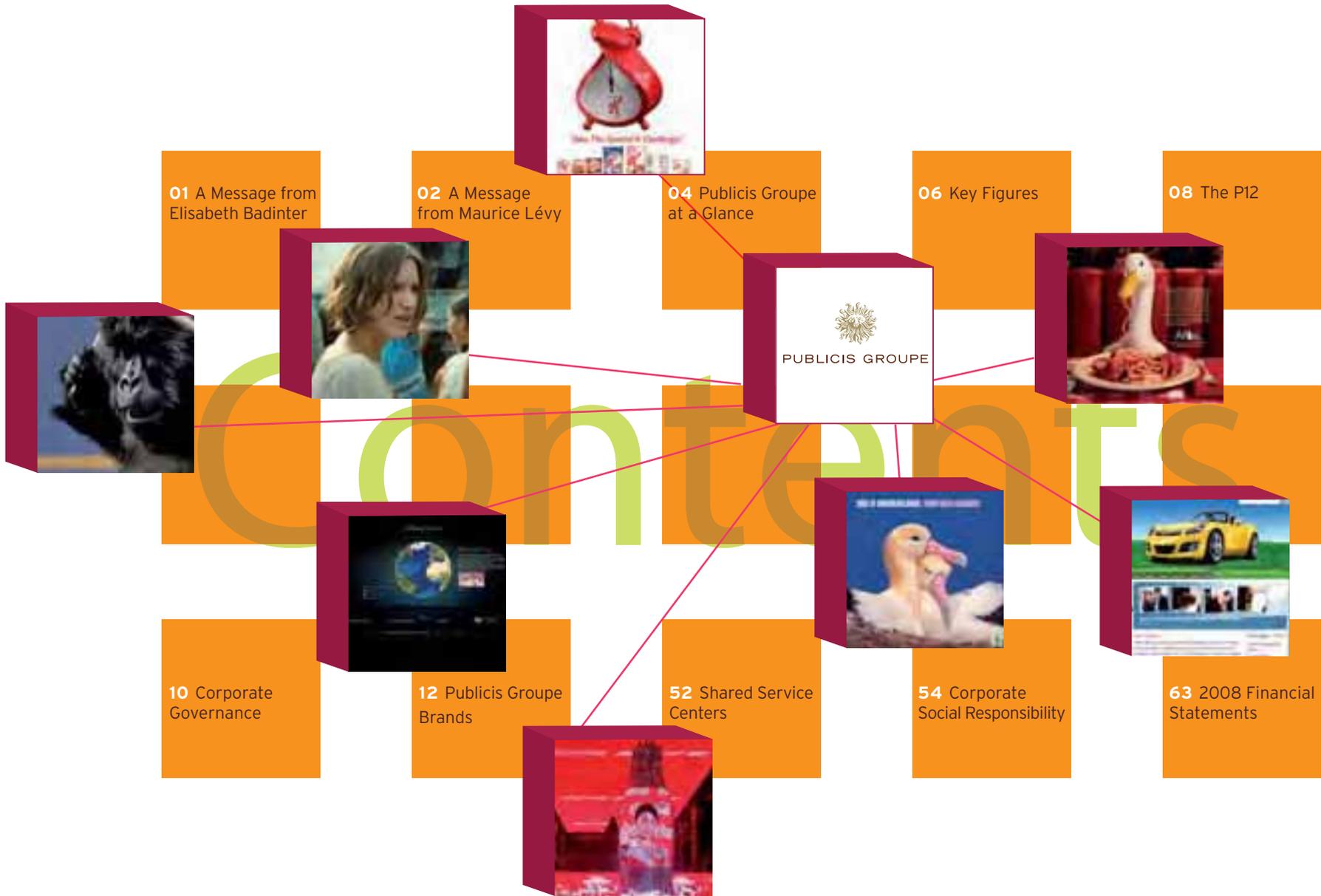


PUBLICIS GROUPE

Viva
La
Difference!
2008 Annual Report

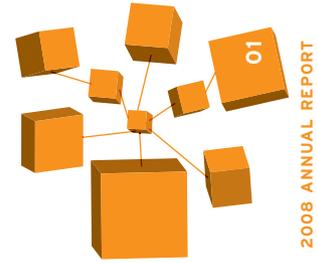


This year, Publicis Groupe is proud to present an interactive, digital and illustrated annual report. Please visit www.ra-publicisgroupe.com/2008 and give us your feedback.



A Message from Elisabeth Badinter

Elisabeth Badinter
Chair, Supervisory Board



Business performance is often measured using the language of sports. Beating your competitors and breaking your own previous records is the name of the game – in other words, surpassing yourself, and surpassing existing benchmarks and averages. In that sense, Publicis Groupe once again had an impressive showing this past year, with organic growth of 3.8% and a record operating margin of 16.7% – the highest in the industry, as in the past several years. Our people's expertise, talent and commitment generated the momentum we needed to overcome the challenges presented by the declining economy at the end of the year.

As a result, Publicis Groupe has entered 2009 with even greater drive and initiative, a healthy balance sheet and powerful leverage for boosting performance, most notably our presence in high-growth markets and our accelerated shift to digital. Our challenge today is to sustain that momentum at a time when business visibility is low and all indicators suggest the need for caution and control. When a major economic storm breaks, market participants can easily lose their bearings. Only the most forward-looking, agile, responsive and robust companies stand a chance of holding their course and weathering such a

storm. But let's be honest. Even those organizations are in for a tough year and will have to overcome any number of obstacles. Our goal at Publicis Groupe is to gain market share in order to offset at least part of the revenue shortfall caused by the crisis.

I am therefore pleased that the Supervisory Board has approved the Management Board proposal to grant shares at no cost to all Groupe employees. This move demonstrates the Supervisory Board's confident outlook, even in the midst of a worldwide crisis that is affecting all players in the industry. It also sends a clear, vital message to all the people working tirelessly to make Publicis Groupe a successful, independent company: it tells them how highly we value their contribution. In the current environment, it is up to each and every one of us to safeguard our resources, to take responsibility for our common future. The Management Board has already set a powerful example by maintaining strict cost control.

We know just how much we are asking of our teams. Now more than ever, their talent, creativity and resourcefulness will be needed. They will have to devise attractive, competitive, effective solutions – solutions that offer our clients real value for their money along with further business success. When growth falls off sharply, communication becomes essential to maintaining consumer loyalty.

I would also like to thank Maurice Lévy and all those who have assisted him in making the visionary choices that have propelled Publicis Groupe to a position of global leadership, especially our bold move into digital communications.

Since it was founded eighty-two years ago, Publicis has often confronted powerful headwinds. But we have never lacked the internal resources required to withstand those winds and forge ahead with renewed energy and passion. Our willpower, stamina and entrepreneurship – bedrock values in our corporate culture – have in no way been weakened by international expansion. Initially a French company founded and built by a leader of genius, Publicis gained European scope through a series of targeted acquisitions. And by identifying the key trends in our markets and effectively and proactively mastering them and profiting from them, we ultimately moved on to achieve global stature.

Today Publicis Groupe enjoys an undisputed lead in new disciplines that should provide us with both growth and resilience in this period of unprecedented world crisis. Times may be hard, but I have no doubt whatsoever that the efforts and commitment of our people will ensure that our Groupe emerges from the crisis at least as strong as it entered it.



A Message from Maurice Lévy

Maurice Lévy
Chairman & CEO

2008 is best described as a good year that could have been an excellent one.

Unfortunately, our clients felt the effects of the crisis from the third quarter onwards, and this had direct consequences on the growth of our own business. Publicis Groupe nevertheless achieved good results, thanks entirely to the energy, the talent, the creativity and the hard work of its employees. I am certain they will be capable of still greater efforts in these difficult times. But let us turn at once to the future, and consider how we can position ourselves for the post-crisis period.

In this respect we have already laid the groundwork with two bold and positive moves. As of January 2007, the acquisition of Digitas accelerated the digital transformation of Publicis Groupe. And then in June 2008 we launched VivaKi, the cornerstone of our reorganization around the new media landscape with digital at its core.

We have been able to move into emerging markets and conquer key strongholds. But more fundamentally, in every country and territory we are now in a position to tackle our clients' problems, to help them overcome the crisis and to improve their market share.

The current crisis raises questions for all of us about the society in which we live. What sort of society have we built? What future can we offer our children? Why do we work? The thousands of billions of euros or US dollars that went up in smoke during the financial crisis have prompted people all over the

world to wonder what the society they live in means to them. The world is likely to emerge a very different place. I raise these basic issues because they will have a direct impact on the strategies and the language we must adopt to help our clients face up to this new society. Our job, after all, remains unchanged: to engage in a successful dialogue with consumers in order to build our clients' brands and grow their sales.

It may seem paradoxical that a group working in communication, marketing and advertising should raise the issues of meaning and values in today's society. But we must address them if we are to better serve our clients. How can we respond to the physiological and psychological needs of our contemporaries if we do not question the essence and meaning of those needs, in a world marked with diminishing resources and where the consumption-based model is open to criticism? How, in this context, can we support our clients and transform our tools, our language and our practices to ensure that we remain relevant?

The digital revolution is at the heart of the new paradigm for communication and advertising. Digital technology leads to an individual – almost personal – relationship in a dialogue between equals. Power is truly in the hands of the consumers, who are equipped to search, compare and choose in a revolutionary way. It is by raising the basic issue of meaning that we can better respond to these consumers' expectations – and it is by using digital communication that we can provide the right answers. The multiplication of media, the proliferation of screens and the fragmentation of audiences are making the systems we have



lived with until now obsolete. Above all, they are encouraging us to adopt a new approach based on dialogue rather than the one-way message that characterizes traditional advertising. The classical approach will continue to exist, but as one element of a halo effect designed to construct and promote the image of a brand and invest it with the magic it needs to exert its influence.

Still more effective results can be guaranteed by the use of more precise messages, and the possibility of measuring their impact while optimizing the channel, the message and the targeting.

There is no point in debating the technical issues right now, since the underlying social trend is quite clear. Whether it's for conversation, communication, education, games, films, research or meeting people, for today's youth the computer and the Internet are the preferred tools. People between the ages of 25 and 35 spend as much time in front of their computer screen as they do watching TV. The search for information and news bulletins over mobile phones is growing exponentially. In the long run, the cell phone will emerge as the leading mass media in the world and the system par excellence for individual communication.

Advertisers need to seize the opportunities presented by these channels, which is why Publicis Groupe has invested, restructured and reinvented itself in order to accompany its clients in this era of change.

By going "all digital" ahead of its competitors, by adopting a structure that abolishes silos and allows media and digital

agencies to work together as a single team, and by setting up ad hoc client-based organizations, Publicis Groupe enables its clients to maintain an edge over its competitors.

The crisis has forced us, like our clients, to review our strategies. I have asked all the units in Publicis Groupe to concentrate both on winning the market share that is so precious in this present situation, and on the strict management and cost control that are essential to preserve our margins. Experience in previous crises has taught us that those who succeed in maintaining investment consolidate their positions and gain market share. Those who are unable to do this usually lose business that is virtually impossible to win back. We have deliberately chosen to position ourselves in the first category and to maintain our faith in the future.

To support our clients we have made our teams more reactive and developed new skills. We have set up new structures and encouraged multi-disciplinary, result-oriented solutions. The language we use in our campaigns is closer to people's concerns. It is better understood and therefore has more impact: this is shown by our ranking at the head of the list of creative agencies. We do not choose between image-building and sales campaigns, but instead ensure that all of our work enhances our clients' brand image while also accelerating their sales.

In view of the difficult financial situation that some companies face, we have strengthened our crisis-management capabilities through the acquisition in the US of Kekst & Company, regarded

as the finest agency in this sector. Whatever angle or communication approach is required, our group possesses the most specialized and effective know-how – not only to deal with our clients' everyday needs, but also to help them tackle all their communications challenges on a worldwide, sustainable basis.

Our goals for 2009: First and foremost to retain and reward our talented colleagues and better serve our clients so they are in the best possible shape to weather the storm. And next to ensure that Publicis Groupe itself comes through the crisis masterfully and even brilliantly: winning market share, controlling costs and maintaining margins so that it can emerge from this turbulent period at the head of the pack, as hungry as ever and perfectly placed to pursue its historic will to win.

Publicis Groupe, Digital and Holistic

A Pioneer in Holistic Communication

Offering holistic communication for over a decade.

“No Silos”: Tearing down organizational walls.

“No Solos”: A real team spirit.

A World Leader in Digital Communication with a Unique Expertise in the Digital Media Universe

VivaKi brings together the world’s two most powerful media agency networks (Starcom MediaVest Group and ZenithOptimedia) and the leading digital network Digitas, as well as Denuo, agency specialized in understanding the future. It has the talent, scale and means to maximize growth by providing an even better response to the increasingly complex needs of Publicis Groupe clients.

Other leading digital brands: : the Digitas global network, Phonevalley, Publicis Modem, Performics, Prodigious, Denuo, Zed Digital and Moxie.

Innovative and experimental initiatives: Blogbang and FreeThinking.

The Top Creative Performance in the World

No. 1 in Gunn Report in creative performance to revenue since 2004.

No. 1 in New Business wins in 2008

based on Nomura (ex-Lehman Bros.) rankings.

4th Largest Communications Group Worldwide

Three global advertising networks: Publicis, Saatchi & Saatchi, Leo Burnett.

Multi-hub networks and creative boutiques: Fallon, Bartle Bogle Hegarty (BBH)*, The Kaplan Thaler Group, Beacon Communications, Marcel.

No. 2 Worldwide in Media Buying and Consultancy

Two global brands: Starcom MediaVest Group, ZenithOptimedia.

A division managing advertising sales: Médias & Régies Europe.

World Leader in Healthcare Communications

Publicis Healthcare Communications Group (PHCG): Saatchi & Saatchi Healthcare, Publicis Life Brands, Medicus Life Brands, Boz, Imed, Publicis Selling Solutions, Publicis Medical Education and Healthware.

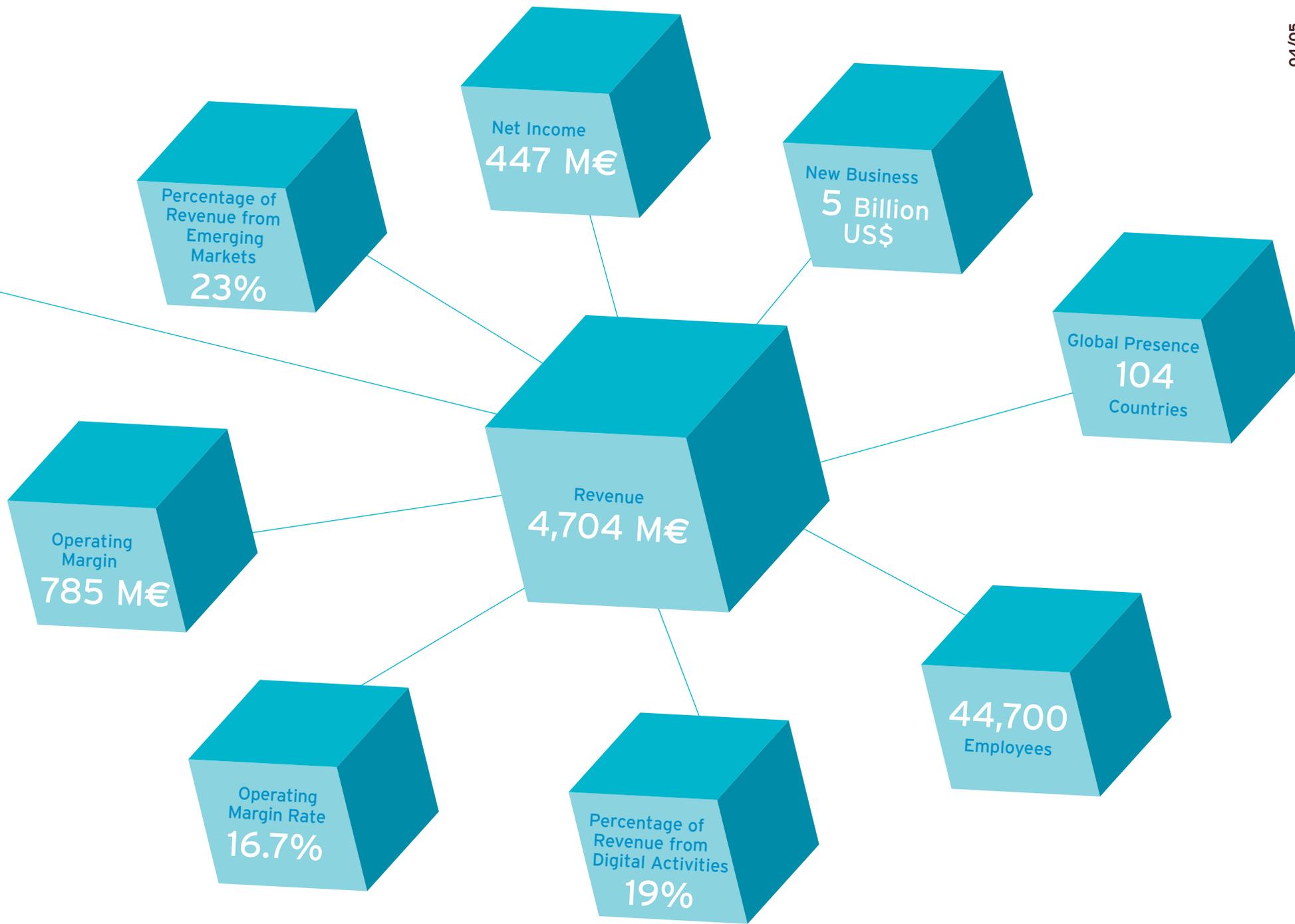
Stock Exchange
Listing:
Euronext Paris
Next 20

Corporate Governance
Supervisory Board
Chair, Elisabeth Badinter
Management Board
Chairman, Maurice Lévy

A Complete, Global Range of Recognized Expertise in Specialized Communications

- **Direct marketing/sales promotion:** Arc (the marketing services arm of Leo Burnett), Saatchi & Saatchi X, Publicis Dialog.
- **Corporate communication and public relations:** MS&L Worldwide, Publicis Consultants | Worldwide, Freud Communications, Kekst and Company.
- **Publishing and production:** Mundocom, MarketForward, WAM.
- **Multicultural communications services:** Burrell Communications, Bromley Communications, Lapiz, Conill, Vigilante.
- **Events and sport marketing:** Publicis Events Worldwide, PublicisLive, Relay, Emotion, PBJs.
- **Sustainable development consultancy:** Saatchi & Saatchi S, MS&L Worldwide, Publicis Consultants | Worldwide.

* 49% owned.



Key Figures



Jean-Michel Étienne
Executive Vice President –
CFO Publicis Groupe

We will all remember 2008 as the year one of the worst systemic crises hit the financial world. And today we are confronted by the very first global crisis to affect all economies in various ways. Despite this uncertain climate, Publicis Groupe has achieved good results.

Consolidated revenues for 2008 amounted to EUR 4,704 million compared with EUR 4,671 million in 2007, up 0.7%. All the regions contributed positively to the Groupe's 3.8% organic growth for 2008. Digital business continued to contribute to good growth pretty much everywhere in the world, and very clearly in the United States and Western Europe. The digital business in 2008 represented 19% of total revenue, compared with 15% in 2007. These results are in line with our goal to earn 25% of our revenue from digital at the end of 2010. Similarly, the revenue originating in extremely high-growth countries with emerging economies represented 22.9% of the Groupe's total revenue in 2008, compared with 21.3% for 2007, thus confirming the intention of Publicis Groupe to have 25% of its revenue coming from these regions by 2010.

The operating margin before depreciation of EUR 889 million in 2008 remained stable. Currency exchange effects on the 2008 operating margin had a negative impact of 46 million.



The operating margin rate for 2008 was at 16.7%. Net income attributable to Publicis Groupe amounted to EUR 447 million.

The net financial debt – well down – declined from EUR 837 million at 31 December, 2007 to EUR 676 million at 31 December, 2008 thanks to a high free cash flow (EUR 651 million), following EUR 174 million of share buybacks (net of disposals).

2008 was also an impressive year in New Business. The Groupe won USD 6.9 billion in new accounts (USD 5 billion net). This put Publicis Groupe at number one worldwide according to Nomura (ex-Lehman Bros).

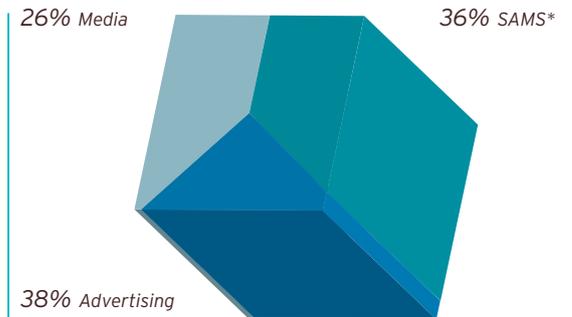
The dividend proposed to shareholders was EUR 0.60. The distribution rate was 27.1%.

In the context of an unprecedented financial crisis, the Publicis Groupe share price dropped by 31.3% in 2008, the CAC 40, the standard French market index dropped by 42.7% and the DJ Stoxx Media by 40.6%. Global performance for the sector (Omnicom, WPP, Interpublic, Dentsu, Havas, Aegis and Publicis Groupe) dropped by 42% over the same period.

2008 Top 10 Ad Markets (USD Million)

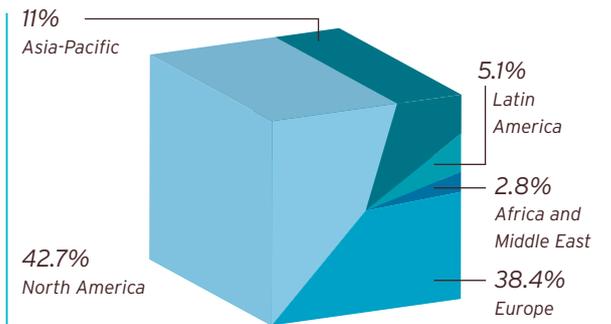
(Source: ZenithOptimedia December 08 Forecasts)

USA	172,455	France	13,831
Japan	40,316	Italy	12,109
UK	25,298	Brazil	11,836
Germany	25,233	Russia	11,131
China	18,336	South Korea	10,264



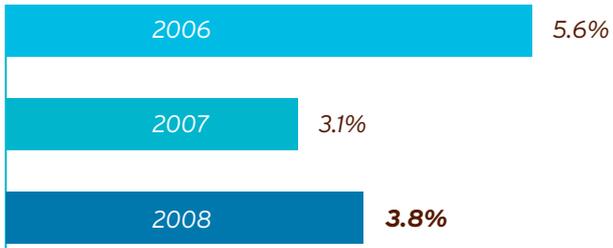
2008 Revenue by Business

* Specialised Agencies and Marketing Services.



2008 Revenue by Geography

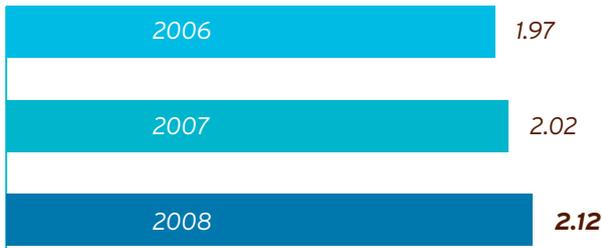




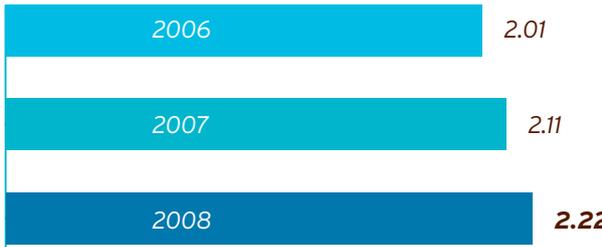
Organic Growth

2008 Organic Growth by Geography

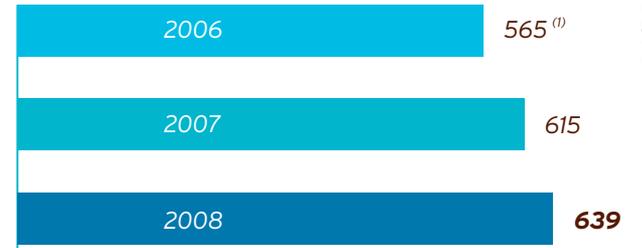
Europe	1.3%
North America	4.4%
Asia-Pacific	5.0%
Latin America	6.5%
Africa and Middle East	21.8%
Total	3.8%



Net Earnings per Share - diluted (in EUR)

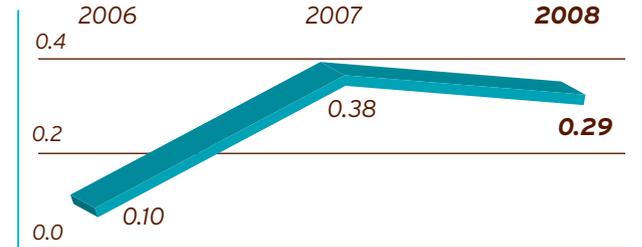


Headline Earnings per Share - diluted (in EUR)

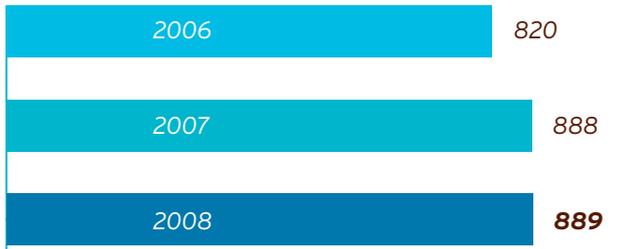


Free Cash Flow (excluding change in WCR) (EUR Million)

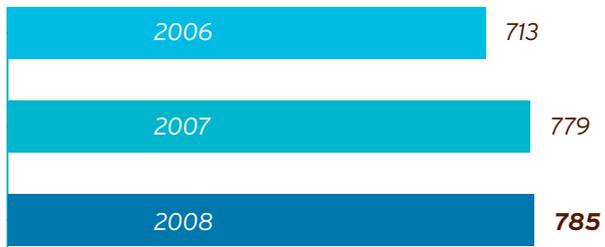
(1) Following the reclassification of restructuring costs paid as changes in working capital requirement and the exclusion of changes in the financial assets from investments in fixed assets.



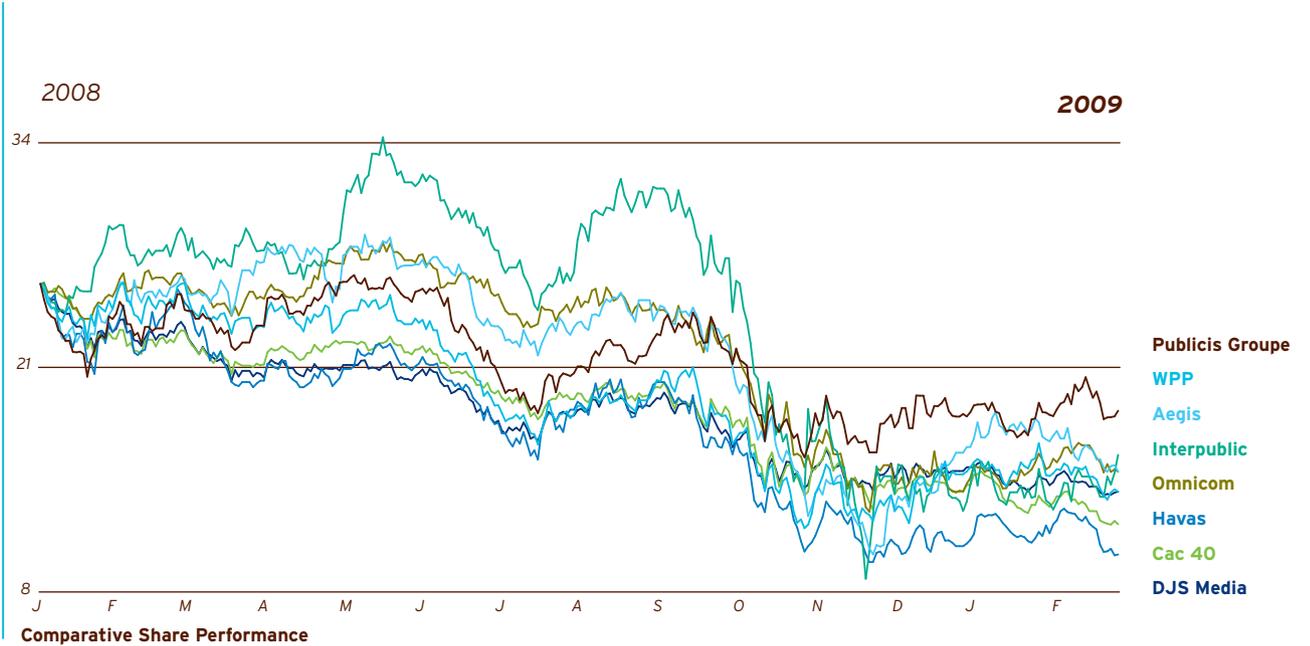
Net Debt-to-Equity Ratio at 31/12



Operating Margin before Depreciation and Amortization (EUR Million)



Operating Margin (EUR Million)



Comparative Share Performance

JEAN-YVES NAOURI
*Executive Vice President –
Group Operations – Member
of the Management Board*

JEAN-MICHEL ÉTIENNE
*Executive Vice President –
CFO, Publicis Groupe*

TOM BERNARDIN
*Chairman & CEO,
Leo Burnett Worldwide*

OLIVIER FLEUROT
*Executive Chairman,
Publicis Worldwide*

KEVIN ROBERTS
*CEO, Saatchi & Saatchi Worldwide
Member of the Management Board*

LAURA LANG
*CEO,
Digitas*



Publicis Groupe: the P12 as of January 1st 2009

DAVID KENNY
*Managing Partner, VivaKi
Member of the
Management Board*

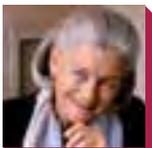
MAURICE LÉVY
*Chairman & CEO,
Publicis Groupe*

JACK KLUES
*Managing Partner, VivaKi
Member of the Management Board*

LAURA DESMOND
*CEO,
Starcom MediaVest Group*

STEVE KING
*CEO,
ZenithOptimedia Worldwide*





Elisabeth Badinter
 Chair of the Supervisory Board since 1996, and member since 1987. Philosopher, she is the daughter of Marcel Bleustein-Blanchet, the founder of the Groupe.

Sophie Dulac
 Vice-Chair of the Supervisory Board, as well as the founder and Managing Director of the movie-theater company Les Ecrans de Paris since 2001. She is the niece of Elisabeth Badinter.



Simon Badinter
 Chairman of Média & Régies Europe, which he joined in 1991. He is the son of Elisabeth Badinter.



Monique Bercault
 Technical Advisor to the Chairman & CEO, Médias & Régies Europe.

Claudine Bienaimé
 Member of the Supervisory Board since June 2008, she was previously General Secretary and member of the Management Board of Publicis Groupe.



Michel Cicurel
 Chairman of the Management Board of Compagnie Financière Edmond de Rothschild Banque and Compagnie Financière Saint-Honoré.



Michel Halpérin
 An attorney, then Bâtonnier of the Ordre des Avocats of Geneva, he is a member of several Boards and is also Vice-President of BNP Paribas (Switzerland).



Léone Meyer
 Chair of Phison Capital SAS, a company managing the Meyer family assets.



Tateo Mataka
 President & CEO of Dentsu Inc. since 2004. Executive Vice President in 1999, he became the 10th President of Dentsu in 2002.



Hélène Ploix
 Chair and Managing Director of Pechel Industries Partenaires, she chairs Pechel Industries SAS and manages FCPR Pechel Industries II.



Felix Rohatyn
 CEO of Rohatyn Associates LLC, previously US Ambassador to France.



Amaury de Seze
 Chairman of the Board of Directors of the Carrefour Group, as well as Vice-Chairman of Power Corporation of Canada. He has also held several positions in the Volvo Group (Volvo AB).



Henri-Calixte Suaudeau
 Became Director of Publicis Conseil after holding several management positions in the Groupe.



Tatsuyoshi Takashima
 President & COO of Dentsu Inc. which he joined in 1966. He has been a member of the Supervisory Board since June 2008.



Gérard Worms
 Vice-Chairman of Rothschild Europe.



Supervisory Board

Management Board

Maurice Lévy,
Chairman & CEO

Kevin Roberts,
*CEO, Saatchi & Saatchi
Worldwide*

Jack Klues,
Managing Partner, VivaKi

David Kenny,
Managing Partner, VivaKi

Jean-Yves Naouri,
*Executive Vice President -
Group Operations*

Supervisory Board

Elisabeth Badinter,
Chair

Sophie Dulac,
Vice-Chair

Simon Badinter,
Chairman & CEO, Média & Régies Europe

Monique Bercault,
*Technical Advisor to the Chairman & CEO,
Médias & Régies Europe*

Claudine Bienaimé

Michel Cicurel,
*Chairman & CEO, Compagnie Financière Edmond
de Rothschild Banque
and Compagnie Financière Saint-Honoré*

Michel Halpérin,
*Attorney Étude Ming Halpérin Burger Inaudi
et Associés (Geneva)*

Léone Meyer,
Chair of Phison Capital SAS

Tateo Mataki,
President & CEO, Dentsu Inc.

Hélène Ploix,
Chair, Pechel Industries Partenaires

Felix Rohatyn,
CEO, Rohatyn Associates LLC

Amaury de Seze,
*Chairman of the Board of Directors
of the Carrefour Group and Vice-Chairman
of Power Corporation of Canada*

Henri-Calixte Suaudeau,
Director, Publicis Conseil

Tatsuyoshi Takashima,
President & COO, Dentsu Inc.

Gérard Worms,
Vice-Chairman, Rothschild Europe.

Audit Committee

Gérard Worms,
Chairman

Claudine Bienaimé

Hélène Ploix

Appointments Committee

Elisabeth Badinter,
Chair

Léone Meyer

Michel Cicurel

Henri-Calixte Suaudeau

Compensation Committee

Michel Cicurel,
Chairman

Elisabeth Badinter

Claudine Bienaimé

Amaury de Seze

Statutory Auditors

Mazars

Ernst & Young et Autres

Alternate Auditors

Patrick de Cambourg

Auditex



The future of Publicis Groupe pivots on its ability to transform itself from a marketing communications network into “The Human, Digital Organization”. By this it means a company keenly in touch with people and how they communicate – as well as a company increasingly able to build new pathways to people across evolving digital platforms and devices. It is this understanding that led the Groupe to create VivaKi in 2008. VivaKi surveys the horizon, identifies the biggest challenges clients face in the new economy and sets out to solve them.

Deconstruct the name VivaKi, and you get *Viva*, which means life, and *Ki*, which is intended to capture the essence of chi, or applied energy. In practical terms, VivaKi is the powerful scale and influence that is created through the combined clout of two powerful media companies, the world’s premier digital communications network and a highly respected futures practice. The aggregated resources give it unparalleled authority in negotiat-

VivaKi: the Perfect Blend of Media and Digital



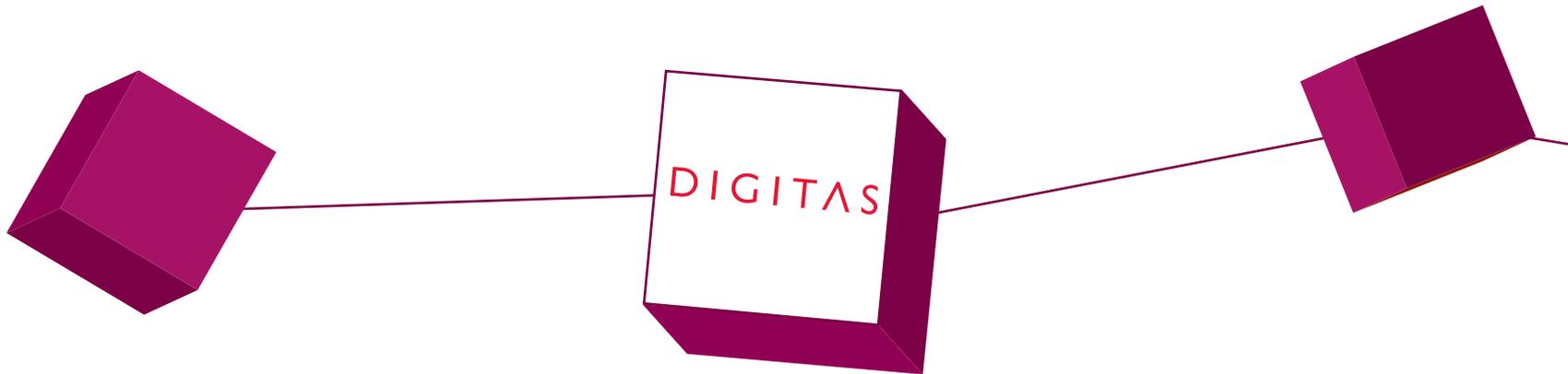
Curt Hecht
President, VivaKi Nerve Center

ing with external partners who are also creating the future of communications for marketers: the online networks, media owners, technology companies and new media pioneers who want to empower people with tools and technology they need to seek information, entertainment and inclusion. When it speaks to these stakeholders, it speaks on behalf of hundreds of marketers and more than USD 50 billion in global adspend. It also delivers digital and technical expertise through the VivaKi Nerve Center, making it a preferred partner in developing new tools, pipelines and formats for message delivery and human connectivity. At the end of the day, it's all about helping clients reach consumers.

The same clout and authority will ensure that VivaKi is an environment highly sought after by the world's greatest talent. Its Talent and Transformation practice delivers an employee value proposition that makes VivaKi the employer of choice.

VivaKi is re-inventing, growing and re-imagining the future for its clients and their brands.

Digitas



Delivering Growth on a Global Scale

2008 saw unprecedented growth for Digitas, with 35 new clients across the network and significant organic growth across its client roster. One of the founding objectives of VivaKi was to expand the global footprint of Digitas through mergers and acquisitions – and last year it certainly delivered. It aligned with Solutions, the largest marketing services agency in India, acquired Tribal in Brazil and reinforced its presence in Sweden. In May, it launched The Third Act, a brand content platform focused on original video programming for digital distribution. It also laid the groundwork for further strategic expansion in 2009. Digitas reinforced its thought leadership for the marketing and media industry with strong new initiatives and platforms, and it delivered a convincing performance at top creative and media award shows. The network has doubled its media capability and thanks to its core strengths of strategy and analytics, Digitas will continue to drive digital innovation and excellence to deliver outstanding results to its marketing partners.

Landmark in a Changing World

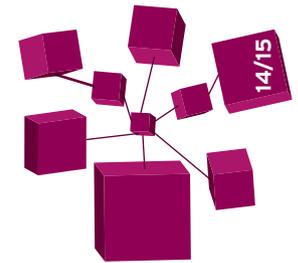
The May launch of Third Act enabled Digitas to help clients better utilize new and emerging opportunities for the creation and distribution of motion media content. Following the launch, Digitas hosted the inaugural Digital Content NewFront, a first-of-its-kind event that brought together brand owners and digital content creators, producers and distributors to stimulate dialog about the future of online video and marketing. At the Cannes Lions Festival, it presented “The Film Predators,” which was billed as a live musical talk show webcast and showcased some of the hottest new film-making talent working online. Anticipation for these events is already high in 2009, and Digitas is well-positioned to remain at the forefront of this evolving landscape. Further demonstrating its digital media prowess, the Digitas media team doubled in size and continues to lead the market with best-in-class digital media programs and analytics, measurement and reporting solutions for its clients. In 2008, Digitas has seen record growth to date: in excess of 25 new clients in the US and an additional 10+ in overseas markets. Digitas delivered net New Business revenue growth more than

100% greater than its previous best growth year (2007). Significant wins for this past year include AOL, HomeAway, Comcast and Disneynature.

Digital Creativity

2008 was also a year of great digital work. The Crest “KissMeIn3D” campaign introduced one of the first-ever 3D websites to promote Crest White Strips. The Starburst “Share Something Juicy” campaign connected consumers *via* digital communication channels, consumer-generated content and a unique brand-sponsored animation series “Nite Fite”. And the Holiday Inn Express “Stay Smart, America Smart Meter” online tool took advantage of the 2008 Presidential Election by measuring candidates’ campaign travel expenses, tallying how much money they would have saved by staying at Holiday Inn. Digitas also picked up major industry awards such as Agency of the Year by *OMMA Magazine*, Interactive Agency of the Year by *Grand Prix des Agences de l’Année*, Agency of the Year by *BtoB Magazine*, and Agency of the Year by *PROMO Magazine*. Likewise, Digitas Health was named All-Stars Agency of the Year by *Medical, Marketing & Media Magazine* (MM&M). Digitas was also a big winner at major creative shows such as the Pro Awards, MIXX Awards, OMMA Awards, AMA Awards, MAA Globes, Asian Marketing Effectiveness, and the Mèribel Ad Festival. Digitas Health was also finalist/winner of 27 awards to date for 2008 in the healthcare industry.

Starcom MediaVest Group



Structured for the Future

Starcom MediaVest Group ended 2008 in a solid position of strength due to New Business growth, a focus on digital innovation and capability, a fortified global leadership team and an aggressive pursuit of new partnerships and business models with VivaKi.

SMG enjoyed impressive New Business gains and continued to grow its presence in emerging markets. In Russia, SMG represents nearly 30% of the market and its operations are ranked number one. In China, its Beijing office grew by five times the industry average this year, making it the fastest growing office in the network.

A big part of this growth can be attributed to its Agency of the Future vision and the recently formed EXPO team – a ten-person global management group focused on network-wide growth, New Business, product and talent. In 2009, the network will continue to rely on the forward thinking, strong client service and innovation that have been the bedrock of SMG's success since inception.

A Human Experience Company

In 2008, SMG made great strides in accelerating its Agency of the Future vision. Defined by 5 traits, the AOTF is a human experience company, globally connected, digital-centric, focused on markets of the future and a fertile ground for talent development. Since laying the foundations, it has made exciting progress, including the establishment of Seven Human Experience Centers worldwide.

With Growth, Digital Advancement and Talent as major priorities for SMG, it radically changed the network's management structure, creating the Global Leadership Team – consisting of ten executive leaders at SMG who are charged with accelerating growth, business development, product and talent across the network. In addition to the EXPO team, the SMG Tiger Team – a group focused on advancing towards Agency of the Future status – was also implemented. SMG has also revised the global product review process, focusing on applying proven best practices to ensure that its clients are receiving the very best work.

Finally, with the launch of VivaKi, SMG now has direct access to some of the most innovative talent, not to mention digital and media resources of one of the most creative communications companies in the world.

Continuing to grow its global digital footprint, SMG Latin America's digital business has grown by more than 500% over the last two years. It is currently the leading digital media capability in the region. This year, it hosted the first ever – and one of a kind – regional digital summit with over 30 SMG clients, including Coca-Cola, General Motors, Kellogg's and P&G, along with top digital media vendors.

Effectiveness and Recognition

2008 also brought on a string of major New Business wins, including the global Samsung and Emirates accounts, Bank of America and Schering Plough in the US and the BT UK account in London. Current clients also benefited from SMG's focus on raising the creativity of its global communications product. This year, it helped Always achieve its highest awareness in 12 months in Mexico, increasing brand usage by 53% and carrying its unique initiative into other Latin American markets. It helped boost Samsung sales in the Netherlands by 58% in just two weeks, following a unique project that allowed users to live broadcast their Queen's Day parties from their mobile phones. And finally, SMG helped Wal-Mart beat its sustainable product sales goal by several hundred million dollars, helping the retailers increase awareness and sell 192 million compact fluorescent lights.

But potential and current clients weren't the only people paying attention to the network. SMG gained major recognition from several of the most important and significant global award shows, including the Effies, AHAA Excelencia Awards, CAANZ Awards, Singapore Media Awards, Venice Festival of Media and the M&M Europe Award. SMG NA also received Agency of the Year honors from top trade publications, as well as *Mediaweek's* Plan of the Year.

ZenithOptimedia



More Relevant than Ever

ZenithOptimedia's positioning as "The Return on Investment (ROI)" agency had particular relevance to the recent, worldwide economic downturn. Over the past few years, it has heavily invested in talent, tools and systems to help deliver accountability for its clients.

With the launch of VivaKi in 2008, the network was able to accelerate its access to advanced digital platforms and insights and deliver better control and results for its clients' media investments. These factors helped it buck the negative market trend and achieve record growth in each of its four key global regions, while significantly increasing market share.

It also made great strides in its emerging markets. ZO was the leading media agency in China. In India, Russia and Latin America, it achieved major year-on-year revenue increases which were ahead of overall market growth. The network is now present in every Latin American market.

Contributing to Clients' Success

In 2008, ZenithOptimedia continued to expand its diversified service offerings. Zed Digital now exists in 29 markets and is the second largest digital media agency network in the world (source: RECMA). It also launched NewCast, a specialist division created to drive growth in sponsorship and non-traditional media.

The network grew its digital capabilities globally and added a third regional hub to its existing London and Singapore hubs, in Buenos Aires. In particular, it expanded its search capabilities and now offers dedicated search specialists as part of its digital teams in 22 of its 29 Zed Digital operations.

This year, it also furthered the development of its positioning. ZO's working practices model, "The ROI Blueprint," was rewritten in 2008 to incorporate its proprietary Pathways system. The network's commitment to ROI led it to launch Liquid, a planning SWOT team focused on proactively investigating emerging communications challenges, trends and ROI outcomes.

A Rewarding Year

Crucially, throughout the year, ZO contributed to its clients' successful performance. It helped Nestlé achieve a 250% increase over normal TV spot recall for Kit Kat in Spain, increased year-on-year sales for Puma by more than 10% in Europe, accelerated consumer preference for AEG washing machines by 35%, and in the US, introduced Maybelline's Volume XL Seduction line and achieved 20% dollar share growth in the lip gloss category.

ZenithOptimedia also built a new currency in the US called Content Power Ratings, a comprehensive quarterly ratings index that ranks the relative reach and power of the Top 100 television programs based on the number and quality of viewers across TV, Web and mobile properties.

As for New Business, ZO picked up the L'Oréal buying account in France; the Harrah's Enterprises and the Collective Brands, Inc. accounts in the US, and the Toyota/Lexus account in Spain, to name a few.

At the annual international M&M Awards in London, ZO was voted "Agency of the Year 2008" and also won 7 of the 18 category awards, plus "Campaign of the Year." At Cannes Media Lions 2008, Optimedia Spain won a silver Media Lion for Best Use of Television for Nestlé Kit Kat's "Have a break, Have a Kit Kat" campaign. Its innovative and accountable work was also acknowledged at many local market industry awards in the major markets.

Denuo



Re-inventing Thought Leadership

As the Futures Practice residing inside VivaKi, Denuo continued to innovate, pioneer and re-invent in 2008. Denuo transformed its service model to the surprise and delight of new and existing clients, such as HP, General Mills, T-Mobile, UBS, Nestlé, Samsung, Hallmark, Allstate, Kellogg's, GM and P&G.

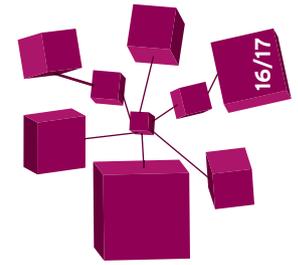
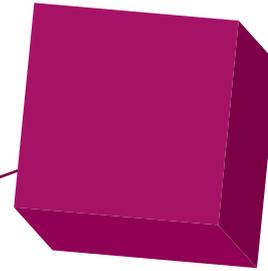
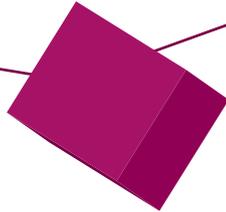
The Right Tools for the Job

Denuo clarified its industry proposition in 2008, focusing on the invention and instigation of new forms of creativity that help meet the brand challenges of modern marketplaces.

Denuo's brand advocacy tool Socialight was launched globally. Socialight illuminates consumer conversations in a client category, informing smarter positioning and more meaningful dialog. Socialight was honored for its innovative at the WOMMA (Word of Mouth Conference).

Denuo also launched Alchemy in 2008, a hybrid practice that combines media and creativity in new ways to deliver media sensible creative.

VivaKi Nerve Center



Harnessing the Chaos of Data

The VivaKi Nerve Center exists to identify what marketers need to connect with consumers in a digital world. It builds the mechanisms, ad models, formats and distribution platforms that will enable clients to successfully reach and engage people. To this end, it partners openly and aggressively with media owners, technology companies and new ventures that share its passions.

In the short time since its inception in June 2008, the VivaKi Nerve Center has activated several new tools through open collaboration with like-minded pioneers. The net result is that its clients have viable entry points to reach scaled audiences on line. They can successfully participate in the consumer conversation on the Social Web, and they are identifying the optimum ad models for online video and other new content areas.

Publicis Groupe's acquisition of **Performics** in fall 2008 accelerated the Groupe's Search Marketing expertise. In order to help clients harness the chaos of data available to them, the VivaKi Nerve Center has delivered the Global Navigator, a portal that

organizes data from multiple feeds and gives clients access to creative, media and analytics, while allowing them to optimize media plans from their desktop.

Phonevalley, the Groupe's premiere mobile marketing agency, also sits inside the VivaKi Nerve Center. In 2008, Phonevalley launched over 1,000 mobile marketing campaigns, including mobile Internet sites, mobile applications and mobile media plans and buys for Wal-Mart, Puma, HP, O2, Delta and others. The company opened 11 new offices across the US, Asia and European regions, and it secured strategic partnerships with Yahoo!, Google, Vodafone Group and Orange Group, among others. By leveraging those partnerships, Phonevalley participated in the launch of mobile advertising on YouTube mobile in the US and in Japan, developed first Blueprint applications, and delivered mobile solutions to clients of nearly every Publicis Groupe agency.

Finding the Dispersed Consumers

On the same day that Publicis Groupe hosted its Digital Day at the Paris headquarters to launch VivaKi, the VivaKi Nerve Center announced Audience on Demand (AOD). This was based on the knowledge that the long-dispersed mass consumer was busy re-aggregating online, and that this trend was creating measurable audiences with clearly expressed passions and interests. AOD is an unprecedented partnership with Microsoft, Google, Yahoo! and Platform A to develop a pipeline to those keenly defined audiences across all four internet networks, through one point of access, which clients can access through a single transaction.

Two months later, Publicis Groupe acquired Performics, a globally celebrated Search Marketing company, from Google. The acquisition accelerated its Search Marketing expertise, and helped make Publicis Groupe the largest buyer of Internet search in the world. The VivaKi Ventures practice, which manages an equity portfolio of media pioneers and start-up companies, expanded its partnerships to more than 35 companies, adding Rapt and Navic in 2008. In December 2008, the VivaKi REAL Social suite was launched in conjunction with VivaKi social partners including Facebook, Buddy Media, Converseon, Meebo, Social Vibe, SocialMedia and Vitruv. By bringing together media owners, technology providers and internal partners, VivaKi has been able to create access points and mechanisms that enable clients to buy and sell in the social space while deepening engagement and measuring results. The suite also encompasses social marketing offerings from Publicis Groupe agencies Denuo, Moxie, MS&L and Performics. Also in December, VivaKi through Starcom MediaVest Group activated The Pool: another unprecedented initiative that unites the financial resources and thought leadership of VivaKi clients and a host of content providers to test and create industry standards for new advertising models. The initial, online video phase of the multi-year program has combined clients such as Allstate, Applebee's, Capital One and Nestlé Purina with content partners Broadband Enterprises, CBS Interactive, Discovery Communications, Hulu.com, Microsoft Advertising, Platform A, and Yahoo!. New lanes of The Pool are being developed to test other platforms and these are being extended to more VivaKi and Groupe clients.

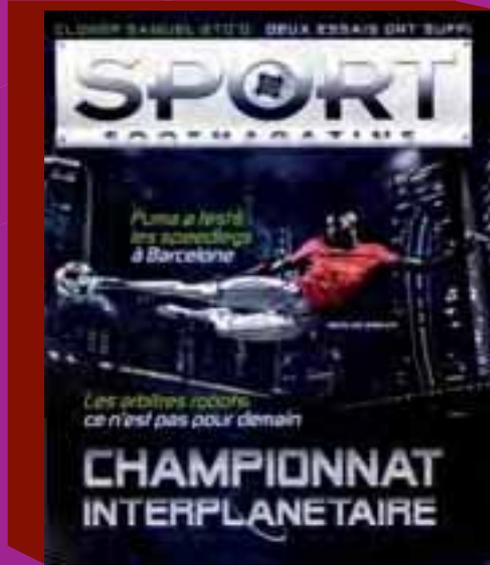
Digitas France: Disney – Disneynature

DISNEY'S NATURAL SOLUTION: Disneynature makes wildlife and nature documentaries. The challenge was to create a website that would promote the unit and its films as well as becoming a reference in its own right. The solution was pure entertainment. The innovative site is fluid, dynamic and easily navigable. Learn about flamingos, download videos or visit an interactive 3D planet.



Denuo: Purina – PetCharts

PURINA'S PET PROJECT: pets are a big hit online. Pet lovers and experts post thousands of pet-centric articles, blog posts, photos and videos every day. But how do pet lovers find the best content out there? Denuo placed Purina in the role of curator. It created a web platform called Purina Pet Charts – a definitive guide to the best pet-related content on the net.



ZenithOptimedia Europe: Puma

SUPERPOWERED PUMA: Puma needed to stay relevant and desirable to a marketing savvy youth audience, while having only a fraction of its competitors' soccer marketing budget. The solution was to let consumers know that they would gain "super powers" while playing soccer in the v1.08 boot. The campaign created superhero "alter egos" for Puma-sponsored soccer players and reached out to consumers via the web and traditional media.

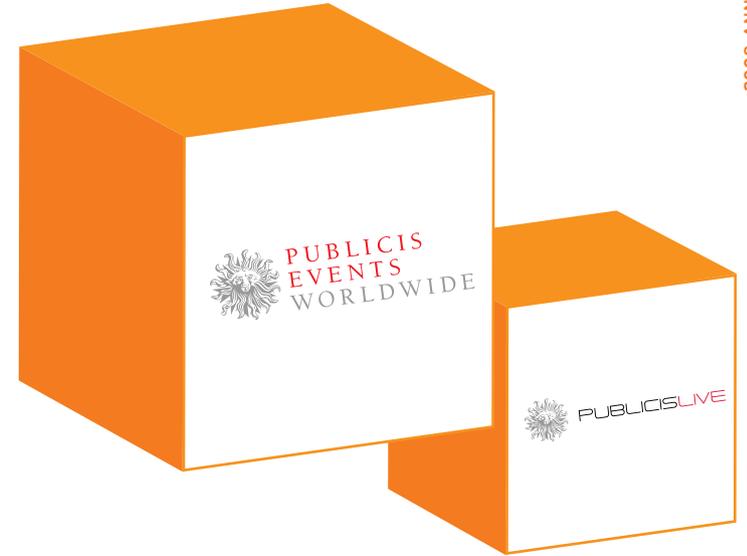


Starcom MediaVest Group India: Procter & Gamble – Tide and Head & Shoulders

TIDE OF STORIES: the women of rural Indian villages work in excess of 18 hours a day and have little exposure to brands. SMG created a trustworthy character in the form of Sangeeta Bhabhi, an educated sister-in-law from a nearby village. Communicators visited each village and used dialog, flipcharts and pictures to introduce villagers to Sangeeta, Tide and Head & Shoulders through storytelling.







Publicis



Publicis Modem USA: General Mills - Cheerios

GOOD-HEARTED CHEERIOS: Cheerios wanted to help America lower its cholesterol by 4% in 6 weeks. A million bowls of Cheerios were given away to get everyone started! As part of the campaign, a fun, engaging, informative website was launched at cheerioschallenge.com. Users could pledge themselves to the Challenge, watch videos from other participants, learn from nutrition experts, download recipes and more.



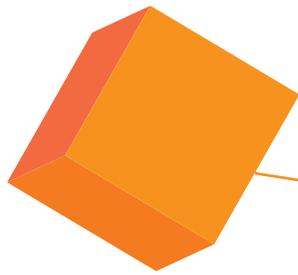
Publicis Ambience India: Citibank - Metro Credit Card

A CARD FOR DELHI: Citibank launched a two-in-one credit card that was also a metro pass for consumers in Delhi. The TV spots captured this by depicting consumers swaying – as if on a train – while paying for products. It was also a licence to show the sights of Delhi, backed up by an evocative local score. Alongside the campaign, Citi also sponsored Indian Premier League cricket.

Publicis Conseil: Orange – TV d'Orange

TV GOES ORANGE: Orange TV enables users to pause and “rewind” the best bits. A TV spot transferred this idea to real life. In an Indian street, a girl stands crying at a bus stop. A taxi driver notices and begins reversing his cab. Everyone else in the road follows suit. Finally the bus that was taking the girl's fiancé away returns to its point of departure. The young lovers are reunited.





Publicis

Olivier Fleurot
Executive Chairman

Richard Pinder
Chief Operating Officer

Proving Dynamism is Contagious

There were many highlights for the Publicis Worldwide network in 2008. France and its agency Publicis Conseil continued the positive trend of the previous year by adding a number of major clients to its roster: AXA, BNP Paribas and Intermarché among others. It also regained its place as the leading brand in the French market, the historical heart of the Groupe.

Beyond France there was spectacular turnaround in Brazil, while Russia and Turkey saw impressive growth. Management teams were refreshed in the UK and Germany, instilling a dynamic culture that should show positive effects in 2009.

The beginning of 2008 also saw the rapid adoption of a new positioning, "creating contagious ideas that change the conversation". This new *raison d'être* has stimulated creativity.

The digitalization of the network is speeding ahead with rapidly increasing revenue generated from the virtual world. Publicis has significantly re-deployed its resources, transferring staff from traditional to emerging sectors. The growth in these sectors confirms the wisdom of this strategy.

Following the creation of Publicis Modem as the digital arm of Publicis Worldwide last year, 2008 was a year of strong organic growth from existing operations, as well as acquisitions and openings in new markets like Korea and China. This has created a strong digital backbone for Publicis – and shaped one of the world's leading digital networks.

In addition to acquiring Korea's Portfolio for its digital network, Publicis bought independent agency *La Vie Est Belle* in France, which it merged with its existing operation Paname to create multi-platform communications agency Publicis Full Player (recently renamed Publicis Activ Paris).

Asia and Latin America

Asia was once again an active region in 2008. The new sub-region Publicis Greater China was officially created. This will combine the resources of Publicis offices in Taiwan, Hong Kong and mainland China – with almost 900 people. New Business came from China Mobile, Nestlé, Samsung (the Olympic torch relay) and 3M, among others.

India also saw the creation of a new sub-region called Publicis South Asia. Operations expanded in Pakistan, Bangladesh and Sri Lanka. Publicis is now present as a partnership with Leo Burnett Solutions in Colombo; Publicis Modem India in New Delhi; Capital

Delhi and Publicis Ambience in Chennai and Bangalore. New Business wins in the region include Nestlé Waters, Nestlé Maggi, Hindustan Unilever and Akruti. Creative awards include a Bronze Lion in the media category at Cannes for HP Compaq.

Despite the turbulent climate in Latin America, there was a return to record operating margin levels. Brazil's strong comeback and a stabilized situation in Mexico contributed to results that were better than forecast – and far better than the previous year. Venezuela's consolidation as the number one agency in the market also came into play, along with Peru and Panama's strong and robust operations. Plus, there were creative accolades – notably a Gold at the London International Awards for Argentina's work for Renault. And Publicis Uruguay was the most awarded agency in its market.

Creative Renaissance

Creative as well as financial achievement has been high on the agenda. For the first time, the agency invited key managers to Paris to celebrate their best work in the first Publicis annual awards show – with the prize of Publicis Lions, naturally. The renewed focus on creativity brought almost immediate results, with the network entering the Gunn Report Top Ten for the first time ever.



Arthur Sadoun
*President,
Publicis Worldwide France*



Calvin Soh
*Vice-Chairman,
Chief Creative Officer
Asia*

Valuable Lessons

In 2008, a number of innovative projects demonstrated the agency's value as a partner to its clients. One of these was the re-invention of the Orange brand for France Telecom. How do you re-invent a much-loved brand for a new technological era, across multiple countries, technologies, products and consumer habits? The solution was to create a cross-Groupe team composed of the best creative resources in each market. This included Fallon in the UK; Publicis in Paris and Romania; Leo Burnett in Spain and Poland, and Saatchi & Saatchi in Switzerland, among others, all working together seamlessly. This team supported Orange both centrally and locally to create a new brand promise. Appropriately, called "Together we can do more".

According to Millward Brown's Top 100 Brands valuation, Orange climbed 17 places last year from number 67 to number 50. The brand is now valued at €9.4 billion with over 120 million customers, a notable achievement considering it is not present in the Americas, Asia nor in large European markets like Germany and Italy.

Publicis also developed a new approach to brand management with P&G's Oral B. One of the biggest challenges facing marketing directors today is coordination across many disciplines. P&G asked Publicis to help define a new way of working in a multi-disciplinary world.

The solution was a single Brand Agency Leader (BAL), whose task is to lead all the different disciplines for the client. The

approach puts the consumer at the center and focuses all parts of the marketing mix on WHO we are talking to. This replaces the traditional method of developing an idea at a lead agency and passing it down the line. The BAL model is being rolled out to a number of brands across the P&G portfolio.

Another further innovative example is Publicis' delivery of a faster, nimbler, more cost effective model for HP, which wanted to reduce significantly its marketing costs across Europe, the Middle East and Africa – without compromising quality. Working with HP and one of the client's preferred production suppliers, Publicis centralized creative work into 20 offices, from an original 72. It created a digital system allowing everyone involved in the creation and approval of work to access material anytime, anywhere.

Publicis halved the cost of doing the work that was needed to be done and did away with work that was not needed. A useful by-product of the system is that HP now has a better overview of work in the region and can stop "off brand" activity much earlier. As the economy began to deteriorate at the beginning of the year, the network acted swiftly to provide clients with services adapted to the new climate. In return, 25 of Publicis' largest clients demonstrated their confidence in the network by increasing their budgets – including financial institutions seriously impacted by the credit crunch.

Publicis Worldwide is fully aware of the challenges that lie ahead, but sees these as opportunities to help its clients, whatever their size, increase their market share.

BBH Asia-Pacific: Unilever – Axe

AXE APPEAL: why pay lots of money for a celebrity when you can create one? BBH launched men's deodorant New Axe in India with fictional Bollywood star Silky Kumar. In a partnership with MTV India, the immensely talentless Silky was rocketed to stardom with his cheesy video *Scent of Desire*, followed by MTV interviews and a multimedia blitz. Finally it was revealed that Silky owed his inexplicable sex appeal to Axe.



The Kaplan Thaler Group: Aflac Insurance – Business to Business

FEATHERED FRIEND: Kaplan used insurance company Aflac's logo to humorous effect, resulting in a refreshingly light business-to-business campaign. It promoted the inclusion of Aflac insurance in packages for new employees.

Bartle Bogle Hegarty*

John Hegarty
Worldwide Creative Director

Nigel Bogle
Group Chairman

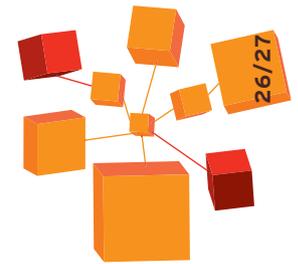
Simon Sherwood
Group Chief Executive Director



BBH can also be proud of its “brand invention” business, ZAG. Two new brands were launched in major retailers. Ila Dusk is a personal alarm for women with a “real” scream. Pick Me is a range of vegetarian meals that also appeals to health-conscious meat eaters.

Revenue was up this year, thanks to New Business in Asia, where wins included Bloomberg, NTUC, Chupa Chups, Ava Dairy, Nestea, Minute Maid and several Unilever brands. And BBH London contributed with assignments from Heineken Global, Unilever and Britvic. To top it all off, BBH India, the network’s sixth office, opened in November.

* 49% owned.



Beating the Harsh Climate

Despite the economic conditions, 2008 got steadily better for BBH, with awards glory, New Business wins and the opening of an office in India. The agency also proved that growth does not have to come at the expense of the environment, achieving carbon neutrality alongside a considerable increase in revenues. In addition, it continued to venture beyond the boundaries of traditional advertising with its “brand invention” business, ZAG.

It was a bumper awards year. The agency won the Grand Prix for its Johnnie Walker work at the UK’s IPA Effectiveness Awards, as well as Agency of the Year. It scooped a Grand Prix for its work for local bank Bradesco at the first Effie awards in Brazil, on top of winning global Effies for Vaseline and Axe. It also won the first D&AD pencil in the mobile marketing category for Lynx (Axe).

The agency continued to innovate, for instance launching an album for rock band Oasis in the US by getting New York buskers to play tracks, and creating MTV celebrity “Silky Kumar” in India for Axe.

The Kaplan Thaler Group

Robin Koval
President

Linda Kaplan Thaler
CEO & Chief Creative Officer

Beginning and Ending Year with Bang

The Kaplan Thaler Group proved more than a match for the year’s challenges, retaining its place among the Top 10 fastest growing agencies in the US in 2008, according to industry journal *Advertising Age*. KTG distinguishes itself from the competition with its “Bang Communications” approach, aiming to produce powerful work in many different fields. In 2008, KTG introduced a new logo, look and feel that emphasized this philosophy while showcasing its evolution as a total communications company.

KTG kicked off 2008 by winning the Lunesta/Sepracor business, described by the trade press as the biggest account win in the US advertising industry last year.

KTG also strengthened its relationships with existing clients. It continued to add Procter & Gamble digital assignments. Another client, US Bank, unveiled its first branded corporate identity advertising. In addition, KTG continued its partnership with Pfizer by launching a new campaign for Lipitor.

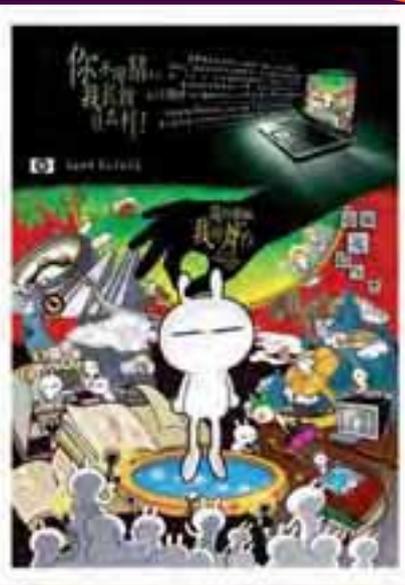
Assignments came in thick and fast. KTG’s current client, insurer Aflac, also awarded the agency its business-to-business account. Kodak expanded the agency’s direct response business with two DRTV assignments. These came hot on the heels of KTG winning the Infomercial of the Year award for its work for the brand. The agency handled the launch of Kraft Food’s Bagel-fuls. For Sanofi Pasteur, it created a campaign for anti-meningitis product Menactra. Active wear brand Champion, part of Hanesbrand, engaged KTG as its total communications partner. KTG ended 2008 the same way it started – with a bang. Sepracor, Lunesta’s parent company, awarded the agency its Omnaris pharmaceutical brand.

Saatchi & Saatchi

Saatchi & Saatchi Argentina: Procter & Gamble – Ariel

BROTHERLY CLOTHES: if you're the youngest boy in the family, you end up wearing your brother's clothes. And if the family uses Ariel detergent, they're likely to be impeccable – no matter what you do. Saatchi's ad shows a mischievous boy trying to besmirch his hand-me-down garments. Ariel foils the plot. The humour and observation shows that Ariel understands families and their needs.





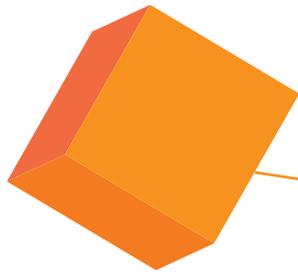
Saatchi & Saatchi China: HP

COMPUTERS GET PERSONAL: Computers are not impersonal tools, but stages for self-expression. "My computer, my stage" kicked off by recruiting creative leaders for print ads showing them expressing themselves. Users were then invited to join in via a website. Their creativity was transformed into a book and a DVD at the end of this 360° campaign, which also embraced banner ads, TV tie-ins, outdoor and partnerships.

Saatchi & Saatchi Australia: United Nations – Voices Project

SPEAKING POSTERS: this unique campaign from the United Nations and Saatchi and Saatchi Australia gives dispossessed people a voice. Using their mobile phone, a passerby takes a photo of the mouth of the person on the poster and sends it via MMS to a special number. Seconds later, they receive a phone call with a pre-recorded message from the person depicted.





Saatchi & Saatchi

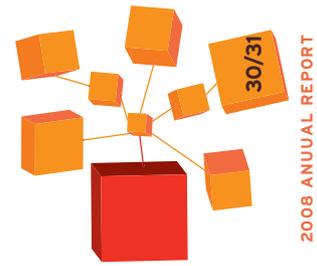
Kevin Roberts
CEO Worldwide

Connecting with Consumers

A drive for sustainability and a commitment to putting consumers at the heart of all its Lovemarks development were two running themes of Saatchi & Saatchi's year. The network continued to attract the most creative talents in all disciplines and to develop them to perform at their peak. Their focus remained unchanged: to fill the world with Lovemarks, those brands able to generate loyalty beyond reason – and in accelerating Lovemarks Journeys, Saatchi & Saatchi unearthed valuable insights into real people in the real world, bringing the agency, its clients and consumers even closer together in 2008. The year saw more than 40 internal appointments and promotions of top executives, while 1,350 staff members were immersed in the agency's signature practices in Lovemarks Academies around the world. It was a year of New Business, with assignments from – among others – Arcelor Mittal (global), AXA (UK), Bally (UK), Flexjet (USA), Kroger Brands (Canada), Nippon Paint and Suntory (both in China), Volvo (Germany) and Wal-Mart (Canada). These came on top of additional work from existing clients.

The Lovemarks philosophy continued to drive business success. For instance, soon after hiring Saatchi & Saatchi, JC Penney enjoyed the busiest sales day in its 105-year history. And when the China Beauty campaign for Procter & Gamble's Olay premiered, 13.9 million people across China tuned in to watch it. The event triggered 2.4 million online searches, 690 articles and posts by hundreds of bloggers. Meanwhile "The Power of H" powered a 76 per cent increase in "intent to purchase" Lexus luxury hybrid vehicles. In 2008, longstanding Saatchi client Toyota became the world's number one seller of autos and trucks. Saatchi & Saatchi was a creative giant last year, walking off with scores of major awards. At Cannes, five of the Lions won by its agencies went to Procter & Gamble, the client named Advertiser of the Year by the Festival. Eight of Saatchi & Saatchi's 25 Clio Awards also went to Procter & Gamble. Saatchi network agencies were named Agency of the Year in Argentina, Australia, Brazil, Costa Rica, Italy, Malaysia, New Zealand, Nigeria, Poland, Puerto Rico (twice, in different competitions) and Singapore (also twice). It won effectiveness awards in Austria, China, Hong Kong, Hungary, New Zealand, Russia, the Slovak Republic, Switzerland, Ukraine and the US.

Speaking of creative giants, Saatchi & Saatchi's collaboration with another highly creative member of the Groupe, Fallon, brought dividends in 2008. Branded SSF Group the previous year, the entity overseen by Kevin Roberts was awarded its first global account, Cadbury, which will work with both agencies internationally. Finding ways to attract people to brands has demanded a far greater commitment to digital – and Saatchi & Saatchi did not disappoint on that count last year. In Australia, on behalf of the United Nations, the agency created a brilliant idea to raise awareness of people in need. When mobile phone users photographed the mouths of people shown in different outdoor and press executions, they received a pre-recorded phone call from the person featured, telling their story and how the user could help the UN. Although the campaign was live in downtown Sydney for only eight weeks, tens of thousands of people interacted with the campaign. And more than 76 per cent of participants listened to the voice call right through to the end – over four minutes later. Blogs around the world picked up on the campaign. In Brazil, Joga TV became a powerful brand platform for Nike, bringing together soccer fans and social networks. Tools and



Bill Cochrane
*Worldwide Chief
Financial Officer*



Milano Reyna
*Director Human
Interests, Worldwide*

content were given to fans through Orkut (Google's social network) enabling them to play their favourite soccer action scenes on customised "TV channels" on their home pages.

When HP wanted to connect with China's youth, Saatchi & Saatchi created "My Computer, My Stage". Phase one of the campaign provided the tools for teenagers to create stunning artwork. Phase two supplied the tools for them to create and record their own hip-hop songs. Integrated activities, including viral messaging, campus visits, youth opinion leader partnerships and events generated a real buzz and created an iconic site for China's youth. So far, the campaign has attracted 8 million visitors, with over 100,000 artworks and songs created.

In the US, Toyota and Saatchi & Saatchi collaborated to drive sales of the Toyota Tacoma truck. They entered the World of Warcraft video game environment, partnering with creator Blizzard Entertainment to place an animated version of the Tacoma in the game. Saatchi & Saatchi posted the video on YouTube, attracting as many as 3 million views.

In its bid to know how consumers feel better than anyone else, Saatchi & Saatchi expanded Xploring, one of its proprietary methods for unearthing consumer insights. Amongst other projects, it Xplored technology in Europe, beauty in the Middle East and family in Asia. Its team of Xplorers launched blogs to report on the conversations it was having with people. Insights

from these Xploring projects led directly to "Organising Ideas" that truly engaged with people.

Consumers are demanding sustainable performance – so Saatchi & Saatchi has put sustainability at the heart of its thinking for its clients as well as its own business. It created Saatchi & Saatchi S (see page 53 *Corporate Social and Environmental Responsibility*) to incorporate cutting edge sustainability thinking into its work for clients.

As well as sustainability, shopping remained firmly on Saatchi & Saatchi's agenda in 2008. Shopper marketing continued to mature as an important new marketing discipline and continued to move beyond the store influencing shopping decisions online or *via* mobiles. Saatchi & Saatchi X started the year with a major

overhaul, creating a unified shopper marketing brand and network across the world. This made it easier to share resources, service clients globally and explore global innovations, while raising the standard of leadership across the network. The service expanded its offering in Latin America, China, India, and Asia Pacific in response to global client demand. It added new clients including Guinness, Lexmark, LG, Nestlé, and Tracfone to its roster as well as growing existing clients like Frito-Lay, P&G, and Wendy's. All of Saatchi & Saatchi's activity in 2008 had one goal in mind: to help clients create and sustain growth. In the market turbulence of the past year, Saatchi & Saatchi's clients have generally performed better than key indexes – and better than their competitors – often by substantial margins.



Beacon: Wild Bird Society

TRENDY BIRDS: Beacon wanted to raise awareness among youth that many species of Japanese birds face extinction. It sampled the songs of the endangered birds and turned them into vinyl discs sold in record shops. Editions were limited to the number of each species still living. The albums were discovered by top Tokyo DJs and played in clubs. Radio stations followed suit.

Fallon London: Cadbury

GORILLA TACTICS: Cadbury is a well-loved brand in the UK, but just lately it had lost its lustre. Fallon restored affection for the chocolate with a viral video that simply featured a gorilla playing the drum riff from "In the Air Tonight" by Phil Collins. Everyone went ape about it. The gorilla became the most watched clip on YouTube, sales soared by 10% and the spot earned the most awards of any ad.



Beacon

Jun Kiriama
Chairman & Representative Director

Nicolas Menat
President & Representative Director



One of the most innovative projects was a campaign for the Wild Bird Society of Japan, drawing attention to birds in danger of extinction. Tokyo DJs integrated the songs of endangered birds into dance tracks and sold them in record stores. Editions were limited to the number of surviving birds. And of course the proceeds went to the Wild Bird Society. The campaign generated huge media buzz and won a Gold Lion at Cannes.

Shining on in Japan

2008 was one of the best years in Beacon's history. The agency grew with its clients, helping their businesses to expand and diversifying into areas such as digital and retail marketing. It also shone in the fields of New Business and creative excellence. This achievement was the result of a two-year focus on creativity and on reaching consumers through new channels.

The integration of Publicis Japan into Beacon could not have been more successful. Existing clients benefited from a more complete service, while Beacon was given access to additional business from the Groupe.

In terms of New Business, Beacon won Allegra from sanofi aventis thanks to teamwork with two fellow Groupe agencies: Medicus for healthcare industry expertise and MS&L for PR. Beacon also successfully launched new products from its key clients, such as H&S shampoo from Procter & Gamble and Marlboro Black Menthol from Philip Morris.

The agency focused creative efforts on developing innovative integrated campaigns. This paid off when its Jasari campaign for Nike won awards at festivals in Cannes, New York and Tokyo.



Fallon

Chris Foster
CEO, Fallon North America

Laurence Green
Chairman, Fallon UK

Success for a "lean and nimble" Team

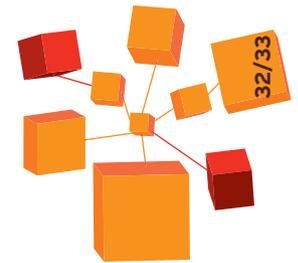
Fallon proved resilient in all its markets – the US, Japan and the UK – but the founding Minneapolis agency thrived against a particularly harsh backdrop. It appointed new leadership and reorganized its operations. This delivered tangible results in the form of six New Business wins. The momentum will help the agency weather the storm and steer a course for even greater success when the economy recovers.

The new structure is lean and nimble, with media, digital and design built into the creative process. Among Fallon's appreciative new clients is Abu Dhabi Commercial Bank, the second-largest bank in one of the world's fastest-growing economies. It came to Fallon because it admired the agency's work for Citibank. The agency also focused on delivering effective creative for core clients like NBC Universal, Travelers, Nestlé Purina and Intercontinental Hotel Group brands. Meanwhile, Fallon London continued to ride a wave of creative and New Business success. Industry journal *Campaign* named it Agency of the Year for the second year in a row. And it was no surprise when The Gunn Report confirmed its effective "Gorilla" spot for Cadbury's as the year's most celebrated commercial.

Fallon Tokyo quickly recovered from the loss of the Volkswagen account with a roll of new client wins, including Alpine, BoConcept, DeLonghi, Diageo Moët Hennessy's Old Parr Scotch, Diners Club, Herman Miller and Sony PlayStation.

Fallon's mood for the coming year is one of generosity: the agency believes that brands must now provide consumers with value in the form of ideas, involvement and experiences.

Fallon believes the future belongs to "Generous brands" – those brave marketers whose actions create value beyond commercial transactions. *Brand Generosity*, of all forms, has magnetic pull in these harsh economic times.



Leo Burnett



Leo Burnett Shanghai: The Coca Cola Company – Coke

COKE HITS BEIJING: Beijing Olympics was crowded with 48 sponsors and various ambushers. Leo Burnett cut through with Shuang – “complete physical, emotional and spiritual refreshment”. Leo led the integrated campaign through Red Lounge, a combined agency unit blending expertise from all media. Spots starring athletes Yao Ming and LeBron James ran alongside a website, a new bottle and live “Shuang” venues.



Leo Burnett: Bell Canada

RINGING CHANGES: Leo Burnett Toronto played a major role in re-branding Bell Canada, Canada's largest telecommunications company. The campaign quickly gained traction by positioning Bell as a fresh, innovative, consumer-friendly company dedicated to making telecommunications better.

Leo Burnett: Saudi Telecom

SAUDI DAREDEVILS: to launch a new portal for Saudi Telecom, Leo Burnett filmed daring Saudi teenagers. Clips such as a motorbike driving through a mall, a man lying down under a fast moving truck and a man (dressed as a women) driving down the highway on a quad bike were sent out as teasers via web banners, MMS and email. The clips were watched more than 250,000 times and over 35,000 subscribed to the portal.



*If your claws
are out,
you might as well
paint them.*

Have a happy period. always.

*Somewhere
in this mall,
there's
a store full
of chocolate.*

Have a happy period. always.

Leo Burnett USA: Procter & Gamble – Always

BE HAPPY: this candidly toned campaign for Always encourages women to “Have a Happy Period.” Consumer research suggested that while many women who use pads accept that their period is a natural part of being a woman, they often look for ways to make this part of their life easier. Every piece of campaign communication is crafted in a way that helps women to feel happier, either through using the product or small indulgences.

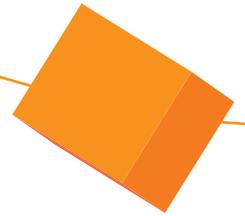


Leo Burnett

Tom Bernardin
Chairman & CEO, Worldwide



Tom Dudreck
*Worldwide Chief
Operations Officer*



Embracing HumanKind

When Leo Burnett identified its focus on HumanKind, it truly reinforced the network's long-held belief that *creativity has the power to change human behavior*. This is how the network will reach its goal of being the world's best creator of ideas that truly move people. Focusing on human behavior and helping brands to find a human purpose creates what Leo Burnett calls "HumanKind Acts". The agency defines these as brand experiences that resonate with audiences and build clients' businesses.

In 2008, this HumanKind approach inspired everything the network did. It placed creativity at the heart of the business. It dictated the pursuit of growth and creative excellence. It provided a guide and became a rallying point for the global leadership group that was created in 2007. And it reinforced the idea that creativity is the primary product of the company. In fact, creativity is now more valuable than ever because it is the one force that can truly transform human behavior. Leo Burnett's focus on "HumanKind" resulted in a great year both creatively and, despite economic turbulence, financially.

Leo Burnett enjoyed a strong growth rate that exceeded commitment. It also added some great new partners to its client roster, including Sam's Club in Latin America, Saudi Telecom in MENA, Bell Canada in North America and China Mobile in Asia. Creatively, the network shone. The Gunn Report named Leo Burnett number one in New World Thinking (multi-platform, interactive and other forward-looking techniques) and the second most celebrated advertising network overall.

This success is in part being ascribed to a change in how the network reviews and improves its creative work. Leo Burnett's Global Product Committee (GPC) has for many years rated the network's creative output. Four times a year since 1993, an international team of creative directors, managing directors, planners and account directors come together to judge, discuss and debate the work. They rate the work on a scale of one to ten. After each quarter's meeting, the work that scores 7-plus is made available to be seen across the network – a major source

of inspiration. In 2008, Chief Creative Officer Mark Tutssel led the reconfiguration of this scale so that each piece of work is now looked at it through a HumanKind lens.

The approach is a winner. In addition to the Gunn Report performance mentioned above, Leo Burnett won seven Cannes Gold Lions in 2008. It won in 5 out of 10 categories, underscoring the breadth and depth of its creativity. The network also attracted the most awards in Asia, Middle East & Africa, and Central and Eastern Europe this year. It was the second-most awarded in Latin America, as well as at the Clio Awards, and the third-most awarded network at the ANDYs.

An Era of Collaboration

The network's clients increasingly asked it to guide and collaborate with their other agencies in 2008. Notable leadership assignments in 2008 were the Brand Agency Leader (BAL) assignments for Procter & Gamble and the creation of Coca-Cola's Red Lounge for the Olympics.

Under P&G's Brand Agency Leader (BAL) structure, one agency is selected to orchestrate communication efforts and be the principal point of contact for the brand. In 2008, P&G named Leo Burnett Brand Agency Leader on Swiffer and Always. As BAL,



Mark Tutssel
*Worldwide Chief
 Creative Officer*

Leo Burnett not only directs the development of concepts and creative work, but also the operational issues associated with managing a large group of agencies from both within and outside of Publicis Groupe.

Meanwhile, Red Lounge is a combined agency unit designed by the network specifically for Coca-Cola. The unit is a cohesive, collection of shops – Starcom, Wwvins, Momentum and Heartland – led by Leo Burnett. It spearheaded the beverage maker’s Olympic efforts in China in 2008 through an integrated campaign based around the Mandarin expression “Shuang” (which roughly translates as “complete physical, emotional and spiritual refreshment”).

Spots starring athletes Yao Ming and LeBron James ran alongside a series of promotions and contests. One of these involved uniting eight Chinese artists with eight global musicians to create bottle designs and music tracks. On the iCoke site created by Red Lounge, consumers could input codes they found on Coca-Cola products to enter a competition for a chance to spend the day with the company’s all-star Olympic team. The site also served as the launch pad for the “unity bottle” designed by Yao Ming and LeBron James. During the Game, three “Shuang” venues were open featuring interactive exhibits, games and contests.

Innovation in Digital and Retail

Leo Burnett sees retail and digital expertise as the key to its future. And, indeed, it created two innovative operating models in 2008 to drive business in these areas.

The Digital Exchange (DX) is Leo Burnett’s model for leveraging its worldwide network of digital capabilities and alliances. Through an association of 50-plus companies, it provides clients with all the digital services they might need without being bogged down by acquisitions.

The services on offer range from digital strategy and creative to specific services like search engine marketing, mobile marketing and email marketing. Digital Exchanges have been created in the Americas, Asia-Pacific and Continental Europe.

This model creates a competitive advantage for clients because it is not limited by geography, it provides economies of scale, it offers access to capabilities that may be difficult to develop in-house and it taps into talent on an “as needed” basis, with available capacity 24 hours a day.

The Retail Marketing Exchange (RME) is another open-source

model that draws on “best in class” talent. It is a consulting company whose principal asset is intellectual property. RME solves a problem that many large agency networks face: clients love the ideas, but often find the execution too expensive. RME segments its services into three parts: management consulting, retail marketing, and shopper marketing. All of the network’s clients benefit from its thought leadership and creativity, but the retail and shopper marketing segments can be contracted out if necessary. Like DX, RME manages an association of preferred vendors that can be tapped into when needed. Because of its leadership in this arena, Leo Burnett has doubled its shopper marketing business this year.

The Year Ahead

In 2009 Leo Burnett will continue to base everything on HumanKind. This will enable Leo Burnett to connect brands and their human purpose, link people and their behaviors to the brand’s purpose and activities, and invent creative experiences and expressions that enrich people’s lives.

PHCG - Saatchi & Saatchi Healthcare: sanofi aventis – Ambien CR

SILENCE THE ROOSTER: for sleep aid Ambien, the “inconsiderate rooster” was chosen as the symbol of the morning coming too soon. The campaign launched with teaser ads and the call to SilenceYourRoster.com during the Olympics. The initiative “crowed” its way across TV, press, the Web, YouTube and even found a perch in Times Square. In the first week, 980,000 people visited the website.

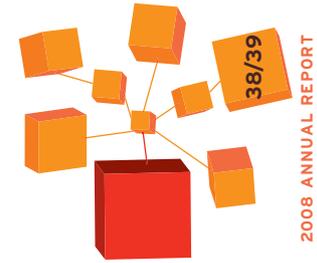
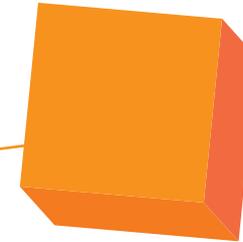


PHCG - Healthcare London: Bristol Myers Squibb – ConvaTec

MEDICAL MARVEL: when ConvaTec needed to refresh its global website, the agency delivered a site that provides unparalleled product and disease education information. The new www.convatec.com places business units and products in an organized environment that is intuitive and specially designed for users. It features six main sites tailored for main markets, 80 mini-sites and a number of educational features.

Publicis Healthcare Communications Group

Nick Colucci
President & CEO



Honing its Identity

The financial performance of Publicis Healthcare Group (PHCG) improved every quarter in 2008. Its success was driven by a five-part strategy: clarifying and simplifying its brand identity and structure globally, creative excellence, enhancing its digital capabilities, cultivating deeper relationships with existing clients while expanding its client base – and capitalizing on an industry trend toward out-sourcing marketing and sales.

The network has been challenged by a shrinking flow of new product introductions: the US approved 25 new molecular entities and new biologic treatments in 2008, down from 37 in 1999. This has reduced budgets and the need for external sales support. But although PHCG has felt the sting of this downturn, it is overcoming the drought through a series of well-executed efforts.

PHCG honed its brand identity to make it easier for existing and future clients to access its services. Once a collection of some 30 different agency brand names around the world, it now comprises 14 brands aligned around either content creation or message delivery. Leading this charge are the flagship brands Saatchi & Saatchi Healthcare, Publicis Life Brands (in Europe and Australia) and Medicus Life Brands (in North America and Japan).

Significant business wins included new work from long-standing clients like Bristol-Myers Squibb, AstraZeneca, sanofi aventis and Schering-Plough, as well as new names such as Daiichi Sankyo, Merck, Novartis, Novo Nordisk, Sepracor, Shire and Teva Pharmaceuticals. Emerging companies like GTx, Medivation and Iroko also contributed to a diversifying client base.

Digital communication continues to open new routes to PHCG's audiences. One example was the global rollout of the ConvaTec corporate website. Creative excellence in the digital field generated accolades. The sanofi aventis sponsored online community

AFMD.net, created by iMed Studios and sister agency Medicus Life Brands, won the Standard of Excellence WebAward.

PHCG's message-delivery businesses – Arista Marketing Services, Pharmagistics, Publicis Selling Solutions and Scientific Voice – capitalized on a growing demand for out-sourced solutions. They gained new business through their ability to offer unrivaled customer service and customized solutions *via* state-of-the-art technology platforms (such as Virtual Rep On Demand and Gateway) that integrate across channels.

PHCG's resilient performance in 2008 makes it confident of its ability to do even better in 2009. It will strive to improve on this year's accomplishments, particularly in the advertising and medical-education sectors. It has also added another strategic initiative in 2009: working to build its offerings in emerging markets, such as China and India. As always, the network's focus remains on serving as catalysts for life, improving dialog among physicians, patients, payers and providers.

Multicultural Communications



Burrell Communications: McDonald's

MCDONALD'S UNITES: two distinctively different families are brought together through a moment of food sharing between their youngsters despite cultural divides. The message is that McDonald's food products are not only nutritious and wholesome, but that they can bring families together across geographic and cultural barriers.

Bromley Communications: Yoplait – Go-GURT

GO-GURT GOES FOR IT: this ad captures the magic and adventure of childhood while illustrating the product benefits. It's not always easy to encourage your kids to eat healthy snacks. Go-GURT's creamy texture, delicious taste and appealing flavors make it a healthy treat kids love. Plus, its highly portable tube packaging means they can eat it on the go.

Conill: Toyota – Prius

GREEN PIXELS: Conill wanted to show how environmental awareness could save money. The solution was the Pixelometer, a web-based application showing Latinos how much they would spend on gas for a Prius compared to other sedans. Every 100 pixels equalled one virtual mile in a Prius. Users could then see how their savings could be converted into an entertainment system, clothes – or leaves on trees.



Burrell Communications

McGhee Williams
Co-CEO

Fay Ferguson
Co-CEO



Bromley Communications

Ernesto Bromley
Chairman & CEO



Thriving on Ethnic Insights

For Burrell, a specialist in communicating with the African-American market, 2008 was a year of challenges and uncertainties – but also of victories and special moments.

Burrell's clients were not alone in demanding efficiencies from its agency partner. And while most were forced to reassess spending, they remained committed to backing the potential of the African-American consumer for future growth and viable positions in the marketplace.

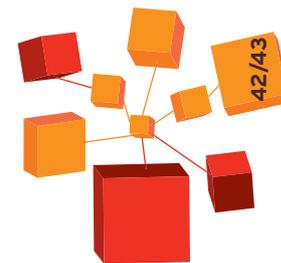
By helping its clients develop strategies based on ethnic insights, Burrell has become a trusted driver of success in the African-American segment. Its clients also understand the influence of this market on the broader population.

Burrell is skilled in crafting messages and programs that set its clients' products and services ahead of competition. For instance, in 2008 it launched the first ever program for Procter & Gamble that bundled health and beauty products for the African-American woman. For McDonald's, the First Friday McCafe lounges turned happy hour gatherings into sampling arenas for the fast food retailer's premium and flavoured coffees. And Burrell took Weight Watchers into black neighbourhoods by partnering with the health ministries of local churches. Programs like these send the message to audiences that "we've taken the time to understand you – and we want your business."

The agency is understandably conservative in its outlook for 2009. Client spending projections are cautious. But the agency's operations are being streamlined and its expenses reduced. Its focus for the year includes expanded digital capacity, continuing research into the African-American market and a heightened focus on accountability.

Boosted by Account Wins

Hispanic communications specialist Bromley was lifted at the end of 2008 by the return of Western Union, which had previously worked with the agency from 1995 until 2002. The win came after a competitive pitch. Bromley will develop creative focusing on the company's diverse Hispanic consumers, who rely on Western Union services for both domestic and foreign money transfers. The agency will also handle account planning, public relations, media planning and buying.



Conill

Cynthia MacFarlane
CEO & Chair



Another win in late 2008 aided organic growth. Earlier in the year, Bromley client Coors merged with its competitor Miller. The new entity MillerCoors consolidated its Hispanic media planning and buying with Bromley. Additionally, the agency was hired by Scholastic Books to promote a passion for reading among Hispanic children and their parents.

The agency also won creative prizes for work for its existing clients. It racked up 22 ADDY awards from the Miami and San Antonio offices. The Miami team brought home Gold for a radio spot for Burger King. The spot for Chicken Fries insisted that great products were favourites across diverse cultures.

The most notable San Antonio win was for the "Solo de Chica's" campaign for Procter & Gamble's Always. Featuring a popular VJ, the viral campaign described the ideal "chica" (girl's) world. During the first week it got 121,000 hits on YouTube.

The agency was awarded second place at the O'Toole Awards for Creative Excellence sponsored by the American Association of Advertising Agencies (AAAA). Bromley submitted spots for Continental Airlines, Burger King, Yoplait and Always.

Back in 2005, Bromley created Nestlé's Wonka Arte Day of the Dead program as a community relations project for Hispanic youngsters in California. In 2007, this evolved to focus on the creativity revealed by Day of the Dead altar building and skull decorating. In 2008 the program reeled in no less than seven PR and Promotions awards. Bromley's optimism is alive and well.

Leading Cultural Transformation

Lines between cultures are blurring in the US.

This is evident in the foods Americans eat, the TV shows they watch, the things they say – and the presidents they elect. This new America represents uncharted territory for many brands and Conill positions itself as their guide.

Times are challenging, but the Hispanic market represents the fastest growing and most influential segment in the US, which works to the agency's advantage.

Throughout 2008, the agency strove to lead the way in non-traditional communication efforts targeting the Hispanic market. It was rewarded with a number of creative honors, including a Silver Media Lion at Cannes. It also won Best in Show and was the most awarded agency at the Advertising Age Hispanic Creative Advertising Awards. Conill also won the American Association of Advertising Agencies' O'Toole Multicultural Award for the second year running.

An innovative campaign for the Toyota Prius used technology to stimulate Hispanic consumers' growing interest in hybrid vehicles. The Pixelometer is a web-based application that converts the pixels on computer screens into actual distance. Every 100 pixels crossed with the cursor equals one virtual mile driven with the Prius. From this, users could see how much they would spend on gas for a Prius compared to other sedans. The campaign leveraged Terra, a top Hispanic portal.

Over the past two years, the agency has made a commitment to understanding the nuances of culture. "Leading Cultural Transformation" was designated as Conill's vision at the beginning of 2008, making an enormous impact on how it identifies, understands and connects with consumers. This was evident in several of its campaigns.



Publicis Events Worldwide: Renault – Convention in Geneva

RENAULT'S BIG SHOW: the entire Renault commercial team of 12,000 was present for the highly creative launch of 26 new products in Geneva. The event had required six months of preparation. Guests explored the heritage of the brand via a 430-meter long gallery, which led to a giant 3,000 square meter space in which the new automobiles were unveiled in an audio-visual extravaganza.

PublicisLive: Islamic Art Museum – Inauguration

A UNIQUE MUSEUM: the launch of the Museum of Islamic Art in Doha, Qatar, was something quite special. Designed by architect I.M. Pei, the museum was the first of its kind in the Gulf. A spectacular launch by PublicisLive included a firework display and a performance by celebrated cellist Yoyo-Ma. An eclectic mix of guests blended art world luminaries, political leaders and celebrities.



Publicis Events Worldwide

Bob Bejan
CEO, PBJS

Olivier Chouvet
CEO, Publicis Events Asia-Pacific

Tim Mauer
CEO, Relay Worldwide



In France, PEW organised a Renault convention in Geneva, during which the company CEO, unveiled new products to dealers. It also handled the launch of the Banque Populaire Maxi Trimaran in Nantes. Video and multimedia products were created for Renault, L'Oréal and EDF. And Geodis and Groupama asked Publicis Events to manage their image banks.

In the US, projects included providing sponsorship counsel for the International Olympic Committee. Organic growth also came from Sharp Electronics, more Hispanic business and an increased role for sanofi aventis and Sanofi Pasteur. The BT Global Services 2008 sales conference in Las Vegas, featuring a speech by Neil Armstrong, was named Best Live Event in the UK AV Awards.

In Asia, the Olympics dominated, with a number of events for Nike. But the network also demonstrated its strength in the luxury market with events for Hugo Boss, Louis Vuitton and Chanel.

Strong Showing

Last year saw a strong demand for the services that make up the three main pillars of Publicis Events Worldwide (PEW): events, video and multimedia production, and the management of multimedia archives. The network fulfilled the diverse needs of a wide range of clients, including British Telecom, BNP-Paribas, Chanel, Chivas, EDF, the International Olympic Committee, Louis Vuitton, Martel, Nike, sanofi aventis, Sanofi Pasteur and Sharp Electronics.

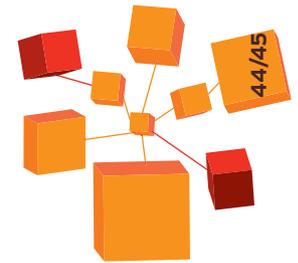
The organization got a boost when Publicis Groupe acquired Seattle-based PBJS, whose specialist areas include events, interactive media and branded entertainment. Although it continues to operate independently, it has been aligned with PEW.

PublicisLive

John Rossant
Executive Chairman

A Year to Remember

PublicisLive had the most successful year in its history in 2008. As the exclusive organizer of all World Economic Forum events around the world, PublicisLive produced not only the famous Davos meeting, but also 10 other WEF regional forums. These included the Annual Meeting of the New Champions in Tianjin, China and the Global Agenda Summit in Dubai. In July, the WEF renewed an exclusive seven-year contract with PublicisLive.



The year was particularly rich in big global events. In March, the network organized the summit meeting of the Organization of the Islamic Conference in Dakar, Senegal. This rewarding project brought together 32 heads of state, 2,700 delegates and around 6,000 participants: Dakar had never before hosted a conference on this scale.

In June, PublicisLive along with Publicis Events organized the BT Global Services Sales Conference, bringing together top BT salespeople in Las Vegas. In November, PublicisLive once again organized the Monaco Media Forum, the most important European forum on new media. And at the end of the year, PublicisLive put together the spectacular Inauguration of the Museum of Islamic Art in Doha, Qatar: a stunning structure designed by I.M. Pei.

Despite an uncertain macro-economic environment in 2009, the demand for high-quality live events where leading actors on the international stage can exchange, debate and discuss ideas has never been so great. In addition, PublicisLive will be also focusing efforts on dynamic new markets in the Middle East, particularly Qatar and Abu Dhabi.

PRCC



MS&L: General Motors – Saturn

SATURN GETS PERSONAL: GM subsidiary Saturn wanted to reclaim its original image as a smaller carmaker with a community spirit. It decided to create its own social network that would bring it closer to its existing fans and new customers. Thanks to support from the motoring press and the blogging community, ImSaturn.com became a great space for fun marketing content and dialogue with consumers.



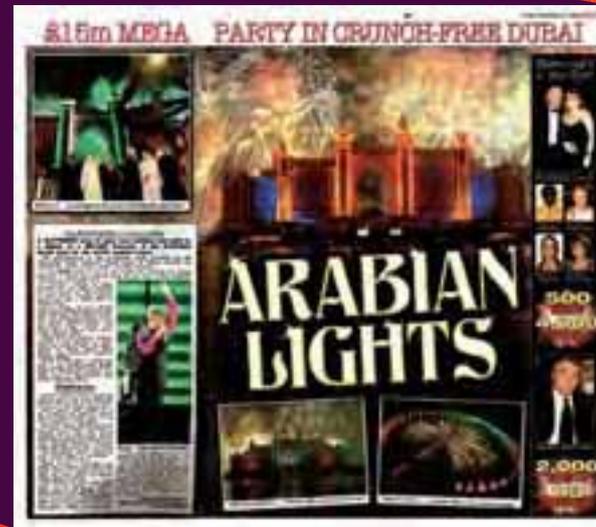
Publicis Consultants | UK: KPMG

JOB FOR THE WORLD: when Publicis Consultants staged the online World Jobs Fair for KPMG, the 48-hour event attracted more than 11,000 people. They were competing for 600 real jobs and along the way proving that a global online recruitment exercise was possible. The event also positioned KPMG as forward thinking and global. It was promoted *via* KPMG sites and a wide variety of external media.



Freud: Highlights

A BUSY YEAR: Freud was behind the scenes of influential events around the world in 2008. During the World Economic Forum, Her Majesty Queen Rania Al Abdullah of Jordan, Indra Nooyi – Chairman and CEO of PepsiCo – and Wendi Murdoch hosted a dinner to discuss the UN Millennium Development Goals. The discussion focused on the issue of maternal mortality in Africa.



In the UK, snack brand Walker's challenged potato chip lovers to invent a new flavor. The winning entry would join existing flavors on supermarket shelves and earn the winner £50,000, as well as 1% of future sales. In Dubai, Freud worked with Kerzner International to launch its latest entertainment resort and The Palm Jumeirah. 3,000 VIPs witnessed a concert by Kylie Minogue and a firework display.

MS&L Worldwide

Marc Hass
CEO



The New “Communication Activists”

MS&L Worldwide launched a new brand positioning in 2008: “Advisors. Advocates. Activists.” It defines both what the agency does for its clients and its own identity. It reinforces MS&L’s belief in the importance of social networks and digital technology. And it also focuses on the idea that the passion exhibited by MS&L’s employees, and their ability to ignite passion in others, is the key to driving business success for clients. But it also stresses the agency’s core values, including working together the right way, innovation and creativity, and being deeply committed to the communities and markets it serves around the world.

MS&L is adapting to and benefiting from the changes wrought by the digital revolution. “Communications activists” are replacing “PR people.” When Barack Obama led an activist communication campaign by organizing more than three million people online around a set of beliefs about the future, there was no going back.

MS&L believes that a successful agency must now be an activist for its clients’ brands and issues. And it must be skilled at empowering other activists within social networks. To fulfill the activist role, the PR agency of the future will need superb digital skills and social responsibility practices.

MS&L’s digital team has won numerous awards for clients such as General Motors, P&G and Philips. During 2008, it continued to invest in its global digital capability, adding more than 40 staff across Asia and Europe. MS&L’s Corporate Social Responsibility practice was voted the best in the US by *Corporate Responsibility Officer* magazine. Clients enthusiastically greeted its new cause-related marketing platform, Social Activism Marketing. In October MS&L won a pitch to work with The Global Fund to Fight AIDS, Tuberculosis and Malaria, one of the world’s largest health organizations, in 18 countries. Other New Business wins were Clinique Cosmetics, Outback Steakhouse, Match.com, Indigo Books & Music, Argentium Sterling Silver, Bank of New York, Mellon and Manchester Independent Economic Review.

Publicis Consultants | Worldwide

Eric Giully
CEO



Inspiring Projects, Inspiring Clients

New Business and the consolidation of its global network made for a busy 2008 for Publicis Consultants | Worldwide, ranked as the number 12 PR network worldwide by the Holmes Report. The agency has strengthened its presence in the US and Europe and expanded via partnerships – mainly with other Publicis Groupe agencies.

Publicis Consultants | Worldwide won new business around the world last year. In the US, the agency won several budgets in the food and healthcare industry, while the UK agency was awarded a major employer communications worldwide campaign for BP. In France, among others, there were major assignments from two ministries – environment and economy – family insurer CNAF and energy utility GDF SUEZ, as well as super-market chain Intermarché.

Italy saw new assignments from sanofi aventis, Galbani and Buitoni-Nestlé. German wins included the European Shell Eco-Marathon – a fuel efficiency competition hosted by Shell. In the Netherlands, the agency hosted an online cooperative forum for its staff within the framework of a large branding assignment for AXA initiated by our French agency.

Clients inspired projects to be proud of. For example, Publicis Consultants | France handled the merger between GDF and SUEZ, providing a new visual identity, brand architecture, internal communications and publishing. Saatchi & Saatchi worked closely with the agency on the strategic positioning and delivered the advertising launch campaign.

In the UK, SAS-Publicis Consultants | UK worked with KPMG to create an online global jobs fair, with 600 real posts to be filled. A staggering 20,000 visitors signed up.

Kekst and Company

Gershon Kekst
President and Chief Executive Officer



Freud Communications

Matthew Freud
Chairman



New Corporate Expertise within Publicis Groupe

Reaching the Remarkable Goal

Freud Communications' mix of strategic counsel, content creation and connectivity helped it to deliver its desired goal for all its clients – to achieve remarkable things. This ability attracted new business and extra work from existing clients. Among the latter, Freud secured additional business from Carphone Warehouse, Diageo, PepsiCo, Yum! Restaurants and Wal-Mart. The agency also handled pro bono work for causes such as the Tony Blair Faith Foundation and the UNHCR (the UN refugee agency).

2008 saw the agency win business from Diageo, Independent News & Media Group, Deutsche Telekom, COI, HSBC, Kerzner Group, VW Group, AOL, PCP Capital Partners, KDO, Saatchi

Gallery, Hicks Holdings, Russian Standard, Railteam, Freemantle Media, The Old Vic, Darfur, MPAA and ELSPA.

On the recruitment front, Freud has continued its policy of hiring experts in a wide variety of different fields to give its clients the best communications solutions. In 2008, it brought in practitioners from brand experience, digital content and crisis management.

Its Sustainability Team continued to build momentum with advisory roles for Eurostar, PepsiCo and HSBC, while the Film & Entertainment Team had a good year across the agency's roster of clients with work for Warner Brothers, Fox, Universal, Paramount, Pathe, Sony Pictures, Working Title, Vertigo and MARV Films.

The agency estimates that, in real terms, pro bono work would account for 20 per cent of its business. Others among the wide range of causes included The Global Fund, Malaria No More, the Prince's Rainforest Project, UN/WRA Maternal Health Campaign, Comic Relief and UNHCR.

Kekst professionals are well-placed to guide clients through the current economic turmoil, responding to both challenge and opportunity.

For example, the agency supported financial services companies that were forced to either merge or accept government funds. It handled many of the largest M&A transactions of the year and was once again ranked the number one PR firm in North America in this specialty.

Kekst aided retail and consumer-oriented clients facing a swift decline in customer traffic and sales. It advised on the unwinding of private equity transactions. It tackled the challenges of organized labor and special interest groups. And it created and implemented strategies to address the demands of activist shareholders.

Finally, it guided clients through a record number of complex restructurings, bankruptcies, financial disclosures and earnings revisions, not to mention a myriad of legal issues and corporate governance matters.



Mundocom UK: HP

IMPROVING EFFICIENCY FOR HP: transforming a creative idea into hundreds of print, broadcast, or web-ready files is a long and costly process. Mundocom made savings for HP in EMEA by outsourcing production of all the brand's creative work to a single facility in Mauritius and co-ordinating it through London. This reduced costs by 40% and enabled tighter control of the brand's visual output.



Mundocom USA: Kellogg's – Special K

SPECIAL K'S MIDNIGHT FEAST: when is a clock not a clock? When it's a giant CGI animation in Times Square. The alarm clock ticked down the seconds to midnight on New Year's Eve, thus garnering a free appearance in media around the world. When the clock struck twelve, it danced and somersaulted with the energy and fitness of a Special K consumer.



Médias & Régies Europe

Simon Badinter

*Chairman & CEO Médias & Régies Europe
and North America*

Benjamin Badinter

*Chairman & CEO Médiavision,
CEO Mediavista, Executive Vice President Métrobus*



Ferré de France) – around 12,000 advertising panels. In order to better promote its entire advertising offer (metro, railway stations, trams and buses), a new brand called Media Transports has been created and a new visual identity put in place at the beginning of 2009. Media Transports is now a major player in the communications market, offering advertisers access to powerful and innovative media.

As well as providing short or long-term poster opportunities in metros, on buses or outdoor – such as bus shelters – Métrobus can offer a range of new technologies to advertisers. These range from plasma screens and illuminated poster sites to interactive options that literally allow posters to “communicate” with consumers. The customization of entire railway stations, not to mention the distribution of promotional material, promotional games and events, are also possible.

Fast Forward Operations

MRE's transport media specialist Métrobus had an outstanding year that established it as the sector's leading name in Europe. Thanks to new contracts gained in 2008, it can now offer advertisers access to three French metro networks (Paris, Marseille and Rennes), 800 national railway stations, trams in Nantes, Saint-Etienne, and Valenciennes, and bus networks in more than 100 towns across France and Europe.

In April 2008, Métrobus partnered with JC Decaux to win an eight-year contract from the SNCF in a tender process. This effectively gave the partners the right to market no less than 9,200 advertising sites in 800 French railway stations. Métrobus also won the advertising sales contracts for sites on station platforms and corridors belonging to the RFF (Réseau

Production

Jean-François Valent
*CEO, Publicis Groupe
Production Platforms
Worldwide*



The Art of Production

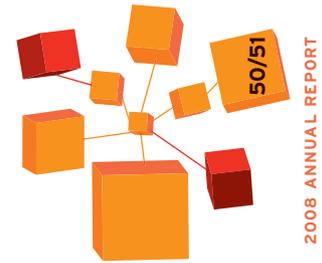
Agencies and clients rely on production services to turn creative ideas into reality. At Publicis Groupe these entities are called Mundocom, MarketForward and WAM. All of these brands have been evolving at a lightning pace as they cope with the demands of the digital revolution. This has allowed them to increase market share and pave the way for Groupe agencies and clients.

In 2008, global production company Mundocom Worldwide opened new offices in the UK, Germany, Belgium and Spain. Mundocom Worldwide now operates in seven markets around the globe. Its international reach has allowed it to provide extended services for clients. For example, for HP it now coordinates the production of BTL (below-the-line) material for 70 countries in Europe, the Middle East and Africa.

Mundocom Worldwide also grew its share of work from within Publicis Groupe agencies in North America, France and the UK, mainly with Saatchi & Saatchi and Leo Burnett. Its diverse services – including digital photography, CGI, high end retouching and Web / Flash production – are now available in most of its offices and to a wider range of clients.

Meanwhile, in 2008 MarketForward strengthened its relationship with clients like Bouygues Telecom in France by taking over content provision for Web and related customer experiences. MarketForward has worked with Bouygues on in-store screens since 2006. Now it will expand its production of online films and animations to ensure consistency of message.

Last but not least, France-based commercials production company WAM (World Advertising Movies) started 2008 by winning the Best Sound Production award from local magazine *CB News* for the second year in a row – a distinction WAM received once again at the beginning of 2009. WAM provided Publicis Groupe agencies with pitch-winning materials for clients such as AXA, Intermarché, Oasis, Suez and Quick. It was appointed exclusive TV production department for all Renault commercials worldwide. And ads produced by WAM won more than 15 awards in competitions around the world.





The Backbone of Publicis Groupe: Our Shared Service Centers



Jean-Yves Naouri
*Executive Vice President –
Group Operations*

The Horizon program has developed considerably since its launch in 2005. Throughout 2008, Publicis Groupe continued to consolidate its operations around its network of Shared Service Centers (SSCs) that now constitute the Groupe's backbone.

In 2008, the number of SSCs rose in all regions to a combined total of 27, with some 10 more due to be added in coming months (in central Europe, the Scandinavian countries and the Middle-East) to complete the Groupe's global coverage.

The number of agencies covered by existing SSCs, in addition to the number of centralized support functions provided (particularly after acquisitions) has continued to increase. Resulting synergies have helped finance new local or regional capabilities which, in turn, enable the Groupe to:

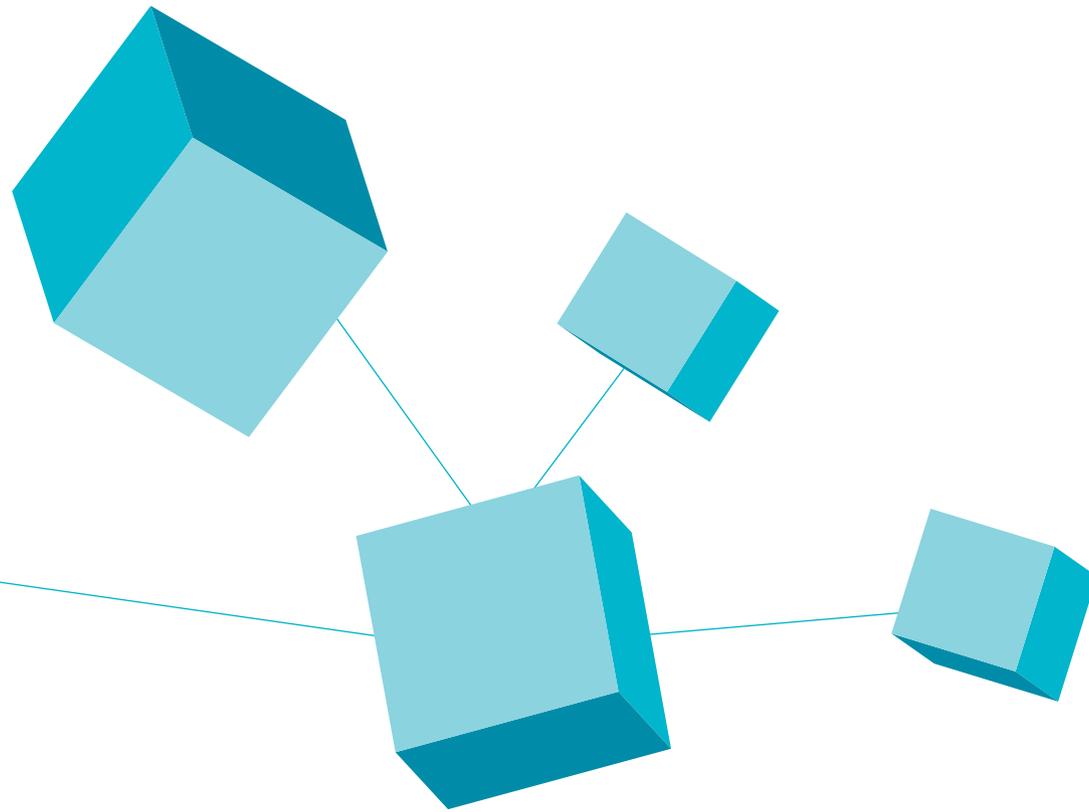
- Improve the level and quality of services provided to its agencies (taxation, cash management, IT, legal, human resources, procurement, real estate, among others);
- Identify and enhance operational synergies;
- Accelerate the implementation of global or regional procurement programs.

The functions grouped within SSCs are regularly reassessed in order to optimize service (digitization and harmonization of documents in an electronic form, debt collection tools, cash management). Processing, meanwhile, is standardized and optimized, first at the country level and then globally.

The Groupe has several initiatives to bring together certain support functions in major regions, particularly in America, Europe and Asia. Once the conclusions have been drawn from these pilot tests, the Groupe is expected to speed up this process and thus generate further operational synergies.

The implementation of a worldwide ERP (Enterprise Resource Planning) should harmonize processing across all countries, thus optimizing certain processes in Groupe agencies. Negotiations to select an ERP partner continued throughout 2008 and 2009, and the project called ALTAÏR has now been launched officially. Deployment is scheduled to begin in 2010 and continue throughout 2011, with the goal of endowing Publicis Groupe with first-rate processes and operational services.

As planned, the Groupe launched major IT investment programs in 2008, focusing mainly on optimization projects and the rebuilding of its IT infrastructures. Working from three regional hubs (Paris, Chicago and Hong Kong), the Groupe set



up cutting edge, ultra-high-speed data transfer networks in western Europe, Asia Pacific and North America. This program will be extended to eastern Europe, the Middle East and Latin America in 2009-2010. At the same time, implementation of programs to consolidate and virtualize IT servers is still in progress and will provide Publicis Groupe with latest generation infrastructure while achieving very substantial savings.

Other projects include reducing the number of applications used by agencies, and adopting the best common practices for security, infrastructure surveillance and workstation management.

These initiatives, managed jointly by Purchasing and IT, have led to the signing of worldwide or regional contracts with top-flight players in telecommunications, software and hardware. The deployment of these solutions will continue throughout 2009.

The completion of these projects should ensure our agencies have the very best technology and infrastructure, key prerequisites to an all-digital platform.

On a more general note, the review of purchasing policy has focused on the identification and consolidation of the biggest indirect expense items (traveling, IT hardware and software, telecommunications, office supplies), while endeavoring to enhance the scope of existing agreements or identify high-tech telepresence solutions to reduce traveling. For instance, the number of countries covered by our travel agency and means of payment doubled in 2008. We entered into agreements with the world's top airline companies, and the hotel referencing system was completely reviewed in order to leverage the volumes now consolidated by the Groupe's travel agency.

Wherever possible, procurement programs have been streamlined around global players, but can also deal with more local or regional providers where appropriate.

In real estate, clustering has gathered pace as numerous agencies from different networks regroup in North America (particularly in New York, Chicago, Atlanta, San Francisco, Montreal),

Europe (Paris, London, Frankfurt, Dusseldorf, Madrid, Barcelona, Warsaw) and Australia (Sydney, Melbourne, Brisbane, Adelaide). In 2009, these consolidation programs will continue in the USA (New York, Seattle, Los Angeles, Dallas), Latin America (Mexico, Venezuela, Argentina), Europe (Paris, Milan), and Asia (Hong Kong, Guangzhou).

These cluster programs have been implemented in both major and emerging markets, as part of the Groupe's multi-door program. Launched in 2006, this program is advancing as planned, adding some ten countries a year in 2008 and in 2009.

Corporate Social Responsibility

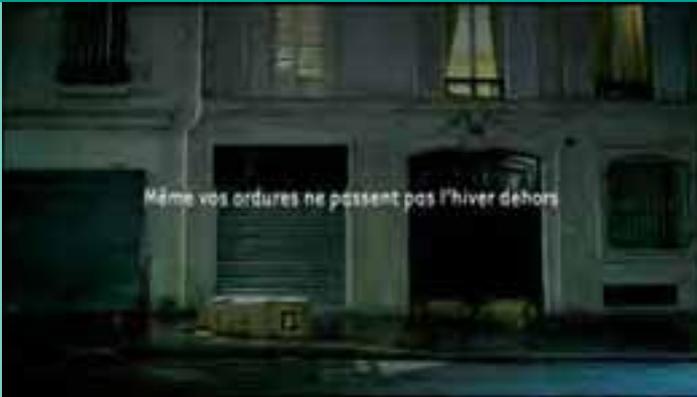
Saatchi & Saatchi Los Angeles Flies the TRUE BLUE Colors

Each agency deploys its action plan according to its own priorities. In November 2008, Saatchi & Saatchi LA deliberately chose to reschedule client meetings, modify the personal timetables of its employees and reorganize holiday plans in order to free up 1,500 hours. This enabled 225 employees to provide physical, technical, and financial help to social and charitable organizations. They included the Marine Mammal Care Center, Free Arts for Abused Children with Startview Center, Habitat for Humanity, Madrona Marsh Clean-up and Surfrider Beach Clean-up.



Surfrider Foundation (USA)

SURFING CONTROVERSY: Saatchi LA works with Surfrider Foundation to raise awareness of its mission to protect and preserve oceans and beaches. A 2008 campaign vividly illustrated the problem of beach pollution. Trash collected at beaches was packaged to look like fresh seafood and sold at farmers' markets. The packages were shot to create a poster and print campaign. The work generated major media coverage.



Publicis Conseil: Samu Social – Help Us Help the Homeless

ON THE STREET: Publicis Conseil produced this short but poignant film to prod viewers into remembering the homeless. It shows garbage men collecting plastic sacks at dawn. They pointedly ignore a large cardboard box. Then we see there is someone sleeping inside it. "Even your rubbish doesn't have to spend winter outside - help us help the homeless." The work is for Samu Social, an aid organization for the homeless.

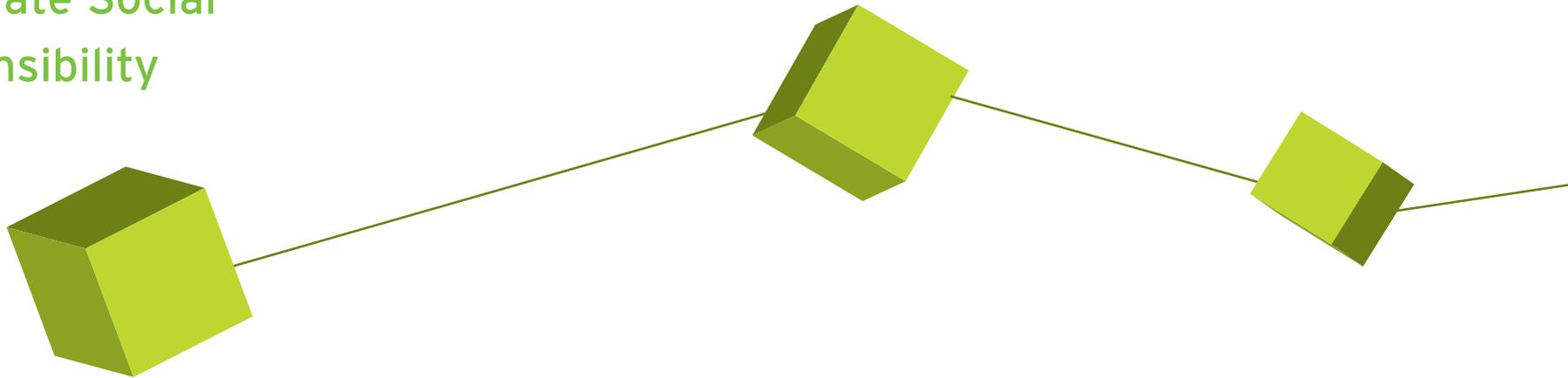
Saatchi & Saatchi S Spearheads the new TRUE BLUE Approach

TRUE BLUE is a unique system originally developed by Act Now, now known as Saatchi & Saatchi S. It aims to reinvent our approach to the environment in which we live and work. TRUE BLUE is a global initiative based on the pillars of sustainable development - the economy, social and cultural factors and the environment - generating a virtuous circle of behavior, acts and results.

In 2008, Saatchi & Saatchi reaped the first rewards of this approach. It comprised two stages:

- Activating the *Personal Sustainability Plan (PSP)*, in which actions designed to improve the work environment and reduce the impact of certain tasks are identified. 1,000 of the network's staff have already been mobilized and the aim is that in 2009 all employees will have their own "PSP".
- Defining priorities at agency level so that all efforts are coordinated. This includes bike loan schemes, car sharing, hybrid vehicle fleets among others.

Corporate Social Responsibility



Publicis Groupe confirmed its commitment to social responsibility at the highest level as early as 2003 by signing the Global Compact. This continued a long tradition on the part of the Groupe and its affiliates, which have always sought to act with unwavering responsibility, both with respect to their own employees and as part of their local communities.

The Groupe has always prioritized local actions, believing that each unit should launch its own initiatives based on its own culture, its understanding of the local market, and its priorities. This approach also allows for more effective monitoring and eventual adjustments in the light of practical experience.

When Act Now joined Publicis Groupe in early 2008, under its new name Saatchi & Saatchi S, it was able to provide valuable guidance on how to achieve our social responsibility goals. Saatchi & Saatchi S was able to draw on its expertise as the sustainable development consultant to numerous clients.

Significant Progress in Sustainable Development

Carbon Footprint Assessment: Under Way

As a signatory of the "Caring for Climate" initiative of the UN Global Compact, Publicis Groupe has begun an evaluation of its own greenhouse gas emissions. The Groupe launched this assessment of its carbon footprint with *Bureau Véritas*, the international specialist in conformity evaluation and certification. During a first phase in 2008, the method was validated and tested by calculating the carbon footprint of the headquarters (133, avenue des Champs-Élysées in Paris).

This first phase also made it possible to fine-tune the collection of information and measurement process and ensure homogeneity of the data. The second phase will involve calculation of the Groupe's carbon footprint at the end of 2009. The intention is then to roll out joint initiatives, while leaving some room for local actions.

In recent years some agencies have structured their action plans with a view to offsetting their carbon footprint. Saatchi & Saatchi S in San Francisco has of course been a pioneer in this field, but BBH London has also been working for two years on a "carbon neutral" project in parallel with its certification approach. Capital MS&L in London has launched a similar initiative.

Simple Everyday Acts

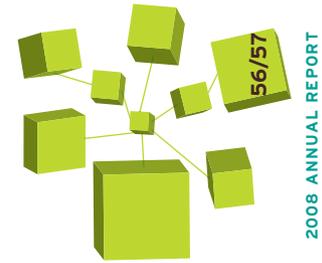
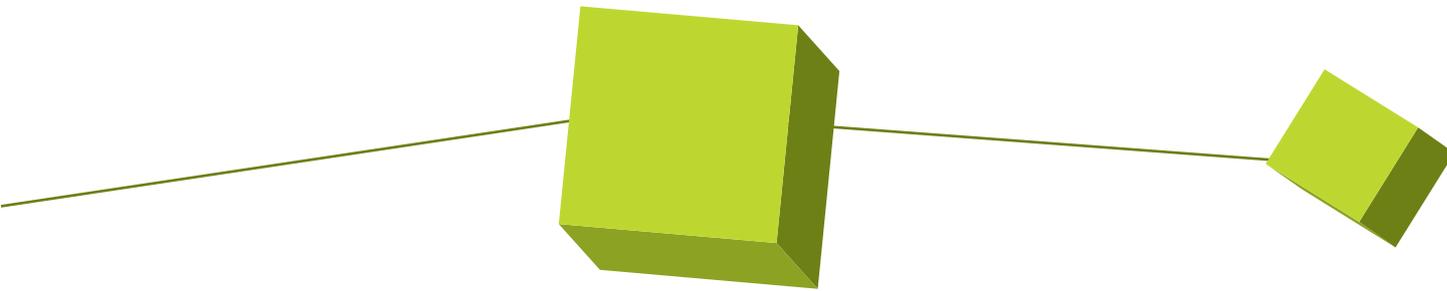
A number of *Green Teams* have been set up in agencies throughout the Groupe, all of which are mobilized around the objective "Consume Less".

Key initiatives in 2008 include the following:

- **Digitas:** Aiming to reduce waste and consumption at all levels, the Digitas *Green Teams* distributed mugs to all employees, allowing the agency to do away with plastic cups. The teams have also tackled paper consumption and set up a monitoring system for recycling. In a separate move, Digitas also created a "Digi-green" community on Facebook to foster exchanges and create awareness of environmental issues.

- **Leo Burnett Sustainability** launched a 4-dimensional program focussed on communication projects involving employees, communities, clients, and the world at large. Once again, a recycling operation was launched with the symbolic distribution of mugs to all employees. Another important agency initiative was the *Earth Hour* operation, launched for the first time in 2007 for the WWF through a joint structure in Australia. This project aims to mobilize citizens around the world around the importance of preserving the planet's resources.

- **MS&L:** The *Green Teams* in most agencies are focussed on everyday acts: printing methods and choice of paper. MS&L is also involved in a vast range of voluntary programs focussed on environmental causes.



- **Publicis** launched its *Green Lion* project from New York with dedicated teams and an action plan for agencies. This initiative has two main aims: to show greater respect for the environment, and to encourage commitment to local community projects with a strong environmental connotation.

- **Starcom MediaVest Group:** Task Forces dedicated to environmental issues in agencies help to change people's behavior, avoiding waste and encouraging recycling. One staff-wide initiative is "ride the elevator with a colleague", clearly relevant in the 46-floor Chicago building.

- **ZenithOptimedia:** Employees are responsible for issues linked to Sustainable Development and the environment in leading markets such as the USA, the UK, Germany, France and Spain. The *Green Team* in London, for example, makes energy saving a priority (switching off lights and computers) alongside recycling.

Key Figures Concerning Actions Under Way (based on our internal survey)

1 – Management of Raw Materials and Energy Sources Paper Consumption at a New Low

Most agencies have reduced paper consumption by up to 25%. Publicis Groupe is progressively replacing its printers with digital devices that use less paper. The agencies also wish to set an

example among existing and prospective clients by submitting presentations on memory sticks or DVDs. Similarly, for many regular meetings with clients, data is now exchanged solely in a digital format.

In addition, many agencies have implemented effective measures to limit printing. Particular emphasis has been placed on the choice of paper. The Groupe has set up a centralized buying policy that will gradually be applied to all major countries in 2009. Already 35% of the volume of paper purchased *via* Office Dépôt in leading countries is "green" according to international standards (recycled paper, or paper containing fewer chemical agents).

A Continued and Controlled Approach to Water Use

Drinking fountains (filtered water or containers) are now widely installed. Some agencies have completely abandoned the use of plastic bottles, preferring glass bottles that are easier to recycle. Whenever work is carried out on sanitary installations, the Groupe ensures that flow regulators are fitted, for an average savings of 30%.

Cutting Down on Electricity

In addition to the fact that many units are already housed in buildings that benefit from energy-saving systems (such as devices that automatically turn off the lights at 8 pm) several agencies have launched campaigns encouraging staff to adopt "green habits" and turn

off lights when leaving. Most units are equipped with compact fluorescent lamps or reduced power lamps wherever possible. The use of multifunctional copiers has made it possible to limit the number of devices and reduce overall energy consumption.

Efficient Heating and Air Conditioning

Temperature is often controlled by a central system managed by the building owner. Simple basic principles, such as shutting down or severely reducing heating or air conditioning overnight (e.g. 8 pm – 6 am or 10 pm – 8 am) and on the week-ends are being more generally applied. These initiatives are carried out according to the time of year and site location.

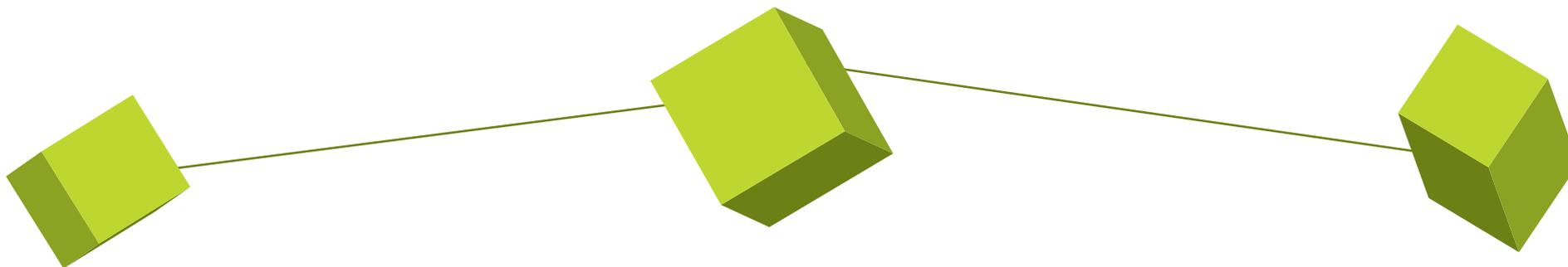
2 – Transport Management

Better Management of Individual Travel

The use of remote communications systems such as conference calls, web-conferences and video conferences is increasing and is being extended to clients and suppliers.

In 2009, five remote conference studios will be installed, making remote team work even easier from a technical point of view.

For travel to work, several agencies, particularly in Europe and the United States, have begun encouraging staff to use public transportation. The intention is also to promote the use of public transportation for appointments with clients whenever time and distance constraints are acceptable.



For company cars, whenever possible and depending on the countries concerned, Publicis Groupe is careful to select vehicles with low fuel consumption and reduced CO₂ emissions, or even hybrids.

Transportation of Goods (Freight)

Publicis Groupe seeks to centralize its relationships with international freight operators in order to better monitor and analyze merchandize flows, bearing in mind that our activities have been streamlined to a considerable degree over the last three years.

3 – Ensuring “Recyclability” of Products and Materials

Office Equipment and Computers

Almost 100 % of Mac and PC desktop and portable computers that have reached the end of their useful lives are returned to the manufacturer or specialized local operators for recycling, or go through systems that offer a “second life” to the devices. The same is true for the recycling of computer screens and TV sets. Similarly, printing devices (photocopiers and printers) are returned to suppliers under a recycling agreement.

IT Consumables

Ink and printer cartridges are managed by our worldwide supplier (Ikon) on the basis of “one full cartridge for an empty one” to avoid waste and ensure recycling.

For Fixed-lines and Mobile Phones (and also PDAs), the Groupe continues to work with operators to ensure that devices are recovered for recycling. The Groupe’s Purchasing Department ensures that contracts signed with suppliers include “end of life” provisions for equipment purchased.

4 – Waste Management

This is very much a local issue, depending on the availability of communal collection systems and operators qualified to sort waste and optimize its disposal.

Agencies continue to install individual waste sorting bins with, as a first priority, the separate collection of paper. Dedicated processing chains treat the waste with economic, and often social, added value. A still greater number of specific contracts of this type should enable us to make a better assessment in 2009 of the volumes recycled.

5 – Environmental Factors in the Supply Chain

For some years now Publicis Groupe and its agencies have regularly filled in the CSR or Sustainable Development questionnaires sent by clients during the tender process.

Similarly, for the last two years the Groupe’s purchasing department has incorporated environmental criteria into its calls for tenders, and these are fully taken into account when bids are evaluated. This is a dimension to which Publicis Groupe attaches the greatest importance, as demonstrated by the measures already applicable to many office machines and computers.

Publicis Groupe: Concern for Communities

All of our brands and networks around the world are encouraged to support, in the form of free services and the provision of skills, social welfare and charitable organizations.

In 2008 Publicis Groupe created more than 300 such campaigns, with a value of 52 million dollars.

Leo Burnett: WWF – Earth Hour

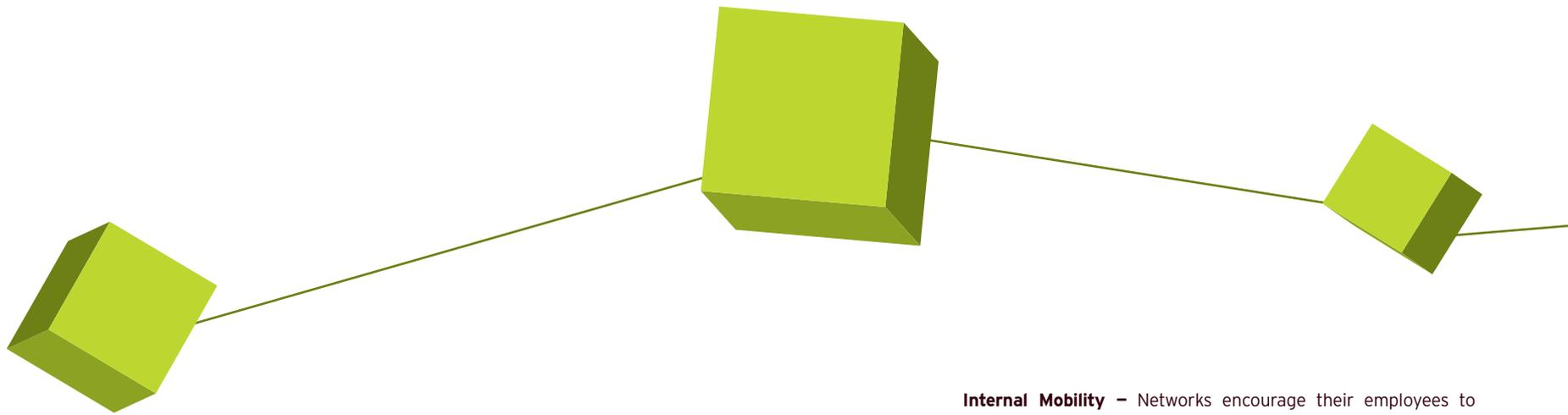
LIGHTS OUT: in 2007, Sydney made a powerful statement about global warming by turning off its lights for Earth Hour. The challenge for 2008 was to take the event global. Three phases comprised launching a website (www.earthhour.org), a call to action *via* advertising and finally Earth Hour Live. Earth Hour took place in 35 countries and almost 400 cities. An estimated 50 million people took part.



Publicis in the West: UNICEF – Tap Project

TAPPING WATER: an idea from David Droga and UNICEF, the Tap Project was born in New York City in 2007. Restaurants would ask their patrons to donate \$1 or more for the tap water they usually get for free. All funds raised would support UNICEF's efforts to bring clean water to children around the world. Growing from just 300 New York restaurants in 2007 to over 2,300 in 2008, the Tap Project has become a widespread movement.



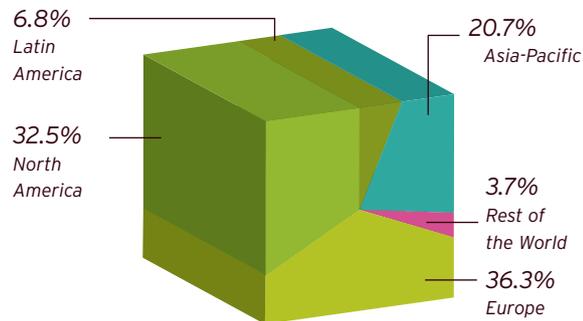


Talent Management: Teams, Training, Diversity, Ethics

Teams

The need for new skills is first evaluated at the local level: an agency, depending on its activity, may need to enhance its expertise in a given field due to a project undertaken for a client or the development of its business.

Geographical distribution of our 44,727 employees



Key Figures Concerning Staff (sourced from internal surveys)

Staffing Levels – In 2008 the total number of employees increased slightly (+2.1%). From the very start of 2008 staffing levels came under strict scrutiny. Agencies adjust their staffing levels on a case-by-case basis. In the event of restructuring or a change in client portfolio the aim is, if possible, to redeploy teams – preferably within the agency or, failing that, within the network or the Groupe.

At the same time, technological change has made it necessary to call on new experts and recruit profiles that are different both in terms of initial training and professional experience. Average turnover was 28% in 2008, with marked differences between different specialities and countries.

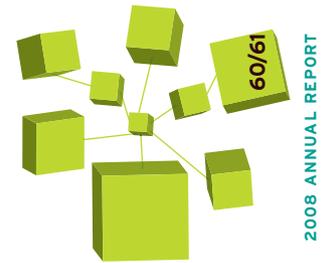
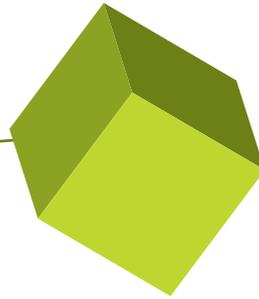
Employee Assessment – Processes are being harmonized to ensure that different networks use common criteria when assessing a wide range of functions. More than two thirds of our units assess all their employees every year. Differences may exist at certain agencies where formal assessments take place every two years or when, for particular reasons, only part of the staff can be evaluated.

Internal Mobility – Networks encourage their employees to develop both in terms of jobs and responsibilities and in terms of geographical mobility. This mobility is managed on a case by case basis. The international networks have an internal mobility rate of about 10% overall. Figures range from 3% to 16% but are not entirely representative as they need to be considered in a local context.

Internal Promotion – The average is about 15 % per year in the largest agencies. Efforts made over the last few years have paid off, particularly in Asia, where employee loyalty is a particularly important issue.

Training – Investment continues, and is bearing fruit (*see below, Training*). In Publicis Groupe as a whole, 50% of employees, on average, receive training every year. This figure covers a wide range of different types of training at all levels. For example, purely in-house sessions and courses are widely available (taught by managers or experts who share their know-how and experience). There are also external courses to foster the acquisition of more detailed knowledge. Joint sessions with clients, taught by outside specialists, are regularly organized. Publicis Groupe considers staff training a strategic necessity as our business relies on our ability to anticipate, our curiosity and our capacity to acquire new skills.

Atmosphere in the Agencies – Almost all the leading networks now possess tools that enable them to monitor the internal atmosphere and identify areas for improvement. Surveys



are carried out at least every two years, providing management with extremely useful indicators. In certain networks the results of these surveys form part of the evaluation of managers.

High Potential Employees – Publicis Groupe pursues its policy in this field, which concerns approximately 1,000 employees. The aim is to closely monitor their careers, aspirations, potential and performance, and to offer them concrete career development prospects along with individual training programs.

Training

2008 was a year noteworthy for the numerous efforts devoted to training in all our networks and agencies. Two topics were highlighted. **Diversity** became a priority in order to ensure that management action went beyond simple verbal undertakings and was transformed into reality, particularly in terms of recruitment and integration (see *below*). The **digital** revolution continued to raise important issues about technological innovation and new tools and applications.

There were several ongoing initiatives at the Groupe level:

- The *Peak Performance* program, launched in 2003, involved 85 managers participating in five sessions in 2008 to enable the sharing and development of Groupe culture.
- In 2008, the *Executive Development Programme* brought together 105 high-potential employees and future managers in the United States, Europe and Asia for a week-long program of seminars organized with the assistance of Wharton University (USA) and BTS Group (Sweden).

The aim was to stimulate new thinking and collaborative work on value creation in our activities.

These two programs offer unique opportunities for interaction since they bring together employees from many different countries, working in different networks and agencies within Publicis Groupe, with different functions and profiles.

The Groupe's networks and agencies have been very active in the field of staff training, as is demonstrated by the variety of approaches adopted:

1 – Enhancing Professional Skills and Know-How

- For **Publicis Healthcare Communication Group USA**: in-depth training in digital technology and its applications.
- For **ZenithOptimedia**: ZenithOptimedia Business School offers all employees genuine opportunities to progress in all aspects of their everyday work.
- For **Burrell Chicago**: Digital Boot Camp, special immersion sessions extended this year to cover information technologies, human resources and accountancy.

2 – Strengthening Management and Leadership Capabilities

- **Starcom MediaVest Group Chicago**: E-learning facilities available to 100% of employees focussed in 2008 on Performance Management and the Prevention of Harassment and Discrimination.
- **Fallon Minneapolis**: Every year, employees spend a week in

spring preparing for Camp Heartland which improves the lives of teenagers and families battling against AIDS or other challenging problems.

■ **Kaplan Thaler Group New York**: Two orientations: respect for diversity and integration; continuing education at all levels and in all fields of operation.

■ **Publicis Consultants Paris**: Training of young consultants and sharing of knowledge; implementation of coaching programs to help “high fliers” take on new operational and management responsibilities.

3 – Improving Communication and Acceptance of the Network Culture

- For **Leo Burnett**, this was the year of the active implementation throughout the network of the new *HumanKind* positioning: the ability to even better understand and take into account human behavior in all its different aspects.
- For **Publicis**, the year was notable for the launch of the “Contagious Ideas” positioning.

Diversity

The notion of diversity in our activities must be understood in the broadest and most comprehensive sense. Diversity is multi-faceted and should apply to our own teams, whose task is to understand the behavior of consumers: what divides and/or unites them. Publicis Groupe's signature, *Viva La Difference!*, reflects a strong commitment to diversity.

In 2008, 54% of our employees were female, 46% male. The average age was unchanged at about 34.

The male-female distribution reflects a good balance with, in recent years, a larger number of women in senior positions in our management teams.

The Advisory Board chaired by Mrs Elisabeth Badinter numbers 6 women among its 15 members, i.e. 40% (compared with 33% in 2007).

"PI2", the extended Executive Committee, comprises 11 members of whom 2 (16.6%) are women.

Cultural diversity in the agencies is strongly encouraged, and ethnic diversity is an area for improvement.

It was in the USA that the greatest number of large-scale initiatives were launched in 2008, as the Groupe decided to take concerted action by involving several networks in joint projects.

The *Publicis Groupe Diversity Leadership Council*, founded in 2007, drew up a two-pronged action plan in 2008. The first part encouraged the rollout of local initiatives through staff training and actions. The second involved joint actions undertaken by several agencies in unison.

Among these were:

– *Most Promising Minority Students* (with the American Advertising Federation New-York). Leo Burnett/Lapiz, PHCG, Digitas, Saatchi & Saatchi, Starcom MediaVest Group and Publicis were all present on the same day to organize meetings, debates and roundtables concerning their activities, current issues and future developments. It was an opportunity for helpful interaction and was of great benefit to all participants, both the students and the managers.

– *Advertising Career Expo/Shomex' Professional and Diversity Career Fair Expo Jobs* (New York): Nine Publicis Groupe agencies participated, representing more than a quarter of all agencies present. Large crowds of young people were eager to understand our different activities and talk to managers who were on hand to share their experiences. The Groupe's different networks presented their own identities, their differences and their specific cultures, all under the Publicis Groupe banner.

– *Black Enterprise Women of Power Summit* (Palm Springs). Here the aim was to play a full part in the efforts to improve the integration of women, and particularly Afro-American women, through the rewarding career possibilities that Publicis Groupe could offer them.

Approaches to training programs are varied insofar as the priority for all agencies is to interact with their local environments, to be attentive to expectations and talents from different cultural backgrounds, and to position themselves as open-minded, attractive employers.

Finally, our agencies are prepared to make individual commitments. For example, in 2008 Double Platinum created a campaign for GLBT (Gay Lesbian Bisexual Transgender) New York entitled SAGE (Services and Advocacy for GLBT Elders).



Ethics

Ethics are an integral part of the culture of Publicis Groupe. These are not just empty words: ever since its foundation, the Groupe has always believed that the value of its teams' work lay not only in ideas and creativity, but also in its respect for ethics, morals and people.

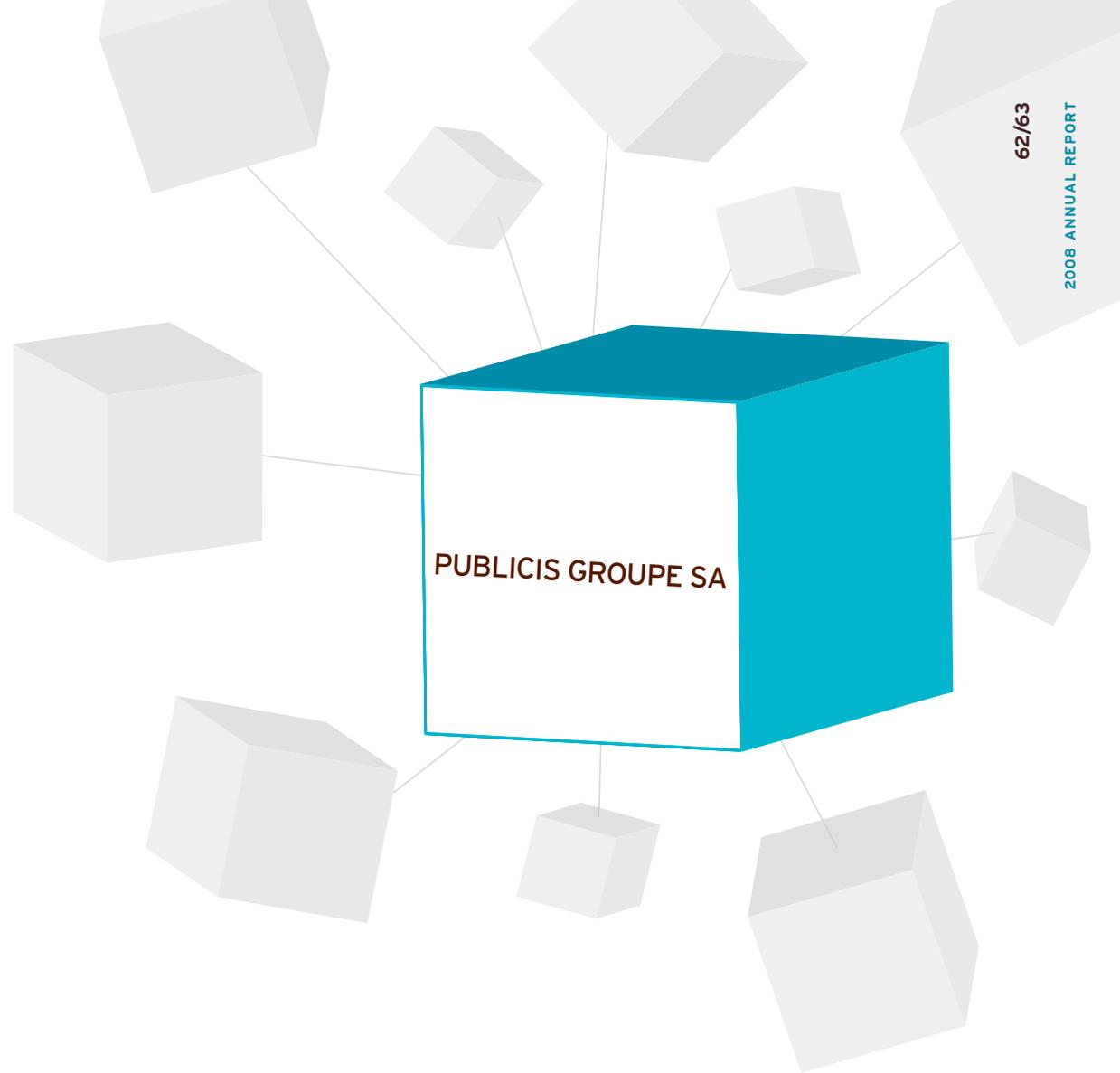
The in-house code "Our Principles and Values" was the first document of its type produced in our sector. This code of ethics is given to all employees and is publicly accessible via the Groupe's website (www.publicisgroupe.com).

The rules governing the conduct of the Groupe's activities are contained in the document entitled Publicis Corporate Policies (volumes I and II). It includes precise instructions on some thirty subjects. This document was drafted in 2000 and is regularly updated. It applies to all our managers.

Among the internationally recognized codes of professional practice to which Publicis Groupe fully subscribes is the Code of Advertising and Marketing Communication Practice, published by the International Chamber of Commerce in 2006 (accessible on www.iccwbo.org). This code is a standard that complements national codes of practice.

Finally, Publicis Groupe considers that one of its major responsibilities is to play an active part in local and international professional bodies and to participate in the development of the sector, essentially through self-regulation systems.

Consolidated Financial Statements

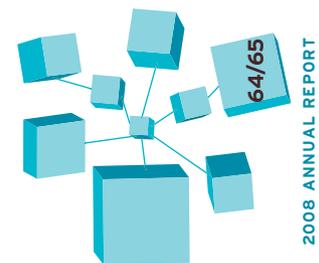


Publicis Groupe's 2008 Financial Report can be consulted at
www.ra-publicisgroupe.com/2008 - Heading - [Download Documents](#)

Consolidated Income Statement

Millions of euros	2008	2007	2006
Revenue	4,704	4,671	4,386
Personnel expenses	(2,852)	(2,829)	(2,630)
Other operating expenses	(963)	(954)	(936)
Operating margin before depreciation and amortization	889	888	820
Depreciation and amortization expense (excluding intangibles arising on acquisition)	(104)	(109)	(107)
Operating margin	785	779	713
Amortization of intangibles arising on acquisition	(29)	(30)	(22)
Impairment	(13)	(6)	(31)
Non-current income (expense)	8	3	29
Operating income	751	746	689
Cost of net financial debt	(81)	(73)	(36)
Other financial income (expense)	2	(5)	(14)
Income of consolidated companies before taxes	672	668	639
Income taxes	(196)	(201)	(192)
Net income of consolidated companies	476	467	447
Share in net income of associates	2	9	22
Net income	478	476	469
Net income attributable to minority interests	31	24	26
Net income attributable to equity holders of the parent	447	452	443
Per share data (in euros)			
Number of shares	202,536,963	207,599,301	209,611,690
Net earnings per share	2.21	2.18	2.11
Number of shares – diluted	220,728,941	239,365,113	240,064,428
Net earnings per share – diluted	2.12	2.02	1.97

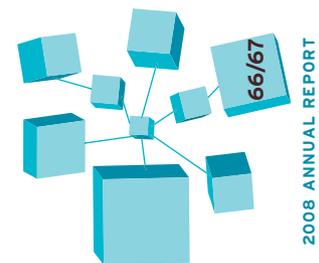
Consolidated Balance Sheet



Millions of euros	December 31, 2008	December 31, 2007	December 31, 2006
Assets			
Goodwill, net	3,693	3,546	2,840
Intangible assets, net	794	826	693
Property and equipment, net	480	501	511
Deferred tax assets	91	148	186
Investments in associates	44	49	44
Other financial assets	101	112	118
Non-current assets	5,203	5,182	4,392
Inventory and costs billable to clients	319	391	430
Accounts receivable	4,843	4,926	4,550
Other receivables and other current assets	628	432	413
Cash and cash equivalents	867	1,313	1,920
Current assets	6,657	7,062	7,313
Total assets	11,860	12,244	11,705
Liabilities and shareholders' equity			
Share capital	78	81	79
Additional paid-in capital and retained earnings	2,242	2,117	2,001
Shareholders' equity	2,320	2,198	2,080
Minority interests	30	27	27
Total equity	2,350	2,225	2,107
Long-term financial debt (more than 1 year)	1,323	1,293	1,911
Deferred tax liabilities	232	240	216
Long-term provisions	459	449	509
Non-current liabilities	2,014	1,982	2,636
Accounts payable	5,802	5,662	5,270
Short-term financial debt (less than 1 year)	218	819	203
Income taxes payable	68	99	149
Short-term provisions	110	107	116
Other creditors and other current liabilities	1,298	1,350	1,224
Current liabilities	7,496	8,037	6,962
Total liabilities and shareholders' equity	11,860	12,244	11,705

Consolidated Cash Flow Statement

Millions of euros	2008	2007	2006
I- Cash flows from operating activities			
Net income	478	476	469
Income taxes	196	201	192
Cost of net financial debt	81	73	36
Capital (gains) losses on disposal (before tax)	(2)	(3)	(27)
Depreciation, amortization and impairment on property and equipment and intangible assets	146	145	160
Non-cash expenses on stock options and similar items	9	22	16
Other non-cash income and expenses	8	9	11
Share in net income of associates	(2)	(9)	(22)
Dividends received from associates	10	11	19
Taxes paid	(169)	(197)	(229)
Interest paid	(89)	(87)	(85)
Interest received	37	51	74
Change in working capital requirements ⁽¹⁾	12	106	(21)
Net cash provided by operating activities	715	798	593
II- Cash flows from investing activities			
Purchases of property and equipment and intangible assets	(92)	(88)	(81)
Proceeds from sale of property and equipment and intangible assets	28	11	32
Purchases of investments and other financial assets, net	(1)	(6)	(3)
Acquisitions of subsidiaries	(172)	(1,006)	(58)
Disposals of subsidiaries	-	10	11
Net cash flows provided by (used in) investing activities	(237)	(1,079)	(99)



Millions of euros	2008	2007	2006
III- Cash flows from financing activities			
Capital increase	1	2	-
Dividends paid to parent company shareholders	(106)	(92)	(66)
Dividends paid to minority shareholders of subsidiaries	(24)	(26)	(23)
Cash received on new borrowings	482	12	19
Reimbursement of borrowings	(1,128)	(24)	(52)
Net (purchases)/sales of treasury shares and equity warrants	(174)	(162)	(264)
Cash received on hedging transactions	-	52	36
Net cash flows provided by (used in) financing activities	(949)	(238)	(350)
IV- Impact of exchange rate fluctuations	19	(82)	(139)
Net change in consolidated cash flows (I + II + III + IV)	(452)	(601)	5
Cash and cash equivalents at January 1	1,313	1,920	1,980
Bank overdrafts at January 1	(24)	(30)	(95)
Net cash and cash equivalents at beginning of year	<u>1,289</u>	<u>1,890</u>	<u>1,885</u>
Cash and cash equivalents at December 31	867	1,313	1,920
Bank overdrafts at December 31	(30)	(24)	(30)
Net cash and cash equivalents at end of year	<u>837</u>	<u>1,289</u>	<u>1,890</u>
Net change in cash and cash equivalents	(452)	(601)	5
<i>(1) Breakdown of change in working capital requirements.</i>			
Change in inventory and costs billable to clients	64	32	(46)
Change in accounts receivable and other receivables	(110)	(689)	(526)
Change in accounts payable, other creditors and provisions	<u>58</u>	<u>763</u>	<u>551</u>
Change in working capital requirements	12	106	(21)

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