PUBLICIS GROUPE

MANAGEMENT BOARD REPORT
2005

2005 was a year of record new business and marked acceleration in growth for Publicis Groupe. Management believes that the current pace of growth results from the implementation of its strategy and the creation of appropriate organizational structures to deal with the acquisitions made at the beginning of the decade. Management believes that its offering matches the strategic needs of advertisers. The transformation of 1996, when Publicis Groupe became a single worldwide network, followed by the acquisition of Saatchi & Saatchi in 2000 and Bcom3 in 2002, have radically changed the shape of our group, giving us the capacity to meet all of our clients' advertising and communications needs. It was an essential objective of our strategic plan, and we can today confirm that this plan has become a reality. We have the resources necessary to help advertisers deal effectively with a radically new media environment marked by constant change and create ties to increasingly elusive consumers. Our 2005 performance reflects the leverage that results from the breadth, depth and quality of our offering.

During the year, trends remained positive in North America, the Asia-Pacific region, Latin America and the Middle East, in contrast to patchier performances in Europe, where overall moderate growth continued. Main markets, including the UK, France, Germany, Spain and Italy were nonetheless on a generally upward track, although growth rates varied from country to country. The Netherlands were an exception to the general trend.

Against a backdrop of favorable market trends, Publicis Groupe turned in a satisfactory performance in terms of both revenue growth and new business. Organic growth showed what we consider to be a significant shift from earlier trends, holding well above the levels of previous years. It reached 6.8% for the full 2005 financial year. Momentum was mainly from major new accounts booked at the end of 2004 and in early 2005, in particular by media and healthcare communications agencies, although advertising also contributed to the growth. New business remained at exceptional levels, with Publicis Groupe setting a new record of \$9.8 billion (€7.8 billion) net in 2005. This performance has been one of the best in the market, with the Group listed as first and second worldwide in net New Business in the rankings by Bear Stearns and Lehman Brothers (New Business Scorecard), respectively.

The significant accounts we won in 2005 include the following:

- *Publicis*
  Rogers Communications in Canada; Voyages-sncf.com and sncf.com in France; Fidelity in Asia, Playtex/Wonderbra and Hewlett-Packard (marketing services) in Europe; Wellpoint and TUMI in the U.S.; Jacob's, Nobel Biocare and VisitLondon in the U.K.; Nestlé Waters/ Acqua Panna in Italy and Nestlé multibrand promotion 2006 in Brazil.

- *Leo Burnett*
  ConAgra/Egg Beaters and Reddi-Whip, Turner Classic Movies, Western Union in the U.S., Samsung (global branding), Washington Mutual in the U.S., Monster.co.uk in the U.K.

- *Saatchi & Saatchi*
  Ameriprise in U.S., Dr. Martens in the U.K., Toyota/Prius and Hybrid Synergy Drive in China, Bacardi/Dewar's in the world, P&G/Millstone Coffee and Novartis/Excedrin in the U.S., Standard Life in the U.K.

- *Other advertising networks and agencies*
  Fallon's new accounts includes KitchenAid Home Appliances and Sony in the U.S., Vanguard in the U.S., NBC Universal in the U.S., Volkswagen/Jetta and Passat in Japan, More Th>n in the U.K.
  The Kaplan Thaler Group (U.S.)'s new accounts included Revlon, Office Depot in the U.S.

- *Starcom MediaVest Group*
  LG in Europe, General Motors, Mattel and Simmons in the U.S., P&G / Gillette worldwide, Washington Mutual in the U.S.

- *ZenithOptimedia*
  JP Morgan Chase, L'Oréal/Maybelline in the U.S., Richemont in Europe and the U.S., L'Oréal CPD (Greater Europe), Nestlé in Spain, France and Russia, L'Oréal in Canada, DaimlerChrysler in Spain, Lloyds TSB in the U.K.

The most important accounts lost during the year were:

- Schering-Plough+GsK/Levitra in the U.S., BMW, Dyson, U.S. Army and Morgan Stanley in advertising
- the COI (Central Office of Information) in the U.K. in media consultancy and media buying in the U.S.

Publicis Groupe also consolidated its reputation for creative flair, once again placing second at the Cannes International Advertising Festival, with 66 Lions. While all of Publicis' main networks won awards, the top scorer was Saatchi & Saatchi with 22 Lions. The Gunn Report ranks the Group second worldwide for awards not only in 2005 but also over the seven years from 1999 to 2005.

At the operational level, highlights for the year included the creation in April of Publicis Public Relations and Corporate Communications Group, or PRCC, a common management board for our public relations entities, which include, in particular, Manning Selvage & Lee and Publicis Consultants. PRCC's main purpose is to offer clients the best possible resources in this area, making the most of synergies between entities that had previously operated separately. In the autumn, PRCC was joined by Freud Communications, a major UK public relations agency in which Publicis acquired a 50.1% interest. The Group also launched Marcel, a new agency concept within the Publicis network, to expand its offering and better meet the needs of certain clients. The Group sold to JC Decaux its full 50% interests in JC Decaux Nederland and Sopact, as well as 33% of Métrobus, in which Publicis Groupe remains the majority shareholder and VKM. At the end of the year, Publicis Groupe announced the strategic SAMS acquisitions of Solutions Integrated Marketing Services, India's number-one marketing services agency (closed in 2006), and eventive, a major agency in events communications on the Austrian and German markets.

At the end of the year Publicis won investment-grade status from the world's two leading ratings agencies with ratings of BBB+ from Standard & Poor's and Baa2 from Moody's. Both rated the outlook stable. These ratings mean that Publicis Groupe is among the best-placed European businesses in its industry. They reward dedicated efforts to reduce debt, generate more cash and enhance balance-sheet transparency. A major focus of 2005 was a continued drive to simplify and refinance the balance sheet. This involved an offer for the early redemption of Publicis' OCEANE convertible bonds maturing in 2018, which led to the redemption of 62.36% of the nominal amount of the issue and thus eliminated the potential for future dilution associated with the possible issue of approximately eleven million shares. We also made our first-ever straight bond issue for an aggregate amount of €750 million maturing in seven years. This issue was a true success, having been over-subscribed three times. The proceeds were used to finance the early redemption of a large part of the OCEANE convertible bonds. At the beginning of 2006, holders of these bonds exercised a part of their put options, eliminating a further 6.5% of the issue and thus the potential for the issue of 1.1 million shares.

In January 2006, Publicis also made a public offer for the purchase of all 27,709,748 outstanding equity warrants issued in connection with the Bcom3 acquisition in 2002. The offer was successfully completed and 22.1 million warrants, representing 79.78% of those outstanding, were tendered and cancelled. The unit price offered was €9 per warrant, which represents a total redemption amount of €199 million.

THE GROUP

Principal activities

Since its acquisition of Bcom3 in 2002, Publicis Groupe has ranked fourth in communications worldwide, behind Omnicom, WPP and Interpublic based on reported revenue. We currently have operations in 196 cities in 104 countries on five continents and we had more than 38,000 employees as of December 31, 2005.
Publicis Groupe not only ranks fourth worldwide, but also holds leading places on each of the world's 15 largest advertising markets except Japan. Thus, the Group is among the top communications groups in Europe, North America, the Middle East, Latin America and Asia. In Japan, it has privileged access because of the strategic partnership entered into with Dentsu in 2002.
While internal management, reporting and compensation systems are not organized by area of business, Publicis Groupe provides financial markets with information concerning the relative weight of different business lines. This is solely for the purpose of allowing sector comparisons.
Among the Group's principal business lines, traditional advertising contributed 46% of 2005 revenues, SAMS 28% and media services 26%.

We provide services primarily in the following areas:

- *Traditional advertising services*. We provide traditional advertising services primarily through the Publicis, Saatchi & Saatchi and Leo Burnett networks. We also conduct our traditional advertising operations through smaller, more local units, some of which are focused on the needs of a particular client. These include Fallon and our 49% interest in Bartle Bogle Hegarty, a U.K.-based agency, Marcel, The Kaplan Thaler Group.

- *Specialized agencies and marketing services*. In addition to traditional advertising services we provide specialized communications services such as public relations, corporate and financial communications, healthcare communications (aimed to answer the specific needs of the pharmaceutical industry), direct marketing, sales promotion, CRM (Customer Relationship Management), interactive communications, events communications and design. Such services collectively referred to herein as “SAMS” are provided through various subsidiaries, including Publicis Dialog, ARC Worldwide, Publicis Healthcare Communications Group (PHCG), Publicis Public Relations and Corporate Communications Group (PRCC), Publicis Events Worldwide. These specialized communications services are generally provided in conjunction with traditional advertising services.

- *Media Services.* We conduct media planning and media buying operations through PGM Publicis Groupe Media, Starcom MediaVest Group, ZenithOptimedia and Denuo, created recently to provide advice on new media. We also conduct media sales activities in France for the press, cinema, posters and radio through Médias & Régies Europe.

Statement of income

Revenues

Consolidated revenues of Publicis for the year ended December 31, 2005 stood at €4,127 million, an increase of 7.7% from €3,832 million in the year ended December 31, 2004. The principal reason for the increase was organic growth (6.8%), with additional revenue contributions attributable to acquisitions net of disposals limited to €5 million, while the impact of conversion of revenues of companies outside the euro zone into euros was slightly positive for the first time since the first half of 2002, contributing €27 million. The dollar average exchange rate against the euro remained stable from 2004 to 2005.

Organic growth reached 3.9% growth in the first quarter, 8.0% growth in the second quarter, 6.2% growth in the third quarter, 8.6% growth in the fourth quarter.

The 6.8% overall growth included organic growth of 3.8% in Europe, 8.0% in North America and 11.2% in the rest of the world.

Operating margin

Group operating margin rate before amortization and depreciation was €765 million in the year ended December 31, 2005 compared to €699 million in the year ended December 31, 2004, showing a rise of 9.4%. Personnel expenses amounted to €2,454 million, or 59.5% of revenues in the year ended December 31, 2005. This figure, which includes the cost of stock

options as required under IFRS, was slightly higher compared to 2004, when the percentage of revenues was 59.3%, due primarily to the recruitment of personnel to service new accounts as well as a raise in the level of expertise on some teams. On the other hand, other operating charges as a percentage of revenue fell 50 basis points (from 22.5% in 2004 to 22% of revenue in 2005), rising from 862 million euros in 2004 to 908 million euros in 2005, due in large part to cost-cutting measures undertaken by the Group during previous periods. Shared resource centers are now in operation in eleven countries, which countries together represent 78% of consolidated revenues, and several agencies in Latin America and Asia have pooled resources to eliminate redundancies, particularly with respect to office space. Total operating expense (personnel expenses and other expenses) as a percentage of revenues was down 30 basis points in 2005.
Depreciation and amortization was little changed from the previous year, standing at €116 million in the year ended December 31, 2005, but declined as a proportion of revenues, easing from 3.1% to 2.8%, a figure reflecting the limited capital intensity of the sector.

Operating margin rate rose 11.9% from €580 million in 2004 to €649 million in 2005. During the same period, operating margin rate (defined as operating margin over total revenues) rose 60 basis points from 15.1% to 15.7%. Further improvement in operating margin rate reflects strong level of margins on the additional revenues in the year, improved margins on some businesses such as Healthcare Communications (Publicis Healthcare Communications Group) and progress towards optimization of operations and organization. After amortization of acquisition-related intangibles, which was slightly lower in the 2005 financial year, the statement of income for the 2005 financial year shows a €33 million charge for impairment and €59 million in non-current income, of which the bulk came from €80 million capital gains (which included the sale of VKM, Sopact, and certain interests in Métrobus to JC Decaux) and a capital loss of €22 million recognized in connection with the early redemption of 62% of the OCEANE 2018 convertible bond issue.

Operating income thus came to €652 million in the 2005 financial year, nearly doubling from €326 million in 2004. In 2004, operating income included an impairment charge of €215 million comprising €123 million for brands, mainly concerning Fallon, Frankel and Nelson, and €92 million for goodwill on various acquisitions made at the end of the 1990s) and other non-current charges amounting to €10 million.

Other income statement items

Total interest expense, consisting of the cost of net financial debt and other financial expense, totaled (€92) million in 2005, showing a €22 million decline from (€114) million in 2004, primarily as a result of a decline in charges for net financial debt over the year.

The tax rate was 32% in the 2005 financial year (compared to 36.5% in 2004). This reflects the continuation of the efforts to optimize tax positions and simplify legal structures that began in the wake of the Bcom3 acquisition. The tax charge for the year was €157 million in the 2005 financial year compared with €112 million in 2004 (excluding positive net deferred tax impact of the OBSA and CLN transactions, and excluding net deferred tax assets recorded upon transition to IFRS).

Contributions of companies accounted for by the equity method doubled in 2005 from the previous year to reach €11 million (which is the double compared to 2004), a result largely attributable to improved contributions from iSe and BBH, while minority interests remained practically unchanged at €28 million. Consolidated net income, excluding minority interests, thus came to €386 million in 2005, showing a rise of 38.8% from €278 million in 2004. In

2004, the consolidated net income included €198 million of positive impact related to the OBSA and CLN transactions, as well as to the transition to IFRS.

Net earnings per share came to €1.83 or €1.76 after full dilution, with respective rises from the previous year 38.6% and 36.4%. On the basis of current net earnings per share (before amortization of intangibles related to acquisitions, impairment and capital gains (or losses) related to the disposal of JC Decaux Nederland, VKM and Sopact, the disposal of 33% of Métrobus and on the 2018 OCEANEs), the diluted net earnings per share was 1.62 euros, 30% more than in 2004.

Review by region

Revenues showed increases in organic growth in all parts of the world where the Group operates, including a 3.8% increase in Europe, an 8.0% increase in North America, and an 11.2% increase in the rest of the world.

Accounts booked in 2004 and early 2005 fueled organic growth in a number of countries, while growth in North America benefited from vigorous increases in media business and healthcare communications in 2005. Operating margin rate also increased in all three regions in 2005.

- *Europe*

Organic growth in Europe as a whole reached 3.8% in 2005, resulting in revenues of €1,647 million in 2005. Most networks made positive contributions, other than Leo Burnett, which was impacted by deep cuts in Fiat's spending on a number of markets and management changes that affected business in a number of countries in continental Europe. Strongest performances were from Saatchi & Saatchi, Starcom MediaVest, ZenithOptimedia and, to a lesser extent, Publicis, which benefited from new accounts and increased spending by some existing clients. Growth was quickest in Eastern Europe, particularly in Russia, and Southern Europe, but countries in the north, including France, Germany and the UK also showed healthy rises compared to previous years. The only decline in 2005 was in the Netherlands.

Operating margin rate on business in Europe as a whole increased 50 basis points primarily due to reduced operational costs and optimization of organization.

- *North America*

Organic growth reached a robust 8.0% in 2005, with revenue up to €1,763 million in 2005. The increase was primarily due to increased media buying and consultancy (ZenithOptimedia and Starcom MediaVest) and healthcare communications, which benefited from large new accounts booked in 2004 and early 2005. These included Nestlé, Sanofi-Aventis, JP Morgan Chase, Mattel and General Motors (in the fourth quarter of 2005) in media and Sanofi-Aventis, Takeda, AstraZeneca and Schering Plough in healthcare. Advertising agencies also had an excellent year, with particularly good showings from Saatchi & Saatchi, benefiting from accounts with Toyota, Ameriprise and Novartis, Publicis and Kaplan Thaler Group, which won the Revlon account. Leo Burnett, where a new management team took over at the beginning of 2005, won a number of new accounts, including Samsung, Western Union, Turner Classic Movies, American Girl, Diageo and ConAgra, but these were still not on a scale to offset the residual effects of accounts lost in 2004, which included Lexmark, Gateway and Toys “R” Us, as well as fluctuations in spending by existing clients. Fallon suffered a steep decline in revenues following the loss of the Subway account in 2004 and, more recently, BMW, Dyson and Lee Jeans, as well as major shifts in management teams. In Canada, Publicis booked the Rogers Communications account, but this was partly offset by cuts in spending by other clients.

Operating margin rate in North America rose 30 basis points in 2005, benefiting in particular from more efficient use of office space.

- *Rest of the world*

Organic growth in the remainder of the world reached 11.2% overall, including 10.3% in the Asia-Pacific region, 9.7% in Latin America and 17.7% in Africa and the Middle East taken together. Revenues totaled €717 million in 2005, with positive growth contributions from the Group's three main networks driven by new business booked locally and strong demand, in particular from international clients. Advertising agency networks and media buying and consultancy networks both did well. Highest growth rates were recorded in China, India, Mexico and Argentina.

This geographical division improved operating margin rate 170 basis points as a result of effective leveraging of additional revenues and optimization of administration.

Balance Sheet

Capital resources and indebtedness are discussed under "Information on the Group's Capital (long-term and short-term)" below.

Net goodwill on acquisitions rose 10% in 2005, a figure reflecting acquisitions totaling a net €108 million in 2005 and translation effects in an amount of €152 million. The change in other balance sheet items in 2005 resulted mainly from exchange rate fluctuations and the growth of our activity.

Cash and equity

Information on the Group's Capital (short-term and long-term)

Consolidated shareholders' equity, excluding minority interests, rose from €1,629 million at December 31, 2004 to €2,085 million at December 31, 2005. Minority interests declined from €31 million at December 31, 2004 to €20 million at December 31, 2005, primarily due to the sale of the Group's interest in JC Decaux Nederland.

Net financial debt dropped sharply from €618 million at December 31, 2004 to €207 million at December 31, 2005, reflecting a steep rise in cash and marketable securities. Net debt represents total indebtedness minus cash and cash equivalents. Cash and cash equivalents amounted to €1,980 million at December 31, 2005, up from €1,186 million at December 31, 2004, which more than offset aggregate gross financial debt, particularly because of an improvement in working capital requirements.

The ratio of net debt to shareholders' equity fell from 37% at December 31, 2004 to 10% at December 31, 2005. Just as spectacular, but much more significant was the decrease in average net debt for the year by €345 million, from €1,270 million in 2004 to €925 million in 2005.

Gross consolidated debt rose by €372 million to €2,137 million at December 31, 2005 primarily due to the combined impact of the straight eurobond issue of €750 million, the proceeds of which were partly used for the early redemption of approximately 62% of the nominal amount of the 2018 OCEANE convertible issue, and a rise in buyout commitments resulting from acquisitions in the course of the year. In order to hedge its net dollar-denominated assets, and thus to reduce the sensitivity of Group shareholders' equity to future exchange rate fluctuations between the euro and the U.S. dollar, the Group swapped its €750 million fixed rate Eurobond to $977 million of fixed rate dollar debt. Nearly 90% of gross consolidated debt at the end of 2005 was due in over a year and 55% was due in over five years.

In December 2005, the Group defined a series of optimum financial ratios to serve as a guide for financial policies, in particular regarding acquisitions and dividends. Ratios at the end of the year were well within defined ranges, as shown in the table below.

	Optimum ratio	December 31, 2005
Average net debt / operating margin before depreciation and amortization	< 1.50	1.21
Net debt/shareholders' equity	< 0.5	0.1
Interest cover: (operating margin before depreciation and amortization / cost of net financial debt)	> 7	9.81

Source and amount of Group cash flow and description of cash flow

Net cash from operating activities amounted to €620 million in 2005 compared with €777 million in 2004. Working capital requirement showed a further improvement of €74 million after a €264 million improvement achieved in 2004. This rewards continued efforts to enhance the efficiency of cash management that have been deployed since 2003 under the Focus on Cash program. Other significant items included €30 million in restructuring expense, down from €79 million in 2004. Tax paid rose from €114 million in 2004 to €167 in 2005 as a result of higher income, while the difference with the amount appearing in the statement of income is partly due to the utilization of earlier loss carryforwards. Interest paid amounted to €93 million in 2005 compared with €73 million in 2004, a rise principally due to the reimbursement amounted to 23 million euros related to the 62% redemption of the 2018 OCEANE in February 2005.

The net cash from investing activities includes the acquisition and disposal of tangible and intangible assets, net investment in financial securities, and the acquisition and disposal of businesses. The net cash related to investing activities reflects the use of 41 million euros in 2005, compared with 243 million euros in 2004. Net capital expenditure was limited to €75 million compared with €101 million in 2004 — 1.8% of 2005 revenues compared with 2.6% in 2004. Acquisitions net of disposals generated a net cash balance of €27 million. Transactions during the period included the acquisition of a majority interest in Freud Communications in the UK, the acquisitions of eventive in Austria and Germany and of Pharmaconsult in Spain, increased interests together with earn-out and buyout payments in a number of agencies and divestment of interests held by Médias & Régies Europe in JC Decaux Nederland, VKM, Sopact and Promométro together with 33% of Métrobus.

The net cash from financing activities includes dividends, changes in debt position and share repurchase programs. Financing activities resulted in a resource of 220 million euros in 2005 versus a utilization of 931 million euros in 2004. Dividends paid in 2005 amounted to €74 million. Finally, the € 750 million bond issues allowed early redemption of 62.36% of the

2018 OCEANE convertible issue for €464 million, the remainder of the proceeds having contributed to a steep rise in cash, up from €1,014 million at December 31, 2004 to €1,885 million at the same date in 2005.

Information on the terms of borrowing and structure of financing

The Group had access to cash resources totaling €1,609 million at December 31 through credit lines, including a multi-currency syndicated facility in an amount of €1 billion expiring in December 2009.

Cash management has been reinforced with domestic cash pooling structures in the group's main countries of operation and in 2006 a further step forward is planned with the introduction of international cash pooling, centralizing cash management 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.

Moreover, as announced in 2003 and confirmed when the Group issued its first bond last January, Publicis Groupe has taken steps to obtain an official rating from the top two rating agencies around the world, Standard & Poor’s and Moody’s. On December 14, 2005, Publicis obtained investment-grade ratings of BBB+ from Standard & Poor's and Baa2 from Moody's. Both rated the outlook stable. We believe this will allow for further improvement in our financing structure as regards both terms and opportunities.

Information on any restrictions on the use of capital that materially influenced or could materially influence the Group’s operations, directly or indirectly

At December 31, 2005 there were no rating triggers or financial covenants applying to short-term bank credit, the syndicated credit line or bond debt.

There are no legal or economic restrictions that could limit or materially restrict the cash flows to the parent company in the foreseeable future.

Information on expected sources of the financing that will be necessary to meet future commitments

With cash of €1,980 million at December 31, 2005 and available bank facilities amounting to €1,609 million at the same date, the Group believes that it has the resources sufficient for its requirements for the next 12 months.

PUBLICIS GROUPE (parent company)

Publicis Groupe’s revenues consist solely of rental income and management fees for assistance to Group subsidiaries. Revenues amounted to €26 million in 2005, as compared to €39 million in 2004. The decrease basically relates to the transfer of the management fee paid by Métrobus following the asset sale to Métrobus.

Financial income stood at €773 million in 2005, as compared with €89 million in 2004. This very significant increase results primarily from exceptional dividends received from Publicis USA Holdings in the amount of €304 million and from Publicis Groupe Investments BV in the amount of €221 million, as well as from an increase in the interest on loans to subsidiaries. In addition, a provision on Publicis USA Holdings securities in the amount of €87 million was reversed in 2005.

Operating expenses increased from €28 million in 2004 to €30 million in 2005, whereas financial expenses fell from €82 million last year to €79 million, particularly because of the elimination of a provision for impairment of treasury shares that adversely affected this item in 2004. The percentage represented by the income of partnerships moved back into positive numbers in 2005, as opposed to €(7) million in 2004, as a result of the sale of participation certificates in Publicisdrugstore to another entity in the Group, which eliminates the loss recognized by the parent company in 2004.

Pre-tax income on ordinary business amounted to €690 million, as opposed to €11 million last year. An exceptional item in the amount of (470) million was recorded; it includes €(464) million of capital loss on the capital reduction of Publicis USA Holdings and a contribution of Publicis USA Holdings securities to MMS USA Holdings and (16) million of capital loss on the early redemption of 62% of the OREANE bonds maturing in 2018. After recognition of a €34 million tax credit resulting from the tax integration gain on the French tax group, the net income of Publicis Groupe SA stood at €254 million in 2005, versus €418 million in 2004 (which included a capital gain of €405 million on the sale of the credit-linked notes and the redemption of the bond portion of the OBSA).

OUTLOOK FOR THE CURRENT YEAR

We believe our prospects for 2006 are favorable. The new business booked in 2005 has not yet taken full effect and should stimulate part of the growth in 2006. A better grip on the markets in France and Germany and the positive effects of large-scale athletic events such as the World Cup and to a lesser extent the Winter Olympics should also stimulate the Group's business in Europe.

LEGAL AND FINANCIAL DISCLOSURES

Investments in Companies Headquartered in France

Pursuant to Article L.233-6 of the French Commercial Code, we remind you of Publicis Groupe SA's cash acquisition of 100% of the capital of Saatchi & Saatchi France, a holding company that holds the shares of the French companies in the Saatchi & Saatchi network. Saatchi & Saatchi France was then dissolved by way of a transfer of all its assets and liabilities to Publicis Groupe SA. In addition, Publicis Groupe SA now holds 32.30% of the shares of Régie Publicitaire des Transports Parisiens Métrobus Publicité following transfer of Métrobus business, which Métrobus had previously conducted on a management lease basis.

So that all its French subsidiaries will be held by the same entity, Publicis Groupe SA contributed the shares of all the French companies it held to Multi Market Services France Holdings (except for the companies that provide services to the group and those in the media and advertising business). In exchange for this contribution, the shares of Multi Market Services France Holdings were issued to Publicis Groupe SA, which now holds 99.61% of Multi Market Services France Holdings.

Table of Subsidiaries and Investments at December 31, 2005

This table is attached to this report as Exhibit 1.

Capitalization

At December 31, 2005, the Company's capital stood at €78,843,604 and was divided into 197,109,010 shares with a par value of €0.40 each.

When the Bcom3 shares were contributed, 56,250,000 Publicis Groupe SA shares with a par value of €0.40 each, 1,562,500 bonds redeemable for new or existing shares (ORANE bonds) with a par value of €549 each and 2,812,500 bonds with attached equity warrants with a par value of €305 each were issued. An initial redemption of the ORANE bonds was made on September 1, 2005, which increased the capital by €625,000.

Distribution of Dividends

After the 15.4% dividend increase approved last year, we propose to increase the dividend per share for this year by 20%. This is in keeping with our commitment to raise the portion of profits distributed as dividends by stages.

Thus, we propose to allocate a portion of the profit for fiscal 2005, i.e., €254,044,499, to the legal reserve, in the amount of €65,517, the balance representing distributable profit of €253,978,982 allocated for distribution to shareholders in the amount of €70,960,144 (€0.36 x 197,111,510 shares provisionally as of March 31, 2006) and to carry forward the amount of €183,018,838.

Pursuant to Article L. 225-210 Paragraph 4 of the French Commercial Code, the amount of the dividend for shares held in treasury on the payment date will be carried forward.

If you approve the proposed allocation, the net dividend will be €0.36 per share with par value of €0.40, and it will be eligible for the 40% tax credit for physical persons. It will be paid on July 4, 2006.

We remind you that the dividends paid for the past three previous fiscal years were as follows:

- 2002 fiscal year: €0.24 per share (par value €0.40), tax credit €0.12
- 2003 fiscal year: €0.26 per share (par value €0.40), tax credit €0.13
- 2004 fiscal year: €0.30 per share (par value €0.40), resulting in a 50% tax credit for physical persons

Table showing the Past Five Fiscal Years

The table showing the Company's results over the past five fiscal years is attached to this report as Exhibit 2.

Ownership

In compliance with Article L. 233-13 of the French Commercial Code, we inform you that the shareholders owning more than 5% of the Company's capital at December 31, 2005 were Elisabeth Badinter (10.18%, including 3.45% in full equitable and legal ownership), Dentsu Inc. (8.99%), Société en Participation Dentsu-Badinter (5.57%) and Publicis Groupe S.A. (6.62% in treasury stock). We remind you that Dentsu has undertaken to limit its voting rights to 15% and that Elisabeth Badinter and Dentsu have entered into a shareholders' agreement with a duration of 12 years and that Société en Participation Dentsu-Badinter was created on

September 24, 2004, in order to possibly implement this 15% limit on voting rights.

Employee Share Ownership

Shares held by employees through employee stock ownership plans (*plans d'épargne d'entreprise*) and as defined under Article 225-102 of the French Commercial Code did not represent a significant interest at December 31, 2005.

It should be noted that the Publicis Groupe SA FCPE (company investment fund) held 731,795 shares at December 31, 2005. As a result, Publicis Groupe SA employees held 0.37% of equity as of the same date.

Because the shares held collectively by employees of the Company and companies affiliated with it within the meaning of Article L.225-180 represent less than 3% of the capital, and in accordance with the provisions of Article L.225-12 paragraph 2 of the French Commercial Code, we propose a resolution authorizing the Management Board to implement a capital increase in which the shares issued can only be subscribed to by employees, on the terms provided for in Article L.443-5 of the French Labor Code.

Employee Profit-Sharing Plans

There is no collective agreement that provides for employee profit-sharing (other than the mandatory profit-sharing by the French subsidiaries, as required by French law).

Social Responsibility and Environmental Disclosures Pursuant to Article L. 255-201-1 Paragraph 4 of the French Commercial Code

The Group has always asked each of its employees to comply with the statutory and regulatory requirements of the countries where they work. The Group's goal is to ensure sustainable development, in reliance on foresight that will ensure its growth over the long term.
Consequently, the group is attentive to its social responsibilities and the principles of corporate governance, which will allow it to achieve this sustainable development.
However, the industry in which the Group does business does not involve any environmental risks and therefore no ad hoc committee is needed.
With respect to the provisions of Article 148-2 of the Decree of March 23, 1967, it is important to note that Publicis Groupe SA is a holding company with a limited number of employees (nine) and that the other disclosures required by that article are not meaningful in connection with the Group's activities.

Description of the Principal Risks and Uncertainties

Pursuant to Article L.225-100 paragraph 4 and 6 of Ordinance No. 2004-1382 of December 20, 2004, a description of the principal risks and uncertainties facing the company is attached to this report as Exhibit 3.

Table of Delegations Currently in Effect

In accordance with Article L. 225-100 paragraph 7 of the Commercial Code, a summary of the delegations currently in effect, as granted by the Shareholders' Meeting to the Management Board in the area of capital increases, is attached to this report as Exhibit 4, pursuant to Articles L.225-129-1 and L. 225-129-2.

Stock Options

This information is the subject of a special report by the Management Board (Article L.225-184, paragraph 1).

Treasury Stock

We remind you that at the combined annual and special meeting of shareholders on June 1, 2005, in the eleventh resolution, the shareholders authorized the Management Board to have the Company buy or sell its own shares, to meet the following objectives:

- to award shares to the employees and/or officers and directors of the Company and/or its group, particularly as part of the mandatory employee profit-sharing required by French law, to service stock options or group savings plans, or pursuant to awards of free shares as provided by Articles L. 225-197-1 to L. 225-197-3 of the French Commercial Code,

- to deliver or exchange shares, and in particular to honor obligations related to shares or other securities giving immediate or future access to the capital, or in the framework of external growth,

- to make a secondary market for or enhance the liquidity of the Publicis share through an investment services provider acting on behalf and for the account of the Company with total independence and without being influenced by the Company, under a liquidity contract that complies with a charter of ethics recognized by the *Autorité des marchés financiers* or any other applicable provision.

- to cancel the shares acquired in this manner.

The maximum number of shares that can be purchased must not exceed 10% of the number of shares constituting the capital stock on the date of the initial implementation of this authorization, and within the limits of a total overall budget of €219 million.

The maximum purchase price per share is set at €35 and the minimum selling price per share at €18, with the specification that these prices do not apply to a buyback of shares so that options can be exercised (or so that shares can be awarded to employees free of charge), because in these cases, the selling price or the monetary equivalent is determined in accordance with the specific provisions that apply.

The Shareholders' Meeting decided that the Company could carry out the stock redemption program even in the event of tender offers involving the Company's shares, instruments or other securities or initiated by the Company, in compliance with applicable regulations.

This authorization granted for a period of eighteen (18) months terminated, with respect to the unused portion and unexpired period, the authorization granted by the Company's shareholders at the annual meeting on June 8, 2004. This stock redemption plan was the subject of a prospectus filed with the *Autorité des marchés financiers* (AMF) on May 11, 2005 under the number 05-0373.

Publicis Groupe SA did not acquire any securities under the first two objectives described above during 2005. The Company delivered 60,245 Publicis shares to Nelson shareholders as a result of the Nelson stock option plans that were converted into Publicis stock option plans when Nelson was acquired.

Pursuant to the market-making agreement (*contrat d'animation*) with Banque Rothschild, the Company bought 2,756,893 shares at an average purchase price of EUR 25.27 and sold 2,716,893 shares at an average selling price of EUR 25.45.

Pursuant to the authorizations of the Company to buy back its own shares up to 10% of the capital, given by the shareholders at the annual meetings on June 25, 1998, December 11, 1998, June 22, 2000, August 29, 2000, June 14, 2001, June 18, 2002 (COB approval no. 02-659 dated May 5, 2002), May 15, 2003 (COB approval no. 03-331 dated April 28, 2003), June 8, 2004 (AMF approval no. 04-455 dated May 18, 2004) and June 1, 2005 (AMF approval no. 05-0373 dated May 11, 2005), Publicis Groupe held 13,039,764 shares (6.62% of the capital of Publicis Groupe) at December 31, 2005, 40,000 of which are the subject of a liquidity agreement with Banque Rothschild. The total net cost was € 1,177,168, with an average purchase price of € 29.43.

The authorization granted on June 1, 2005, is valid for a period of 18 months ending November 30, 2006. We propose that you authorize your Management Board, as part of a new plan, to purchase Company shares during an 18-month period, with an upper limit on purchases, including shares already acquired, of 10% of capital stock. The Management Board would be authorized to amend the terms in the event of changes in the relevant laws. The maximum purchase price for its own shares purchased by the Company would be €45 per share, and the minimum selling price would not be less than €18 per share, subject to any adjustments related to transactions affecting the Company's capital. The purposes of these purchases will be, in declining order of priority, the same as those mentioned with respect to the authorization on June 1, 2006. This plan would also allow the Company to pursue any other authorized purpose or any purpose that may be authorized by current law or regulations. If the Company does pursue such purpose, it will inform the shareholders by way of a notice.

Issue of New Shares and Other Securities

Issue of New Shares and Bonds Convertible into New Shares and/or Exchangeable for Existing Company Shares

1) Pursuant to a delegation of authority given by the shareholders at the annual meeting on January 9, 2002, in the seventh and eighth resolutions, the Management Board issued, on January 18, 2002, bonds convertible into new shares or exchangeable for existing shares (the "OCEANE 2018"), in the amount of €690,000,000. This issue, maturing in 16 years, is made up of 17,624,521 bonds issued at their par value of €39.15 each and bearing interest at 1% a year. These bonds were partially redeemed in February 2005, reducing the borrowing to 6,633,921 bonds. The remaining bonds will be redeemed at the maturity date of January 18, 2018 in an amount representing 134.59% of par. However, they may be redeemed early, either on the stock market, or through a tender offer in exchange for cash or for stock, at any time after January 18, 2007. The bond holders will be entitled to demand early redemption on January 18, 2006, 2010 and 2014. Moreover, Publicis Groupe SA is entitled to proceed with early redemption beginning January 18, 2007, if the stock price should exceed 125% of the early redemption price. The bondholders may demand conversion or exchange of the bonds at any time from January 18, 2002 until the seventh working day prior to the date of maturity, at the rate of one share per bond. The shares issued may be new or existing shares, at the Company's discretion.

2) On July 8, 2003, the Management Board exercised the authority that had been given to it by the shareholders at the annual meeting on June 18, 2002, in the thirteenth and fourteenth resolutions, and issued convertible into new shares and/or exchangeable for existing Company shares (known as OCEANE 2008) in the amount of €671,999,977, and for a period of five years. This borrowing consists of 23,172,413 bonds issued at their par value of €29 each, and bearing interest at 0.75% per year. These bonds will be redeemed at par on their maturity date of July 17, 2008. However, they may be redeemed early, either on the stock market, or through a tender offer in exchange for cash or for stock, at any time beginning July 18, 2003. Moreover, Publicis Groupe SA is entitled to proceed with early redemption beginning December 15, 2005, if the stock price should exceed 130% of the early redemption price. The bondholders may demand conversion or exchange of the bonds at any time from August 26, 2003 until the seventh working day prior to the date of maturity, at the rate of one share per bond. The shares issued may be new or existing shares, at the Company's discretion.

Issue of bonds with attached equity warrants and bonds redeemable in new or existing shares (ORANE bonds)

These issues were made in accordance with the business and financial terms and conditions set forth in the prospectus validated by the *Commission des Opérations de Bourse* on May 16, 2002 and approved by the shareholders of Publicis Groupe SA at the annual meeting June 18, 2002, in the nineteenth and twentieth resolutions.

The bond with attached equity warrants issued on September 24, 2002, for a term of 20 years, was tendered as payment for part of the Bcom3 shares. It was represented by 2,812,500 bonds with a face value of €305 each, for a total of €857,812,500. Attached to each bond were 10 equity warrants entitling their holders to subscribe to one Publicis share, at any time during the period from September 24, 2013 to September 24, 2022, at a price of €30.50, with payment in full in cash upon subscription. The bond component was redeemed in September 2004. The equity warrants (BSA) were detached, and 27,709,748 were in circulation on December 31, 2005.

An ORANE bond redeemable in new or existing shares was also issued on September 24, 2002, as part of a reserved issue. This 20-year bond, tendered as payment for part of the Bcom3 shares, is represented by 1,562,500 bonds redeemable in new or existing shares with a face value of €549 each, for a total of €857,812,500.

Each ORANE bond entitles its holder to receive 17 new or existing Publicis shares, at a rate of one per year beginning September 1, 2005, and until the twentieth anniversary of the issue (2022). At the same time, the value of the ORANE bond is reduced by €30.50 per year on these same dates. It bears interest at the rate of 0.82% of the par value. This rate was revised for the first time upon the September 1, 2005 maturity, on the basis of 110% of the average dividends for the past three fiscal years. The new coupon for the period from September 2004 to September 2007 is 0.96%. Pursuant to the bond indenture, Publicis Groupe SA redeemed the ORANE bonds on September 1, 2005, as expected, providing one new share for each ORANE bond held. To do so, Publicis Groupe SA increased its capital by 1,562,000 shares with a par value of €0.40 each, pursuant to the authorization given by the shareholders at the annual meeting on June 18, 2002, in the twentieth resolution.

Bylaw Amendments

We propose that you amend certain articles of the bylaws to bring them into compliance with changes in French law, and in particular to take into account the deadline for giving notice that a threshold has been crossed, which has been reduced to five trading days, to establish that minutes must be prepared of each Management Board meeting and to provide for the possibility now available that the Management Board may issue bonds.

Article 7: Transmission of shares, Section III regarding the crossing of thresholds is replaced in its entirety by the following text:

"**III**. - Any person or entity, acting alone or in concert, who holds or will hold, in any way whatsoever within the meaning of Articles L. 233-7 et seq. of the Commercial Code, a portion greater than or equal to 1% of the share capital or the voting rights, or any multiple of such percentage, including beyond the disclosure thresholds established by law and regulations, must inform the Company of the total number of shares and voting rights owned by such person or entity, as well as of any securities giving access to the capital and the voting rights that may be attached thereto, by means of a registered letter with return receipt requested sent to the registered office within five trading days from the date on which one of the thresholds was exceeded.

Such obligation also applies whenever the portion of capital or voting rights held becomes lower than one of the thresholds provided for in the paragraph above.

In the event of failure to comply with the provisions above, the penalties provided for by law for failure to meet the obligation to disclose that statutory thresholds have been exceeded shall also apply, at the request, recorded in the minutes of the shareholders' meeting, of one or more shareholders holding at least 1% of the capital or the voting rights of the Company."

Article 11, Management Board Deliberations, Section III is replaced in its entirety by the following text: "Minutes must be prepared after every Management Board meeting."

Article 21: Presiding officers, attendance sheets, votes, the last paragraph of Article 21 is replaced in its entirety by the following text: "The method of voting shall be determined by the officers presiding over the Meeting."

Article 22: Ordinary Shareholders' Meeting, the phrase "the reports presented by the Management Board and the statutory auditors as well as the comments presented by the Supervisory Board," is replaced by the following phrase: "the reports presented by the Management Board, the Supervisory Board and the statutory auditors."

The second paragraph of that article is amended as follows:

- The phrase "authorize any borrowings through issuance of bonds non-convertible into shares and rule on the creation of specific securities to grant to them" is supplemented with the following phrase: "with the understanding that this power is not reserved to the Shareholders' Meeting and that the Management Board is entitled to decide or authorize these borrowings and the creation of specific securities to grant them, unless the Shareholders' Meeting decides to exercise this authority."

- In the last line of this paragraph, the word "Ordinary" is replaced by the word "Extraordinary."

Attendance Fees

We propose that the annual amount of the attendance fees to be paid to Supervisory Board members be set at €600,000 for fiscal 2005. If you approval this proposal, the Supervisory Board hereby informs you that the amount of attendance fees for each Supervisory Board member will be €5,000 for each meeting attended. We also propose that €5,000 be paid to members of the Audit Committee and the Appointments and Compensation Committee for each meeting attended.

Reelection and Appointment of Supervisory Board Members

You will vote on the reelection of Elisabeth Badinter and Henri-Calixte Suaudeau as members of the Supervisory Board, for a six-year term to expire at the end of the annual meeting called to approve the financial statements for fiscal 2011.

We will also ask you to ratify the appointment of Michel Halpérin as a new Supervisory Board member, by way of cooptation, as approved by the Superivsory Board on March 2, 2006, to replace Robert Badinter, who was retiring, for the remainder of Mr. Badinter's term, i.e., until the Annual Shareholders' Meeting called to approve the financial statements for fiscal 2007.

You will also be asked to appoint Léone Meyer as a new Supervisory Board member, for a six-year term to expire at the end of the Annual Shareholders' Meeting called to approve the financial statements for fiscal 2011, to replace Robert Seelert, who did not desire to be reelected.

Management Board and Supervisory Board Members' Compensation and Benefits

As provided under Article L 225-102-1 of the French Commercial Code, we set out below the total compensation, including benefits of any kind, received by corporate officers and directors, both from the Company and companies controlled by the Company within the meaning of Article 233-16 of the French Commercial Code. Where compensation includes both a fixed and variable component, the fixed component is indicated separately.

Compensation (in euros) paid during fiscal 2005 (gross amounts before social-security and taxes)

	2005					2004	
	Total Gross Compensation	**Base Compensation**	**Variable Compensation**	**Attendance fees**	**Benefits in kind (5)**	**Total Gross Compensation**	**Base Compensation**
Management Board							
Maurice Lévy	3,060,430	800,080	2,260,350			3,200,073	800,073
Claudine Bienaimé	300,000	120,000	180,000			270,000	120,000
Jack Klues (1) (3)	1,608,439	643,688	952,658		12,093	-	-
Kevin Roberts (1)	2,561,550	804,610	1,733,130		23,810	5,496,604 (6)	805,120
Bertrand Siguier	577,440	327,440	250,000			551,296	301,296
Roger Haupt (1) (9)						5,531,621	764,864
Supervisory Board							
Elisabeth Badinter	222,939	182,939		40,000		228,939	182,939
Sophie Dulac	15,000			15,000		10,500	
Robert Badinter	15,000			15,000		10,500	
Michel David-Weill	10,000			10,000		7,000	
Henri-Calixte Suaudeau	40,000			40,000		144,056 (7)	53,647
Monique Bercault	20,000			20,000		14,000	
Hélène Ploix	45,000			45,000		38,000	
Gérard Worms	45,000			45,000		38,000	
Amaury de Seze	10,000			10,000		10,500	
Simon Badinter (1) (8)	322,520	154,485	138,677	20,000	9,358	188,088	144,922
Michel Cicurel	30,000			30,000		14,000	
Robert L. Seelert (1)	290,543	241,383		15,000	34,160	288,273	241,536
Felix G. Rohatyn	15,000			15,000		10,500	
Yutaka Narita	20,000			20,000		10,500	
Tateo Mataki (2)	5,000			5,000			
Fumio Oshima (4)	10,000			10,000		10,500	
TOTAL	9,223,861	3,274,625	5,514,815	355,000	79,421	16,072,950	3,414,397

(1) Compensation defined and paid in dollars. The conversion into euros was made at an average rate of 1 \$ = € 0,80461 in 2005 and 1 \$ = € 0,88582 in 2004.

(2) Mr. Mataki was appointed to the supervisory board on September 9, 2004 to replace Mr. Oshima.

(3) Mr. Klues was appointed to the Management Board on January 1st, 2005.

(4) Mr. Oshima’s term of office expired on September 9, 2004.

(5) Benefits in kind do not include the personal use of a company car when it does not constitute a material amount.

(6) Amount comprised of bonuses related to the period of 2001 to 2003 (pursuant to agreements concluded during the acquisition of Saatchi & Saatchi).

(7) Retirement pay to Mr. Henri-Calixte Suaudeau (Director of the Real Estate Department until April 30, 2004).

(8) Variable compensation is subject to the Médias & Régies Europe results.

(9) Mr. Roger Haupt resigned from the Management Board effective as of December 31, 2004. His 2004 compensation includes severance pay.

The annual compensation of Management Board members includes a fixed portion (salary and benefits in kind), and a variable portion, defined by reference to the fixed salary. The amount of the variable portion is based on annual performance and depends on meeting quantitative and qualitative objectives. Consequently, the variable portion of the compensation for a fiscal year is determined and paid during the following fiscal year. The primary criteria for determining the variable compensation paid to Management Board members in 2005 for fiscal 2004 were as follows:

- Maurice Lévy: organic revenue growth and the Group's net income, compared to the top three communications groups worldwide; the integration of Bcom3 and the implementation of new management structures in the Group;
- Kevin Roberts: growth in Saatchi & Saatchi's results of operations, as compared with the budget. The annual bonus for 2004 was supplemented by a special bonus for the period from 2001 – 2003 (based on performance over all three years), as well as an annual pension payment, both of which commitments were made when Saatchi & Saatchi was acquired.
- Jack Klues: growth in Starcom MediaVest Group's results of operations, as compared with the budget.
- Bertrand Siguier: meeting quality goals in the sectors assigned to him, particularly those in connection with the partnership with Dentsu and sports marketing.
- Claudine Bienaimé: meeting quality goals in performing her duties as Secretary General of the Group.

In addition, the operating duties of Kevin Roberts, Jack Klues and Robert L. Seelert are the subject of contracts entered into with the subsidiaries in question, the principal terms of which are as follows:

- The contract entered into with Mr. Roberts with effect as of January 1, 2005 (as well as another related contract entered into with a consulting company owned by Mr. Roberts) provides that if the contract is terminated before the end of its ordinary term and under certain circumstances, under certain conditions, the company may have to pay him an amount equal to the total of: (i) 120% of his fixed annual salary, (ii) the annual cost of the various benefits he enjoys and (iii) the maximum annual amount of the bonus to which he may be entitled. In addition, upon termination of the contract and under certain conditions, Mr. Roberts will be entitled to a deferred bonus calculated on the basis of \$200,000 dollars per year of actual work for the company beginning January 1, 2005.

  Moreover, for the period from 2005 to 2009, instead of the supplementary retirement agreements provided for when Saatchi & Saatchi was acquired, the commitment was made to pay to Mr. Roberts an annual annuity paid in cash over the period from 2005 to 2009 for a total maximum amount of \$6,133,000. Of this total, \$3,825,000 is directly conditioned upon his remaining with the Group during the period from October 2005 to December 2008, and would be reduced on a prorated basis if Mr. Roberts should leave the Group before the end of this period.

- The contract entered into with Mr. Klues with effect as of July 1, 2004 provides that if the contract is terminated under certain circumstances, the company may have to pay him an amount equal to his total annual compensation (fixed salary plus base bonus).

- The contract entered into with Mr. Seelert provides that upon the termination of his duties as President of Saatchi & Saatchi North America, he will be entitled to an amount calculated on the basis of 6.25% of the compensation paid to him since September 2002.

In the context of establishing the terms of Mr. Lévy's compensation beginning in 2003, the Supervisory Board decided on conditional supplementary compensation for Mr. Lévy that would not be paid until his duties as Chairman of the Company's Management Board were over, and in exchange for a commitment to remain with the Company for at least seven and a half years beginning January 1, 2003 and a non-compete agreement of three years. The deferred supplementary compensation will be equal to the cumulative total of the variable compensation (or bonus) that he receives during the period beginning January 1, 2003.

Options to subscribe to or purchase shares awarded to board members and options exercised by them from January 1 to December 31, 2005

	Number of options awarded / subscribed to or purchased	Type of options (*)	Price (in euros)	Exercise deadline	Plan
Options awarded between January 1, and December 31, 2005					
Maurice Lévy	/				
Kevin Roberts	/				
Bertrand Siguier	/				
Jack Klues	/				
Claudine Bienaimé	/				
Options exercised between January 1 and December 31, 2005					
Maurice Lévy	/				
Kevin Roberts	/				
Bertrand Siguier	18,690	S	7.09 (average)	2007/2008	7th and 8th tranches
Jack Klues	/				
Claudine Bienaimé	/				

(*): A = acquisition; S = subscription

The total number of options awarded to officers and directors remaining to be exercised at December 31, 2005 is 1,983,000 options (of which 796,000 are conditional options under the 2003-2005 Long-Term Incentive Plan) at an average price of €25.66.

List of Seats and Positions Held at Any Company by Management Board Members and Supervisory Board Members during Fiscal 2005

Management Board Members

Maurice Lévy**:** Chairman

• Chairman & CEO	Publicis Conseil SA (France)
• Member of the Supervisory Board	Médias et Régies Europe SA (France)
• Chairman & CEO	Publicis USA Holdings, Inc. (United States)
• President, Director	U.S. International Holding Company, Inc. (United States)*
	D'Arcy Masius Benton & Bowles, Inc. (United States)*
• Director	Multi Market Services Limited (United Kingdom)
	Zenith Optimedia Group Limited (United Kingdom)

	Fallon Group, Inc. (United States) MMS USA Holding, Inc (United States) Publicis USA holdings, Inc. (United States) Optimedia Holdings Limited (United Kingdom)* MarketForward Corporation (United States)* Publicis & Hal Riney (United States)* Publicis Communication (Pty) Limited (South Africa)* Publicis Johannesburg (Pty) Limited (South Africa)* Optimedia SA (Pty) Limited (South Africa)* Publicis Communication Pty Limited (Australia)* Publicis Communication Limited (New Zealand)* Publicis Canada Inc.* Publicis.Unitros SA (Chile)* Publicis Ariely Advertising 2000 Limited (Israel)* Publicis.Wet Desert Sdn Bhd (Malaisie)* Publicis Pakistan (Pvt) Limited (Pakistan)* Publicis Ad-Link Group Limited (China)* Publicis Graphics Group Holding SA (Luxembourg)* Omagh Pty Limited (Australia)* Optimedia Australia Pty Limited* Papagena Pty Limited (Australia)* Publicis Loyalty Pty Limited (Australia)* Publicis Mojo Pty Limited (Australia)* Publicis Dialog Pty Limited (Australia)* Publicis Mojo Limited (New Zealand)* A.B. Data Limited (Israel)* Triangle Holdings (UK) Limited (United Kingdom)* Asia Baseline Holdings, Inc. (Philippines)*
• Permanent representative of Publicis Groupe SA	Publicis Technology SA*
• President	Palais de Tokyo, site de création contemporaine (Association Loi 1901) (France)

** Terms ending during 2005 and since December 31, 2005*

<u>Bertrand Siguier</u>**:** Member of the Management Board

• Chief Executive Officer	Multi Market Services France Holdings SAS (France)
• Board Member	Publicis Technology SA (France) Publicis Cachemire SA (France)* Gantois SA (France) HM Editions (France) Gaumont (France)
• *Director*	Publicis Canada Inc Multi Market Services Limited (United Kingdom) Publicis Hellas Advertising (Greece) Publicis Graphics Group Holding (Luxembourg) Publicis Communication Limited (New Zealand) Publicis Mojo Limited (New Zealand) Publicis Communicacion Espana, SA (Spain) Publicis Publicidade LDA (Spain) Publicis Sp. z.o.o. (Poland) Publicis Graphics Group Holding SA (Luxembourg) Publicis Wet Desert Sdn Bhd (Malaysia)

	Publicis Communication (Pty) Limited (South Africa) Publicis & Hal Riney (United States)*
• *Deputy Chairman*	iSe International Sports and Entertainment AG (Switzerland)

** Terms ending during 2005*

<u>Kevin Roberts</u>: Member of the Management Board

• *Director*	Conill Advertising inc. (United States) Rowland Communications Worldwide, Inc. (United States) Saatchi & Saatchi Compton Worldwide Inc. (United States) Saatchi & Saatchi North America, Inc. (United States) Saatchi & Saatchi Rowland Inc. (United States) Samuncam Disposition N° 4 Corporation (United States) Lion Nathan Plc (United Kingdom) New Zealand Rugby Football Union (United Kingdom) North Harbour Rugby Football Union (United Kingdom) ThompsonMurray, Inc. (United States) Red Rose Limited (New Zealand) Red Rose Charitable Services Limited (New Zealand) Saatchi & Saatchi Holdings Worldwide Inc. (United States)* Inspiros Worldwide Limited (New Zealand)*

** Terms ending during 2005 and since December 31, 2005*

<u>Jack Klues</u>: Member of the Management Board

• CEO	Starcom MediaVest Group, Inc. (United States)*
• President	Starcom Worldwide, Inc. (United States)*
• Board Member	Starcom Worldwide SA (France)
• Director	Starcom Worldwide SA de CV (Mexico) Relay, Inc. (United States)* Starlink Services, Inc. (United States)*

** Terms ending during 2005*

<u>Claudine Bienaimé</u>: Member of the Management Board

• President	Publicis Groupe Services SAS (France)
• Board Member	Publicis Conseil SA (France) Médiasystem SA (France) Solange Stricker MS&L France SA (France) Groupe Zenithoptimedia SA (France) Gévelot SA (France) P. C. M. Pompes SA (France) Gévelot Extrusion SA (France) Gurtner SA (France)
• Permanent representative of Publicis Groupe	Publicis Technology SA (France)

• Permanent representative of Publicis Conseil	Publicis Finance Services SA (France)
	Publicis EtNous SA (France)
	Carré Noir SA (France)
	Re:Sources.France SAS (France)
	Loeb & Associés SA (France)
	World Advertising Movies SA (France)
	Publicis Régions SA (France)
	Paname Communication SA (France)*
	Publicis Koufra SA (France)*
	Publicis Cachemire SA (France)*
	2ème Communication SA (France)*
• Director	Publicis Groupe Investissements BV (Netherlands)
	Publicis Holdings BV (Netherlands)
	Publicis Groupe Holdings BV (Netherlands)
• Secretary	Publicis Groupe SA (France)
• Member of Mgmt. Committee	Multi Market Services France Holdings SAS (France)
• Chairman & CEO	Société Immobilière du Boisdormant SA (France)
• Managing Director	Rosclodan SA (France)
	Sopofam SA (France)
• Manager	Drugstore Champs Elysées SNC (France)*
	SCI Presbourg Etoile (France)

** Terms ending during 2005*

Members of the Supervisory Board

Elisabeth Badinter: Chairman
Member of the Appointments and Compensation Committee

• Chairman of the Supervisory Board	Médias et Régies Europe SA (France)
• Writer	

Sophie Dulac: Vice-Chairman

• Chairman of the Board of Directors	Les Ecrans de Paris SA (France)
• Manager	Sophie Dulac Productions SARL (France)
	Sophie Dulac Distributions SARL (France)
• President	Association Paris Tout Court (France)

Robert Badinter: Member of the Supervisory Board
Resigned on March 2, 2006

- Professor Emeritus at the University of Paris 1 (Panthéon - Sorbonne)

Honorary lawyer

Michel Halpérin: Member of the Supervisory Board
Coopted by the Supervisory Board on March 2, 2006

- President of the Grand Council of the Republic and Canton of Geneva

• President	Human Rights Watch, Geneva International Committee
	Amis Switzerlands de l'Université Ben Gourion du Néguev
• Vice Chairman of the Board of Directors	BNP PARIBAS SA (Switzerland)
• Member of the Board	Fondation Genève Place Financière

Michel David-Weill: Member of the Supervisory Board
Member of the Audit Committee

• Chairman	Lazard LLC (United States)*
• President	Maison Lazard SAS (France)*
	Malesherbes SAS (France)
• Chairman of the Supervisory Board	Eurazeo SA (France)
• Board Member	Groupe Danone SA (France)
	Fonds Partenaires-Gestion (France)*
	Lazard Frères Banque (France)*
• Managing Director	Lazard Frères & CO LLC (United States)*
• Managing Partner	Lazard Frères SAS (France)*
	Maison Lazard SAS (France)*
• Manager	BCNA SNC (France)
	Parteman SNC (France)
	Parteger SNC (France)*
	Partemiel (France)*
• Limited Partner and Manager	Partena SCS (France)
• Chairman of the Compensation Committee and the Appointments Committee	Groupe Danone SA (France)

** Term ending during 2005*

Henri-Calixte Suaudeau: Member of the Supervisory Board

Board Member	Publicis Conseil SA (France)

Monique Bercault: Member of the Supervisory Board

- Technical adviser to the Chairman of the Management Board of Médias et Régies Europe

Hélène Ploix: Member of the Supervisory Board
Member of the Audit Committee

• President	Pechel Industries SAS (France)
	Pechel Industries Partenaires SAS (France)
	Pechel Services SAS (France)
• Board Member	Lafarge SA (France)*
	BNP Paribas SA (France)
	Boots Group Plc (United Kingdom)
	Ferring SA (Switzerland)*
• Permanent representative of Pechel Industries	Aquarelle.com Group SA (France)
	Quinette Gallay SA (France)
	CVBG-Dourthe Kressman SA (France)
	Xiring SA (France)
	CAE International CS (France)
• Permanent representative of Pechel Industries Partenaires	SVP Management et Participations SA (France)
• Observer on the Board of Directors	Ypso Holding SA (Luxembourg)
• Manager	Hélène Ploix EURL (France)
	Hélène Marie Joseph EURL (France)

** Term ending during 2005*

<u>Gérard Worms</u>: Member of the Supervisory Board
Chairman of the Audit Committee

• Managing Partner	Rothschild & Cie Banque (France)
• Managing Limited Partner	Rothschild & Cie (France)
• President	S.G.I.M. SA (France)
• Board Member	Editions Atlas SAS (France)
	Cofide SA (Italy)
• Member of the Supervisory Board	Métropole Télévision SA (France)
	Médias et Régies Europe SA (France)
	Paris-Orléans SA (France)
• Auditor	Ondéo Degrémont SA (France)
	SIACI SA (France)

<u>Amaury de Seze</u>: Member of the Supervisory Board

• President	Financière PAI partners SAS (France)
	Financière PAI SAS (France)
	PAI partners SAS (France)
• Chairman	PAI partners UK Ltd (United Kingdom)
• Member of the Supervisory Board	Gras Savoye SCA (France)
• Board Member	Carrefour SA (France)
	Eiffage SA (France)
	Erbé SA (Belgium)
	Gepeco SA (France)
	Groupe Bruxelles Lambert SA (Belgium)
	Groupe Industriel Marcel Dassault SA (France)
	PAI Europe III General Partner (France)
	PAI Europe IV General Partner (France)
	Power Corporation du Canada Ltd. (Canada)
	Pargesa SA (Switzerland)
	Vivarte SA (France)
	Novalis SAS (France)
	Novasaur SAS (France)

<u>Simon Badinter</u>: Member of the Supervisory Board

• Chairman & CEO	Médias et Régies America Inc. (United States)
• Chairman & CEO	Omni Media Cleveland Inc. (United States)
• President	Gestion Omni Media Inc. (Canada)
• Chairman of the Management Board	Médias et Régies Europe SA (France)
• Permanent representative of	R.P.T.P - Métrobus Publicité SA (France)
Médias et Régies Europe	Mediavision et Jean Mineur SA (France)
• Member of the Board	Onspot Digital Network (United States)
• Co-General Manager	Onspot Digital Network (United States)

<u>Michel Cicurel</u>: Member of the Supervisory Board
Chairman of the Appointments and Compensation Committee

• Management Board Chairman	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)
• Chairman of the Supervisory Board	Edmond de Rothschild Multi Management SAS (France)
	Edmond de Rothschild Private Equity Partners SAS (France)*
• Member of the Board of Directors	Banque Privée Edmond de Rothschild SA (Switzerland)
	Edmond de Rothschild Limited (United Kingdom)
	La Compagnie Financière Holding Edmond et Benjamin de Rothschild SA (Switzerland)
	La Compagnie Benjamin de Rothschild SA (Switzerland)
	Bouygues Telecom SA
	Cdb Web Tech (Italy)
	Cir International (Luxembourg)*
	Rexecode (Association)
	Société Générale SA
• Permanent representative of the Company Financière Edmond de Rothschild Banque	Edmond de Rothschild Asset Management SA (France)
	Edmond de Rothschild Corporate Finance SA (France)
	Edmond de Rothschild Financial Services (France)
	Edmond de Rothschild Multi Management SAS (France)*
	Equity Vision SA (France)
	Assurances et Conseils Saint-Honoré SA (France)
• Member of the Board of Limited Partners	Rothschild & Compagnie Banque SCS (France)
• Permanent representative of the Company Financière Saint-Honoré	Cogifrance SA (France)
• Auditor	Paris-Orléans SA (France)

** Terms ending during 2005*

<u>Robert L. Seelert</u>: Member of the Supervisory Board

• Chairman, Director	Saatchi & Saatchi Worldwide, Inc. (United States)
• Director, Chief Executive Officer	Saatchi & Saatchi Holdings Worldwide, Inc. (United States)
	Saatchi & Saatchi Compton Worldwide, Inc. (United States)
	Saatchi & Saatchi North America, Inc. (United States)
	Zenith Trustees Limited (United Kingdom)

<u>Felix George Rohatyn</u>: Member of the Supervisory Board

• President	Rohatyn Associates LLC (United States)
• Member of the Supervisory Board	Lagardère Groupe SA (France)
• Board Member	LVMH Moët Hennessy Louis Vuitton SA (France)
	Rothschilds Continuation Holdings AG (France)
	French American Foundation (United States)
• Trustee and Vice –Chairman	Carnegie Hall (United States)

<u>Yutaka Narita</u>: Member of the Supervisory Board

• Principal Advisor & Chairman of Dentsu Group	Dentsu Inc.
• Chairman	Japan Advertising Agencies Association
	Japan Audit Bureau of Circulations
• Executive Director	FM Japan Ltd.
• Member of the Foundation Board	Institute for Management Development
• Member	Chambre de Commerce et d'Industrie

	Française au Japon
	Strategic Council on Attractiveness of France
• Emeritus Professor	Beijing University

Tateo Mataki: Member of the Supervisory Board

• President & CEO	Dentsu Inc.
• Vice President	Japan Marketing Association
	International Advertising Association Japan Chapter
	Organizing Committee for the IAAF World Championship in Athletics 2007
• President	Japan Advertising Agencies Association
• Member	Nippon Academy Award Association
	The Tokyo Chamber of Commerce and Industry
• Director	Tokyo Broadcasting System Television, Inc.
	Broadcasting System of Niigata Inc.
	Shinetsu Broadcasting Corporation Ltd.
• External Director	Television Nishinippon Corporation
• Senior Corporate Advisor	Iwate Broadcasting Co., Ltd

Agreements referred to in Article L.225-86 of the French Commercial Code

No agreements that would trigger application of Article L.225-86 of the French Commercial Code were entered into during the past fiscal year.

Subsequent events

As part of its plan to simplify its balance sheet, Publicis Groupe S.A. initiated, on January 13, 2006 a public buyback offer in respect of its equity warrants. This offer, which closed on February 14, 2006, resulted in the buyback 22,107,049 equity warrants, representing almost 80% of outstanding equity warrants for a total amount of €199 million. This transaction will thus enable 22 million potential shares that would have needed to be issued on exercise of the warrants to be eliminated.

In addition, in January 2006, a certain number of OCEANE 2018 bondholders exercised their redemption rights, leading Publicis Groupe S.A. to redeem 1,149,587 bonds for a total amount of €51 million (including accrued interest). An equivalent number of potential shares (which would have had to be issued if conversion of the OCEANEs had been requested) are thus eliminated.

Accounting principles, rules and methods

Consolidation principles and methods
Pursuant to European Regulation 1606/2002 of 19 July 2002 on international standards, the consolidated financial statements for fiscal year 2005 were prepared in accordance with the international accounting standards IAS/IFRS applicable at December 31, 2005, as approved by the European Union.

Annual single-entity financial statements principles and methods
The annual single-entity financial statements for fiscal year 2005 were prepared in accordance with the French Chart of Accounts and with current laws and regulations in France. The

evaluation methods used to establish the single-entity financial statements were the same as those used last year. However, for the first time, CRC 2000-10, 2003-07 and 2004-06 regarding assets were applied as of January 1, 2005, but this did not have any effect on the annual single-entity financial statements.

Subject of Resolutions

In addition to approving the financial statements of the Company and consolidated financial statements for the 2005 fiscal year, together with the transactions described in the reports of the Supervisory Board, the Management Board and the Statutory Auditors, we ask you to:

- allocate the result for 2005 and distribute a dividend
- ratify the acts of the Management Board members for their management in 2005
- ratify the acts of the Supervisory Board members for the performance of their duties in 2005
- determine the attendance fees to be paid to the members of the Supervisory Board for 2005
- review agreements within the scope of Article L 225-86 of the Commercial Code
- re-elect two members of the Supervisory Board
- appoint a new Supervisory Board member
- authorize the Company to purchase its own shares and, where appropriate, cancel them by reduction of capital
- authorize the Management Board to implement one or more capital increases reserved for the employees on the terms established by Article L.443 of the French Labor Code pursuant to Article L.225-129-6 of the French Commercial Code
- grant powers to accomplish formalities.

These are the resolutions that will be submitted for your approval.

EXHIBIT 1

TABLE OF SUBSIDIARIES AND OTHER INVESTMENTS AT DECEMBER 31, 2006

(amounts expressed in thousand of euros, except for shareholders' equity, which is expressed in local currency)

A – Subsidiaries and other investments whose book value exceeds 1% of the capital stock of Publicis Groupe SA

Company	Capital stock	Reserves and retained earnings	% interest	Gross book value	Net book value	Loans and advances	Billings	Net income	Dividends
1- Filiales									
Publicis USA Holdings 14185 North Dallas Parkway – Suite 400 Dallas Texas 75254 USA	3 USD	1,369,449 USD	7.79	87,300	80,566	903 755	0	(93,296)	304,203
MMS USA Holdings 35 W.Wacker Drive Chicago Illinois 60 601 USA	41 USD	1,858,232 USD	9.75	349,344	349,344	0	0	501,200	0
Publicis Groupe Investments B.V. Prof. W.H. Keesomlaan 12 1183 DJ Amstelveen Pays-Bas	60,392	4,309,052	100.00	3,904,322	3,904,322	0	0	222,431	222,423
MMS France Holdings 133, Champs Elysées 75008 Paris SIREN 444 714 786	114,607	135,873	99.61	248,670	248,670	0	0	12,292	4,832
Médias et Régies Europe 9/11 rue Blaise Pascal 92 200 Neuilly sur Seine SIREN 353 938 905	24,150	(38,599)	99.99	25,508	25,508	7 200	22,212	95,231	75,577
Metrobus 9/11 rue Blaise Pascal 92 200 Neuilly sur Seine SIREN 327 096 426	1,840	25,363	32.30	17,508	17,508	0	141,338	5,460	0
2- Other investments									
Europe 1 Immobilier 26bis, rue François 1er 75008 Paris SIREN 622 009 959	1,050	3,044	10.00	1,959	1,959	0	8,173	2,731	0

B – General information with regard to all subsidiaries and other investments

	Subsidiaries		Other investments	
	French	foreign	French	foreign
Book value of shares held				
- gross	294,283	4,340,967	1,977	74
- net	294,283	4,334,233	1,977	0
Amount of loans granted	55,626	1,130,906	0	0
Amount of dividends received	89,804	526,626	0	0

No guarantees have been given to the subsidiaries listed in the table above.

EXHIBIT 2

Results of Publicis Groupe S.A. over the last five years

	2005	2004	2003	2002	2001
Capital stock at year-end					
Capital stock (thousands of euros)	78,844	78,188	78,151	78,432	55,840
Number of shares in issue	197,109,010	195,471,061	195,378,253	196,081,129	139,599,996
Maximum number of future shares to be issued:					
- through the exercise of stock options granted (1)	361,470	441,440	525,080	650,553	918,196
- through the conversion of bonds (2)	56,362,527	68,921,934	68,921,934	45,749,521	-
Operations and results for the year (thousands of euros)					
Billings, excluding VAT	25,574	31,011	17,914	10,997	11,436
Net income, before taxes, depreciation, amortization and provisions	143,611	417,618	(559,520)	(698,213)	25,009
Income taxes	(33,554)	(1,857)	(8,399)	(94)	0
Net income after taxes, depreciation, amortization and provisions	254,045	418,108	25,677	(926,174)	(469,109)
Income distributed to shareholders	70,959 (3)	54,722	50,803	46,871	29,423
Earnings per share (in euros)					
Earnings per share after taxes but before depreciation, amortization and provisions	0.90	2.15	(2.82)	(3.56)	0.18
Earnings per share after taxes, depreciation, amortization and provisions	1.29	2.14	0.13	(4.72)	(3.36)
Dividends per share	0.36	0.30	0.26	0.24	0.22
Headcount					
Average number of salaried employees	3	9	9	5	5
Gross salary expense (thousands of euros)	1,938	2 550	3 183	637	745
Social charges and benefits (social security, charities, and similar benefits) (thousands of euros)	671	699	1 561	476	359

(1) The equity warrants previously attached to the OBSAs are not included due to their strike price of 30.50 euros, which is higher than the stock market price of Publicis shares since they were issued.

(2) It was assumed that new shares would be issued for both Oceanes and Oranes.

(3) Estimate on the basis of existing shares as at December 31, 2005, including treasury stock.

EXHIBIT 3

DESCRIPTION OF THE PRINCIPAL RISKS AND UNCERTAINTIES

(Article L. 225-100 paragraphs 4 and 6 of Ordinance No. 2004-1382)

Most of the risks that could affect the Group's business or its profitability are common to the communications industry and more generally to service businesses, which are more dependent on the professional quality of individuals than on assets or industrial processes or methods. These risks are monitored by Group management and by the management of the subsidiaries concerned, as part of their duties.

The advertising and communications industry is highly competitive.

The advertising and communications industry is highly competitive. Our competitors run the gamut from large multinational companies to smaller agencies that operate in local or regional markets. New participants also include systems integrators, database marketing and modeling companies, telemarketers and internet companies offering technological solutions to marketing and communications issues faced by clients. We must compete with these companies and agencies to maintain existing client relationships and to obtain new clients and assignments. Increased competition could have a negative impact on our revenue and results of operations.

Unfavorable economic conditions may adversely affect our operations.

The advertising and communications industry is subject to downturns in general economic conditions, changes in client's underlying businesses and decreases in marketing budgets. Downturns in general economic conditions can have a more severe impact on the advertising and communications industry than on other industries, in part because clients may respond to economic downturns by reducing their advertising and communications budgets in order to meet their earnings goals. For this reason, our prospects, business, financial condition and results of operations may be materially adversely affected by a downturn in general economic conditions in one or more markets and by reduced client budgets for advertising and communications.

Laws, regulations or voluntary codes applying in the sectors in which we operate may have an impact on our business.

The communications sector in which we operate is subject to legislation, regulation and voluntary codes of conduct. Governments, regulatory authorities and consumer groups regularly propose prohibitions or restrictions on the advertising of certain products and services or the regulation of certain businesses conducted by us, such as the so-called *Loi Sapin* in France, which prohibits agencies from buying advertising space for resale to their clients, and most of the countries in which we operate have regulations which tend to restrict the advertising of alcohol and tobacco. The adoption or changes in such laws, regulations and codes could have a negative impact on our business and earnings.

Our contracts with clients may be terminated at short notice.

Clients' commitment to their communications agencies is limited and client-agency contracts may be terminated on relatively short notice, generally between three and six months. Some clients put their advertising and communications contracts up for competitive bidding at regular intervals. In addition, there is a general tendency for advertisers to reduce the number of agencies with whom they work in order to concentrate spending on a limited number of leading agencies, which increases competition and the risk of losing a client. Finally, the ongoing consolidation of clients around the world increases the risk of losing a client following a merger.

A significant portion of our revenues comes from a small number of large advertisers.
Our top five and ten clients represented approximately 26% and 34%, respectively, of our consolidated revenue in 2005. One or more of these large clients may decide to reduce or even stop spending on advertising at any time for any reason. A substantial decline in the advertising and communications spending of our major clients or the loss of any of these accounts could have a negative impact on our business and earnings.

Conflicts of interest between our clients who compete with each other in the same business sector may negatively impact our growth.
The Group has several different agency networks, which tends to limit potential conflicts of interest. However, unless the client consent is obtained, a relationship with an existing client prevents an agency from offering its services to a competitor of that client or an advertiser perceived as such, which could negatively impact our growth and have a negative impact on our business and earnings.

Lawsuits may be filed against us alleging that certain of our clients' advertising claims may be false or misleading or that our clients' products may be defective.

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

- advertising claims made with respect to our clients' products or services are false, deceptive or misleading;
- our clients' products are defective or injurious and may be harmful to the others; or
- marketing, communications or advertising materials created for our clients infringe on the proprietary rights of third parties since client-agency contracts generally provide that the agency agrees to indemnify the client against claims for infringement of intellectual property rights.

The damages, costs, expenses or attorneys' fees arising from any of these claims could have an adverse effect on our prospects, business, results of operations and financial condition to the extent that we are not adequately insured against such risks or indemnified by our clients. In any case, the reputation of our agencies may be negatively affected by such allegations.

Our business is highly dependent on the services of our management and our employees.

Competition for management and certain other employees in the advertising and communication industry is highly competitive. If we lose the services of certain management members and other employees, our business and results could be harmed. Our success is highly dependent upon the skills of our creative, sales representative, media and account personnel and their relationships with our clients. If we were unable to continue to attract and retain additional key personnel, or if we were unable to retain and motivate our existing key personnel, our prospects, business, financial condition, and results of operations could be materially adversely affected.

Our strategy of development through acquisitions and investments can be risky

Our business strategy includes, among other things, enhancing the range of our existing advertising and communications services. We have made a number of acquisitions and other investments in furtherance of this strategy and may make additional acquisitions and investments in the future. The identification of acquisition candidates is difficult, and we may not correctly assess the risks related to such acquisitions and investments. In addition, acquisitions could be effected on terms less satisfactory to us than expected and the newly acquired companies may not be successfully integrated into our existing operations or in a way that produces the synergies or other benefits we hope to achieve. Such events could adversely affect our results.

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

We have a large amount of goodwill on our balance sheet reflecting our acquisitions. Due to the nature of our business, our most important assets are intangible assets. We conduct annual appraisals of goodwill on acquisitions to determine whether value has been impaired. The assumptions used to estimate future earnings and cash flows for the purpose of these valuations may prove to be incorrect and actual results may differ. If we were to recognize such value impairments, the resulting loss in book value could have a negative impact on our earnings and financial condition.

Internal controls may prove difficult to implement.

We operate on a decentralized basis with a large number of legal entities operating independently of one another, principally for business and client relations reasons. As a result, the implementation of reliable, standardized procedures throughout our operations may take longer than in other companies or in other sectors. If we were to identify deficiencies in the Group’s internal controls, our results and financial condition could be adversely affected.

We may not achieve announced numerical targets.

We have publicly announced a number of financial and operating targets related to growth and operating margin rate subject to risk factors described in this chapter and to certain conditions described in chapter 12 of this document. Our targets are used for internal purposes to assess performance, but should not be considered as projections or guidance as to what we expect actual results to be.

We are exposed to a number of risks from operating in developing countries.

We conduct business in a number of developing countries around the world. The risks associated with conducting business in developing countries can include slower payment of invoices, nationalization, social, political and economic instability, increased currency exchange risk and currency repatriation restrictions, among other risks. We may not be able to insure or hedge against these risks. In addition, commercial laws and regulations which may apply in many of these countries can be vague, arbitrary, contradictory, inconsistently administered and retroactively applied. It is, therefore, difficult to determine with certainty at all times the exact requirements of these laws and regulations. Non-compliance, true or alleged, with applicable laws in developing countries could have a negative impact on our prospects, business, results of operations and financial condition.

Downgrades of our credit ratings could adversely affect us.

On December 14, 2005 we obtained our first ratings of BBB+ by Standard & Poor's, and Baa2 by Moody's Investors Service ("Moody's"). Any ratings downgrade may adversely affect our ability to access capital and would likely result in higher interest rates [and the application of covenants] on any future indebtedness.

Exposure to interest rate risk and to exchange rate risk.

Exposure to interest rate risk

Group management determines the mix between fixed and variable-rate debt based on interest rate trend forecasts.
At the end of 2005, 94% of the Group's gross financial debt (not including debt on acquisitions of investment securities and on commitments to purchase minority interests) consisted of fixed-rate loans at an average interest rate of 6.77%. The net debt after deducting variable-rate cash and cash equivalents shows an excellent liquidity position: a 1% variation of short-term interest rates would have a positive effect of EUR 19 million on the Group's pre-tax profits.

Exposure to exchange rate risk

To cover its net assets in dollars and thus significantly reduce the sensitivity of the Group's equity to future variations in the dollar/euro exchange rate, the Group swapped its €750 million fixed rate Eurobond issued in January 2005 at a fixed rate (nominal rate 4.125%) to $977 million of fixed rate dollar debt (5.108%).
Under IAS 39, the swap of euro fixed rate debt for dollar fixed rate debt qualified as a hedge of a net investment. Changes in the fair value of the derivative (both the interest component and the foreign currency component) are thus recognized directly through equity.
The impact on shareholders' equity is EUR 9 million net of deferred taxes at December 31, 2005. The fair value of the swap is EUR 59 million at December 31, 2005.
Moreover, changes in the exchange rate for currencies vis-à-vis the euro, which is the currency in which the Group's financial statements are presented, can have an effect on the Group's consolidated balance sheet and income statement.

For your information, a breakdown of the Group's revenues by currency is as follows:

	2005
Euro	25%
U.S. dollar	42%
Pound sterling	10%
Other	23%
Total revenues	**100%**

The impact of a 1% drop in the exchange rate for the euro against the U.S. dollar and the pound sterling would be (favorable impact):

- EUR 21 million on consolidated revenue in 2005
- EUR 4 million on result of operations 2005.

The majority of sales transactions are denominated in the local currencies of the countries in which they are transacted. As a result, the exchange rate risk relating to such transactions is not very significant and is occasionally hedged through foreign currency hedging contracts.
Intercompany loans and borrowings are hedged appropriately whenever there is a significant risk exchange rate risk. It should however be noted that as most treasury needs of subsidiaries are financed at country level through cash pooling mechanisms, cross-border financing operations are limited in number and in duration.
The derivative financial instruments used are generally currency forwards.
For more detail, please see note 26 to the consolidated financial statements.
The means implemented for treasury management within the Group are described in the paragraph "Information on the Group's Borrowing Terms and Financing Structure" in this report.

Exposure to risks related to shareholdings

The principal lines of shares held that are exposed to significant market risk are the treasury shares on the one hand and the Interpublic Group (IPG) shares on the other.
With regard to the treasury shares, a decline in their value would not impact our results to the extent that the treasury shares are carried to reduce equity capital and the provisions have been neutralized.
For the second, which are classified as available-for-sale assets, a 10% decrease in the market value of these securities would not impact our results but would impact shareholders' equity at December 31, 2005.
Impact of a 10% decrease in the market value of the shares held by Publicis:

	Treasury shares	**Others (IPG shares)**
Effect on assets	n/a	(4)
Effect on shareholders' equity	-	(4)
Effect on results	-	-

Exposure to liquidity risk

To protect itself from liquidity risk, Publicis has substantial cash and cash equivalents (cash at bank and marketable securities totaling EUR 1,980 million at December 31, 2005), as well as unused credit lines amounting to EUR 1,609 million, which allow it to meet the short-term portion of its financial debt.
These credit lines include, in an amount of EUR 1 billion, a multicurrency syndicated loan facility, maturing in 2009, which was put in place in December 2004 has not been drawn down at December 31, 2005.
Further, excluding bank overdrafts, most of the Group's debt consists of bonds that do not include specific covenants. They only include standard credit default event clauses (i.e.,

liquidation, bankruptcy or default, either on the debt itself or on repayment of another debt if higher than a given threshold). The only early redemption options exercisable by bondholders are in respect of the Oceane 2018 and are exercisable successively in January 2006, 2010 and 2014.

EXHIBIT 4

TABLE OF DELEGATIONS OF AUTHORITY
(Article L. 225-100 Paragraph 7 of the French Commercial Code)

Pursuant to Article L. 225-100 Paragraph 7 of the French Commercial Code, a summary of the shareholders' delegations of authority to the Management Board for capital increases is attached to the Management Board report, in accordance with Articles L.225-129-1 and L. 225-129-2.

At a special meeting on January 9, 2002, the Company's shareholders, in their tenth resolution, delegated to the Management Board, for a term of five years, the powers necessary to increase the capital stock by a maximum nominal amount of two million eight hundred thousand euros, by issuing shares reserved for members of an employee stock ownership plan (*plan d'épargne d'entreprise*) and/or a voluntary partnership employee savings plan (*plan partenarial d'épargne salariale*). The price of the shares to be issued may not be 20% less (or 30% less in a voluntary partnership employee savings plan than the average of the first two prices quoted for the share during the 20 trading sessions prior to the Management Board's decision to increase the capital stock and to issue the relevant shares, or higher than this average.

At December 31, 2005, the Management Board had not exercised this authority.

At a special meeting on June 1, 2005, the Company's shareholders:

- in their thirteenth resolution, delegated to the Management Board, for twenty-six months, their authority to decide to issue, with maintenance of the shareholders' preemptive rights, shares (other than preferred shares), equity securities or securities granting access or possibly granting access to the capital or entitling their holder to the award of debt securities. This delegation may allow one or more issues of securities giving access to the capital of subsidiaries of the Company pursuant to Article L. 228-93 of the French Commercial Code. The nominal amount of an immediate or future capital increase resulting from all of the issues carried out by virtue of this delegation shall not exceed forty million euros, and the maximum nominal amount of the securities representing claims against the Company that may be issued under this delegation shall not exceed nine hundred million euros;
- in their fourteenth resolution, delegated their power to the Management Board for a period of twenty-six months, for the purpose of deciding to make a public offering, with elimination of preemptive rights, of shares (other than preferred shares), equity securities or securities giving access or possibly giving access to the capital or carrying entitlement to the allocation of debt instruments. This delegation may allow one or more issues of securities giving access to the capital of subsidiaries of the Company pursuant to Article L. 228-93 of the French Commercial Code. Moreover, it may allow the issue of equity securities of the Company following the issue by its subsidiaries of securities giving access to the Company's capital. The nominal amount of the immediate or future capital increase resulting from all issues carried out by virtue of this delegation shall not exceed

forty million euro and the maximum nominal amount of the securities representing claims against the Company shall not exceed nine hundred million euros;

- in their fifteenth resolution, and within the limit of 10% of the capital stock per year, authorized the Management Board, for a period of twenty-six months, to make a public offering, with elimination of shareholders' preemptive rights, of any common shares, equity securities or other securities that give access or may give access to the Company's capital, by establishing the issue price thereof, depending on market opportunities, pursuant to one of the following methods: (i) issue price equal to the average price of the Publicis Groupe shares on the Eurolist market of Euronext Paris over a maximum period of six months prior to the issue; (ii) issue price equal to the weighted average price of the Publicis Groupe shares on the Eurolist market of Euronext Paris on the day prior to the issue, with a maximum discount of 25%;

- in their sixteenth resolution, delegated to the Management Board their authority, for a period of twenty-six months, to decide to increase the capital stock, by incorporating reserves, profits or premiums into the capital, to be followed by the creation and free allotment of equity securities or an increase in the nominal value of the existing equity shares, or a combination of these two procedures. The amount of the capital increase resulting from all the issues carried out pursuant to this delegation shall not exceed a nominal amount of forty million euros;

- in their seventeenth resolution, delegated to the Management Board, for a period of twenty-six months, their authority to decide to issue shares, equity securities or other securities giving access or possibly giving access to the Company's capital, as compensation for the securities contributed (i) to any public offering including an exchange component initiated by the Company on the instruments of another company whose shares are admitted for trading on one of the regulated markets referred to in Article L. 225-148 of the French Commercial Code or (ii) to any other operation with the same effect as a public exchange offer initiated by the Company and involving the shares of another company whose shares are admitted for trading on another regulated market governed by a foreign law, and decided, in the event of need, to cancel, in favor of the bearers of these instruments, the shareholders' preemptive right to these shares, instruments or securities. The nominal amount of an immediate or future capital increase resulting from all issues of shares or other securities carried out by virtue of this delegation shall not exceed forty million euros;

- in their eighteenth resolution, delegated to the Management Board, for a period of twenty-six months, the authority necessary to issue shares, equity securities or other securities giving or possibly giving access to the Company's capital within the limit of 10% of the capital stock, at the time of the issue, in order to compensate contributions in kind made to the Company and consisting of equity securities or securities giving access to the capital, when the provisions of Article L. 225-148 of the French Commercial Code do not apply;

- in their nineteenth resolution, authorized the Management Board, for a period of twenty-six months, to increase the number of shares or securities to be issued if the Company's capital stock is increased with or without the shareholders' preemptive rights, within 30 days of the close of the subscription of the initial issue, within the limit of 15% of the initial issue and at the same price as the price of the initial issue;

- in their twenty-first resolution, authorized the Management Board, for a period of thirty-eight months, to award to the members of salaried personnel and to all or some of the officers and directors of the Company or companies or economic interest groups affiliated with the Company as defined in Article L. 225-180 of the French Commercial Code, and within the limits set forth by current law and regulations (i) options entitling their holder to subscribe to new shares of the Company to be issued pursuant to a capital increase and/or (ii) options entitling their holder to purchase shares acquired by the Company on the statutory terms. The total number of options so awarded opened in this manner and not exercised cannot carry entitlement to a number of shares exceeding 10% of the capital stock;
- in their twenty-third resolution, authorized the Management Board, for a period of 38 months, to make free allotments of existing or future shares to officers and directors and certain members of the salaried personnel. The total number of shares that can be allotted free of charge under this authorization shall not exceed 10% of the capital stock and the nominal amount of the capital increase carried out hereunder shall not exceed the nominal amount of forty million euros.

Finally, at the special meeting on June 1, 2005, the shareholders established the overall ceiling for any immediate or future capital increases that may result from all of the issues of shares, equity securities or other securities carried out pursuant to these delegations at an overall total amount of forty million euros, not taking into account the consequences on the amount of capital of any adjustments that may be made pursuant to the law or regulations, following the issue of instruments or securities giving future access to the capital, and decided that any delegation to issue instruments or securities granted to the Management Board would be suspended during a tender offer for cash or for shares of the Company, unless it is in the ordinary course of the Company's business and its implementation is not likely make the tender offer fail.

At December 31, 2005, none of these authorizations had been exercised by the Management Board.

The Management Board.