its presence in high-growth countries, healthcare and public relations.

Publicis Groupe thus acquired AG2, one of Brazil's top digital and interactive agencies which will contribute economic intelligence and new skills in the field of brand management in the interactive market.

In healthcare, Publicis Groupe also made quite a number of acquisitions, including Toronto-based In-Sync, an agency specialized in healthcare, well-being and market surveys, Elevator in the UK, and London-based Resolute Communications, a healthcare communications agency with operations in New York as well. Resolute Communications provides healthcare communications programs that encompass strategic advisory services, medical training and public relations. Resolute has been merged with Publicis Life Brands in London, and the new structure now combines Publicis Life Brands' expertise in brand management and digital solutions, with Resolute's know-how in strategic communications. In Germany, the group acquired Digital District, an agency with acclaimed expertise in healthcare communications and specialized skills in the definition and roll-out of communication strategies. Last but not least, in December, Publicis Groupe announced the acquisition of Healthcare Consulting. Now called Publicis Healthcare Consulting, this Paris-based agency with operations in New York offers a broad range of advisory solutions in several fields of expertise such as access to markets, promotions, distribution, new technologies, the emerging markets, capitalizing on research, industrial transfers and new players in industry.

In its endeavor to expand its public relations activities, especially in high-growth economies, Publicis Groupe announced in October the acquisition of 20:20 Media and 2020Social, agencies specialized in public relations and social media in India. 20:20 Media is the leading agency for clients in the field of technology, an area in which it has played a pioneering role. 2020Social brings us the expertise of India's first agency to specialize in strategic advisory services in social media, also offering a complete range of services from strategic consulting to campaign management and appraisal. This acquisition enabled the group to launch MSLGROUP India which is now the leading communications network specialized in public relations and the social media. Again in PR and Events, the group also acquired Eastwei Relations in China. This PR and strategic consulting business – which boasts tools, processes and proprietary software packages that are specific to the management of strategic communications campaigns in the Chinese market – has been renamed Eastwei MSL and is now part of the MSLGROUP network. These two acquisitions should re-energize the know-how of MSLGROUP, which is the main specialized communications, PR and events network in Asia. Elsewhere in PR, Publicis Groupe consolidated its stake in Andreoli MS&L in Brazil, thus becoming the majority shareholder in one of the five biggest multidisciplinary PR agencies in Brazil while setting up a reference platform for MSLGROUP in South America.

In China, Publicis Groupe bought Beijing-headquartered G4, an agency providing integrated communications solutions including advertising, design and consulting services on behalf of Nestlé in China. This agency, now known as Publicis G4, has taken on the Publicis Beijing's Nestlé team to accompany this major client more extensively throughout China.

Also in China, Publicis Groupe acquired the remaining shares in its subsidiary W&K Beijing Advertising Co. which is now wholly-owned. This subsidiary has now been renamed Leo Burnett Beijing Communications Co. Ltd ., and contributes to Leo Burnett's expansion in the Beijing market.

Back in Brazil, Publicis Groupe took a 49% stake in Talent Group, one of the country's most important advertising firms, with the option of becoming majority shareholder at a later stage. Talent Group comprises two São-Paulo-based agencies: Talent and QG. The group provides the full range of media and below-the-line communications services, offers training courses for sales teams and field staff, operates in incentive programs, promotion and activation, and has undertaken to develop its digital communications.

Finally, in late November, Publicis Groupe acquired three agencies in Romania. These long-standing affiliates (Publicis Roumanie, Focus Advertising and Publicis Events) will be merged into Grupul Publicis Communication Services Bucharest. The new entity will be a full-services company in communications, advertising, brand strategy, creation, sales promotion, events marketing and digital services.

The Groupe's acquisitions have been very focused in terms of business area and geographic region in order to meet customers' new needs, while devising the solutions expected by consumers and boosting the group's growth.

So as to rationalize the situation in South Africa, the Leo Burnett, Starcom and MSLGROUP operations there were brought back under central control and then merged with Publicis to form an entity now controlled by the group. The holding in Amazon Advertising (Leo Burnett) has been increased from 35% to 59%.

Total acquisition costs for entities integrated during 2010 (gross payments, before acquired cash) come to 131.8 million euros. The total also omits 39.3 million euros in earn-out payments and 7.1 million euros for buyouts.

In 2010 the Group bought back 9,987,959 shares, liquidity contracts excluded, representing 5.2% of share capital, for a total of 291 million euros. Theses buybacks include 7,500,000 shares owned by Dentsu. On May 10, 2010, following Dentsu's declaration of its intention to sell part of the shares in Publicis that it held via the SEP Dentsu-Badinter, Publicis Groupe S.A. bought a block of 7,500,000 shares for a total price of 218 million euros, with a view to their cancellation. These shares were immediately cancelled.

1.5.2 MAIN ONGOING INVESTMENTS

On January 26, 2011, Publicis Groupe announced its intention to make a takeover bid for Chemistry for an amount of approximately 14 million pounds. The Chemistry Board of Directors recommended the takeover bid to its shareholders, at 37 pence per share, paid in cash.

Chemistry, an independent integrated communications agency, is one of the leading UK agencies specialized in integrated marketing services, particularly in digital. Its offer includes advertising communication, strategic consulting and digital marketing, direct marketing and promotional marketing.

The completion of the operation is subject to the results of the takeover bid (the complete bid offer may be consulted on the website: www.publicisgroupe.com).

Publicis Groupe announced on February 23, 2011 that it had signed an agreement to acquire Interactive Communications Ltd (ICL), one of the top public relations and social media agencies in Taiwan.

The operation is subject to the approval of the Investments Commission of the Taiwanese Minister of Economic Affairs.

1.5.3 MAIN FUTURE INVESTMENTS

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. The Group reaffirmed its priorities for growth in two sectors – digital and fast-growth countries – which together could account for 65% of total revenue in the future. 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, particularly direct marketing, public relations, events marketing, Customer Relationship Management (CRM), and healthcare 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.

All these future investments form an integral part, as with earlier investments, of a well-chosen strategy, whose aim is to create a Group capable of generating the best value for its clients and shareholders by taking advantage of the most robust combination of creativity, database science and technology.

Finally, at December 31, 2010, the Group also had commitments of 124 million euros under price-adjustment clauses and of 177 million euros for minority interest buyouts, a total of 301 million euros, 194 million euros of which is due within less than one year.

1.6 Significant contracts

On November 30, 2003, Publicis entered into an agreement (the "Strategic 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 Groupe, Saatchi & Saatchi and ZenithOptimedia agreed to terminate their preexisting arrangements and agreements with partners in Japan. Publicis Groupe committed to an exclusive agreement with Dentsu and will not undertake any new activities in Japan without prior consultation with Dentsu. The Group represents Dentsu on behalf of its clients in North America, Europe, Australia and New Zealand, with a small number of exceptions.

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 the Hakuhodo Group. 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 international 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 in which the Company and Dentsu each had a 45% shareholding; Fuji Television Network, Inc. and Tokyo Broadcasting Service each have a 4% shareholding; 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.

With the purchase of Razorfish on October 13, 2009, Publicis Groupe replaced aQuantive as shareholder with a 19.35% stake in Dentsu Razorfish, a Japanese company set up in January 2007 to provide interactive marketing services in Japan.

Finally, Publicis Groupe and Dentsu created an Executive Committee to manage this alliance, comprising their Chairmen and Chief Executive Officers respectively, as well as management of the two groups. This committee shall be kept informed of Dentsu's development projects and the Company's in Asia. Dentsu, 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%.

1.7 Research and development

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 the strategic planning of individual agencies, playing a key role in the unique brand positioning of each advertising brand. Finally, 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 Section 4.6.

- **For Publicis:** FreeThinking, Conversation Monitoring, Ignition Day Workshops, IdeaAssessor, Brand 16, Talkmaster, Red Cloud, Publicis Insider, Decipher, and Contagion Monitor;
- **For 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, Risk Reward Model of Advertising Effects, Acts Lift, Pinpoint Quick Quant, HumanKind Conversations, Multi-Channel Shopper, Brand Health, HumanKind Brand Purpose Workshop, Idea Spot, Trend Treck, Behavioral Currents, eConduit Pipeline, eConduit Marketer, eConduit Switchboard, eConduit Prospector, eConduit Warehouse, eConduit Insights, eConduit OnDemand, eConduit Snapshot, eConduit TouchPoint, eConduit Synapse, eConduit Proximity, i2i Dashboard, Path Explorer, Social Listening Platform, Conversation Diary, Ambassador Tracker, Social2Web, Behavior Trend, DigitalPerspectives, SearchPF, NextClick, TermReturn, SiteScan, InlindAudit, Return ePanel, Retail Transfer, MarketMix, Bandwidth, Clickstream, SMart, CurvFit, QuickPredict, PreFix, StatPack, EMax, InterAct, and ArcLight.
- **For Saatchi & Saatchi:** Strategic Toolkit, Sisomo, Xploring, the Story Brief, Inside Lovemarks (in association with QiQ), Saatchi & Saatchi Ideas SuperStore, as well as Publicis Ideas IQ Protocol (developed by Saatchi & Saatchi for Publicis Groupe).

In media consulting:

- **ZenithOptimedia** uses the Zoom and Touchpoints toolkits, including ROI Modeller, Budget Allocator, Frequency Planner, Competitive Profiler, Consumer Profiler Designer, Innovations Database, Market Prioritization Planner, Multi-Copy Planner, Multi Media Read, Seasonality, Response Planner, Touchpoints ROI Tracker, Wizard TV Planner, Catalyst, ECCO ZIPP and Zone.
- **Starcom MediaVest** uses, among other tools, Tardiis, Innovest, Media Pathways, BattleField, Passion Groups, Contact Destinations, Intent Tracker/Modeler, Captivation Blueprint, IPXact, Map, Beyond Demographics, Media in Motion (patent pending), Budget Allocator, Pearl, Ace, Brain Conquest, CVT (client targeting), SPACE ID, Truth Maps, Idea vet and Ideaweb, The Mic, Surveillance, Stardust, KPI Engine, BARometer, and StarcomEQ, StarcomIQ, Soundwave and Titan.
- **Denuo** uses Socialight, a tool for uncovering insights related to word-of-mouth marketing, Continuous Content, a proprietary approach to social-based brand content, Collaboration, an approach to social sharing, and Gamification, an approach employing game mechanics.
- **Digitas** offers to sell its clients, among other tools, Media Futures, Agent209, Brand Story Window, Brand Inspiration Rooms, Web.Digitas and DF.
- **Performics** leverages the following methodologies, tools and research for clients: PFX Forecasting & Planning Tool, PFX Opportunity Matrix, Performance on Demand (POD), Global Analytic Solutions (GAS – in partnership with Zenith), Digital Analytics Dashboard for PPC, SEO, Social, Mobile, Display (DAD – in partnership with Zenith), OneSearch, Program Management Suite, Search Governance Model (SGM), Resource Allocation Tool (RAT), Performance Knowledge Center (PKC), Competitive Benchmarking, Clickstream, Channelstream, Tagchecker, Microtargeting, Hyperflighting, Searcher Journey Analysis, Consumer Journey Analysis, Social Listening Analysis, PFX LinkWheel, Search Audit, 4 SEO Pillars and SEO Deliverable Framework.
- **Razorfish** provides Edge, RIAx, CookieCutter, Personified Segmentation, TrueLift, Feeds Manager, RankSource, Market Mapper, SEO Source, Segmenter, and Site Optimization to its clientele.
- Finally, the **VivaKi Nerve Center** (VNC) makes patented tools and methodologies available to Publicis Groupe agencies. The VNC is the world's largest research and development center dedicated to building new technologies and approaches that connect brands with their customers in a digital world. These technologies and approaches take the form of customizable platforms and interfaces for Publicis Groupe's global clients, as well as the execution of support for activities like media planning and buying, online purchasing, advertising campaign management, optimization, analytics, modeling, and predictive reporting. Our assets are integrated and easily accessible by mobile devices and computers via the Internet. These assets include our VivaKi Data Platform (centralizing data sources to support speed and scale with data processing needs) Campaigns On Demand (COD) (platform and alerts system for effective campaign management), Keyword Efficiency Estimator (feature within COD to optimize search keyword spend), Insights On Demand (IOD) (suite of robust analytical tools and custom dashboards), Global Marketing Navigator (patent pending), Enterprise Dashboards, Foundational Dashboard Solutions,

Edge Dashboard Solutions, Click2Sales (search management platform), Benchtools (competitive SEO/SEM benchmarking platform), Digital Control Center (DCC), Campaign Manager, and the Data Mart. VivaKi Nerve Center also has established business relationships with outside companies in order to create unique personalization, first-mover access to new features and products and execution formalities for Publicis Groupe agencies (and their clients), including Social Listening Studio, REAL Social, Audience On Demand (AOD), AOD Premium, AOD Reach, AOD Video, AOD Insights, VivaKi Verified (proprietary methodology for ensuring brand-safe ad placements), VivaKi Partnerships, VivaKi Ventures, Ad Operations Center of Excellence (Ad Ops COE), and The Pool (global research process of pooling resources to establish industry alignment for new advertising and engagement models). By leveraging these assets, Publicis Groupe agencies can concentrate on nurturing their client relationships and developing new advertising strategies and programs.

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.

1.8 Risk factors

The risk factors described below, together with the other information concerning Publicis Groupe and its consolidated financial statements included in this Registration 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 position or share price. Other risks and uncertainties of which Publicis is unaware or which are not currently considered to be significant could also have a negative impact on the Group. Publicis Groupe is currently unaware 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.

1.8.1 FACTORS SPECIFIC TO THE PUBLICITY AND COMMUNICATIONS SECTOR

Unfavorable economic conditions may adversely affect the Group's 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 sensitive to changes in clients' underlying businesses, and cuts to marketing budgets, as seen during 2009. Economic downturns can have a more severe impact on the advertising and communications industry than on other sectors, in part because clients often respond by reducing their advertising and communications budgets in order to meet their earnings goals. In addition, it may be difficult or impossible to collect outstanding fees receivable from bankrupt or insolvent customers. For this reason, the Group's business prospects, financial position 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.

A highly competitive industry

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 players such as systems integrators, specialists in the creation and exploitation of databases, telemarketing companies and Internet sector companies are now able to avail themselves of technical solutions that respond to specific 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 win new clients and accounts. Increased competition could have a negative impact on the Group's revenue and earnings.

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

Clients may choose to terminate a client-agency contract either on relatively short notice, 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 trend 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 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.

In order to limit this risk, winning new advertising accounts is a priority for all the Group's agencies. In 2010 the Group won new budgets totaling 5.9 billion dollars, net of losses.

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

The Group's top 5, 10, 30 and 100 clients represent 21%, 30%, 47% and 65% respectively of its consolidated revenues. See also Section 4.6 "Notes to consolidated accounts", Note 26: "Management of market risks". One or several large clients may, at any time and for any reason, decide to switch advertising and communications agencies 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.

Working with the Group's senior management, the management of the Group's networks continually analyzes the risks related to the loss of major contracts.

See Section 1.4.5 of this document for a list of the principal clients from the Group's major networks in 2010. The Group has a diversified client portfolio that is representative of the global economy and counts among its clients a great number with a global leader position in their sector, or a national leader position. Revenue from, and contracts with, different clients vary from year to year. Therefore, a significant share of Publicis Groupe's revenue comes from loyal clients that have been with the Company for years. On average, its retention rate of the 10 biggest clients is 45 years.

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. Nevertheless, except in agreement with the clients concerned, an agency may not propose its services to a competitor or an advertiser perceived as such, which may put a limit on its growth prospective and have a negative influence on Group income or profits.

Working with the Group's senior management, the management of the Group's networks continually analyzes the risks related to conflicts of interest.

Publicis' business is heavily dependent on the services of its management and employees

The advertising and communications industry is known for high mobility among its professionals. If the Group loses the services of key managers or 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 new key personnel, or if it were unable to retain and motivate its existing key personnel, its prospects, business, earnings and financial position could be adversely affected.

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.

1.8.2 REGULATORY AND LEGAL RISKS

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 to restrict alcohol and tobacco advertising. The application of further such regulations could have a negative impact on the Group's business and earnings.

In order to limit this risk, the Group has implemented, in its main markets, procedures to ensure that its advertising campaigns comply with regulations by means of a legal clearance procedure, carried out by Legal Departments which provide support to the creative teams as they develop campaigns.

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

Publicis may be named as defendant or co-defendant in litigation brought against its clients by third parties, its clients' competitors, governmental or regulatory authorities, or a consumer association. These actions could, in particular, relate to the following complaints:

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

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

The Group has no knowledge of any legal or arbitration proceedings, initiated in the last 12 months, which could have a significant effect on the financial position or profitability of the Company and/or the Group.

See Note 20 and Note 1.3 to the consolidated financial statements, in Section 4.6, with respect to provisions for litigation and claims.

1.8.3 RISK ASSOCIATED WITH ACQUISITIONS

Publicis' strategy of development through acquisitions and minority investments may create risks

One strand of Publicis' business strategy involves 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 there is always the possibility of misjudging the risks of any 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 fail to generate the synergies or other benefits that were expected. Such cases could adversely affect the Group's earnings.

A description of the Group's main acquisitions during 2010 appears in Section 1.5.1. Also see Section 4.6 "Notes to the consolidated financial statements", Note 2: "variation in consolidated financial statements".

The risks related to the external expansion policy are monitored by the Finance Department, together with senior management.

Goodwill and intangible assets, including brands and client relationships, recorded on the statement of financial position of acquired companies may be subject to impairment

Publicis has recorded a significant amount of goodwill on its statement of financial position. Given the nature of its business, the Group's most important assets are intangible, and are accounted for as such. Each year the Group carries out an evaluation of goodwill and intangible assets so as to determine whether these need to be depreciated. The hypotheses made in order to estimate the earnings and the provisional cash flow in the course of these reevaluations cannot be confirmed by subsequent real earnings. If the Group were to carry out any such depreciation, the loss could have an adverse effect on the Group's earnings and financial position.

Goodwill carried on the Group's statement of financial position is detailed in Section 4.6 "Notes to the consolidated financial statements", Note 10.

1.8.4 RISKS ASSOCIATED WITH THE GROUPE'S INTERNATIONAL PRESENCE

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 risk, restrictions on taking money out of the country and late 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 or 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, earnings, and financial position.

Working with the Group's senior management, the management of the Group's networks continually analyzes the Group's exposure to risks related to its business in developing countries.

Income from emerging economies represented 22.7% of the Group's total profits in 2010.

See Note 27 of the consolidated financial statements in Section 4.6 of this document for the contribution to the Group's earnings by geographic zone for the years 2008, 2009 and 2010.

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 reliable, standardized 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, which could have a material adverse impact on the Group's business, financial position and share price.

In order to confront this risk, the Group has put in place a centrally managed and monitored internal control system (see Section 2.4.2 "Risk management and internal control procedures for the Group" in the "Report of the Chairperson of the Supervisory Board on the preparation and organization of the Supervisory Board work and internal control procedures").

1.8.5 FINANCIAL RISKS

Exposure to liquidity risk

To manage liquidity risk, Publicis hold a substantial volume of cash and cash equivalents (2,164 million euros as at December 31, 2010) and unused credit lines (2,367 million euros as at December 31, 2010, of which 2,155 million euros is confirmed and 212 million euros is unconfirmed). The main credit line is a multi-currency syndicated facility in the amount of 1,500 million euros, expiring in 2012 but with an option for an extension until July 2014, subject to the banks' approval.

These amounts, which are available or can be made available almost immediately, are more than sufficient to cover the Group's obligations on its debt maturing in less than one year (including commitments to buy out minority shareholders, see Section 1.5.3).

The Group's treasury management arrangements are described in Section 3.4.3 of this document.

None of the Group's bonds or other debt is subject to covenants.

See also Note 22 to the consolidated financial statements in Section 4.6 of this document.

A credit rating downgrade could adversely affect Publicis' financial situation

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

Exposure to market risk

Note 26 to the consolidated financial statements in Chapter 4.6 of this document describes exposure to the following risks:

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

These risks are monitored by the Group's Finance Department in close liaison with senior management.

1.8.6 INSURANCE AND RISK COVERAGE

The Company's policy regarding insurance is 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. Worldwide "umbrella" coverage also exists, which applies in the case of differences in conditions or limits of local programs, particularly for property damage insurance and business interruption insurance, as well as automobile and employer's third-party liability insurance.

Local programs

These are insurance policies for general and employer's third-party liability, property damage and business interruption, automobile policies, and other general risks. These policies are entered into locally in order to comply with local practices and regulations and to manage related risks.

The insurance policies generally cover the following elements:

- damage to property and operational losses: up to 160 million euros;
- civil liability: from 20 to 95 million US dollars, 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 policies are arranged through brokers from major international insurance companies such as Chartis, Chubb, Zurich and Generali.

The Group's global non-life premiums amounted to approximately 16 million euros in 2010.

CORPORATE GOVERNANCE

2.1 Management and Supervisory Bodies, and Executive Management

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

2.1.1 COMPOSITION OF THE MANAGEMENT BOARD

MAURICE LÉVY	CHAIRMAN OF THE MANAGEMENT BOARD
Born on February 18, 1942 1st appointment: November 27, 1987 Expiration of current term: December 31, 2011 Publicis Groupe S.A. 133, avenue des Champs-Élysées 75008 Paris France	**Other offices and positions held within the Group** **Member of the Executive Committee (P12):** Publicis Groupe S.A. **Chairman and CEO:** Publicis Conseil S.A (France) **Member of the Supervisory Board:** Médias & Régies Europe SA (France) **Director:** MMS USA Holdings, Inc (United States), ZenithOptimedia Group Limited (United Kingdom), MMS USA Investments, Inc. (United States), MMS USA LLC Investments, Inc. (United States) **Management Board Member:** Publicis Groupe US. Investments LLC (United States) **Main offices and positions held outside the Group** **Member of the Supervisory Board:** Deutsche Bank AG **Chairman** of the *Association Française des Entreprises Privées* (AFEP) **Member of the Board of Directors:** Friend of the Quai Branly museum, the decorative arts and the Brain and Spine institute **Offices and positions held outside the Group in the last five years** Positions listed above
JEAN-MICHEL ÉTIENNE	**MEMBER OF THE MANAGEMENT BOARD**
Born on November 2, 1951 1st appointment: July 1, 2010 Expiration of current term: December 31, 2011 Publicis Groupe S.A. 133, avenue des Champs-Élysées 75008 Paris France	**Other offices and positions held within the Group** **Executive Vice President, Group Finance:** Publicis Groupe S.A. **Member of the Executive Committee (P12):** Publicis Groupe S.A. **Chairman:** Multi Market Services France Holdings SAS (France) **Chairman and CEO:** Publicis Finance Services SAS (France) **Chairman:** MMS Italy Holdings S.r.l., Re: Sources Italy S.r.l. **Chairman and Director:** MMS Mexico Holdings S de RL de CV **Chairman and Director:** MMS Canada Holdings Inc. **Management Board Member:** Publicis Groupe US. Investments LLC (United States), Publicis Groupe Holdings B.V. (Netherlands) **Permanent representative of Multi Market Services France Holdings SAS** in Publicis Technology SA, Marcel SNC **Director:** Multi Market Services Australia Holdings Pty Limited, PG Lion Re: Sources Australia Pty Limited, Re: sources Mexico S.A de C.V, MMS Netherlands Holdings BV, Publicis Groupe Investments BV (Netherlands), Publicis Holdings BV (Netherlands), Multi Market Services Spain Holdings, S.L, Publicis Communicacion Espana, S.A, Saatchi & Saatchi Limited (United Kingdom), MMS UK Holdings Limited, Lion Re: Sources UK Limited, Lion Re: Sources Ibéria S.L., ZenithOptimedia International Limited, (United Kingdom), Saatchi & Saatchi Holdings Limited (United Kingdom), ZenithOptimedia Group Limited (United Kingdom), MMS USA Holdings, Inc., MMS USA Investments, Inc., MMS USA LLC Investments, Inc., Shanghai Ming Mong Song Commercial Consulting Co, Ltd **Director and Managing Director:** Bcom3 Holding Germany GmbH, MMS Germany Holdings GmbH, Re: Sources Germany GmbH **Director, President & Treasurer:** US. International Holding Company, Inc (United States) **Main offices and positions held outside the Group** Management Board Member d'Impress Packaging* **Offices and positions held outside the Group in the last five years** Positions listed above

* *End of mandate during the 2010 fiscal year.*

JACK KLUES	MEMBER OF THE MANAGEMENT BOARD
Born on December 8, 1954 1st appointment: December 7, 2004 (effective January 1, 2005) Expiration of current term: December 31, 2011 VivaKi, Inc. 35, West Wacker Drive Chicago, IL 60601 USA	**Other offices and positions held within the Group** **CEO:** VivaKi, Inc. (United States) **Member of the Executive Committee (P12):** Publicis Groupe S.A **Main offices and positions held outside the Group** None **Offices and positions held outside the Group in the last five years** None
JEAN-YVES NAOURI	**MEMBER OF THE MANAGEMENT BOARD**
Born on November 19, 1959 1st appointment: December 4, 2007 (effective January 1, 2008) Expiration of current term: December 31, 2011 Publicis Groupe S.A. 133, avenue des Champs-Élysées 75008 Paris France	**Other offices and positions held within the Group** **Executive Vice President - Operations:** Publicis Groupe S.A. **Chief Operating Officer:** Publicis Groupe S.A. **Member of the Executive Committee (P12):** Publicis Groupe S.A. (P12) **Chairman:** Re: Sources France SAS, Re: Sources 133 SAS (France) **Chairman & CEO:** Publicis Technology SA (France) **Vice-Chairman of the Supervisory Board:** Publicis Net SA (France) **Director:** Vivaki Performance SA (France), Vivaki Communications SA (France) **Permanent representative of Publicis Groupe S.A.:** Publicis Finance Services SA (France) **Permanent representative of Multi Market Services France Holdings** within the Shareholders' Committee of Wefcos SAS (France) **Permanent representative of Re:** Sources 133: Publicis Et Nous SA (France)* **Member of the Executive Committee:** Multi Market Services France Holdings SAS **Director:** Lion Re: Sources UK Limited (United Kingdom), Lion Resources Iberia SL (Spain), Re: Sources Italy srl, Re: Sources Mexico SA de CV, Publicis Healthcare Communications Group, Inc. (United States), Starcom Sweden AB **Secretary:** Lion Resources, SA (Costa Rica) **Director & Managing Director:** Re: Sources Germany GmbH (Germany) **Main offices and positions held outside the Group** None **Offices and positions held outside the Group in the last five years** None
KEVIN ROBERTS	**MEMBER OF THE MANAGEMENT BOARD**
Born, October 20, 1949 1st appointment: September 14, 2000 Expiration of current term: December 31, 2011 Saatchi & Saatchi 375, Hudson Street New York NY 10014-3620 USA	**Other offices and positions held within the Group** **CEO:** Saatchi & Saatchi Worldwide (United States) **Member of the Executive Committee (P12):** Publicis Groupe S.A. **Director:** Fallon Group, Inc. (United States) **Main offices and positions held outside the Group** **Director:** Rowland Communications Worldwide, Inc. (United States), Red Rose Limited (New Zealand), Red Rose Charitable Services Limited (New Zealand), NZ Edge.com Holding Limited (New Zealand), USA Rugby (United States), Red Rose Music Limited (United Kingdom) **Offices and positions held outside the Group in the last five years** Positions listed above, as well as the following positions: **Director:** Lion Nathan Plc, New Zealand Rugby Football Union, North Harbour Rugby Football Union

* *End of mandate during the 2010 fiscal year.*

2.1.2 COMPOSITION OF THE SUPERVISORY BOARD

ELISABETH BADINTER	**CHAIRPERSON OF THE SUPERVISORY BOARD** **CHAIRPERSON OF THE NOMINATION COMMITTEE** **MEMBER OF THE REMUNERATION COMMITTEE**
Born on March 5, 1944 1st appointment: November 27, 1987 Expiration of current term: June 30, 2012 Publicis Groupe S.A. 133, avenue des Champs-Élysées 75008 Paris France	**Other offices and positions held within the Group** **Chairperson, Supervisory Board:** Médias & Régies Europe SA (France) **Main offices and positions held outside the Group** **Writer** **Chairperson:** Fondation Marcel Bleustein-Blanchet pour la Vocation **Offices and positions held outside the Group in the last five years** None
SOPHIE DULAC	**VICE-CHAIRPERSON OF THE SUPERVISORY BOARD**
Born on December 26, 1957 1st appointment: June 25, 1998 Expiration of current term: June 30, 2016 Les Écrans de Paris 30, avenue Marceau 75008 Paris France	**Other offices and positions held within the Group** None **Main offices and positions held outside the Group** **Chairperson of the Board of Directors:** Les Écrans de Paris SA (France) **Manager:** Sophie Dulac Productions SARL (France), Sophie Dulac Distributions SARL (France) **Vice-Chairperson of the Board of Directors:** CIM de Montmartre SA **Chairperson:** Parisfilmfest association **Offices and positions held outside the Group in the last five years** Positions listed above, as well as the following positions: **Chairperson:** Association Paris Tout Court (ended in 2008)
SIMON BADINTER	**MEMBER OF THE SUPERVISORY BOARD**
Born on June 23, 1968 1st appointment: June 17, 1999 Expiration of current term: June 30, 2011 Médias & Régies Europe 1, rond-point Victor-Hugo 92137 Issy-les-Moulineaux cedex France	**Other offices and positions held within the Group** **Chairman of the Management Board:** Médias & Régies Europe S.A. **President & CEO:** Médias & Régies America, Inc. (United States) **Chairman & CEO:** Omni Media Cleveland, Inc. (United States) **Chairman:** Gestion Omni Media, Inc. (Canada) **Chairman and CEO of the development bureau:** Médias et Régies Europe in Cleveland (United States) **Director:** Médiavista SAS (France) **Permanent representative of Médias & Régies Europe** at: R.P.T.P - Métrobus Publicité SA (France), Mediavision and Jean Mineur SA (France) **Permanent representative of Média Rail** at Média Transports (France) **Main offices and positions held outside the Group** None **Offices and positions held outside the Group in the last five years** None
CLAUDINE BIENAIMÉ	**MEMBER OF THE SUPERVISORY BOARD** **MEMBER OF THE AUDIT COMMITTEE** **MEMBER OF THE REMUNERATION COMMITTEE**
Born on November 23, 1939 1st appointment: June 3, 2008 Expiration of current term: June 30, 2014 Publicis Groupe S.A. 133, avenue des Champs-Élysées 75008 Paris France	**Other offices and positions held within the Group** **Permanent representative of Publicis Conseil on the Board of Directors of:** Re: Sources 133 SAS (France)* **Main offices and positions held outside the Group** **Managing Director:** Gévelot SA (France), P. C. M. SA (France), Gévelot Extrusion SA (France), Gurtner SA (France) **Chairman and CEO:** Société Immobilière du Boisdormant SA (France) **Deputy Managing Director:** Rosclodan SA (France), Sopofam SA (France) **Chairman of the Audit Committee:** Gévelot SA (France) **Manager:** SCI Presbourg Etoile (France) **Offices and positions held outside the Group in the last five years** Positions listed above

* *End of mandate during the 2010 fiscal year.*

MICHEL CICUREL	**MEMBER OF THE SUPERVISORY BOARD CHAIRMAN OF THE REMUNERATION COMMITTEE MEMBER OF THE NOMINATION COMMITTEE**
Born on September 5, 1947 1st appointment: June 17, 1999 Expiration of current term: June 30, 2016 La Compagnie financière Edmond de Rothschild 47, rue du Faubourg St Honoré 75008 Paris France	**Other offices and positions held within the Group** None **Main offices and positions held outside the Group** **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) **Vice-Chairman of the Supervisory Board:** Edmond de Rothschild Private Equity Partners SAS, Edmond de Rothschild Corporate Finance SAS (France) **Member of the Supervisory Board:** SIACI Saint Honoré SA (France), Newstone Courtage SA **Director:** Banque Privée Edmond de Rothschild SA (Suisse), Edmond de Rothschild Limited (United Kingdom), Bouygues Telecom SA (France), Société Générale SA (France), Coe-Rexecode (Association) **Permanent representative of La Compagnie Financière Edmond de Rothschild Banque, Chairman of the Board of:** Edmond de Rothschild Asset Management SAS (France), **Permanent representative of La Compagnie Financière Edmond de Rothschild Banque** at: EDRIM Solutions (France) **Permanent representative of Compagnie Financière Saint-Honoré** in Cogifrance SA (France) **Observer** of Paris-Orléans SA (France) **Offices and positions held outside the Group in the last five years** Positions listed above, as well as the following positions: **Director:** La Compagnie Benjamin de Rothschild SA (Switzerland) (ended in 2008), CdB Web Tech (Italy) (ended in 2007), LCF Holding Benjamin et Edmond de Rothschild SA (Switzerland) (ended in 2009) **Member of the Supervisory Board:** Assurances et Conseils Saint Honoré SA (ended in 2008), SIACI SA (ended in 2008) **Permanent representative of the Compagnie Financière Edmond de Rothschild Banque at:** Assurances et Conseils Saint Honoré (ended in 2007), Edmond de Rothschild Corporate Finance (ended in 2007), Edmond de Rothschild Financial Services SA (France) (that has become Edrim Solutions) (ended in 2009), Equity Vision SA (France) (ended in 2009) **Member of the Partners' Board** of Rothschild & Compagnie Banque (ended in 2006) **Chairman of the Supervisory Board:** Edmond de Rothschild Multi Management SAS (France) (ended in 2009)
MICHEL HALPÉRIN	**MEMBER OF THE SUPERVISORY BOARD**
Born on October 27, 1948 1st appointment: March 2, 2006 Expiration of current term: June 30, 2014 Ming Halpérin Burger Inaudi 5, avenue Léon-Gaud 1206 Genève Switzerland	**Other offices and positions held within the Group** None **Main offices and positions held outside the Group** **Honorary Committee:** Human Rights Watch, Geneva International Committee **Chairman** of Swiss Friends of the Ben Gurion University of the Negev **Vice-Chairman of the Board of Directors:** BNP PARIBAS SA (Switzerland) **Member of the Board:** Geneva Financial Center Foundation **Offices and positions held outside the Group in the last five years** Positions listed above, as well as the following positions: **Chairman and Vice-Chairman** of the Great Council and Canton of Geneva (ended in 2006) **Member of the Board** at Marc Rich Holding & Co GmbH, Zoug (ended in 2007) **Deputy** of the Grand Conseil de la République et Canton de Genève (ended in 2009)
TADASHI ISHII	**MEMBER OF THE SUPERVISORY BOARD**
Born on March 10, 1951 1st appointment: March 10, 2009 Expiration of current term: June 30, 2014 Dentsu Inc. 1-8-1, Higashi-shimbashi Minato-ku Tokyo 105-7001 Japan	**Other offices and positions held within the Group** None **Main offices and positions held outside the Group** **Executive Vice President:** Dentsu Inc. (Japan) **Director:** Nagano AD Bureau Inc. **Director (Non-executive):** Frontage Inc. **Chairman:** Transactions Efficiency Committee, Japan Advertising Agencies Association (JAAA) **Offices and positions held outside the Group in the last five years** Positions listed above

MARIE-JOSÉE KRAVIS	MEMBER OF THE SUPERVISORY BOARD
Born on September 11, 1949 1st appointment: June 1, 2010 Expiration of current term: June 30, 2016 625 Park Avenue NY, NY 19965 USA	**Other offices and positions held within the Group** None **Main offices and positions held outside the Group** **Chairperson:** Museum of Modern Art (United States) **Senior Fellow:** Hudson Institute (United States) **Member of the Board of Directors:** Hudson Institute (United States), Robin Hood Foundation (United States), Overseers, Memorial Sloan-Kettering Cancer Center (United States) **Member of the International Advisory Committee:** Federal Reserve Bank of New York **Journalist** **Offices and positions held outside the Group in the last five years** Positions listed above
MARIE-CLAUDE MAYER	**MEMBER OF THE SUPERVISORY BOARD**
Born on October 7, 1947 1st appointment: June 1, 2010 Expiration of current term: June 30, 2016 Publicis Groupe S.A, 133, avenue des Champs-Élysées 75008 Paris France	**Other offices and positions held within the Group** **Executive Vice-President:** Publicis Conseil SA (France) **Director:** Publicis Et Nous SA* (France) **Main offices and positions held outside the Group** **Permanent Representative of Multi Market Services France Holdings** within the Shareholders' Committee of Wefcos SAS (France) **Offices and positions held outside the Group in the last five years** Positions listed above
VÉRONIQUE MORALI	**MEMBER OF THE SUPERVISORY BOARD** **MEMBER OF THE REMUNERATION COMMITTEE**
Born on September 12, 1958 1st appointment: June 1, 2010 Expiration of current term: June 30, 2016 Fimalac S.A. 97, rue de Lille 75007 Paris France	**Other offices and positions held within the Group** **Permanent representative of Multi Market Services France Holdings** within the Shareholders' Committee of Wefcos SAS (France) **Main offices and positions held outside the Group** **Chairman:** Fimalac Développement (Luxembourg) **Vice-Chairman:** Fitch Group, Inc. (United States) **Founding Chairperson:** Femmes Associées SAS (France) **Director:** Coca-Cola Entreprises Inc. (United States), Fitch, Inc. (United States), Wefcos SAS, Havas* (France) **Member of the Supervisory Board:** Compagnie Financière Edmond de Rothschild SA (France) **Founding Chairperson of the Association:** Force Femmes, Terrafemina (France) **Member of the Committee** for the monitoring of the law relating to freedoms and responsibilities of universities **Chairperson of the commission** for economic dialogue (Medef)* Member of the Elle Business Foundation **Member of the Supervisory Commission** for future investments Member of the Observatory for equality between men and women **Manager:** Fimalac Services Financiers, Fimalac Tech Info **Offices and positions held outside the Group in the last five years** Positions listed above, as well as the following positions: **Chairperson:** Chanel France SAS (ended in 2007) **Deputy Managing Director:** Fimalac (ended in 2007) **Director:** Algorithmics (Canada, ended in 2008), Club Méditerranée SA (France) (ended in 2007), Eiffage SA (France) (ended in 2007), Fitch Risk Management (ended in 2008), Valéo SA (France) (ended in 2007)

* *End of mandate during the 2010 fiscal year.*

HÉLÈNE PLOIX	MEMBER OF THE SUPERVISORY BOARD MEMBER OF THE AUDIT COMMITTEE
Born on September 25, 1944 1st appointment: June 25, 1998 Expiration of current term: June 30, 2016 Pechel Industries 162, rue du Faubourg Saint-Honoré 75008 Paris France	**Other offices and positions held within the Group** None **Main offices and positions held outside the Group** **Chairperson:** Pechel Industries SAS (France), Pechel Industries Partenaires SAS (France), FSH Conseil SAS (France) **Director:** Managing Director: Lafarge SA (France), BNP Paribas SA (France), Ferring SA (Switzerland), Completel Europe NV (The Netherlands) **Permanent representative of Pechel Industries Partenaires:** Ypso Holding SA (Luxembourg) **Manager:** Hélène Ploix SARL (France), Hélène Marie Joseph SARL (France), Sorepe société civile (France) **Offices and positions held outside the Group in the last five years** Positions listed above, as well as the following positions: **Chairperson** Pechel Services SAS (France) **Director:** HRF 6 SA (France) (ended in 2007), Alliance Boots Plc (United Kingdom) (ended in 2007) **Permanent representative of Pechel Industries:** in Xiring SA (France, ended in 2006), Quinette Gallay SA (France, ended in 2007), CVBG-Dourthe Kressman SA (France) (ended in 2007) **Permanent representative of Pechel Industries Partenaires** in SVP Management et Participations SA (France) (ended in 2007)
FELIX G. ROHATYN	**MEMBER OF THE SUPERVISORY BOARD**
Born on May 29, 1928 1st appointment: June 14, 2001 Expiration of current term: June 30, 2013 Lazard Frères & Co. LLC 30, Rockefeller Plaza, 62nd Fl. New York, NY 10020 USA	**Other offices and positions held within the Group** None **Main offices and positions held outside the Group** Chairman of FGR Associates LLC (United States) **Director:** LVMH Moët Hennessy Louis Vuitton SA (France), French American Foundation (United States) **Honorary Trustee:** Carnegie Hall (United States) **Trustee:** Center for Strategic and International Studies (CSIS) (United States) **Honorary Trustee Board:** Middlebury College (United States) **Member Council:** Foreign Relations (United States) **Offices and positions held outside the Group in the last five years** Positions listed above, as well as the following positions: **Member of the Supervisory Board:** Lagardère Groupe SA (France) (ended in 2008) **Vice Chairman:** Lehman Brothers (United States) (ended in 2008) **Director:** Rothschilds Continuation Holdings AG (ended in 2006)
AMAURY DE SEZE	**MEMBER OF THE SUPERVISORY BOARD MEMBER OF THE REMUNERATION COMMITTEE**
Born on March 7, 1946 1st appointment: June 25, 1998 Expiration of current term: June 30, 2016 PGB 1, rond-point des Champs-Élysées 75008 Paris France	**Other offices and positions held within the Group** None **Main offices and positions held outside the Group** **Chairman of the Board of Directors:** Carrefour SA (France) **Vice-Chairman:** Power Corporation du Canada Ltd **Director:** Managing Director: Groupe Industriel Marcel Dassault SAS (France), Imerys (France), Suez Environnement (France), BW Group, Groupe Bruxelles Lambert SA (Belgium), Erbe SA (Belgium), Thales SA (France) **Member of the Supervisory Board:** PAI Partners (France) **Offices and positions held outside the Group in the last five years** Positions listed above, as well as the following positions: **Chairman of the Supervisory Board:** PAI Partners SAS (France) (ended in 2007) **Chairman:** PAI Partners UK Ltd (United Kingdom) (ended in 2007) **Vice-Chairman of the Supervisory Board:** Carrefour SA (ended in 2007) **Director:** Managing Director: Eiffage SA (ended in 2007), PAI Europe III General Partner NC (Guernsey) (ended in 2007), PAI Europe IV General Partner NC (Guernsey) (ended in 2007), PAI Europe IV UK General Partner Ltd (United Kingdom) (ended in 2007), PAI Europe V General Partner NC (Guernsey) (ended in 2007), PAI Partners Srl (Italy) (ended in 2007), Saeco SpA (Italy) (ended in 2007), Power Corporation du Canada (Canada) (ended in 2007), Gepeco SA (Belgium) (ended in 2006), Novalis SAS (France) (ended in 2006), Novasaur SAS (France) (ended in 2006), Vivarte SA (France) (ended in 2006)

HENRI-CALIXTE SUAUDEAU	MEMBER OF THE SUPERVISORY BOARD MEMBER OF THE NOMINATION COMMITTEE
Born on February 4, 1936 1st appointment: November 27, 1987 Expiration of current term: June 30, 2012 Publicis Groupe S.A. 133, avenue des Champs-Élysées 75008 Paris France	**Other offices and positions held within the Group** **Director:** Publicis Conseil SA **Main offices and positions held outside the Group** **Director:** Fondation Marcel Bleustein-Blanchet pour la Vocation **Offices and positions held outside the Group in the last five years** Positions listed above
TATSUYOSHI TAKASHIMA	**MEMBER OF THE SUPERVISORY BOARD**
Born on January 1, 1944. 1st appointment: June 3, 2008 Expiration of current term: June 30, 2014 Dentsu Inc. 1-8-1, Higashi-shimbashi Minato-ku Tokyo 105-7001 Japan	**Other offices and positions held within the Group** None **Main offices and positions held outside the Group** **President** and **CEO:** Dentsu Inc. (Japan) **Executive Director:** Japan Marketing Association, **Member** of the Foundation Board of the International Institute for Management Development **Board Director:** Tokyo Broadcasting System Television, Inc. **Offices and positions held outside the Group in the last five years** Positions listed above, as well as the following positions: **Director** of J-Wave, Inc., (June 27, 2006 - June 28, 2010) **Temporary Committee Member:** Information Economy Committee, Industrial Structure Council, Ministry of Economy, Trade and Industry of Japan (Feb. 4, 2008 – Feb. 4, 2009)
GÉRARD WORMS	**MEMBER OF THE SUPERVISORY BOARD** **CHAIRMAN OF THE AUDIT COMMITTEE**
Born on August 1, 1936 1st appointment: June 25, 1998 Expiration of current term: June 30, 2016 Rothschild & Cie Bank 23 bis, avenue de Messine 75008 Paris France	**Other offices and positions held within the Group** **Member of the Supervisory Board:** Médias & Régies Europe SA (France) **Main offices and positions held outside the Group** **Vice Chairman:** Rothschild Europe **Vice Chairman of the Supervisory Board:** Métropole Télévision SA (France) **Observer:** SIACI Saint-Honoré SA (France), Degrémont SA (France) **Observer:** Degrémont SA **Offices and positions held outside the Group in the last five years** Positions listed opposite, as well as the following positions: **Associate Manager:** Rothschild & Cie Banque (France, ended in 2007) **Associate Managing Partner:** Rothschild & Cie (France, ended in 2007) **Chairman of the Board of Directors:** SGIM SA (ended in 2007) **Director:** Mercapital SA, Cofide SA (Italy) (ended in 2008), Editions Atlas SAS (France) (ended in 2009) **Observer and Member of the Supervisory Board:** Paris-Orléans SA (France, ended in 2008) **Member of the Supervisory Board:** SIACI SA (2007) **Chairman:** chaîne thématique Histoire SA

2.1.3 MEMBERS OF THE SUPERVISORY BOARD WHOSE MANDATES ENDED IN 2010

DAVID KENNY	MEMBER OF THE MANAGEMENT BOARD
1st appointment: December 4, 2007 (effective January 1, 2008) End of term anticipated: June 30, 2010 VivaKi, Inc. 33, Arch Street Boston, MA, 02110 USA	**Other offices and positions held within the Group** **Chairman:** VivaKi, Inc. (United States) **Member of the Executive Committee** (P12): Publicis Groupe **Director:** VivaKi Communications SA (France) **Director:** 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) **Main offices and positions held outside the Group** **Member of the Board of Directors:** Akamai Technologies, Inc. (United States), Ad Council (USA), Teach for America (USA), The Corporate Executive Board (United States) **Offices and positions held outside the Group in the last five years** Positions listed above as well as the following appointments: **Member of the Board of Directors:** Sentient Air (United States)
MONIQUE BERCAULT	**MEMBER OF THE SUPERVISORY BOARD**
1st appointment: June 25, 1998 Expiration of appointment: June 1, 2010 Médias & Régies Europe 1 rond-point Victor-Hugo 92137 Issy-les-Moulineaux cedex	**Other offices and positions held within the Group** **Technical Advisor for the Chairman of the Management Board:** Médias & Régies Europe (France) **Main offices and positions held outside the Group** None **Offices and positions held outside the Group in the last five years** None

2.1.4 APPOINTMENTS DURING 2010

The shareholders in their ordinary general meeting of June 1, 2010 appointed Marie-Claude Mayer, Marie-Josée Kravis and Véronique Morali as new members of the Supervisory Board for a period of six years.

The Supervisory Board meeting of June 1, 2010 appointed Jean-Michel Etienne as a new member of the Management Board effective July 1, 2010 and for the period remaining of the mandate of his predecessor, David Kenny, being until December 31, 2011.

2.1.5 CORPORATE GOVERNANCE

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 been associated with a bankruptcy, or been subject to a sequestration or liquidation;
- no indictment and/or official public sanction has been pronounced against these people by statutory or regulatory authorities or professional organizations;
- no member of the Management Board or the Supervisory Board has been banned by a court of law from acting as member of a corporate body, management or supervisory board of a company issuing securities, nor from taking part in the management or business operations of an issuer.

2.1.6 CONFLICTS OF INTEREST WITHIN GENERAL MANAGEMENT AND SUPERVISORY DIVISIONS

The Supervisory Board has 16 members as of December 31, 2010, the list of which appears below (see Section 2.1.2). The rules of corporate governance and the independence criteria adopted by the Company for the members of the Supervisory Board are discussed in Section 2.4.1.

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:

- has not served as an employee or corporate executive of the Company, employee or director of the parent company or a consolidated company, during the last five years;
- has not served as a corporate officer of a company in which the Group holds, directly or indirectly, a management position, or in which an employee designated as such or a corporate officer of the Company (currently or in the last five years) has held a management position;
- has not been a client, supplier, business banker or investment banker:
  - significant to the Company or the Group,
  - or for which the Company or Group represents a significant part of its business;
- nor have a close relative with a management position;
- not to have been an auditor of the Company during the previous five years.

Except as noted above or in Section 2.7, 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. There is no undertaking or agreement concluded by the Company or its subsidiaries with members of its Supervisory Board or the Management Board providing for benefits to be paid upon termination of their functions, nor any other agreement concluded between the Company, its subsidiaries and these persons, other than those described in Sections 2.6.1. and 2.7. Except as maybe described otherwise in Section 2.7., no appointment as member of the Supervisory Board or the Management Board has been made pursuant to an undertaking made to a major shareholder, customer or a supplier of the Company.

2.2 Information on the Executive Committee ("P12")

The Group has an Executive Committee that meets five times a year for a one-day meeting. During 2010, it met in February, April, June, September and November.

The Executive Committee is chaired by Maurice Lévy and at December 31, 2010 it was composed of the following people:

- Tom Bernardin, Chairman and CEO, Leo Burnett Worldwide;
- Laura Desmond, CEO, Starcom MediaVest Group;
- Mathias Emmerich, Senior VP, General Secretary, Publicis Groupe;
- Jean-Michel Etienne, Executive VP Finance, Publicis Groupe, member of the Management Board;
- Olivier Fleurot, Executive CEO, MS&L Group;
- Steve King, CEO ZenithOptimedia Worldwide;
- Jack Klues, CEO Vivaki, member of the Management Board;
- Laura Lang, CEO Digitas;
- Jean-Yves Naouri, Executive VP Operations Publicis Groupe, member of the Management Board;
- Richard Pinder, COO, Publicis Worldwide;
- Kevin Roberts, CEO Saatchi & Saatchi Worldwide, member of the Management Board.

The Executive Committee is the body that discusses and prepares the Group's policies and strategies, making it possible to ensure information flow between the different brands and networks and to implement the Group's motto, *"No silos, no solos"*.

It also watches over creative quality, beginning all its meetings with a review of the most memorable creations.

The committee discusses the implementation of the Group's important structural policies:

- Group strategy;
- the Group's competitive position;
- definition of commercial and financial objectives;
- follow-up on the Group's performance and that of each of its networks;
- policy for talent allocation, retention, compensation and management;
- investment policy, especially in technology.

The Executive Committee is a critical body allowing Publicis Groupe to guarantee the Group's performance by:

- gathering the Group's managers around jointly made decisions in addition to the individual responsibilities assigned to them;
- guaranteeing a permanent exchange of information allowing the implementation of collaboration efforts and common approaches regarding big clients and market developments;
- providing a place for reflection and sharing, to define the Group's strategy and adapt it in near real time.

2.3 Operation of Supervisory Board Committees

2.3.1 APPOINTMENTS COMMITTEE

In accordance with the last paragraph of article 16 II of the Company bylaws, an Appointments Committee, which reports to the Supervisory Board, has been created by article 6 and the articles that follow of the Supervisory Board's internal rules. 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 and appointed by the Supervisory Board. The Appointments 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 Appointments 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 bylaws. The Appointments Committee elects a Chairman from amongst its members, who directs the Committee and reports to the Supervisory Board.

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

Attendance fees are paid to the members of the Appointments 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 Appointments Committee is as follows:

- to propose candidates to the Supervisory Board for the cooption and appointment of members of the management by the Supervisory Board or at the General Shareholders' Meeting; and
- to monitor the development of the management of the Group's main subsidiaries or networks.

The Appointments Committee is composed of Elisabeth Badinter as Chairperson, Michel Cicurel and Henri-Calixte Suaudeau.

The Committee met once during 2010 and reported on its work to the Supervisory Board.

The Committee examined the composition of the Supervisory Board and proposed to the Supervisory Board that the candidatures of Marie-Josée Kravis, Marie-Claude Mayer and Véronique Morali be presented to the shareholders' general meeting as new members of the Supervisory Board.

2.3.2 COMPENSATION COMMITTEE

The Compensation Committee's rules for appointing members and conducting business are the same as those of the Appointments Committee. The mission of the Compensation Committee is as follows:

- to examine and propose the compensation for the corporate officers, as well as the attribution of stock subscription or purchase options, free shares or of any similar instruments; to propose to the Supervisory Board the amounts of attendance fees, which are submitted for decision to the General Shareholders' Meeting; and
- in general, to examine and validate the general policies of the Management Board on compensation and granting of options, free or performance-based shares or of any similar instruments.

The Compensation Committee is composed of Michel Cicurel as Chairman, Elisabeth Badinter, Amaury de Seze, Claudine Bienaimé, and, since July 28, 2010, Véronique Morali. Gérard Pédraglio has been designated as the permanent Compensation Committee expert. Two out of four members are considered independent. The Committee met six times during 2010, 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. It also reviewed the application of the rules on determining variable compensation, and presented its recommendations for 2009 in light of the members' performance. 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, set individually, for the entity concerned and based on its history and decisions taken at entity level. On the Committee's recommendation, a harmonization of these systems was carried out with the introduction of a new system in 2006 to calculate 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 the performance of the Group as a whole. The Committee examined how the bonus pools systems have been applied since 2006. The Committee is associated with the Management Board in its thinking on the bonus system and how it works.

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 grant 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. The Committee looked at the geographical extension of the free grant of 50 shares to the Group's collaborators and gave its advice to the Supervisory Board on the 2010/2012 LTIP Plan proposed to the Management Board, as well as giving its advice on the 2010 LTIP Plan for the Group's main collaborators.

2.3.3 AUDIT COMMITTEE

In accordance with the last paragraph of article 16 II of the Company 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 internal regulations. It is composed of a minimum of three and a maximum of five members of the Supervisory Board and 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. Members are chosen for their competence and expertise in the Committee's scope of work. They are appointed for the duration of their term to the Supervisory Board and may be reappointed in the same manner, pursuant to article 13 of the bylaws. The Audit Committee elects a Chairman from 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 at the discretion of the Supervisory Board, without cause. Appointments and dismissals are communicated by regular mail sent to all members of the Committee. As with the Appointments and Compensation Committees, attendance fees paid to members of the Audit Committee for each meeting attended, are fixed by the Supervisory Board as part of the total maximum attendance fee amount allocated to the Supervisory Board members as a whole by shareholders at the General Shareholders' Meeting.

The Audit Committee is composed of Gérard Worms as Chairman, Hélène Ploix and Claudine Bienaimé. Jean-Paul Morin has been designated as the permanent Audit Committee expert. Gérard Worms and Hélène Ploix are considered independent members and have particular expertise in financial and accounting matters.

The Committee supervises the organization and implementation of the Group's internal audit to ensure the accuracy and fairness of the financial statements, monitors the quality of internal control and oversees the implementation of recommendations made by external auditors. It also gives its opinion on the budgets for the external audit of the Group.

The Committee met five times during 2010, with all members present.

At each of the meetings, the director of internal audit reported to the Committee on the progress of internal audit missions, the implementation of controls and any problems encountered.

The Group's financial management presented the financial statements to the Audit Committee 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 financial statements, the Chairman of the Committee shared the Committee's opinion on the accuracy of the figures presented with the Board.

On February 8, 2011, before the Management Board's meeting on the date of issue of the financial statements, the Committee examined the 2010 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 auditors did not issue any reserves on the consolidated financial statements. It examined the pertinence of past provisions, notably in the areas of tax, paying particular attention *to impairment tests*. The Committee indicated to the Supervisory Board that it did not have any observations.

The Committee noted that the continuation of the program to simplify judicial structures and to reduce the number of entities (with the main objective of improving the efficiency of internal control) resulted in the elimination of more than 50 entities in 2010. The Committee approved the continuation of this program in 2011 and in subsequent years.

2.4 Report of the Supervisory Board Chairperson on the Preparation and Organization of the Supervisory Board Work and the Internal Control Procedures

As part of my responsibilities as Chairperson of the Supervisory Board and in accordance with article L. 225-68, paragraph 7, of the French Commercial Code, 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 within the Group. The terms of this report were approved by the Supervisory Board at its meeting of February 9, 2011.

This report was drafted with the support of the Finance Department, General Secretariat, Internal Audit Department and Legal Department.

Publicis Groupe refers to the AFEP-Medef Code of December 2008 in the preparation of this report. The full code relating to corporate governance can be accessed on the Medef site at www.medef.fr. The Company has chosen not to follow the independence criterion limiting the terms of the Supervisory Board members to 12 years, believing that this limitation is not suitable for its Supervisory Board, whose role is fundamentally different from that of the Board of Directors, for which these criteria were defined.

2.4.1 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 General 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 9, 2011, renewing its discussion of February 16, 2010, 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 share capital would be subject to prior approval of the Supervisory Board.

These provisions were included in the internal rules 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 members of the Board, conflicts of interest and confidentiality. The internal rules 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.

Since June 1, 2010, the Supervisory Board has had 16 members, over 44% of whom are female (7 women out of 16 members). Over a third of the Board members meet the independence criteria.

In order to assess the independence of its members, the Supervisory Board analyzed the criteria set out in the AFEP-Medef document dated December 2008, other than - for the reasons explained above - the criterion on the 12-year term limit, in particular:

- has not been an employee or a corporate executive of the Company, employee or director of the parent company or a consolidated company, during the last five years;
- has not been a corporate officer of a company in which the Group holds, directly or indirectly, a management position, or in which an employee designated as such or a corporate executive of the Company (currently or in the past five years) holds a management position;

- has not been a client, provider, business banker or investment banker:
  - that is significant to the Company or the Group,
  - or for which the Company or Group represents a significant part of its business;
- does not have a close relative with a management position;
- has not been an auditor of the Company during the last five years.

With the application of these criteria, the following members are considered to be independent:

- Ms. Hélène Ploix;
- Ms. Marie-Josée Kravis;
- Ms. Véronique Morali;
- Mr. Michel Cicurel;
- Mr. Michel Halpérin;
- Mr. Felix Rohatyn;
- Mr. Amaury de Seze;
- Mr. Henri-Calixte Suaudeau;
- Mr. Gérard Worms.

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 eight 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. The Management Board is available to provide clarifications or additional information for any Board member. In order to facilitate participation by members, particularly those who live overseas, the Supervisory Board has included provisions in its internal rules to allow one or more members participate in Board meetings by videoconference. The composition of the Supervisory Board is described in Chapter 2.1 of the Reference Document for the fiscal year 2010.

The main points examined and decisions made by the Supervisory Board at its meetings during 2010 were the following:

- At its meeting of February 16, 2010, The Board received the Management Board's report on the previous fiscal year and examined the consolidated and parent company financial statements of the 2009 fiscal year. It decided on the proposed resolutions to be submitted to the Shareholders' Meeting. The Board set limits on the powers of the Management Board and its authorizations for sureties and guarantees. In addition, the Board performed the annual self-assessment of its work for 2009.
- On March 16, 2010, the Supervisory Board calculated the variable portion of the Management Board members' compensation for the 2009 fiscal year and examined the composition of the Supervisory Board and drew conclusions from the self-assessment of its work.
- During its meeting of June 1, 2010, the Supervisory Board received the Management Board's report as of March 31, 2010, and examined the consolidated and parent company financial statements of the 2009 fiscal year as well as updated forecasts. It also heard presentations from the Chairmen of the Compensation, Audit and Appointments Committees. The Board appointed Mr. Jean-Michel Etienne as a member of the Management Board from July 1 for the remaining period of the resigning member Mr. David Kenny's mandate, being until December 31, 2011.
- On May 7, 2010, the Board authorized the acquisition by the Company of 7,500,000 shares proposed for sale by Dentsu and the cancellation of 7,500,000 shares as from their acquisition.
- During its meeting of July 28, 2010, the Supervisory Board received the Management Board's report as of June 30, 2010, and examined the parent company's financial statements and the Group's consolidated financial statements as well as forecast updates. It appointed Ms. Véronique Morali as a new member of the Compensation Committee.
- During its meeting on September 2, 2010, the Management Board presented the market trends for the end of 2010 and those for 2011. The Board decided upon the introduction of the 2010-2012 LTIP in favor of members of the Management Board and decided upon the number of performance shares to be allocated to each of them.
- On October 25, 2010, the Board heard from the Management Board on the strategic options offered to the Group and discussed these.
- Finally, during its meeting of November 30, 2010, the Supervisory Board received the Management Board's report as of September 30, 2010, and examined the parent company's financial statements and the Group's consolidated financial statements as well as the forecast updates.

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 Board performed its annual evaluation of 2010 during its meeting of February 9, 2011; the number of items showing improvement continued to grow.

Three special committees: The Appointments Committee, Compensation Committee and the Audit Committee assist the Supervisory Board in performing its duties with the aim of improving Group corporate governance. The rules for the conduct of business of these three committees were included in the internal rules.

The Appointments Committee is composed of Ms. Badinter, Committee Chairperson, Michel Cicurel and HenriÐCalixte Suaudeau. These last two members are considered independent.

The Nomination Committee met three times in March, May and July 2010 when all of its members were in attendance to examine the candidates to be proposed as replacements for members of the Supervisory Board and Management Board who have terminated or vacated their mandate.

The Compensation Committee is composed of Michel Cicurel as Committee Chairman, Elisabeth Badinter, Amaury de Seze, Claudine Bienaimé and Véronique Morali since July 28, 2010. Gérard Pédraglio is the permanent expert of the committee. The principal role of this Committee with equal representation of independent members – and chaired by one of them – is to examine and make proposals regarding the compensation of corporate executives of our Company and to ratify the Group's general policies on compensation and the grant of stock options, free shares or any other compensation instruments.

The Committee met six times during 2010, with all members in attendance. During its 2010 meetings, it examined issues in relation to the compensation of the Chairperson and members of the Management Board (base and variable components) and proposed to the Supervisory Board the decisions to be made in relation to these. In addition, the Committee was informed about the compensation of the other members of the Executive Committee (P12). It examined issues about the stock compensation policy and, in particular, the 2010 LTIP as well as the continuation of the program to distribute bonus shares to all employees. The Committee was also informed about the bonus policy tied to the results of the Group as a whole and of each of the networks and, by its work, supported the Management Boards' decision-making.

The rules and principles adopted by the Supervisory Board to determine compensation and benefits of any nature granted to corporate executives are described in Section 2.6.1 of the Reference Document for the 2010 fiscal year. The key features of the stock option allocation policy are described in Note 28 to the consolidated financial statements presented in the Reference Document. It should be recalled that at its December 2, 2008 meeting, having heard the report of the Compensation Committee, the Supervisory Board considered the AFEP-Medef recommendations of October 6, 2008 concerning the compensation of executive directors of listed companies.

It felt that these recommendations were in line with the group's corporate governance policies and noted that the commitments entered into vis-à-vis members of the Management Board complied with these recommendations.

The Audit Committee is composed of Gérard Worms, Committee Chairman, Hélène Ploix and Claudine Bienaimé. Jean-Paul Morin has been designated as the permanent Audit Committee expert. 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. The Audit Committee is regularly informed about the internal control program, results and corrective internal controls measures implemented following internal control audit missions and their follow up as well as the principal legal disputes pending and their development. It is also informed about all fraud and/or fraud attempts of which the Group is aware. It also ensures that the external auditors' recommendations are implemented and gives its opinion on the budgets for the external audit of the Group. Because of their professional backgrounds, Hélène Ploix and Gérard Worms, considered independent members, have particular expertise in financial and accounting matters.

The Committee met five times during 2010, with all members in attendance. The Supervisory Board listened to the Audit Committee who gave their opinion on the financial statements, and more generally on the internal control procedures that are the subject of the second part of this report.

The work of the Audit Committee during 2010 is described in the paragraph "Audit Committee" in Section 2.3.3 of the Reference Document.

Information concerning a possible change in control or likely to have an influence in the event of a takeover bid is presented in Section 6.3.3 of the Reference Document and the terms and conditions for access by shareholders to Shareholders' Meetings are explained in sections 20 to 24 of the Company's bylaws.

2.4.2 RISK MANAGEMENT AND INTERNAL CONTROL PROCEDURES FOR THE GROUP

1. Objectives and Organization

The internal control and risk management is integral to the operational and financial management of the Group. Its remit extends across all the group's activities and structures. The Group internal control and risk management policy, approved by the Management Board and applied at all levels of the Group, is designed to provide reasonable assurance on the realization of objectives relating to:

- the achievement and optimization of operations, in line with the direction by the Management Board;
- the reliability of financial information;
- compliance with laws and regulations in force;
- the management and control of strategic, operational and financial risks.

In order to strengthen the existing framework and to enable formal and centralized guidance, an Internal Control and Risk Management department was created in 2010 whose role is to drive the overall risk management framework, or Enterprise Risk Management (ERM). The objectives of this framework, as approved by the Management Board and presented to the Audit Committee are to enable:

- continuing oversight aiming to identify and monitor the risks and opportunities having a potential impact on the achievement of the strategic objectives of the Group;
- a monitoring of the level of residual risk by ensuring adequate responses to risks are put in place, if necessary;
- an appropriate communication about risks enabling contribution to decision making process.

The Internal Control and Risk Management department is managed by the VP of Internal Audit & Business Improvement, who reports to the Group General Secretary. The VP Internal Audit & Business Improvement has direct access to the Chairman of the Audit Committee.

The Group's internal control and risk management system framework is based around the COSO II (Committee Of Sponsoring Organizations of the Treadway Commission) guidelines as well as the framework defined by the AMF and updated in 2010.

2. Internal control framework

Publicis Groupe has defined guidelines including the Group's values, rules of conduct, and social responsibility, as well as all other areas related to the respect for standards and for the rule of law. These guidelines, applicable to all hierarchical levels of the Group, establish the code of conduct to carry out the Company's operations: "The way we behave and the way we operate". These guidelines, known as "Janus", were updated in October 2009 and distributed throughout all networks; they are accessible on-line to all employees.

The procedures relating to the preparation of accounting and financial information as well as those relating to the introduction of significant operational procedures are mentioned there in a detailed manner, promoting consistency of treatment at all levels of the Group and networks.

The Supervisory Board, the Audit Committee and the Management Board of the Group have reaffirmed their willingness for continuing improvement and strengthening of the internal control framework relating to the preparation of financial information.

The steering of this framework is based, notably, on the following resources:

Shared Service Centers

To better meet the demands of a business based on a large number of agencies, the Group launched a network of shared service centers in 1996 which it continues to systematically expand. A simplified version of shared service centers is being introduced in emerging countries. The establishment and progressive expansion of the shared service centers, which cover over 90% of the Group's revenue, are essential elements of internal control.

Monitoring the effectiveness of the internal control system

a) Financial Monitoring Controls

Publicis Groupe established a program entitled "Financial Monitoring Controls" (FMC) consisting of a series of key controls set out by process and implemented across all Groupe entities.

Follow-up of the roll-out and implementation of key controls is done via a monthly self-assessment process submitted by all Group entities via a special computer application. This self-assessment helps improve accountability within entities regarding the follow-up of the effectiveness of their controls.

Special teams, called FMC teams, have been established across the various networks. These teams are coordinated by the Group's Internal Control and Risk Management Department. They are tasked with checking the effectiveness of controls within entities. They work on the basis of an annual plan comprising a large number of such checks, representing over 65% of the group's consolidated revenue.

The FMC teams thereby help improve the reliability of the self-assessment process.

b) Internal audit activities

In parallel, the audit teams carry out auditing that encompasses the various financial and operational processes within the Group's entities, on the basis of an annual audit schedule. Internal audit also carries out special audits on specific cross-company issues at various Group levels.

Monitoring of the action plans stemming from the audit recommendations is done centrally with the help of a special computer application.

c) Internal control summary

The VP Internal Audit and Business Improvement gives a presentation twice a year to the Audit Committee and Executive Management with an assessment of the quality of internal control within the Group by means of a summary of the results reported by the internal audit teams and the FMC teams.

3. Risk Management Framework

Every two weeks a "Group committee" meets with the Chairman of the Management Board and the Chief Operating Officer, the heads of the operating divisions, the heads of the Finance Department, the human resources department and the Legal Department to take stock of the major risks to which the Group's business is subject.

Working with the senior management, the operational 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 significant 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 relating to accounting information, the external growth policy, management of the liquidity position, exchange rates, changes in the Group's debt or tax position are monitored by the Finance Department, in conjunction with executive management. The risks associated with accounting and financial information are subject to a detailed control through the management of internal control and risk management, on the basis of which the internal control framework is defined.

Formalization of risk evaluation began in 2008 with risk mapping, which was updated in 2009. All of the risks that may have an impact on finance, operations or the image of the Group are listed. These impacts have been the subject of an evaluation and a probability of occurrence has been estimated for each risk identified, enabling a level of intrinsic risk to be determined as well as a level of residual risk after taking into account the management framework.

In 2010, this mapping was the subject of an analysis by senior management, presented to the Audit Committee and which has as an objective the determination of the levels of seriousness of risks in order that these may be analyzed in a specific manner as a priority.

This analysis will begin in 2011 and should enable the Group to strengthen its risk management and control framework and enable a more dynamic update of the risk mapping.

4. Internal Audit

The internal audit plan is based on past events, risk analysis, evaluation of internal control procedures and specific requests from senior management. In its audit plan, approved by the Management Board and the Audit Committee, internal audit intervenes to ensure the monitoring of the relevance and effectiveness of the internal control put in place in the Group. Internal audit findings are communicated in a report to the Chairman of the Management Board of the Group including the monitoring of recommendations and action plans. A summary of all audit assignments completed, including special assignments, is presented by the VP Internal Audit & Business Improvement during each Audit Committee meeting.

Paris, February 9, 2011

Elisabeth Badinter

Chairperson, Supervisory Board

2.5 Statutory Auditors' Report on the Report from the Chairperson of the Supervisory Board

AUDITORS' REPORT, PREPARED IN ACCORDANCE WITH ARTICLE L. 225-235 OF THE FRENCH COMMERCIAL CODE ON THE REPORT PREPARED BY THE CHAIRPERSON OF THE SUPERVISORY BOARD OF PUBLICIS GROUPE

As statutory auditors of Publicis Groupe S.A., and in accordance with article L. 225-235 of the French Commercial Code, we hereby report on the report prepared by the Chairperson at your Company in accordance with article L. 225-68 of the French Commercial Code for the year ending on December 31, 2010.

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 implemented within the Company, as well as to provide other information as required by article L. 225-68 of the French Commercial Code, notably in relation to 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 and risk management procedures on the preparation and processing of financial and accounting information;
- to confirm that this report contains all of the disclosures required by article L. 225-68 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 and risk management procedures for the preparation and processing of financial and accounting information

Professional standards require the introduction of tests intended to assess the accuracy of the information concerning internal control and risk management procedures relating to the preparation and processing of financial and accounting information contained in the Chairperson's report.

These tests consist of, notably:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information underlying the information presented in the Chairperson's report, as well as 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.

Based on this work, we have nothing to report on the information provided on the Company's internal control and risk management procedures relating to the preparation and processing of financial and accounting information, contained in the report of the Chairperson of the Supervisory Board, prepared in accordance with article L. 225-68 of the French Commercial Code.

Other disclosures

We confirm that the report of the Chairperson of the Supervisory Board includes the disclosures required by article L. 225-68 of the French Commercial Code.

Neuilly-sur-Seine and Courbevoie, March 9, 2011

By the statutory auditors

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

2.6 Compensation and Benefits

For the purposes of the law of July 3, 2008, which transposes directive 2006/46/EC of June 14, 2006, Publicis Groupe declares that as from 2008 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.

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.

2.6.1 FIXED, VARIABLE AND CONDITIONAL COMPENSATION

Total compensation including all types of benefit paid during the fiscal year ended on December 31, 2010 to each corporate officer, either by the Company itself or by any of its controlled subsidiaries as defined by article L. 233-3 of the French Commercial Code, is indicated below. For certain members of the Supervisory Board and the Management Board, this compensation includes both a fixed salary and variable compensation. Global compensation is expressed in euros. The amounts indicated are gross amounts and do not reflect deductions relating to taxes or social charges.

The recommendation on compensation of senior executives and directors of companies whose securities are traded on a regulated market, issued by AFEP-Medef in October 2008 proposes a standardized presentation of the compensation of senior executives and directors. The table below summarizes this compensation; the annex contains other tables showing the various elements of this compensation.

Compensation (in euros) paid in 2010 (gross total before social charges and taxes)

	Total gross compensation in 2010 including:	Base compensation	Variable compensation [7]	Attendance fees	Benefits in kind [8]	Total gross compensation in 2009	Including: base compensation
Management Board							
Maurice Lévy	900,000	900,000	-	-	-	3,600,000	900,000
Jack Klues [1]	764,070	755,080	-	-	8,990	2,023,194	719,510
Kevin Roberts [1] [3]	1,656,063	755,080	871,362	-	29,620	3,580,259	719,510
David Kenny [1] [4] [5]	849,103	358,455	488,836	-	1,812	2,304,013	611,584
Jean-Yves Naouri [6]	600,000	600,000	-	-	-	990,000	550,000
Jean-Michel Étienne [2]	780,000	480,000	300,000				
Supervisory Board							
Elisabeth Badinter	237,939	182,939	-	55,000		237,939	182,939
Sophie Dulac	20,000	-	-	20,000	-	25,000	-
Henri-Calixte Suaudeau	35,000	-	-	35,000		35,000	-
Monique Bercault	30,000	-	-	30,000	-	30,000	-
Hélène Ploix	55,000	-	-	55,000	-	55,000	-
Gérard Worms	50,000	-	-	50,000	-	55,000	-
Amaury de Seze	45,000	-	-	45,000	-	50,000	-
Simon Badinter [4]	227,831	197,831	-	30,000	9,945	279,806	188,512
Michel Cicurel	50,000	-	-	50,000	-	50,000	-
Felix G. Rohatyn	30,000	-	-	30,000	-	25,000	-
Michel Halpérin	30,000	-	-	30,000	-	30,000	-
Tatsuyoshi Takashima	15,000	-	-	15,000	-	10,000	-
Claudine Bienaimé	80,000	-	-	80,000		45,000	
Tateo Mataki	-	-	-	-	-	15,000	-
Tadashi Ishii	15,000	-	-	15,000	-	-	-
Léone Meyer	15,000	-	-	15,000	-	30,000	-
Marie-Claude Mayer	280,000	230,000	50,000	-	-	-	-
Véronique Morali	-	-	-	-	-	-	-
Marie-Josée Kravis	-	-	-	-	-	-	-

(1) Compensation in relation to these contracts is determined and paid in US. dollars. The translation into euros was made at an average rate of $1 = 0.75508 in 2010 and $1 = 0.71951 in 2009.
(2) Compensation corresponds to that for the full-year, even though Jean-Michel Etienne was only appointed to the Management Board on July 1, 2010. The bonus for 2009, paid out in 2010, was paid out prior to the latter's appointment to the Management Board.
(3) Variable compensation includes an annual pension contribution in accordance with the contract.
(4) The variable compensation component includes a retention bonus in accordance with the contract.
(5) Left the Group on June 30, 2010.
(6) The base compensation of Jean-Yves Naouri was 550,000 on an annualized basis between January 1 and August 31, 2010, and then it was increased to 700,000 effective from September 1, 2010.
(7) Amounts paid in 2010 in relation to the 2009 fiscal year (subject to notes 3 and 4).
(8) Benefits in kind relating to the use of a company-provided vehicle are not mentioned when they are for an immaterial amount.
(9) Simon Badinter, member of the Supervisory Board and Chairman of the Management Board of Médias et Régies Europe has an employment contract with that company.
(10) Marie-Claude Mayer, member of the Supervisory Board, has an employment contract with Publicis Conseil.

During its meeting of June 1, 2010 the Supervisory Board took note of the resignation of David Kenny, a member of the Management Board, which was effective from July 1, 2010. At the same meeting, the Supervisory Board appointed Jean-Michel Etienne, effective from July 1, 2010, as a member of the Management Board. Following these decisions, the Supervisory Board examined and, depending on individual cases, renewed or fixed the compensation of each member of the Management Board. 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 year the Compensation Committee determines the extent to which such goals were reached. The variable portion of compensation relating to the year is determined and paid in the following year. The main criteria used to determine the variable compensation of Management Board members were:

For fiscal year 2010:

- Maurice Lévy: organic growth of Group revenue and the net income ratio compared to those of the three other worldwide communications groups: IPG, Omnicom, WPP; the consolidation of management structures and the continuation of their roll-out in the Group, up to a maximum of 300% of his base compensation;
- Kevin Roberts: growth in Saatchi & Saatchi revenue and operating margin compared to objectives, up to a maximum of 240% of his base compensation. In addition to the yearly bonus, Publicis paid an annual pension contribution pursuant to undertakings made at the time of the acquisition of Saatchi & Saatchi, which has been taken up in the current contract described below;
- Jack Klues: growth in Vivaki's revenue and operating margin compared to objectives, up to a maximum of 240% of his base compensation;
- David Kenny: growth in VivaKi revenue and operating margin compared to objectives, up to a maximum of 200% of his base compensation. In addition to the variable annual compensation, there is a retention bonus pursuant to the contract described below;
- Jean-Yves Naouri: the achievement of qualitative goals in the areas of his responsibilities (Group operations) and, in particular, the development plan for the Chinese market as well as revenue and operating margin growth of PHCG and production platforms according to objectives, up to a maximum of 100% of his base compensation;
- Jean-Michel Etienne: the Group operating margins and net income ratios, treasury management, employee expenses and the achievement of qualitative objectives related to its business, up to a maximum of 80% of his base compensation.

In accordance with the total maximum amount for attendance fees approved by the General Shareholders' Meeting, each member of the Supervisory Board was paid 5,000 euros in 2010 for each meeting attended in 2009. Each member of the Audit Committee, Appointments Committee and Compensation Committee was paid 5,000 euros for each meeting attended in 2009.

Total compensation due for 2010

On March 8, 2011, after reviewing the recommendations of the Compensation Committee, the Supervisory Board determined the following variable compensation to be paid in 2011 to Management Board members for fiscal year 2010: to Maurice Lévy: €2,700,000; Jack Klues: $2,100,000; Jean-Yves Naouri: €700,000; Kevin Roberts: $2,100,000 (plus contractual pension contribution: $1,154,000); Jean-Michel Etienne: €384,000.

Existing contracts or agreements with members of the Management Board

On March 17, 2008, on proposal from the Compensation Committee, the Supervisory Board amended existing contractual commitments relating to compensation, indemnities and benefits likely to be due to members of the Management Board on the termination of their office and functions, in order, notably, to bring these commitments 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 these are considered related-party agreements and, as required by the TEPA law, the changes were submitted to the General Shareholders' Meeting of June 3, 2008, where they were approved. The General Shareholders' Meeting of June 9, 2009, recognized that these agreements remained in force during 2009.

The existing contracts or agreements with members of the Management Board were amended accordingly.

Kevin Roberts, Jack Klues, and David Kenny do not have employment contracts with Publicis Groupe S.A., but within the framework of their operational duties, they do have "employment contracts" with relevant subsidiaries – these are deemed employment contracts by the law of the countries concerned. Furthermore, Jean-Yves Naouri and Jean-Michel Etienne continue to have French-law employment contracts with a subsidiary of Publicis Groupe S.A. The principal terms and conditions (after the reviews of March 17, 2008) of these contracts are as follows:

- Publicis' agreement with Mr. Roberts for the period 2005-2008, renewed for the period 2009-2013 (as well as another contract related to the first, concluded with a consulting firm owned by Mr. Roberts), provides that if Mr. Roberts's employment contract is terminated before its normal term at the initiative of the Publicis Groupe "without just cause" or at the initiative of Mr. Roberts "with just cause", subject to certain conditions, the Company may be required to pay him an amount equal to 120% of his annual base salary, to which should be added the maximum annual amount of the bonus to which he would have been entitled and the annual cost of various benefits which he enjoys, as well as maintaining his social security insurance protection for one year and the right to exercise stock options and/or to purchase shares and retain bonus shares already granted to him. However, pursuant to the decision of the Supervisory Board of March 17, 2008, these sums and benefits will only be due in full if the average annual amount of the bonus acquired by Mr. Roberts for the three years prior to 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 sum or benefit will be due. 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% using the rule of three;

- in place of the complementary pension contracts provided for at the time of the acquisition of Saatchi & Saatchi, an undertaking was made to pay Mr. Roberts successive annuities paid in cash during the period 2009-2014 for a total maximum amount of US$7,045,000. Of this amount, US$5,770,000 is directly conditional on his continued employment in the Group during the period 2009-2013, and could be reduced pro rata in the event that Mr. Roberts should leave the Group before the end of this period;
- the contract concluded with Jack Klues, which took effect on July 1, 2004, provides that if the Company terminates the contract before its normal term "without just cause" Mr. Klues may be entitled to receive an amount equal to his total annual compensation (base salary and "target bonus") to which should be added the maintenance of his social security insurance protection for one year and assistance from an outplacement firm as well as the right to exercise stock options and/or to purchase shares and retain bonus shares already granted to him. However, pursuant to the decision of the Supervisory Board of March 17, 2008, these amounts and benefits shall only be due in full if 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", no sum or benefit will be due. If the average annual amount is between 25% and 75% of the "target bonus", the amounts and benefits will be calculated proportionally between 0 and 100% using the rule of three;
- in addition, if Mr. Klues retires at his own initiative at the age of 55 or is asked by Publicis to retire from 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) as well as part of his social security benefits, provided he complies with a non-compete and non-solicitation agreement for five years;
- Publicis' agreement with David Kenny, effective from January 24, 2007, for the period 2007-2009, renewed in 2010 by tacit agreement, provides that if the Publicis Groupe terminates Mr. Kenny's employment contract prematurely "without just cause" Mr. Kenny will be able to benefit from the maintenance of his medical coverage for a maximum period of two years and will have the right to exercise all stock options and/or to purchase shares and to retain bonus shares already granted to him. 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. 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", 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% using the rule of three;
- moreover, in addition to any annual bonus that he might be entitled to, Mr. Kenny shall be entitled to a special retention bonus of US$1,942,188 directly conditional upon his continued employment in the Group during the period 2007-2009, paid in three annual installments;
- the agreements in force between Publicis Groupe Services and Jean-Yves Naouri provide that if his term of office as a 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 to be employed by the Publicis Groupe, to receive one year of total gross remuneration (base compensation and maximum variable component) and the right to exercise stock options and/or to purchase shares and to retain all bonus shares already granted to him. However, pursuant to the decision of the Supervisory Board of March 17, 2008, these amounts and benefits shall only be due in full if the average annual amount of the bonus acquired by Mr. Naouri for the three years prior to 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 sum or benefit will be due. 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% using the rule of three;
- the employment contract concluded between Publicis Finances Services and Jean-Michel Etienne has not been changed and there is no specific agreement if his mandate as a member of the Management Board is terminated;
- the employment contract concluded with Maurice Lévy when he joined the Group has since been implemented in different companies of the Group. This situation will be examined according to AFEP-Medef recommendations taking into account an eventual renewal of his appointment as Chairman of the Management Board, which expires on December 31, 2011.

In setting the terms and condition of Maurice Lévy's compensation from 2003, the Supervisory Board decided that part of the compensation acquired would be deferred and conditional; this part being equal to the cumulative total of variable compensation acquired since January 1, 2003, would be paid on the termination of his duties as Chairman of the Management Board of the Company, subject to two conditions: Firstly, provided he remains employed for at least seven and a half years from January 1, 2003, and, secondly, he has entered into a non-compete agreement for a period of three years. These terms and conditions were subject to an agreement on 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 on March 17, 2008, the main provisions of the November 22, 2004 agreement relating to conditional deferred compensation are as follows:

1. Conditional deferred compensation

Upon termination of his duties as Chairman of the Management Board (December 31, 2011), Maurice Lévy shall receive deferred conditional compensation equal to the total gross amount of the annual bonuses earned 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 other communications groups worldwide (IPG, Omnicom, WPP). 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 defined by the Board of Directors of that company.

The payment of the deferred compensation is subject to the achievement of performance conditions and the following, cumulative and independent, period of employment:

- performance condition: The deferred compensation defined above shall be paid on condition that the average annual amount of the quantitative variable compensation acquired by Maurice Lévy in relation to the last three full years of his mandate as Chairman of the Management Board is equal to at least 75% of the general average (including the last three years of the mandate) of the quantitative annual variable compensation acquired by Maurice Lévy in relation to 2003 and subsequent years;
  - if the average for the last three full years of the term is less than 25% of the general average, no deferred compensation will be paid,
  - 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 applying the rule of three;
- length of service condition: Deferred compensation is consideration for the commitment by Maurice Lévy to continue in post for a period of at least nine years from January 1, 2003. Consequently, Mr. Lévy shall be entitled to the payment of this deferred compensation, as calculated above, as long as he does not resign from his mandate of Chairman of the Management Board of Publicis Groupe S.A. before the expiry of this mandate on December 31, 2011;
- the termination of duties for reasons of illness or disability, death, or voluntary redundancy following a change in a major shareholder of the Group would not be considered a resignation.

Conditional deferred compensation is due to Maurice Lévy as a result of his undertaking to assure his duties up until December 31, 2011. It represents a loyalty tool whose characteristic feature is not related to the departure of Maurice Lévy but to his undertaking to remain in his post until the end of the contractual term.

In the case that Maurice Lévy decides to leave the Group on his own initiative before December 31, 2011, no such compensation will be due. If he continues carrying out his functions after the date when his agreed term ends, he will have the right to receive this deferred conditional compensation on December 31, 2011.

The commitment relating to the conditional deferred compensation that would be paid, under the assumption that the necessary conditions should be met, is provisioned 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 at December 31, 2010, was 14,226,800 euros.

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

2. Non-compete agreement

Under the non-compete agreement signed by Maurice Lévy, Mr. Lévy will 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 field of advertising, and more generally with a competitor of Publicis, nor can he invest in a competitor of Publicis.

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

For the purposes of articles L. 225-90-1 and R. 225-60-1 of the French Commercial Code, details of the regulated agreements described above may be consulted on www.publicisgroupe.com.

2.6.2 PENSIONS, ALLOWANCES OR OTHER BENEFITS

See Note 29 of the consolidated financial statements in Section 4.6 of this document.

The total expense recognized in the consolidated income statement of the Group in 2010 in relation to post-employment and other longÐterm benefits for the persons who were at the year end, or had been in 2010, members of the Supervisory Board and the Management Board, was 5 million euros.

The total amount of provisions for these benefits was 33 million euros as of December 31, 2010. This amount was 25 million euros at December 31, 2009, and 26 million euros at December 31, 2008.

2.6.3 COMPENSATION SUMMARY SCHEDULE

The recommendation on compensation of senior executives and directors of companies whose securities are traded on a regulated market, issued by AFEP-Medef in October 2008 proposes a standardized presentation of the compensation of senior executives and directors.

The following tables are based on models proposed by AFEP-Medef.

TABLE 1 (NOMENCLATURE AMF)
SUMMARY TABLE OF COMPENSATION AND OPTIONS AND SHARES ISSUED TO EACH SENIOR EXECUTIVE AND DIRECTOR (IN EUROS)

	2010	2009 (1)
Management Board		
Maurice Lévy, Chairman of the Management Board		
Total compensation due for the year (2) (5)	3,600,000	3,600,000
Valuation of options granted during the year (3)	-	-
Valuation of performance shares awarded during the year (4)	2,624,000	855,821
TOTAL	**6,224,000**	**4,455,821**
Jack Klues		
Total compensation due for the year (2) (6) (10)	2,349,738	1,375,635
Valuation of options granted during the year (3)	-	-
Valuation of performance shares awarded during the year (4)	1,599,000	785,708
TOTAL	**3,948,738**	**2,161,343**
Kevin Roberts		
Total compensation due for the year (2) (7) (10)	3,241,730	1,787,801
Valuation of options granted during the year (3)	-	-
Valuation of performance shares awarded during the year (4)	1,599,000	717,619
TOTAL	**4,840,730**	**2,505,420**
Jean-Yves Naouri		
Total compensation due for the year (2) (8)	1,300,000	900,000
Valuation of options granted during the year (3)	-	-
Valuation of performance shares awarded during the year (4)	1,180,800	610,138
TOTAL	**2,480,800**	**1,510,138**
Jean-Michel Etienne (appointed July 1, 2010) (11)		
Total compensation due for the year (2)	864,000	-
Valuation of options granted during the year (3)	-	-
Valuation of performance shares awarded during the year (4)	1,180,800	
TOTAL	**2,044,800**	**-**
David Kenny (term expired on June 30, 2010)		
Total compensation due for the year (2) (9) (10)	360,267	1,728,405
Valuation of options granted during the year (3)	-	-
Valuation of performance shares awarded during the year (4)		136,853
TOTAL	**360,267**	**1,865,258**

(1) Maurice Lévy, David Kenny, Jack Klues, Jean-Yves Naouri and Kevin Roberts waived their variable compensation for 2009 under the conditions stated in Notes 5, 6, 7, 8 and 9, below.
(2) See details in Table 2.
(3) See details in Table 4.
(4) See details in Table 6 Total award covering 2010, 2011 and 2012.
(5) Of this total, Maurice Lévy waived €2,700,000, the variable compensation amount approved by the Supervisory Board for 2009.
(6) Of this total, Jack Klues waived €647,599, the variable compensation amount approved by the Supervisory Board for 2009.
(7) Of this total, Kevin Roberts waived €215,853, the variable compensation amount approved by the Supervisory Board for 2009.
(8) Of this total, Jean-Yves Naouri waived €350,000, the variable compensation amount approved by the Supervisory Board for 2009.
(9) Of this total, David Kenny waived €647,559, the variable compensation amount approved by the Supervisory Board for 2009.
(10) Compensation calculated and paid in US dollars. The euro conversion rate carried out at the average rate of $1 = €0.75508 in 2010 and $1 = €0.71951 in 2009.
(11) Compensation corresponds to that for the full-year, even though Jean-Michel Etienne was only appointed to the Management Board on July 1, 2010. The bonus for 2009, paid out in 2010, was paid out prior to the latter's appointment to the Management Board.

	2010	2009
Supervisory Board (1)		
Elisabeth Badinter, Chairperson Total compensation due for the year (2)	252,939	237,939
Sophie Dulac Total compensation due for the year (2)	35,000	20,000
Monique Bercault (term expired on June 1, 2010) Total compensation due for the year (2)	15,000	30,000
Hélène Ploix Total compensation due for the year (2)	60,000	55,000
Claudine Bienaimé Total compensation due for the year (2)	95,000	80,000
Simon Badinter Total compensation due for the year (2)	437,953	218,512
Michel Cicurel Total compensation due for the year (2)	65,000	50,000
Michel Halpérin Total compensation due for the year (2)	40,000	30,000
Tadashi Ishii Total compensation due for the year (2)	20,000	15,000
Tatsuyoshi Takashima Total compensation due for the year (2)	15,000	15,000
Felix G. Rohatyn Total compensation due for the year (2)	35,000	30,000
Amaury de Seze Total compensation due for the year (2)	70,000	45,000
Henri-Calixte Suaudeau Total compensation due for the year (2)	55,000	35,000
Gérard Worms Total compensation due for the year (2)	65,000	50,000
Marie-Josée Kravis (appointed June 1, 2010) Total compensation due for the year (2)	20,000	-
Véronique Morali (appointed June 1, 2010) Total compensation due for the year (2)	30,000	-
Marie-Claude Mayer (appointed June 1, 2010) Total compensation due for the year (2)	305,000	-

(1) The members of the Supervisory Board do not have the right to stock options or performance-based stock.
(2) See details in table 2.

TABLE 2 (NOMENCLATURE AMF)
SUMMARY TABLE OF TOTAL COMPENSATION OF EACH SENIOR EXECUTIVE AND DIRECTOR (IN $ = €0.71951 IN 2009)

In general, the compensation paid corresponds to the fixed compensation for the specified year.

No exceptional compensation was paid to the corporate officers.

	2010 – Amount:		2009 – Amount:	
	due	paid	due [1]	paid
Management Board				
Maurice Lévy, Chairman of the Management Board				
Base compensation	900,000	900,000	900,000	900,000
Variable compensation [2]	2,700,000	-	2,700,000	2,700,000
Benefits in kind [9]	-	-		
TOTAL	**3,600,000**	**900,000**	**3,600,000**	**3,600,000**
Jack Klues [10]				
Base compensation	755,080	755,080	719,510	719,510
Variable compensation [3]	1,585,668	-	647,559	1,295,118
Benefits in kind [9]	8,990	8,990	8,566	8,566
TOTAL	**2,349,738**	**764,070**	**1,375,635**	**2,023,194**
Kevin Roberts [7] [10]				
Base compensation	755,080	755,080	719,510	719,510
Variable compensation [4]	2,457,030	871,362	1,046,168	2,838,626
Benefits in kind [9]	29,620	29,620	22,123	22,123
TOTAL	**3,241,730**	**1,656,062**	**1,787,801**	**3,580,259**
Jean-Yves Naouri [11]				
Base compensation	600,000	600,000 [11]	550,000	550,000
Variable compensation [5]	700,000	-	350,000	440,000
Benefits in kind [9]	-	-	-	-
TOTAL	**1,300,000**	**600,000**	**900,000**	**990,000**
Jean-Michel Etienne (appointed July 1, 2010) [12]				
Base compensation	480,000	480,000	-	-
Variable compensation	384,000	300,000	-	-
Benefits in kind	-	-	-	-
TOTAL	**864,000**	**780,000**	**-**	**-**
David Kenny [8] [10] (term expired on June 30, 2010)				
Base compensation	358,455	358,455	611,584	611,584
Variable compensation [6]	-	488,836	1,113,367	1,688,975
Benefits in kind [9]	1,812	1,812	3,454	3,454
TOTAL	**360,267**	**849,103**	**1,728,405**	**2,304,013**

(1) Maurice Lévy, David Kenny, Jack Klues, Jean-Yves Naouri and Kevin Roberts decided to waive their variable compensation for 2009 under the conditions stated in Notes 2, 3, 4, 5 and 6, below.
(2) Amount of variable compensation decided by the Supervisory Board for 2009: €2,700,000. Maurice Lévy decided to waive the entirety of this amount.
(3) Variable compensation decided by the Supervisory Board for 2009: €647,559. Jack Klues decided to waive the entirety of this amount.
(4) Variable compensation decided by the Supervisory Board for 2009: €215,853. Kevin Roberts decided to waive the entirety of this amount. Kevin Roberts will receive €830,315 as an annuity in place of a complementary pension.
(5) Variable compensation decided by the Supervisory Board for 2009: €350,000. Jean-Yves Naouri decided to waive the entirety of this amount.
(6) Variable compensation decided by the Supervisory Board for 2009: €647,559. David Kenny decided to waive the entirety of this amount. David Kenny will receive €465,808 as a retention bonus.
(7) Variable compensation includes an annual pension disbursement and deferred bonuses for the 2003-2008 period to be disbursed in 2009.
(8) The variable compensation component includes a retention bonus in accordance with the contract.
(9) Benefits in kind relating to the use of a company-provided vehicle are not mentioned when they are for an immaterial amount.
(10) The euro conversion rate is $1 = €0.75508 in 2010 and $1 = €0.71951 in 2009.
(11) The base compensation of Jean-Yves Naouri was €550,000 on an annualized basis between January 1 and August 31, 2010, and then it was increased to €700,000 effective from September 1, 2010.
(12) Compensation corresponds to that for the full-year, even though Jean-Michel Etienne was only appointed to the Management Board on July 1, 2010. The bonus for 2009, paid out in 2010, was paid out prior to the latter's appointment to the Management Board.

	2010 - Amount:		2009 – Amount:	
	due	paid	due	paid
Supervisory Board [1]				
Elisabeth Badinter, Chairperson				
Base compensation	182,939	182,939	182,939	182,939
Attendance fees	70,000	55,000	55,000	55,000
Total	252,939	237,939	237,939	237,939
Sophie Dulac				
Attendance fees	35,000	20,000	20,000	25,000
Monique Bercault				
Attendance fees	15,000	30,000	30,000	30,000
Hélène Ploix				
Attendance fees	60,000	55,000	55,000	55,000
Claudine Bienaimé				
Attendance fees	95,000	80,000	80,000	45,000
Simon Badinter				
Base compensation	197,831	188,512	188,512	188,512
Variable compensation	190,000	-	-	51,349
Attendance fees	40,000	30,000	30,000	30,000
Benefits in kind	10,122	9,945	9,945	9,945
Total	437,953	228,457	228,457	279,806
Michel Cicurel				
Attendance fees	65,000	50,000	50,000	50,000
Michel Halpérin				
Attendance fees	40,000	30,000	30,000	30,000
Tadashi Ishii				
Attendance fees	20,000	15,000	15,000	-
Tatsuyoshi Takashima				
Attendance fees	15,000	15,000	15,000	10,000
Felix G. Rohatyn				
Attendance fees	35,000	30,000	30,000	25,000
Amaury de Seze				
Attendance fees	70,000	45,000	45,000	50,000
Henri-Calixte Suaudeau				
Attendance fees	55,000	35,000	35,000	35,000
Gérard Worms				
Attendance fees	65,000	50,000	50,000	55,000
Marie-Josée Kravis (appointed June 1, 2010)				
Attendance fees	20,000	-	-	-
Véronique Morali (appointed June 1, 2010)				
Attendance fees	30,000	-	-	-
Marie-Claude Mayer [2] (appointed June 1, 2010)				
Base compensation	230,000	-	-	-
Variable compensation	50,000	-	-	-
Attendance fees	25,000	-	-	-
Total	305,000	-	-	-

(1) The members of the Supervisory Board do not have the right to stock options or performance-based stock.
(2) Compensation is for the entire fiscal year 2010, even though her appointment did not take effect until June 1, 2010.

TABLE 3 (NOMENCLATURE AMF) DETAILS OF ATTENDANCE FEES (IN EUROS)

	Attendance fees paid in 2010	Attendance fees paid in 2009
Supervisory Board		
Elisabeth Badinter, Chairperson	55,000	55,000
Sophie Dulac	20,000	25,000
Simon Badinter	30,000	30,000
Monique Bercault (term expired on June 1, 2010)	30,000	30,000
Claudine Bienaimé	80,000	45,000
Michel Cicurel	50,000	50,000
Michel Halpérin	30,000	30,000
Hélène Ploix	55,000	55,000
Felix G. Rohatyn	30,000	25,000
Amaury de Seze	45,000	50,000
Henri Calixte Suaudeau	35,000	35,000
Tatsuyoshi Takashima	15,000	10,000
Léone Meyer (term expired on November 13, 2009)	15,000	30,000
Tateo Mataki (term expired on March 10, 2009)	-	15,000
Tadashi Ishii (appointed March 10, 2009)	15,000	
Gérard Worms	50,000	55,000
TOTAL	**555,000**	**540,000**

TABLE 4 (NOMENCLATURE AMF) STOCK OPTIONS GRANTED DURING THE 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 year	Exercise price (in euros)	Vesting period
Management Board						
Maurice Lévy, Chairman						None in 2010
Jack Klues						None in 2010
Kevin Roberts						None in 2010
Jean-Yves Naouri						None in 2010
Jean-Michel Etienne						None in 2010
David Kenny						None in 2010

TABLE 5 (NOMENCLATURE AMF) STOCK OPTIONS EXERCISED DURING THE FISCAL YEAR BY EACH SENIOR EXECUTIVE AND DIRECTOR (LIST OF NAMES)

	No. and date of plan	Number of options exercised during the fiscal year	Average price (in euros) (exercise price)	Year of grant
Management Board				
Maurice Lévy, Chairman		None in 2010		
Jack Klues		None in 2010		
Kevin Roberts	LTIP 1 09/28/2004	50,000	24.82	09/28/2004
Jean-Yves Naouri		None in 2010		
Jean-Michel Etienne	16th tranche	20,000	24.82	08/25/2003

TABLE 6 (NOMENCLATURE AMF)
PERFORMANCE SHARES GRANTED TO EACH SENIOR EXECUTIVE AND DIRECTOR

	Number and date of Plan	Number of performance shares awarded during 2010 (1) (2)	Valuation of options using the method applied for the consolidated financial statements	Acquisition	Vesting date	Number of performance shares granted at December 31, 2010	
						Total number (3)	Of which conditional shares
Management Board							
Maurice Lévy, Chairman	LTIP 2010 - 2012 09/02/2010	80,000	2,624,000	September 2013	September 2015	140,800	140,800
Jack Klues	LTIP 2010 - 2012 09/02/2010	50,000	1,599,000	September 2014	September 2014	108,136	108,136
Kevin Roberts	LTIP 2010 - 2012 09/02/2010	50,000	1,599,000	September 2014	September 2014	103,098	103,098
Jean-Yves Naouri	LTIP 2010 - 2012 09/02/2010	36,000	1,180,800	September 2013	September 2015	79,346	79,346
Jean-Michel Etienne (appointed July 1, 2010)	LTIP 2010 - 2012 09/02/2010	36,000	1,180,800	September 2013	September 2015	73,376	54,688

(1) No performance shares will be granted to Management Board members under the LTIP 2010-2012 for the financial years 2011 and 2012.
(2) Performance shares granted under the LTIP 2010-2012 will not be acquired unless the continued employment conditions are met (3 years for the French, 4 for other nationalities) in performance-based functions and subject to criteria of organic growth and operating margin compared to their peers. In case of ending of functions before the attribution period, the shares will be granted on a pro-rata basis.
(3) Management Board members must retain 20% of the vested shares throughout their term of office.

TABLE 7 (NOMENCLATURE AMF)
PERFORMANCE SHARES EXERCISABLE BY EACH EXECUTIVE DIRECTOR

None – no performance shares available before March 19, 2013.

TABLE 8 (NOMENCLATURE AMF)
HISTORY OF OPTIONS AND SHARES ATTRIBUTED OVER THE PAST 10 YEARS

	Stock option plans								
	2000 (1)	2001	2001	2002	2002	2002	2003	2003	2004
Date of authorization by the Exceptional General Meeting (EGM)	08/29/2000								
Date of the Management Board's meeting deciding the allocation	09/07/2000	04/23/2001	11/26/2001	01/18/2002	06/10/2002	07/08/2002	08/28/2003	08/28/2003	09/28/2004
Total number of allocated share subscription options (S) and share purchase options (A)	100,000 A	380,000 A	2,943,135 (2) A	104,600 A	5,000 A	220,000 A	517,067 A	9,498,000 (3) A	11,000 A
• Corporate officers	100,000	220,000	278,057 (2)	15,000		220,000	41,000		
• First 10 beneficiary employees:	-	712,705 (2)		75,100		-		970,000 (3)	
Start date for exercise of the options	By third parties 09/07/2001 09/07/2002 09/07/2003	04/23/2005	11/26/2005	01/18/2006	06/10/2006	07/08/2006	08/28/2007	50% 2006 (4) 50% 04/25/2007 (4)	09/28/2008
Expiry date	09/06/2010	04/22/2011	11/25/2011	01/17/2012	06/09/2012	07/07/2012	08/27/2013	08/27/2013	09/27/2014
Subscription or purchase price in euros	43.55	33.18	29.79	29.79	32.43	29.79	24.82	24.82	24.82
Subscription or purchase price in euros as of 12/31/2010	43.55	33.18	29.79	29.79	32.43	29.79	24.82	24.82	24.82
Adjusted total number of allocated share purchase options and share subscription options as of 12/31/2010	100,000	380,000	2,943,135 (2)	104,600	5,000	220,000	517,067	9,498,000 (3)	11,000
Total number of shares subscribed or purchased as of 12/31/2010	-	35,500	-	5,500	-	-	35,000	4,038,534	-
Total number of cancelled subscription options as of 12/31/2010	100 000	37,000	2,943,135 (2)	27,400	-	-	38,667	3,956,864	11,000
Total number of share purchase options and share subscription options remaining as of 12/31/2010	-	307,500	-	71,700	5,000	220,000	443,400	1,502,602	-

(1) Stock subscription option plans with respect to shares of Nelson Communication as of the date of acquisition, November 2000, as well as the Saatchi & Saatchi plans in existence when the public exchange offer was made in 2000, have been removed from this table and their balances zeroed out after December 31, 2006 (Nelson Plans) and December 31, 2004 (Saatchi & Saatchi Plans).

(2) Conditional options, the exercise of which is contingent on the achievement of objectives under the three-year plan. The objectives of the plan of 11/26/2001 were not achieved, and all options under the plan were cancelled.

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

(4) Exercise period started in 2006, after determining levels at which the objectives were achieved – and thus the number of exercisable options. Half of the total exercisable number can be exercised after this date, the other half one year later. Non-exercisable options were cancelled.

(5) Exercise period started in 2009, after determining levels at which the objectives were achieved and thus the number of exercisable options. Half of the total exercisable number can be exercised after this date, the other half in 2010.

						Free share plans					
2004	2005	2006	2006	2007	Original Digitas plans [6]	2009 [7] French Employees	2009 [8] Co-investment	Original Razorfish plan [9]	LTIP 2010	LTIP 2010-2012	2010 US Employees
			06/01/2005			06/03/2008		n/a	06/03/2008	06/03/2008	06/03/2008
09/28/2004	05/24/2005	08/21/2006	08/21/2006	08/24/2007		05/20/2009	03/19/2009	12/01/2009	08/19/2010	09/22/2010	11/19/2010
1,959,086 [3] A	935,192 [3] A	100,000 A	10,256,050 [3] A	1,574,400 [3] A	3,199,756 A	210,125	3,544,176	493,832 [5]	667,600	252,000	658,400
575,000 [3]		100,000	950,000 [3]	-	-	-	225,506	-	-	252,000	-
442,580 [3]	210,000 [3]	-	738,000 [3]	258,000 [3]	-	500	447,890	-	54,000	-	500
50% 2006 [4] 50% 04/25/2007 [4]	50% 2006 [4] 50% 04/25/2007 [4]	08/21/2010	50% 2009 [5] 50% 2010 [5]	50% 2009 [5] 50% 2010 [5]	01/31/2007	05/20/2011	03/19/2012 [10] 03/19/2013	Between 01/01/2010 and 12/2018	-	-	-
09/27/2014	05/23/2015	08/20/2016	08/20/2016	08/23/2017	2009 to 2017				08/19/2013 [10] 08/19/2014	09/22/2013 [10] 09/22/2014	12/01/2014
24.82	24.76	29.27	29.27	31.31		-	-	-			
24.82	24.76	29.27	29.27	31.31	2.47 to 58.58	-	-	-			
1,959,086 [3]	935,192 [3]	100,000	10,256,050 [3]	1,574,400 [3]	3,199,756	210,125	3,544,176		667,600	252,000	658,400
826,812	427,070	-	1,034,739	63,547	2,209,346	-	-	100,186	-	-	-
482,944	279,427	-	5,635,360	818,045	536,783	50,150	235,468	122,619	14,050	-	19,450
649,330	228,695	100,000	3,585,951	692,808	453,627	159,975	3,308,708	271,027	653,550	252,000	638,950

(6) Options granted under the option plans of Digitas that existed when Digitas was acquired in 2007 were converted into 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 shares on the date of the merger. The subscription price was correspondingly adjusted.

(7) This is a plan to allocate 50 free shares to each French employee.

(8) It involves a co-investment plan proposed to 160 key Group managers, of which 136 subscribed.

(9) Options granted under the Microsoft option plans that existed when Razorfish was acquired in October 2009 were converted into stock purchase options on shares of Publicis Groupe using the existing ratio of the purchase price established for Microsoft (restated in euros) and the market value of Publicis Groupe stock on the date of the merger.

(10) Concerns French employees, who are subjected to a 2-year period of non-transferability.

Note: No stock option grants were made in 2008 and 2009.

TABLE 9 (NOMENCLATURE AMF)
OPTIONS FOR SUBSCRIPTION OR PURCHASE OF PUBLICIS GROUPE SHARES, OFFERED AND EXERCISED BY THE 10 MOST HIGHLY-COMPENSATED NON-DIRECTOR EMPLOYEES

This table may be found in section 6.2.6 of this document.

TABLE 10 (NOMENCLATURE AMF)
OTHER INFORMATION CONCERNING THE CORPORATE OFFICERS

Corporate officers	Employment contract [1]	Supplementary pension plan	Compensation indemnities or benefits due or payable on cessation or change in functions	Indemnities under a non-compete clause
Management Board				
Maurice Lévy, Chairman	Yes	No	No	Yes [2]
Jack Klues		No	Yes [2]	Yes [2]
Kevin Roberts		No [2]	Yes [2]	No
Jean-Yves Naouri		No	Yes [2]	No
Jean-Michel Etienne			No [2]	No
David Kenny		No	No	No

(1) For the Chairman of the Management Board.
(2) See section 2.6 of this document.

2.6.4 INVESTMENT IN SHARE CAPITAL BY CORPORATE EXECUTIVES

At December 31, 2010, no member of the Supervisory Board and the Management Board held more than 1% of the shares of the Company, with the exception of what is referred to in Section 6.3.1., and Maurice Lévy, who directly or indirectly owns 4,722,854 shares in the Company, or around 2.46% of the Company's share capital, including 2,920,000 shares held through non-trading companies owned by Maurice Lévy and his family.

At December 31, 2010, the members of the Supervisory Board and Management Board (with the exception of Elisabeth Badinter and her children) directly and indirectly own 7,433,677 shares, or 3.90% of the share capital of the Company, including 2.46% controlled by Maurice Lévy (see Section 6.3.1). The members of the Management Board at December 31, 2010 also owned 2,189,458 stock options, all of which are exercisable. The exercise price of the options range between 24.76 euros and 33.18 euros per share and the expiry date of these options is between 2011 and 2017 (see Note 28 of the consolidated financial statements in Section 4.6).

The following table shows the investment of each corporate executive in the share capital of the Company at December 31, 2010 by the number of shares and voting rights, as well as the number of shares that each corporate officer has the right to acquire through the exercise of new stock subscription options and existing stock purchase options.

Shareholdings of Members of the Management and Supervisory Boards at December 31, 2010

Member of Management or Supervisory Board	Number of Publicis Groupe shares	Voting rights in Publicis Groupe owned [1]	Number of shares that may be acquired through the exercise of share subscription options	Number of shares that may be acquired through the exercise of purchase options		Weighted average price (in euros)
				Total number	Conditional options [7]	
Management Board						
Maurice Lévy [2]	4,722,854	9,445,708		1,346,163		28.03
Jack Klues [3]	21,884	21,884		274,567		26.54
Kevin Roberts [4]	0	0		335,610		27.31
Jean-Yves Naouri [5]	65,798	131,596		106,554		28.02
Jean-Michel Etienne	0	0		126,564		26.80
Supervisory Board						
Elisabeth Badinter	20,072,339	40,144,678				
Sophie Dulac	2,469,460	4,938,920				
Claudine Bienaimé [6]	48,400	96,800		150,449		27.93
Henri-Calixte Suaudeau	80,381	160,762				
Hélène Ploix	8,950	17,900				
Gérard Worms	340	480				
Michel Halpérin	1,500	1,500				
Amaury de Seze	350	350				
Simon Badinter	350	700				
Michel Cicurel	200	400				
Felix G. Rohatyn	1,000	2,000				
Tatsuyoshi Takashima	200	400				
Tadashi Ishii	200	200				
Marie-Josée Kravis	1,400	1,400				
Véronique Morali	200	200				
Marie-Claude Mayer	10,560	21,120				

(1) Shows the impact of possible duplicate voting rights.
(2) Maurice Lévy directly owns 1,802,854 shares, and indirectly owns 2,920,000 shares of the Company through non-trading companies, representing a total of 9,445,708 voting rights. Options held in tranches 11, 15, 16, 19, 21 and 22.
(3) Options held in tranches 17 and 22.
(4) Options held in tranches 19 and 22.
(5) Options held in tranches 11, 13, 16, 17, 22 and 23.
(6) Options held in tranches 11, 13, 17 and 22.
(7) The conditions were taken into account to determine the final number of options granted.

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

2.7 Related Party Transactions

2.7.1 TERMS AND CONDITIONS OF FINANCIAL TRANSACTIONS WITH RELATED PARTIES

Certain members of Publicis Groupe S.A.'s Supervisory Board (Felix Rohatyn, Gérard Worms, Michel Cicurel, Véronique Morali and Hélène Ploix) hold management positions in financial establishments that could have business relations with the Company. Nevertheless, all these members of the Supervisory Board are considered independent based on the criteria applied by the Company.

In this respect, in a contract dated February 26, 2008, tacitly renewed for a one-year period and still in force, Publicis Groupe entrusted SG Securities (Paris) with the implementation of a liquidity contract covering the ordinary shares that complied with the AFEI Code of Conduct of March 14, 2005 and was approved by the AMF in its decision of March 22, 2005, published in the French Official State Bulletin (BALO) on April 1, 2005.

In 2009, confirmed credit line agreements were entered into with BNP Paribas and Société Generale, for a principal of 100 million euros each and a maturity of 5 years.

In 2010, no new financial type agreement was entered into with related parties.

2.7.2 RELATED PARTY AGREEMENTS REGARDING COMPENSATION OF MANAGEMENT BOARD MEMBERS

On March 17, 2008, the Supervisory Board amended existing contractual commitments relating to compensation, indemnities and benefits that might be due to members of the Management Board at the cessation of their terms of office and duties, mainly to comply with law L.2007-1223 of August 21, 2007 (the "TEPA" law). The statutory auditors were informed of the provisions adopted or authorized by the Board as these are considered related-party agreements and, as required by the TEPA law, the changes were submitted to the General Shareholders' Meeting of June 3, 2008, where they were approved. These agreements are discussed in detail in Chapter 2.6.1 of this document.

Information on agreements falling under article L. 225-86 of the French Commercial Code concluded by Publicis Groupe S.A. is included in the Company's Registration Documents for 2009, 2008 and 2007:

- 2009: this Document was filed with the AMF on March 19, 2010, under no. D. 10-0129, page 121;
- 2008: this Document was filed with the AMF on March 13, 2009, under no. D. 09-0120, page 66;
- 2007: this Document was filed with the AMF on March 19, 2008, under no. D.08-132, page 77.

2.7.3 RELATED PARTY TRANSACTIONS

The following related party transactions were carried out in 2010 (in millions of euros):

	Revenue with related parties [1]	Provision for doubtful receivables
Dentsu	13	-

(1) *This is the net of the group's purchases and sales with Dentsu. These transactions were carried out at market prices with related parties*

The outstanding amounts with related parties in the balance sheet at December 31, 2010 was as follows (in millions of euros):

	Receivables from/loans to related parties	Provision for doubtful receivables	Liabilities to related parties
Dentsu	9	-	4
Somupi	7	-	-

2.7.4 PUBLICIS/DENTSU AGREEMENT

On November 30, 2003, Publicis Groupe S.A. and Dentsu Inc. ("Dentsu") concluded an agreement following the merger agreement dated March 7, 2002, between Publicis Groupe S.A. and its subsidiaries Philadelphia Merger Corp. and Philadelphia Merger LLC, on the one hand, and Bcom3 Group, Inc., on the other, under whose terms Philadelphia Merger Corp. merged with Bcom3.

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 governing related-party agreements.

The agreement includes clauses on the representation of Dentsu on the Board and the Audit Committee.

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 Tadashi Ishii.

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 voting rights in Publicis Groupe S.A., 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 Publicis subsidiaries 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, either acting alone or in concert with another party.

On September 24, 2004, Publicis Groupe S.A. and Dentsu agreed an amendment to the Publicis/Dentsu Agreement in order to reflect the agreement between Dentsu and Elisabeth Badinter on September 4, 2004, as described below.

The agreement between Publicis Groupe S.A. and Dentsu will expire on July 12, 2012, unless Publicis and Dentsu agree to renew it for an additional ten-year term.

On May 7, 2010, the Supervisory Board, in accordance with the provisions of articles L. 225-86 *et seq.* of the French Commercial Code, authorized the purchase by Publicis Groupe S.A., acting on behalf of Elisabeth Badinter, of the 7,500,000 shares held by SEP Dentsu-Badinter, a shareholder that holds more than 10% of the voting rights, at a price of 29 euros per share. It also gave its prior consent to the cancellation of the 7,500,000 shares immediately upon purchase. The agreement between Dentsu and Publicis remains in force and has not been changed by the operation.

2.7.5 SHAREHOLDERS' AGREEMENT BETWEEN ELISABETH BADINTER AND DENTSU

On November 30, 2003, Elisabeth Badinter and Dentsu concluded a shareholders' agreement covering their relationship as shareholders of Publicis Groupe S.A. ("shareholders' agreement between Dentsu and Ms. Badinter").

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

In carrying out its functions on Publicis' Supervisory Board, Dentsu is required:

- to vote in favor of Elisabeth Badinter, or any other person representing her, as Chairperson of the Publicis Supervisory Board;
- to vote in favor of the Supervisory Board candidates proposed by Elisabeth Badinter and to renew their mandates;
- to vote in favor of candidates put forward to join Publicis' management (and in particular the Management Board) by Elisabeth Badinter.

The shareholders' agreement between Dentsu and Elisabeth Badinter provides for the creation of a special committee whose members will be put forward by Elisabeth Badinter and Dentsu from amongst Supervisory Board members (Elisabeth Badinter holds the power to appoint the majority of members), and whose role is:

- to examine the strategic decisions to be taken by the Supervisory Board or the General Shareholders' Meeting;
- to determine Dentsu's vote on decisions on which it has undertaken to vote in the same way as Elisabeth Badinter;
- in the case of a meeting convened at the request of Dentsu, to examine other matters raised by a member of the committee designated by Dentsu.

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

In agreement with Ms. Badinter, Dentsu undertakes to vote in the same way as Ms. Badinter at the Publicis Groupe S.A. General Shareholders' Meeting on the following resolutions:

- amendments to the Publicis bylaws regarding: corporate name,of term of office and the number of shares required to be held for the exercise of this mandate;
- any merger or equivalent operation by which Publicis shareholders at the time of the merger retain a majority of the new post-operation entity;
- distribution of dividends of a reasonable amount and not exceeding 40% of distributable net income;
- increases of the capital or its voting rights without waiver of preferential subscription rights up to a total amount of 10% of Publicis capital at March 7, 2002; and
- capital reductions as part of a share buyback program by the Company.

In agreement with Ms. Badinter, Dentsu may vote freely on the following resolutions:

- decision to issue securities representing more than 10% of Publicis' share capital or voting rights;
- grant of stock options;
- increase in reserved share capital;
- public offer of securities by Publicis with the cancellation of preferential subscription rights;
- the contribution or transfer of assets, insofar as they are subject to a vote of the General Shareholders' Meeting; and
- approval of any transaction involving Ms. Badinter, Dentsu or a Publicis subsidiary.

Dentsu will vote to approve the financial statements, provided that its representatives on the Supervisory Board are heard by the Audit Committee, that the Auditors have certified the financial statements without reservation, that Dentsu's representatives, after addressing the Audit Committee, have made any observations to the statutory auditors, and that the statutory auditors have responded and maintained their certification.

Prior to July 12, 2012, Dentsu may not hold, either alone or jointly, more than 15% of the voting rights of Publicis Groupe S.A., other than jointly with Elisabeth Badinter. If this threshold is crossed involuntarily, Dentsu undertakes not to exercise any supplementary voting rights, except in certain specified 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.

Any amendment to the shareholders' agreement between Dentsu and Ms. Badinter will be discussed in good faith so that Dentsu can account for its holdings in Publicis Groupe S.A. by the equity method, ensuring that its economic and legal balance is maintained. On September 24, 2004, Elisabeth Badinter and Dentsu amended their shareholders' agreement through a rider and created a holding company (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 9,615,861 at December 31, 2009.

Elisabeth Badinter is the manager of the SEP: as such, she exercises the voting rights attached to theses shares.

The SEP will be wound up on the first of the following dates: September 24, 2014, or when the shareholders' agreement between Ms. Badinter and Dentsu ends, unless otherwise agreed between the parties.

Elisabeth Badinter has a right of first offer if Dentsu should consider selling to a third party Publicis Groupe S.A. shares contributed to the SEP. The shareholders' agreement between Dentsu and Ms. Badinter ends on July 12, 2014, unless both parties to the agreement agree to renew it for the same term.

The disclosure of the above agreements to the AMF *(Autorité des marchés financiers)* was followed by a more detailed summary, published in the AMF's Decisions and filings *(Décisions et Informations)* register under number 204C0036 on January 9, 2004, and number 204C1206 on October 11, 2004.

These agreements have not been amended since September 2004.

The Company and/or its subsidiaries have not carried out or undertaken to carry out other significant operations with related parties since December 31, 2009, other than as described in this section and Section 1.6.

2.7.6 REPORT OF THE STATUTORY AUDITORS ON RELATED PARTY AGREEMENTS AND COMMITMENTS FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2010

As the Company's statutory auditors, we hereby present our report on related party agreements and commitments.

Our role is to inform you, on the basis of the information provided to us, of the key terms and conditions of the agreements and commitments notified to us or that we uncovered in the performance of our duties, without expressing any opinion as to their usefulness or merits or searching for other agreements and commitments. It is your responsibility, in accordance with the provisions of article R. 225-58 of the French Commercial Code, to assess the benefits inherent in these agreements and commitments prior to their approval.

In addition, we are also required, where applicable, to provide you with the information provided for in article R. 225-58 of the French Commercial Code on the performance, during the past financial year, of agreements and commitments already approved by the General Shareholders' Meeting.

We carried out our work in the manner we judged necessary having regard to the professional practices of the French National Association of Auditors in this area. This work involved ensuring that the information provided to us was consistent with the underlying documentation.

AGREEMENTS AND COMMITMENTS SUBMITTED TO THE GENERAL SHAREHOLDERS' MEETING FOR APPROVAL

Pursuant to article L. 225-88 of the French Commercial Code, we were informed of the following agreements and commitments that had received prior approval from the Supervisory Board.

Purchase of 7,500,000 Publicis shares from SEP Dentsu/Badinter

Members of the Supervisory Board involved: Elisabeth Badinter, Simon Badinter, Tatsuyoshi Takashima and Tadashi Ishii.

NATURE, PURPOSE, TERMS AND CONDITIONS

At its May 7, 2010 meeting, the Supervisory Board approved the purchase by Publicis Groupe S.A., the latter standing in for Elisabeth Badinter for the purposes of this purchase, of 7,500,000 shares held by SEP Dentsu-Badinter, a shareholder holding over 10% of the voting rights, at a unit price of 29 euros. It also gave prior approval for the cancellation of 7,500,000 shares upon purchase. The agreement between Dentsu and Publicis remains in force and has not been altered by this transaction.

AGREEMENTS AND COMMITMENTS APPROVED DURING THE PAST FINANCIAL YEAR

We were also informed of the performance, during the past financial year, of the following agreements and commitments, already approved by the General Shareholders' Meeting of June 1, 2010, on the basis of the special report of the statutory auditors of February 17, 2010.

Credit agreements respectively entered into with BNP Paribas, Calyon, Citigroup and Société Générale

Members of the Supervisory Board involved: Hélène Ploix and Michel Cicurel

NATURE, PURPOSE, TERMS AND CONDITIONS

The Company respectively arranged with BNP Paribas, Calyon, Citigroup and Société Générale, revolving credit lines of 100 million euros each, valid for a period of 5 years. As Hélène Ploix is a member of the Company's Supervisory Board and a Director of BNP Paribas SA and Michel Cicurel is a member of the Supervisory Board and a Director of Société Générale SA, the credit agreement entered into with BNP Paribas and the credit agreement entered into with Société Générale fall under article L. 225-86 of the French Commercial Code, and require the prior authorization of the Supervisory Board, which authorization was granted by the Supervisory Board at its meeting of June 9, 2009.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL SHAREHOLDERS' MEETING

Pursuant to article R. 225-57 of the French Commercial Code, we were informed that the following agreements and commitments, already approved by the General Shareholders' Meeting in prior financial years, continued to be performed during the past financial year.

Agreement between Publicis Groupe S.A. and Dentsu Inc.

Shareholder concerned: *Dentsu Inc.*

NATURE, PURPOSE, TERMS AND CONDITIONS

On November 30, 2003, Publicis Groupe S.A. and Dentsu signed an agreement following on from commitments made as part of the merger agreement of March 7, 2002 between (a) Publicis Groupe and its subsidiaries Philadelphia Merger Corp. and Philadelphia Merger LLC and (b) Bcom3 Group Inc. pursuant to which Philadelphia Merger Corp. took over Bcom3. The main provisions of these commitments are described in the securities note concerning the Bcom3 business combination, which was approved by the French COB (securities commission) on May 16, 2002, under approval no. 02-564.

The agreement contains provisions concerning Publicis Groupe S.A.'s management (membership of the Supervisory Board, change in corporate legal form and Dentsu's representation on the Audit Committee) and about the transfer of Publicis Groupe S.A. shares and warrants held by Dentsu (particularly a 15% limit on Dentsu's voting rights in Publicis Groupe S.A.). The agreement further provides for a clause protecting Dentsu from dilution and a clause requiring equity-method accounting by Dentsu of its investment in Publicis Groupe. This agreement will terminate on July 12, 2012 unless the parties agree to a ten-year extension. It was subject to a decision and disclosure by the AMF on January 9, 2004, listed as document 204C0036.

This agreement had no impact on the financial statements of Publicis Groupe S.A. for the financial year ended December 31, 2009.

Deferred compensation of Management Board members

I. Company commitments to the Chairman of the Management Board, Maurice Lévy:

A. CONDITIONAL DEFERRED COMPENSATION

Upon termination of his position as Chairman of the Management Board, Maurice Lévy shall receive deferred compensation equal to the total gross amount of the portion of the annual bonuses received by him since 2003 under 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 consolidated net margin of Publicis Groupe, compared to those of Top Tier companies (Omnicom, WPP, IPG). The bonus awarded under each of these two criteria may represent up to 75% of the base compensation;
- the portion of the bonus linked to the consolidated net income of Publicis Conseil S.A. and its subsidiaries, paid for holding the offices of Chairman and CEO of Publicis Conseil S.A. in accordance with the conditions laid down by that company's Board of Directors.

The payment of the deferred compensation defined above is subject to the meeting of the following independent, cumulative performance and continued employment conditions:

1. Performance condition

The deferred compensation defined above shall only be paid out where the average annual amount of "quantitative bonuses" received by Maurice Lévy over the final three full years of his term as Chairman of the Management Board is at least equal to 75% of the overall average (including the final three years of his term) of the annual "quantitative bonuses" received by Maurice Lévy since 2003.

If the average for the final three full years of the term is under 25% of the overall average, no deferred compensation shall be paid.

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

2. Continued employment condition

The deferred compensation is consideration for Maurice Lévy's commitment to remain in office for at least nine years from January 1, 2003. Consequently, Maurice Lévy can claim this deferred compensation, as calculated above, so long as he does not resign from his position as Chairman of the Management Board of the Publicis Groupe S.A. before the end of this term on December 31, 2011.

Termination of his position on account of illness or disability, death or voluntary departure following a change in the Group's major shareholder shall not be deemed to be a resignation.

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

B. NON-COMPETE AGREEMENT

Maurice Lévy undertakes to, for at least three years following the termination of his position as Chairman of the Management Board of Publicis Groupe S.A., for any reason whatsoever, to refrain from working in any capacity whatsoever for a company operating in the field of advertising, and more generally with a competitor of Publicis, or from investing in a competitor of Publicis.

In consideration for this commitment, Maurice Lévy shall receive a sum equal to 18 months of his total gross compensation (fixed salary and maximum variable compensation as currently defined). This sum shall be paid to him in equal monthly payments. These payments must be refunded should Maurice Lévy fail to comply with the commitment.

Because this payment is consideration for a non-compete agreement, it is not subject to any performance criteria.

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

Management Board member concerned: Kevin Roberts

NATURE, PURPOSE, TERMS AND CONDITIONS

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 Publicis Groupe "without cause", or if Kevin Roberts terminates them "for cause", Kevin Roberts could be entitled to a sum equal to 120% of his annual fixed salary, 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 free shares that may have been granted to him.

These sums and benefits shall not be due in full unless the average annual amount of the bonuses received by Kevin Roberts for the three years preceding the termination of his position is at least equal to 75% of his target bonus. If the average annual amount is under 25% of the target bonus, no sum or benefit shall be due. If the average annual amount is between 25% and 75% of the target bonus, the payments and benefits shall be calculated proportionally between 0% and 100% by applying the rule of three.

Management Board member concerned: Jack Klues

NATURE, PURPOSE, TERMS AND CONDITIONS

A. POTENTIAL SEVERANCE PAYMENTS

Pursuant to the terms of the current contract between Publicis Groupe S.A., Starcom Mediavest Group, Inc. and Jack Klues, if this contract is terminated early by Publicis Groupe "without cause," Jack Klues could be entitled to a sum equal to one year of his annual fixed salary, plus 100% of his maximum annual target 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 free shares that may have been granted to him.

These sums and benefits shall not be due in full unless the average annual amount of the bonuses received by Jack Klues for the three years preceding the termination of his position is at least equal to 75% of his target bonus. If the average annual amount is under 25% of the target bonus, no sum or benefit shall be due. If the average annual amount is between 25% and 75% of the target bonus, the payments and benefits shall be calculated proportionally between 0% and 100% by applying the rule of three.

B. NON-COMPETE AGREEMENT

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 Jack Klues retires at his own initiative beginning at age 55 or if he is made to retire beginning at age 57, he may be entitled, for five years, to a sum equal to 30% of his final annual compensation (fixed salary plus bonus), as well as a portion of his benefits, provided that he complies in particular with a five-year covenant not to compete and not to solicit employees.

Because these sums and benefits are consideration for a non-compete agreement, they are not subject to any performance criteria.

Management Board member concerned: David Kenny

NATURE, PURPOSE, TERMS AND CONDITIONS

Potential severance payments

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

These sums and benefits shall not be due in full unless the average annual amount of the bonuses received by David Kenny for the three years preceding the termination of his position is at least equal to 75% of his target bonus. If the average annual amount is under 25% of the target bonus, no sum or benefit shall be due. If the average annual amount is between 25% and 75% of the target bonus, the payments and benefits shall be calculated proportionally between 0% and 100% by applying the rule of three.

Management Board member concerned: Jean-Yves Naouri

NATURE, PURPOSE, TERMS AND CONDITIONS

Potential severance payments

Pursuant to the terms of the current agreement between Publicis Groupe Services and Jean-Yves Naouri, if his term as a member of the Management Board of Publicis Groupe S.A. is terminated "without cause," Jean-Yves Naouri may be entitled, if he does not retain any salaried duties within Publicis Groupe, to one year of gross total compensation (fixed salary and maximum variable consideration) and be entitled to exercise any stock options and to keep any free shares that may have been granted to him.

These sums and benefits shall not be due in full unless the average annual amount of the bonuses received by Jean-Yves Naouri for the three years preceding the termination of his position is at least equal to 75% of his target bonus. If the average annual amount is under 25% of the target bonus, no sum or benefit shall be due. If the average annual amount is between 25% and 75% of the target bonus, the payments and benefits shall be calculated proportionally between 0% and 100% by applying the rule of three.

Neuilly-sur-Seine and Courbevoie, March 9, 2011

By the statutory auditors

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

2.8 Code of conduct

The Group has revised and strengthened the set of rules governing its behavior and ethics under the new name Janus. It is applicable to all the Group's employees at whatever level and establishes the rules of behavior for carrying out operations: "The way we behave and the way we operate". The code was updated in October 2009 and distributed across all the networks.

Janus includes the rules and principles related to ethics, corporate social responsibility, compliance with regulatory and legal frameworks, governance, communication, conducting business and customer relations, human resource management, protection of the Group's brands and intellectual property, financial and accounting management, as well as rules governing mergers and acquisitions, investments, restructuring and purchasing policies.

The guidelines include a code of conduct applying mainly to the members of the Management Board, the Group's Finance Director and other senior managers; another code of conduct applies to all employees. These codes of conduct are available on the Group's Internet site (www.publicisgroupe.com) under the headings "Social Responsibility", "Social" and "Ethics".

In addition, Publicis undertakes to provide a copy of its codes of ethics free of charge to any person upon request. A request may be made directly to the Group's legal service by telephone at 33 (0)1 44 43 70 00 or by mail to 133, Avenue des Champs-Élysées, 75008 Paris, France.

COMMENTARY ON 2010 FISCAL YEAR

The developments below are the main elements of the management report mentioned in article L. 451-1-2 of the French Monetary and Financial Code, as well as in article 222–3 of the general regulations of the French Regulatory Authority (*Autorité des marchés financiers*). They contain the information required in Articles L. 225-100, L. 225-100-2, L. 225-100-3 and in the second paragraph of article L. 225-211 of the French Commercial Code.

Other information corresponding to required elements of the management report are to be found in Chapter 8.7 Cross-referencing table of the management report.

The following discussion should be read in conjunction with the consolidated financial statements and related notes. They contain information concerning the group's future objectives, which imply risks and uncertainties, including, in particular, those described in Section 1.8. Risk factors.

3.1 Introduction

Now that the effects of the financial crisis of 2008 and 2009 are beginning to tail off, 2010 stands out as a period during which unprecedented efforts were made to prepare the post-crisis period in 2011. Clearly there were some great strides forward in 2010, with global growth picking up well, and the will to reform the financial sector which began producing some results. 2010 will be remembered as the year in which China became the world's second most powerful economy, illustrating the fact that, in future, fast growth in the emerging economies will exist alongside sluggish growth in the developed economies.

A year ago, global prospects generated moderate enthusiasm, the various official bodies forecasting 3.9% global growth for 2010 which was then revised up to 4.6% by the IMF in July. Similarly, ZenithOptimedia, which in December 2009 had forecast 0.9% growth for the advertising market in 2010, subsequently raised its forecast to 3.5% in July and again to 4.9% in December, clear evidence that the advertising market was rapidly improving.

During this year of stabilization and then of recovery, Publicis Groupe achieved very good results. Organic growth rose to 8.3%, with the group outperforming the market and thus justifying its strategic orientations of recent years, namely its investment in high-growth activities (e.g. digital services) and economies.

The Group's operating margin rate was 15.8% in 2010, a particularly good achievement given the dilution effects of integrating acquisitions, especially Razorfish, but also the cost of redeploying the activity, whether in the form of the recruitment drive or of the realignment of compensation after two years of concessions on the part of the group's staff. Operating margin expansion, which cannot be dissociated from the group's growth remains a priority.

Net Income attributable to the group was 526 million euro, up 30.5% on 2009.

Earnings Per Share rose 31% to 2.60 euro.

Headline Diluted Earnings per Share stood at 2.39 euro, i.e. a 21% increase over 2009, and diluted EPS rose 24% to 2.35 euro.

At the forthcoming Annual General Meeting, June 7, 2011, the shareholders will be asked to approve a dividend proposal of 0.70 euro per share, representing a payout ratio of 27%. Subject to this approval, the dividend will be payable as of July 5, 2011.

At December 31, 2010, the Group's net cash situation stood at 106 million euro, compared with net debt of 393 million euro at December 31, 2009.

The Group has continued to step up the pace of its transformation, leading it to accelerate the recruitment and training of staff in digital services, within VivaKi as in all creative and specialized media agencies. Talent management continues to be a critical requirement.

The Management Board wishes to extend its heart-felt thanks to staff the world over. In the wake of two years of huge effort throughout the global financial crisis when staff have enabled Publicis Groupe to remain ahead of its competitors, once again teams used their energy and talent to great advantage.

2010 was a very good year in terms of accounts awarded, with net New Business gains of 5.9 billion dollars, a clear reflection of the relevance and competitiveness of Publicis Groupe's offering. New accounts awarded included, to mention but a few:

Honda (Germany, Italy, Norway, Poland, Sweden, UK), Turner, CBS Film, Aviva (global), Reckitt Benckiser (global), Cadillac, Mars Wrigley (China), Kraft/Cadbury, H&R Block, Travelocity, Darden Restaurants, 1-800 Contacts, Deutsche Post/DHL, HTC Mobile Phone.

From the creative point of view, Publicis Groupe fared just as well as in recent years.

During the year Publicis Groupe made several acquisitions worldwide and in different areas of activity. All of these operations are coherent with Publicis Groupe's policy of pursuing its development in digital activities, consolidating its presence in high-growth countries, but also strengthening its activities in the health sector and expanding its public relations activities.

The important events of 2010 included the group's talent review (performance analysis, examination of succession plans) and continuation of the training scheme including three EDP (Executive Development Program) sessions in America, Europe and Asia for high-potential managers from all the networks.

In addition, Publicis Groupe extended the reach of the "50 free shares" program by rolling out the plan in the USA after the French roll-out in 2009. Furthermore, the LTIP (Long-Term Incentive Plan) was resumed in 2010 after a two-year break.

3.2 Organic growth

When comparing its annual performances, Publicis Groupe measures the impact on reported revenue of changes in foreign currency exchange rates, acquisitions and disposals, and organic growth. Organic growth, which represents the increase in like-for-like revenue at constant exchange rates, is calculated as follows:

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

The difference between the revenue for the current year, after subtraction of the revenue from acquisitions (net of that of divested activities) and the revenue of the previous year (translated 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 revenue 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. Also, like-for-like revenue is generally used in the industry as a key performance indicator.

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

(in millions of euros)	TOTAL
2009 REVENUE	**4,524**
Impact of exchange rates	242
2009 revenue at 2010 exchange rate (a)	4,766
2010 revenue before impact of acquisitions (1) (b)	5,161
Revenue from acquisitions (1)	257
2010 REVENUE	**5,418**
ORGANIC GROWTH (b-a) /a	**8.3%**

(1) Net of disposals.

Even in the context of an advertising market which saw signs of recovery at the end of the first quarter of 2010, particularly during the second quarter, our organic growth of 8.3% in 2010 was an excellent performance considering ZenithOptimedia's 4.9% growth estimate for the advertising market as a whole, made in December 2010.

Per quarter, our organic growth rate was 3.1% in the first quarter, 7.1% in the second quarter and 9.2% and 12.5% respectively for the third and fourth quarters of 2010.

This sequence of growth rates reflects the gradual improvement of the advertising market after the end of 2009, followed by a sustained acceleration as of the second quarter 2010 and reaching a high point in the fourth quarter of 2010.

3.3 Analysis of the consolidated results

3.3.1 REVENUE

Consolidated revenue totaled 5,418 million euro in 2010, up 19.8% from 4,524 million euro in 2009. The impact of exchange rates was +242 million euro.

Organic growth was 8.3% for the year, with very strong growth in the last quarter and exceptionally high growth in the month of December. This is to be compared with negative growth of -6.5% in 2009. Razorfish is only built into the calculation of organic growth from October 13, 2010.

All activities posted growth in 2010. Digital services accounted for 28.0% of total revenue, compared with 22.4% during the previous period, and achieved much higher growth than the overall market. Fast growing markets represented 22.7% of total revenue (if we factor out Razorfish, which contributed to the increase in revenue in the North America, high-growth economies accounted for 23.8% of total revenue).

The breakdown of consolidated revenue in 2010 is as follows: 32.6% from advertising (35% in 2009), 20.0% from media (21.0% in 2009), 47.4% from SAMS which included all digital activities (44% in 2009).

Revenue by business line

The following table shows the percentage of total Group revenue from each of the three main business lines in 2010 and 2009:

	2010	2009
Advertising	32.6%	35.0%
Specialized Agencies and Marketing Services (SAMS) *	47.4%	44.0%
Media	20.0%	21.0%

* *Including 100% of the digital activities.*

Breakdown of 2010 revenue by geography

in millions of euros	Revenue 2010	Revenue 2009	Organic growth
Europe	1,761	1,579	+6.0%
North America	2,606	2,094	+9.9%
Asia-Pacific	617	498	+7.0%
Latin America	284	218	+13.7%
Africa and Middle East	150	135	+4.8%
TOTAL	**5,418**	**4,524**	**+8.3%**

All regions without exception posted growth in 2010. Europe returned to growth after being severely affected in 2009, especially southern Europe. Almost every country in western Europe achieved growth, with France turning in the best performance at +11.2%. Northern Europe improved but was still slightly negative, while southern Europe is back posting positive growth once again. Eastern Europe and Russia returned growth of 7.2%.

North America achieved a remarkable turnaround, posting growth of 9.9% in 2010, after strong resilience in 2009 despite the economic situation and the severe impact of GM's bankruptcy but thanks to the high contribution of digital services to the region's revenue. This growth in 2010 was largely shored up by the strong performance of digital business which accounted for 42.6% of the region's revenue.

Asia-Pacific also posted a remarkable recovery, and while the performances of individual countries are quite contrasted, all countries achieved positive growth.

All the Latin American countries returned strong growth in 2010 (e.g. Mexico, Argentina, Venezuela, Colombia). The Africa and Middle East region was back to positive growth in 2010 after being severely affected by the financial crisis in Dubai.

3.3.2 OPERATING MARGIN AND OPERATING INCOME

Global operating margin

Operating margin before depreciation and amortization was 967 million euro in 2010, a 25.3% increase from 772 million euro in 2009.

Operating margin was 856 million euro, up 25.9% by comparison with 2009.

Personnel expenses rose 19.0% from 2,812 million in 2009 to 3,346 million euro in 2010, i.e. 61.8% of consolidated revenue. Given the return of growth, the pace of recruitment had to be stepped up. As a result of the great efforts made to successfully contain the fixed component of personnel expenses, over this year of redeployment and renewed growth, despite structurally higher fixed personnel expenses in digital services and the sharp rise in freelancing charges (higher unit cost than employees). The reasons for this were twofold: firstly, though business was picking up rapidly, the Group's cautious policy required that we maintain the freeze on hiring and salaries in force since autumn 2008 and, secondly, the eagerness to have greater cost flexibility in the light of improved, though still modest, growth forecasts for 2010. Thus, the Group's total personnel fix costs, inclusive of freelancers, were the equivalent of 57.6% of revenue, down from 58.0% in 2009. Thanks to the Group's performance and to efforts deployed by the teams, compsation linked to performance objectives will be allocated normally.

Other operating expenses totaled 1,105 million euro, up 17.6% from 2009, mainly due to higher commercial costs, increased travel expenses and higher depreciation and amortization, though administrative costs fell as a result of the continued emphasis on reducing various operating costs in accordance with shared services programs.

Operating margin rate was 15.8% in 2010. This improved rate is a reflection of the Group's strong revenue growth, especially in the last quarter and more particularly in December, but does factor in Razorfish integration costs estimated at 40 basis points. In addition, the cost of restructuring and other structural operations in 2010 alone stood at 49 million euro, i.e. 31 million euro less than in 2009.

Rigorous cost management across the Group, irrespective of revenue fluctuations, is undeniably a competitive strength that enables us to absorb the cost of integrating various acquisitions and speed up the roll-out of digital services throughout the world.

Depreciation and amortization totaled 111 million euro in 2010, compared with 92 million in 2009, and constitute a good reflection of the Group's disciplined capital expenditure over the period.

Operating income

Amortization of intangibles arising from acquisitions was virtually stable at 34 million euro (30 million in 2009).

A 1 million euro impairment charge was booked in 2010, down very substantially from the 28 million charge carried in 2009 (mainly due to depreciation of goodwill).

Net non-recurring income was 14 million euro, mainly arising from the capital gain generated by the sale of the building situated Rue du Dôme in Boulogne-Billancourt (10 million euro), and the Group's 10% stake in *Europe 1 Immobilier* (2 million euro).

Operating Income totaled 835 million euro in 2010, up 32.8% from the 629 million posted for 2009.

3.3.3 OTHER INCOME STATEMENT ITEMS

Net financial expense (i.e. the net result of the cost of Net financial debt and Other financial income and expenses) was 76 million euro in 2010, up from an expense of 70 million in 2009. The reasons for this deterioration are twofold. Firstly, the cost of net financial debt rose by 4 million euro as a result of the new 2014 Océane bond issue, though this increase was partly offset by Eurobond savings resulting from the softening of interest rates. Secondly, other financial income (expense) increased by 2 million euro.

The income tax charge for the year was 216 million euro, i.e. an effective tax rate of 28.5%, compared with 146 million in 2009, i.e. an effective tax rate of 28.9% (after factoring out the exceptional 23 million euro tax credit stemming from the restatement of the 2014 Océane bonds under IFRS rules).

The share of profit of Associates (i.e. entities accounted for by the equity method) was 8 million euro compared with 4 million euro for the previous period.

Minority interests totaled 25 million euro, up from 14 million in 2009.

Net income attributable to the Group was 526 million euro, i.e. a 30.5% increase over the previous period (403 million).

Headline earnings per share (as defined in Note 9 to the consolidated accounts) reached 2.65 euro, with fully-diluted Headline EPS at 2.39 euro, i.e. respective increases of 28 and 21%. Earnings per share totaled 2.60 euro with fully-diluted EPS at 2.35 euro, i.e. respective increases of 31 and 24%.

3.4 Financial and cash position

3.4.1 CASH FLOWS

Cash flow from operations generated 1,011 million euro in 2010, up from 647 million during the previous period. This substantial increase was largely due to the increase in Net income versus 2009, and the sharp increase in changes in working capital requirements (287 million euro). Income tax paid in 2010 rose in line with Income before tax. Interest paid was almost unchanged at 76 million euro, with the lower interest rates on the swapped variable-rate Eurobond and the increase in financial income (due to the sharp increase in cash and cash equivalents and despite the lower interest rates served) being offset by the rise in financial expenses due to the full-year effect of the 2014 Océane bond issued in June 2009.

Cash flow from investments comprises purchases and disposals 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 238 million euro in 2010, down from 326 million used during the previous period. Net investments in fixed assets rose to 78 million euro in 2010, up from 64 million euro in 2009. Acquisitions of subsidiaries and other financial assets, net of disposals, cost 160 million euro, compared with 262 million euro in 2009. The lion's share of that amount in 2009 involved the cash component of the Razorfish acquisition, i.e. 197 million euro, the remainder having been settled by the transfer of 6.5 million treasury shares. Earn-out payments were also made for a total of 39 million euro in 2010.

Cash flow from financing activities includes dividends paid, changes in borrowing (including buy-out), and trading in the Company's shares and equity warrants issued by the Company. Financing activities represented an expense of 380 million euro, largely attributable to the buyback of shares to be held as treasury shares for a total of 198 million euro (218 million euro for shares bought back from Dentsu and 73 million euro via UBS, less income from the exercising of stock options and a few lesser income items amounting to 93 million euro). In 2009, financing activities generated a positive cash flow of 483 million euro, mainly through income from the placement of the 2014 Océane bonds issue launched in June 2009. The dividends payments made in 2010 and 2009 were unchanged at 107 million euro. Finally, purchase of non-controlling interests (i.e. including buy-outs) amounted to 9 million euro in 2010 compared with 25 million in 2009.

Overall, the Group's cash position net of bank credit balances increased by 581 million at the end of 2010, compared with a 710 million euro increase in 2009.

Free cash flow

The Group's free cash flow, excluding changes in working capital requirements, rose 23% to 646 million euro.

The Group uses this indicator to measure liquidity generated by operating activities after accounting for investments in fixed assets, before acquisitions or sales of subsidiaries and before financing activities (including the financing of working capital requirements).

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

in millions of euros	2010	2009
Cash flow from operating activities	1,011	647
Net investment in fixed assets	(78)	(64)
FREE CASH FLOW	**933**	**583**
Effect of changes in working capital requirements	(287)	(59)
FREE CASH FLOW BEFORE CHANGES IN WCR	**646**	**524**

3.4.2 GROUP DEBT (LONG AND SHORT TERM)

The Group's share of consolidated shareholders' equity was 3,361 million euro at December 31, 2010, up from 2,813 million euro at December 31, 2009, i.e. an increase of 548 million euro. This increase was mainly due to net income for the period (526 million euro) and the positive impact of exchange rates (289 million euro). Conversely, shareholders' equity was reduced by the dividend paid by the parent company (107 million euro) and the cost of buying back shares (net of disposals) which amounted to 198 million euro in 2010.

Minority interests totaled 21 million euro, compared with 25 million euro at December 31, 2009.

NET FINANCIAL DEBT

in millions of euros	December 31, 2010	December 31, 2009
Financial debt (long and short-term)	2,073	2,010
Fair value of derivative hedging exposure on 2012 and 2015 Eurobond [1]	(15)	(13)
Fair value of derivatives hedging on intragroup loans/borrowings [1]	-	(24)
TOTAL FINANCIAL DEBT INCLUDING MARKET VALUE OF ASSOCIATED DERIVATIVES	**2,058**	**1,973**
Cash and cash equivalents	(2,164)	(1,580)
NET FINANCIAL DEBT	**(106)**	**393**

(1) Reported under "Other receivables and current assets" and "Other creditors and current liabilities" on the consolidated balance sheet.

Net financial debt was reduced by 499 million euro, with the situation moving from net debt of 393 million euro at year-end 2009 to a positive cash situation of 106 million euro at year-end 2010. This demonstrates the marked improvement in cash flow from operations, while share buybacks (particularly the 7.5 million shares purchased from SEP Dentsu/E.Badinter for 218 million euro) were largely offset by the decrease in capital expenditure, especially the acquisition of subsidiaries.

This debt reduction completely wiped out the net debt, compared with a Debt/Equity ratio of 0.14 at the end of 2009. The Group's average net debt in 2010 was reduced by over 300 million euro, i.e. down from 929 million euro in 2009 to 608 million euro in 2010.

The Group's gross consolidated debt was 2,073 million euros as of December 31, 2010, compared with 2,010 million euros as of December 31, 2009. This debt consisted of 86% maturities of greater than 12 months (see Note 22 to the consolidated financial statements as of December 31, 2010, for a detailed maturity schedule of Group debt).

Borrowings, after interest rate swaps, includes fixed-rate borrowings (50% of gross consolidated debt, excluding debt relating to purchases of investment securities and minority buyout commitments at December 31, 2010) with an average interest rate of 6.0% in 2010 (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 50% of total debt at December 31, 2010, was 1.8% in 2010.

Group financial debt is mainly in euros (85% of gross debt). Debt breakdown by currency on December 31, 2010 was as follows: 1,752 million euros denominated in euros, 122 million euros denominated in US dollars, and 199 million euros denominated 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 ratios were complied with at the end of the fiscal year, as the following table shows:

	Optimal ratio	December 31, 2010	December 31, 2009
Average net debt/operating margin before depreciation and amortization	< 1.50	0.63	1.20
Net debt/equity [1]	< 0.5	-	0.14
Coverage of interest on operating margin before depreciation/cost of net financial debt	> 7	15	13

(1) Not applicable due to positive cash position of 106 million euros on December 31, 2010.

3.4.3 BORROWINGS AND STRUCTURE OF THE GROUP'S FINANCING

To manage liquidity risk, Publicis has significant cash and cash equivalents amounting to 2,164 million euros at December 31, 2010, and unused credit lines amounting to 2,367 million euros at December 31, 2010, of which 2,155 million euros are confirmed and 212 million euros unconfirmed. The main credit line is a multi-currency syndicated facility for 1,500 million euros, expiring in 2012 with an option to extend until July 2014, subject to the banks' approval.

These amounts, which are available or can be made available almost immediately, were more than sufficient to allow the Group to meet its current financial debt obligations (including commitments to minority shareholders).

During 2009, the Group achieved its objective of extending the average maturity of its financial resources. This objective was attained through:

- the issue of convertible bonds that can be exchanged for new or existing shares (Océane) in the amount of 719 million euros with maturity in July 2014;
- the establishment of bilateral bank credit lines, which were confirmed with five top-tier banks, for a total of 450 million euros and maturing in 2014;
- a tender offer for its 4.125% bonds maturing in 2012, which permitted the issuance of 253 million euros in bonds maturing in 2015 and reduced the amount of 2012 bonds outstanding from 750 million euros to 506 million euros.

The Group also has a payment schedule that is better distributed over time.

Group cash management was optimized through the introduction, in the principal countries, of centralized cash-pooling management. Since 2006, an international cash pooling structure has been implemented with the goal of pooling 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.

In June 2009, Standard & Poor's had placed the Group on "credit watch", with negative implications given the economic uncertainties that hung over the advertising industry overall and the specific risk for Publicis linked to General Motors' Chapter 11 filing for bankruptcy protection.

In October 2009, Standard & Poor's lifted this "credit watch", maintaining its BBB+ rating for the Group and giving a neutral outlook for the Company.

3.4.4 RESTRICTIONS ON USE OF CAPITAL

At December 31, 2010, as well as at the date of the accounts closing, there were no rating triggers or financial covenants for short-term bank credit lines, syndicated facilities, confirmed medium-term bilateral bank credit lines or bond debt likely to restrict the Group's liquidity.

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.

3.4.5 SOURCES OF FINANCING

Given the Group's cash position of 2,164 million euros and unused credit lines available of 2,367 million euros, as at December 31, 2010, Publicis considers that it has the necessary cash resources to meet its operating requirements and capital investment in the next 12 months.

3.5 Publicis Groupe S.A. (parent company of the group)

Publicis Groupe S.A.'s revenue consists exclusively of rental income from property and management fees for services to subsidiaries of the Group. Its operating income totaled 57 million euro in 2010, versus 36 million euro in 2009. This includes reinvoicing of the Group's entities for their share of the cost of the 2009 free share attribution under the co-investment program.

Financial income was 387 million euro in 2010 compared with 486 million euro in 2009, though the latter amount included the reversal of a 132 million euro provision for Treasury shares (this amount was written back when the share price rose between December 2008 and December 2009). Dividends from subsidiaries totaled 250 million euro in 2010, up from 207 million euro in 2009.

Operating expenses rose to 64 million euro in 2010, up from 43 million euro during the previous period. These expenses included the booking of a 43 million euro provision for contingencies and losses (versus 15 million euro in 2009) on Treasury shares and corresponding to the cost of the free-share and stock-option plans spread over the vesting period of the co-investment plan.

Financial expenses were 198 million euro in 2010, at substantially the same level as for the previous period. In 2010 expenses included the 50 million euro cost of bond borrowing (versus 44 million in 2009), 64 million in interest expense on financial debt other than bonds (notably with the international cash pool) and a 61 million euro provision for unrealized currency losses on a loan extended in pounds Sterling.

Pre-tax profit from recurring operations was 183 million euro, after 285 million euro for the previous financial period.

After a capital gain of 15 million (of which 14 million from the sale of a building situated Rue du Dôme in Boulogne-Billancourt) and a 38 million euro tax credit arising from tax consolidation in France, Publicis Groupe, the parent company of the Group, posted net income of 236 million euro in 2010 after a net income of 320 million euro for the previous period.

The breakdown at close of the last two fiscal years of outstanding trade payables by due date was as follows:

Information on supplier payment periods (article 441-6-1 of the French Commercial Code)

	Trade payables	
	Total at 12/31/2010	Total at 12/31/2009
Invoices not yet due	866	1,291
Invoices less than 60 days overdue	370	359
Invoices over 60 days overdue	35	65
TOTAL	**1,271**	**1,715**

The General Shareholders' Meeting called to approve the 2010 financial statements will be asked to appropriate earnings for 2010 of 235,927,565 euros which, with previous earnings brought forward of 611,703,716 euros, represents distributable earnings of 847,631,281 euros:

- distribution of 134,151,669 euros (based on 191,645,241 shares, including treasury shares at December 31, 2010);
- appropriation to earnings brought forward of 713,479,612 euros.

Under the proposed appropriation, the net dividend would be 0.70 euros per share of 0.40 euros nominal.

3.6 Dividend distribution policy

Dividend paid for 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)	Yield
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	178,944,210	0.60	107.4	18.40	3.26%
2009	178,930,977	0.60	107.4	28.50	2.11%
2010	**191,645,241 ***	**0.70 ****	**134.2**	**39.00**	**1.79%**

* *Number of securities, including treasury shares, at December 31, 2010.*
** *Dividend proposed at the GSM of June 7, 2011.*

Dividends on shares that are not claimed within five years 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 sufficient cash flow to finance its development.

Following two years of stability in dividends due to the global financial crisis which forced the Company to manage its resources prudently, the divided proposed for the fiscal year 2010 will be 0.70 euros per share, an increase of 16.7% and representing a distribution rate of 26.9%. This increase is a consequence of the improvement in the global economy and the group's confidence in its future performance.

The Company's dividend distribution policy is characterized by ensuring regular dividend payments progressing over time to achieve a distribution rate in the order of 40%.

3.7 Outlook

The trends described below do not constitute forecasts or profit estimates as defined by European Regulation No. 809/2004 of April 29, 2004 used in application of directive 2003/71/00 of the European Parliament and Council of November 4, 2003.

The market trends anticipated since late 2009 materialized in 2010, and were then confirmed by the sharp recovery of the advertising market in all regions in the second half of the year, and more notably in the last quarter.

In this more buoyant market, Publicis Groupe achieved excellent results thanks to its positioning in digital services and its ever-increasing exposure in high-growth countries, these two growth drivers already accounting for close to half the group's revenue.

The Group intends to continue to roll out its now well-established strategy based on two components: digital activities, which continue to grow strongly thanks to the social networks and mobility, and high-growth markets.

The fact that the merits of this strategy have been proven suggests the Group should continue to invest in digital services, taking care to accelerate this expansion outside the USA. Another priority is to expand in high-growth countries as the group plans to double the size of its business in China, while reinforcing its positions in India and Latin America.

Thanks to a very good volume of business and strict cost control, the Group succeeded in ending the year with a very robust financial situation.

The very satisfactory level of new business gains in 2010 bears witness to the Group's dynamic approach and strong presence alongside its clients, thus confirming its ability to reach its market-share targets. These dynamics authorize the Group to envisage growth in excess of the current market estimations while continuing to improve its operating margins.

In the medium term the Group's goal is to derive 35% of its revenue from digital activities and 30% from high-growth markets. Publicis Groupe intends to focus its actions so as to reach these targets both by internal growth and targeted acquisitions. Almost two-thirds of its revenue will then be generated in high-growth sectors or countries.

The start of the year has been very active in terms of new business gains. Since January 1, the Group is proud to count Lenovo, Sonic, FNAC, Pages Jaunes, Carl Zeiss Sport Optic, C&A China, Fnac, ADP and Guerlain among its new clients.

4

2010 CONSOLIDATED FINANCIAL STATEMENTS

4.1 Consolidated income statement

(in millions of euros)	Notes	2010	2009	2008
REVENUE		**5,418**	**4,524**	**4,704**
Personnel expenses	3	(3,346)	(2,812)	(2,852)
Other operating expenses	4	(1,105)	(940)	(963)
OPERATING MARGIN BEFORE DEPRECIATION AND AMORTIZATION		**967**	**772**	**889**
Depreciation and amortization expense (excluding intangibles arising from acquisitions)	5	(111)	(92)	(104)
OPERATING MARGIN		**856**	**680**	**785**
Amortization of intangibles arising from acquisitions	5	(34)	(30)	(29)
Impairment loss	5	(1)	(28)	(13)
Non-current income and expenses	6	14	7	8
OPERATING INCOME		**835**	**629**	**751**
Financial expense		(81)	(73)	(110)
Financial income		16	12	29
COST OF NET FINANCIAL DEBT	7	**(65)**	**(61)**	**(81)**
Other financial income and expenses	7	(11)	(9)	2
PRE-TAX INCOME OF CONSOLIDATED COMPANIES		**759**	**559**	**672**
Income taxes	8	(216)	(146)	(196)
NET INCOME OF CONSOLIDATED COMPANIES		**543**	**413**	**476**
Share of profit of associates	13	8	4	2
NET INCOME		**551**	**417**	**478**
Of which:				
• Net income attributable to non-controlling interests (minority interests)		25	14	31
• **Net income attributable to equity holders of the parent company (Group share)**		**526**	**403**	**447**

Per share data (in euros) **– Net income attributable to equity holders of the parent company**	9			
Number of shares		*202,149,754*	*202,257,125*	*202,536,963*
Earnings per share		2.60	1.99	2.21
Number of diluted shares		*235,470,461*	*220,867,344*	*220,728,941*
Earnings per share - diluted		2.35	1.90	2.12

4.2 Consolidated statement of comprehensive income statement

(in millions of euros)	2010	2009	2008
NET INCOME FOR THE PERIOD (A)	551	417	478
Other comprehensive income			
• Revaluation of available-for-sale investments	12	12	(15)
• Actuarial gains and losses on defined benefit plans	(10)	(4)	(45)
• Consolidation translation adjustements	297	(59)	(5)
• Deferred taxes on other comprehensive income	4	1	16
TOTAL OTHER COMPREHENSIVE INCOME (B)	303	(50)	(49)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD (A) + (B)	**854**	**367**	**429**
Of which:			
• Attributable to non-controlling interests (minority interests)	33	17	28
• Attributable to equity holders of the parent company (Group share)	821	350	401

4.3 Consolidated balance sheet

(in millions of euros)	Notes	December 31, 2010	December 31, 2009	December 31, 2008
Assets				
Goodwill, net	10	4,278	3,928	3,693
Intangible assets, net	11	856	835	794
Property, plant and equipment	12	464	458	480
Deferred tax assets	8	75	73	91
Investments in associates	13	140	49	44
Other financial assets	14	113	94	101
NON-CURRENT ASSETS		**5,926**	**5,437**	**5,203**
Inventory and work in progress	15	326	290	319
Accounts receivable	16	5,953	4,875	4,843
Other receivables and current assets	17	572	548	628
Cash and cash equivalents	18	2,164	1,580	867
CURRENT ASSETS		**9,015**	**7,293**	**6,657**
TOTAL ASSETS		**14,941**	**12,730**	**11,860**
Liabilities and equity				
Share capital		77	79	78
Additional paid-in capital and retained earnings, Group share		3,284	2,734	2,242
Equity attributable to holders of the parent company (Group share)	19	**3,361**	**2,813**	**2,320**
Non-controlling interests (minority interests)		21	25	30
TOTAL EQUITY		**3,382**	**2,838**	**2,350**
Long-term borrowings	22	1,783	1,796	1,323
Deferred tax liabilities	8	219	214	232
Long-term provisions	20	458	449	459
NON-CURRENT LIABILITIES		**2,460**	**2,459**	**2,014**
Trade payables		7,216	5,835	5,802
Short-term borrowings	22	290	214	218
Income taxes payable		39	63	68
Short-term provisions	20	118	100	110
Other creditors and current liabilities	23	1,436	1,221	1,298
CURRENT LIABILITIES		**9,099**	**7,433**	**7,496**
TOTAL LIABILITIES AND EQUITY		**14,941**	**12,730**	**11,860**

4.4 Consolidated statement of cash flows

(in millions of euros)	2010	2009	2008
Cash flows from operating activities			
Net income	551	417	478
Neutralization of non-cash income and expenses:			
Income taxes	216	146	196
Cost of net financial debt	65	61	81
Capital (gains) losses on disposals (before tax)	(14)	(10)	(2)
Depreciation, amortization and impairment loss on property, plant and equipment and intangible assets	146	150	146
Non-cash expenses on stock options and similar items	26	24	9
Other non-cash income and expenses	6	11	8
Share of profit of associates	(8)	(4)	(2)
Dividends received from associates	14	9	10
Taxes paid	(219)	(157)	(169)
Interest paid	(76)	(75)	(89)
Interest received	17	16	37
Change in the working capital requirement (1)	287	59	12
NET CASH FLOWS GENERATED BY (USED IN) OPERATING ACTIVITIES (I)	**1,011**	**647**	**715**
Cash flows from investing activities			
Purchases of property, plant and equipment and intangible assets	(103)	(74)	(92)
Proceeds from sale of property, plant and equipment and intangible assets	25	10	28
Purchases of investments and other financial assets, net	5	10	(1)
Acquisitions of subsidiaries	(166)	(273)	(155)
Disposals of subsidiaries	1	1	-
NET CASH FLOWS GENERATED BY (USED IN) INVESTING ACTIVITIES (II)	**(238)**	**(326)**	**(220)**
Cash flows from financing activities			
Capital increase	-	-	1
Dividends paid to holders of the parent company	(107)	(107)	(106)
Dividends paid to non-controlling interests	(21)	(26)	(24)
Proceeds from borrowings	7	744	482
Repayment of borrowings	(52)	(108)	(1,128)
Net purchases of non-controlling interests (2)	(9)	(25)	(17)
Net (purchases)/sales of treasury shares and warrants	(198)	5	(174)
NET CASH FLOWS GENERATED BY (USED IN) FINANCING ACTIVITIES (III)	**(380)**	**483**	**(967)**
Impact of exchange rate fluctuations (IV)	**188**	**(94)**	**19**
NET CHANGE IN CONSOLIDATED CASH AND CASH EQUIVALENTS (I + II + III + IV)	581	710	(452)
Cash and cash equivalents on January 1	1,580	867	1,313
Bank overdrafts on January 1	(33)	(30)	(24)
Net cash and cash equivalents at beginning of year(V)	**1,547**	**837**	**1,289**
Cash and cash equivalents on December 31 (Note 18)	2,164	1,580	867
Bank overdrafts on December 31 (Note 22)	(36)	(33)	(30)
Net cash and cash equivalents at end of year (VI)	**2,128**	**1,547**	**837**
NET CHANGE IN CASH AND CASH EQUIVALENTS (VI – V)	581	710	(452)
(1) Breakdown of change in the working capital requirement			
Change in inventory and work in progress	*(14)*	*29*	*64*
Change in accounts receivable and other receivables	*(855)*	*160*	*(110)*
Change in accounts payable, other creditors and provisions	*1,156*	*(130)*	*58*
Change in the working capital requirement	*287*	*59*	*12*

(2) In accordance with the application of revised IFRS 3, net purchases of non-controlling interest, which were previously shown under investing activities, are presently classified under financing activities.

4.5 Consolidated statement of changes in equity

Number of outstanding shares	(in millions of euros)	Capital stock	Additional paid-in capital
183,600,411	**DECEMBER 31, 2007**	**81**	**2,742**
	Net income		
	Other comprehensive income:		
	Fair value adjustements to available-for-sale investments		
	Actuarial gains and losses on defined benefit plans [1]		
	Consolidation translation adjustments		
	TOTAL OTHER COMPREHENSIVE INCOME	-	-
	TOTAL INCOME AND EXPENSES FOR THE PERIOD	-	-
1,633,629	Publicis Groupe SA capital increase and cancellation of treasury shares	(3)	(189)
	Dividends		
	Share-based compensation [1]		
	Additional interest on Oranes		
(6,379,739)	Purchases/sales of treasury shares		
178,854,301	**DECEMBER 31, 2008**	**78**	**2,553**
	Net income		
	Other comprehensive income:		
	Fair value adjustements to available-for-sale investments		
	Actuarial gains and losses on defined benefit plans [1]		
	Consolidation translation adjustments		
	TOTAL OTHER COMPREHENSIVE INCOME	-	-
	TOTAL INCOME AND EXPENSES FOR THE PERIOD	-	-
1,562,129	Publicis Groupe SA capital increase	1	47
	Equity component of Océane 2014		
	Dividends		
	Share-based compensation [1]		
	Additional interest on Oranes		
	Effect of acquisitions and commitments to buy out non-controlling interests (minority interests)		
6,752,338	Purchases/sales of treasury shares		
187,168,768	**DECEMBER 31, 2009**	**79**	**2,600**
	Net income		
	Other comprehensive income:		
	Fair value adjustements to available-for-sale investments		
	Actuarial gains and losses on defined benefit plans		
	Consolidation translation adjustments		
	TOTAL OTHER COMPREHENSIVE INCOME	-	-
	TOTAL INCOME AND EXPENSES FOR THE PERIOD	-	-
(5,937,871)	Publicis Groupe SA capital increase and cancellation of treasury shares	(2)	(168)
	Dividends		
	Share-based compensation [1]		
	Additional interest on Oranes		
	Effect of acquisitions and commitments to buy out non-controlling interests (minority interests)		
1,140,173	Purchases/sales of treasury shares		
182,371,070	**DECEMBER 31, 2010**	**77**	**2,432**

(1) The actuarial gains and losses on defined benefit plans as well as share-based compensation take into account the associated taxes deferred.

Reserves and earnings brought forward	Translation reserve	Fair value reserve	Equity attributable to the holders of the parent company	Non-controlling interests (minority interests)	Total equity
(436)	**(313)**	**124**	**2,198**	**27**	**2,225**
447			447	31	478
		(15)	(15)		(15)
(29)			(29)		(29)
	(2)		(2)	(3)	(5)
(29)	**(2)**	**(15)**	**(46)**	**(3)**	**(49)**
418	**(2)**	**(15)**	**401**	**28**	**429**
192			-		-
(106)			(106)	(25)	(131)
8			8		8
(7)			(7)		(7)
(174)			(174)		(174)
(105)	**(315)**	**109**	**2,320**	**30**	**2,350**
403			403	14	417
		12	12		12
(3)			(3)		(3)
	(62)		(62)	3	(59)
(3)	**(62)**	**12**	**(53)**	**3**	**(50)**
400	**(62)**	**12**	**350**	**17**	**367**
					-
(48)			-		
49			49		49
(107)			(107)	(26)	(133)
26			26		26
(6)			(6)		(6)
			-	4	4
181			181		181
390	**(377)**	**121**	**2,813**	**25**	**2,838**
526			526	25	551
		12	12		12
(6)			(6)		(6)
	289		289	8	297
(6)	**289**	**12**	**295**	**8**	**303**
520	**289**	**12**	**821**	**33**	**854**
(48)			(218)		(218)
(107)			(107)	(21)	(128)
39			39		39
(7)			(7)		(7)
			-	(16)	(16)
20			20		20
807	**(88)**	**133**	**3,361**	**21**	**3,382**

4.6 Notes to the consolidated financial statements

Note 1 Accounting policies

In application of European regulation no. 1606/2002 of July 19, 2002 pertaining to international accounting standards, the consolidated financial statements for the 2010 financial year were prepared in accordance with IAS/IFRS international standards and IFRIC interpretations applicable on December 31, 2010 as approved by the European Union.

The financial statements for the 2010 financial year are presented alongside comparative figures for 2009 and 2008, which were also prepared under IAS/IFRS. Reporting options related to first time adoption of IFRS are presented in Note 1.5 below.

The financial statements were approved by the Management Board on February 8, 2011 and reviewed by the Supervisory Board on February 9, 2011. They will be submitted for the approval of the shareholders, who have the power to modify the financial statements, at the General Shareholders' Meeting on June 7, 2011.

1.1 Impact of IFRS accounting standards and IFRIC interpretations taking effect as of January 1, 2010 and impact of published IFRS and IFRIC interpretations not yet in force

The accounting principles adopted for the preparation of the consolidated financial statements comply with IFRS accounting standards and IFRIC interpretations, as adopted by the European Union as at December 31, 2010, and published on the following website:

http://ec.europa.eu/internal_market/accounting/legal_framework/regulations_adopting_ias_fr.htm

These accounting principles are consistent with those applied to prepare the consolidated financial statements for the year ending December 31, 2010 except for the following changes to IFRS 3 (revised): Business combinations and IAS 27 (revised): Consolidated and separate financial statements. These standards are applied prospectively and thus have no impact on business combinations effective before January 1, 2010.

Business combinations effective as of January 1, 2010

Business combinations have been treated in the following manner:

- identifiable assets acquired and liabilities assumed are recognized at their fair value on the acquisition date,
- non-controlling interests in the acquired business (minority interests) are recognized either at fair value or at the proportionate share of the fair value of identifiable net assets in the acquired business. This option is available on a case-by-case basis for each business combination.

Acquisition costs are recognized as an expense when incurred and are recorded under the heading "Other operating expenses" in the consolidated income statement.

Any earn-out payments on business combinations are recognized at fair value on the acquisition date. After the acquisition date, earn-out payments are recognized at their fair value on the balance sheet date. After a period of one year following the acquisition date, any change in this fair value will be recorded in income. Within this one-year period, any changes in this fair value explicitly linked to events subsequent to the acquisition date will also be recognized in income. Other changes will be recognized as an offset to goodwill.

However, these provisions do not apply to earn-out payments linked to acquisitions prior to January 1, 2010. These earn-out payments are recognized according to the provisions of IFRS 3 (before its revision). Any adjustment will therefore be recognized as an offset to goodwill.

At the acquisition date, goodwill represents the difference between:

- the fair value of the transferred asset, plus the amount of non-controlling interests in the acquired company and, where a business combination occurs in several stages, the fair value at the acquisition date of the interest previously held by the buyer in the acquired company, which is adjusted through income, and
- the net residual value of identifiable assets acquired and liabilities assumed at the acquisition date and recorded at fair value.

The provisions of the IFRS 3 amendment to IAS 12 also apply. Accordingly, any subsequent adjustment of acquired deferred tax assets will have an immediate impact on income twelve months after the acquisition date (i.e. with no impact on the amount recorded as goodwill).

Buyout commitments to minority shareholders when business combinations occur

Pending an IFRIC interpretation or a specific IFRS on this matter, the following accounting treatment has been adopted in accordance with currently applicable IFRS and the AMF recommendation:

- initially, these commitments are recognized in borrowings at the discounted value of the purchase obligation, with an offsetting entry to goodwill;
- subsequent changes in the value of the commitment are recognized by adjusting equity on the grounds that it is a transaction between shareholders.

Additional acquisition of securities after the exclusive takeover

When additional securities are acquired in an entity that is already exclusively controlled, the difference between the acquisition price of these securities and the proportion of additional consolidated equity acquired is recognized as equity attributable to shareholders of the parent company of the Group. The consolidated value of the subsidiary's identifiable assets and liabilities, including goodwill, is thus left unchanged.

In the statement of cash flows, the acquisition of additional securities in an already controlled entity is presented as net cash flow relating to financing activities as of fiscal year 2010. Figures for the fiscal years 2009 and 2008 have been restated for comparative purposes.

Additional acquisition of securities with the exclusive takeover of an entity previously under significant influence

The exclusive takeover leads to the recognition of a disposal gain or loss calculated on the entire interest at the transaction date.

The previously held interest is remeasured at fair value through the income statement at the time of the exclusive takeover.

Sale of securities without loss of exclusive control

In the event of a partial sale of securities in an exclusively controlled entity that does not modify control of this entity, the difference between the fair value of the sale price of the securities and the proportion of consolidated equity capital that these securities represent at the date of sale is recognized as equity attributable to shareholders in the parent company of the Group. The consolidated value of the subsidiary's identifiable assets and liabilities, including goodwill, is thus left unchanged.

Sale of securities with loss of exclusive control

The loss of exclusive control leads to the recognition of a disposal gain or loss calculated on the entire interest at the transaction date.

Any residual interest is therefore remeasured at fair value through the income statement at the time of the exclusive loss of control.

Bushess combinations effective before January 1, 2010

In comparison with the elements presented above, the following accounting treatments were applied to business combinations prior to January 1, 2010:

The transaction costs directly attributable to the acquisition were included in the acquisition cost.

Shareholdings which do not confer control (minority interests) were measured in terms of the share of revalued net assets of the entity acquired.

Restructuring of companies carried out in several stages were accounted as such. Any additional share acquired did not affect previously recognized goodwill.

Price adjustments were recognized, if and only if the Group had a current obligation with a likely settlement which could be reliably assessed. Changes in estimations of the amount of the price adjustment affected goodwill. These arrangements continue to be applied to the variations, subsequent to January 1, 2010, of price adjustments in relation to business combinations prior to this date.

Initially, the minority buy out commitments were recognized as borrowings at the discounted value of the purchase obligation, with a double entry booked to non-controlling interests and the remainder to goodwill; subsequent changes in the amount of the obligation are recognized by adjusting the amount of goodwill. These arrangements continue to be applied to the subsequent changes to commitments prior to January 1, 2010.

The European Union's adoption of the following rules and interpretations has no impact on the Group's financial statements:

- improvements made in 2008 – Amendment to IFRS 5 on partial sales of securities in a subsidiary;
- improvements made in 2009;
- amendments to IAS 39 – Items eligible for hedging;
- amendment to IFRS 2 – Intra-group cash-settled transactions (...);
- IFRIC 12 – Service concession agreements;
- IFRIC 15 – Agreements for the construction of real estate;
- IFRIC 16 – Hedges of a net investment;
- IFRIC 17 – Distributions of non-cash assets to owners;
- IFRIC 18 – Transfers of assets from customers.

These principles do not differ from IFRS rules as published by the IASB, since the application of the following rules and interpretations is not mandatory in fiscal years beginning on or after January 1, 2010:

- IAS 24 (revised) – Related parties;
- amendment to IAS 32 – Classification of rights issues;
- improvements made in 2010 – Rule published in 2010 and not yet adopted by the European Union;
- amendment to IFRIC 14 – The limit on a defined benefit asset, minimum funding requirements and their interaction;
- IFRIC 19 – Extinguishing financial liabilities with equity instruments;
- IFRS 9 – Financial instruments, not yet adopted by the European Union;
- amendment to IFRS 7 – Disclosures on transfers of financial assets (not yet adopted by the European Union).

Publicis is currently in the process of determining the potential impact of these new standards and interpretations on the Group's consolidated financial statements.

1.2 Consolidation principles and policies

Reporting currency of the consolidated financial statements

Publicis prepares and publishes 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 as at December 31 of each year. Subsidiaries are consolidated as from the time that the Group obtains control until the date on which control is transferred to an entity outside the Group.

Control is the power to determine the financial and operating 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, it may nevertheless exercise control by virtue of the Company's bylaws, agreements, the power to appoint or dismiss the majority of the Board of Directors or 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, which 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 statement of financial position at their acquisition cost and adjusted to reflect subsequent changes to the Group's share in the net assets of the associate. 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 1.3 below. The income statement reflects the Group's share of the associates' profit (loss) for the period.

Foreign currency transactions

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

Translation of financial statements prepared in foreign currencies

The functional currency of each Group entity is the currency of the economic environment in which it operates. The financial statements of subsidiaries located outside the euro zone that are presented in local currencies are converted 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 the average exchange rate over the year;
- translation adjustments resulting from the application of these rates are recognized in "Gains and losses recognized in equity – translation reserve" for the Group share, with the remainder being recorded as "Non-controlling interests (minority interests)".

Goodwill and fair value adjustments of 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 applying at the reporting date.

Elimination of intra-Group transactions

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

1.3 Accounting principles

Research and study costs

Publicis recognizes expenditures for studies and research as expenses attributable to the period in which they are incurred. This expenditure principally relates to the following items: studies and tests relating to advertising campaigns, research programs into consumer behavior or advertisers' needs in various areas, and studies and modeling to optimize media purchases for the Group's clients.

Development expenditures incurred for an individual project are capitalized once they are considered to be reasonably certain of being recovered in the future. Any capitalized expense is amortized over the future period during which the project is expected to generate income.

Goodwill

When a takeover takes place in a single transaction, goodwill is equal to the fair value of the consideration paid to acquire the securities (including any earn-out payments which, under the revised version of IFRS 3, are recorded at fair value at the takeover date; see Chapter 1.1), plus the value of non-controlling interests (minority interests) (these are valued for each business combination either at fair value or at the proportionate share of the fair value of identifiable net assets in the acquired business) and minus the fair value of assets, liabilities and contingent liabilities identified at the acquisition date.

Goodwill that is recorded in the statement of financial position is not amortized but is instead subject to annual impairment tests. 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 each agency or group of agencies to be a cash-generating unit.

The recoverable value of a cash-generating unit is the greater of its fair value (generally its market value), net of disposal costs, 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 on the acquisition date, separately from goodwill, if they are identifiable, i.e. if they meet one of the following two conditions:

- the intangible assets arise from legal or contractual rights, or
- the intangible assets can be separated from the acquired entity.

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

Trade names, 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. Any impairment loss is recorded 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 assets result from the Group's engagement in interactive activities. They are amortized over a three- to four-year period.

E-mail address databases are used in direct e-mailing campaigns. These databases are amortized over two years.

The method used to identify any impairment of intangible assets is based on discounted future cash flows. The Group uses the "royalty savings" method for trade names, which takes into account the future cash flows that the trade name would generate in royalties if a third party were to pay for the use of said trade name. For client contracts, the method involves discounting future cash flows generated by the client. Valuations are carried out by independent appraisers. The parameters are consistent with those used to measure goodwill.

Capitalized software includes in-house applications as well as commercial packages; they are measured either at their acquisition cost (if purchased externally) or at their production cost (if developed internally). They are amortized over their useful life. With only some exceptions, the amortizable period does not exceed three years.

Property, plant and equipment

Items of property, plant and equipment are measured at cost minus accumulated depreciation and impairment loss. Publicis elected to restate the building at 133, avenue des Champs-Élysées at its fair value on the date of the adoption of IFRS and to treat this value as the putative acquisition cost.

When appropriate, the total cost of an asset is broken down into its various components that have distinct useful lives. Each component is then recognized separately and depreciated over a distinct term.

Items of property, plant and equipment are depreciated on a straight-line basis over each asset's estimated useful life. The useful life of property, plant and equipment is generally assumed to be as follows (straight-line method):

- buildings: 20 to 70 years;
- fixtures, fittings and general installations: 10 years;
- office equipment and fixtures: 5 to 10 years;
- vehicles: 4 years;
- computer hardware: 2 to 4 years.

If any indicators suggest that items of property, plant and equipment may be impaired, the recoverable value of the property, plant and equipment or the cash-generating unit(s) to which such assets belong is compared to their carrying amount. Any impairment is recorded in the income statement.

Leases

Finance leases, which transfer substantially all of the risks and rewards of the ownership of the leased assets to the Group, are recognized in the statement of financial position from the beginning of the lease contract at the lesser of the fair value of the leased asset and the present value of the minimum lease payments. Assets acquired under finance leases are recognized in property, plant and equipment and a corresponding liability is recognized in borrowings. 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, lease rental expenses are replaced by the interest on the debt and the depreciation of the assets. The tax effect of this restatement for consolidation purposes is accounted for through the recognition of a deferred tax asset or liability.

Leases in which the lessor does not transfer substantially all of the risks and rewards of ownership of the leased assets are classified as operating leases. Payments made under operating leases are recognized in the income statement on a straight-line basis over the term of the lease.

Other financial assets

All investments are initially recognized at fair value, which corresponds either to the price paid or the value of assets given in payment, plus any transaction costs.

Subsequent to their initial recognition, investments classed as "investments held for trading" or "available-for-sale financial assets" are measured at their fair value at the reporting date. Gains and losses on investments held for trading are recognized in income. Gains and losses on available-for-sale financial assets are recognized in equity, on a specific line, until the investment is sold or shown to be impaired.

Other long-term investments held until maturity, such as bonds, are measured at amortized cost using the effective interest rate method. For investments recognized at amortized cost, gains and losses are recognized in the income statement if they are sold or impaired, as well as 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 reporting date. For investments that are not listed on an active market, fair value is determined with reference to the current market price of another, substantially similar investment, or calculated based on the cash flows that are expected from the investment.

Loans and advances to invested entities

This includes financial receivables from associates or unconsolidated companies held by the Group.

Impairment is recognized whenever there is a risk of non-payment as a result of the financial position of the entity in question.

Inventory and work in progress

This includes mainly work in progress in our advertising business, i.e. the technical work involved in creating and producing advertisements for print, broadcasting, etc., for which the client is ultimately liable but has not yet been invoiced. They are recognized on the basis of costs incurred and a provision is recorded when their net realizable amount is lower than cost. Unbillable work or costs incurred relating to new client development activities are not recognized as assets, except for tendering expenses which may be billed to the client under the terms of the contract. In order to assess net realizable amount, inventory and work in progress 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 legal claims.

Trade receivables

Receivables are recognized at the initial amount of the invoice. An allowance for doubtful accounts is recognized when there is a risk of non-recovery. Such allowances are determined, on a case-by-case basis, using various criteria such as difficulties in recovering the receivables, the existence of any disputes and claims, or the financial position of the debtor.

Due to the nature of the Group's activities, trade receivables are of a short-term nature. Nevertheless, any trade receivables of a longer-term nature will be recognized at their discounted value.

Derivative financial instruments

The Group uses derivatives such as foreign currency and interest rate hedges to hedge its current or future positions against foreign exchange rate risks or interest rate risks. These derivatives are measured at fair value, determined either by reference to observable market prices at the reporting date or by the use of valuation models based on market parameters at the reporting date.

Whenever these financial instruments are involved in an arrangement treated as a hedge for accounting purposes, the following should be distinguished:

- 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. At the same time, any gain or loss on the item hedged by the effective portion of the hedge will change the carrying amount of this item as an offset to its effect on income.

For hedges used to hedge firm commitments and that meet the conditions for recognition as hedge accounting (future cash flow hedges), the portion of gain or loss realized on the hedging instrument deemed to be an effective hedge is recognized directly in equity. The ineffective portion is recognized immediately in profit and loss. Gains and losses recognized in equity are reported in the income statement for the period in which the hedged commitment affects profit (loss); for example, when a planned sale actually occurs.

For hedges of a net investment in foreign operations, including hedges of monetary assets and liabilities considered to be part of the net investment, the recognition principle is the same as for cash flow hedges. The effective portion of the gain or loss realized on the hedging instrument is recorded under equity, while the ineffective portion is recognized in the income statement. When disposing of the foreign operation, the accumulated gains and losses that were recognized directly in equity are recognized on the income statement.

As for derivatives that do not qualify for hedge accounting, any gain or loss from changes in their fair value are recognized directly in the income statement for the relevant period.

Changes in the fair value of derivatives that qualify as fair value hedges are recognized in "other financial income and expenses", as are changes in the value of the underlying items. The fair value of derivative instruments is recognized in "other receivables and current assets" and in "other creditors and current liabilities."

Cash and cash equivalents

Cash and cash equivalents include sight deposits, cash on hand, instruments maturing in three months or less, and UCITS and money market funds with a negligible value risk, i.e. that meet the following conditions: sensitivity to interest rate risk less than or equal to 0.25, and 12-month historical volatility of zero.

For the purposes of the statement of cash flows, "cash" includes cash and cash equivalents as defined above, net of bank overdrafts.

Treasury shares

Irrespective of their intended use, all treasury shares are recognized as a deduction from equity.

Bonds

BONDS REDEEMABLE IN CASH

The bonds are initially recognized at their fair value, which corresponds to the amount of cash received, net of issuance costs.

Subsequent to initial recognition, bonds are recognized at their amortized cost, using the effective interest rate method, which takes into account all issuance costs and any redemption premium or discount.

CONVERTIBLE BONDS AND DEBENTURES REDEEMABLE FOR STOCK

For convertible bonds (Océane) or debentures (Orane), or debentures with warrants (OBSA), the debt and equity portions are initially recognized separately. The fair value of the liability component is determined by discounting the future contractual cash flows at market rates that the Company would have had to pay on a similar instrument offering the same terms but without a conversion option.

The equity component is measured on issuance by deducting the liability component from the fair value of the instrument as a whole. The value of the conversion option is not revised during subsequent accounting periods.

Issuing costs are divided between the debt and equity components based on their respective carrying values on issuance.

The debt component is subsequently measured at amortized cost.

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 constituting economic benefits will be required in order to extinguish the obligation, and
- the amount of the outflow can be estimated reliably.

If 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, if material, are 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 the 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.

RESTRUCTURING PROVISIONS

The total cost of restructuring or reorganizing is recognized in the year that these actions were approved and announced.

In the context of an acquisition, restructuring plans that do not constitute liabilities for the acquired enterprise on the date of the acquisition are recognized as expenses.

These costs consist primarily of severance and early retirement payments and notice periods that have not been worked, which are recognized in employee benefits expense, and, in some cases, of write-downs of property, plant 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 revenue 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 on the market as of the acquisition date.

Pension liabilities and other post-employment benefits

The Group recognizes liabilities relating to pensions and other post-employment benefits based on the type of plan in question:

- defined contribution plans: the amount of the Group's contribution to the plan is recognized as an expense during the period;
- defined benefit plans: the cost of defined benefits is determined separately for each plan using the projected unit cost actuarial method. Actuarial gains and losses arising during the year are recorded directly in equity. The effect of the unwinding of discounts on pension liabilities net of the expected return on plan assets is recorded in "Other financial income and expense."

Other creditors and current liabilities

"Other creditors and current liabilities" have maturities of less than one year.

Trade payables

This line item includes all operating payables (including notes payable and accrued supplier invoices) related to the purchase of goods and services including those related to media buying where the Company acts as agent. These payables are due within less than one year. However, any payable with a distant due date 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 creative advertising and media buying services is recognized on the date of publication or broadcast;
- for other customer arrangements (project-based arrangements, fixed-fee arrangements, time-based arrangements, etc.).

  Revenue under project-based agreements is recognized in the accounting period in which the service is rendered. Revenue under fixed-fee agreements is recognized on a straight-line basis, which reflects the nature and the scope of services rendered. Revenue under time-based agreements is recognized on the basis of work done;
- fees based on performance criteria.

  Revenue is recognized when the performance criteria have been met and the customer has confirmed its agreement.

Publicis Groupe stock option plans

The fair value of the options granted is recognized in employee benefits expense over the vesting period of the options. It is determined by an independent expert using the Black-Scholes model.

For plans whose exercise depends on the achievement of objectives (excluding market 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.

Publicis Groupe free share plans

The fair value of the free shares granted is recognized in employee benefits expense over the vesting period of the rights. This value is determined by an independent expert, and is equal to the market price per share on the date of the award, adjusted to reflect the expected loss of dividend(s) during the vesting period.

Non-current income and expenses

In order to facilitate the analysis of the Group's operational performance, Publicis records exceptional income and expenses in "Non-current income and expenses". This line item mainly includes gains and losses realized on the disposal of assets.

Operating margin

Operating margin is equal to revenue after deducting personnel expenses, other operating expenses (excluding other non-current income and expenses described above) and depreciation and amortization expense (excluding intangibles from acquisitions). The operating margin, which represents operating income expressed as a percentage of revenue, is an indicator used by the Group to measure the performance of cash-generating units and the Group as a whole.

Net borrowing cost and other financial income and expense

Net borrowing cost includes financial expenses on borrowings and interest income on cash and cash equivalents.

Other financial income and expense mainly includes the effects of unwinding discounts on vacant property and pension provisions (net return on plan assets), changes in the fair value of derivatives and foreign exchange gains and losses.

Income tax

Profit (loss) for the period is taxed based on the tax laws and regulations in force in the respective countries where the income is reported. Deferred taxes are reported using the balance sheet liability method for temporary differences between the tax value and the carrying amount of assets and liabilities at the reporting date.

Deferred tax assets are recorded for deductible temporary differences, tax loss carryforwards and unused tax credits to the extent that it is probable that there will be taxable profit (loss) for the period (either from the reversal of the temporary differences or generated by the entity) against which such items can be charged in future years.

The carrying amount of deferred tax assets is reviewed on every reporting date and reduced if it is no longer probable that there will be sufficient taxable profit (loss) for the period to take advantage of all or part of this asset. Deferred tax assets that are unrecognized are measured on every reporting date and recognized if it is likely that they will be usable against future taxable profit (loss) for the period.

Deferred tax assets and liabilities are measured on the basis of tax rates expected to be applicable in the year in which the asset is realized or the liability settled. The tax rates used are those that have been enacted, or virtually enacted, at the reporting date.

Earnings per share and diluted earnings per share (EPS and diluted EPS)

Earnings per share are calculated by dividing profit (loss) for the period attributable to ordinary shares by the weighted average number of ordinary shares outstanding during the period, including the effect of redemption of Oranes in shares, as Oranes are contractually redeemable in ordinary shares.

Diluted earnings per share are calculated by dividing net income attributable to common stock, after cancellation of interest on bonds redeemable for, or convertible into, ordinary shares, by the weighted average number of common shares outstanding during the period adjusted to reflect the effect of options, warrants and the conversion of bonds convertible into stock (Océanes). The calculation of diluted earnings per share reflects only instruments that are dilutive, i.e. that reduce earnings per share.

For Publicis Groupe stock options and warrants, the method applied is set forth below.

For the calculation of diluted earnings per share, all dilutive options and warrants are assumed to have been exercised.

The proceeds from the exercise of these instruments are deemed to have been received with the issue of ordinary shares at the average market price for ordinary shares during the period. That issue, which is presumed to be measured at fair value, is neither dilutive nor accretive and is not included 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 average market price must be treated as an issue of ordinary shares without proceeds and therefore as dilutive. This number is added to the denominator in the diluted earnings per share ratio.

Hence, options and warrants are dilutive only when the average price per share of ordinary shares during the period exceeds the options' or warrants' strike price (i.e. when they are "in the money").

In addition to these earnings per share (base and diluted), the Group calculates and regularly releases a "current" base and diluted EPS, similar to the one described above, expect with respect to the earnings figure used, which excludes:

- the items "impairment loss" and "amortization expense of intangibles from acquisitions",
- certain specifically designated items of exceptional income and expense recorded as "Non-current income (expense)."

1.4 Principal sources of uncertainty arising from use of estimates

The Group's financial position and earnings depend on the accounting methods applied and the assumptions, estimates and judgments made when the consolidated financial statements are prepared. The Group bases its estimates on its past experience and on a series of other assumptions considered reasonable under the circumstances to measure the amounts to be used for the Group's assets and liabilities. Actual outcomes may, however, vary significantly from these estimates.

The characteristics of the main accounting policies, 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 associated with them are factors to be taken into consideration. The Group makes estimates and assumptions regarding the future. The accounting estimates thus obtained will, by definition, rarely be exactly the same as the actual outcomes.

The main assumptions concerning future events, and other sources of uncertainty, relate to the use of estimates on the reporting date, when there is a significant risk that the estimates of the net carrying amount of the assets and liabilities will be modified in future years, i.e.:

- the fair value allocated to assets and liabilities acquired through business combinations;
- impairment of goodwill and intangible assets;
- accounting provisions, particularly for defined benefit pension liabilities and post-employment medical care;
- impairment of doubtful receivables;
- the fair-value measurement of stock options awarded under Publicis Groupe's stock option plans.

Detailed disclosures concerning these matters are provided in Notes 5, 20, 21, 26 and 28 below.

1.5 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 adjustments. The effect of these adjustments was recognized directly in 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 chose not to restate the prior classification and methods used for business combinations that took place before the transition date. As of that date, business combinations have been treated in accordance with IFRS 3, as of January 1, 2010, with the revised version of IFRS 3.

The gross amount of goodwill under IFRS at January 1, 2004 was deemed to be equal to the net amount of such goodwill under French accounting standards.

Translation adjustments

Publicis has elected not to identify and reconstitute translation adjustments or to recognize these as a separate line item in equity at the transition date to IFRS. Translation adjustments resulting from the translation of the financial statements of foreign companies were thus cancelled on the date of the 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 liabilities

Publicis opted to recognize all actuarial gains and losses in respect of employee benefit plans on the IFRS transition date. This treatment had already been applied in the 2004 consolidated financial statements prepared in accordance with French accounting standards.

Measurement of certain assets at fair value as deemed cost

Publicis elected to restate the building at 133, avenue des Champs-Élysées in Paris at its fair value and to treat this value as the cost on the date of transition to IFRS.

The fair value of this building on the transition date was 164 million euros, which represents an adjustment of 159 million euros compared with its value under the previous accounting standards as of that date. An independent appraiser conducted the valuation using the rent capitalization method.

Publicis Groupe stock option plans

Publicis applied IFRS 2 (Share-based payments) but only with respect to the plans offered after November 7, 2002.

Designation of financial assets at fair value through profit or loss or available for sale

Publicis elected to designate financial instruments at fair value through profit or loss or as securities available for sale on the transition date.

Note 2 Changes in the scope of consolidation

2.1 Acquisitions in 2010

The main acquisitions in the year were as follows:

- in April 2010, In-Sync, a healthcare communications group in Canada. Founded in 1989, In-Sync is a Toronto-based communications group specializing in healthcare and wellness;
- in May 2010, Resolute Communications Ltd, a strategic healthcare communications consultancy based in London;
- in November 2010, Eastwei Relations, an independent consultancy based in China, which specializes in public relations and strategic communications.

The acquisition cost (excluding cash and cash equivalents) of all entities that were fully consolidated with an exclusive takeover during the year totaled 107 million euros, 40 million of which was paid out during the period, 41 million in earn-out payments, and 26 million in commitments to buy out non-controlling interests. All acquisitions made over the year represented less than 1% of consolidated revenue or the positive contribution to consolidated net income attributable to equity holders of the parent company in 2010.

2.2 Acquisitions in 2009

Razorfish

Publicis Groupe acquired the Razorfish group (100% of the share capital of Razorfish and its Razorfish subsidiaries) from Microsoft in exchange for 6.5 million common shares of Publicis Groupe treasury stock plus 287 million USD (196 million euros) in cash, representing a total purchase price of 369 million euros.

Razorfish was consolidated on October 13, 2009, the date at which control was acquired.

ACQUISITION PRICE OF RAZORFISH STOCK AND TRANSACTION COSTS (A)	**371**
Non-current assets (1)	126
Current assets	19
TOTAL ASSETS (B)	**145**
Non-current liabilities	116
Current liabilities	11
TOTAL LIABILITIES (C)	**127**
NET ASSETS ACQUIRED BEFORE FAIR VALUE ADJUSTMENT (1) (D = B - C)	**18**
Client relationships	35
Trade name	41
Fair value adjustment of receivables outstanding	4
Vacant property provisions	(11)
Other adjustments	1
Tax impact of the above adjustments	5
TOTAL FAIR VALUE ADJUSTMENTS (E)	**75**
NET ASSETS ACQUIRED AFTER FAIR VALUE ADJUSTMENTS (F =D+E)	**93**
GOODWILL (G = A - F)	**278**

(1) Excluding goodwill and intangible assets related to acquisitions made by Razorfish and Microsoft.

The acquisition cost (excluding cash and cash equivalents acquired) of all of the other entities that were fully consolidated during the year totaled 23 million euros, 11 million of which was paid out during the period.

All acquisitions made over the year represented less than 2% of consolidated revenue or the positive contribution to consolidated net income attributable to equity holders of the parent company in 2009.

The Razorfish business is the result of a carve-out of a much larger group of businesses, and Razorfish's financial statements were not prepared or audited under IFRS. It is therefore impossible to be certain of the amount of revenue and earnings attributable to the combined Group (Publicis plus the 2009 acquisitions) during the fiscal year as if the acquisitions had been made on January 1, 2009.

2.3 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 Group acquired Performics Search Marketing Business, a leader in search marketing, whose technologies improve, in particular, the effectiveness of online advertising campaigns. The company is based in Chicago.

The acquisition cost (excluding cash and cash equivalents acquired) of all entities fully consolidated during the year totaled 177 million euros, 127 million euros of which was paid out during the period. All acquisitions made over the year represented less than 1% of consolidated revenue or the positive contribution to consolidated net income attributable to equity holders of the parent company in 2008.

2.4 Disposals in 2010, 2009 and 2008

The Group did not make any significant disposal in 2010, 2009 and 2008.

Companies sold contributed less than 0.5% to consolidated revenue and consolidated net income attributable to equity holders of the parent company in 2010. The same was true in 2009 and 2008.

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 and free share plans and expenses related to pensions (excluding the net effect of unwinding the discount on benefit obligations, which is included in "Other financial income and expense".

(in millions of euros)	2010	2009	2008
Compensation	(2,599)	(2,220)	(2,270)
Social security charges	(421)	(362)	(362)
Post-employment benefits	(76)	(63)	(73)
Stock option expense	(26)	(24)	(9)
Temporary employees and freelancers	(224)	(143)	(138)
TOTAL	**(3,346)**	**(2,812)**	**(2,852)**

Changes in and breakdown of headcount

BY REGION

	December 31, 2010	December 31, 2009	December 31, 2008
Europe	15,741	15,453	16,230
North America	17,306	15,384	14,556
Rest of the world	15,484	14,565	13,941
TOTAL	**48,531**	**45,402**	**44,727**

BY FUNCTION (IN %)

	December 31, 2010	December 31, 2009	December 31, 2008
Account planning and management	20%	20%	21%
Creative	17%	17%	18%
Production and specialized activities	23%	21%	17%
Media and research	22%	22%	23%
Administration and management	15%	16%	17%
Others	3%	4%	4%
TOTAL	**100%**	**100%**	**100%**

Note 4 Other operating expenses

Other operating expenses include all external charges other than production and media buying. They include rent, other lease expenses and other expenses related to the occupation of premises amounting to 315 million euros in 2010, compared with 308 million euros in 2009 and 275 million euros in 2008. They also include taxes (other than income tax) and similar payments, as well as additions to and reversals of provisions.

Note 5 Depreciation, amortization and impairment

(in millions of euros)	2010	2009	2008
Amortization of other intangible assets (excluding intangibles from acquisitions)	(19)	(11)	(15)
Depreciation of property, plant and equipment	(92)	(81)	(89)
DEPRECIATION AND AMORTIZATION EXPENSE (EXCLUDING INTANGIBLES FROM ACQUISITIONS)	(111)	(92)	(104)
AMORTIZATION OF INTANGIBLES FROM ACQUISITIONS	(34)	(30)	(29)
Impairment of intangibles from acquisitions	-	(2)	(6)
Goodwill impairment	-	(26)	(6)
Impairment of property, plant and equipment	(1)	-	(1)
IMPAIRMENT	(1)	(28)	(13)
TOTAL DEPRECIATION, AMORTIZATION AND IMPAIRMENT	**(146)**	**(150)**	**(146)**

Impairment of intangibles from acquisitions

Impairment tests were carried out on all of the Group's trade names, being mainly those recognized on acquisition of Bcom3 (Leo Burnett, Starcom, MS&L and Medicus) and the Fallon, Digitas and ZenithOptimedia trade names. 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 conducted by an independent expert.

As at December 31, 2010, the after-tax discount rates used in the valuations ranged from 8.5% to 11.0% (from 9.8% to 23.5% before tax).

These tests result in the Group recognizing impairment losses on Fallon client relationships for an amount of 0.2 million euros. These charges were determined using an after-tax discount rate of 11.0% (20.0% before tax).

As at December 31, 2009 and 2008, the after-tax discount rates used in the valuations ranged respectively from 8.5% to 11.5% (from 9.7% to 89.8% before tax) and from 8.5% to 11.5% (from 10.4% to 35.2% before tax).

These tests resulted in the Group recognizing impairment losses on the Business Interactif trade name and Webformance's client relationships and technologies for a total amount of 2 million euros in 2009. In 2008, impairment losses were recognized on the Medicus trade name for an amount of 3 million euros and on Webformance client relationships for an amount of 3 million euros.

Goodwill impairment

Impairment tests were performed on the cash-generating units, which consist of agencies or combinations of agencies.

The valuation that is required in order to perform the impairment test on the goodwill of Leo Burnett (which resulted from the allocation of goodwill from the acquisition of Bcom3) was carried out by an independent expert. This was also the case for the impairment test on VivaKi, which incorporates the Digitas, Starcom and Zenith cash-generating units and includes, in particular, goodwill on the Digitas US, Digitas France-Business Interactif entities.

Lastly, the allocation of goodwill to the Publicis Worldwide and MS&L Group brands was revised on January 1, 2010 by allocating all goodwill to agency networks, and not to lower levels, to reflect the real organization of agency networks and synergies and interactions between agency network entities. Impairment tests on agency networks were thus performed using the new allocation of goodwill, i.e. at the level of the Publicis Worldwide and MS & L Group agency networks, by an independent appraiser. The other impairment tests were performed by the Group.

As at December 31, 2010, the after-tax discount rates used ranged from 8.5% (10.8% before tax) to 10.5% (14.5% before tax). The terminal growth rate used in the projections ranged from 1.9% and 3.0%.

These tests did not result in the Group recognizing impairment losses.

As at December 31, 2009 and 2008, the after-tax discount rates used in the valuations ranged respectively from 8.0% (10.6% before tax) to 11.0% (12.7% before tax) and from 9.0% to 11.0% (from 12.0% to 15.6% before tax). The terminal growth rate used in the projections ranged from 0% and 3.0% in 2009 and 2008.

These tests results in the Group recognizing impairment losses totaling 26 million euros on Publicis Welcomm Korea (7 million euros), Duval Guillaume (6 million euros), BMZ AND MORE (4 million euros), Publicis Betterway (4 million euros), Winner & Associates (3 million euros) and Publicis Berlin (1 million euros) in 2009, and a goodwill impairment loss of 5 million euros on Global Events Management in 2008.

Furthermore, the carrying amounts of Leo Burnett and VivaKi goodwill were, respectively, 1,017 million euros (23.8% of the total carrying amount of goodwill) and 1,791 million euros (41.9% of the total carrying amount of goodwill) at December 31, 2010.

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, which was determined based on a five year business plan (2011-2015) and the following assumptions:

- discounting of future cash flows at a rate of 9.0% after tax (12.6% before tax);
- revenue growth over the period 2011-2015 in line with the average expected growth of creative agency networks;
- a terminal growth rate of 2.0%;
- a stable margin over the five years of the business plan and thereafter.

The value in use thus calculated is greater than the carrying amount of the Leo Burnett cash-generating unit. Therefore no impairment loss needs to be recognized. The use of a discount rate 1% higher leads to the same conclusion. This is also true for a 1% lower variation in:

- the terminal growth rate;
- revenue for 2011-2015;
- operating margin before depreciation and amortization.

VivaKi

The impairment test on VivaKi, including notably the goodwill on the Digitas US, Digitas France-Business Interactif and Razorfish entities, was performed on the basis of the value in use of this group of cash generating units, determined using five year business plans (2011-2015) and the following assumptions:

- discounting of future cash flows at a rate of 9.0% after tax (12.3% before tax);
- revenue growth over the period 2011-2015 in line with the average expected growth of the analog and digital media business;
- a terminal growth rate of 2.8%;
- a slightly increasing margin over the five years of the business plan.

The value in use thus calculated is greater than the carrying amount of all the cash-generating units grouped together in VivaKi. Therefore no impairment loss needs to be recognized. The use of a discount rate 1% higher leads to the same conclusion. This is also true for a 1% lower variation in:

- the terminal growth rate;
- revenue for 2011-2015;
- operating margin before depreciation and amortization.

Impairment of property, plant and equipment

In 2010, a 1 million euro impairment loss was recognized on tangible assets used in the operation of advertising space.

Note 6 Non-current income and expenses

This item includes unusual income and expenses, notably capital gains or losses on the disposal of assets.

(in millions of euros)	2010	2009	2008
Capital gains (losses) on the disposal of assets	14	6	2
Other non-current income and expenses	-	1	6
OTHER NON-CURRENT INCOME AND EXPENSES	**14**	**7**	**8**

Note 7 Financial income and expenses

(in millions of euros)	2010	2009	2008
Interest expense on loans and bank overdrafts	(72)	(65)	(102)
Interest expense on finance lease commitments	(9)	(8)	(8)
Financial expense	**(81)**	**(73)**	**(110)**
Financial income	16	12	29
COST OF NET FINANCIAL DEBT	(65)	(61)	(81)
Foreign exchange gains (losses)	22	(41)	17
Change in the fair value of derivatives	(28)	43	(11)
Financial expense related to unwinding of discount on long-term vacant property provisions (rate of 5%)	-	(2)	(3)
Net financial expense related to unwinding of discount on pension provisions	(7)	(9)	(4)
Dividends received from unconsolidated companies	2	2	2
Reversal of bad loan provision	-	(2)	1
OTHER FINANCIAL INCOME AND EXPENSES	(11)	(9)	2
TOTAL NET FINANCIAL INCOME AND (EXPENSES)	**(76)**	**(70)**	**(79)**

Note 8 Income taxes

Analysis of income tax expense

(in millions of euros)	2010	2009	2008
Current tax expense prior to use of tax loss carryforwards and tax credits	(243)	(232)	(171)
Tax loss carryforwards and tax credits which reduced current tax expense	38	62	50
TOTAL CURRENT TAX EXPENSE	(205)	(170)	(121)
Net deferred tax expense relating to the creation and reversal of temporary differences	(2)	5	(50)
Changes in write-downs of deferred tax assets and recognition of new deferred tax assets	(9)	19	(25)
TOTAL NET DEFERRED TAX INCOME (EXPENSE)	(11)	24	(75)
INCOME TAXES	**(216)**	**(146)**	**(196)**

Effective tax rate

The effective tax rate is obtained as follows:

(in millions of euros)	2010	2009	2008
Pre-tax income of consolidated companies before	759	559	672
Capital gain on the sale of land adjacent to the Leo Burnett building in Chicago	-	-	(6)
Goodwill impairment excluding the impairment used for tax losses not recognized in the Bcom3 acquisition	-	25	5
RESTATED PRE-TAX INCOME	**759**	**584**	**671**
French tax rate	34.43%	34.43%	34.43%
Expected tax expense:	**(261)**	**(201)**	**(231)**
Impact of:			
• differences in income tax rates	22	17	15
• income taxed at reduced rates	-	(4)	(2)
• use of prior tax losses and recognition of deferred tax assets in respect of prior year losses	38	62	50
• losses in year for which no deferred tax asset was recognized and provisions against deferred tax assets	(23)	(2)	(139)
• income tax expense on previous years [(1)]	(18)	-	-
• other permanent differences	26	(18)	111
Income taxes per the income statement:	**(216)**	**(146)**	**(196)**
Deferred tax assets related to the Océane 2014 [(2)]	-	(23)	-
INCOME TAX PER THE RESTATED INCOME STATEMENT	**(216)**	**(169)**	**(196)**
EFFECTIVE TAX RATE	**28.5%**	**28.9%**	**29.2%**

(1) In 2010, the Group made a tax payment of 18 million euros in relation to a dispute with the tax authority about a transaction that took place prior to 2010. The Group has appealed this decision.

(2) Impact of the deferred tax asset recognized in an amount equal to the deferred tax liabilities booked on the equity portion of the Océane 2014.

Tax effect on other comprehensive income

(in millions of euros)	December 31, 2010 Gross	Tax	Net	December 31, 2009 Gross	Tax	Net	December 31, 2008 Gross	Tax	Net
Valuation of available-for-sale investments at fair value	12	-	**12**	12	-	**12**	(15)	-	**(15)**
Actuarial gains and losses on defined benefit plans	(10)	4	**(6)**	(4)	1	**(3)**	(45)	16	**(29)**
Foreign exchange differences	297	-	**297**	(59)	-	**(59)**	(5)	-	**(5)**
TOTAL	**299**	**4**	**303**	**(51)**	**1**	**(50)**	**(65)**	**16**	**(49)**

Tax loss carryforwards

After the acquisition of Saatchi & Saatchi, the Group had around 503 million euros in tax loss carryforwards at its disposal related to Saatchi operations prior to the acquisition. No tax loss carryforwards have been unrecognized in the accounts since 2009. On December 31, 2008 the Group had unrecognized tax loss carryforwards of 5 million euros.

Furthermore, the Group had 286 million euros in tax loss carryforwards as at December 31, 2010 versus 387 million euros as at December 31, 2009 and 531 million euros as at December 31, 2008 (of which respectively 233 million euros, 346 million euros and 515 million euros can be carried forward indefinitely). These have not been recognized as deferred tax assets in the consolidated balance sheet because of uncertainty as to their availability for use.

Deferred tax recognized in the balance sheet

The deferred tax assets and liabilities are as follows:

(in millions of euros)	December 31, 2010	December 31, 2009	December 31, 2008
Short-term (less than 1 year)	62	60	59
Long-term (over 1 year)	308	227	214
Effect of offsetting deferred tax assets and liabilities among tax groups	(295)	(214)	(182)
TOTAL DEFERRED TAX ASSETS	75	73	91
Short-term	(7)	(31)	(36)
Long-term	(507)	(397)	(378)
Effect of offsetting deferred tax assets and liabilities among tax groups	295	214	182
TOTAL DEFERRED TAX LIABILITIES	(219)	(214)	(232)
NET DEFERRED TAX ASSETS (LIABILITIES)	**(144)**	**(141)**	**(141)**

The Group believes that the French tax known as the *contribution économique territoriale* (CET) is an extension of the *taxe professionnelle* (business tax), and therefore will continue to book it under "Other operating expenses". As such, the CET does not require the recognition of deferred taxes.

Source of deferred taxes

(in millions of euros)	December 31, 2010	December 31, 2009	December 31, 2008
Deferred tax assets arising on temporary differences (excluding Bcom3)	308	217	208
Deferred tax assets on hybrid bonds	7	8	9
Deferred tax assets on restructuring and property commitments related to the Bcom3 acquisition	12	17	27
Deferred tax assets arising on tax loss carryforwards	43	45	29
Effect of offsetting deferred tax assets and liabilities by tax group	(295)	(214)	(182)
TOTAL DEFERRED TAX ASSETS	**75**	**73**	**91**
Deferred tax liabilities arising on temporary differences (excluding hybrid financial instruments)	(163)	(80)	(63)
Deferred tax liabilities on hybrid bonds	(18)	(24)	-
Deferred tax liabilities on adjustment of asset and liability valuations due to acquisitions	(280)	(271)	(298)
Deferred tax liability arising on the Champs Élysées building being restated at fair value (as deemed cost)	(53)	(53)	(53)
Effect of offsetting deferred tax assets and liabilities by tax group	295	214	182
TOTAL DEFERRED TAX LIABILITIES	**(219)**	**(214)**	**(232)**
NET DEFERRED TAX ASSETS (LIABILITIES)	**(144)**	**(141)**	**(141)**

As at December 31, 2010, the deferred tax liabilities include tax on the revaluation of intangible assets made at the time of the acquisition of Zenith (25 million euros), Bcom3 (170 million euros) and Digitas (68 million euros), deferred taxes linked to the separation of the hybrid bonds (Océanes, Oranes) and deferred tax linked to the fair value being deemed as the cost of the building on the Champs Elysées on the date of transition to IFRS.

Note 9 Earnings per share

Earnings per share and diluted earnings per share

(in millions of euros, except for share data)		2010	2009	2008
Net income used for the calculation of earnings per share				
Group net income	**a**	**526**	**403**	**447**
Impact of dilutive instruments:				
• Savings in financial expenses related to the conversion of debt instruments, net of tax (1)		27	16	20
Group net income - diluted	**b**	**553**	**419**	**467**
Number of shares used to calculate earnings per share				
Average number of shares that make up the share capital		192,754,345	196,020,983	196,277,148
Treasury shares to be deducted (average for the year)		(10,912,268)	(15,633,664)	(16,651,410)
Shares to be issued to redeem the Oranes		20,307,677	21,869,806	22,911,225
Average number of shares used for the calculation	**c**	**202,149,754**	**202,257,125**	**202,536,963**
Impact of dilutive instruments:				
• Free shares and dilutive stock options (1)		4,389,680	1,770,247	137,404
• Warrants (1)		480,327	-	-
• Shares resulting from the conversion of convertible bonds (2)		28,450,700	16,839,972	18,054,574
Number of shares diluted	**d**	**235,470,461**	**220,867,344**	**220,728,941**
(in euros)				
EARNINGS PER SHARE	**a/c**	**2.60**	**1.99**	**2.21**
EARNINGS PER SHARE - DILUTED	**b/d**	**2.35**	**1.90**	**2.12**

(1) *Only stock options and warrants with a dilutive impact, i.e., whose strike price is lower than the average strike price, are included in the calculation. In 2010, all of the stock options and warrants not yet exercised at the year-end had a dilutive effect.*

(2) *Over the three years 2010, 2009 and 2008, all of the Océanes had a dilutive impact and are therefore factored into the calculation of diluted EPS.*

In January 2010, the Company redeemed 617,985 of the Océane 2018 bonds in cash after some of the bond holders exercised the early redemption option. This led to the cancellation of an equivalent number of potentially dilutive shares. Also, in May 2010 the Company bought back 7,500,000 shares from SEP Dentsu-Badinter with a view to immediate cancellation thus removing an equivalent number of shares from the share capital.

The redemption in July 2008 of the Océane 2008 bond on maturity led to the cancellation of 23,172,413 potentially dilutive shares. Conversely a new Océane was issued in June 2009 maturing in 2014, which led to the creation of 25,761,647 new potentially dilutive shares.

Headline earnings per share (basic and diluted)

(in millions of euros, except for share data)		2010	2009	2008
Net income used to calculate headline [1] earnings per share				
Group net income		526	403	447
Items excluded:				
• Amortization of intangibles from acquisitions, net of tax		21	18	18
• Impairment, net of tax		1	27	11
• Net capital gains (losses) on disposals of land, buildings and long-term real estate leases		(12)	(6)	(5)
• Deferred tax assets linked to the Océane 2014 [2]		-	(23)	-
Recurrent group net income	**e**	**536**	**419**	**471**
Impact of dilutive instruments:				
• Savings in financial expenses linked to the conversion of debt instruments, net of tax		27	16	20
Recurrent group net income, diluted	**f**	**563**	**435**	**491**
Number of shares used to calculate net earnings per share				
Average number of shares comprising the share capital		192,754,345	196,020,983	196,277,148
Treasury shares to be deducted (average for the year)		(10,912,268)	(15,633,664)	(16,651,410)
Shares to be issued to redeem the Oranes		20,307,677	21,869,806	22,911,225
Average number of shares used for the calculation	**c**	**202,149,754**	**202,257,125**	**202,536,963**
Impact of dilutive instruments:				
• Free shares and dilutive stock options		4,389,680	1,770,247	137,404
• Warrants		480,327	-	-
• Shares resulting from the conversion of the convertible bonds		28,450,700	16,839,972	18,054,574
Number of diluted shares	**d**	**235,470,461**	**220,867,344**	**220,728,941**
(in euros)				
HEADLINE EARNINGS PER SHARE [1]	**e/c**	**2.65**	**2.07**	**2.33**
HEADLINE EARNINGS PER SHARE - DILUTED [1]	**f/d**	**2.39**	**1.97**	**2.22**

(1) Net earnings per share before amortization of intangibles resulting from acquisitions, impairment, capital gains (losses) on disposal of land and buildings, and the deferred tax asset linked to the Océane 2014 bond.
(2) Impact of the deferred tax asset recognized in the amount of the deferred tax liability booked on the equity portion of the Océane 2014 bond.

Note 10 Goodwill

Publicis opted not to restate the classification and accounting methods used for business combinations before the date of transition to IFRS. As of this date, business combinations are treated in accordance with the provisions of IFRS 3 and goodwill and intangible assets with an indefinite useful life are no longer amortized. As of January 1, 2010 goodwill is treated in accordance with IFRS 3.

As at January 1, 2004, which was the transition date, the gross carrying amount of goodwill under IFRS was equal to the gross amount of goodwill under French accounting standards minus accumulated amortization.

The following is an analysis of the goodwill balances of consolidated companies:

(in millions of euros)	Europe	North America	Latin America	Asia Pacific	Middle East & Africa	Total
NET VALUE ON DECEMBER 31, 2009	1,224	2,192	136	317	59	3,928
2010 financial year:						
• Gross goodwill on January 1, 2010	1,304	2,206	156	341	67	4,074
• Changes over the year (incl. translation adjustments)	70	169	60	57	-	356
TOTAL GROSS VALUE	1,374	2,375	216	398	67	4,430
Impairment	(80)	(14)	(22)	(27)	(9)	(152)
TOTAL NET VALUE ON DECEMBER 31, 2010	**1,294**	**2,361**	**194**	**371**	**58**	**4,278**

Changes in goodwill

(in millions of euros)	Gross amount	Impairment	Net amount
JANUARY 1, 2008	3,668	(122)	3,546
Acquisitions	149		149
Impairment		(6)	(6)
Changes related to the recognition of commitments to purchase non-controlling interests (minority interests) (1)	(21)		(21)
Disposals and derecognition	-	-	-
Translation adjustments and other	21	4	25
DECEMBER 31, 2008	3,817	(124)	3,693
Acquisitions	293	-	293
Impairment	-	(26)	(26)
Changes related to the recognition of commitments to purchase non-controlling interests (minority interests) (1)	23	-	23
Disposals and derecognition	-	-	-
Translation adjustments and other	(59)	4	(55)
DECEMBER 31, 2009	4,074	(146)	3,928
Acquisitions	68	-	68
Impairment	-	-	-
Changes related to the recognition of commitments to purchase non-controlling interests (minority interests) (1)	45	-	45
Disposals and derecognition	(1)	1	-
Translation adjustments and other	244	(7)	237
DECEMBER 31, 2010	**4,430**	**(152)**	**4,278**

(1) *Pending a specific interpretation of IFRIC or IFRS, commitments to purchase non-controlling interests are booked under borrowings with a corresponding entry to goodwill. Any future variations in non-controlling interests and any revaluation of the commitment will change the goodwill recognized on the business combinations prior to January 1, 2010.*

As of this date, the gross amount of goodwill on the Bcom3 acquisition amounts to 1,678 million euros. Impairment recognized on this goodwill amounts to 21 million euros. It does not correspond to an actual impairment but rather to the application of IFRS 3 (in accordance with IAS 12), which requires the revision of goodwill up to the amount of the tax savings made as a result of the Bcom3 tax loss carryforwards that were created prior to the Group's acquisition in 2004. As of January 1, 2010 these IFRS 3 provisions are no longer applicable.

As regards the main acquisition in 2009, the acquisition price of Razorfish was fully allocated in 2009. The price adjustment provisions and elements that were identified afterwards caused a variation in goodwill since the date of acquisition of 3 million euros.

There was no major acquisition in 2010 or in 2008.

Note 11 Intangible assets, net

Changes in intangible assets with a defined useful life

	Client relationships			Software, technology and other		
(in millions of euros)	Gross amount	Amortization/ Impairment	Net amount	Gross amount	Amortization/ Impairment	Net amount
JANUARY 1, 2008	**623**	**(241)**	**382**	**134**	**(101)**	**33**
Acquisitions	-	-	-	13	-	13
Amortization	-	(27)	(27)	-	(16)	(16)
Impairment	-	(3)	(3)	-	-	-
Disposals and derecognition	-	-	-	(8)	6	(2)
Translation and other	7	(6)	1	2	(1)	1
DECEMBER 31, 2008	**630**	**(277)**	**353**	**141**	**(112)**	**29**
Acquisitions	35	-	35	25	-	25
Amortization	-	(27)	(27)	-	(14)	(14)
Impairment	-	-	-	-	-	-
Disposals and derecognition	-	-	-	(3)	4	1
Translation and other	(11)	6	(5)	4	(6)	(2)
DECEMBER 31, 2009	**654**	**(298)**	**356**	**167**	**(128)**	**39**
Acquisitions	-	-	-	22	-	22
Amortization	-	(32)	(32)	-	(21)	(21)
Impairment	-	-	-	-	-	-
Disposals and derecognition	-	-	-	(8)	6	(2)
Translation and other	37	(13)	24	9	(12)	(3)
DECEMBER 31, 2010	**691**	**(343)**	**348**	**190**	**(155)**	**35**

Changes in intangible assets with an indefinite useful life and in total intangible assets

	Trademarks			Total intangible assets		
(in millions of euros)	Gross amount	Impairment	Net amount	Gross amount	Amortization/ Impairment	Net amount
JANUARY 1, 2008	439	(28)	411	1,196	(370)	826
Acquisitions	-	-	-	13	-	13
Amortization	-	(1)	(1)	-	(44)	(44)
Impairment	-	(3)	(3)	-	(6)	(6)
Disposals and derecognition	-	-	-	(8)	6	(2)
Translation and other	7	(2)	5	16	(9)	7
DECEMBER 31, 2008	446	(34)	412	1,217	(423)	794
Acquisitions	41	-	41	101	-	101
Amortization	-	-	-	-	(41)	(41)
Impairment	-	(2)	(2)	-	(2)	(2)
Disposals and derecognition	-	-	-	(3)	4	1
Translation and other	(12)	1	(11)	(19)	1	(18)
DECEMBER 31, 2009	475	(35)	440	1,296	(461)	835
Acquisitions	-	-	-	22	-	22
Amortization	-	(1)	(1)	-	(54)	(54)
Impairment	-	-	-	-	-	-
Disposals and derecognition	-	-	-	(8)	6	(2)
Translation and other	36	(2)	34	82	(27)	55
DECEMBER 31, 2010	**511**	**(38)**	**473**	**1,392**	**(536)**	**856**

Valuation of intangible assets

Valuation tests carried out by an independent expert at the close of financial year 2010 led to the recognition of an impairment of less than 1 million euros on client relationships (see Note 5).

Note 12 Property, plant and equipment, net

(in millions of euros)	Land and buildings	Other	Total
GROSS AMOUNT ON JANUARY 1, 2008	289	848	1,137
Increases	-	79	79
Decreases	(13)	(54)	(67)
Changes to consolidation scope	-	1	1
Translation and other	(1)	(11)	(12)
GROSS AMOUNT ON DECEMBER 31, 2008	275	863	1,138
Increases	1	50	51
Decreases	(1)	(60)	(61)
Changes to consolidation scope	-	15	15
Translation and other	(1)	(3)	(4)
GROSS AMOUNT ON DECEMBER 31, 2009	274	865	1,139
Increases	-	91	91
Decreases	(14)	(82)	(96)
Changes to consolidation scope	-	3	3
Translation and other	7	52	59
GROSS AMOUNT ON DECEMBER 31, 2010	**267**	**929**	**1,196**
ACCUMULATED DEPRECIATION ON DECEMBER 31, 2009	(37)	(644)	(681)
Increases	(4)	(88)	(92)
Decreases	5	77	82
Changes to consolidation scope	-	(1)	(1)
Translation and other	(2)	(38)	(40)
ACCUMULATED DEPRECIATION ON DECEMBER 31, 2010	(38)	(694)	(732)
NET AMOUNT ON DECEMBER 31, 2010	**229**	**235**	**464**

Land and buildings

On December 31, 2010, the net amount of the property assets directly owned by Publicis amounted to 173 million euros.

The Group's main property asset is its corporate headquarters located at 133 avenue des Champs-Élysées, in Paris. This seven-story building includes around 12,000 square meters of office space occupied by Group companies, and 1,500 square meters of commercial space, occupied by Publicisdrugstore and two public cinemas.

Other property, plant and equipment

The Group owns a considerable array of IT equipment used for the creation and production of advertising, the management of media buying and administrative work.

Assets under finance lease

The total net amount of assets under finance lease in the consolidated balance sheet stood at 57 million euros on December 31, 2010.

These mainly concern the Leo Burnett building located at 35 West Wacker Drive in Chicago, Illinois, USA. The finance lease on this building represents a gross amount of 80 million euros depreciated over 30 years.

The following are the amounts related to finance leases included under property, plant and equipment:

(in millions of euros)	December 31, 2010	December 31, 2009	December 31, 2008
Gross amount of buildings	82	76	78
Depreciation	(25)	(21)	(19)
NET AMOUNT	**57**	**55**	**59**

Note 13 Investments in associates

Investments accounted using the equity method amounted to 140 million euros on December 31, 2010 (versus 49 million euros on December 31, 2009 and 44 million euros on December 31, 2008).

(in millions of euros)	Value in balance sheet
AMOUNT ON JANUARY 1, 2008	49
Acquisitions	-
Disposals	-
Share of profit of associates	2
Dividends paid	(10)
Effect of translation and other	3
AMOUNT ON DECEMBER 31, 2008	44
Acquisitions	3
Disposals	-
Share of profit of associates	4
Dividends paid	(8)
Effect of translation and other	6
AMOUNT ON DECEMBER 31, 2009	49
Acquisitions	84
Disposals	(1)
Share of profit of associates	8
Dividends paid	(14)
Effect of translation and other	14
AMOUNT ON DECEMBER 31, 2010	**140**

The main balances in the balance sheets and income statements of associates are as follows:

(in millions of euros) Share in balance sheets of associates	December 31, 2010	December 31, 2009	December 31, 2008
Non-current assets	124	23	20
Current assets	134	138	139
TOTAL ASSETS	258	161	159
Non-current liabilities	6	2	3
Current liabilities	112	110	112
TOTAL LIABILITIES	118	112	115
NET ASSETS	**140**	**49**	**44**

(in millions of euros) Share in results of associates	2010	2009	2008
Revenue	116	91	108
Net income	8	4	2
Carrying amount of the investment	140	49	44

The Group's main associates are Talent Group, Bartle Bogle Hegarty (BBH), Spillman Felser Leo Burnett, Bromley Communications and Burrell Communications. As at December 31, 2010, the carrying amount of these five associates stood at 89 million, 15 million, 9 million, 7 million and 6 million euros respectively.

In October 2010, Publicis acquired a 49% stake in Talent Group, which is located in Brazil. Talent Group has two agencies: Talent, which was founded in 1980, and QG, which was founded in 1991. The Group may at a later stage become the majority shareholder of Talent Group.

iSe, which was jointly created in 2003 by Publicis (45%) and Dentsu (45%), managed the "Hospitality and Prestige Ticketing" program for the 2006 World Cup football championship. This company went into liquidation in 2007 and was wound up in the first half of 2010.

Following the acquisition of Razorfish in 2009, the Group held a 19.35% stake in Dentsu Razorfish for 4 million euros.

Note 14 Other financial assets

"Other financial assets" mainly include investments classified as "available for sale".

Balances related to "other non-current financial assets" maturing in less than one year are classified under current assets.

(in millions of euros)	December 31, 2010	December 31, 2009	December 31, 2008
Available-for-sale financial assets			
• IPG securities	39	25	14
• Other	7	7	7
Receivables attached to equity interests	9	5	14
Other financial assets	76	84	92
Gross amount	**131**	**121**	**127**
Impairment	(18)	(27)	(26)
NET AMOUNT	**113**	**94**	**101**

Publicis owned 0.99% of Interpublic Group (IPG) as at December 31, 2010, an unconsolidated equity investment classified as available-for-sale investments. The historical price of the IPG shares was 3.87 US dollars. The listed share price as at December 31, 2010 was 10.62 US dollars.

SUMMARY DATA ON IPG (LATEST REPORTED CONSOLIDATED FIGURES)

(in millions of dollars)	2009
Revenue	6,028
Net income	94
SHAREHOLDERS' EQUITY AS AT DECEMBER 31	**2,536**

Note 15 Inventory and work in progress

(in millions of euros)	December 31, 2010	December 31, 2009	December 31, 2008
Gross amount	**327**	**295**	**326**
Impairment of inventory and work in progress	(1)	(5)	(7)
NET AMOUNT	**326**	**290**	**319**

In financial year 2010, the write down booked on inventory and work in progress was zero, while write backs amounted to 4 million euros.

Note 16 Accounts receivable

(in millions of euros)	December 31, 2010	December 31, 2009	December 31, 2008
Trade accounts receivable [(1)]	6,046	4,962	4,925
Notes receivable	10	11	9
GROSS AMOUNT	**6,056**	**4,973**	**4,934**
Opening impairment	(98)	(91)	(75)
Impairment over the year	(33)	(42)	(35)
Reversals during the year	29	36	19
Changes in consolidation scope	-	(1)	-
Translation and other	(1)	-	-
Closing impairment	**(103)**	**(98)**	**(91)**
NET AMOUNT	**5,953**	**4,875**	**4,843**

(1) Including invoiced trade receivables of 4,680 million euros as at December 31, 2010, 3,811 million euros as at December 31, 2009 and 3,798 million euros as at December 31, 2008.

Note 17 Other receivables and current assets

(in millions of euros)	December 31, 2010	December 31, 2009	December 31, 2008
Taxes and other receivables from the government	197	187	183
Advances to suppliers	221	185	272
Prepayments	55	56	55
Derivatives hedging current assets and liabilities	3	1	10
Derivatives on intercompany loans and borrowings	5	30	23
Derivatives hedging the fair value of Eurobond 2012 and 2015 (1)	15	15	7
Other receivables and other current assets	82	79	81
Gross amount	**578**	**553**	**631**
Impairment	(6)	(5)	(3)
NET AMOUNT	**572**	**548**	**628**

(1) As at December 31, 2009, the fair value of the derivative hedging the Eurobond 2015 was negative and is therefore presented under "other creditors and current liabilities" (see Note 23).

Note 18 Cash and cash equivalents

(in millions of euros)	December 31, 2010	December 31, 2009	December 31, 2008
Cash and bank balances	169	304	449
Short-term liquid investments	1,995	1,276	418
TOTAL	**2,164**	**1,580**	**867**

The short-term liquid investments mainly include UCITS (open-ended investment funds) classified by the AMF as "*monétaire euro*" and are subject to very low risk of a change in value.

Note 19 Shareholders' equity

The table of changes in shareholders' equity is presented along with the other consolidated financial statements.

Share capital of the parent company

The following are the changes in the share capital over the last three years:

(in shares)	2010	2009	2008
Share capital on January 1	197,583,112	196,020,983	202,387,354
Capital increase	1,562,129	1,562,129	1,562,129
Exercise of stock options	-	-	71,500
Cancellations	(7,500,000)	-	(8,000,000)
SHARES COMPRISING THE SHARE CAPITAL ON DECEMBER 31	**191,645,241**	**197,583,112**	**196,020,983**
Treasury shares on December 31	(9,274,171)	(10,414,344)	(17,166,682)
SHARES IN CIRCULATION ON DECEMBER 31	**182,371,070**	**187,168,768**	**178,854,301**

Publicis Groupe's share capital decreased by 2,375,148 euros in 2010, corresponding to 5,937,871 shares with a par value of 0.40 euro:

- 1,562,129 shares were issued as part of the redemption of the sixth tranche of the Orane (see Note 24 – Off-balance sheet commitments – Commitments related to loans and Oranes),
- (7,500,000) shares were cancelled after the buyback on May 10, 2010 of part of the shares owned by SEP Dentsu/E. Badinter for 218 million euros. This came after the statement of intent by Dentsu indicating that it was selling part of the Publicis Groupe shares held via SEP Dentsu/E. Badinter.

As at December 31, 2010 the share capital totaled 76,658,096 euros, split into 191,645,241 shares with a par value of 0.40 euro.

Neutralization of the treasury shares existing on December 31, 2010

Treasury shares held at the end of the year, including those owned under the liquidity contract, are deducted from the share capital.

The portfolio of treasury shares showed the following movements in 2008, 2009 and 2010:

	Number of shares	Gross amount (in millions of euros)
TREASURY SHARES HELD ON DECEMBER 31, 2007 (1)	18,786,943	522
Cancellations	(8,000,000)	(221)
Acquisitions (excluding liquidity contract)	8,047,583	196
Disposals (exercise of stock options)	(1,120,344)	(30)
Movements as part of the liquidity contract:		
• Termination of contract with Rothschild	(547,500)	(18)
• New contract signed with Société Générale	-	-
TREASURY SHARES HELD ON DECEMBER 31, 2008 (1)	17,166,682	449
Acquisition of Razorfish partly paid in shares	(6,500,000)	(170)
Acquisitions (excluding liquidity contract)	31,040	1
Disposals (exercise of stock options)	(286,878)	(8)
Movements as part of the liquidity contract	3,500	-
TREASURY SHARES HELD ON DECEMBER 31, 2009 (1)	10,414,344	272
Repurchase of shares held by SEP Dentsu-Badinter	7,500,000	218
Cancellation of shares purchased from SEP Dentsu-Badinter	(7,500,000)	(218)
Other acquisitions (excluding liquidity contract)	2,487,959	73
Disposals (exercise of stock options)	(3,624,632)	(97)
Movements as part of the liquidity contract	(3,500)	-
TREASURY SHARES HELD ON DECEMBER 31, 2010 (1)	**9,274,171**	**248**

(1) Including shares held as part of the liquidity contract (none on December 31, 2010, 3,500 shares on December 31, 2009 and none on December 31, 2008).

Dividends proposed and voted

	Per share (in euros)	Total (in millions of euros)
Dividends paid in 2010 (for FY 2009)	0.60	107
Dividends proposed to the AGM (for FY 2010)	0.70	134 (1)

(1) For all shares in circulation as at December 31, 2010, including treasury shares.

The proposed dividend payment for financial year 2010 will have no fiscal impact for the Company.

Capital management

The Group's policy is to maintain a solid capital base in order to maintain the confidence of investors, creditors and the market and to support future activity development. The management pays particular attention to the debt-to-equity ratio, which is defined as net debt (financial debt less cash and cash equivalents) divided by shareholders' equity (including minority interests) and has calculated that the ideal debt-to-equity ratio is less than 0.50. On December 31, 2010 the debt-to-equity ratio was less than zero versus 0.14 on December 31, 2009 and 0.29 on December 31, 2008.

The management also pays close attention to the pay-out ratio, defined as dividends per share divided by earnings per share. This ratio should be 26.1% for financial year 2010 based on the dividend amount (0.70 euro per share) to be proposed at the next General Shareholders' Meeting, compared with 30.2% and 27.1% respectively for financial years 2009 and 2008.

The Group buys back its own shares on the market in accordance with the authorization delegated to the Management Board by the General Shareholders' Meeting of June 3, 2008, which was renewed by the General Shareholders' Meetings of June 9, 2009 and that of June 1, 2010.

In 2008, 2009 and 2010, the Group directly purchased its own shares in order to meet its obligations with regard to stock option plans or the cancellation of shares. During said years, the Group indirectly purchased and sold its own shares through the intermediary of an investment services provider acting in the name and on behalf of Publicis Groupe S.A., independently and without being influenced by it, as part of a liquidity contract compliant with a code of conduct recognized by the *Autorité des marchés financiers* (the French regulatory authority).

The General Shareholders' Meetings of June 9, 2009 and of June 1, 2010 also renewed the authorization granted to the Group's Management Board to reduce the share capital through the cancellation of shares held by Publicis Groupe S.A. up to a limit of 10% of the share capital for a period of 26 months.

Note 20 Provisions for liabilities and charges

(in millions of euros)	Restructuring	Vacant property commitments	Sub-total	Pension and other retirement benefits	Litigation and claims	Other	Total
JANUARY 1, 2008	25	109	134	223	27	172	556
Increases	17	9	**26**	25	2	41	**94**
Releases	(13)	(18)	**(31)**	(31)	(3)	(38)	**(103)**
Other releases	(1)	(17)	**(18)**	-	(3)	(23)	**(44)**
Changes in consolidation scope	-	-	**-**	-	-	-	**-**
Actuarial losses (gains)	-	-	**-**	45	-	-	**45**
Translation and other	(3)	-	**(3)**	-	2	22	**21**
DECEMBER 31, 2008	25	83	108	262	25	174	569
Increases	22	14	**36**	19	6	43	**104**
Releases	(20)	(19)	**(39)**	(32)	(14)	(25)	**(110)**
Other releases	(1)	(6)	**(7)**	-	(1)	(6)	**(14)**
Changes in consolidation scope	-	11	**11**	-	-	1	**12**
Actuarial losses (gains)	-	-	**-**	4	-	-	**4**
Translation and other	(2)	(5)	**(7)**	(5)	1	(5)	**(16)**
DECEMBER 31, 2009	24	78	102	248	17	182	549
Increases	11	12	**23**	22	7	71	**123**
Releases	(18)	(17)	**(35)**	(29)	(7)	(25)	**(96)**
Other releases	-	(14)	**(14)**	(2)	-	(8)	**(24)**
Changes in consolidation scope	-	-	**-**	3	-	-	**3**
Actuarial losses (gains)	-	-	**-**	10	-	-	**10**
Translation and other	5	4	**9**	7	(2)	(3)	**11**
DECEMBER 31, 2010	**22**	**63**	**85**	**259**	**15**	**217**	**576**
Of which short-term	15	17	**32**	32	8	46	**118**
Of which long-term	7	46	**53**	227	7	171	**458**

Provisions for restructuring and vacant property

The majority of the provisions for restructuring and vacant property relate to the acquisition of Bcom3.

Provisions for restructuring

These include an estimate of the closure or restructuring costs of certain activities resulting from plans that were announced but not yet executed at the end of 2010 (mainly severance pay). The plans are detailed by project and by type, and are approved in advance by the senior management. They are managed centrally to ensure that the provision is applied based on the actual costs incurred and to justify the remaining balance at the year-end on the basis of the outstanding cost to be incurred.

Provisions for vacant property

These mainly concern a provision booked in relation to the acquisition of Bcom3 for the amount of 19 million euros as at December 31, 2010. They primarily concern the city of New York and notably the lease of the building located at 375 Hudson Street for an amount of 13 million euros. The valuations were made by discounting the rent payable, less income expected from sub-leasing, at an annual rate of 5%.

Obligations in respect of employee benefits

The obligations in respect of employee benefits (see Note 21) include:

- defined benefit pension plans;
- retirement medical plans;
- long-term benefits such as deferred compensation and long-service rewards.

Note 21 Pension commitments and other retirement benefits

The Group has a certain number of obligations under defined benefit pension plans (pension payments and medical coverage). Its commitments under material plans are valued on an annual basis in accordance with IAS 19.

The defined benefit pension plans were valued by independent experts in the United States, the United Kingdom, Germany, France and Japan.

Change in the actuarial benefit obligation

	December 31, 2010			December 31, 2009			December 31, 2008		
(in millions of euros)	Pension plans	Health cover	Total	Pension plans	Health cover	Total	Pension plans	Health cover	Total
Opening actuarial benefit obligation	**(410)**	**(18)**	**(428)**	**(378)**	**(20)**	**(398)**	**(420)**	**(21)**	**(441)**
Cost of services rendered during the year	(9)	-	(9)	(11)	-	(11)	(16)	-	(16)
Interest expense on benefit obligation	(23)	(1)	(24)	(22)	(1)	(23)	(21)	(1)	(22)
Contributions by plan participants	-	(1)	(1)	-	(1)	(1)	-	(1)	(1)
Amendments to the plans	-	-	-	-	-	-	(3)	-	(3)
Acquisitions, disposals	(6)	-	(6)	-	-	-	-	-	-
Reductions in headcount and plan settlements	-	1	1	3	1	4	1	-	1
Actuarial gains (losses)	(12)	(4)	(16)	(25)	-	(25)	23	1	24
Benefits paid	21	2	23	28	2	30	25	2	27
Translation adjustments	(20)	(1)	(21)	(5)	1	(4)	33	-	33
ACTUARIAL BENEFIT OBLIGATION AT YEAR-END	**(459)**	**(22)**	**(481)**	**(410)**	**(18)**	**(428)**	**(378)**	**(20)**	**(398)**

Change in the fair value of plan assets

(in millions of euros)	December 31, 2010 Pension plans	December 31, 2010 Health cover	December 31, 2010 Total	December 31, 2009 Pension plans	December 31, 2009 Health cover	December 31, 2009 Total	December 31, 2008 Pension plans	December 31, 2008 Health cover	December 31, 2008 Total
Fair value of plan assets at start of year	**232**	**-**	**232**	**193**	**-**	**193**	**274**	**-**	**274**
Actuarial return on plan assets	27	-	27	35	-	35	(51)	-	(51)
Employer contributions	19	-	19	18	-	18	20	-	20
Contributions by plan participants	-	-	-	-	-	-	-	-	
Amendments to the plans	-	-	-	-	-	-	-	-	-
Acquisitions, disposals	3	-	3	-	-	-	-	-	-
Reductions in headcount and plan settlements	-	-	-	-	-	-	-	-	-
Benefits paid	(14)	-	(14)	(19)	-	(19)	(19)	-	(19)
Translation adjustments	12	-	12	5	-	5	(31)	-	(31)
FAIR VALUE OF PLAN ASSETS AT YEAR-END	**279**	**-**	**279**	**232**	**-**	**232**	**193**	**-**	**193**
SURPLUS (DEFICIT)	**(180)**	**(22)**	**(202)**	**(178)**	**(18)**	**(196)**	**(185)**	**(20)**	**(205)**
Unrecognized past service costs	1	(6)	(5)	2	(7)	(5)	1	(8)	(7)
EFFECT OF CEILING ON VALUE OF ASSETS	**(5)**	**-**	**(5)**	**(1)**	**-**	**(1)**	**(1)**	**-**	**(1)**
Net provision for defined benefit pension commitments and retirement medical coverage	(184)	(28)	(212)	(177)	(25)	(202)	(185)	(28)	(213)
Provision for other long-term benefits	(47)	-	(47)	(46)	-	(46)	(49)	-	(49)
TOTAL PROVISION FOR PENSION COMMITMENTS AND OTHER RETIREMENT BENEFITS	**(231)**	**(28)**	**(259)**	**(223)**	**(25)**	**(248)**	**(234)**	**(28)**	**(262)**

Net periodic pension cost

(in millions of euros)	December 31, 2010 Pension plans	December 31, 2010 Health cover	December 31, 2010 Total	December 31, 2009 Pension plans	December 31, 2009 Health cover	December 31, 2009 Total	December 31, 2008 Pension plans	December 31, 2008 Health cover	December 31, 2008 Total
Cost of services rendered during the year	(9)	-	(9)	(11)	-	(11)	(16)	-	(16)
Interest expense on benefit obligation (1)	(23)	(1)	(24)	(22)	(1)	(23)	(21)	(1)	(22)
Expected return on plan assets (1)	17	-	17	14	-	14	18	-	18
Amortization of unrecognized past service costs	-	1	1	-	1	1	(1)	1	-
Reductions in headcount and plan settlements	-	1	1	3	1	4	1	-	1
Cost of defined benefit regimes	**(15)**	**1**	**(14)**	**(16)**	**1**	**(15)**	**(19)**	**-**	**(19)**
Cost of other plans (including defined contribution plans)	**(69)**	**-**	**(69)**	**(57)**	**-**	**(57)**	**(58)**	**-**	**(58)**
TOTAL PENSION COST	**(84)**	**1**	**(83)**	**(73)**	**1**	**(72)**	**(77)**	**-**	**(77)**

(1) A net financial expense of 7 million euros in 2010 classified under "Other financial income and expenses" (see Note 7).

Historical data and analysis of experience adjustments

	Pension plans				
(in millions of euros)	2010	2009	2008	2007	2006
Actuarial benefit obligations	(459)	(410)	(378)	(420)	(454)
Fair value of plan assets	279	232	193	274	277
PLAN SURPLUS (DEFICIT)	(180)	(178)	(185)	(146)	(177)
Actuarial gains (losses) arising from changes in assumptions	(22)	(32)	25	1	(4)
Actuarial gains (losses) arising from experience adjustments	10	7	(2)	5	(3)
ACTUARIAL GAINS (LOSSES) GENERATED ON BENEFIT OBLIGATION	(12)	(25)	23	6	(7)
Actuarial gains (losses) arising from experience adjustments	10	21	(69)	6	7
ACTUARIAL GAINS (LOSSES) GENERATED ON PLAN ASSETS	10	21	(69)	6	7
TOTAL ACTUARIAL GAINS (LOSSES) FOR THE PERIOD	**(2)**	**(4)**	**(46)**	**12**	**-**

	Health cover				
(in millions of euros)	2010	2009	2008	2007	2006
Actuarial benefit obligation	(22)	(18)	(20)	(21)	(24)
Fair value of plan assets	-	-	-	-	-
PLAN SURPLUS (DEFICIT)	(22)	(18)	(20)	(21)	(24)
Actuarial gains (losses) arising from changes in assumptions	(2)	-	-	-	8
Actuarial gains (losses) arising from experience adjustments	(2)	-	1	(1)	(3)
ACTUARIAL GAINS (LOSSES) GENERATED ON THE BENEFIT OBLIGATION	(4)	-	1	(1)	5
Actuarial gains (losses) arising from experience adjustments	-	-	-	-	-
ACTUARIAL GAINS (LOSSES) GENERATED ON THE PLAN ASSETS	-	-	-	-	-
TOTAL ACTUARIAL GAINS (LOSSES) FOR THE PERIOD	**(4)**	**-**	**1**	**(1)**	**5**

Allocation of plan assets

	2010	2009	2008
Shares	55.6%	55.6%	54.8%
Bonds	41.3%	39.5%	41.0%
Real estate	1.8%	1.8%	3.2%
Other	1.3%	3.1%	1.0%
TOTAL	**100%**	**100%**	**100%**

Estimate of employer contributions and of future benefits payable

(in millions of euros)	Pension plans	Health cover	Total
Estimated employer contributions in 2010	15	-	15

	December 31, 2010		
(in millions of euros)	Pension plans	Health cover	Total
Estimated future benefits payable			
2011	30	2	32
2012	31	2	33
2013	26	2	28
2014	30	2	32
2015	28	2	30
Years 2016 to 2020	136	8	144
TOTAL OVER THE NEXT 10 FINANCIAL YEARS	**281**	**18**	**299**

Breakdown between US and non-US plans

	December 31, 2010			December 31, 2009			December 31, 2008		
(in millions of euros)	US	Non US	Total	US	Non US	Total	US	Non US	Total
Actuarial benefit obligation at year-end	(200)	(281)	(481)	(177)	(251)	(428)	(175)	(223)	(398)
Fair value of plan assets at year-end	117	162	279	94	138	232	81	112	193
Surplus (deficit)	**(83)**	**(119)**	**(202)**	**(83)**	**(113)**	**(196)**	**(94)**	**(111)**	**(205)**
Unrecognized past service cost	(6)	1	(5)	(7)	2	(5)	(9)	2	(7)
Impact of ceiling on plan assets	-	(5)	(5)	-	(1)	(1)	-	(1)	(1)
NET PROVISION FOR DEFINED BENEFIT PENSION COMMITMENTS	**(89)**	**(123)**	**(212)**	**(90)**	**(112)**	**(202)**	**(103)**	**(109)**	**(212)**

	December 31, 2010			December 31, 2009			December 31, 2008		
(in millions of euros)	US	Non US	Total	US	Non US	Total	US	Non US	Total
Cost of services rendered during the year (1)	-	(9)	(9)	(2)	(9)	(11)	(8)	(8)	(16)
Interest expense on benefit obligation	(10)	(14)	(24)	(11)	(12)	(23)	(9)	(13)	(22)
Expected return on plan assets	8	9	17	6	8	14	8	10	18
Amortization of unrecognized past service cost	1	-	1	1	-	1	-	-	-
Reductions in headcount and plan settlements	-	1	1	-	4	4	-	1	1
COST OF DEFINED BENEFIT PLAN	**(1)**	**(13)**	**(14)**	**(6)**	**(9)**	**(15)**	**(9)**	**(10)**	**(19)**
Cost of other plans (including defined contribution plans)	**(38)**	**(31)**	**(69)**	**(31)**	**(26)**	**(57)**	**(29)**	**(29)**	**(58)**
NET PERIODIC PENSION COST	**(39)**	**(44)**	**(83)**	**(37)**	**(35)**	**(72)**	**(38)**	**(39)**	**(77)**

(1) As of April 1, 2009, the main defined benefit pension plan in the US has been frozen.

Actuarial assumptions (weighted average rates)

	Pension plans				Retirement health cover			Total
December 31, 2010	North America	Europe	Rest of the world	Total	North America	Europe	Total	Group
Discount rate	4.83%	5.29%	3.67%	5.02%	4.83%	5.50%	4.93%	4.81%
Expected return on assets [(1)]	7.70%	6.55%	4.10%	6.94%	n/a	n/a	n/a	6.94%
Future wage increases	n/a	4.26%	3.85%	4.23%	5.00%	n/a	5.00%	4.28%
Future pension increases	n/a	3.22%	n/a	3.22%	n/a	n/a	n/a	3.22%

	Pension plans				Retirement health cover			Total
December 31, 2009	North America	Europe	Rest of the world	Total	North America	Europe	Total	Group
Discount rate	5.50%	5.55%	1.75%	5.50%	5.50%	5.80%	5.55%	5.50%
Expected return on assets [(1)]	7.60%	6.19%	n/a	6.78%	n/a	n/a	n/a	6.78%
Future wage increases	n/a	3.90%	2.00%	3.86%	5.50%	n/a	5.00%	3.95%
Future pension increases	n/a	3.04%	n/a	3.04%	n/a	n/a	n/a	3.04%

	Pension plans				Retirement health cover			Total
December 31, 2008	North America	Europe	Rest of the world	Total	North America	Europe	Total	Group
Discount rate	6.00%	6.15%	1.75%	6.04%	6.00%	6.75%	6.15%	6.05%
Expected return on assets [(1)]	7.70%	6.77%	n/a	7.14%	n/a	n/a	n/a	7.14%
Future wage 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%

(1) The return on each asset portfolio is calculated on the basis of the expected return and the weighting of each asset class within the portfolio. The rate of return on each investment is based on the discount rate, which is increased or decreased by a premium applied to each asset according to its risk profile.

Sensitivity analysis and changes in medical expenses

	Pension plans		Health cover	
(in millions of euros)	Increase of 1%	Decrease of 1%	Increase of 1%	Decrease of 1%
Change in discount rate				
Effect on actuarial benefit obligation at year-end	(51)	61	(2)	2
Change in inflation rate				
Effect on actuarial benefit obligation at year-end	24	(22)	-	-

The rate of increase in medical expenses used for 2010 is 9.13% with a gradual reduction to a rate of 4.90% as of 2011 and in subsequent years.

A variation of 1% in the estimated increase in medical costs would have the following impact:

(in millions of euros)	Increase of 1%	Decrease of 1%
Impact on service cost and interest expense on the benefit obligation	-	-
Impact on the benefit obligation at the year-end	(1)	1

Note 22 Borrowings

Number of securities on December 31, 2010	(in millions of euros)	December 31, 2010	December 31, 2009	December 31, 2008
	Bonds (excluding accrued interest) issued by Publicis Groupe:			
505,725	Eurobond 4.125% - January 2012 (Effective interest rate 4.30%)	533	537	782
253,242	Eurobond 4.25% - March 2015 (Effective interest rate 3.85%)	263	258	-
2,624,538	Océane 2.75% - January 2018 (Effective interest rate 2.75%)	121	147	243
25,761,647	Océane 3.125% - July 2014 (Effective interest rate 5.50%)	658	643	-
1,562,129	Orane 0.82% variable - September 2022 (Effective interest rate 8.50%)	21	24	26
	Other debt:			
	Accrued interest	18	18	14
	Other borrowings and credit lines	41	55	72
	Bank overdrafts	36	33	30
	Debt related to finance leases	81	75	77
	Debt related to acquisitions of shareholdings	124	105	181
	Debt arising from commitments to buyout minority interests	177	115	116
	TOTAL BORROWINGS	**2,073**	**2,010**	**1,541**
	OF WHICH SHORT-TERM	290	214	218
	OF WHICH LONG-TERM	1,783	1,796	1,323

On January 19, 2010, the Group redeemed 617,985 2018 Océanes for 28 million euros (corresponding to a nominal amount of 24 million euros) as part of the early redemption clause provided for in this bond issue. Following this, there were 2,624,538 Océanes in circulation for a nominal amount of 103 million euros (excluding redemption premium).

In 2009, in order to respond to the Company's general financing needs and to contribute to extending the maturity of its financial resources, Publicis Groupe:

- issued 25,761,647 bonds redeemable in new or existing shares (Océane) on June 24, 2009, at a par value of 27.90 euros and with a conversion premium of 35.5% over the reference price of the Publicis share on June 16, 2009. The issuance amounted to 718,749,951 euros. The bonds will bear interest at an annual rate of 3.125% payable on a semi-annual basis and for the first time on January 30, 2010. They will be redeemed at par on July 30, 2014 and can be redeemed earlier under certain conditions at the discretion of Publicis Groupe. The bondholders can convert or exchange the bonds any time after August 3, 2009 and no later than the 7th day preceding the redemption date on the basis of one share per bond. Due to the application of IAS 39, the Océane proceeds are split into an equity portion and a debt portion. As at December 31, 2009, the debt portion of the 2014 Océane (643 million euros) corresponded to its amortized cost less issuance costs;
- launched a public exchange offer on December 2, 2009 on the Eurobond 2012 offering holders of the Eurobond 2012 the option of exchanging those bonds for newly issued bonds maturing in March 2015. A principal amount of 244 million related to these bonds with an interest rate of 4.125% and maturing in 2012 was tendered to this exchange offer, representing around 33% of the total Eurobond 2012 bonds in circulation. After this operation, the Eurobond 2012 amounted to 537 million euros.

In exchange Publicis Groupe issued 253 million euros in new bonds bearing interest of 4.25% and maturing on March 31, 2015 (Eurobond 2015), for an issue price of 99.980% of the principal and a yield of 4.258%. As at December 31, 2009, the Eurobond 2015 amounted to 258 million euros, representing 253,242 bonds and factors in the impact of the bond exchange less issuance costs. The terms of the Eurobond 2015 do not differ substantially from those of the Eurobond 2012, and therefore the transaction was not treated as a discharge of debt but rather as an exchange. The impact of the bond exchange corresponds to an adjustment of the book value of the Eurobond 2015 and is amortized over the residual life of the thus modified liability.

The bonds issued by Publicis Groupe are at a fixed rate and are denominated in euros.

In accordance with IAS 39, the fixed rate/variable rate swaps were qualified as a hedge of the fair value of the Eurobond 2012 and Eurobond 2015 liabilities. The Eurobond 2012 and 2015 swapped to a variable rate were thus revalued at their fair value at the year-end.

In December 2009, the interest rate swap was unwound for the part of the Eurobond 2012 that was exchanged, and the Group received a balance of 8 million euros on the date of the exchange, which had no impact on the consolidated income statement.

The fair value of the swap on the Eurobond 2012 is booked under "Other receivables and current assets" in the amount of 10 million euros as at December 31, 2010 (15 million euros as at December 31, 2009 and 7 million euros as at December 31, 2008). The fair value of the swap on the Eurobond 2015 is booked under "Other receivables and current assets" as at December 31, 2010 in the amount of 5 million euros versus a fair value booked under "Other creditors and current liabilities" in the amount of 2 million euros as at December 31, 2009.

Debt relating to commitments to repurchase minority interests and earn-out clauses are centralized and valued at the period-end on the basis of the contractual clauses, the latest available data and the relevant data projections for the period.

Changes in debt resulting from commitments to purchase minority interests are as follows:

(in millions of euros)	Debt arising from commitments to purchase minority interests
AS AT DECEMBER 31, 2008	**116**
Debt contracted during the year	9
Buyouts	(23)
Revaluation of the debt and translation adjustment	13
AS AT DECEMBER 31, 2009	**115**
Debts contracted during the year	54
Buyouts	(7)
Revaluation of the debt and translation adjustment	15
AS AT DECEMBER 31, 2010	**177**

The buyouts during the year were paid for in cash. The same will apply to future buyouts relating to the debt existing as at December 31, 2010.

Analysis by date of maturity

	December 31, 2010						
		Maturity					
(in millions of euros)	Total	2011	2012	2013	2014	2015	+ 5 yrs
Bonds and other bank borrowings	1,691	96	538	3	781	265	8
Debt related to finance lease contracts	81	-	-	-	-	-	81
Debt related to acquisitions of shareholdings	124	79	12	29	4	-	-
Debt related to commitments to purchase non-controlling interests (minority interests)	177	115	23	16	14	2	7
TOTAL	**2,073**	**290**	**573**	**48**	**799**	**267**	**96**

	December 31, 2009						
		Maturity					
(in millions of euros)	Total	2010	2011	2012	2013	2014	+ 5 yrs
Bonds and other bank borrowings	1,715	129	11	540	3	764	268
Debt related to finance lease contracts	75	-	-	-	-	-	75
Debt related to acquisitions of shareholdings	105	41	52	4	7	1	-
Debt related to commitments to purchase non-controlling interests (minority interests)	115	44	39	25	3	2	2
TOTAL	**2,010**	**214**	**102**	**569**	**13**	**767**	**345**

	December 31, 2008						
		Maturity					
(in millions of euros)	Total	2009	2010	2011	2012	2013	+ 5 yrs
Bonds and other bank borrowings	1,167	105	17	3	785	3	254
Debt related to finance lease contracts	77	-	-	-	-	-	77
Debt related to acquisitions of shareholdings	181	64	31	63	22	1	-
Debt related to commitments to purchase non-controlling interests (minority interests)	116	49	31	24	5	4	3
TOTAL	**1,541**	**218**	**79**	**90**	**812**	**8**	**334**

Analysis by currency

(in millions of euros)	December 31, 2010	December 31, 2009	December 31, 2008
Euros	1,752	1,708	1,191
US dollars	122	139	167
Other currencies	199	163	183
TOTAL	**2,073**	**2,010**	**1,541**

Analysis by interest rate type

See Note 26. Management of market risk – "Exposure to interest rate risk"

Exposure to liquidity risk

Future payments related to financial debt before the impact of discounting (excluding debt linked to finance leases) are as follows:

	December 31, 2010						
		Maturity					
(in millions of euros)	Total	2011	2012	2013	2014	2015	+ 5 yrs
Bonds and other bank borrowings	1,995	106	561	11	967	317	33
Debt related to acquisitions of shareholdings	129	81	13	30	5	-	-
Debt related to commitments to purchase non-controlling interests (minority interests)	183	118	23	17	15	2	8
TOTAL	**2,307**	**305**	**597**	**58**	**987**	**319**	**41**

		December 31, 2009					
		Maturity					
(in millions of euros)	Total	2010	2011	2012	2013	2014	+ 5 yrs
Bonds and other bank borrowings	2,122	138	24	585	15	994	366
Debt related to acquisitions of shareholdings	111	42	55	5	8	1	-
Debt related to commitments to purchase non-controlling interests (minority interests)	123	46	41	27	4	2	3
TOTAL	**2,356**	**226**	**120**	**617**	**27**	**997**	**369**

		December 31, 2008					
		Maturity					
(in millions of euros)	Total	2009	2010	2011	2012	2013	+ 5 yrs
Bonds and other bank borrowings	1,441	114	25	16	891	15	380
Debt related to acquisitions of shareholdings	197	66	33	71	26	1	-
Debt related to commitments to purchase non-controlling interests (minority interests)	125	51	34	26	5	5	4
TOTAL	**1,763**	**231**	**92**	**113**	**922**	**21**	**384**

In order to manage its liquidity risk, Publicis holds a substantial amount of cash (cash and cash equivalents for a total of 2,164 million euros as at December 31, 2010) and unused credit lines (for a total of 2,367 million euros as at December 31, 2010 of which 2,155 million euros in confirmed credit lines and 212 million euros in unconfirmed credit lines). The main component of these credit lines is a syndicated multicurrency loan of 1,500 million euros, maturing in 2012, with a renewal option until July 2014, subject to the bank's agreement. As at December 31, 2010, and at the closing date of the annual financial statements, there are no other credit lines under negotiation. These immediately available or almost immediately available amounts allow the Group to pay its financial debt maturing in less than one year.

Apart from bank overdrafts, most of the Group's debt consists of bonds, which do not include "covenants". They only include standard credit default event clauses (liquidation, cessation of payment, default on the debt itself or on the repayment of another debt above a given threshold) which are generally applicable above a threshold of 25 million euros. The only early redemption options exercisable by the holders relate to the Océane 2018 which can be exercised successively in January 2010 and 2014.

The Group has not established any credit derivatives to date.

Finance leases

The reconciliation between future minimum payments in respect of finance lease contracts and the discounted value of minimum net payments for those leases is as follows:

		December 31, 2010					
		Maturity					
(in millions of euros)	Total	2011	2012	2013	2014	2015	+ 5 yrs
Minimum payments	241	9	9	9	9	10	195
Effect of discounting	(160)	(9)	(9)	(9)	(9)	(10)	(114)
DISCOUNTED VALUE OF MINIMUM PAYMENTS	**81**	**-**	**-**	**-**	**-**	**-**	**81**

		December 31, 2009					
		Maturity					
(in millions of euros)	Total	2010	2011	2012	2013	2014	+ 5 yrs
Minimum payments	232	8	8	8	9	9	190
Effect of discounting	(157)	(8)	(8)	(8)	(9)	(9)	(115)
DISCOUNTED VALUE OF MINIMUM PAYMENTS	**75**	**-**	**-**	**-**	**-**	**-**	**75**

		December 31, 2008					
		Maturity					
(in millions of euros)	Total	2009	2010	2011	2012	2013	+ 5 yrs
Minimum payments	247	8	8	9	9	9	204
Effect of discounting	(170)	(8)	(8)	(9)	(9)	(9)	(127)
DISCOUNTED VALUE OF MINIMUM PAYMENTS	**77**	**-**	**-**	**-**	**-**	**-**	**77**

Note 23 Other creditors and current liabilities

(in millions of euros)	December 31, 2010	December 31, 2009	December 31, 2008
Advances and deposits received	382	347	361
Liabilities to employees	413	310	324
Tax liabilities (excl. income tax)	206	185	184
Deferred income	242	210	212
Fair value of derivates backed by current assets or liabilities	3	1	11
Derivatives on intergroup loans and borrowings	5	6	32
Fair value derivative hedge of Eurobond 2015 (1)	-	2	-
Other current liabilities	185	160	174
TOTAL	**1,436**	**1,221**	**1,298**

(1) At December 31, 2010 the fair value of the Eurobond 2015 hedge was positive and therefore recognized in « Other receivables and current assets » (see Note 17).

Note 24 Off-balance-sheet commitments

Operating leases

(in millions of euros)	Total	December 31, 2010 – Maturity 2011	2012	2013	2014	2015	+ 5 yrs
Commitments given							
Operating leases	1,461	225	206	169	156	140	565
Commitments received							
Sub-lease commitments	19	8	7	2	1	1	-

(in millions of euros)	Total	December 31, 2009 – Maturity 2010	2011	2012	2013	2014	+ 5 yrs
Commitments given							
Operating leases	1,396	209	176	165	130	118	598
Commitments received							
Sub-lease commitments	17	7	5	4	1	-	-

(in millions of euros)	Total	December 31, 2008 – Maturity 2009	2010	2011	2012	2013	+ 5 yrs
Commitments given							
Operating leases	1,545	216	185	161	145	122	716
Commitments received							
Sub-lease commitments	36	10	8	7	7	1	3

Lease expenses (net of sub-lease income) amounted to 217 million euros in 2010 compared with 211 million euros in 2009 and 197 million euros in 2008.

Other commitments

	December 31, 2010			
		Maturity		
(in millions of euros)	Total	- 1 yr	1 to 5 yrs	+ 5 yrs
Commitments given				
Commitments to sell investments	8	-	-	8
Guarantees (1)	132	38	51	43
Other commitments (2)	886	142	473	271
TOTAL	**1,026**	**180**	**524**	**322**
Commitments received				
Undrawn credit lines (3)	2 367	417	1 950	-
Other commitments (4)	104	38	65	1
TOTAL	**2,471**	**455**	**2,015**	**1**

(1) At December 31, 2010, guarantees included a guarantee to pay real estate taxes and expenses relating to the Leo Burnett building in Chicago for a total of 92 million euros until 2019. They also included guarantees of approximately 12 million euros relating to media-buying operations.

(2) These included 771 million euros of minimum fees guaranteed under advertising space usage contracts. In addition, the Group is committed to minimum purchases over 5 years which if not concluded could entail up to 93 million euros in payments (cash and services) for the entire term of the contract expiring on June 30, 2015 (maximum of 19 million euros per year).

(3) The undrawn credit lines included 2,155 million euros of confirmed credit lines.

(4) This refers to 19 million euros of annual billing commitments received for a 5-year period starting in 2010 and ending on June 30, 2015.

	December 31, 2009			
		Maturity		
(in millions of euros)	Total	- 1 yr	1 to 5 yrs	+ 5 yrs
Commitments given				
Commitments to sell investments	8	-	8	-
Guarantees (1)	153	43	62	48
Other commitments (2)	371	75	238	58
TOTAL	**532**	**118**	**308**	**106**
Commitments received				
Undrawn credit lines (3)	2,388	438	1,950	-
Other commitments (4)	93	24	68	1
TOTAL	**2,481**	**462**	**2,018**	**1**

(1) At December 31, 2009, guarantees included a guarantee to pay real estate taxes and expenses relating to the Leo Burnett building in Chicago for a total of 94 million euros until 2019. They also included guarantees of approximately 26 million euros for media buying operations.

(2) These included 275 million euros of minimum fees guaranteed under advertising space usage contracts. In addition, the Group has committed to minimum purchases over 5 years which if not concluded could entail up to 85 million euros in payments (cash and services) for the entire term of the contract expiring on December 31, 2014 (maximum of 17 million euros each year).

(3) The undrawn credit lines included 2,155 million euros of confirmed credit lines.

(4) This refers to 17 million euros of annual billing commitments received for a 5-year period starting in 2010.

	December 31, 2008			
		Maturity		
(in millions of euros)	Total	- 1 yr	1 to 5 yrs	+ 5 yrs
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				
Undrawn 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 included a guarantee to pay real estate taxes and expenses relating to the Leo Burnett building in Chicago for a total of 107 million euros until 2019. They also included guarantees of approximately 31 million euros for media buying operations.

(2) These included 306 million euros of minimum fees guaranteed under advertising space usage contracts.

(3) The 5-year credit line was drawn in 2008 and was fully repaid by December 31, 2008. In addition, the undrawn credit lines included 1,666 million euros of confirmed credit lines.

Commitments related to bonds and Oranes

Océanes 2018 – 2.75% actuarial January 2018

With respect to the Océane 2018, bondholders may request that bonds be converted, at the rate of one share for each bond (which had a unit value of 39.15 euros on issue), at any time from January 18, 2002 until the seventh business day before the maturity date (January 18, 2018). In view of the early redemptions made in February 2005, January 2006, January 2009 and January 2010, Publicis Groupe has an obligation, if conversion is requested, to deliver 2,624,538 shares which may, at Publicis Groupe's discretion, be either newly issued shares or existing own shares held in its portfolio.

In addition, the holders of these securities can request early redemption in cash of part or all of the value of the Oranes and the Océanes they own on January 18, 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% on the redemption date.

Oranes – Bonds redeemable in new or existing shares – September 2022

After the redemption of the first six tranches of the bond issue every September since September 2005, each Orane confers a right to 12 new or existing Publicis Groupe shares, at the rate of one share per year until the twentieth anniversary of the bond's issue. Publicis Groupe is therefore committed to delivering 1,562,129 shares each year from 2011 to 2022, representing a total of 18,745,548 shares which may be, at Publicis Groupe's discretion, either newly issued shares or existing shares held in its portfolio.

Océane 2014 – 3.125% – July 2014 issued on June 24, 2009

With respect to the Océane 2014, bondholders may request that bonds be converted, at the rate of one share for each bond (which had a unit value of 27.90 euros when issued), excluding the effect from the conversion parity adjustment clause due to a rise in dividend, at any time starting on August 3, 2009, until the seventh business day before the maturity date (July 2014). Publicis Groupe is therefore required, if conversion is requested, to deliver 25,761,647 shares that may be, at Publicis Groupe's discretion, either newly issued shares or existing shares held in its portfolio.

These bonds are in principle fully amortizable on July 30, 2014 by redemption at par. However, Publicis Groupe retains an option to redeem all or part of the bonds at any time from July 30, 2012 if Publicis Groupe SA shares trade at 130% of the bond's par value.

Obligations related to warrants

The exercise of 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 warrants bought back in 2005 and 2006, Publicis Groupe would be committed to creating (if all warrants were to be exercised) 5,602,699 shares with a par value of 0.40 euro and a premium of 30.10 euros.

Other commitments

As at December 31, 2010, there were no significant commitments such as pledges, guarantees or collateral, or any other significant off-balance sheet commitments according to the accounting standards in force.

Note 25 Financial instruments

Statement of financial position for each category of financial instrument

	December 31, 2010						
(in millions of euros)	Balance sheet value	Fair value through P&L	Available-for-sale assets	Loans & receivables, borrowings & liabilities	Assets held to maturity	Debt at amortized cost	Derivative instruments
Other financial assets	113	-	42	69	2	-	-
Trade receivables	5,953	-	-	5,953	-	-	-
Other current receivables and assets [1]	99	-	-	76	-	-	23
Cash and cash equivalents	2,164	2,164	-	-	-	-	-
ASSETS	**8,329**	**2,164**	**42**	**6,098**	**2**	**-**	**23**
Long-term borrowings (more than 1 year)	1,783	-	-	-	-	1,783	-
Short-term borrowings (less than 1 year)	290	-	-	-	-	290	-
TOTAL BORROWINGS	2,073	-	-	-	-	2,073	-
Trade payables	7,216	-	-	7,216	-	-	-
Other creditors and current liabilities [2]	193	-	-	185	-	-	8
LIABILITIES	**9,482**	**-**	**-**	**7,401**	**-**	**2,073**	**8**

	December 31, 2009						
(in millions of euros)	Balance sheet value	Fair value through P&L	Available-for-sale assets	Loans & receivables, borrowings & liabilities	Assets held to maturity	Debt at amortized cost	Derivative instruments
Other financial assets	94	-	29	63	2	-	-
Trade receivables	4,875	-	-	4,875	-	-	-
Other current receivables and assets [1]	120	-	-	74	-	-	46
Cash and cash equivalents	1,580	1,580	-	-	-	-	-
ASSETS	**6,669**	**1,580**	**29**	**5,012**	**2**	**-**	**46**
Long-term borrowings (more than 1 year)	1,796	-	-	-	-	1,796	-
Short-term borrowings (less than 1 year)	214	-	-	-	-	214	-
TOTAL BORROWINGS	2,010	-	-	-	-	2,010	-
Trade payables	5,835	-	-	5,835	-	-	-
Other creditors and current liabilities [2]	169	-	-	160	-	-	9
LIABILITIES	**8,014**	**-**	**-**	**5,995**	**-**	**2,010**	**9**

(in millions of euros)	Balance sheet value	Fair value through P&L	Available-for-sale assets	Loans & receivables, borrowings & liabilities	Assets held to maturity	Debt at amortized cost	Derivative instruments
	December 31, 2008						
Other financial assets	101	-	19	78	4	-	-
Trade receivables	4,843	-	-	4,843	-	-	-
Other current receivables and assets [(1)]	118	-	-	78	-	-	40
Cash and cash equivalents	867	867	-	-	-	-	-
ASSETS	**5,929**	**867**	**19**	**4,999**	**4**	**-**	**40**
Long-term borrowings (more than 1 year)	1,323	-	-	-	-	1,323	-
Short-term borrowings (less than 1 year)	218	-	-	-	-	218	-
TOTAL BORROWINGS	1,541	-	-	-	-	1,541	-
Trade payables	5,802	-	-	5,802	-	-	-
Other creditors and current liabilities [(2)]	217	-	-	174	-	-	43
LIABILITIES	**7,560**	**-**	**-**	**5,976**	**-**	**1,541**	**43**

(1) Excluding tax receivables, advances and deposits given to suppliers and deferred expenses (see Note 17).
(2) Excluding advances and deposits received, liabilities to employees, tax liabilities and deferred income (see Note 23).

Income statement per category of financial instruments

(in millions of euros)	Valuation at fair value	Interest on assets remeasured at fair value	Dividends on available-for-sale assets	Impairment of assets held to maturity	Debt at amortized cost: Foreign exchange effects	Debt at amortized cost: Interest	Loans and receivables: Foreign exchange effects	Loans and receivables: Impairment and reversal of impairment	Change in value of derivatives
	December 31, 2010								
Operating income	-	-	-	-	-	-	-	(34)	-
Net borrowing costs	-	16	-	-	-	(81)	-	-	-
Other financial income and expense [(1)]	-	-	2	-	-	-	22	-	(28)

(in millions of euros)	Valuation at fair value	Interest on assets remeasured at fair value	Dividends on available-for-sale assets	Impairment of assets held to maturity	Debt at amortized cost: Foreign exchange effects	Debt at amortized cost: Interest	Loans and receivables: Foreign exchange effects	Loans and receivables: Impairment and reversal of impairment	Change in value of derivatives
	December 31, 2009								
Operating income	-	-	-	(1)	-	-	-	(45)	-
Net borrowing costs	-	16	-	-	-	(77)	-	-	-
Other financial income and expense [(1)]	-	-	2	-	-	-	(41)	(2)	43

	December 31, 2008								
					Debt at amortized cost		Loans and receivables		
(in millions of euros)	Valuation at fair value	Interest on assets remeasured at fair value	Dividends on available-for-sale assets	Impairment of assets held up maturity	Foreign exchange effects	Interest	Foreign exchange effects	Impairment and reversal of impairment	Change in value of derivatives
Operating income	-	-	-	(1)	-	-	-	(37)	-
Net borrowing costs	-	37	-	-	-	(118)	-	-	-
Other financial income and expense [(1)]	-	-	2	-	-	-	18	2	(11)

(1) Excluding financial cost related to unwinding of discount on long-term vacant property provisions and pension 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.

Financial assets belonging to the "held-for-trading" and "available-for-sale" categories are already measured at fair value in the financial statements.

Borrowings are measured at amortized cost in the financial statements, using the effective interest rate method.

	December 31, 2010		December 31, 2009		December 31, 2008	
(in millions of euros)	Fair value	Net carrying amount	Fair value	Net carrying amount	Fair value	Net carrying amount
Financial assets excluding operating assets						
Available-for-sale financial assets (IPG and others)	42	42	29	29	19	19
Other financial assets	71	71	65	65	82	82
TOTAL OTHER FINANCIAL ASSETS	**113**	**113**	**94**	**94**	**101**	**101**
Trade receivables	5,953	5,953	4,875	4,875	4,843	4,843
Derivative assets	23	23	46	46	40	40
Other receivables and current assets (excluding derivatives)	76	76	74	74	78	78
TOTAL OTHER RECEIVABLES AND CURRENT ASSETS	**99**	**99**	**120**	**120**	**118**	**118**
Cash and cash equivalents	2,164	2,164	1,580	1,580	867	867

(in millions of euros)	December 31, 2010 Fair value	December 31, 2010 Net carrying amount	December 31, 2009 Fair value	December 31, 2009 Net carrying amount	December 31, 2008 Fair value	December 31, 2008 Net carrying amount
Financial liabilities excluding operating payables						
Convertible bonds - (Océanes, debt component)	873	779	809	790	225	243
Oranes (debt component)	78	21	108	24	115	26
Eurobond	821	796	819	795	800	782
Debt related to finance leases	167	81	153	75	161	77
Commitments to buy-out non-controlling interests (minority interests) and earn-outs payable	301	301	220	220	297	297
Other debt	95	95	106	106	116	116
TOTAL BORROWINGS	**2,335**	**2,073**	**2,215**	**2,010**	**1,714**	**1,541**
Trade payables	7,216	7,216	5,835	5,835	5,802	5,802
Derivative liabilities	8	8	9	9	43	43
Other borrowings and current liabilities (excluding derivatives)	185	185	160	160	174	174
TOTAL OTHER BORROWINGS AND CURRENT LIABILITIES	**193**	**193**	**169**	**169**	**217**	**217**

The fair values of the Eurobond and of the debt components of convertible bonds and Oranes have been calculated by discounting the expected future cash flows to present at market interest rates.

Fair value hierarchy

The table below breaks down financial instruments recognized at fair value according to the measurement method used. The different levels of fair value have been defined as follows:

- level 1: quoted market price;
- level 2: observable data other than quoted market price;
- level 3: non-observable data.

December 31, 2010

(in millions of euros)	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	39	3	-	42
Derivative instruments - Assets	-	23	-	23
	39	26	-	65
Derivative instruments - Liabilities	-	(8)	-	(8)
TOTAL	**39**	**18**	**-**	**57**

December 31, 2009

(in millions of euros)	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	25	4	-	29
Derivative instruments - Assets	-	46	-	46
	25	50	-	75
Derivative instruments - Liabilities	-	(9)	-	(9)
TOTAL	**25**	**41**	**-**	**66**

Note 26 Management of market risks

Exposure to interest rate risk

Group management determines the allocation of debt between fixed and variable-rate debt, which is periodically reviewed in terms of interest rate trend forecasts.

At the end of 2010, the Group's gross borrowings after taking account of the effects of the swap on the Eurobond (excluding debt related to acquisition of shareholdings and debt relating to commitments to buy out non-controlling interests) was composed of:

- 50 % of fixed-rate loans with an average interest rate for 2010 of 6.0%;
- 50 % of fixed-rate loans with an average interest rate for 2010 of 1.8%.

Variable rate borrowings at December 31, 2010 after deducting cash and cash equivalents and other financial assets show a positive (net debit) value of 1,359 million euros. An increase of 1% in short-term interest rates would, on this basis, have a positive effect of 14 million euros on the Group's income before tax.

An increase of 1% in short-term interest rates applied to the position at short term variable rates would have a positive effect of 21 million euros on the Group's profit before tax.

The following table sets out the carrying amount by maturity at December 31, 2010 of the Group's financial instruments that are exposed to interest rate risk:

(in millions of euros)	Total at December 31, 2010	Maturities - 1 yr	1 to 5 yrs	+ 5 yrs
Fixed rate				
Eurobond 2012 & 2015	781	-	781	-
Océanes (debt component)	779	-	779	-
Oranes (debt component)	21	3	10	8
Borrowing related to finance leases	81	-	-	81
NET LIABILITY (ASSET) AT FIXED RATE BEFORE MANAGEMENT	**1,662**	**3**	**1,570**	**89**
Effect of swap on Eurobond	(781)	-	(781)	-
NET LIABILITY (ASSET) AT FIXED RATE AFTER MANAGEMENT	**881**	**3**	**789**	**89**
Variable rate				
Bank borrowings	59	57	2	-
Bank overdrafts	36	36	-	-
Cash and cash equivalents	(2,164)	(2,164)	-	-
Other financial assets	(71)	-	-	(71)
NET LIABILITY (ASSET) AT VARIABLE RATE BEFORE MANAGEMENT	**(2,140)**	**(2,071)**	**2**	**(71)**
Effect of the swap on Eurobond	781	-	781	-
NET LIABILITY (ASSET) AT VARIABLE RATE AFTER MANAGEMENT	**(1,359)**	**(2,071)**	**783**	**(71)**

Exposure to exchange rate risk

Net assets

The following table shows the Group's net assets at December 31, 2010 broken down by principal currencies:

(in millions of euros)	Total at December 31, 2010	Euro (1)	US Dollar	Pound Sterling	Others
Assets	**14,941**	4,279	5,911	849	3,902
Liabilities	**(11,559)**	(3,552)	(4,774)	(525)	(2,708)
NET ASSETS	**3,382**	**727**	**1,137**	**324**	**1,194**
Effect of foreign exchange hedges (2)	**-**	**577**	**(299)**	**(102)**	**(176)**
NET ASSETS AFTER HEDGING	**3,382**	**1,304**	**838**	**222**	**1,018**

(1) Currency used to present consolidated financial statements.
(2) The financial instruments used to hedge foreign exchange risk are mainly currency swaps.

In addition, changes in exchange rates against the euros, the reporting currency used in the Group's financial statements, can have an impact of the Group's consolidated statement of financial position and consolidated income statement.

Revenues and operating margin

The breakdown of Group revenue by the currency in which it is earned is as follows:

	2010	2009	2008
Euro	20%	22%	24%
US Dollar	47%	45%	41%
Pound Sterling	7%	7%	9%
Others	26%	26%	26%
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):

- 29 million euros on 2010 consolidated revenue,
- 5 million euros on 2010 operating margin.

The majority of our commercial dealings are done 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 currency hedging agreements.

As regards inter-Group loans/borrowings, these are subject to appropriate hedges if they present a significant net exposure to exchange rate risk.

Derivatives used are generally forward currency contracts.

The table below summarizes foreign currency hedging contracts in place on December 31, 2010. These contracts hedge both assets and liabilities and future cash flows. It is worth highlighting that Publicis, bearing in mind that the impact thereof is insignificant, posts the changes in the fair value of derivatives used to hedge future flows under income.

Currency sold	Currency purchased	Face value of currency sold (local currency in millions)	Face value of currency purchased (local currency in millions)	Fair value (in millions of euros)
AUD	EUR	74.0	(56.6)	(0.4)
CAD	EUR	185.2	(136.0)	2.9
EUR	AUD	7.6	(10.0)	0.0
EUR	CHF	0.4	(0.6)	(0.0)
EUR	CZK	0.2	(5.1)	(0.0)
EUR	DKK	3.2	(24.0)	0.0
EUR	MXN	9.9	(165.0)	0.0
EUR	NZD	14.7	(27.0)	(0.8)
EUR	PLN	0.4	(1.5)	(0.0)
EUR	SEK	33.7	(305.2)	(0.2)
EUR	USD	54.7	(72.2)	0.7
GBP	CHF	0.1	(0.2)	(0.0)
GBP	EUR	107.8	(126.1)	(0.8)
GBP	USD	4.1	(6.5)	(0.1)
HKD	EUR	200.0	(19.4)	(0.1)
JPY	EUR	2,200.0	(20.2)	0.0
MXN	EUR	145.4	(8.8)	0.0
USD	EUR	405.2	(304.6)	(1.4)
USD	GBP	0.5	(0.4)	0.0
TOTAL				**(0.3)**

Exposure to client counterparty risk

The Group analyzes its trade receivables, focusing in particular on improving the time taken to recover such receivables, in the context of the management of its working capital requirement. 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 impairments 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 following tables show the seniority of invoiced trade receivables for the last three years.

(in millions of euros)	December 31, 2010							
		Overdue receivables						
Trade receivables, net	Amounts not yet due	Total	Up to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	More than 120 days	Impairment
4,577	**4,098**	**479**	320	90	42	30	100	(103)

(in millions of euros)	December 31, 2009							
		Overdue receivables						
Trade receivables, net	Amounts not yet due	Total	Up to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	More than 120 days	Impairment
3,723	**3,228**	**495**	321	87	34	21	120	(88)

(in millions of euros)	December 31, 2008							
		Overdue receivables						
Trade receivables, net	Amounts not yet due	Total	Up to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	More than 120 days	Impairment
3,707	**2,931**	**776**	487	136	67	31	146	(91)

Disclosures regarding major clients

Our 5, 10, 20, 30, 50 and 100 largest clients represent respectively 21, 30, 41, 47, 55 and 65% of 2010 consolidated Group revenue. For consolidated revenue in 2009, these same clients represented respectively 22, 32, 43, 49, 56 and 64%, and in 2008, 25, 34, 44, 49, 55 and 63%.

(in % of revenue)	2010	2009	2008
5 largest clients	21%	22%	25%
10 largest clients	30%	32%	34%
20 largest clients	41%	43%	44%
30 largest clients	47%	49%	49%
50 largest clients	55%	56%	55%
100 largest clients	65%	64%	63%

Exposure to bank counterparty risk

Publicis has established a group-wide policy for selecting authorized banks as counterparties for all its subsidiaries. This policy requires that deposits be made in authorized banks and that in general all banking services be provided exclusively by these banks. The list of authorized banks is reviewed periodically by the corporate treasury office. Exceptions to this policy are handled centrally for the entire Group by the treasury office.

Additionally, studies are carried out in order to make ensure that almost all cash and cash equivalents are deposited in authorized banks.

Exposure to risks related to shareholdings

The main shareholdings that are exposed to a significant market risk are our 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 equity at December 31, 2010.

Impact of a 10% decline in the market value of the IPG shares held by the Group:

(in millions of euros)	
Effect on assets	(4)
Effect on equity	(4)
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 equity.

Note 27 Segment reporting

Information by business sector

The Publicis Groupe structure, developed over several years, is designed to provide the Group's clients with comprehensive, holistic communication services involving all disciplines.

The Group has identified nine operating segments which correspond to our networks of agencies and which may be categorized together since they share similar economic features (similar margins across the various operating segments) and provide similar services (a full range of advertising and communications services) and do so for similar types of clients (the Group's top 20 clients are clients of several operating segments). The nine operating segments are thus pooled into a single sector in accordance with IFRS 8.

Reporting by region

Given of the importance of geographic location in the analysis of our business, the Group has chosen to provide specific information by region.

Data are established on the basis of the location of the agency.

YEAR 2010

(in millions of euros)	Europe	North America	South America	Asia Pacific	Middle East and Africa	Total
Income statement items						
Revenue [(1)]	1,761	2,606	284	617	150	**5,418**
Depreciation and amortization expense (excluding intangibles from acquisitions)	(46)	(48)	(4)	(11)	(2)	**(111)**
Operating income	193	511	59	74	19	**856**
Amortization of intangibles from acquisitions	(8)	(23)	(1)	(2)	-	**(34)**
Impairment	(1)	-	-	-	-	**(1)**
Share in net income of associates	7	-	1	-	-	**8**
Statement of financial position items						
Goodwill and intangible assets, net	1,494	2,935	221	419	65	**5,134**
Property, plant and equipment, net	261	160	10	28	5	**464**
Deferred tax assets	40	5	8	23	(1)	**75**
Investments in associates	30	15	89	4	2	**140**
Other financial assets	25	63	2	22	1	**113**
Current assets (liabilities) [(2)]	(192)	(1,691)	5	(80)	-	**(1,958)**
Deferred tax liabilities	(60)	(158)	(2)	(1)	2	**(219)**
Long-term provisions	(202)	(163)	(19)	(37)	(37)	**(458)**
Disclosures in respect of the statement of cash flows						
Acquisitions of tangible and intangible assets	(52)	(36)	(4)	(9)	(2)	**(103)**
Net acquisitions of financial assets	1	7	-	(3)	-	**5**
Acquisitions of subsidiaries	(39)	(27)	(89)	(10)	(1)	**(166)**
Non-cash expenses on stock options and similar items	11	12	2	1	-	**26**
Other non-cash income and expenses	2	4	-	-	-	**6**

(1) Because of the way this indicator is calculated (difference between billings and cost of billings), no eliminations are required between the different zones.

(2) Current assets (liabilities) consist of the following balance sheet items: inventories and work in progress, trade receivables, other receivables and current assets, trade payables, corporate tax payables, short term provisions and other borrowings and current liabilities.

YEAR 2009

(in millions of euros)	Europe	North America	South America	Asia Pacific	Middle East and Africa	Total
Income statement items						
Revenue (1)	1,579	2,094	218	498	135	**4,524**
Depreciation and amortization expense (excluding intangibles from acquisitions)	(35)	(42)	(3)	(10)	(2)	**(92)**
Operating margin	105	446	44	66	19	**680**
Amortization of intangibles from acquisitions	(8)	(19)	(1)	(2)	-	**(30)**
Impairment	(15)	(3)	-	(10)	-	**(28)**
Share in net income of associates	2	2	-	-	-	**4**
Statement of financial position items						
Goodwill and intangible assets, net	1,423	2,748	162	364	66	**4,763**
Property, plant and equipment, net	268	152	9	24	5	**458**
Deferred tax assets	36	14	7	13	3	**73**
Investments in associates	28	15	1	3	2	**49**
Other financial assets	21	54	2	16	1	**94**
Current assets (liabilities) (2)	(189)	(1,247)	10	(98)	18	**(1,506)**
Deferred tax liabilities	(64)	(148)	(1)	(1)	-	**(214)**
Long-term provisions	(189)	(187)	(12)	(30)	(31)	**(449)**
Disclosures in respect of the statement of cash flows						
Acquisitions of tangible and intangible assets	(49)	(14)	(2)	(7)	(2)	**(74)**
Net acquisitions of financial assets	7	1	3	(2)	1	**10**
Acquisitions of subsidiaries	(55)	(207)	(2)	(8)	(1)	**(273)**
Non-cash expenses on stock options and similar items	11	9	1	2	1	**24**
Other non-cash income and expenses	4	7	-	-	-	**11**

(1) Because of the way this indicator is calculated (difference between billings and cost of billings), no eliminations are required between the different zones.
(2) Current assets (liabilities) consist of the following balance sheet items: inventories and work in progress, trade receivables, other receivables and current assets, trade payables, corporate tax payables, short term provisions and other borrowings and current liabilities.

YEAR 2008

(in millions of euros)	Europe	North America	South America	Asia Pacific	Middle East and Africa	Total
Income statement items						
Revenue [1]	1,805	2,008	238	519	134	**4,704**
Depreciation and amortization expense (excluding intangibles from acquisitions)	(44)	(44)	(3)	(11)	(2)	**(104)**
Operating margin	242	397	51	67	28	**785**
Amortization of intangibles from acquisitions	(8)	(18)	(1)	(2)	-	**(29)**
Impairment	(10)	(3)	-	-	-	**(13)**
Share in net income of associates	5	(3)	-	-	-	**2**
Statement of financial position items						
Goodwill and net intangible assets, net	1,318	2,583	163	375	48	**4,487**
Property, plant and equipment, net	266	174	10	26	4	**480**
Deferred tax assets	33	36	6	15	1	**91**
Investments in associates	27	15	-	-	2	**44**
Other financial assets	37	45	4	14	1	**101**
Current assets (liabilities) [2]	(94)	(1,329)	(4)	(64)	3	**(1,488)**
Deferred tax liabilities	(136)	(91)	(1)	(4)	-	**(232)**
Long-term provisions	(180)	(222)	(4)	(15)	(38)	**(459)**
Disclosures in respect of the statement of cash flows						
Acquisitions of tangible and intangible assets	(41)	(37)	(5)	(8)	(1)	**(92)**
Net acquisitions of financial assets	-	2	(1)	(2)	-	**(1)**
Acquisitions of subsidiaries	(20)	(112)	(6)	(17)	-	**(155)**
Non-cash expenses on stock options and similar items	3	5	-	1	-	**9**
Other non-cash income and expenses	4	4	-	-	-	**8**

(1) Because of the way this indicator is calculated (difference between billings and cost of billings), no eliminations are required between the different zones.
(2) Current assets (liabilities) consist of the following balance sheet items: inventories and work in progress, trade receivables, other receivables and current assets, trade payables, corporate tax payables, short term provisions and other borrowings and current liabilities.

Note 28 Publicis Groupe SA stock option and free share plans

The free share plans in force on December 31, 2010 have the following features:

- Free share plan for employees of American entities (December 2010)

  Under this plan in the USA, 50 free shares were awarded on December 1, 2010 to all employees working more than 21 hours per week in a majority-owned subsidiary in the USA. Receipt of the shares is contingent on at least four years of employment: the free shares will be delivered in December 2014 to the beneficiaries, who will then become the owners thereof and will be able to exercise their rights as shareholders;
- Long Term Incentive Plan (LTIP) 2010 (LTIP 2010-2012 for members of the Management Board)

  Within the framework of this plan, a certain number of Group managers were awarded free shares, subject to two conditions. Firstly, employment must continue throughout the 4-year vesting period, except for tax residents of France who have a shorter, 3-year vesting period but an additional 2-year lock-in period. Furthermore, the shares are subject to additional performance criteria, so that the total number of shares received will depend on the growth and profitability objectives attained in 2010 (or over the 2010-2012 period for members of the Management Board). The allocation, made in August (and September for members of the Management Board) 2010, will take effect in August and September 2014, with the exception of French employees for whom it will take effect in August and September 2013;

- Free share plan for certain employees of Razorfish (December 2009)

  At the time of the Razorfish acquisition, some of its employees had received Microsoft "Restricted Share Units" between 2007 and 2009. On December 1, 2009 a new Publicis Groupe free share plan was implemented, subject to continued employment of the same beneficiaries, whereby the same number of shares were awarded after being converted into Publicis Groupe shares with the same vesting dates as the prior plans (which for most beneficiaries vested between January 2010 and September 2015). The number of free Microsoft shares in the process of being acquired was converted into Publicis Groupe shares, using the existing ratio between the average Microsoft price over the preceding 20 trading days and the Publicis Groupe share price on the acquisition date (October 13, 2009);

- Free share plan for employees of French entities (May 2009)

  Under this plan, which applied only in France, 50 free shares were awarded on May 20, 2009 to all employees working at least 50% of their working time in a majority-owned French subsidiary. Receipt of the shares is contingent on at least two years of employment: the free shares will be delivered in May 2011 to the beneficiaries, who will then become the owners thereof and will be able to exercise their rights as shareholders. Pursuant to the French laws applicable to free share plans, the employees must hold these shares for two additional years before they are able to dispose of them, i.e. until May 2013;

- Free shares granted as part of the co-investment program (March 2009)

  Under this plan, offered to 160 members of Group management, each beneficiary is awarded two free shares for each Publicis share purchased on their behalf by LionLead, a specific structure dedicated to this operation. These shares are subject to conditions: i.e., that the entire investment remain unsold and that employment continues throughout the 4-year vesting period, except for tax residents of France who have a shorter, 3-year vesting period but an additional 2-year lock-in period. Furthermore, the second free share is subject to additional performance criteria, so that the total number of shares received will depend on the growth and profitability objectives attained over the 2009-2011 period. Free shares awarded to corporate officers depend entirely on performance criteria. These shares were awarded in March 2009 and will be delivered in March 2013, except for French employees who will receive their shares in March 2012.

The stock option plans in force at December 31, 2010 have the following features:

- Long Term Incentive Plan (LTIP) 2006-2008 (twenty second tranche in 2006 and twenty third tranche in 2007)

  Options granted under this plan grant 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. The number of options that may be exercised out of the total number granted was determined in April 2009 based on the growth and profitability levels achieved over the entire 2006-2008 period, corresponding to 62.59% of the initial grant. For the first half of the options, the exercise period began in 2009, while the second half were exercisable as of April 2010. The options expire 10 years after the grant date;

- Plan granted in 2006 (twenty-first tranche)

  Options granted under this plan grant 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;

- Long Term Incentive Plan (LTIP) 2003-2005 (seventeenth tranche in 2003, nineteenth tranche in 2004, twentieth tranche in 2005)

  Options granted under this plan confer the right to acquire one share for an exercise price equal to the average cost of the portfolio treasury shares on the date of the grant. The number of options that may be exercised out of the total number granted was determined in April 2006 based on the growth and profitability levels achieved over the entire 2003-2005 period, corresponding to 98.92% of the initial grant. For the first half of the options, the exercise period began in 2006, while the second half were exercisable as of April 2007. The options expire 10 years after the grant date;

- Plan granted in 2001 (eleventh tranche)

  Options granted under this plan grant 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.

Stock options originated by Publicis Groupe

Characteristics of Publicis Groupe stock option plans outstanding at December 31, 2010

Shares with 0.40 euro par value	Type of option	Date of grant	Exercise price of options (in euros)	Options outstanding at 12/31/2010	Of which exercisable at 12/31/2010	Expiry date	Remaining contract life (in years)
11th tranche	Acquisition	04/23/2001	33.18	307,500	307,500	2011	0.30
13th tranche	Acquisition	01/18/2002	29.79	71,700	71,700	2012	1.04
14th tranche	Acquisition	06/10/2002	32.43	5,000	5,000	2012	1.44
15th tranche	Acquisition	07/08/2002	29.79	220,000	220,000	2012	1.51
16th tranche	Acquisition	08/28/2003	24.82	443,400	443,400	2013	2.65
17th tranche	Acquisition	08/28/2003	24.82	1,502,602	1,502,602	2013	2.65
19th tranche	Acquisition	09/28/2004	24.82	649,330	649,330	2014	3.74
20th tranche	Acquisition	05/24/2005	24.76	228,695	228,695	2015	4.39
21st tranche	Acquisition	08/21/2006	29.27	100,000	100,000	2016	5.64
22nd tranche	Acquisition	08/21/2006	29.27	3,585,951	3,585,951	2016	5.64
23rd tranche	Acquisition	08/24/2007	31.31	692,808	692,808	2017	6.64
TOTAL OF ALL TRANCHES				**7,806,986**	**7,806,986**		
Average exercise price				28.02	28.02		

Movements in Publicis Groupe stock option plans in 2010

Shares with 0.40 euro par value	Exercise price of options (euros)	Options outstanding at 12/31/2009	Options granted in 2010	Options exercised in 2010	Options cancelled or lapsed in 2010	Options outstanding at 12/31/2010
10th tranche	43.55	100,000	-	-	(100,000)	-
11th tranche	33.18	343,000	-	(35,500)	-	307,500
13th tranche	29.79	77,200	-	(5,500)	-	71,700
14th tranche	32.43	5,000	-	-	-	5,000
15th tranche	29.79	220,000	-	-	-	220,000
16th tranche	24.82	478,400	-	(35,000)	-	443,400
17th tranche	24.82	3,315,046	-	(1,691,713)	(120,731)	1,502,602
19th tranche	24.82	1,160,208	-	(467,571)	(43,307)	649,330
20th tranche	24.76	395,190	-	(101,086)	(65,409)	228,695
21st tranche	29.27	100,000	-	-	-	100,000
22nd tranche	29.27	4,820,571	-	(1,034,739)	(199,881)	3,585,951
23rd tranche	31.31	802,316	-	(63,547)	(45,961)	692,808
TOTAL OF ALL TRANCHES		**11,816,931**	**-**	**(3,434,656)**	**(575,289)**	**7,806,986**
Average exercise price (euros)		27.64	-	26.37	30.13	28.02
Average share price on exercise (euros)				33.36		

Movements in Publicis Groupe stock option plans in 2009

Shares with 0.40 euros par value	Exercise price of options (euros)	Options outstanding at 12/31/2008	Options granted in 2009	Options exercised in 2009	Options cancelled or lapsed in 2009	Options outstanding at 12/31/2009
10th tranche	43.55	100,000	-	-	-	100,000
11th tranche	33.18	353,000	-	-	(10,000)	343,000
13th tranche	29.79	85,200	-	-	(8,000)	77,200
14th tranche	32.43	5,000	-	-	-	5,000
15th tranche	29.79	220,000	-	-	-	220,000
16th tranche	24.82	480,067	-	-	(1,667)	478,400
17th tranche	24.82	3,719,299	-	(110,262)	(293,991)	3,315,046
19th tranche	24.82	1,227,571	-	(19,091)	(48,272)	1,160,208
20th tranche	24.76	417,596	-	(6,677)	(15,729)	395,190
21st tranche	29.27	100,000	-	-	-	100,000
22nd tranche	29.27	7,965,250	-	-	(3,144,679)	4,820,571
23rd tranche	31.31	1,422,233	-	-	(619,917)	802,316
TOTAL OF ALL TRANCHES		**16,095,216**	**-**	**(136,030)**	**(4,142,255)**	**11,816,931**
Average exercise price (euros)		28.02	-	24.82	29.20	27.64
Average share price on exercise (euros)				23.30		

Movements in Publicis Groupe stock option plans in 2008

Shares with 0.40 euros par value	Exercise price of options (euros)	Options outstanding at 12/31/2007	Options granted in 2008	Options exercised in 2008	Options cancelled or lapsed in 2008	Outstanding options at 12/31/2008
8th tranche	8.66	21,000	-	(21,000)	-	-
9th tranche	10.24	54,500	-	(50,500)	(4,000)	-
10th tranche	43.55	100,000	-	-	-	100,000
11th tranche	33.18	360,000	-	-	(7,000)	353,000
13th tranche	29.79	88,200	-	-	(3,000)	85,200
14th tranche	32.43	5,000	-	-	-	5,000
15th tranche	29.79	220,000	-	-	-	220,000
16th tranche	24.82	485,067	-	-	(5,000)	480,067
17th tranche	24.82	3,999,348	-	-	(280,049)	3,719,299
19th tranche	24.82	1,251,459	-	-	(23,888)	1,227,571
20th tranche	24.76	475,655	-	-	(58,059)	417,596
21st tranche	29.27	100,000	-	-	-	100,000
22nd tranche	29.27	9,208,050	-	-	(1,242,800)	7,965,250
23rd tranche	31.31	1,564,400	-	-	(142,167)	1,422,233
24th tranche	-	-	-	-	-	-
TOTAL OF ALL TRANCHES		**17,932,679**		**(71,500)**	**(1,765,963)**	**16,095,216**
Average exercise price (euros)		27.99		9.78	28.48	28.02
Average share price on exercise (euros)				21.88		

Fair value of options granted in the last three years

No new options were granted during this year.

The following table summarizes the main assumptions and calculations concerning the tranches granted during the last three years:

	23rd tranche	
	August 24, 2008	
Grant date	(a)	(b)
Number of options granted in the year	787,200	787,200
Initial value of the option granted (in euros)	5.98	7.02
Assumptions:		
Share price on the date of grant (in euros)	31.31	31.31
Exercise price (in euros)	31.31	31.31
Volatility of the Publicis share	25.00%	25.00%
Average duration of the option (in years)	2.8	3.8
Dividend yield	1.60%	1.60%
Risk free rate	4.39%	4.43%

(a) Conditional options whose vesting is subject to continued employment and targets over the course of the three year plan from 2006-2008, exercisable as from May 2009.
(b) Conditional options whose vesting is subject to continued employment and targets over the course of the three year plan from 2006-2008, exercisable as from May 2010.

Publicis Groupe free share plans

Characteristics of Publicis Groupe free share plans outstanding at December 31, 2010

Shares with 0.40 euros par value	Beneficiaries	Grant date	Number of shares yet to vest at 12/31/2010	Vesting date of shares [(1)]	Remaining contract life (in years)
Co-investment plan	France	03/19/2009	810,864	03/19/2012	1.22
Co-investment plan	Outside France	03/19/2009	2,497,844	03/19/2013	2.22
France Plan - all employees	France	05/20/2009	159,975	05/20/2011	0.38
LTIP Plan 2010	France	08/19/2010	99,050	08/19/2013	2.64
LTIP Plan 2010	Outside France	08/19/2010	554,500	08/19/2014	3.64
LTIP Plan 2010-2012 (Management Board members)	France	09/22/2010	152,000	09/22/2013	2.73
LTIP Plan 2010-2012 (Management Board members)	Outside France	09/22/2010	100,000	09/22/2014	3.73
USA Plan - all employees	United States	12/01/2010	638,950	12/01/2014	3.92
TOTAL OF FREE SHARE PLANS			**5,013,183**		

(1) After this date French beneficiaries must observe an additional two-year lock-in period.

The award of the free shares listed above is conditional on continued employment by the employee throughout the vesting period. The grant is also subject to non-market performance conditions for all or part of the following plans: co-investment, LTIP 2010, LTIP 2010-2012.

Movements in Publicis Groupe free share plans in 2010

Shares with 0.40 euros par value	Beneficiaries	Number of shares yet to vest at 12/31/2009	Shares granted in 2010	Shares cancelled or lapsed in 2010	Shares vesting in 2010	Number of shares yet to vest at 12/31/2010
Co-investment plan	France	831,000	-	(20,136)	-	810,864
Co-investment plan	Outside France	2,713,176	-	(215,332)	-	2,497,844
France Plan - all employees	France	185,575	-	(25,600)	-	159,975
LTIP Plan 2010	France	-	100,150	(1,100)	-	99,050
LTIP Plan 2010	Outside France	-	567,450	(12,950)	-	554,500
LTIP Plan 2010-2012 (Management Board members)	France	-	152,000	-	-	152,000
LTIP Plan 2010-2012 (Management Board members)	Outside France	-	100,000	-	-	100,000
USA Plan - all employees	United States	-	658,400	(19,450)	-	638,950
TOTAL OF FREE SHARE PLANS		**3,729,751**	**1,578,000**	**(294,568)**	**-**	**5,013,183**

Movements in Publicis Groupe free share plans in 2009

Shares with 0.40 euros par value	Beneficiaries	Number of shares yet to vest at 12/31/2008	Shares granted in 2009	Shares cancelled or lapsed in 2009	Shares vesting in 2009	Number of shares yet to vest at 12/31/2009
Co-investment plan	France	-	831,000	-	-	831,000
Co-investment plan	Outside France	-	2,713,176	-	-	2,713,176
France Plan - all employees	France	-	210,125	(24,550)	-	185,575
TOTAL OF FREE SHARE PLANS		**-**	**3,754,301**	**(24,550)**	**-**	**3,729,751**

Publicis Groupe free share plans granted to certain Razorfish employees

The new Publicis Groupe free share plan, established on December 1, 2009, to replace the plans granted to certain Razorfish employees that were in effect at the time of the acquisition, resulted in the granting of 493,832 free shares in Publicis Groupe. For the majority of shares the vesting period runs for four years (2010-2013), with a smaller portion running until 2018. At December 31, 2010, the number of free shares yet to be vested was 271,027.

Fair value of free Publicis Groupe shares granted in the last three years:

FREE SHARES GRANTED IN 2010

	USA Employees	LTIP 2010-2012 (Management Board members)		LTIP 2010	
	12/01/2010	09/22/2010		08/19/2010	
Date of Management Board meeting	United States	France	Outside France	France	Outside France
Number of shares originally granted	658,400	152,000	100,000	100,150	567,450
Initial valuation of shares granted (in euros)	31.60	32.80	31.98	32.36	31.55
Assumptions:					
Share price on the grant date (in euros) (1)	34.57	34.95	34.95	34.51	34.51
Vesting period (in years)	4	3	4	3	4
Lock-in period (in years)	-	2	-	2	-

FREE SHARES GRANTED IN 2009

	Razorfish Employees	France Employees	Co-investment plan	
	12/01/2009	05/20/2009	03/19/2009	
Date of Management Board meeting	World	France	France	Outside France
Number of shares originally granted	493,832	210,125	831,000	2,713,176
Initial valuation of shares granted (in euros)	19.95 to 25.31	21.90	16.56	15.90
Assumptions:				
Share price on the grant date (in euros) (1)	25.91	23.09	18.37	18.37
Vesting period (in years)	0 to 9	2	3	4
Lock-in period (in years)	-	2	2	-

(1) The grant date corresponds to the date at which the parties reached a shared understanding of the features and conditions of the agreement. For shares granted under the co-investment plan, the grant date corresponds to the subscription period for the LionLead shares, which ran from February 16 to 27, 2009.

It should be noted that for these plans, the only adjustment made in the fair value of the free shares was to account for lost dividends during the vesting period; no discount was applied for the lock-in period since the effect was considered to be negligible.

Stock option and free share plans originated by Digitas

On the acquisition of Digitas, these plans were converted into Publicis Groupe stock option plans, applying the ratio existing between the acquisition price of our public offer for Digitas (translated into euros) and the Publicis Groupe 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, 2010

Shares with 0.40 euros par value	Grant date		Exercise price of options (in euros)		Options outstanding at 12/31/2010	Of which exercisable at 12/31/2010	Expiry date		Remaining contract life (in years)
	min	max	min	max			min	max	
Digitas plans									
2000	04/03/2000	02/01/2001	13.73	50.65	9,416	9,416	04/03/2010	02/01/2011	-
2001	03/01/2001	01/24/2007	5.08	35.42	434,799	433,772	03/01/2011	01/24/2017	3.91
2005 UK	06/01/2005	12/01/2006	21.70	35.42	6,189	6,189	06/01/2015	12/01/2016	5.55
Modem Media plans									
1997	03/26/1997	09/29/2004	18.30	19.18	370	370	01/01/2008	09/29/2014	3.74
1999	04/12/2000	06/22/2004	2.62	54.05	2,853	2,853	04/12/2010	06/22/2014	2.52
TOTAL OF TRANCHES					**453,627**	**452,600**			
Average exercise price (in euros)					22.99	22.97			

Movements in Digitas stock option plans in 2010

Shares with 0.40 euros par value	Exercise price of options (in euros) min	max	Options outstanding at 12/31/2009	Options exercised in 2010	Options cancelled or lapsed in 2010	Options outstanding at 12/31/2010
Digitas plans						
1999	21.36	21.36	10,061	(109)	(9,952)	-
2000	13.73	50.65	44,284	(63)	(34,805)	9,416
2001	5.08	35.42	549,835	(87,765)	(27,271)	434,799
2005 UK	21.70	35.42	7,040	(851)	-	6,189
Modem Media plans						
1997	18.30	19.18	370	-	-	370
1999	2.62	54.05	5,232	(187)	(2,192)	2,853
2000	16.35	16.35	1,191	-	(1,191)	-
TOTAL OF TRANCHES			**618,013**	**(88,975)**	**(75,411)**	**453,627**
Average exercise price (in euros)			23.87	17.74	33.01	22.99
Average share price on exercise (in euros)				33.36		

There are no more shares to be vested within the framework of the Digitas « Restricted Shares » grant, implemented between January 4, 2005 and January 23, 2007, which will cease to be locked-in as of January 23, 2010.

Effect of stock option and free share plans on the 2010 income statement

The total impact of these plans on the 2010 income statement was 26 million euros (excluding taxes and social security charges), compared with 24 million euros in 2009 and 9 million euros in 2008 (see Note 3 – Employee benefits expense).

With regard to the free shares plans granted subject to non-market performance conditions, the rights of which were still to be vested at December 31, 2010, the probability of the targets for 2010 being met has been estimated as follows:

- Co-investment plan (March 2009): 100% (compared with 85% in the 2009 accounts);
- LTIP Plan 2010 (August 2010): 100%;
- LTIP Plan 2010-2012 (September 2010): 100%.

Note 29 Related party disclosures

There have been no significant developments in related party operations since December 31, 2009, with the exception of the buyback by Publicis Groupe S.A of a block of 7,500,000 treasury shares, held via the SEP Dentsu-E. Badinter, for a total price of 218 million euros with Dentsu Inc., with a view to their cancellation.

The following related party transaction occurred during 2010:

	2010		2009		2008	
(in millions of euros)	Revenue [1]	Impairment of receivables	Revenue [1]	Impairment of receivables	Revenue [1]	Impairment of receivables
Dentsu	13	-	23	-	(9)	-

(1) This is the difference between purchases and sales made by the Group with Dentsu. These transactions were made at market prices.

	2010			2009			2008		
(in millions of euros)	Receivables	Impairment of receivables/ loans	Trade payables and borrowings	Receivables	Impairment of receivables/ loans	Trade payables and borrowings	Receivables	Impairment of receivables/ loans	Trade payables and borrowings
Dentsu	9	-	4	11	-	7	7	-	1
Onspot Digital	-	-	-	-	-	-	-	-	2
Somupi	7	-	-	2	-	-	13	-	-
Bromley	-	-	-	1	-	-	1	-	-

Terms and conditions of related-party transactions

- On November 30, 2003, Publicis Groupe S.A. and Dentsu signed an agreement pursuant to commitments made in the merger agreement of March 7, 2002, between (a) Publicis Groupe and its subsidiaries Philadelphia Merger Corp. and Philadelphia Merger LLC and (b) Bcom3 Group, Inc, pursuant to which Philadelphia Merger Corp. absorbed Bcom3. The main provisions of these commitments are described in the securities note concerning the Bcom3 business combination, which was approved by the French COB (securities commission) on May 16, 2002, under filing no. 02-564.

  The agreement includes provisions concerning Publicis Groupe's management (composition of the Supervisory Board, change in corporate legal form and Dentsu's representation on the Audit Committee) and the transfer of Publicis Groupe S.A. shares and options held by Dentsu, particularly a 15% limit on Dentsu's voting rights in Publicis Groupe S.A. The agreement further provides a clause protecting Dentsu from dilution and a clause requiring equity-method accounting by Dentsu of their investment in Publicis Groupe. This agreement will terminate July 12, 2012 unless the parties agree to a ten-year extension. The plan was publicly released in the AMF Decisions & Information dated January 9, 2004, as document 204C0036.
- Certain members of the Group's Supervisory Board hold management positions in financial establishments that have business relations with the Company, notably:
  - within the framework of the issuance of 2014 Océanes, a guaranteed investment agreement and assistance contract was concluded in June 2009 with a bank syndicate headed by BNP Paribas and Société Générale;
  - agreements on confirmed lines of credit were made by the Company in 2009 with BNP Paribas and Société Générale, for a principal of 100 million euros each and a maturity of five years;
  - an investment authorization agreement was made with BNP Paribas resulting from the public exchange offer on Eurobond 2012 launched on December 2, 2009, and the issuance of a new Eurobond 2015.

Compensation of managers

« Managers » covers individuals who were members of the Supervisory Board or Management Board, at the reporting date or during the year ended.

(in millions of euros)	2010	2009	2008
Overall gross compensation [(1)]	(7)	(12)	(11)
Post-employment benefits [(2)]	(1)	(1)	1
Termination or end-of-contract indemnities [(3)]	-	-	-
Other long-term benefits [(4)]	(5)	2	-
Share-based payments [(5)]	(2)	(2)	(1)

(1) Salaries, bonuses, indemnities, directors' fees and benefits in kind paid during the year.
(2) Change in pension provisions (net impact on income statement).
(3) Expense recognized in the income statement under provisions for termination or end-of-contract payments.
(4) Expense recognized in the income statement under provisions for deferred conditional compensation and bonuses.
(5) Expense recognized in the income statement under Publicis Groupe stock option and free share plans.

The total accounting provision on December 31, 2010 for post-employment and other long-term benefits for senior management amounts to 33 million euros (this number was 25 million euros on December 31, 2009 and 26 million euros on December 31, 2008).

Note 30 Subsequent events

None.

Note 31 Fees of the statutory auditors and members of their networks

The fees paid by Publicis Groupe during 2010 and 2009 to all of the Group's statutory auditors were as follows:

	Ernst & Young				Mazars				Total			
	Total (excl. VAT)		%		Total (excl. VAT)		%		Total (excl. VAT)		%	
(in millions of euros)	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Audit												
Statutory audit, audit opinion, review of individual and consolidated financial statements												
Publicis Groupe S.A. (parent company)	0.7	0.7	13%	12%	0.4	0.4	10%	10%	1.1	1.1	12%	11%
Subsidiaries	3.9	3.8	71%	64%	3.3	3.3	83%	83%	7.2	7.1	76%	72%
SUB-TOTAL	4.6	4.5	84%	76%	3.7	3.7	93%	93%	8.3	8.2	88%	83%
Other work and services directly related to the audit mission												
Publicis Groupe S.A. (parent company)	-	-	-	-	-	-	-	-	-	-	-	-
Subsidiaries	0.4	1	7%	17%	0.2	0.2	5%	5%	0.6	1.2	6%	12%
SUB-TOTAL	0.4	1.0	7%	17%	0.2	0.2	5%	5%	0.6	1.2	6%	12%
Other services												
Tax	0.5	0.4	9%	7%	0.1	0.1	2%	2%	0.6	0.5	6%	5%
SUB-TOTAL	0.5	0.4	9%	7%	0.1	0.1	2%	2%	0.6	0.5	6%	5%
TOTAL	**5.5**	**5.9**	**100%**	**100%**	**4.0**	**4.0**	**100%**	**100%**	**9.5**	**9.9**	**100%**	**100%**

Note 32 List of main consolidated companies on December 31, 2010

A) Fully consolidated companies

The companies listed below are our operating companies with revenue of at least 10 million euros.

Name	Voting rights	Shareholding	Country
Publicis Conseil	99.61%	99.61%	France
Publicis Activ France	99.96%	99.57%	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
VivaKi Performance (1)	100.00%	100.00%	France
Metrobus Publicité	67.00%	67.00%	France
VivaKi Communication	100.00%	100.00%	France
Publicis Net	99.99%	99.59%	France
World Advertising Movies	99.87%	99.87%	France
Drugstore Champs-Élysées (2)	100.00%	100.00%	France
Duke (2)	100.00%	100.00%	France
Global Event Management (2)	100.00%	99.61%	France
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	100.00%	100.00%	Germany
VivaKi Services	100.00%	100.00%	Germany
Neue Digitale/Razorfish (2)	100.00%	100.00%	Germany
Publicis Hamburg (2)	100.00%	100.00%	Germany
Abdulkader Suleiman El Khereiji & Brothers Advertising Company (2)	100.00%	100.00%	Saudi Arabia
ZenithOptimedia Australia	100.00%	60.20%	Australia
Saatchi & Saatchi Communications Australia	100.00%	100.00%	Australia
Starcom MediaVest Group	100.00%	100.00%	Australia
Publicis Mojo	100.00%	60.20%	Australia
Publicis Loyalty	100.00%	60.20%	Australia
Leo Burnett (2)	100.00%	100.00%	Australia
Duval Guillaume	100.00%	100.00%	Belgium
Publicis Brasil Comunicaçao	100.00%	100.00%	Brazil
Finance Nazca Saatchi & Saatchi Publicidade	53.00%	53.00%	Brazil
Leo Burnett Publicidade e Propaganda	99.99%	99.99%	Brazil
Publicis Canada	70.00%	70.00%	Canada
Leo Burnett Company	100.00%	100.00%	Canada
ZenithOptimedia (2)	100.00%	100.00%	Canada
TMG MacManus (2)	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
Leo Burnett (2)	100.00%	100.00%	Colombia
Welcomm Publicis Worldwide (2)	100.00%	100.00%	South Korea
Publicis Comunicacion Espana	100.00%	100.00%	Spain

Name	Voting rights	Shareholding	Country
Optimedia	100.00%	100.00%	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
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	100.00%	100.00%	United States
Leo Burnett Company	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
SCAP (1)	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 Touchpoint Solutions (1)	100.00%	100.00%	United States
Starcom MediaVest Group	100.00%	100.00%	United States
Optimedia International US	100.00%	100.00%	United States
Zenith Media Services	100.00%	100.00%	United States
Digitas	100.00%	100.00%	United States
Kekst and Company	100.00%	100.00%	United States
VivaKi	100.00%	100.00%	United States
Razorfish	100.00%	100.00%	United States
Razorfish Philadelphia (2)	100.00%	100.00%	United States
TLG India	100.00%	100.00%	India
Solutions Integrated Marketing Services (2)	60.00%	60.00%	India
Red Lion Communications (1)	100.00%	100.00%	Italy
Saatchi & Saatchi	100.00%	100.00%	Italy
Leo Burnett Company	100.00%	100.00%	Italy
Beacon Communications KK	66.00%	66.00%	Japan
MMS Communications KK	100.00%	100.00%	Japan
Starcom Worldwide	100.00%	100.00%	Mexico
Leo Burnett (2)	100.00%	100.00%	Mexico
Lion Communications (2)	100.00%	100.00%	Mexico
Saatchi & Saatchi	100.00%	100.00%	New Zealand
NME Media (2)	100.00%	100.00%	Netherlands
Starcom	100.00%	100.00%	Poland
Publicis	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
Publicis Healthcare Communications Group	100.00%	100.00%	United Kingdom
PGM Media Services (1)	100.00%	100.00%	United Kingdom
ZenithOptimedia	100.00%	100.00%	United Kingdom
Freud Communications	100.00%	56.26%	United Kingdom
Razorfish (2)	100.00%	100.00%	United Kingdom

Name	Voting rights	Shareholding	Country
Leo Burnett	100.00%	100.00%	Russia
OOO Publicis United	100.00%	100.00%	Russia
Publicis Groupe Media Eurasia	100.00%	100.00%	Russia
MMS Communications Singapore	100.00%	100.00%	Singapore
JKL	100.00%	100.00%	Sweden
Publicis Communications Schweiz (1)	100.00%	100.00%	Switzerland
Saatchi & Saatchi	100.00%	100.00%	Switzerland
Star Reachers Group Company (2)	100.00%	100.00%	Thailand
Leo Burnett	100.00%	100.00%	UAE
Starcom MediaVest Group	100.00%	100.00%	UAE

(1) Change in company name:

Name in 2010	Name in 2009	Country
VivaKi Performance	Groupe ZenithOptimedia	France
SCAP	Capps Digital	United States
Publicis Touchpoint Solutions	Publicis Selling Solutions	United States
Red Lion Communications	Publicis	Italy
PGM Media Services	D'Arcy Masius Benton & Bowles	United Kingdom
Publicis Communications Schweiz	Publicis Werbeagentur	Switzerland

(2) Companies on the 2010 list but not on the 2009 list; entities whose revenue in the year has become greater than the threshold for publication:

Name in 2010	Country
Drugstore Champs-Élysées	France
Duke	France
Global Event Management	France
Neue Digitale/Razorfish	Germany
Publicis Hamburg	Germany
Abdulkader Suleiman El Khereiji & Brothers Advertising Company	Saudi Arabia
Leo Burnett	Australia
ZenithOptimedia	Canada
TMG MacManus	Canada
Leo Burnett	Colombia
Welcomm Publicis Worldwide	South Korea
Razorfish Philadelphia	United States
Solutions Integrated Marketing Services	India
Leo Burnett	Mexico
Lion Communications	Mexico
NME	Netherlands
Razorfish	United Kingdom
Star Reachers Group Company	Thailand

B) Associates

Name	Voting rights	Shareholding	Country
Talent	49.00%	49.00%	Brazil
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
Dentsu Razorfish	19.35%	19.35%	Japan
Spillman Felser Leo Burnett	40.00%	40.00%	Switzerland

4.7 Statutory auditors' report on the consolidated financial statements

Year ended December 31, 2010

In our capacity as Statutory Auditors as mandated by your General Shareholders' Meeting, we hereby report to you in relation to the fiscal year ending December 31, 2010, concerning:

- the audit of the consolidated financial statements of Publicis Groupe, attached to this report;
- the justification for our assessments;
- the specific verification required by law.

The 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 presentation of the financial statements. We believe that the evidence we have gathered in order to form our opinion is adequate and appropriate.

In our opinion, the consolidated financial statements for the year give a true and fair view of the net assets, financial position and results of the consolidated group of entities in accordance with IFRS as adopted by the European Union.

Without calling into question the opinion expressed above, we would like to bring to your attention Note 1, "Accounting Policies", which mentions that the Group will apply, starting on January 1, 2010, the revised standards IFRS 3, "Business Combinations", and IAS 27, "Consolidated and Separate Financial Statements".

II. JUSTIFICATION OF ASSESSMENTS

In accordance with the requirements of Article L. 823-9 of the French Commercial Code relating to the justification of our assessments, we draw your attention to the following:

- Note 1.3 "Accounting Policies" to the consolidated financial statements describes the accounting policies and methods with respect to revenue recognition. As part of our assessment of the accounting policies and principles applied by your Group, we assessed the appropriateness of the accounting method used for revenue recognition and we assured ourselves of the correct application of this accounting method;
- Your Company has established provisions as described in Note 20 "Provisions" and in Note 21 "Pension liabilities and other post-employment benefits" included in the notes to the consolidated financial statements. These notes describe the methods of calculation and measurement 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 related to the procedures followed by management in valuing these provisions and on the review of independent valuations performed by experts;
- Your company carries out impairment tests with regard to the value of intangible assets, goodwill and property, plant and equipment in accordance with the methods described in Note 1.3 "Accounting policies" and 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 option and free share plans" 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 thus formed part of the process in 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 performed, in accordance with professional auditing standards that apply in France, specific verifications as required by law on information relating to the Group, produced in the Management Report.

We have no matters to report on their fairness and their conformity with the consolidated financial statements.

Courbevoie and Neuilly-sur-Seine, February 17, 2011

by the Statutory Auditors

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

5

2010 PARENT COMPANY FINANCIAL STATEMENTS

5.1 Income statement

(in thousands of euros)	Note	2010	2009	2008
Billings (goods and services)	3	15,146	33,847	17,935
Reversal of provisions and expense transfers	4	41,405	2,141	3,143
Other income		0	0	1,073
TOTAL OPERATING INCOME		**56,551**	**35,988**	**22,151**
Other purchases and external charges		(10,906)	(11,189)	(9,887)
Taxes other than income taxes		(2,260)	(1,136)	(1,547)
Personnel expenses		(44,347)	(26,526)	(5,056)
Amortization and increases in provisions		(5,693)	(4,056)	(5,896)
Other expenses		(1,192)	(581)	(1,612)
TOTAL OPERATING EXPENSES		**(64,398)**	**(43,488)**	**(23,998)**
NET OPERATING INCOME (EXPENSE)		**(7,847)**	**(7,500)**	**(1,847)**
Investment income		300,354	258,432	317,058
Interest and other financial income		7,070	11,126	8,282
Reversal of financial provisions & expense transfers		79,234	216,548	27,621
TOTAL FINANCIAL INCOME		**386,658**	**486,106**	**352,961**
Amortization and increases in provisions		(79,427)	(77,627)	(215,932)
Interest and other financial expenses		(118,173)	(117,086)	(165,849)
TOTAL FINANCIAL EXPENSES		**(197,600)**	**(194,713)**	**(381,781)**
Share in net income of partnerships		1,775	1,044	896
NET FINANCIAL INCOME (EXPENSE)	5	**190,833**	**292,437**	**(27,924)**
Net income (loss) before exceptional items and taxes		**182,986**	**284,937**	**(29,771)**
Exceptional income on operational transactions		0	0	2
Exceptional income on capital transactions		22,192	4,446	0
TOTAL EXCEPTIONAL INCOME		**22,192**	**4,446**	**2**
Exceptional expenses on operational transactions		0	0	0
Exceptional expenses on capital transactions		(6,967)	(23)	0
TOTAL EXCEPTIONAL EXPENSES		**(6,967)**	**(23)**	**0**
EXCEPTIONAL ITEMS	6	**15,225**	**4,423**	**2**
Income taxes	7	**37,717**	**30,332**	**59,438**
NET INCOME FOR THE PERIOD		**235,928**	**319,692**	**29,669**

5.2 Balance sheet

(in thousands of euros)	Note	2010	2009	2008
Assets:				
Intangibles				
Concessions and business goodwill		2,991	2,991	2,989
Amortization		(519)	(478)	(438)
Tangible assets:	8.1			
Land		2,291	3,627	3,627
Buildings		3,044	11,463	11,463
Machinery and equipment		6,969	6,969	6,621
Others		20,762	19,504	12,284
Depreciation		(17,611)	(21,859)	(20,571)
Investments and other financial assets:				
Investments	8.2	5,668,748	5,670,521	5,670,348
Impairment provisions on investments	8.2	(6,856)	(3,634)	0
Loans and advances to invested entities	8.3	1,091,287	1,054,598	1,014,125
Other non-current securities	8.4	0	0	449,239
Loans and other financial assets		538	492	487
Provisions on investments and other financial assets	8.4	(32)	(32)	(131,999)
NON-CURRENT ASSETS		**6,771,612**	**6,744,162**	**7,018,175**
Advances paid to suppliers		0	0	21
Trade receivables		46,380	15,780	3,545
Other receivables		21,441	12,108	16,372
Marketable securities	9	276,996	300,882	28,885
Cash and cash equivalents		14	56	14
CURRENT ASSETS		**344,831**	**328,826**	**48,837**
Prepayments		323	0	0
Deferred expenses	10	10,394	13,559	4,143
Bond redemption premiums	11	17,972	25,768	48,312
Unrealized foreign exchange losses	12	61,161	68,531	86,443
TOTAL ASSETS		**7,206,293**	**7,180,846**	**7,205,910**

(in thousands of euros)	Note	2010	2009	2008
Capital stock		76,658	79,033	78,408
Additional paid-in capital		2,481,710	2,649,191	2,602,170
Statutory reserve		8,095	8,095	8,095
Retained earnings		611,704	399,323	477,004
EQUITY BEFORE NET INCOME FOR THE PERIOD		3,178,167	3,135,642	3,165,677
Net income for the period		235,928	319,692	29,669
EQUITY	14	3,414,095	3,455,334	3,195,346
Proceeds from issuance of participating securities (Oranes)		571,739	619,384	667,029
Other equity	15	**571,739**	**619,384**	**667,029**
Provisions for liabilities and charges	16	**162,331**	**125,734**	**118,248**
Bonds	17	1,629,434	1,662,981	1,048,590
Bank borrowings and overdrafts	18	286	481	378
Borrowings and other financial liabilities	19	1,414,160	1,302,890	2,162,871
Trade payables		6,113	7,551	6,537
Tax and employee-related payables		5,945	3,606	3,615
Other creditors		1,284	1,252	818
Deferred income		0	0	0
LIABILITIES		3,057,222	2,978,761	3,222,809
Unrealized foreign exchange gains		906	1,633	2,478
TOTAL LIABILITIES AND EQUITY		**7,206,293**	**7,180,846**	**7,205,910**

5.3 Statement of cash flows

(in thousands of euros)	2010	2009	2008
Cash flows from operating activities			
Net income for the period	**235,928**	**319,692**	**29,669**
(Gains) losses on disposals	(15,413)	(3,565)	11,022
Reversals of provisions (net of provision increases)	40,760	(119,121)	217,404
Transfer to deferred expenses, net of amortization	3,165	1,529	1,029
Amortization of redemption premiums on the Océanes and Eurobond	3,207	3,078	5,170
Gross operating cash flow	267,647	201,613	264,294
Change in operating working capital	(1,035)	17,448	(92,704)
NET CASH FLOWS FROM OPERATING ACTIVITIES (I)	266,612	219,061	171,590
Cash flows from investing activities			
Purchases of tangible assets and Intangibles	(2,566)	(7,568)	(2,976)
Proceeds from sale of tangible assets and Intangibles	19,250	0	0
Net purchases of investments and other financial assets [1]	0	408,860	13,290
Acquisitions of subsidiaries	0	0	0
Disposals of subsidiaries	2,893	0	0
NET CASH FLOWS FROM INVESTING ACTIVITIES (II)	19,577	401,292	10,314
Cash flows from financing activities			
Dividends paid to equity holders of the parent	(107,312)	(107,350)	(105,566)
Cash proceeds of capital increases	0	0	699
Cash proceeds of new bond issues	0	718,750	0
Redemption of bonds and related interest	(67,659)	(99,406)	(672,000)
Increases in other borrowings	58,268	0	1,230,335
Decreases in other borrowings	0	(866,343)	(450,000)
Buyback of warrants	0	0	0
Buyback of treasury shares	(290,396)	(599)	(196,110)
Sale of treasury shares	97,177	6,531	24,335
NET CASH FLOWS FROM FINANCING ACTIVITIES (III)	(309,922)	(348,417)	(168,307)
CHANGE IN CASH AND CASH EQUIVALENTS (I + II + III)	**(23,733)**	**271,936**	**13,597**
Cash and cash equivalents at January 1	300,457	28,521	14,924
Cash and cash equivalents at December 31	276,724	300,457	28,521
CHANGE IN CASH AND CASH EQUIVALENTS	**(23,733)**	**271,936**	**13,597**

(1) The 2009 amount includes 449,239 thousand euros for the transfer of treasury shares previously classified under "Other non-current securities" to "Marketable securities" (which are part of "Cash and cash equivalents") after their allocation to stock option and free share plans.

5.4 Notes to the financial statements of Publicis Groupe S.A.

DETAILED SUMMARY OF NOTES

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 during the period

In 2010 the following significant events occurred:

- the May 2010 purchase, with a view to their cancellation, of 7,500,000 Publicis Groupe shares held by SEP Dentsu-Badinter for 217.5 million euros. This purchase, which took place on May 10, 2010, immediately followed by the cancellation of an equivalent number of treasury shares, had no impact on the Company's results;
- the December 2010 sale of a building located on rue du Dôme in Boulogne-Billancourt for 19.25 million euros, generating a one-time capital gain of 14.2 million euros;
- the May 2010 sale of the 10% interest in Europe 1 Immobilier for 2.9 million euros, generating a one-time capital gain of 0.93 million euros;
- waiver by the Chairman of the Management Board, Maurice Lévy (along with all Management Board members), of his 2009 bonus, representing some 2 million euros.

Note 2 Accounting policies, rules and methods

The parent company's financial statements for 2010 have been prepared in accordance with the French Chart of Accounts (*plan comptable général*) and in compliance with legal and regulatory texts applicable in France.

Comparability of financial statements

The measurement methods used to prepare the 2010 financial statements are identical to those used to prepare the financial statements for the previous financial year.

Intangibles

Intangibles subject to amortization consist of the concession in respect of parking spaces, which is amortized over 75 years (length of the concession), and the business of Publicis Cinema, which is already fully amortized.

Tangible assets

Tangible assets are recognized at net acquisition cost and are subject to annual depreciation calculated on a straight-line basis over the following periods:

- 50 years building on Avenue des Champs-Élysées, Paris;
- 10-20 years fixtures and fittings;
- 10 years machinery and equipment;
- 4 years vehicles;
- 3 years computer equipment.

Investments and other financial assets

The gross amount of investments is composed of the acquisition price of the securities excluding ancillary expenses. Foreign currency denominated securities are recognized at their acquisition price translated into euros at the exchange rate applicable on the date of the transaction.

Impairment 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 net asset value, capitalized earnings or market capitalization, associated where necessary with more subjective criteria, such as specific industry indicators or ratios determined, in the context of economic 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 primarily include treasury shares, which are classified according to their intended purpose.

A provision for liabilities is recognized for treasury shares allocated to stock option or free share plans in order to reflect the loss resulting from the difference between the subscription price (zero for the free shares) and their cost price.

A provision is recognized for treasury shares that are not allocated to such a plan, as well as « other marketable securities », whenever their current value at the reporting date is lower than their carrying amount. The current value of publicly traded securities equals the average quoted price for the final month of the financial year; and for non-listed securities, the probable selling price.

Bonds

Bonds are recognized at their par value.

In cases where a redemption premium exists, the liability is increased by the total amount of such a premium. This premium is offset by the recognition of an asset, which is amortized over the life of the bond on an actuarial basis.

In cases where an issue premium exists, the liability is recognized at par value and the issue premium is recognized as an asset; the issue premium being amortized over the life of the bond.

Oranes (i.e. bonds redeemable in new or existing shares) are recognized in other equity because of their intrinsic characteristics.

Provisions for liabilities and charges

Provisions for liabilities and charges are recognized to cover liabilities which are probable but the amount of which cannot be reliably measured.

These provisions include, amongst other items:

- a provision for retirement indemnities, calculated on the basis of an independent expert appraisal;
- a provision for other conditional long-term commitments to employees;
- a provision for tax on the capital gain generated on the transfer of assets as part of the reorganization of the US business in 2000;
- a provision for liabilities with respect to work to be carried out on the Paris headquarters;
- a provision for foreign exchange losses on the sterling loan granted to MMS UK;
- a provision for liabilities with respect to treasury shares to cover the loss resulting from the difference between the subscription price and the cost of such shares when allocated to stock option or free share plans;
- a provision for liabilities to cover future losses on free share grants that have still not vested, shares to be drawn from existing shares, not yet held as treasury shares at the reporting date.

Net financial expense

Financial income is recognized by applying the usual rules, i.e.:

- dividends: on the date the distribution is approved at the General Shareholders' Meeting;
- financial income on current accounts, time deposits and bonds: as benefits are acquired;
- interest and dividends on marketable securities: on the date of receipt.

Financial expenses relating to the Eurobond 2012 as well as the Eurobond 2015 are presented net of the interest income from the interest rate swap.

The "Share in net income of partnerships" recognized in the income statement represents the Company's proportional share (49%) in the 2010 results of Régie 1, in accordance with the provisions of that entity's bylaws.

Exceptional items

These include capital gains and losses on the sale of tangible assets, intangibles and non-current financial assets and in particular capital losses corresponding to the buyback price of warrants and capital gains and losses arising from the early repayment of borrowings.

In addition, to facilitate interpretation of "net income (loss) before exceptional items", the Company recognizes in exceptional items such increases (reversals) 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-Élysées in Paris;
- services invoiced to Group companies.

Note 4 Reversal of provisions and expense transfers

Expense transfers primarily include reinvoicing by Group companies with respect to Publicis Groupe free share grants to certain key group executives as part of a co-investment program. In 2009, this reinvoicing was recognized under billings.

Note 5 Net financial income (expense)

(in thousands of euros)	2010	2009	2008
Dividends	250,254	207,293	254,551
Other income from investments	50,100	51,139	62,507
Investment income	**300,354**	**258,432**	**317,058**
Other financial income	2,459	6,494	3,328
Foreign exchange gains	4,611	4,632	4,954
Interest and other financial income	**7,070**	**11,126**	**8,282**
Reversal of provisions on investments	3,634	0	4,229
Reversal of provision for impairment of treasury shares	0	131,999	0
Reversal of provision for liabilities on treasury shares	7,164	0	5,246
Reversal of other financial provisions	68,436	84,549	18,146
Reversal of financial provisions and expense transfers	**79,234**	**216,548**	**27,621**
TOTAL FINANCIAL INCOME	386,658	486,106	352,961
Provision for impairment of treasury shares	0	0	(125,410)
Provision for liabilities on treasury shares	(5,521)	0	0
Bond-related amortization	(5,274)	(4,604)	(5,027)
Increases in provisions for foreign exchange losses	(60,863)	(68,436)	(84,549)
Increases in provisions for impairment of equity investments	(6,856)	(3,634)	
Increases in other financial provisions	(913)	(953)	(946)
Amortization and increases in provisions	**(79,427)**	**(77,627)**	**(215,932)**
Bond-related expenses	(50,228)	(43,798)	(68,297)
Other financial expenses	(64,236)	(68,343)	(93,268)
Foreign exchange losses	(3,649)	(4,945)	(4,284)
Interest and other financial expenses	**(118,173)**	**(117,086)**	**(165,849)**
TOTAL FINANCIAL EXPENSES	(197,600)	(194,713)	(381,781)
Share in net income of partnerships	1,775	1,044	896
NET FINANCIAL INCOME (EXPENSE)	**190,833**	**292,437**	**(27,924)**

Note 6 Exceptional items

2010 exceptional items included the 14,243 thousand euro capital gain realized on the sale of the building at rue du Dôme in Boulogne-Billancourt as well as the 934 thousand euro capital gain generated on the sale of shares in Europe 1 Immobilier (representing some 10% of the share capital).

2009 exceptional items included the capital gain realized on the part redemption of the Océane 2018 on January 19, 2009, involving 2,241,811 bonds or 12.72% of the original issue.

No exceptional items were recorded in 2008.

Note 7 Income taxes

In 2010, the Company, which is the parent company of the French tax group (which includes 36 subsidiaries), recognized a tax loss of 33,324 thousand euros on a standalone basis.

The gain on tax consolidation recognized in 2010 by Publicis Groupe amounted to 37,717 thousand euros. This gain from tax consolidation is recognized, in accordance with the tax consolidation agreements signed by the member companies, in the income statement of the tax group's parent company.

Tax loss carryforwards of the French tax group at 31 December 2010, which can be carried forward without any time limit, amount to 277,990 thousand euros.

Note 8 Non-current assets

8.1 Tangible assets

On December 17, 2010, Publicis sold the building it owned at 7-15 rue du Dôme in Boulogne Billancourt for 19,250 thousand euros generating a 14,243 thousand euro capital gain recognized in exceptional items over and above the 5,007 thousand euro net amount.

Publicis had become outright owner of the building in December 2007, when it exercised a purchase option in the finance lease it had on two floors. It already owned the building's other floors.

8.2 Investments

In March 2010, Publicis sold the 7,000 shares it held in Europe 1 Immobilier, representing 10% of the Company's share capital, for 2,942 thousand euros. As these shares had a carrying amount of 1,959 thousand euros, the resulting capital gain, recognized under exceptional items, was 934 thousand euros.

At the 2010 reporting date, impairment provisions recorded the following changes:

- new provision on Metrobus securities: 5,347 thousand euros;
- new provision on MRE securities: 1,509 thousand euros;
- cancellation of provision on MMS France Holdings securities: 3,634 thousand euros.

There were no significant changes in investments in 2009, with the exception of a 3,634 thousand euro impairment provision on the MMS France Holdings investment.

We should mention further that, as part of the acquisition of VivaKi Communications (formerly Business Interactif), put options were granted to beneficiaries of free shares that were not exercisable at the closing date of the squeeze-out procedure. These commitments represented 1,017 thousand euros at December 31, 2010, as compared with 837 thousand euros in 2009.

There were no significant changes in investments in 2008.

8.3 Loans and advances to invested entities

Loans and advances to invested entities amounted to 1,091,287 thousand euros at December 31, 2010; they were mainly comprised of two loans granted to Group companies:

- USD loan to MMS USA Holdings for a foreign currency equivalent of 797,425 thousand euros;
- GBP loan to MMS UK Holdings for a foreign currency equivalent of 245,892 thousand euros.

These receivables amounted to 1,054,598 thousand euros at December 31, 2009. The increase in this line item in 2010 mainly stemmed from the movement of the US dollar against the euro.

8.4 Other non-current securities

Since 2009, all treasury shares have been recognized as marketable securities as they are allocated to employee grants or are available to cover future grants that have already been approved.

Up until the 2008 reporting date, they were recognized as non-current securities.

The 131,999 thousand euro impairment provision for securities that existed at December 31, 2008 was thus wholly reversed in 2009.

Note 9 Marketable securities

The liquidity contract signed with Société Générale continued throughout 2010.

Marketable securities broke down as follows at December 31, 2010:

(in thousands of euros)	December 31, 2010	December 31, 2009	December 31, 2008
Excluding liquidity contract:			
• Treasury shares	248,302	272,294	-
Held under the liquidity contract:			
• Monetary mutual funds	28,694	28,488	28,885
• Treasury shares		100	-
TOTAL MARKETABLE SECURITIES (NET AMOUNT)	**276,996**	**300,882**	**28,885**

Activities for the year, excluding the liquidity contract, and the end-of-year positions 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 SHARES HELD AT DECEMBER 31, 2009	**10,410,844**	**272,294**	**0**	**272,294**
Buyback of shares held by SEP Dentsu-Badinter	7,500,000	217,500	-	217,500
Cancellation of shares bought back from SEP Dentsu-Badinter	(7,500,000)	(217,500)	-	(217,500)
Other share buybacks	2,487,959	72,896	-	72,896
Exercised options	(3,624,632)	(96,888)	-	(96,888)
TREASURY SHARES HELD AT DECEMBER 31, 2010 OUTSIDE THE LIQUIDITY CONTRACT	**9,274,171**	**248,302**	**0**	**248,302**

Note 10 Deferred expenses

This line item includes costs associated with the bond issue and the arrangement of the syndicated credit lines, for the portion still to be amortized over the remaining period to maturity of the bonds and to expiry of the credit lines.

Deferred expenses at December 31, 2010 were composed of:

(in thousands of euros)	Total
Océane 2014 issuance costs	6,298
Océane 2018 issuance costs	1,204
Eurobond 2012 issuance costs	463
Eurobond 2015 issuance costs	955
TOTAL BOND ISSUANCE COSTS	8,920
Capital loss on the Eurobond 2012, net of the payment received upon unwinding of the corresponding interest rate swap	936
Costs of arranging the syndicated credit line	538
TOTAL DEFERRED EXPENSES	**10,394**

Note 11 Bond issue and repayment premiums

These represent, respectively (net amount at December 31, 2010):

- redemption premiums: 17,165 thousand euros for the Océane 2018;
- issue premium: 807 thousand euros for the Eurobond.

Note 12 Unrealized foreign exchange gains (losses)

The unrealized foreign exchange loss results primarily from the re-measurement of the 211,652 thousand pound loan to MMS UK.

Note 13 Average headcount

The Company's average headcount was 2 executives.

Note 14 Equity

The Publicis Groupe capital stock has changed as follows over the past five financial years:

Dates	Capital transactions	Changes in share capital Shares with 0.4 euro par value: Number of shares	Par value (in thousands of euros)	Additional paid-in capital (in thousands of euros)	Total cumulative amount of capital (in thousands of euros)	Cumulative number of shares in the Company
	SITUATION AT JANUARY 1, 2006				78,843	197,109,010
2006	Publicis plan options exercised	38,090	16	316	78,859	197,147,100
	Orane redemption (2nd tranche)	1,562,129	625	47,020	79,484	198,709,229
2007	Publicis plan options exercised	226,970	91	2,180	79,575	198,936,199
	Orane redemption (3rd tranche)	1,562,129	625	47,020	80,200	200,498,328
	Consideration for the contribution of Digitas France securities	1,889,026	755	62,149	80,955	202,387,354
2008	Publicis plan options exercised	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
	Orane redemption (4th tranche)	1,562,129	624	47,020	78,408	196,020,983
2009	Orane redemption (5th tranche)	1,562,129	625	47,020	79,033	197,583,112
2010	Cancellation of shares following buyback from SEP Dentsu-Badinter	(7,500,000)	(3,000)	(214,500)	76,033	190,083,112
	Orane redemption (6th tranche)	1,562,129	625	47,020	76,658	191,645,241
	POSITION AT DECEMBER 31, 2010				**76,658**	**191,645,241**

Stockholders' equity changed as follows between January 1, 2010 and December 31, 2010:

(in thousands of euros)	January 1, 2010	Capital increase	Cancellation of shares	Allocation of 2009 net income	Distribution of dividends	2010 net income	December 31, 2010
Capital stock	79,033	625	(3,000)	-		-	76,658
Additional paid-in capital	2,649,190	47,020	(214,500)	-		-	2,481,710
Statutory reserve	8,095			-		-	8,095
Earnings brought forward	399,324			319,692	(107,312)		611,704
SUB-TOTAL	**3,135,642**	**47,645**	**(217,500)**	**319,692**	**(107,312)**		**3,178,167**
Net income for the period	319,692	-	-	(319,692)		235,928	235,928
TOTAL	**3,455,334**	**47,645**	**(217,500)**	**0**	**(107,312)**	**235,928**	**3,414,095**

Note 15 Other equity

Other equity consists of a 20-year bond redeemable in new or existing shares (Oranes) issued on September 24, 2002 as part of the Bcom3 Group acquisition.

The initial amount of the bond was 857,812 thousand euros. It was reduced to 571,739 thousand euros following the redemption of the first six tranches every September from 2005 to 2010. At December 31, 2010 there remained 1,562,129 Oranes with a par value of 366 euros, each entitling the holder to 12 new or existing Publicis Groupe shares at a rate of one per year from September 1, 2011, to September 1, 2022, representing a total of 18,745,548 shares to be issued. In parallel, the unit value of each Orane shall be reduced by 30.50 euros per year on each of these dates.

Oranes bear interest at a minimum rate of 0.82% of the par value. This interest rate was reviewed for the second time on payment of the coupon due on September 1, 2008 on the basis of 110% of the average dividends over the previous three years; the new coupon, fixed for the period September 2008 to September 2011, represents annual interest of 1.75%.

Note 16 Provisions for liabilities and charges

(in thousands of euros)	Amount at January 1, 2010	Increase in 2010	Reversal in 2010 (provision used)	Reversal in 2010 (unused provision)	Amount at December 31, 2010
Provision for taxes (1)	6,647		-	-	6,647
Provision for retirement indemnities	4,487	363	-	-	4,850
Provision for conditional long-term commitments to employees	20,251	3,773	-	-	24,024
Provision for foreign exchange losses	68,436	60,863		(68,436)	60,863
Provision for liabilities on treasury shares and bonus share grants that have still not vested (2) (3)	22,492	63,957		(22,492)	63,857
Other provisions for liabilities (4)	3,421	171	(1,504)	-	2,090
TOTAL	**125,734**	**129,027**	**(1,504)**	**(90,928)**	**162,331**

(1) Refers to 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 reversal was recorded in 2008.

(2) This provision was funded, firstly, to cover the loss resulting from the difference between the subscription price and the cost price of the treasury shares when they were allocated to stock option plans or free share plans, and, secondly, to cover any future losses on free share grants that have still not vested, shares to be drawn from existing shares, not yet held as treasury shares at the reporting date.

(3) Provisions and provision reversals relating to costs borne by Publicis Groupe in relation to the co-investment plan are shown as employee costs according to advice no. 2008-17 of the French National Accounting Council.

(4) These provisions include a provision, of 1,305 thousand euros at December 31, 2010, for work to comply with new building standards for the Company's head office building in Paris.

Note 17 Bonds

IN THOUSANDS OF EUROS

Number of securities	Category of bond	December 31, 2010	December 31, 2009	December 31, 2008
2,624,538	Océane 2.75% - actuarial - January 2018	102,749	126,943	214,710
	Océane 2.75% - redemption premium	35,541	43,910	74,268
25,761,647	Océane 3.125% - July 2014	718,750	718,750	-
505,725	Eurobond 4.125% - January 2012	505,725	505,725	750,000
253,242	Eurobond 4.250% - March 2015	253,242	253,242	-
	Total excl. accrued interest	1,616,007	1,648,570	1,038,978
	Accrued interest	13,427	14,411	9,612
	BALANCE SHEET TOTAL	**1,629,434**	**1,662,981**	**1,048,590**

Océane – 2.75% actuarial January 2018

The 16-year bond convertible into new or existing shares (Océane), issued on January 18, 2002 for a total original amount of 690 million euros (excluding premium), was composed of 17,624,521 bonds of 39.15 euros each (representing a premium of 35% over the Publicis Groupe reference share price at the time of the issue), issued at par and bearing interest at an annual rate of 1%. These bonds are fully redeemable upon maturity, on January 18, 2018, for an amount equal to their par value plus a redemption premium of 34.59%. 62.36% of these bonds were redeemed in February 2005 and 6.52% in February 2006, reducing the total debt to 215 million euros. The remaining bonds will be fully redeemed upon maturity, on January 18, 2018, for a sum corresponding to 134.59% of par. They may, however, be redeemed early, either by being bought back on the market, or by means of public tender offers (cash or swap), at any time from January 18, 2007. Bondholders have the possibility of requesting early redemption on January 18, 2014. Additionally, Publicis Groupe has a right to redeem the bonds early 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 be either existing or new shares, at the Company's discretion.

Océane – 3.125% July 2014

The 5-year bond convertible into new or existing shares (Océane), issued on June 24, 2009 for a total amount of 719 million euros, was composed of 25,761,647 bonds of 27.90 euros each (representing a premium of 35.5% over the Publicis Groupe reference share price at the time of the issue), issued at par and bearing interest at an annual rate of 3.125%, payable on a six-monthly basis. They will be redeemed at par on July 30, 2014 and may be subject to early redemption at the discretion of Publicis Groupe under certain conditions. Bondholders may request the conversion or exchange of bonds at a ratio of one share per bond, at any time after August 3, 2009 but no later than the seventh working day preceding the maturity date. Shares issued may be either existing or new shares, at the Company's discretion.

Eurobond 4.125% – January 2012

The standard bond issued on January 28, 2005, for an original amount of 750 million euros bearing interest at 4.125% and maturing in 2012, was comprised of 750,000 bonds with a par value of 1 thousand euros each. Issued at 99.3% of par, they bore an issue premium of 5 million euros, amortized over the life of the bond.

Following the public exchange offer launched on December 2, 2009, and in order to extend the maturity of this liability, 244,275 bonds worth 244 million euros were redeemed (representing nearly 33% of the total principal issued), reducing the total liability to 506 million euros, representing 505,725 bonds.

The remaining bonds will be redeemed at par when they mature on January 31, 2012.

Eurobond 4.25% – March 2015

Following the public exchange offer launched on December 2, 2009 pursuant to which holders of the Eurobond 2012 were entitled to exchange it for newly issued, 4.25% euro-denominated bonds maturing in March 2015. In exchange for the 244,275 bonds tendered, Publicis Groupe issued a new Eurobond maturing in 2015 for 253 million euros, consisting of 253,242 bonds.

These new bonds will be fully redeemed at par when they mature on March 31, 2015.

Note 18 Bank borrowings and overdrafts

This line item is solely comprised of bank overdrafts.

Note 19 Borrowings and other financial liabilities

(in thousands of euros)	December 31, 2010	December 31, 2009	December 31, 2008
Long-term borrowings from Publicis Finance Services (1)	731,365	678,363	702,199
Long-term borrowings from Publicis Groupe Holdings (2)	300,000	300,000	300,000
Current accounts, short-term borrowings from subsidiaries and accrued interest	377,834	313,729	1,153,976
Other creditors	4,961	10,798	6,696
TOTAL	**1,414,160**	**1,302,890**	**2,162,871**

(1) On November 28, 2007, Publicis Groupe obtained a loan of 977,250 thousand dollars from Publicis Finance Services, a Group subsidiary that manages the international cash pool, in order to partly finance the buy-back of a loan granted by Publicis Finance Services to MMS USA Holdings for the purchase of Digitas Inc early 2007.

(2) The 300,000 thousand euro loan is a subordinated participating loan granted by Publicis Groupe Holdings on October 5, 2007 with a term of 55 years.

Note 20 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	- 1 yr	1 to 5 yrs	+ 5 yrs
Bonds	1,629,434	13,427	1,224,475	391,532
Bank borrowings and overdrafts	286	286	-	-
Borrowings and other financial liabilities	1,414,160	382,795		1,031,365
Trade payables	6,113	6,113	-	-
Tax and employee-related payables	5,817	5,817	-	-
Other creditors	1,284	1,284	-	-
TOTAL LIABILITIES	**3,057,094**	**409,722**	**1,224,475**	**1,422,897**

Note 21 Disclosures concerning related parties and investments

(in thousands of euros)	Amount concerning related parties	Amount concerning companies in which the Company has invested
Balance sheet		
Investments	5,659,766	
Loans and advances to invested entities	1,091,287	
Trade receivables	46,129	
Other receivables	9,089	
Borrowings and other financial liabilities	1,414,088	
Trade payables	140	
Tax liabilities	1,885	
Income Statement		
Billings (goods and services)	15,022	
Expense transfers	39,642	
Other purchases and external charges	(1,357)	
Investment income	252,029	
Interest and other financial income	50,100	
Share in net income of partnerships	1,775	
Increases in financial provisions	(5,347)	
Interest and other financial expenses	(62,073)	

Note 22 Off-balance sheet commitments

Off-balance sheet commitments given

Commitments related to bonds and to Oranes

OCÉANE 2018 - 2.75% ACTUARIAL JANUARY 2018

For Océane 2018, bondholders may request that bonds be converted, at a ratio of one share for each bond (which had a unit value of 39.15 euros when issued), at any time from January 18, 2002 until the seventh business day before maturity (in January 2018). Taking into account the early redemptions in February 2005, January 2006, January 2009 and January 2010, Publicis Groupe has a commitment to deliver, if requests for conversion are made, 2,624,538 shares which may, at Publicis Groupe's discretion, be either newly issued shares or existing treasury shares.

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, 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 six tranches of the bond on each anniversary date since September 2005, each Orane carries an entitlement to receive 12 new or existing Publicis Groupe shares, at the rate of one share per year until the twentieth anniversary of the bond issuance. Publicis Groupe is therefore required to deliver 1,562,129 shares each year from 2011 to 2022, representing a total of 18,745,548 shares which may be, at Publicis Groupe's discretion, either newly issued shares or existing treasury shares.

OCÉANE 2014 - 3.125% - JULY 2014

For Océane 2014, bondholders may request that bonds be converted, at a ratio of one share for each bond (which had a unit value of 27.90 euros when issued), at any time from August 3, 2009 until the seventh business day before maturity (July 2014). Publicis Groupe will thus have an obligation, if conversion is requested, to deliver 25,761,647 shares which may, at the Publicis Groupe's discretion, be either newly issued shares or existing shares treasury.

These bonds are in principle repayable in full on July 30, 2014 by redemption at par. However, Publicis Groupe retains the option to redeem all or part of the bonds at any time from July 30, 2012 if Publicis Groupe SA shares trade at 130% of the bond's par value.

EUROBOND 2012 & 2015

In January 2005, Publicis Groupe granted a long-term loan of 977 million USD to MMS USA Holdings, a wholly owned Group subsidiary.

To hedge against future changes in the USD/EUR exchange rate, in January 2005 Publicis Groupe swapped its 750 million euro Eurobond 2012 issue into 977 million USD.

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 a variable rate (6.33% for the final two months of 2006). In September 2007, the foreign currency component of the swap was unwound as part of the overall management of the exposure of the Group's net assets to foreign exchange risk.

In December 2009, the Eurobond 2012 interest rate swap was unwound with respect to the exchanged portion, the Group receiving a payment of 8 million euros, which had no impact on the income statement. At the same time, a new fixed/variable rate swap in euros was arranged for the new Eurobond 2015 bond.

Commitments related to warrants

The exercise of 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 warrants bought back in 2005 and 2006, Publicis Groupe is committed to creating (if all 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.

Publicis Groupe SA stock option and free share plans

The free share plans in force at December 31, 2010 have the following features:

- Free share plan for employees of US entities (December 2010)

  Under this plan, 50 free shares were granted on December 1, 2010, to all employees working more than a 21-hour week in any US subsidiary that is majority-owned by Publicis. Delivery of the shares is subject to a four-year continued employment condition: free shares will be delivered to the beneficiaries in December 2014, the date at which they become the beneficial owners and are able to exercise their rights as shareholders;

- Long-term incentives plan LTIP 2010 (LTIP 2010-2012 for Executive Board members only)

  Under this plan, some key Group managers were granted free shares, subject to two conditions. First, the beneficiaries must continue to work for the Group during a 4-year vesting period, except for French tax residents who enjoy a shorter vesting period of 3 years but who are then subject to an additional lock-in period of two years. Second, the shares are subject to additional performance criteria such that the total number of shares granted will depend on the level of growth and profitability targets achieved in 2010 (or in 2010-2012 in the case of Executive Board members only). The shares were initially awarded in August (September for the Executive Board) 2010 and will vest in August and September 2014, except for French employees whose share awards will vest in August and September 2013;

- Free share plan for certain employees of Razorfish (December 2009)

  At the time of the Razorfish acquisition, some of its employees benefitted from plans to grant Microsoft Restricted Share Units granted between 2007 and 2009. On December 1, 2009, a new Publicis Groupe free share plan was implemented, subject to continued employment and for the same beneficiaries, whereby the same number of shares awarded after being converted into Publicis Groupe shares with the same vesting dates as the prior plans (between January 2010 and September 2015 for most beneficiaries). The number of free Microsoft shares in the process of being acquired was converted into Publicis Groupe shares, using the existing ratio between the average Microsoft price over the preceding 20 trading days and the Publicis Groupe share price on the acquisition date (October 13, 2009);

- Free share plan for employees of French entities (May 2009)

  Under this plan, which applied only in France, 50 free shares were awarded on May 20, 2009 to all employees working at least 50% of their working time in a majority-owned French subsidiary. Delivery of the shares is subject to a two-year continued employment condition: free shares will be delivered to the beneficiaries in May 2011, the date on which ownership will vest to them and they are able to exercise their rights as shareholders. Pursuant to the French laws applicable to free share plans, employees must hold these shares for an additional two-year period before they are able to dispose of them, i.e. until May 2013;

- Free shares granted as part of the co-investment plan (March 2009)

  Under this plan, offered to 160 managers of the Group, each beneficiary is awarded two free shares for each Publicis share purchased on their behalf by LionLead, a specific structure dedicated to this operation. These shares are subject to conditions that the entire investment is retained and continuing employment over a 4-year vesting period, except for French tax residents who have a shorter 3-year vesting period but an additional 2-year lock-in period. Furthermore, the second free share is subject to additional performance criteria, so that the total number of shares received will depend on how successfully growth and profitability targets are met over the 2009-2011 period. Free shares awarded to corporate officers depend entirely on performance criteria. These shares were awarded in March 2009 and will be delivered in March 2013, except for French employees who will receive their shares in March 2012.

The stock option plans in force at December 31, 2010, have the following features:

- Long Term Incentive Plan (LTIP) 2006-2008 (twenty-second tranche in 2006 and twenty-third tranche in 2007)

  Options granted under this plan confer the right to acquire one share for an exercise price equal to the average Publicis share price in the 20 days preceding the grant date. The number of options that may be exercised out of the total number granted was set in April 2009 based on the growth and profitability targets achieved over the entire 2006-2008 period, corresponding to 62.59% of the initial grant. For the first half of the options, the exercise period began in 2009, while the second half were exercisable as of April 2010. The options expire 10 years after the grant date;
- Plan granted in 2006 (twenty-first tranche)

  Options granted under this plan confer the right to acquire one share for an exercise price equal to the average Publicis share price in the 20 days preceding the grant date. Options may be exercised after a 4-year vesting period and expire 10 years after the grant date;
- Long Term Incentive Plan (LTIP) 2003-2005 (seventeenth tranche in 2003, nineteenth tranche in 2004, twentieth tranche in 2005)

  Options granted under this plan confer the right to acquire one share for an exercise price equal to the average cost of the portfolio treasury shares on the date of the grant. The number of options that may be exercised out of the total number granted was set in April 2006 at 99.92% of the original grant based on the growth and profitability targets achieved over the entire 2003-2005 period, corresponding to 98.92% of the initial grant. For the first half of the options, the exercise period began in 2006, while the second half were exercisable in 2007. The options expire 10 years after the grant date;
- Plan granted in 2001 (eleventh tranche)

  Options granted under this plan confer the right to acquire one share for an exercise price equal to the average Publicis share price in the 20 days preceding the grant date. Options may be exercised after a 4-year vesting period and expire 10 years after the grant date.

Stock options originated by Publicis Groupe

CHARACTERISTICS OF PUBLICIS GROUPE STOCK OPTION PLANS OUTSTANDING AT DECEMBER 31, 2010

Shares with 0.40 par value	Type of option	Grant date	Exercise price of options (in euros)	Options outstanding at 12/31/2010	Of which exercisable 12/31/2010	Expiry date	Remaining contract life (in years)
11th tranche	Acquisition	04/23/2001	33.18	307,500	307,500	2011	0.30
13th tranche	Acquisition	01/18/2002	29.79	71,700	71,700	2012	1.04
14th tranche	Acquisition	06/10/2002	32.43	5,000	5,000	2012	1.44
15th tranche	Acquisition	07/08/2002	29.79	220,000	220,000	2012	1.51
16th tranche	Acquisition	08/28/2003	24.82	443,400	443,400	2013	2.65
17th tranche	Acquisition	08/28/2003	24.82	1,502,602	1,502,602	2013	2.65
19th tranche	Acquisition	09/28/2004	24.82	649,330	649,330	2014	3.74
20th tranche	Acquisition	05/24/2005	24.76	228,695	228,695	2015	4.39
21st tranche	Acquisition	08/21/2006	29.27	100,000	100,000	2016	5.64
22nd tranche	Acquisition	08/21/2006	29.27	3,585,951	3,585,951	2016	5.64
23rd tranche	Acquisition	08/24/2007	31.31	692,808	692,808	2017	6.64
TOTAL OF ALL TRANCHES				**7,806,986**	**7,806,986**		
Average exercise price				28.02	28.02		

MOVEMENTS IN PUBLICIS GROUPE STOCK OPTION PLANS IN 2010

Shares with 0.40 par value	Exercise price of options (euros)	Options outstanding at 12/31/2009	Options granted in 2010	Options exercised in 2010	Options cancelled or lapsed in 2010	Options outstanding at 12/31/2010
10th tranche	43.55	100,000	-	-	(100,000)	-
11th tranche	33.18	343,000	-	(35,500)	-	307,500
13th tranche	29.79	77,200	-	(5,500)	-	71,700
14th tranche	32.43	5,000	-	-	-	5,000
15th tranche	29.79	220,000	-	-	-	220,000
16th tranche	24.82	478,400	-	(35,000)	-	443,400
17th tranche	24.82	3,315,046	-	(1,691,713)	(120,731)	1,502,602
19th tranche	24.82	1,160,208	-	(467,571)	(43,307)	649,330
20th tranche	24.76	395,190	-	(101,086)	(65,409)	228,695
21st tranche	29.27	100,000	-	-	-	100,000
22nd tranche	29.27	4,820,571	-	(1,034,739)	(199,881)	3,585,951
23rd tranche	31.31	802,316	-	(63,547)	(45,961)	692,808
TOTAL OF ALL TRANCHES		**11,816,931**	**-**	**(3,434,656)**	**(575,289)**	**7,806,986**
Average exercise price (euros)		27.64	-	26.37	30.13	28.02
Average share price on exercise (euros)				33.36		

MOVEMENTS IN PUBLICIS GROUPE STOCK OPTION PLANS IN 2009

Shares with 0.40 par value	Exercise price of options (euros)	Options outstanding at 12/31/2008	Options granted in 2009	Options exercised in 2009	Options cancelled or lapsed in 2009	Options outstanding at 12/31/2009
10th tranche	43.55	100,000	-	-	-	100,000
11th tranche	33.18	353,000	-	-	(10,000)	343,000
13th tranche	29.79	85,200	-	-	(8,000)	77,200
14th tranche	32.43	5,000	-	-	-	5,000
15th tranche	29.79	220,000	-	-	-	220,000
16th tranche	24.82	480,067	-	-	(1,667)	478,400
17th tranche	24.82	3,719,299	-	(110,262)	(293,991)	3,315,046
19th tranche	24.82	1,227,571	-	(19,091)	(48,272)	1,160,208
20th tranche	24.76	417,596	-	(6,677)	(15,729)	395,190
21st tranche	29.27	100,000	-	-	-	100,000
22nd tranche	29.27	7,965,250	-	-	(3,144,679)	4,820,571
23rd tranche	31.31	1,422,233	-	-	(619,917)	802,316
TOTAL OF ALL TRANCHES		**16,095,216**	**-**	**(136,030)**	**(4,142,255)**	**11,816,931**
Average exercise price (euros)		28.02	-	24.82	29.20	27.64
Average share price on exercise (euros)				23.30		

MOVEMENTS IN PUBLICIS GROUPE STOCK OPTION PLANS IN 2008

Shares with 0.40 par value	Exercise price of options (euros)	Options outstanding at 12/31/2007	Options granted in 2008	Options exercised in 2008	Options cancelled or lapsed in 2008	Outstanding options at 12/31/2008
8th tranche	8.66	21,000	-	(21,000)	-	-
9th tranche	10.24	54,500	-	(50,500)	(4,000)	-
10th tranche	43.55	100,000	-	-	-	100,000
11th tranche	33.18	360,000	-	-	(7,000)	353,000
13th tranche	29.79	88,200	-	-	(3,000)	85,200
14th tranche	32.43	5,000	-	-	-	5,000
15th tranche	29.79	220,000	-	-	-	220,000
16th tranche	24.82	485,067	-	-	(5,000)	480,067
17th tranche	24.82	3,999,348	-	-	(280,049)	3,719,299
19th tranche	24.82	1,251,459	-	-	(23,888)	1,227,571
20th tranche	24.76	475,655	-	-	(58,059)	417,596
21st tranche	29.27	100,000	-	-	-	100,000
22nd tranche	29.27	9,208,050	-	-	(1,242,800)	7,965,250
23rd tranche	31.31	1,564,400	-	-	(142,167)	1,422,233
24th tranche	-	-	-	-	-	-
TOTAL OF ALL TRANCHES		**17,932,679**		**(71,500)**	**(1,765,963)**	**16,095,216**
Average exercise price (euros)		27.99		9.78	28.48	28.02
Average share price on exercise (euros)				21.88		

Publicis Groupe free share plans

CHARACTERISTICS OF PUBLICIS GROUPE FREE SHARE PLANS OUTSTANDING AT DECEMBER 31, 2010

Shares with 0.40 par value	Beneficiaries	Grant date	Number of unvested shares at 12/31/2010	Vesting date of shares (1)	Remaining contract life (in years)
Co-investment plan	France	03/19/2009	810,864	03/19/2012	1.22
Co-investment plan	Outside France	03/19/2009	2,497,844	03/19/2013	2.22
France Plan - all employees	France	05/20/2009	159,975	05/20/2011	0.38
LTIP 2010 plan	France	08/19/2010	99,050	08/19/2013	2.64
LTIP 2010 plan	Outside France	08/19/2010	554,500	08/19/2014	3.64
LTIP 2010-2012 plan (Executive Board)	France	09/22/2010	152,000	09/22/2013	2.73
LTIP 2010-2012 plan (Executive Board)	Outside France	09/22/2010	100,000	09/22/2014	3.73
US Plan - all employees	United States	12/01/2010	638,950	12/01/2014	3.92
TOTAL OF BONUS SHARE PLANS			**5,013,183**		

(1) After this date French beneficiaries must observe an additional two-year lock-in period.

The award of all the bonus shares listed above is conditional on continued employment by the employee throughout the vesting period. For all or part of the following plans, the granting of shares is, in addition, subject to non-market performance conditions: co-investment, LTIP 2010, LTIP 2010-2012.

MOVEMENTS IN PUBLICIS GROUPE BONUS SHARE PLANS IN 2010

Shares with 0.40 par value	Beneficiaries	Number of unvested shares at 12/31/2009	Shares granted in 2010	Shares cancelled or lapsed in 2010	Shares vesting in 2010	Number of unvested shares at 12/31/2010
Co-investment plan	France	831,000	-	(20,136)	-	810,864
Co-investment plan	Outside France	2,713,176	-	(215,332)	-	2,497,844
France Plan - all employees	France	185,575	-	(25,600)	-	159,975
LTIP 2010 plan	France	-	100,150	(1,100)	-	99,050
LTIP 2010 plan	Outside France	-	567,450	(12,950)	-	554,500
LTIP 2010-2012 plan (Executive Board)	France	-	152,000	-	-	152,000
LTIP 2010-2012 plan (Executive Board)	Outside France	-	100,000	-	-	100,000
US Plan - all employees	United States	-	658,400	(19,450)	-	638,950
TOTAL OF BONUS SHARE PLANS		**3,729,751**	**1,578,000**	**(294,568)**	**-**	**5,013,183**

MOVEMENTS IN PUBLICIS GROUPE BONUS SHARE PLANS IN 2009

Shares with 0.40 par value	Beneficiaries	Number of unvested shares at 12/31/2008	Shares granted in 2009	Shares cancelled or lapsed in 2009	Shares vesting in 2009	Number of unvested shares at 12/31/2009
Co-investment plan	France	-	831,000	-	-	831,000
Co-investment plan	Outside France	-	2,713,176	-	-	2,713,176
France Plan - all employees	France	-	210,125	(24,550)	-	185,575
TOTAL OF BONUS SHARE PLANS		**-**	**3,754,301**	**(24,550)**	**-**	**3,729,751**

PUBLICIS GROUPE FREE SHARE PLANS GRANTED TO CERTAIN RAZORFISH EMPLOYEES

The new Publicis Groupe bonus share plan, established on December 1, 2009, intended to replace plans in place at Razorfish at the time of acquisition granting shares to certain employees, resulted in the granting of 493,832 bonus shares in Publicis Groupe. For the majority of shares the vesting period runs for four years (2010-2013), with a smaller portion running until 2018. As at December 31, 2010, 271,027 had not yet vested.

STOCK OPTION AND FREE SHARE PLANS ORIGINATED BY DIGITAS

On the acquisition of Digitas, these plans were converted into Publicis Groupe stock option plans, applying the existing ratio between the acquisition price of our public offer for Digitas (translated into euros) and the Publicis Groupe 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, 2010

Shares with a per value of 0.40 euro	Grant date min	Grant date max	Exercise price of options min	Exercise price of options max	Options outstanding at 12/31/2010	Of which exercisable 12/31/2010	Expiry date min	Expiry date max	Remaining contract life (in years)
Digitas plans:									
2000	04/03/2000	02/01/2001	13.73	50.65	9,416	9,416	04/03/2010	02/01/2011	-
2001	03/01/2001	01/24/2007	5.08	35.42	434,799	433,772	03/01/2011	01/24/2017	3.91
2005 UK	06/01/2005	12/01/2006	21.70	35.42	6,189	6,189	06/01/2015	12/01/2016	5.55
Modem Media plans:									
1997	03/26/1997	09/29/2004	18.30	19.18	370	370	01/01/2008	09/29/2014	3.74
1999	04/12/2000	06/22/2004	2.62	54.05	2,853	2,853	04/12/2010	06/22/2014	2.52
TOTAL OF TRANCHES					**453,627**	**452,600**			
Average exercise price (euros)					22.99	22.97			

MOVEMENTS IN DIGITAS STOCK OPTION PLANS IN 2010

Shares with a per value of 0.40 euro	Exercise price of options (in euros) min	Exercise price of options (in euros) max	Options outstanding at 12/31/2009	Options exercised in 2010	Options cancelled or lapsed in 2010	Options outstanding at 12/31/2010
Digitas plans:						
1999	21.36	21.36	10,061	(109)	(9,952)	-
2000	13.73	50.65	44,284	(63)	(34,805)	9,416
2001	5.08	35.42	549,835	(87,765)	(27,271)	434,799
2005 UK	21.70	35.42	7,040	(851)	-	6,189
Modem Media plans:						
1997	18.30	19.18	370	-	-	370
1999	2.62	54.05	5,232	(187)	(2,192)	2,853
2000	16.35	16.35	1,191	-	(1,191)	-
TOTAL OF TRANCHES			**618,013**	**(88,975)**	**(75,411)**	**453,627**
Average exercise price (euros)			23.87	17.74	33.01	22.99
Average share price on exercise (euros)				33.36		

There are no more shares left to be awarded under the Digitas restricted shares scheme, which ran from January 4, 2005, to January 23, 2007, with the shares granted being locked in until January 23, 2010.

Contractual guarantees given

- Guarantee until 2019 on behalf of Leo Burnett USA in favor of the owner of the premises at 35 West Wacker Drive in Chicago, for a maximum amount of 105,480 thousand USD in respect of rental payment and of 122,708 thousand USD in respect of real estate taxes and rental charges 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 14,687 thousand GBP in respect of rental payments and an amount of 1,977 thousand GBP in respect of rental charges 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 a maximum amount of GBP 24,521 thousand in respect of rental payments and an amount of GBP 2,438 thousand in respect of rental charges related to the building.
- Joint and several guarantee of the debts of Publicis Groupe Holdings, Publicis Holdings and Publicis Groupe Investments.

COMMITMENTS GIVEN AS PART OF THE HEDGING OF FOREIGN CURRENCY LOANS GRANTED TO CERTAIN SUBSIDIARIES (OTHER THAN THE EUROBOND SWAP DESCRIBED ABOVE)

Amount in currency (in thousands of units)	GBP 1,421	GBP 699	GBP 722
Type of contract	Seller's hedge	Seller's hedge	Seller's hedge
Currency	GBP/EUR	GBP/EUR	GBP/EUR
Maturity date	01/04/2011	01/04/2011	01/04/2011
Forward rate	0.838525	0.864770	0.870050
Equivalent in thousands of euros	1,695	808	830
Market value at December 31, 2010 (in thousands of euros)	1,651	812	839

Amount in currency (in thousands of units)	GBP 700	USD 270	USD 17,445
Type of contract	Seller's hedge	Buyer's hedge	Seller's hedge
Currency	GBP/EUR	USD/EUR	USD/EUR
Maturity date	01/04/2011	01/31/2011	03/31/2011
Forward rate	0,837800	1,299500	1,313600
Equivalent in thousands of euros	836	208	13,280
Market value at December 31, 2010 (in thousands of euros)	813	202	13,056

Off-balance sheet commitments received

- Undrawn credit lines: 1,500 million euros as part of the multi-currency syndicated loan maturing in July 2012, with a roll-over option, subject to the agreement of the banks, until July 2014.
- There were unused bilateral credit lines of 655 million euros at December 31, 2010.

Note 23 Subsequent events

No material events took place after the end of the reporting period.

Note 24 Subsidiaries and other investments at December 31, 2010

(Figures in thousands of euros except for equity which is stated in local currency)

A – Subsidiaries and other investments whose carrying amount exceeds 1% of Publicis Groupe capital stock

Company	Share capital	Reserves and earnings brought forward	% interest	Gross carrying amount	Net carrying amount	Loans and advances	Billings	Net income	Dividends received
1- Subsidiaries									
Publicis Groupe Investments B.V. Prof. W.H. Keesomlaan 12 1183 DJ Amstelveen The Netherlands	69,742	7,347,818	100.00	5,375,438	5,375,438	0	0	628,050	216,374
MMS France Holdings 133, Champs-Élysées 75008 Paris France SIREN 444 714 786	114,604	(48,647)	99.61	248,670	248,670	0	0	34,702	0
Médias et Régies Europe 1 Rond-Point Victor Hugo 92 137 Issy-les-Moulineaux SIREN 353 938 905	24,150	756	99.99	25,508	23,998	0	5,166	(319)	0
Metrobus 1 Rond-Point Victor Hugo 92 137 Issy-les-Moulineaux SIREN 327 096 426	1,840	1,868	32.30	17,508	12,161	0	145,151	(7 664)	0

B – General information with regard to all subsidiaries and other investments

	Subsidiaries		Investments	
	French	Foreign	French	Foreign
Carrying amount of shares held				
Gross	293,304	5,375,438	6	0
net	286,447	5,375,438	6	0
Amount of dividends received	34,906	216,374	0	0

Details of securities at December 31, 2010

	% interest	Net carrying amount (in thousands of euros)
I - Investments		
A. Investments in French companies		
380,517,041 shares in MMS France Holdings	99.61%	248,670
1,609,989 shares in Médias et Régies Europe	99.99%	23,998
37,146 shares in Metrobus	32.30%	12,161
245,000 shares in Régie 1	49.00%	373
9,097 shares in Publicis Finance Services	99.97%	186
3,700 shares in Publicis Groupe Services	100.00%	37
VivaKi Communications	(1)	1,017
Investments with a carrying amount less than 15,000 euros, aggregate		11
Total French investments		**286,453**
B. Investments in foreign companies		
153,023 shares in Publicis Groupe Investments	100.00%	5,375,438
Investments with a carrying amount less than 15,000 euros, aggregate		-
Total foreign investments		**5,375,438**
TOTAL INVESTMENTS		5,661,891
II - Other non-current securities		
C. French securities		
Total other non-current securities		0
III - Other securities		
D. Other securities of French companies		
9,274,171 Publicis Groupe S.A. own shares [2]	4.84%	248,302
Monetary mutual funds		28,694
Investments with a carrying amount less than 15,000 euros, aggregate		5
E. Other foreign securities		**14**
TOTAL OTHER SECURITIES		277,015
TOTAL SECURITIES		**5,938,906**

(1) Shares to be purchased under liquidity contracts (see Note 8.2 on investments).
(2) Shares held under share buyback programs, including the liquidity contract.

5.5 Results of Publicis Groupe S.A. over the past five years

	2010	2009	2008	2007	2006
Share capital at year-end					
Capital stock (in thousands of euros)	76,658	79,033	78,408	80,955	79,484
Number of shares in issue	191,645,241	197,583,112	196,020,983	202,387,354	198,709,229
Maximum number of future shares to be issued:					
• under free share plans	1,704,475	185,575	-	-	-
• under stock option plans	-	-	-	75,500	310,510
• as a result of warrant exercises [1]	5,602,699	-	-	-	5,602,699
• as a result of the conversion of bonds [2]	47,131,733	49,311,847	50,526,553	52,088,682	53,650,811
Operations and results for the financial year (in thousands of euros)					
Billings, excluding VAT	15,146	33,847	17,935	22,498	20,898
Net income before taxes, depreciation, amortization and provisions	202,334	152,354	161,267	203,161	(39,537)
Income taxes (credit)	(37,717)	(30,332)	(59,437)	(20,454)	(17,293)
Net income after taxes, depreciation, amortization and provisions	235,928	319,692	29,669	163,693	(38,996)
Income distributed for the period	134,152 [3]	107,312	107,350	105,573	91,954
Earnings per share (in euros)					
Net income after taxes but before depreciation, amortization and provisions	1.25	0.92	1.13	1.10	(0.11)
Net income after taxes, depreciation, amortization and provisions	1.23	1.62	0.15	0.81	(0.20)
Dividend per share	0.70	0.60	0.60	0.60	0.50
Employees (in thousands of euros except headcount)					
Average headcount	2	2	2	3	3
Payroll expense [4]	761	3,074	2,612	4,075	2,951
Benefits (social security, other employee benefits)	645	959	798	1,568	1,370

(1) Warrants were not taken into consideration except for 2006 and 2010 when their exercise price of 30.5 euros was below the Publicis share price.
(2) It was assumed that the new shares would be issued to redeem both Océanes and Oranes.
(3) Estimate on the basis of existing shares at December 31, 2010, including treasury shares.
(4) In 2010, payroll included the reversal of the provision for the bonus of the Chairman of the Executive Board for a gross amount of 2,033 thousand euros.

5.6 Statutory auditors' report on the parent company financial statements

In our capacity as Statutory Auditors as mandated by your General Shareholders' Meeting, we hereby report to you in relation to the fiscal year ending December 31, 2010 on:

- the audit of the consolidated financial statements of Publicis Groupe S.A., attached to this report;
- the justification for our assessments;
- the specific verifications required by law.

The 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 annual financial statements

We performed our audit in accordance with professional standards applicable in France; these standards require that we plan and perform the audit to obtain reasonable assurance that the consolidated financial statements do not contain any material misstatements. 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 presentation of the financial statements. We believe that the evidence we have gathered in order to form our opinion is adequate and appropriate.

In our opinion, the financial statements give a true and fair view of the company's financial position and its assets and liabilities at December 31, 2009, 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 the French Commercial Code 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 "Accounting policies" in the notes 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. Verifications and specific information

We have also performed, in accordance with professional auditing standards that apply in France, specific verifications, as required by law.

We have no matters to report on the fairness and the conformity with the consolidated financial statements of the information given in the Management Report and in the documents addressed to the shareholders on the financial position and the financial statements.

In accordance with the information provided in Article L. 225-102-1 of the French Commercial Code relating to compensation and benefits paid to corporate officers as well as the commitments granted in their favor, we have verified their consistency with the financial statements or the data used in the preparation of these financial statements and if necessary, with information gathered by your company from companies controlled by your Company or controlled by it. Based on this work, we hereby certify the accuracy and fair presentation of such information.

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.

Neuilly-sur-Seine and Courbevoie, March 9, 2011

by the Statutory Auditors

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

6

INFORMATION ABOUT THE COMPANY AND THE SHARE CAPITAL

6.1 Information about the Company

6.1.1 COMPANY NAME AND TRADE NAME

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

6.1.2 REGISTRATION

Publicis Groupe S.A. is registered with the Paris Trade and Companies Registry under number 542 080 601; Code APE - NAF 7010Z

6.1.3 DATE OF INCORPORATION AND TERM

Incorporation date: October 4, 1938.

Term: October 3, 2037, unless extended.

6.1.4 REGISTERED OFFICE, LEGAL FORM, APPLICABLE LEGISLATION, JURISDICTION, ADDRESS AND TELEPHONE NUMBER OF REGISTERED OFFICE

Publicis Groupe S.A. is a French Public limited company with a Management Board and a Supervisory Board, governed by articles L. 225-57 through L. 225-93 of the French Commercial Code.

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

6.1.5 DEEDS OF INCORPORATION AND BYLAWS

Corporate purpose (article 2 of the Company bylaws)

The Company's corporate purposes are to:

- produce and derive value added in any manner from advertising and publicity in any format or of any 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 of any type relating directly or indirectly 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 any form in any other French or foreign businesses or companies, whatever their corporate purposes.

Management Board (articles 10 to 12 of the Company bylaws)

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 period of four years 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, 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 a General Shareholders' Meeting.

Supervisory Board (articles 13 to 17 of the Company bylaws)

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 General Shareholders' Meeting for a term of six years. Members of the Supervisory Board may be re-appointed. 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 at the date of the Supervisory Board's meeting to approve the financial statements for the past year. Each member of the Supervisory Board must own at least 200 Company shares at least during the course of his or her term.

The members of the Supervisory Board may be dismissed only by the General Shareholders' Meeting.

Rights related to each category of shares (article 8 of the Company bylaws)

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 bylaws)

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 location specified in the above-mentioned notice and set by the notifier (article 19 of the Company bylaws).

Representation and admission to General Shareholders' Meetings (article 20 of the Company bylaws)

Any shareholder may participate, personally or through an authorized representative, 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.

Voting rights (article 21 paragraph 5 of the Company bylaws)

Each of the Company shares carries the right to cast one vote in shareholder elections. However, in accordance with a resolution approved at the Extraordinary General Shareholders' Meeting on September 14, 1968, shares registered with the same shareholder for at least two years or which have only been transferred during that period from one registered owner to another within the framework of an intestate estate or testamentary succession (based on the joint ownership of the shares or a donation to a living person for the benefit of a spouse or relative through an inherited right) carry double voting rights. The Extraordinary General Shareholders' Meeting has the possibility to purely and simply cancel the double voting right, however this cancellation will only become effective after the approval of a special meeting of shareholders who hold double voting right shares.

In the event of the division of ownership of Company shares, the limited owners and bare owners of shares can freely distribute voting rights at the exceptional or Ordinary Shareholders' Meetings provided they notify the Company beforehand, by providing a certified copy of their agreement at least 20 calendar days before the first general meeting is held following the above-mentioned ownership division by registered mail. Failing notification within this period, the distribution will be implemented *ipso jure* in accordance with article L. 225-110, paragraph 1, of the French Commercial Code.

Declarations of share ownership (articles 7 III and paragraph 6 of the Company bylaws)

The Company bylaws 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 fraction equivalent to 1% of the Company stock 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 above.

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 period provided for by current legislation. Unless one of the thresholds provided for in the above-mentioned article L. 233-7 is breached, this sanction will only be applied subsequent to a request, recorded in the minutes of the General Shareholders' Meeting, of one or more shareholders holding at least 1% of the Company's capital.

Liquidation rights (article 32 of the Company bylaws)

At the end 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.

6.2 Share capital

6.2.1 SUBSCRIBED CAPITAL AND SHARE CATEGORIES

Composition of share capital

As at December 31, 2010, the share capital totaled 76,658,096.40 euros, divided into 191,645,241 fully paid-up shares with a nominal value of 0.40 euros, of which 51,082,023 shares carried double voting rights.

Unissued authorized capital

The Company's Extraordinary General Shareholders' Meeting held on June 3, 2008

- In its twenty-third resolution, pursuant to articles L. 225-197-1 *et seq.* of the Commercial Code, it authorized the Management Board to grant free ordinary shares of the Company, either existing or to be issued, over a period of 38 months, to salaried employees of its choosing and eligible corporate officers (within the meaning of article L. 225-197-1 II paragraph 1 of the Commercial Code) of the Company or of companies or groups affiliated to it under the provisions of article L. 225-197-2 of the Commercial Code, or to certain categories of employees or eligible corporate officers, without 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 nominal value shall count towards 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.

  On December 31, 2010, the Management Board used this delegation of authority by implementing firstly a long-term incentive plan (LTIP) 2010 and LTIP 2010-2012 for the members of the Management Board as approved by the Supervisory Board in August and September 2010, and secondly, a plan to grant free shares to employees of the American entities in December 2010. It should be remembered that in the year ended December 31, 2009, the Management Board used this delegation of authority twice in March: by granting 3,544,176 free shares to some of the Group's managers, pursuant to a co-investment program and by granting 210,125 free shares to all salaried employees of the Group's French companies.

The Company's Extraordinary General Shareholders' Meeting held on June 9, 2009

- In its tenth resolution, it authorized the Management Board, for a period of 26 months, to issue shares (other than preferred stock) or other equity or debt securities, with preferential subscription rights. This delegation of authority authorizes one or several issues of equity securities of the Company's subsidiaries in accordance with article L. 228-93 of the Commercial Code. The nominal amount of the capital increases resulting from all issues under this authorization must not exceed 40 million euros, and the maximum nominal amount of debt securities must not exceed 900 million euros.

  As at December 31, 2010, the Management Board had not used this delegation of authority.

- In its eleventh resolution, it authorized the Management Board, for a period of 26 months, to issue shares (other than preferred shares) or other equity or debt securities, without preferential subscription rights, through an offer to the public or an offer made in accordance with the provisions of paragraph II of article L. 411-2 of the French Monetary and Financial Code. This delegation of authority authorizes one or several issues of securities of the Company's subsidiaries in accordance with article L. 228-93 of the Commercial Code. In addition, this resolution authorizes the issue of ordinary shares by the Company to cover the issuance of equity securities by the Company's subsidiaries. The nominal amount of the capital increase resulting from all issues under this resolution must not exceed 40 million euros, and the maximum nominal amount of debt securities must not exceed 900 million euros. The issue of shares can be carried out pursuant to paragraph II of article L. 411-2 of the French Monetary and Financial Code up to a maximum of 20% of the share capital per year.

  As at December 31, 2010, the Management Board had not used this delegation of authority.
- In its twelfth resolution, it authorized the Management Board, for a period of 26 months, to issue ordinary shares or other equity securities, limited to 10% of the share capital per annum, without preferential subscription rights, through an offer to the public or an offer made in accordance with the provisions of paragraph II of article L. 411-2 of the French Monetary and Financial Code, with the pricing of such offerings to be determined on the basis of their market opportunities, according to one of the following methods: offer price equal to the average trading price of Publicis Groupe S.A. shares on the NYSE Euronext Paris market calculated over a maximum period of six months prior to the issue; or offer price equal to the average weighted trading price of Publicis Groupe S.A. shares on the NYSE Euronext Paris market on the day before the issue with a maximum discount of 25%.

  As at December 31, 2010, the Management Board had not used this delegation of authority.
- In its thirteenth resolution, it authorized the Management Board, for a period of 26 months, to implement capital increases by incorporating reserves, earnings, premiums or other sums that may be capitalized in accordance with the law and bylaws, followed by the issue and granting of free shares or increases in the nominal value of existing shares, or a combination of the two. The nominal amount of capital increases resulting from all issues under this resolution must not exceed 40 million euros.

  As at December 31, 2010, the Management Board had not used this delegation of authority.
- In its fourteenth resolution, it authorized the Management Board, for a period of 26 months, to issue shares or other 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 market in accordance with article L. 225-148 of the Commercial Code or any other such transaction having the same effect involving another company whose shares are traded on a market 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 issues under this resolution must not exceed 40 million euros.

  As at December 31, 2010, the Management Board had not used this delegation of authority.
- In its fifteenth resolution, it authorized the Management Board, for a period of 26 months, to issue shares or other equity securities, subject to a maximum of 10% of the Company's share capital at the time of the issue, as consideration for in-kind contributions of shares or other equity securities agreed by the Company, where article L. 225-148 of the Commercial Code does not apply.

  As at December 31, 2010, the Management Board had not used this delegation of authority.
- In its sixteenth resolution, it 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 close of the initial offer subscription period, by up to a maximum of 15% of the initial issue and at the same price as the initial issue.

  As at December 31, 2010, the Management Board had not used this delegation of authority.
- In its seventeenth resolution, pursuant to articles L. 3332-1 *et seq.* of the French Labor Code and articles L. 225-138-1 and L. 225-129-6 of the Commercial Code, it authorized the Management Board to increase the share capital for a period of 26 months by issuing shares or other equity securities, without preferential subscription rights, to participants in an employee savings plan of the Company and related companies in France and abroad under the provisions of article L. 225-180 of the Commercial Code and article L. 3344-1 of the Labor Code. The maximum nominal value amount of the share capital that may be created pursuant to this resolution plus the amount of any increase pursuant to resolution 18 below, may not exceed 2,800,000 euros, with this sum to count towards the overall limit established in the nineteenth resolution below. The subscription price will be established under the provisions of article L. 3332-19 of the Labor Code, with a discount not to exceed 20% of the average price over the 20 trading sessions immediately preceding the date of the decision setting the date on which the subscription period begins. The Shareholders' Meeting also authorized the Management Board to reduce or eliminate the discount at its discretion in order to reflect legal, accounting, tax and social benefit schemes that may exist locally. The Management Board may also decide to grant free shares either existing or to be issued or other equity securities, either existing or to be issued, as applicable, at a 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. 3332-19 and L. 3332-11 to L. 3332-13 of the Labor Code to be exceeded, and that the characteristics of other equity securities are established by the Management Board in accordance with the provisions of applicable regulations.

  As at December 31, 2010, the Management Board had not used this delegation of authority.

This authorization expired - for the unused portion and the remaining time period - on June 1, 2010, by a decision of the combined Ordinary and Extraordinary Shareholders' Meeting of June 1, 2010 in its twenty-fifth resolution.

- In its eighteenth resolution, pursuant to articles L. 225-129 *et seq.* and article L. 225-138 of the Commercial Code, it authorized the Management Board to increase the share capital over a period of 18 months in the proportions and at such times as it deems appropriate through the issue of shares and any other securities giving immediate or subsequent access to the share capital of the Company, without preferential subscription rights. The beneficiaries of subscription rights must be: (i) employees and corporate officers of companies of the Publicis Group affiliated to the Company under the provisions of article L. 225-180 of the Commercial Code and article L. 3344-1 of the Labor Code, which have their 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 unit holders or shareholders are the individuals mentioned in (i) of this paragraph; (iii) and/or any bank or subsidiary thereof 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 located abroad to benefit from equivalent share ownership or savings schemes in respect of their economic advantages as those available to other employees of the Publicis Group. The nominal value of the capital increase authorized by this resolution plus the amount of any increase pursuant to the seventeenth resolution above may not exceed 2,800,000 euros. This amount will count towards the overall amount established in the nineteenth resolution below. The issue price per share will be established by the Management Board with a maximum discount of 20% of the average price over the 20 trading days immediately preceding the date of the decision setting the subscription price for the capital increase, or in the case of a capital increase taking place at the same time as a capital increase reserved for members of the savings plan, the subscription price of this capital increase (seventeenth resolution). The Shareholders' Meeting also authorized the Management Board to reduce or eliminate the discount at its discretion in order to reflect legal, accounting, tax and social benefit schemes that may exist locally.

  As at December 31, 2010, the Management Board had not used this delegation of authority.

This authorization expired - for the unused portion and the remaining time period - on June 1, 2010, by a decision of the combined Ordinary and Extraordinary Shareholders' Meeting of June 1, 2010 in its twenty-sixth resolution.

In addition, the Extraordinary General Shareholders' Meeting of June 9, 2009, in its nineteenth resolution, set the maximum amount of all capital increases through the issue of shares or other securities made pursuant to the authorizations granted to the Management Board in the tenth to eighteenth resolutions above and in the twenty-third resolution of the Extraordinary General Shareholders' Meeting of June 3, 2008 at the total nominal amount of 40 million euros, in light of the effect on share capital of adjustments that may be made in accordance with legislative and regulatory provisions relating to the issue of shares or other equity securities.

In its twentieth resolution, it also authorized the Management Board, for a period of 18 months, to use the authorizations granted above as well as those granted pursuant to the twentieth resolution of the General Shareholders' Meeting of June 4, 2007 and the twenty-third resolution of the Extraordinary General Shareholders' Meeting of June 3, 2008 in the event of a public offer involving securities of the Publicis Group, under the conditions provided for by article L. 233-33 of the Commercial Code.

The Extraordinary General Shareholders' Meeting of June 1, 2010

- In its twenty-fourth resolution, it authorized the Management Board, for a period of 38 months, to grant to employees or corporate 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 set by the regulations in force, options granting the right to subscribe for 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 as permitted by law. The total number of options outstanding and unexercised under this authorization cannot give rights to subscribe for a number of shares representing more than 6% of the Company capital. The subscription or purchase price of the shares shall be set by the Management Board on the date on which the options are granted, without any possibility of discount, within the limits and under the conditions provided for by law. The beneficiaries may exercise the options over a period of ten years, starting on the day that the options are granted.

  As at December 31, 2010, the Management Board had not granted any share subscription or purchase options.

- In its twenty-fifth resolution, pursuant to article L. 3332-1 *et seq.* of the Labor Code and articles L. 225-138-1 and L. 225-129-6 of the Commercial Code, it authorized the Management Board to increase the share capital over a period of 26 months by issuing shares or other equity securities, without preferential subscription rights, to participants in an employee savings plan of the Company and related companies in France and abroad under the provisions of article L. 225-180 of the Commercial Code and article L. 3344-1 of the Labor Code. The maximum nominal value of any capital increases under this resolution plus the amount of any increase pursuant to twenty-sixth resolution below may not exceed 2,800,000 euros, with this amount to count towards the overall limit established in the nineteenth resolution of the General Shareholders' Meeting of June 9, 2009. The subscription price will be established under the provisions of article L. 3332-19 of the Labor Code, with a discount not to exceed 20% of the average price over the 20 trading sessions immediately preceding the date of the decision setting the date on which the subscription period begins. The Shareholders' Meeting also authorized the Management Board to reduce or eliminate the discount at its discretion in order to reflect legal, accounting, tax and social benefit schemes that may exist locally. The Management Board may also decide to grant free shares, either existing or to be issued, or other equity securities, either existing or to be issued, at a discount, provided that their monetary value established at the subscription price is taken into consideration and does not cause the limits set in articles L. 3332-19 and L. 3332-11-12-13 of the Labor Code to be surpassed, and that the characteristics of any other equity securities are decided upon by the Management Board under the provisions of applicable regulations.

  As at December 31, 2010, the Management Board had not used this delegation of authority.
- In its twenty-sixth resolution, pursuant to articles L. 225-129 *et seq.* and article L. 225-138 of the Commercial Code, it authorized the Management Board to increase the share capital over a period of 18 months in the proportions and at such times as it deems appropriate through the issue of shares and any other equity securities, without preferential subscription rights. The beneficiaries of subscription rights must be: (i) employees and corporate officers of companies of the Publicis Group affiliated to the Company under the provisions of article L. 225-180 of the Commercial Code and of article L. 3444-1 of the Labor Code, which have their 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 unit holders or shareholders are the individuals mentioned in (i) of this paragraph; (iii) and/or any bank or subsidiary thereof 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 located abroad to benefit from equivalent share ownership or savings schemes in respect of their economic advantages as those available to other employees of the Publicis Group. The nominal value of the capital increase authorized by this resolution plus the amount of any increase pursuant to the twenty-sixth resolution above may not exceed 2,800,000 euros. It is stipulated that this amount will count towards the overall limit established in the nineteenth resolution of the General Shareholders' Meeting of June 9, 2009. The issue price per share will be established by the Management Board with a maximum discount of 20% of the average price over the 20 trading days immediately preceding the date of the decision setting the subscription price in respect of the capital increase, or in the case of a capital increase taking place at the same time as a capital increase reserved for members of the savings plan, the subscription price of this capital increase (twenty-fifth resolution). The Shareholders' Meeting also authorized the Management Board to reduce or eliminate the discount at its discretion in order to reflect legal, accounting, tax and social benefit schemes that may exist locally.

  As at December 31, 2010, the Management Board had not used this delegation of authority.

In its twenty-seventh resolution, the Extraordinary General Shareholders' Meeting also authorized the Management Board, for a period of 18 months, to use the authorizations granted above as well as those granted pursuant to resolutions 9 to 19 of the General Shareholders' Meeting of June 9, 2009 and the twenty-third resolution of the Extraordinary General Shareholders' Meeting of June 3, 2008 in the event of a public offer involving the securities of the Publicis Group, under the conditions provided for by article L. 233-33 of the Commercial Code.

6.2.2 EXISTENCE OF NON-REPRESENTATIVE SHARES, THEIR AMOUNT AND MAIN FEATURES

All shares are representative of the Company's share capital.

6.2.3 NUMBER, BOOK VALUE AND NOMINAL VALUE OF SHARES HELD BY THE ISSUER ITSELF OR ON ITS BEHALF, OR BY ITS SUBSIDIARIES

Treasury shares

The ordinary and Extraordinary General Shareholders' Meeting of June 1, 2010, in its twenty-second resolution, authorized the Management Board to carry out, or to have carried out, purchases in order to fulfill the following objectives:

(1) the grant or transfer of shares to employees and/or corporate officers of the Company and/or of the Group in accordance with the provisions of the applicable laws;

(2) delivery of shares in order to honor commitments related to securities giving access to the capital;

(3) retention and later delivery of shares (pursuant to an exchange, payment or other transaction) or in the framework of external growth transactions within the limit of 5% of the capital;

(4) stimulation of activity or liquidity on the secondary market of Publicis Group 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 agreement, which complies with the code of conduct recognized by the French Regulatory Authority (*Autorité des marchés financiers*) or any other applicable regulations;

(5) canceling of shares acquired by the above-mentioned methods;

(6) implementation of any market practices allowed at present or in the future 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 the capital as adjusted for the transactions affecting it following this Meeting, it being recalled that the Company owned, as at December 31, 2009, 10,414,344 shares with a nominal value of 0.40 euros each, acquired pursuant to previous authorizations and subject for this authorization to an overall maximum set at 500 million euros.

The maximum share purchase price was set at 45 euros; this limit does not apply, however, to shares purchased to cover the free allocations of shares to employees or the exercise of share options.

It was decided at the General Shareholders' Meeting that the Company may use this authorization and continue its share buyback program, including in the case of public tender offers for the shares or other securities issued by the Company, or initiated by the Company, subject to the applicable regulations.

This authorization for a period of eighteen months expired - for the unused portion and the remaining time period - and replaced that previously granted by the eighth resolution of the General Shareholders' Meeting of June 9, 2009.

The description of the share buyback program was made available on the AMF and Publicis Groupe S.A.

SUMMARY TABLE OF PURCHASES UNDER VARIOUS PLANS SINCE 2006

	Amount	Average acquisition price
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
Period from 01/01/2009 to 12/31/2009	2,717,068	22.96
Period from 01/01/2010 to 12/31/2010	**12,710,327**	**29.86**

Under the liquidity agreement with Société Générale, in 2010 the Company acquired 2,722,368 shares at an average price of 32.73 euros, and sold 2,725,868 shares at an average price of 32.79 euros.

The trading fees and other expenses incurred by the Company during 2010 for transactions performed pursuant to the share buyback program authorized by the eighth resolution of the General Shareholders' Meeting on June 9, 2009 and then by the twenty-second resolution of the General Shareholders' Meeting on June 1, 2010, totaled 130.00 euros.

Under the buyback authorizations for the Company to buy back its own shares, limited to 10% of the share capital, which were granted by the General Shareholders' Meetings held on June 1, 2005, June 7, 2006, June 4, 2007, June 3, 2008, June 9, 2009 and June 1, 2010, Publicis Groupe S.A. held, as at December 31, 2010, 9,274,171 shares, equivalent to 4.84% of the share capital, at a total cost of 248,301,951 euros and an average price per share of 26.77 euros.

6.2.4 AMOUNT OF CONVERTIBLE OR EXCHANGEABLE SECURITIES, OR SECURITIES ACCOMPANIED BY WARRANTS, WITH MENTION OF THE TERMS AND CONDITIONS FOR CONVERSION, EXCHANGE OR SUBSCRIPTION

The allocation of share capital at December 31, 2010, on the basis of full dilution resulting from financial instruments issued by the Company, is the following:

	Shares held	%	Voting rights	%
Elisabeth Badinter (registered)	20,072,339	8.21%	40,144,678	14.03%
Dentsu Inc.	17,625,532	7.21%	34,909,032	12.20%
SEP Dentsu-Badinter	3,907,176	1.60%	7,814,352	2.73%
Treasury shares	9,274,171	3.80%	0	0.00%
Public (registered and bearer)	140,766,023	57.60%	150,585,031	52.62%
Oranes (1)	18,745,548	7.67%	18,745,548	6.55%
Equity warrants (2)	5,602,699	2.29%	5,602,699	1.96%
Océanes 2018 (2)	2,624,538	1.08%	2,624,538	0.91%
Océanes 2014 (2)	25,761,647	10.54%	25,761,647	9.00%
TOTAL	**244,379,693**	**100.00%**	**286,187,525**	**100.00%**

(1) The group issued 1,562,500 Oranes exchangeable for 18 new or existing shares of the Company. At December 31, 2010, 12 shares per Orane are still to be exchanged.
(2) Securities in-the-money at the date of the closing of the 2010 accounts (February 8, 2011).

A shareholder holding 1% of the share capital of Publicis Groupe S.A. at December 31, 2010 would hold 0.78% 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, Oranes, equities warrants) assuming these rights would be fully satisfied by the issue of new shares.

No transaction significantly modifying the information in the table above has been carried out since the 2010 reporting date.

The terms of conversion, exchange and subscription of convertible and exchangeable securities and warrants are described in Note 24 to the consolidated financial statements in Section 4.6 of this document.

6.2.5 PLEDGES, GUARANTEES AND SURETIES

There is no indirect self-control of the Company. As at December 31, 2010, 3,719,326 registered shares managed by the Company, and 13,997 registered shares administered by others, were pledged, representing a total of 3,733,323 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	1.92%

No major asset held by Group companies was subject to a pledge.

6.2.6 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 granted/purchased	Weighted average price (in euros)	Plan
Options granted between January 1, and December 31, 2010, 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)			None
Options held from the issuer and the aforementioned companies, exercised between January 1, and December 31, 2010, by their respective 10 employees who bought or subscribed to the greatest number of options (on a global basis)	621,498	25.87	LTIP I 2003 and 2004 + LTIP II 2006

Employees' interests in the share capital through the Company savings plans and according to the definition of article L. 225-102 of the Commercial Code as at December 31, 2010 were not significant.

FCPE Publicis Groupe held 493,662 Publicis Group shares on December 31, 2010. Consequently, Publicis Group employees held 0.26% of the share capital through the FCPE as at that date.

The total number of options for subscription or purchase of Publicis Groupe shares distributed or exercised during 2010, as well as those remaining to be exercised on December 31, 2010, are shown in Note 28 of the notes to the consolidated financial statements in Section 4.6 of this document.

In addition, Publicis Group expanded the "50 free shares" program by setting up the plan in the United States following its implementation in France in 2009, and set up a new long-term incentive plan called LTIP 2010.

As part of the employee free share allocation plan of the American entities, 50 free shares were allocated on December 1, 2010, to all employees working more than 21 hours weekly in an American subsidiary held more than 50%. Receipt of the shares is contingent on at least four years of employment. The free shares will be delivered in December 2014 to the beneficiaries, who will then become the owners thereof and will be able to exercise their rights as shareholders.

In the LTIP 2010 plan (LTIP 2010-2012 for members of the Management Board), a certain number of managers of the Group shall be allocated free shares, under two conditions. First, these shares are subject to the condition that employment continues throughout the 4-year vesting period, except for tax residents of France who have a shorter, 3-year vesting period but an additional 2-year lock-in period. Finally, the shares are subject to additional performance criteria, so that the total number of shares received will depend on the growth and profitability objectives attained over the 2010 period (or over the 2010-2012 period for the members of the Management Board). These shares were awarded in August (and in September for members of the Management Board) 2010 and will be delivered in September 2014, except for French employees who will receive their shares in August and September 2013.

6.2.7 SHARE CAPITAL TRANSACTIONS

Changes regarding the share capital in the last three years are shown below:

Dates	Share capital transactions	Number of shares	Nominal value	Share capital
12/31/2007	**CAPITAL AS AT DECEMBER 31, 2007**	**202,387,354**	**0.40**	**80,954,942**
02/27/2008	Capital reduction (cancellation of treasury shares)	(8,000,000)	0.40	(3,200,000)
09/01/2008	Capital increase (fourth tranche of redemption of Oranes)	1,562,129	0.40	624,852
2008	Exercise of Publicis stock options	71,500	0.40	28,600
12/31/2008	**CAPITAL AS AT DECEMBER 31, 2008**	**196,020,983**	**0.40**	**78,408,393**
09/01/2009	Capital increase (fifth tranche of redemption of Oranes)	1,562,129	0.40	624,852
12/31/2009	**CAPITAL AS AT DECEMBER 31, 2009**	**197,583,112**	**0.40**	**79,033,245**
05/10/2010	Capital reduction (cancellation of treasury shares)	(7,500,000)	0.40	(3,000,000)
09/01/2010	Capital increase (sixth tranche of redemption of Oranes)	1,562,129	0.40	624,851
12/31/2010	**CAPITAL AS AT DECEMBER 31, 2010**	**191,645,241**	**0.40**	**76,658,096**

6.3 Ownership structure

6.3.1 SIGNIFICANT SHAREHOLDERS AND VOTING RIGHTS

At December 31, 2010, to the best of Publicis' knowledge, no person held, directly or indirectly, individually or jointly, 5% or more of its shares (a "Major Shareholder") except those disclosed below. Publicis' bylaws state 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. The Company has not issued any preferred shares or any securities without voting rights.

HISTORY AND DISTRIBUTION OF THE COMPANY'S SHARE CAPITAL AND VOTING RIGHTS

At December 31, 2010	Shares held	% of capital (4)	Voting rights	% of voting rights (5)
A/ Shareholders holding more than 5% of the capital				
Elisabeth Badinter (1)	20,072,339	10.47%	40,144,678	17.20%
Dentsu Inc. (2)	17,625,532	9.20%	34,909,032	14.95%
SEP Dentsu-Badinter (3)	3,907,176	2.04%	7,814,352	3.35%
B/ Treasury shares	9,274,171	4.84%	-	-
C/ Public (registered and bearer shares)	140,766,023	73.45%	150,585,031	64.50%
TOTAL	**191,645,241**	**100.00%**	**233,453,093**	**100.00%**

(1) Mrs Elisabeth Badinter fully owned 3.55% of shares (representing 5.82% of voting rights) and had the right to income in respect of 6.93% of shares with her children owning the underlying shares (representing 11.37% of voting rights).

(2) These figures do not include the shares held by the SEP and of which Dentsu may be considered the effective owner according to the shareholder pact concluded between Elisabeth Badinter and Dentsu (see Section 2.7.5 ("Shareholders' pact agreed between Elisabeth Badinter and Dentsu" for more details). In this connection, Dentsu is the effective owner of 21,532,707 shares, representing 11.24% of the Company's capital and 18.30% of 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 Mrs Badinter in order to put into action the limitation on voting rights of Dentsu to 15% (see Section 2.7.5 "Shareholders' pact agreed between Elisabeth Badinter and Dentsu" for more 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 which do not carry voting rights, and counting the double voting rights attached to some shares.

HISTORY AND DISTRIBUTION OF THE COMPANY'S SHARE CAPITAL AND VOTING RIGHTS

At December 31, 2009	Shares held	% of capital (5)	Voting rights	% of voting rights (6)
A/ Shareholders holding more than 5% of the capital				
Elisabeth Badinter (1)	20,072,339	10.16%	40,144,678	15.78%
Dentsu Inc. (2)	19,074,815	9.65%	38,149,630	15.00%
SEP Dentsu-Badinter (3)	9,615,861	4.87%	19,231,722	7.56%
Léone Meyer and Phison Capital SAS (4)	9,891,829	5.01%	18,733,658	7.36%
B/ Treasury shares	10,414,344	5.27%	-	-
C/ Public (registered and bearer shares)	128,513,924	65.04%	138,103,424	54.29%
TOTAL	**197,583,112**	**100.00%**	**254,363,112**	**100.00%**

(1) Mrs Elisabeth Badinter fully owned 3.44% of shares (representing 5.35% of voting rights) and had the right to income in respect of 6.72% of shares with her children owning the underlying shares (representing 10.44% of voting rights).
(2) These figures do not include the shares held by SEP and of which Dentsu may be considered the effective owner according to the silent partnership agreed between Elisabeth Badinter and Dentsu (see Section 2.7.5 "Shareholders' pact concluded between Elisabeth Badinter and Dentsu" for more details). For such shares, Dentsu would be deemed to beneficially own 28,690,675 shares, amounting to 14.52% of the share capital of the Company and 22.56% of 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 Mrs Badinter in order to put into action the limitation on voting rights of Dentsu to 15% (see Section 2.7.5 "Shareholders' pact agreed between Elisabeth Badinter and Dentsu" for more details).
(4) Mrs Leone Meyer fully owned 4,290 shares directly and indirectly, via the Company Phison Capital, 9,887,539 shares.
(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, excluding treasury shares with no voting rights, and counting the double voting rights attached to some shares.

At December 31, 2008	Shares held	% of 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 and 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) Mrs Elisabeth Badinter fully owned 3.47% of shares (representing 5.52% of voting rights) and had the right to income in respect of 6.77% of shares with her children owning the underlying shares (representing 10.77% of voting rights).
(2) These figures do not include the shares held by SEP and of which Dentsu may be considered the effective owner according to the partnership accord concluded between Elisabeth Badinter and Dentsu (see Section 2.7.5 "Shareholders' pact concluded between Elisabeth Badinter and Dentsu" for more 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 (counting the 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 Mrs Badinter in order to put into action the limitation on voting rights of Dentsu to 15% (see Section 2.7.5 "Shareholders' pact agreed between Elisabeth Badinter and Dentsu" for more details).
(4) Mrs Leone Meyer fully owned 4,290 shares directly and indirectly, via the Company Phison Capital, 10,303,539 shares.
(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 issued by the Society, excluding treasury shares with no voting rights, and counting the double voting rights attached to some shares.

During 2010, the Company and the Financial Markets Authority were notified that the legal thresholds had been crossed as follows:

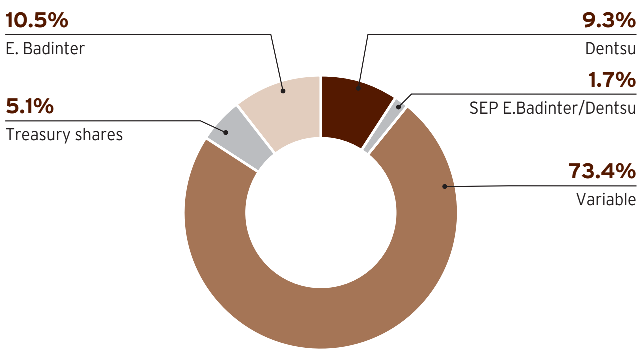
- Mrs Léone Meyer declared that she had crossed under the thresholds on August 4, 2010, directly and indirectly, via the intermediary of the Company Phison Capital which she controls, the level of 5% of capital and voting rights by holding 4.96% of capital and 4.74% of voting rights of Publicis Groupe S.A.;

- The Japanese company Dentsu Inc. announced that it had individually crossed over, on May 10, 2010, the legal threshold of 15% of the Company's voting rights and to hold individually 11.15% of the share capital and 15.19% of the voting rights. On the same date, Mrs. Elisabeth Badinter announced that she had crossed under individually the legal threshold of 20% of the Company's voting rights and held individually 10.56% of share capital and 17.91% of voting rights. The silent partnership between the Company Dentsu Inc. and Mrs Elisabeth Badinter also announced that it had crossed under the legal threshold of a third of the Company's voting rights and held together 21.71% of the share capital and 33.09% of the voting rights;
- The company Dentsu Inc. announced that it had crossed under, on June 14, 2010, the legal threshold of 15% of the Company's voting rights and held individually 11.15% of the Company's share capital and 14.31% of the voting rights;
- The silent partnership between Dentsu Inc. and Mrs Elisabeth Badinter announced that it had crossed over, on August 31, 2010, the legal threshold of a third of voting rights of the Company and held 21.71% of the capital and 33.98% of the Company's voting rights. This overstepping of the limit was the result of a reduction in the number of the Company's voting rights, in which the silent partnership took no part, the Financial Markets Authority granted an exemption to file a proposed tender offer for the Company's shares on the basis of article 234-9 5 of the general rules.

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 around 40,000 shareholders at December 31, 2010.

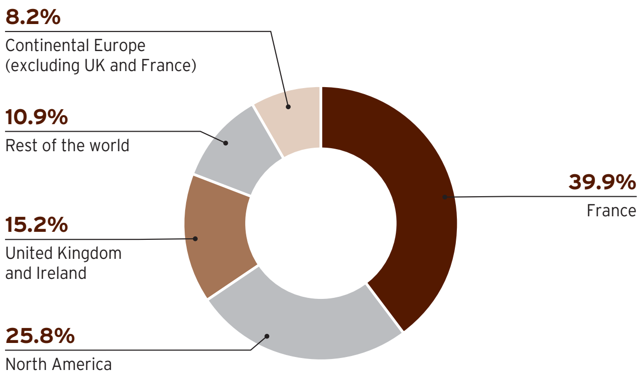
The distribution of share capital and voting rights, at December 31, 2010, after consideration of maximal dilution based on convertible and exchangeable securities and equity warrants appears in Section 6.2.4 of this document.

ALLOCATION OF SHARE CAPITAL BY TYPE OF SHAREHOLDER AT DECEMBER 31, 2010 (AS % OF CAPITAL)



Source: Euroclear/Ipréo.

ALLOCATION OF SHARE CAPITAL BY REGION AT DECEMBER 31, 2010 (AS % OF CAPITAL)



Source: Euroclear/Ipréo.

6.3.2 CONTROL OF THE COMPANY

To ensure the transparency and availability of public information, the Company follows the recommendations issued by AFEP-MEDEF in October 2003 regarding corporate governance of listed companies. These guide the Supervisory Board's internal regulations, the latest version of which was approved on February 10, 2009. Moreover, in accordance with those recommendations, the composition of the Supervisory Board and the Management Board ensures that Mrs Elisabeth Badinter and Dentsu (see Section 2.7.5) may not exercise control in a way that would be prejudicial to the Company.

Finally, to the best of the Company's knowledge, except as disclosed in Section 2.7.5, the Company is not subject, directly or indirectly, to any other agreement or engagement linking one or several shareholders, company, foreign government or other natural or legal person operating individually or conjointly with regard to the direct or indirect holding of its capital or under its control, and there exists no agreement of which the fulfillment could cause a change in the company's control at a later date.

6.3.3 AGREEMENTS CONCERNING AN EVENTUAL CHANGE IN CONTROL OR SUSCEPTIBLE OF INFLUENCING 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 General Shareholders' Meeting to the Management Board regarding the share issuance (described in Section 6.2.1), the capital structure (described in Section 6.3), shareholders' agreements (described in Section 2.7) and the existence of a double voting right (provided for in the Company's bylaws and described in Section 6.1.5).

It is also specified that, to the best of the Company's knowledge, no agreements exist requiring payment, other than those described in Section 2.6, 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 as the result of a change of control of the Company.

6.4 Stock market information

6.4.1 THE TRADING OF PUBLICIS GROUPE SHARES

The year 2010 saw a return to more normal conditions. Thanks to the common and coordinated measures taken by governments (programs for growth) and central banks (loosening of monetary policy to create the necessary liquidity), 2009 did not see the great depression that might have been expected at the end of 2008. In 2010, the continuation of reflationary policies and the maintenance of exceptional monetary measures, especially in the United States, saw a return to growth in the developed economies. In the United States, growth reached 2.8%. Europe saw more contrasted performance, between Germany, which has experienced a vigorous recovery (+3.6%) after, admittedly, a fall of 4.7% in 2009, and Spain, which saw a further slight contraction in activity. Amongst the developing countries, growth remained very buoyant, especially in China, which is well in the lead with double-digit growth, Brazil (6% growth) and India, which is growing at a comparable rate.

The financial sector has not resolved all of its structural problems: the solvability risk has been transferred from the private to the public sphere, and the euro has paid the price, suffering two successive attacks, first against Greece (February-May), followed by Ireland (November). This European crisis has resulted in high debt levels to underpin struggling economies, and a strengthening of governance within the European Union. The United States, with a very high unemployment rate, is still dealing with a real estate crisis. However, the market, for the time being at least, is showing confidence in the new reflationary plan involving reduced taxes, and therefore additional deficits. The Fed, for its part, has begun to introduce new reflationary measures by creating 600 billion dollars without counterparty.

Against this background, the publicity market has returned to growth faster than was expected. Publicis Group has participated in the pick-up in activity, and its share price has fully profited from this return to normal: it increased by 36.84%, considerably more than both the CAC40 which lost 3.34% over the year, and the Dow Jones Europe Stoxx Media Index (+13.63%). This relatively sparkling performance is due, above all else, to the revision by analysts of their BPA expectations: in fact, they were increased by 20% over the course of the year. Publicis Groupe's strategy, to remain the uncontested leader in digital activities and actively pursue its development in countries with strong growth, is favored by investors. They see a response that is particularly adapted to the changes that are currently taking place in the world.

Buoyed up by these advantages, and assuming there is no major economic shock during 2011, the share price should continue to move in a positive direction, and to reflect the Group's performance and underlying fundamentals.

6.4.2 AN ONGOING RELATIONSHIP WITH INVESTORS

During 2010, as in previous years, the Group developed an ongoing relationship with all the main actors in the marketplace. Over the year, the Group's directors held private meetings with 550 institutional investors, in France, the United Kingdom, Germany, the Netherlands, Luxembourg, Belgium, Italy, the United States and Canada, as well as in Asia. Publicis Groupe also participated in several major sector conferences in Palm Beach, Barcelona, New York and London, as well as international conferences aimed at promoting French listed companies, held in Paris and London.

6.4.3 SECURITIES MARKET

Publicis Groupe S.A. shares

- Listed on: Euronext Paris (code ISIN/FR0000130577).
- First day listed: June 9, 1970.
- Shares listed on Euronext Paris: all the shares comprising the group's 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 announcement, on September 17, 2007, that the US market authorities wished to end the listing of Publicis Groupe S.A. shares on the New York Stock Exchange (listed in the form of American Depository Receipt with parity of one ADR for one Publicis share). Transactions rarely exceeded an annual average of 1% of all the 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 the trading price on Euronext Paris during the fiscal year 2010:

- highest: 39.07 euros on December 31, 2010
- lowest: 27.65 euros on February 9, 2010
- Average price: 33.61 euros

TRANSACTION VOLUMES AND COMPANY'S SHARE PRICE EVOLUTION DURING THE LAST EIGHTEEN MONTHS ON EURONEXT PARIS

			Average volumes traded per session (1)		Monthly price (in euros)			
Period		Number of sessions	Number of securities	Capital (in thousands of euros)	First listing	Last listing	Highest	Lowest
2009	September	22	573,405	15,717	25.56	27.41	28.70	24.81
	October	22	697, 829	18,073	27.50	25.90	29.35	25.71
	November	21	468,567	12,014	25.95	25.64	27.45	25.42
	December	22	406,701	11,590	25.91	28.50	28.95	25.73
2010	January	20	531,307	15,819	28,58	29.77	30.20	28.50
	February	21	862,661	24,991	29,74	28.97	30.09	27.65
	March	25	760,148	24, 081	28.32	31.68	32.33	28.17
	April	20	973,751	32,382	31.98	33.26	34.80	30.92
	May	21	1,146,231	39,057	33.25	34.08	35.00	31.20
	June	22	874,374	28,749	34.00	32.88	35.54	33.18
	July	22	726,936	25,141	32.76	34.59	35.44	31.81
	August	22	580,332	19,179	34.21	33.05	35.24	32.32
	September	22	1,093,896	38,111	33.21	34.84	35.73	32.91
	October	21	828,067	29,636	34.90	35.79	37.61	34.86
	November	22	774,435	26,659	35.92	34.43	36.40	33.48
	December	23	603,835	23,549	34.57	39.00	39.07	34.47
2011	January	21	823,417	30,952	39.08	37.59	39.77	36.15
	February	20	892,490	36,891	37.74	41.33	41.71	37.12

(1) Volumes traded on Euronext (excluding alternative platforms).

Océane Publicis Groupe S.A. 2018 - 1%

- Listed on: Euronext Paris (code ISIN: FR0000180127)
- First day listed: January 21, 2002
- Changes in the trading price on Euronext Paris during the fiscal year 2010:
  - highest: 49 euros, on November 8, 2010
  - lowest: 39.12 euros, on April 1, 2010
  - average price: 45.398 euros

Océane Publicis Groupe S.A. 2014 - 3.125%

- Listed on: Euronext Paris (code ISIN: FR0010771899)
- First day listed: June 17, 2009
- Changes in the trading price on Euronext Paris during the fiscal year 2010:
  - highest: 37.80 euros, on October 5, 2010
  - lowest: 34.60 euros, on November 16, 2010
  - average price: 36.435 euros

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 the trading price on the Luxembourg Stock Exchange during the fiscal year 2010:
  - highest: 104.4987 euros, on May 6, 2010
  - lowest: 102.5407 euros, on November 19, 2010
  - average price: 103.4474 euros

Eurobond offering Publicis Groupe S.A. 4.25% 2015 (FR0010831974) issued after the exchange offer on the Eurobond 4.125% 2012

- Listed on: Luxembourg Stock Exchange (code ISIN: FR0010831974)
- First day listed: December 17, 2009
- Changes in the trading price on the Luxembourg Stock Exchange during the fiscal year 2010:
  - highest: 108.1618 euros, on August 31, 2010
  - lowest: 100.4953 euros, on January 8, 2010
  - average price: 105.8451 euros

Bonds related to Publicis Groupe warrants (BSA)

- Listing on: Euronext Paris (code ISIN: FR0000312928)
- First day listed: September 25, 2002
- Changes in the trading price on Euronext Paris during the fiscal year 2010:
  - highest: 10.28 euros, on December 27, 2010
  - lowest: 6.20 euros, on February 9, 2010
  - average price: 8.4151 euros

Orane Publicis Groupe

- Listed on: Euronext Paris (code ISIN: FR0000187783)
- First day listed: September 24, 2024
- Duration: More than 20 years

1,562,000 Oranes were issued. These Oranes will be converted into Publicis Groupe shares (each Orane gives the right to 18 Publicis Groupe shares) at the rate of one per year during 18 years, starting on September 1, 2005.

- Changes in the trading price on Euronext Paris during the fiscal year 2010:
  - highest: 294 euros, on April 23, 2010
  - lowest: 230 euros, on March 25, 2010
  - average price: 267.2 euros

ANNUAL GENERAL MEETING OF SHAREHOLDERS

Prior to the Combined Shareholders' Meeting of June 7, 2011, the legal documents and information will be communicated to shareholders, in accordance with the applicable laws, and notably by electronic consultation on the Publicis website.

8

ADDITIONAL INFORMATION

8.1 Documents on display

During the validity of this document, the Company's bylaws, minutes of the General Shareholders' Meetings, as well as reports of the Management Board and the auditors, and all other documents addressed or available to shareholders as required by law are available at the registered office of Publicis Groupe S.A., 133 avenue des Champs-Élysées, 75008 Paris.

The Company bylaws are also available on the Publicis Groupe's website (www.publicisgroupe.com).

The parent company's financial statements and the consolidated financial statements of Publicis Groupe S.A. for the fiscal years ending December 31, 2009 and December 31, 2010 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 (www.publicisgroupe.com) and on the website of the French Regulatory Authority (www.amf-france.org).

Furthermore, historical financial information for any direct or indirect subsidiary of the Company for the fiscal years ending December 31, 2009 and December 31, 2010 is available at the registered office of such subsidiary, as required by relevant laws and regulations.

8.2 Annual information document

Communiqués - Information published by Publicis Groupe and accessible on the website of the French Regulatory Authority (Autorité des marchés financiers or AMF) (www.amf-france.org) and/or Publicis Groupe (www.publicisgroupe.com)

01/08/2010	Share buy-back program
01/11/2010	Partnership between the Women's Forum and Terrafemina
01/18/2010	Early amortization Océanes 2018
02/05/2010	Exclusive negotiations between the Lov Group and Publicis Groupe
02/17/2010	Annual Results 2009
03/16/2010	Remuneration of Board Members
03/30/2010	Took minority stake in Taterka Comunicações
04/06/2010	Publicis Groupe acquires In-Sync, Communications Agency
04/22/2010	Publicis Groupe: First quarter 2010 results – Return to growth
04/26/2010	Renewal of Publicis Groupe Supervisory Board mandates
04/29/2010	Publicis Groupe acquires the total share capital of Leo Burnett/W&K Beijing Advertising Co. Ltd
05/10/2010	Publicis Groupe announces the acquisition from Dentsu Inc of 7,500,000 treasury shares with a view to their cancellation
05/19/2010	Publicis Groupe acquires Resolute Communications in the healthcare sector
06/01/2010	Publicis Groupe General Shareholders' Meeting – dividend set at 0.60 euros per share
06/01/2010	Supervisory Board and Management Board of Publicis Groupe
06/28/2010	Danièle Bessis joins Publicis Groupe as CEO of Re: Sources Worldwide
07/12/2010	Publicis Groupe acquires the G4 advertising agency in China
07/29/2010	Publicis Groupe: First-half results 2010
08/02/2010	Publicis Groupe continues its expansion in digital with the acquisition of AG2, the top interactive agency in Brazil
09/09/2010	Publicis Groupe and Lov Group decide to end their negotiations on the opening of capital of France Télévisions Publicité
10/01/2010	Publicis Groupe acquires the agencies 20: 20 Media et 20:20Social, creating MSLGROUP India - Leader in public relations, social media and specialized communication services in India
10/06/2010	Publicis Groupe acquires 49% of the Brazilian Talent Group and reinforces its presence in markets with strong growth
10/21/2010	Publicis Groupe publishes its third quarter earnings for 2010
11/17/2010	Publicis Groupe acquires Eastwei Relations in China
11/29/2010	Publicis Groupe acquires Publicis Romania, Focus Advertising et Publicis Events and strengthens its global offer in the Romanian market
12/13/2010	Publicis Groupe acquires Digital District
12/16/2010	Publicis Groupe takes a majority stake in Andreoli MS&L in Brazil
12/20/2010	Publicis Groupe acquires Healthcare Consulting and creates a new strategic consultancy agency

Buyback program approved by the combined ordinary and Extraordinary General Shareholders' Meeting of June 1, 2010 in its twenty-second and twenty-third resolutions

The program was made available on the websites of the AMF and Publicis Groupe on January 8, 2010

Financial information published through Business Wire

Quarterly information

04/22/2010	First quarter earnings for 2010
10/21/2010	Third quarter earnings for 2010

Annual and half-year results

04/22/2010	First quarter earnings for 2010
10/21/2010	Third quarter earnings for 2010

Annual and half-year results

07/29/2010	Half year results for 2010
02/10/2011	Annual results for 2010

Others

01/08/2010	Buy-back program
01/08/2010	Half-year stocktaking of the liquidity contract with SG Securities (Paris)
01/11/2010	Partnership between the Women's Forum et Terrafemina
01/18/2010	Océanes (1%) maturing January 18, 2018 – early amortization at the option of holders
02/05/2010	Lov Group and Publicis Groupe begin exclusive negotiations with France Télévisions to acquire 70% of the capital of France Télévisions Publicité
03/10/2010	Publication of annual consolidated financial statements
03/16/2010	Supervisory Board: Remuneration of Management Board
03/30/2010	Minority participation taken in Taterka Comunicações
04/06/2010	Publicis Groupe acquires In-Sync, communications agency
04/15/2010	Publication of first quarter earnings 2010
04/26/2010	Supervisory board mandates renewed
04/29/2010	Publicis Groupe acquires all the capital of Leo Burnett/W&K Beijing Advertising Co. Ltd
05/03/2010	Reference document 2009 available
05/10/2010	Publicis Groupe announces it acquired 7,500,000 treasury shares from Dentsu Inc. with a view to their cancellation 7,500,000 of its own shares with a view to their cancellation
05/19/2010	Publicis Groupe acquires Resolute Communications in the healthcare sector
06/01/2010	Publicis Groupe General Shareholders' Meeting – dividend set at 0.60 euros per share
06/01/2010	Supervisory Board and Management Board of Publicis Groupe
06/28/2010	Danièle Bessis joins Publicis Groupe as CEO of Re: Sources Worldwide
07/07/2010	Half-yearly stocktaking of the liquidity contract with SG Securities (Paris)
07/12/2010	Publicis Groupe acquires the G4 advertising agency in China
07/15/2010	Half-yearly earnings published
08/02/2010	Publicis Groupe continues its digital expansion with the acquisition of AG2, the top interactive agency in Brazil
08/05/2010	Half year 2010 financial report available
09/09/2010	Publicis Groupe et Lov Group decide to terminate their negotiations on the capital opening of France Télévisions Publicité
10/01/2010	Publicis Groupe acquires the agencies 20:20 Media et 20:20 Social, creating MSLGROUP India – leader in public relations, social media and specialized communication services in India
10/06/2010	Publicis Groupe acquires 49% of the Brazilian Talent Group et strengthens its position in markets with strong growth
10/12/2010	Third quarter 2010 earnings published
11/17/2010	Publicis Groupe acquires Eastwei Relations in China
11/29/2010	Publicis Groupe acquires Publicis Romania, Focus Advertising et Publicis Events and strengthens its global offer on the Romanian market
12/13/2010	Publicis Groupe acquires Digital District
12/16/2010	Publicis Groupe takes a majority stake in Andreoli MS&L in Brazil
12/20/2010	Publicis Groupe acquires Healthcare Consulting and creates a new strategic consulting agency

Presentations and Webcasts

Annual and half-year results

07/29/2010	Half year results for 2010
02/10/2011	Annual results for 2010

Quarterly information

04/22/2010	First quarter earnings for 2010
10/21/2010	Third quarter earnings for 2010

Others

03/22/2010	Publicis Groupe in China
06/01/2010	General Shareholders' Meeting – Ordinary and Extraordinary
06/30/2010	2010 JP Morgan Annual CEO Conference
11/17/2010	Morgan Stanley 9th Annual Conference - Technology, Media and Telecoms

Information filed with the Registry of the Court of Commerce of Paris

06/04/2010	Cancellation of treasury shares and capital reduction: Chairman's announcement of May 10, 2010, Journal of Legal Notices (Les Petites Affiches) of May 31, 2010
06/22/2010	Submission of annual and consolidated financial statements for the fiscal year 2009
07/08/2010	Renewal and nomination of Supervisory Board members, change in substitute auditor: minutes of the combined Ordinary and Extraordinary Shareholders' Meeting of June 1, 2010 and Journal of Legal Notices (Les Petites Affiches) of June 30, 2010
08/26/2010	New Management Board member nominated: minutes of Supervisory Board of June 1, 2010 and Journal of Legal Notices (Les Petites Affiches) of August 3, 2010
09/29/2010	Capital increase following the reimbursement of Orane (sixth tranche): minutes of the Management Board of August 19, 2010, bylaws and Journal of Legal Notices (Les Petites Affiches) of September 20, 2010

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/)

Financial statements

07/28/2010	No. 90	Annual financial statements 2009

Notice for the Combined Ordinary and Extraordinary Shareholders' Meeting of June 1, 2010

04/23/2010	No. 49	Official meeting notice

Information published in the Journal of Legal Notices (Les Petites Affiches)

05/31/2010	No. 018650	Cancellation of treasury shares and capital reduction
05/12/2010	No. 016519	Official notice for the combined Ordinary and Extraordinary Shareholders' Meeting of June 1, 2010
06/14/2010	No. 021043	Total voting rights at the combined Ordinary and Extraordinary Shareholders' Meeting of June 1, 2010
06/30/2010	No. 023563	Nomination of new members of Supervisory Board and a new substitute auditor
08/03/2010	No. 029859	Nomination of a new Management Board member
09/20/2010	No. 034293	Capital increase after redemption of the sixth tranche of Orane

8.3 Registration document responsibility and declaration

8.3.1 RESPONSIBILITY FOR THE REFERENCE DOCUMENT

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

8.3.2 DECLARATION OF THE PERSON RESPONSIBLE FOR THE REFERENCE DOCUMENT

I confirm, having exercised due diligence in this regard, that, to the best of my knowledge, the information in this Reference Document is true and contains no material omission.

I also confirm that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and provide a true and fair view of the Company's assets, financial position and profit, as well as those of its consolidated subsidiaries, and that the management report, the various components of which are indicated in the cross-referencing table in Chapter 8.7, provides a fair view of the progress of the business, results and financial position of the Company and all its consolidated subsidiaries, and 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 position and financial statements in this Reference Document, and have reviewed this Reference Document. The report of the statutory auditors on the consolidated financial statements for the exercise 2010, shown in Chapter 4.7 of this document, contains an observation on the application, from January 1, 2010, of the revised standards IFRS 3 "business combinations" and IAS 27 "consolidated and individual financial statements".

The statutory auditors submitted reports on the financial information presented in this document

The general report of the statutory auditors on the consolidated financial statements for the exercise 2009, shown in the Reference Document submitted to the Financial Markets Authority (AMF) on March 19, 2010 under the No. D.10-0129, contain an observation on the application, from January 1, 2009, of the revised standards IAS 1 "presentation of financial statements" and IFRS 8 "Operating sectors".

The general report of the statutory auditors on the consolidated financial statements for the 2008 exercise in the Reference Document submitted to the Financial Markets Authority (AMF) on 13 March 2009 under the No. D.09-0120 do not contain observations.

Paris, on March 15, 2011

Maurice Lévy,

Chairman of the Management Board

8.4 Statutory auditors

8.4.1 PRINCIPAL 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 of June 4, 2007 to replace Ernst & Young Audit, for a term of six years expiring at the end of the General Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2012.

MAZARS

Represented by Mr. Philippe Castagnac

61, rue Henri Régnault, Tour Exaltis, 92400 Courbevoie

Appointed at the General Shareholders' Meeting of June 25, 1981; appointment renewed at the General Shareholders' Meeting of June 1, 2005, for a term of six years expiring at the end of the General Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2010.

8.4.2 ALTERNATE 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 of June 4, 2007 to replace Mr. Denis Thibon, for a term of six years expiring at the end of the General Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2012.

Mr. Gilles Rainaut

61, rue Henri Régnault, Tour Exaltis, 92400 Courbevoie

Appointed at the General Shareholders' Meeting of June 1, 2010 to replace Mr. Patrick de Cambourg, for a term of six years expiring at the end of the General Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2015.

8.5 Cross-reference for the registration document

Cf. annex 1 of European Regulation No. 809/2004

	N° of pages	N° of chapters
1/Persons responsible		
1.1. Identity		8.3.1.
1.2. Declaration		8.3.2.
2/Statutory auditors		
2.1. Identity		8.4.
2.2. Any changes		NA
3/Selected financial information		
3.1.Historical financial information		1.1.
3.2.Intermediate financial information		NA
4/Risk factors		1.8.
5/Information on the issuer		
5.1. History and development of the Company		1.2. and 6.1.1. to 6.1.4.
5.2. Investments		1.5.
6/Business Overview		1.4.1. to 1.4.3.
6.1. Main activities		4.6. (Note 27) and 1.4.5. to
6.2. Main markets		1.4.8.
6.3. Exceptional events		NA
6.4. Dependance of the issuer		1.4.5. to 1.4.8.
6.5. Competitive position		1.4.7.
7/ Organization chart		
7.1. Description of the Groupe		1.3.1.
7.2. List of main subsidiaries		1.3.2.
8/Property, plants and equipment		
8.1. Major tangible capital assets		1.4.4.
8.2. Environmental questions		NA
9/Analysis of financial position and results		
9.1. Financial situtation		3
9.2. Operating income (expense), net		3
10/Cash flow and capital		
10.1. Capital resources		3.4.2.
10.2. Cash flows		3.4.1.
10.3. Borrowing conditions and financing structure		3.4.3.
10.4. Restrictions on use of capital		3.4.4.
10.5. Anticipated financing sources		3.4.5.
11/ Research and development, patents and licenses		1.7.
12/ Outlook		3.7.
13/Forecasts or estimates of earnings		NA
14/Management, supervisory bodies and executive management		
14.1.Members		2.1.
14.2. Conflicts of interest		2.1.5.
15/Compensation and benefits		
15.1. Compensation and other benefits		2.6.
15.2. Provisions for pensions and retirement		2.6.2.
16/Board practices		
16.1. Date of expiration of terms of office		2.1.
16.2. Service agreements of the Management Board and the Supervisory Board members		2.1.
16.3. The Audit Commitee and the Remuneration Committee		2.3.2. and 2.3.3.
16.4.Conformity with current company regulations		2.4.

	N° of pages	N° of chapters
17/Employees		
17.1. Number of employees		4.6. (Note 3)
17.2. Participations and stock-options		2.6.4. and 6.2.6.
17.3. Agreement on employee share ownership		2.6.3. and 6.2.6.
18/Main shareholders		
18.1. Shareholders holding more than 5 % of capital		6.3.1.
18.2. Existence of different voting rights		6.1.5.
18.3. Direct or indirect control		6.3.
18.4. Agreement regarding an eventual change in control		6.3.3.
19/Related party transactions		2.7.
20/Financial information concerning the issuer's assets, financial conditions, and results of operations		
20.1. Historical financial information		NA
20.2. Pro forma financial information		4+5
20.3. Financial statements		4.7.+5.6.
20.4. Verification of annual historical financial information		
20.5. Date of most recent financial information		4+5
20.6. Intermediate and other financial information		NA
20.7. Dividend distribution policy		3.6.
20.8. Legal and arbitrage procedures		NA
20.9. Significant change in financial or commercial situation		NA
21/Additional information		
21.1. Capital stock		6.2.
21.2. Memorandum and by-laws		6.1.5.
22/Major contracts		1.6.
23/Information from third parties, experts and declared interests		NA
24/Documents on display		8.1.
25/Information on holdings		4.6. (Note 32)

8.6 Cross-reference for the annual financial report

In order to facilitate the reading of the Annual Financial Report, the following thematic tables make it possible to the identify, in this Reference Document, the main information required by article L. 451-1-2 of the Monetary and Financial Code.

Rubrique du rapport financier annuel	Chapters
1. Financial statements	5
2. Consolidated financial statements	4
3. Statutory auditors' report on the financial statements	5.6
4. Statutory auditors' report on the consolidated financial statements	4.7
5. Management report including at least the information mentioned in Articles L. 225-100, L. 225-100-2, L. 225-100-3 and L. 225-211 part 2 of the Commercial Code	1, 2, 3 and 6
Billings	3.3.1
Income	3.3.2 and 3.3.3
Financial situation	3.4
Main risks and uncertainties	1.8
Capital structure	6.3
Statutory limitations on use of voting rights	6.1.5
Buyback by the Company of its own shares	6.2.3
Table summarizing the delegations currently valid	6.2.1
Agreements providing for the payments to executive officers in the event of termination of contract	2.6.1 and 2.6.3
Rules applicable to the nomination and replacement of executive officers and changes in statute	6.1.5
6. Declaration of the persons responsible for the Management Report	8.3
7. Remuneration of the statutory auditors	4 (Note 31)
8. Report of the Chairman of the Supervisory Board, established in adherence to legal provisions	2.4
9. List of all information published by the Company or made public during the past 12 months	2.5
10. List of all the information published by the Company, or rendered public, over the last 12 months	8.2

8.7 Cross-Reference for the management report

COMMENTARY ON THE FISCAL YEAR

Objective and exhaustive analysis of business developments, results and the Groups's financial situation	3.3
Key indicators of non-financial performance with regard to the Company's specific activities	NA
Key events occurring between the date of close of exercise and the date of publication of the report	1.5.2 et 4.6 (note 30)
Likely development of the Company and the Group	1.5.3 and 3.7
Dividends distributed over the three preceding exercises and amount of income distributed during the same years eligible for 40% deduction	3.6

PRESENTATION OF THE GROUPE

The main risks and uncertainties faced by the Group	1.8
The Company's use of financial instruments : objectives and policy in relation to financial risk management	4.6 (note 26)
Exposure of the Company to price, credit, liquidity or cash flow risks	1.8.5 et 4.6 (note 22 et 26)
Social and environmental consequences of activities (including Seveso)	1.4.2
Research and development activities	1.7

CORPORATE GOVERNANCE

List of all offices and functions exercised throughout the Company by its executive officers during the exercise	2.1
Total compensation and other benefits paid to executive officers during the exercise	2.6
All engagements undertaken by the Company to benefit its executive officers, such as compensation, indemnities or benefits due or susceptible of being due as a result of taking up, ceasing or changing functions, or subsequently	2.6
Options granted, subscribed or bought during the exercise by the executive officers and the top ten highest paid Company non-executive employees, and stock options granted to all beneficiary employees, by category	2.6.4 and 6.2.6
Conditions for raising and retaining options by the executive officers	NA
Conditions for retaining free shares attributed to executive officers	2.6.3 tableau 6
Operations in the company's shares by directors and associated persons	2.7

COMPANY INFORMATION AND CAPITAL STRUCTURE

FINANCIAL STATEMENTS

REPORT OF THE CHAIRMAN OF THE SUPERVISORY BOARD

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