

2006 ANNUAL REPORT

Viva La Difference!



PUBLICIS GROUPE

CONTENTS

02	A Message from Elisabeth Badinter
04	Corporate Governance
06	A Message from Maurice Lévy
08	The P12
10	Closer to the Future
16	Diversity that Makes La Difference
54	Men and Women of the Groupe
60	Contributing to a Better World
70	2006 Financial Highlights
72	Global Reach
74	Key Figures
76	Optimized Operations
78	Share Performance
80	Publicisdrugstore
81	Financial Statements



PUBLICIS GROUPE

Viva La Difference!





Elisabeth Badinter,
Chair, Supervisory Board

A New Era in Communications

“Vitality”. If asked to describe Publicis Groupe in a single word, that would be my answer.

Is there another company, anywhere in the world, which can pride itself on celebrating its 80th birthday by taking up entirely new challenges, which remains a pioneer even after the kinds of success that would lead many to rest on their laurels? Publicis Groupe is a business still driven by a passion beyond profits, by a common commitment to act, to be open to sharing, to making a wholehearted and innovative contribution to shaping tomorrow’s world.

In 2006, we once again benefited from this dynamism. The quality of our results is exceptional, and I would like to congratulate the staff and managers of Publicis Groupe for their continued dedication and enthusiasm. Their unstinting efforts have enabled us to make unprecedented gains and, in less than ten years, to

A Message from Elisabeth Badinter

capture the fourth place in media and communications worldwide. And it is this same energy that enables us to take up fresh challenges with an accelerated push into digital communications. A key step in this movement was our acquisition of Digitas in early 2007, through which Publicis Groupe, once again, has demonstrated its ability to lead the way.

All employees are part of the momentum that has driven Publicis Groupe since its creation, and this momentum is as strong as ever. It is in our blood, as those who knew our founder, Marcel Bleustein-Blanchet, are well aware. Throughout his life, this visionary was able to anticipate the cultural and social changes of his era, in order to better shape it. He overturned the negative image once associated with the ad business and, in 1927, created modern advertising-which remains at the heart of our company. In 1935, he launched the first modern radio program on Radio Cité, and in 1954 devised the first opinion poll. Marcel Bleustein-Blanchet passed along his vision and confidence in the future to his successors, along with certain fundamental values including enthusiasm, faith in people and human endeavor, perseverance and an open mind.

I am convinced that without these values, we would never have integrated the major communications networks acquired in the past few years so smoothly.

The most important of these values is surely independence. It is one of the essential strengths of Publicis Groupe that Maurice Lévy, with the full support of the Supervisory Board, has worked so hard and successfully to maintain. Without a true independence of spirit, there can be no creativity, no confidence

and no responsiveness. Our Groupe is fortunate in having both a united Supervisory Board and a shareholder structure that allows us to focus entirely on growth, without wasting time and energy on defensive strategies which add nothing to our business.

I would like to express my gratitude to the members of the Supervisory Board who have been such loyal partners for over ten years, and who have extended such a warm welcome to representatives of Dentsu. Their support deserves our recognition. And their backing-often enthusiastic, always constructive-for initiatives spearheaded by Maurice Lévy, has been a major factor contributing to the effectiveness of our strategy.

As Chair of this Board, I am both proud and happy to see this vision harmoniously shared with the Chairman of the Management Board. We share the same values and the same passion for Publicis Groupe-and the same goals for its future success.

The strength and unity of our governance, and the precious independence we have been able to preserve and consolidate over the years, are unique assets, resulting in an unrivalled ability to develop future business.

These core strengths are rooted in a history that is part and parcel of the very history of our society as a whole: we've seen the growth of advertising from simple signs to radio and TV, and now to a new digital age.

And when I look at our resources, the dedication of our teams and our will to win, I feel confident that the Publicis Groupe lion will leave its mark on this new era.

SUPERVISORY BOARD

Elisabeth Badinter, *Chair*

Sophie Dulac, *Vice-Chair*

Simon Badinter, *Chairman & CEO, Médias & Régies Europe*

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

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

Michel David-Weill, *Chairman of the Supervisory Board of Eurazeo SA*

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

Tateo Mataka, *President & CEO, Dentsu Inc.*

Léone Meyer, *Chairman of Phison Capital SAS*

Yutaka Narita, *Principal Advisor, Dentsu Inc.*

Hélène Ploix, *Chair, Pechel Industries Partenaires*

Felix Rohatyn, *CEO, Rohatyn Associates LLC*

Amaury de Seze, *Chairman, PAI Partners*

Henri-Calixte Suaudeau, *Director, Publicis Conseil*

Gérard Worms, *Vice Chairman, Rothschild Europe*

MANAGEMENT BOARD

Maurice Lévy, *Chairman & CEO*

Claudine Bienaimé, *General Secretary*

Jack Klues, *Chairman, Publicis Groupe Media*

Kevin Roberts, *CEO, Saatchi & Saatchi Worldwide*

Bertrand Siquier, *Executive Vice President, Publicis*

Audit Committee

Gérard Worms, *Chairman*

Michel David-Weill

Hélène Ploix

Appointments Committee

Elisabeth Badinter, *Chair*

Léone Meyer

Michel Cicurel

Henri-Calixte Suaudeau

Compensation Committee

Michel Cicurel, *Chair*

Elisabeth Badinter

Amaury de Seze

Statutory Auditors

Mazars & Guérard

Ernst & Young Audit

Alternate Auditors

Patrick de Cambourg

Denis Thibon

Corporate Governance

Elisabeth Badinter is the daughter of Marcel Bleustein-Blanchet, the founder of Publicis. Ms. Badinter is a philosopher and author of numerous books, and has been a lecturer at the École Polytechnique in Paris. She has been a member of the Supervisory Board since 1987 and its Chair since 1996.

Sophie Dulac is the granddaughter of Marcel Bleustein-Blanchet, the founder of Publicis, and the niece of Elisabeth Badinter. Ms. Dulac was the founder and managing director of a recruitment counselling company, and has been Chair of movie-theater company Les Écrans de Paris since 2001. She also manages Sophie Dulac Productions (film production) and Sophie Dulac Distribution (film distribution).

Simon Badinter is the son of Elisabeth Badinter. Mr. Badinter joined Médias & Régies Europe in 1991, where he held several positions before becoming its Chairman & CEO.

Monique Bercault is Technical Advisor to the Chairman & CEO Médias & Régies Europe. She has held a variety of positions with the company, including head of human resources at Médias & Régies Europe.

Michel Cicurel is currently Chairman of the Management Board of Compagnie Financière Edmond de Rothschild Banque and Compagnie Financière Saint-Honoré. Mr. Cicurel was previously a senior official in the French Treasury Department, after which he held management positions with Compagnie Bancaire, the Danone Group and Cerus.

Michel David-Weill is Chairman of the Supervisory Board of Eurazeo SA after previously holding a variety of senior positions in the Lazard Group including

Chairman of Lazard LLC, Chairman & CEO of Lazard Frères Banque SA and Chairman & Managing Partner of Maison Lazard.

Michel Halpérin was President of the Grand Conseil de Genève, Switzerland. An attorney, he was a member of the Conseil de l'Ordre, then Bâtonnier of the Ordre des Avocats de Genève. A director of several companies, Mr. Halpérin is Vice-President of BNP Paribas (Switzerland).

Tateo Matakai has been President and CEO of Dentsu Inc. since 2004. Mr. Matakai joined Dentsu in 1962, where he held several positions until he joined the Dentsu board of directors in 1993, first as Managing Director for the Newspaper and Magazine Divisions, then as Senior Managing Director in charge of Account Services. Named Executive Vice President in 1999, he became the tenth President of Dentsu in 2002.

Léone Meyer is chairman of Phison Capital SAS, a company managing Meyer family assets. She served as head of the Supervisory Board of Groupe Galeries Lafayette from the end of 1998 to March 2005, and was a member of the Supervisory Board of the Casino retail group from 2002 to 2003. A medical doctor, Léone Meyer worked in a hospital in Paris for forty years.

Yutaka Narita has been Principal Advisor to Dentsu Inc. since 2004. Mr. Narita joined Dentsu in 1953, where he held several senior positions before joining the Dentsu board of directors in 1981. In 1993, he became the ninth President of Dentsu, and between 2002 and 2004, he served as Chairman and as Chief Executive Officer.

Hélène Ploix is Chair of Pechel Industries Partenaires, and manages Pechel Industries SAS which she has chaired since 1997, and FCPR Pechel Industries II. Ms. Ploix previously held several senior positions, notably with BIMP, the Caisse des Dépôts et Consignations and the Caisse Autonome de Refinancement. She has also been an advisor to the French Prime Minister and a director at the International Monetary Fund and the World Bank.

Felix Rohatyn is CEO of Rohatyn Associates LLC. He previously served as the US Ambassador to France, after holding several management positions in the Lazard Group, including Managing Director of Lazard Frères & Co. He has also served as a member of the Board of Governors of the New York Stock Exchange and as the Chairman of the Municipal Assistance Corporation of the City of New York.

Amaury de Seze is Chairman of PAI Partners. Mr. de Seze previously held several senior operating and management positions in a number of major companies including the Volvo Group (Volvo AB).

Henri-Calixte Suaudeau is a Director of France-based agency Publicis Conseil. Mr. Suaudeau has held several management positions within the Groupe, including President of the Drugstores unit, then head of the Real Estate Department.

Gérard Worms is Vice Chairman of Rothschild Europe. He was previously managing partner of Rothschild & Cie Banque, and before that he was Chairman & CEO of the Compagnie de Suez and Chair of Banque Indosuez. He has also held management positions at Rhône-Poulenc and the Hachette Group.



Maurice Lévy,
Chairman & CEO, Publicis Groupe

2006 saw a sharp improvement in all our business indicators: **organic growth of 5.6%, operating margin up 10%, a 15% increase in net income and a 31% decline in our average net debt.**

These achievements make me all the more proud to present this year's annual report. Our results are the outcome of ten years of solid growth and hard work in often challenging conditions. And if our strategy has proven both well-chosen and profitable, it is clear that our performance also reflects the dedication of all Publicis Groupe teams across all business lines and in all geographical markets. It is only fitting for me to thank them for their commitment, their creative flair, their ability to think outside the box again and again, and for their endless enthusiasm for new ideas.

Which also sums up our Groupe: an extraordinary universe of highly talented men and women, all dedicated to making our clients shine, to placing them in the winner's circle. All committed to working harder and better every single day.

Just ten years ago, Publicis was a highly regarded French agency with a sizeable presence in Europe. Building on that image and those foundations, we have steadily grown our Groupe this past decade through acquisitions and organic growth to become the world's fourth largest communications group, present in all segments of our industry in over 100 countries.

Today we are the top contender in major sectors driving future growth in advertising and media, such as digital and online communications, media buying & consulting and healthcare communications.

Over the past decade our Groupe has also staked out positions in emerging markets and built these into a commanding presence. The turbocharged growth of these new markets is without doubt the most significant macro-economic trend of the recent past: ten years ago, Publicis Groupe had the merest footprint in these countries, while today they represent fully 21% of our revenues. Nearly 15,000 Groupe employees representing virtually all key competencies live and work in these regions, giving us leadership positions in China, Russia, Turkey, Mexico and Brazil. And throughout 2006 we pursued a policy of targeted acquisitions to bolster these positions, even further—Betterway Marketing Solutions in China; Asian events management group Emotion; and Solutions, India's largest marketing services group. **Our aim is to generate fully 25% of Groupe revenues in these high-growth markets by 2010.**

In 2006 we also celebrated the centenary of the birth of our founder Marcel Bleustein-Blanchet, who laid the foundations for our current strengths. **Today a new era is set to open as we reposition ourselves to lead the digital revolution** sweeping across our businesses, economies, societies and ways of life. Throughout Publicis Groupe, all our teams have been retooling operations, adding digital creative talent and technological expertise in order to make sure our clients always have a winning edge in the future. When some 150 of our Groupe's top managers gathered in Paris in the summer of 2006 for a seminar on "Reinventing our Future", all agreed that **becoming an all-digital operation is a prime objective.** The P12, our Executive Board, is charged with defining priorities that will make us not only a pioneer but an uncontested leader, in the digital world.

A Message from Maurice Lévy

This digital revolution is occurring despite, rather than because of, institutions, governments and politicians. It is a revolution driven by consumers, by their needs and desires, by their hunger for new experiences and by their newfound ability to express their creativity on a global scale—a luxury previously enjoyed only by a select few. This revolution is an ongoing one, powered by new technologies and by the possibilities of the Web 2.0 world. It will not reach a dramatic climax and be followed by a period of apathy. Nor will it slow down and allow us time for reflection. There may be cycles, notably investment cycles, but what is occurring spells a radical and lasting transformation of society. We can either help lead this revolution, or run and hide—in which case we will become superfluous and simply fade out of the picture. **For Publicis Groupe, the choice is clear: we intend to be leaders of this digital, interactive and mobile world.**

With the acquisition of Digitas, announced at the end of 2006, this hope becomes a reality: the Groupe now commands a clear leadership position in this new world. The Digitas teams, with their critical expertise, will be an essential springboard for the global expansion of Publicis Groupe's digital offering. Our digital communications strategy hinges both on making sure this new know-how fans out to all our own units, and on the continuing worldwide deployment of digital expertise through outstanding teams who have mastered these capabilities. **Our goal is to have at least 25% of our revenues be digitally-derived in 2010.**

The new generation of consumers, thoroughly at home with Web 2.0 applications, is in no way a passive audience. Their behavior has changed and will change again. They navigate effortlessly through this new space, which makes them particularly demanding clients, fully in charge of their purchasing decisions—and endlessly fickle where brands and media are concerned. Thanks to our long-term investments in tools and research, we are now a global leader in understanding consumer preferences. Today our media agencies are spearheading innovation to help clients make sense of a world where consumers can construct, deconstruct and reconstruct the messages of global media, while broadcasting their personal

opinions—positive or negative—of brands worldwide. In the past, data gathering led to analysis and understanding, followed by contacts. But today we are moving up a gear, embracing direct, interactive dialogue that is at once immediate and global, or nearly so. For years we have dreamed of getting closer to consumers. Now we have an opportunity to engage in one-on-one conversation, and in so doing make our campaigns more effective. This is a core concern for clients tracking the return on investment of their communications budgets, just as they are keen to build strong and lasting relationships with consumers.

There is one thing the digital revolution doesn't alter: at the heart of the relationship between brands and their customers is creative flair, invention, imagination, emotion and, at times, very little reasoning. To have real impact, ideas must be truly ground-breaking. The sheer number of communications platforms that exist make this increasingly difficult since differentiation is needed at every turn. The challenge is compounded by ever tighter deadlines in an environment that is moving faster and faster.

Which is where the Art of being Different comes into its own. Now, more than ever, Publicis Groupe is ideally-placed to make the connection—to harness resources to serve our clients.

The challenge is enormous: we must not only transform our own core business, but ensure that all our teams have access to training in new technologies and new skills. We know that our most important resource is our talent, which is why La Difference is also the driving force behind our talent management, making respect for diversity and progress for each and every staff member its priorities.

"La Difference" is what we bring to each of our clients.

Delivering it with passion and energy, enabling them to make a tangible difference for their customers, win their respect, and build instinctive loyalty along with market share.

Today our role is more valuable than ever. And more than ever driven by passion, values and value.

Viva La Difference!

The P12

GOVERNANCE



THE P12

JANUARY 1, 2007

Maurice Lévy, Chairman & CEO, Publicis Groupe

Tom Bernardin, Chairman & CEO, Leo Burnett Worldwide

Claudine Bienaimé, General Secretary, Publicis Groupe

Jean-Michel Etienne, Executive Vice President - CFO, Publicis Groupe

John Farrell, President & CEO, SAMS Worldwide, Publicis Groupe

Olivier Fleurot, Executive Chairman, Publicis

Fabrice Fries, General Secretary, Publicis Groupe

David Kenny, Chairman and CEO, Digitas

Steve King, CEO Worldwide, ZenithOptimedia

Jack Klues, Chairman, Publicis Groupe Media

Renetta McCann, Global CEO, Starcom MediaVest Group

Jean-Yves Naouri, Executive Vice President - Operations, Publicis Groupe

Kevin Roberts, CEO, Saatchi & Saatchi Worldwide

John Rossant, Vice President, Communications & Public Affairs, Publicis Groupe

Bertrand Siquier, Executive Vice President, Publicis

From left to right

David Kenny

Maurice Lévy

Renetta McCann



From left to right

Bertrand Siquier

Jack Klues

Fabrice Fries

From left to right

**Kevin Roberts
Jean-Yves Naouri
Steve King**



From left to right

**Jean-Michel Etienne
John Farrell
Tom Bernardin**



From left to right

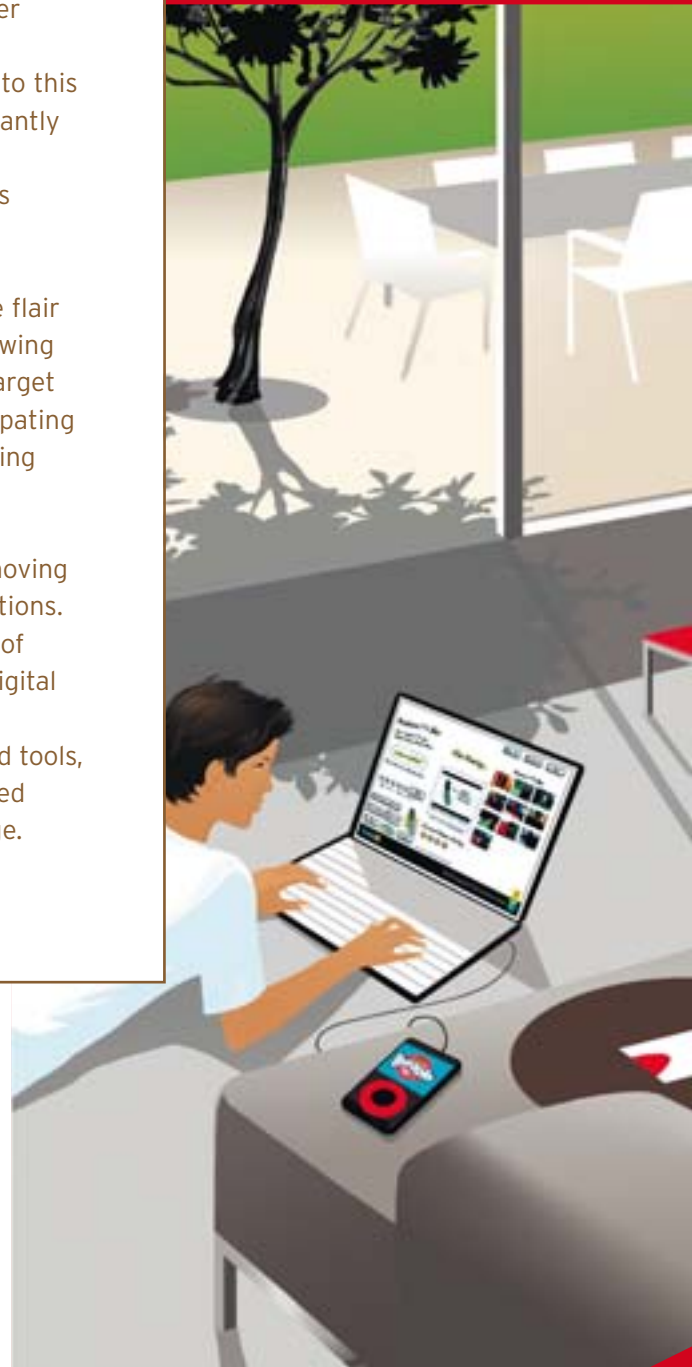
**Claudine Bienaimé
Olivier Fleurot
John Rossant**



AT THE CUTTING EDGE OF INNOVATION

Publicis Groupe's mission is to bring together brands and consumers—today more independent than ever before—and to do so as efficiently as possible. The teams of all our core businesses are working to this end, using their expertise to respond to the constantly changing environment and keeping step with new lifestyles that are shaped by new behaviors, needs and desires, as well as by technology.

Innovation is just as critical to success as creative flair and the ability to win new accounts. It means knowing consumers inside out, knowing which groups to target and how to reach them. Above all, it means anticipating emerging trends, mastering technology and defining processes that work. Reflecting this, the Groupe launched Denuo in early 2006, a unit harnessing strategic expertise to foresee trends in the fast-moving field of digital, interactive and mobile communications. The end of the year saw the Groupe's acquisition of Digitas, with which it gains a leading position in digital communications. Throughout the year, all Groupe companies continued to develop new expertise and tools, launching initiatives and partnerships with targeted groups to keep Publicis Groupe at the cutting edge.



Closer to the Future



Digitas Joins Publicis Groupe

EDITORIAL

Millions of people use the Internet everyday. A student in London uses www.delta.com to book a flight home to see her parents in New York. A mother in Los Angeles accesses recipes stored by Kraft on MSN to make dinner for her family. A cancer patient in Beijing finds important information about his disease and the potential treatments on medical websites. A new car owner in Miami joins Pontiac Underground, an online fan club. Digitas is privileged to have a key role in helping great brands produce and manage these experiences. We create digital experiences that are entertaining, inviting, and informational. We help our clients use Google, Microsoft, Yahoo, and other online networks to communicate at the right time and place. We build and maintain databases and

tools to greet customers by name, to listen and remember their preferences. We personalize website, search, and advertising experiences. We maintain huge libraries of content so that our clients have relevant responses for information requests. And we help our clients sponsor communities and social networks, and then stand by with confidence as their customers publish their experiences and aspirations about the brands.

Over the past decade, we have orchestrated a constant stream of innovations—dynamic websites, online commerce and servicing, personalization tools, content management, search and social networks, to name a few. This is only the beginning. Thanks to joining Publicis Groupe, our potential has increased exponentially. We now have a viable way to help our clients serve their customers globally, which is essential for the world's best brands. We have the scale to become even more integrated in the business operations of the leading online media networks. Today we are exchanging innovative ideas and services with the other great agencies of Publicis Groupe. And we have a more diverse and global talent pool to fuel our business.

In the coming years, our growing potential will be a major asset for us to meet the needs of the biggest global brands. And we are destined to deliver our full potential.



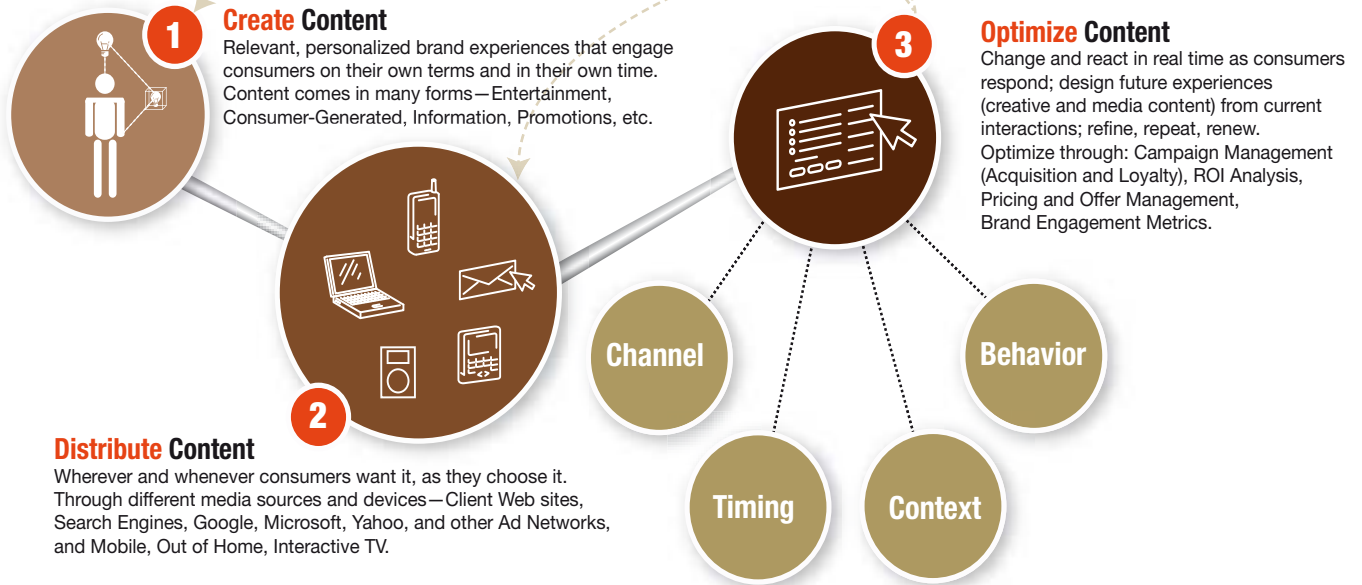
David Kenny,
Chairman & CEO,
Digitas

With the increasing importance of digital and interactive in advertisers' communications plans, a strong and comprehensive offer in these segments has become vital to global communications groups. In 2006, digital communications investments totaled USD 24 billion, some 6% of world advertising spending. By 2010 they should represent 10% of all advertising spending. And the growing role of online and mobile communications in the development of e-commerce and m-commerce, combined with the increasing use of digital in the automotive, healthcare and high tech sectors, suggest this fundamental and irreversible trend may accelerate even further.

Creating, distributing and optimizing highly-customized content

Digitas, now an official member of the Publicis Groupe family, gives the Groupe a strong base for expansion in digital communications, and provides critical expertise for the Groupe's holistic offering around the world.

How Digitas Engages **The Empowered Consumer**



One of the world's leading digital and direct marketing agencies, Digitas is at the very cutting edge of the vast changes transforming marketing and communications. Founded in 1980, the Boston-based group built its reputation on the ability to combine smart thinking, great creativity, and cross-channel communications excellence to create marketing engines that deliver world-class results for clients. Digitas employs more than 2,000 people across its networks, and helps blue-chip global brands develop, engage, and profit from their customers through digital, direct, and indirect relationships. Driving accountable and measurable relationship engines, the Digitas agencies are known for the marriage of art (creativity and insight) and science (analytics, measurement and strategy) across digital, and direct, media.

Major Digitas clients can be found across different industry sectors such as financial services (American Express, Wells Fargo), telecommunications (Cingular), pharmaceutical (AstraZeneca, Pfizer, sanofi aventis, Bristol-Myers Squibb), food and beverages (Kraft Foods, Heineken), transportation (travel) and hospitality (Delta Air Lines and InterContinental Hotels Group), automotive (GM) and technology (IBM, HP). Digitas' strategy focuses on creating, distributing and optimizing highly-customized content. This is how Digitas engages the empowered consumer.

Digital thinking is present throughout Publicis Groupe, with all our networks and agencies keenly focused on mastering digital, mobile and interactive technologies. Apart from the acquisition of Digitas at the end of 2006, the Groupe considerably reinforced its digital capabilities during the year, from the official launch of Denuo to the acquisitions of Moxie and Pôle Nord by Zed digital, the digital branch of ZenithOptimedia.

Publicis Groupe's



Rishad Tobaccowala,
CEO, Denuo

DENUO

Denuo is a new offering from Publicis Groupe. Part strategic consultant, inventor of marketing solutions and advisor to new ventures, Denuo navigates the chasm between creative and media with powerful communication ideas and platforms that examine every consumer touch point.

Drawing its name from the Latin word for “afresh” or “anew”, the company leverages “disruptive” trends, generating actionable ideas that impact the way companies and brands go to market in the future. Denuo functions as a “plug-and-play” unit, and is comprised of the most recognized and respected thought leaders in digital, interactive, and evolving marketing platforms.

The company is “architected for a jazz age” where clients ask for focus, flexibility, and agility combined with accountability, a partnering orientation and a catalyst to ideas that resonate in a changing landscape.

Denuo works for established companies of all sizes as well as start-ups, media sellers, and the clients who buy from them. The firm partners with agencies and consultants both in and outside Publicis Groupe and, true to their “plug-and-play” model, Denuo can be hired on an ongoing basis or for short-term projects that begin and end in a single day. In less than a year since its launch, Denuo has already put together some of the most innovative client campaigns on the market, including projects launched for Cadillac and Special K.

Denuo brought together engineers from Microsoft, GM and GM Planworks in the Cadillac Elite gaming project. Working with these experts, Denuo arranged for three Cadillac V-Series cars to be downloaded into arcade-style racing game Project Gotham Racing 3 (PGR 3), via Xbox Live's Marketplace. PGR 3 gamers could then use the vehicles to race against each other. Since the launch of the project, over 250,000 virtual Cadillac's have been downloaded, successfully driving the goal of introducing the Cadillac brand to a younger audience.

Digital Offer

Kellogg's retained Denuo to work with Leo Burnett to deliver the Special K Digital Platform after it recognized the key role digital marketing could play in reaching their target audience. The marketing program involved a Special K website with groundbreaking interactive components. Features included a tool set called the Special K interactive challenge and a range of services and support products developed with Yahoo. An online support system was created and marketed, including sms alerts, customized plans, calendars and coupons.

ZED DIGITAL

Formerly ZenithOptimedia Interactive, Zed digital was rolled out in March 2006 as a leading full service digital network of 600 staff in 23 countries, all fully integrated into ZenithOptimedia. Zed digital specializes in all digital platforms, from interactive performance marketing to user generated content and mobile marketing.

In 2006, Zed launched a particularly innovative, fully integrated campaign for Toyota Aygo. Targeting a younger market, digital media played a key role in this campaign which ran across 10 interactive channels and 6 offline channels. The campaign included a six-month sponsorship and content deal with Yahoo Music focusing on summer festivals. A second bold initiative involved British Airways. The campaign, designed to encourage the perception of BA as an innovator and as a company adding value to the customer experience, involved the creation of a downloadable mobile guide, "London is Closer". Zed digital was reinforced by two major acquisitions in 2006: Pôle Nord in Europe and Moxie Interactive in the US.

PÔLE NORD

Based in France, Pôle Nord is a search engine marketing agency oriented towards e-commerce brands, with in-depth expertise in the telecom, automotive, tourism and travel sectors. One of the agency's top initiatives of 2006 was to work on marketing campaigns for Voyages SNCF, the travel network of the French railway system.

In line with their new client acquisition strategy, SNCF chose Pôle Nord to develop its sponsored links campaign. Pôle Nord's actions helped www.voyages-sncf.com to reach larger keyword coverage on a higher ranking with better profitability. The campaign allowed the client to surpass its competitors in keyword coverage and ranking, and did so with a lower average cost per click.

MOXIE INTERACTIVE

In 2006, Moxie Interactive joined Publicis Groupe, bringing with it a range of digital communications capabilities: online media, search engine and e-mail marketing, technology development and hosting, interactive kiosks and signage, and e-commerce. Moxie's key project for 2006 was the creation of a unit specializing in buzz marketing and tracking online trends, allowing clients to better anticipate and deliver on customer needs. For Verizon Wireless, Moxie tracked "Generation C²"—Content + Cash. It refers to the explosion of online consumer-generated "content" and the new trend of paying consumers for that content. Moxie created a contest called "getFAMOUS", with a USD 25,000 contract to create a wireless phone series as first prize. The campaign targeted the fame-seeking, reality craving 18-34 year olds, and the winner was the first person ever to be propelled to fame through a cell phone.

But Publicis Groupe's interactive and digital offer doesn't stop there. It is present not only through Arc Worldwide, Publicis Dialog, Modem Media and Publicis Net, but in all our units. To support our drive for 100% digital operations, all Groupe entities are strongly encouraged to develop the technical skills they need to reinforce their digital offer.

4th largest communications group worldwide

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

Two multi-hub creative agency networks: Fallon Worldwide, Bartle Bogle Hegarty*

Three leading creative brands: The Kaplan Thaler Group (New York), Beacon Communications (Tokyo), Marcel (Paris)

No. 2 worldwide in media buying and consultancy

Two global brands: Starcom MediaVest Group, ZenithOptimedia

A management board serving the two networks: Publicis Groupe Media

World leader in digital communication

With Digitas, Denuo and several agencies specialized in digital and interactive communications

World's leading agency in healthcare communications

Publicis Healthcare Communications Group: Medicus, Saatchi & Saatchi Healthcare, Boz...

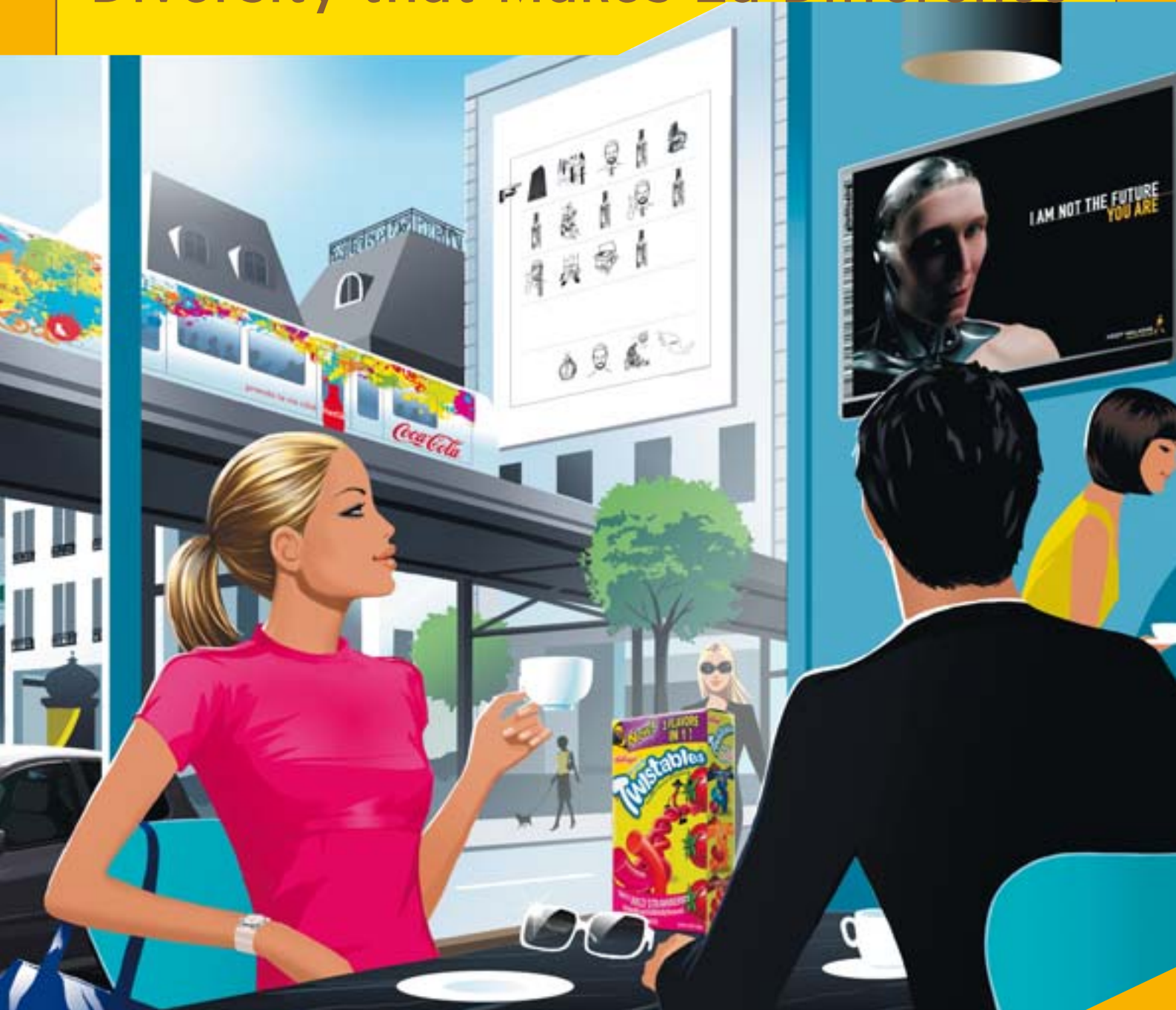
A complete, global range and recognized expertise in specialized communications

- Direct marketing/sales promotion: Arc Worldwide, Saatchi & Saatchi X, Publicis Dialog, Solutions, Betterway
- Corporate Communications and Public Relations: MS&L, Publicis Consultants | Worldwide, Freud Communications
- Publishing and production: Mundocom, MarketForward, Capps, WAM
- Multicultural communications services: Burrell Communications, Bromley Communications, Lapiz, Conill
- Events and sports marketing: Publicis Events Worldwide, Relay, Emotion.

* 49% owned.



Diversity that Makes La Difference



Media at the Heart of the Digital Revolution



Jack Klues,
Chairman, Publicis Groupe Media

The media industry in 2006 can be described in two words: frenetic change. New communication devices and technologies continued to proliferate, and consumers assumed sweeping control over media consumption. You might think the rapid pace of change would have demanded a reengineering of the media model, but in reality Publicis Groupe Media was perfectly adapted to meet the changes head-on.

Think about it. Media sits at the critical intersection where consumers come in contact with content and messages. Media practitioners have always had to know what lies ahead—to predict changes in media behavior and prepare for new realities. We have shaped ourselves simultaneously as futurists and anthropologists, perpetually mining consumer insights and building meaningful connections to them. This strategic perspective has made media an increasingly vital piece of the overall marketing equation—a fact that was repeatedly corroborated during 2006.

Looking ahead, it is clear that the dynamic landscape will continue to place new demands on the buying function, so the emphasis in media is becoming less about flexing sheer buying scale and more about activating ideas. The flight of the consumer from commercial messages has forced the media buyer into new modes of exploration—finding, securing and creating new intersection points so our clients' messages can be heard. They have

to buy what's not for sale. They have to conceive, generate or repurpose content that was previously not available. In 2006, a new breed of media buyer emerged, and we will continue to see more media buyers as content creators, creative influencers, producers and programmers.

Perhaps the biggest opportunity awaiting media is the coming digitization of all communications. We welcome the expansion of digital because the platform inherently delivers flexibility, addressability, more powerful analytics and more immediate and valuable measurement. At Publicis Groupe Media, digital expertise is not something that can sit in a silo or a specialty unit, but is becoming a fundamental part of our DNA. The implications are broad. Both our networks are pursuing the four key drivers of the digital landscape—broadband, search, analytics and digital content. This involves strengthening our competencies, expanding our capabilities, elevating our talent and improving our metrics.

We've been building toward these realities for the past five years. And we are ready for the future.

Starcom MediaVest Group

EDITORIAL

LEADING THE CONSUMER ATTENTION ECONOMY

In 2006, the teams at Starcom MediaVest Group (SMG) united behind the vision of Leading the Consumer Attention Economy. We recognize that consumer attention will soon be the scarcest resource in our world, and we are dedicated to mastering the art and science of it, to commanding it within the communications landscape. Our strategy focuses on inventing and mastering touch-points that engage consumers, while creating and activating transformative ideas that connect brands.

Thanks to the work of a global Activation Team, a framework for delivering this vision was elaborated and launched throughout the network. This new positioning, Connections That Captivate (CTC), was activated market-by-market in 2006. The CTC blueprint includes Ownable Approaches—proprietary SMG research, tools and insights that prepare our clients for the future contact environment. It pivots on global connectivity, and we've been very active uniting the network through these high-tech and high-touch processes. Perhaps most importantly, this model shows us how to get to the digital future—the top priority for all SMG people and brands around the world. By placing the consumer at the center of this model, we ensure that it carries out our promise: to deliver Connections That Captivate for our clients and help them win in the Consumer Attention Economy.

An outgrowth of this digital focus was the formation of the SMG Global Digital Council—50 globally-connected digital experts from across the network. This team focuses on helping SMG clients navigate the emerging digital landscape and researching how technology will transform current business practices. The team is responsible for developing client applications that integrate and leverage critical digital media platforms such as search, advanced TV, mobile, video and social media.

The new media environment is creating some of the most exciting opportunities in the history of our industry. With these tools in hand to steer our clients, we are boldly taking on the future.



Renetta McCann,
*Global CEO, Starcom
MediaVest Group*

“Global Partner Advantage Audit” for Sun Microsystems (Global)

With Sun Microsystems servers featuring an Advanced Micro Devices (AMD) chip, AMD agreed to pay 50% of all media dollars invested in the marketing campaign. Starcom was responsible for pulling together all necessary materials worldwide (tearsheets, media reports, rate cards) to justify the media investment made by Sun on AMD's behalf. Starcom leveraged agency capabilities and technology to pioneer a Sarbanes Oxley-compliant auditing process. With no single billing source, the network leveraged its own tools to translate foreign language rate cards, apply currency translation, and organize all deliverables in a unified fashion to eliminate discrepancies, reduce client expenses, and add USD 1.5 million to Sun's bottom line.

Procter & Gamble: Always (Starcom South Africa)

Through its “Keep Movin’” campaign, Always aimed to connect with the black youth market using music and dance as a form of self expression. The campaign included a national dance competition, launched in conjunction with Jam Alley, South Africa's top youth music/dance TV program. The brand reached 8,000 girls through these events, not to mention the extended television coverage. The campaign's success has led to a roll-out into the rest of Africa.

SITCOMMERCIALS: THE CREATION OF A NEW CONTENT FORMAT (USA)

SMG's response to cutting through television's clutter: a unique advertising platform called the Sitcommercial. This platform combines brand messaging with entertaining content the viewer can enjoy. Creative and successful sitcommercials were launched for some of the network's top clients this year, proving that this new platform can deliver results across categories and genres.

The MediaVest New York office created a sitcom series for Febreeze that featured live dogs cast in the roles of the all-American family to discuss the odor-fighting capabilities of this product. Commercial time was con-

verted into 13 90-second episodes with a set day and time, listed on the programming schedule. The result was 19^{1/2} minutes of original episodic creative content that delivered a brand connection—which consumers viewed as entertainment relevant to their lives.

The Sitcommercial was also used for client Masterfood. Working with the challenge of elevating M&M's to Hollywood icon status, the network created content under its new sitcommercical approach where their characters joined the real-life hosts in 36 Entertainment Tonight segments throughout 2006, both on the red carpet and in the *ET* studios. The results: 80% increase in brand message retention and recall among *ET* viewers over a stand-alone commercial.

Living in the Virtual World (New York)

In order to take advantage of the new online world for the launch of a new Secret campaign, MediaVest Digital Connections created a virtual "in-world" program called MTV's *Virtual Laguna Beach (VLB)*. Internauts could travel online through their avatars to the show's origins in Orange County, CA. They discovered a virtual world in which they could "live the life" they saw broadcast on air. Secret products were featured in the virtual world, and "visitors" were encouraged to submit Secret "Confessions" that appeared inside the virtual online cinema.

Pizza Hut Cheesiest Clips (Starcom London)

SMG launched a channel on www.youtube.com to coincide with the launch of the new Pizza Hut "Cheesy Bites" product. The deal was the first of its kind to be booked in the UK and taps into the extraordinary growth that www.youtube.com is experiencing worldwide. The channel invites users to upload their cheesiest, most cringe-worthy videos, with the site's most-viewed clips each week winning GBP 100 worth of Pizza Hut vouchers, and of course the kudos of having one of the "cheesiest" clips of all time.

Minute-by-Minute Intelligence (USA)

Starcom deciphered the advertising rating puzzle by becoming the first network to access granular minute-by-minute commercial ratings data and to leverage this insight in TV investment deals. Working with media partners at the Weather Channel, the network also added other agreements with American Movie Classics and WE: Women's Entertainment.

"Shoot Yourself" on www.icoke.hk (Starcom Hong Kong)

In order to bring Coca-Cola closer to its young adult target consumer, SMG designed the community website www.icoke.hk. A video camera was built into a bus shelter, allowing passers-by to take a video clip of themselves. The clip was then uploaded to www.icoke.hk and shown at the bus shelter. Over 3000 video clips were collected in a month's time and more than 85,000 people registered to be a member on www.icoke.hk.

Starcom MediaVest Group encompasses an integrated network of more than 5,800 contact architects specializing in media management, IP/digital communications, search marketing, response media, entertainment marketing, directional marketing and multicultural media. With 110 offices in 67 countries, SMG builds connections that captivate for leading companies and brands throughout the world.



Iain Jacob, CEO, Starcom MediaVest Group - EMEA
Laura Desmond, CEO, Starcom MediaVest Group - The Americas
Martha Marin, CEO, Starcom MediaVest Group - Latin America
and D. Sriram, CEO, Starcom MediaVest Group - Asia Pacific

Europe, the Middle East & Africa: Most Networked Network

EMEA is SMG's second largest region. In 2006, a comprehensive redevelopment plan was launched to make Starcom the "most networked network". A centerpiece of this plan was the creation of an EMEA Executive Committee, designed to increase integration, idea sharing, and overall cohesiveness throughout the network. In 2006, the network's market coverage expanded to include multinationals Kraft, P&G, LG Electronics and, most recently, UK-based Premier Foods. One hundred new accounts were won in less than 10 months.

Latin America: 90% Media-Only Client Base

SMG in Latin America has grown substantially over the past seven years, primarily as a result of clients who reward the network with additional business. P&G honored the LATAM region with responsibilities for Wella and Gillette in 2006, while Telefonica expanded the SMG relationship to include Mexico and the Southern Cone. SMG Mexico also won the country's largest financial institution, Banorte Bank. Pan-regional wins from Nintendo, Marriott Hotels and RicheMont enriched the portfolio, as did assignments from Macy's (Puerto Rico), Diageo (Chile)

and many others. One of the most notable achievements of the region was the evolution of its client base. In 2000, the clients of SMG LATAM were primarily full-service accounts managed through contracts with creative partners. By the end of 2006, 90% of the client base was media-only assignments handled through direct contracts.

Asia Pacific: Game-changing Wins

The big victory for the SMG Asia Pacific (APAC) region in 2006 was the successful pursuit of local new business opportunities. A short list includes Digi and Malaysia Tourism in Malaysia, Maxims and Dragonair in Hong Kong, Unilab in the Philippines and The Future Group, the country's largest retailer, in India. The latter represents SMG's biggest client in the Indian market.

North America: Ready for Tomorrow's Consumer

Re-launching our broadcast groups as MediaVest Video Investment & Activation (VIA) and Starcom Video Investment Group (VIG), SMG pioneered the marketplace's movement towards a video-neutral approach. In another case, the network created new ad models, co-developing innovative content wraps for the mini video magazine show CWH, and initiating the first-ever minute-by-minute media deals. In the new emerging media space, SMG led with numerous firsts in the uncharted waters of virtual worlds, consumer-generated content and vodcasting. During its first full calendar year, GM Planworks rapidly emerged as a digital innovator and leader venturing into previously untapped markets. The network delivered other industry firsts like GM Showroom On-Demand and VOD program sponsorships with Comcast and CBS. StarLink embodied innovation this year too, launching a digital futures practice and becoming the only boutique agency with its own Consumer Context Planner, as well as seeing spectacular—nearly 50%—growth through a mix of high-profile new business wins and solid expansion.

The Network's Top Appointments

In 2006, Global CEO Renetta McCann was ranked 27th on the list of Forbes Magazine's 100 Most Powerful Women. Starcom UK CEO Iain Jacob assumed responsibility for the EMEA in January, and Nick Daly was appointed regional COO in order to advance EMEA's less developed markets and overhaul the management of international accounts. Laura Desmond was appointed CEO, SMG/The Americas.

Numerous Awards

SMG won over 60 awards for its work in 2006. Advertising Age recognized the network's digital leadership and excellence by extending Digital Media Agency of the Year honors to MediaVest Digital Connections. The SMG network was particularly successful in videogaming with near-category sweeps at OMMA (Online Media Marketing and Advertising Conference) taking home "Best Use of Gaming" winner (for its Cadillac work) and runner-up (for Pontiac), and garnering Gold (Cadillac) and Silver (Pontiac) for "In-Game Advertising" at the IAB MIXX. In 2006, Starcom also won two Cannes Lions, including a Cannes Cyber Lion.

ZenithOptimedia

EDITORIAL

"THE ROI AGENCY" AND "THE ROI BLUEPRINT®"

The simple and straightforward world of media agencies has been transformed over the last decade, and our role as transactional buyers of time and space has evolved into productive and effective partnerships with many of the world's largest and best respected companies.

At ZenithOptimedia, we have responded to our clients' need to have informed navigators at their side, who can help them locally, regionally and, increasingly, globally to determine how to invest their marketing budgets. This expertise now covers an incredible array of choices from the "traditional" options of television, radio and print to new, dynamic and

often digital vehicles such as internet websites, search engines, cell phones, viral and blogging.

Fortunately, ZenithOptimedia, with its global network of 4,400 employees in over 100 cities, has four distinct competitive advantages.

First, we have the world's pre-eminent media forecasting unit, with 18 years' experience of accurately predicting and measuring changes in media demand. These forecasts were once produced annually; today, reflecting the fast-changing nature of the new landscape, they are updated quarterly or even monthly.

Second, our clear and distinctive positioning as "The ROI Agency" provides direction for staff and clients on the objective we aim to help clients deliver: profitable growth through improved efficacy in their marketing investments.

Our third advantage is "The ROI Blueprint®". This is the framework ZenithOptimedia has efficiently developed to introduce a rigor and consistency in tackling clients' diverse communication challenges.

Finally, we have the advantage of our proprietary Touchpoints system, which has the unique benefit of providing a holistic measurement of the impact of all of the potential contact points between a brand and the consumer.

This approach has allowed us to achieve record levels of growth and to attract and retain some of the best talent in our sector.



Steve King,
CEO Worldwide,
ZenithOptimedia

A Positive Spirit of Competitiveness

In 2005, the ZenithOptimedia Global ROI Excellence Awards were launched to encourage every office across the network to strive for excellence and demonstrable results. The entries for 2006 show the breadth and depth of the network's campaigns, both in terms of the results delivered and the innovative nature of many of these campaigns.

Gold Award for the launch of "Aygo by Toyota"

The Aygo launch was Toyota's first direct foray into a younger market. The targeted communications' strategy aimed at engaging the audience on its own terms. The campaign entered the pop culture networks of the younger audience in town and city centers: bars, clubs, concerts and cinemas. The central strategy was built around an Aygo website, special events and a custom-made lifestyle magazine brochure. The campaign included activities such as launching Aygo as a spoof record in the UK and associating it with a hiphop group in Germany. The campaign used a variety of cross-media activity: MTV partnership, city events, flyposting, club promos and radio promotion.

Silver Award for "Nestlé Cerelac" vaccination campaign in Egypt"

Cerelac launched a vaccination campaign in December 2005, providing transportation to clinics for mothers and their babies,

TOUCHPOINTS TO NAVIGATE THE NEW LANDSCAPE

As consumers turn to new forms of digital and other non-traditional media, the measurement and planning of holistic communications remain a key objective for most marketers. To address this need, ZenithOptimedia has developed Touchpoints, a proprietary planning system that provides marketing ROI metrics and planning guidance across all consumer contacts.

Based on category-specific consumer research, Touchpoints has been ZenithOptimedia's tracking and consumer contact planning tool since 2004. Throughout 2006, enhancements were made to the methodology, software applications, data analyses and contact planning approach. Clients in 29 countries continued to respond positively and the

212th Touchpoints project was completed in December.

ZenithOptimedia's Touchpoints database comprises 220,000 consumer interviews, showing the marketing performance of over 3,000 brands across 94 product and service categories, in over 100 contact types, from TV ads, to internet, retail, and word-of-mouth contacts. Clients can tap into a huge database of contact effectiveness norms, showing the relative strengths and weaknesses, by country and category, for contacts in mass media, one-to-one, point of sale, advice and recommendation, and sponsorship and events.

as well as free food, drinks and clothing. For this campaign, ZenithOptimedia negotiated with the two most-watched satellite TV channels for free airtime. A 2-minute documentary aired 50 times, and reached 48.7% of the Cerelac target audience. The network also negotiated with Egypt's most tuned-into radio stations to provide free-of-charge airtime for an audio cut-down of the documentary. Significant media coverage allowed Cerelac to position itself among a far larger target audience than community services alone could deliver. Cerelac took the lead over its competitor in communicating both its vaccination activities and the core values of the brand.

Bronze Award to "O2" for its "Clear Blue Experiences"

ZenithOptimedia UK was able to differentiate cell phone operator O2 through a series of what the network identified as "Clear Blue Experiences". These experiences included a range of activities including free oxygen shots during "happy hour" in major bars of city centers. For this campaign, ZenithOptimedia was the first to use elumin-8 poster technology to demonstrate O2's superior signal strength—the ad posters lit up like signal bars on the cell phone. O2 was also the first advertiser to use a run of digital escalator panels. Part of the campaign also included featuring O2 on the front cover of a leading music magazine's annual "Cool List".

With Hewlett Packard, the Computer is Personal Again

For the launch of HP's "The Computer is Personal Again" campaign, ZenithOptimedia USA worked with MTV Networks globally to create "Meet or Delete", a show that hooks up dates, roommates, band members and more. Taking blind dating to a new level, Meet or Delete drove awareness and impact while strengthening the image and intent of the campaign. In New York, where the campaign kicked off, the MTV 44^{1/2}, the world's largest outdoor HDTV screen, illuminated Times Square with HP creative content. www.meetordelete.com anchored the campaign, incorporating on-air content, online exclusives, and reciprocal links to www.hp.com.

The Fusion of Sports and Lifestyle for PUMA's Africa Velocity

For the "Africa Velocity" campaign PUMA needed to leverage Africa's passion for football and music in order to communicate the message that PUMA "Gets you to your dreams faster". Targeting the 16-24 youth audience, the strategy involved making the dreams of four MTV viewers come true by taking them to the Africa Cup of Nations to star in a program with R'n'B superstar Akon and a group of African football idols. The show was then broadcast on MTV channels across Europe and Africa, demonstrating that PUMA does "Get you to your dreams faster". Pele's involvement in the promo spot generated high levels of word-of-mouth, and the success of the program resulted in multiple repeats across Europe.



ZenithOptimedia is one of the world's leading global media services agencies, and is committed to delivering the best possible return to clients on their advertising investment. This approach is supported by a unique system for strategy development and implementation, The ROI Blueprint®. At each stage, proprietary ZOOM (ZenithOptimedia Optimisation of Media) tools have been designed to add value and insight. The ZenithOptimedia Village brings together the widest range of communications opportunities and skills to ensure the most powerful connections are made with consumers.

Major Business Highlights of 2006

For ZenithOptimedia, 2006 was a year of record growth in billings, revenue and profitability, as well as an unprecedented level of expansion in new business. Its top 10 clients all saw significant growth and all key clients were retained.

The network was also able to expand its existing relationships with major clients such as L'Oréal, HP and Nestlé.



Tim Jones,
CEO, ZenithOptimedia - North America



John Taylor,
*Director of Client Service
Worldwide, ZenithOptimedia*
and Adrian Sayliss,
*COO Worldwide,
ZenithOptimedia*



Philip Talbot,
*CEO, ZenithOptimedia -
Asia Pacific*

Reinforced Digital Capabilities

ZenithOptimedia's drive to put digital expertise at the forefront of its network was given additional momentum by the acquisition of two leading digital businesses in 2006. The first of which is Pôle Nord, a prominent European search engine marketing company, whose talent and cutting-edge proprietary systems have now been rolled out to ZO's global network. The network also acquired Moxie Interactive, the award-winning US digital agency based in Atlanta, renowned for its cutting edge creative capabilities. The combination of ZenithOptimedia's existing digital resources with Moxie has allowed ZO to provide additional digital offerings in the US, in New York, Atlanta, San Francisco and LA. The new Zed digital network now has 600 dedicated digital staff in 23 markets.

Other key developments that took place over the year included the launch of the China Media Exchange, the new trading arm of ZenithOptimedia and Starcom and the largest single buyer of media in China. ZenithOptimedia also launched in Japan in the second half of 2006.

Responding to the growth in Hispanic markets, ZenithOptimedia USA launched ZO Multicultural in September, based in New York. In addition, in 2006, Zenith Media USA re-organised its communications professionals into "Biospheres", led by Account Client Champions, moving away from the traditional craft skill silos found in most media agencies in the US.

Key Top-Level Management Changes

Recognizing the need to retain and hire the best available talent was a key focus for the senior management team. A significant number of new senior managers were recruited with particular emphasis on digital and business development capabilities. The network added an additional 400 employees and opened

new offices in Japan, Belarus, Georgia, Moldova and Pakistan. Among new hires were Sergio Lorca, CEO, ZenithOptimedia Iberia & Latin America; Antony Young (formerly CEO of ZenithOptimedia UK) was named CEO of Optimedia USA, which launched its new positioning as an independent, distinct identity within the ZenithOptimedia USA Group. Gerry Boyle was appointed CEO ZenithOptimedia UK. Andras Vigh, formerly CEO Hong Kong was named CEO, CEE & Middle East. Malcolm Hanlon was named CEO, Zenith Media China. Jon Chase was promoted from Managing Director to CEO, ZenithOptimedia International.

Most Important New Business Wins

ZenithOptimedia's Major New Business Wins of 2006 included Beam Global Spirits & Wines (global except Australia), Whirlpool (USA), L'Oréal (multiple wins), Artsana (Italy), Aviva (India), Alcatel Lucent (global win), Nestlé (multiple wins), Xfera [yoigo] (Spain), Hyundai (India), Capital One (UK) and Korea Telecom (Korea).

Prestigious Awards

For ZenithOptimedia, the most significant award of 2006 was winning the "Global Media Agency of the Year" award from Advertising Age at the end of January 2006 (for the year 2005). In addition, RECMA voted ZenithOptimedia the most dynamic global network, and recognized it as having the highest growth rate among all media agencies over the last three years, 2004-2006.

The strength of the network's integrated solutions was recognized with major awards, internationally at Cannes (Bronze Lion for P&G's Pantene) and at M&M Europe (4 for PUMA and 1 for Toyota) and at the highest level of local recognition in Germany, UK and the Middle East.

Médias & Régies Europe

EDITORIAL

Média & Régies Europe (MRE) is a historic pillar of Publicis Groupe, initially established under the name Régies Presse in 1938. The agency's services cover media space operations, including press, radio, movie theaters, outdoor advertising space, the Internet and point-of-sale displays.

With a total workforce of 600, MRE is made up of three main entities, each dedicated to a specific advertising medium. Métrobus concentrates on displays in public transport systems, Médiavision focuses on cinema advertising in movie theaters, and Mediavista is the first digital network to be deployed in shopping centers. Clients include advertising agencies, centralized purchasing organizations, advertisers and media-planning consultancies.

MRE continued upgrading its structures and offerings in 2006 as it prepared to meet new demand. Mediavista signed a number of long-term partnership agreements with French shopping centers for the installation of digital point-of-sale display networks. The same concept was behind the launch of OnSpot Digital in the US, a new company and digital network consolidating the position of MRE as a pioneer in digital communications.



Simon Badinter, *Chairman & CEO Médias & Régies Europe and North America*
and Benjamin Badinter, *Chairman & CEO Médiavision, CEO Mediavista, Executive Vice President Métrobus*

A New Kind of Digital Network

Founded in 2006, OnSpot Digital is a joint initiative of MRE and Simon Property Group, the top US retail property firm. OnSpot Digital is a unique cable network providing a continuous stream of general-public content to 50 of the largest Simon Malls throughout America.

In addition to advertising, OnSpot Digital content includes lifestyle programs, news, entertainment, and messages specifically targeting malls. Through this partnership with Simon Property,

MRE offers top brands a new channel for communications with the top end of the consumer market in a context allowing for immediate purchase decisions.

The OnSpot Digital Network is equally owned by Publicis Groupe and Simon Property. It is a personal initiative of David Simon, CEO of Simon Property Group, and Maurice Lévy, Chairman & CEO of Publicis Groupe. Based in Chicago, it is headed by Simon Badinter, Chairman & CEO Médias & Régies Europe and North America, and Stewart Stockdale, Chief Marketing Officer at Simon Property Group and President of Simon Brand Ventures, who together serve as its co-chairmen.

Saatchi & Saatchi

EDITORIAL

WELCOME TO THE ATTRACTION ECONOMY AND ALL THE CHALLENGES THAT COME WITH IT

Consumers no longer willing to accept passively whatever comes their way from producers; consumers more ready than ever before to engage, to get involved, to take control of brands, media and technology. And consumers ready to create—on their own terms. Our answer is Lovemarks—driven by a belief that brands are not owned by marketers, manufacturers, service providers or shareholders, but ultimately by consumers. Lovemarks are mysterious, sensual, intimate, and represent the future beyond brands. Creating unsurpassed Loyalty Beyond Reason in categories as diverse as diapers and detergent, coffee and cars, cell phones and soap, finance and pharmaceuticals. Lovemarks help our clients on their journeys from being known, often for good and different things, to being known for things their consumers *really* care about.

Lovemarks have provoked a huge consumer response, with over 20 million visits to www.lovemarks.com, and attracted new clients to Saatchi & Saatchi like JCPenney and Wendy's, looking to achieve the perfect relationship between Respect and Love by unleashing more emotional connections with their consumers. Lovemarks are accelerated by Sisomo—sight, sound and motion, the most potent ingredients for compelling, emotional content on screens of all shapes and sizes. As the defining tool of the Attraction Economy, Sisomo is everywhere. Sisomo is interactive. Sisomo is storytelling for The Screen Age.

Lovemarks are the catalyst for turning shoppers into buyers, the Purpose of Saatchi & Saatchi X, our 550 people-strong Network designed to help clients romance the shopper in her Theatre of Dreams. In 2006, we generated More Love for Payless and, in Plano, Texas, we helped Wal-Mart reinvent its store of the future.

Lovemarks, fuelled by real life, real time, real stories told by our burgeoning band of Xplorers, blogging truth into Boardrooms by hanging out with consumers—baby-sitting for Pampers, rearranging closets for Tide, making breakfast for Cheerios, traveling from town to town for Toyota.

Lovemarks, the unwavering focus of all at Saatchi & Saatchi, the Lovemarks Company.



Kevin Roberts,
CEO, Saatchi & Saatchi
Worldwide

Rubbish That Generated 1 Million Hits

When New Zealand Telecom launched video cell phones, they asked Saatchi & Saatchi to give them market domination within three months. The agency created the Rubbish Films Festival. With TV commercials, blogs, fake rival websites and phones handed out at youth events, the event offered young people the chance to win a trip to Hollywood. To enter, they had to shoot 20-second movies on mobiles and upload them on www.rubbishfilmfest.co.nz. Within three days of launch and with over 410,000 hits, this was among the country's five most-visited websites. Ultimately, over 900 films were entered, 25% of New Zealand's video mobiles got involved and site visits totalled 1 million. In a country of only 4 million people, the result was anything but ...rubbish.

A Wake-Up Call for 20-Somethings

Although it was a well-established American coffee brand, Folgers needed to secure its future by attracting younger buyers. Twenty-somethings can hardly open their eyes to the need to get up, go to work and be on time, let alone brew a cup of coffee! With Saatchi & Saatchi New York, Folgers helped them to ease their way into the working day. Using TV commercials, prints ads, ambient media and YouTube, they launched www.toleratemornings.com It is the website with all the tools to make mornings easier



to handle: wake-up tunes downloadable to mobiles, a computer “boss tracker”, early morning auto email responses and screen-savers. With 350,000 online film viewings and 150,000 website visits so far, the response has been far from sleepy.

Yaris and Knowing What Drives Young, Independent Americans

To launch Yaris in the US, Toyota briefed Saatchi & Saatchi LA to capture a place in the minds of 18-34 year olds. This led to a campaign that used Sisomo in almost every available form: TV, mobiles, internet, video games, even cars containing video confessional boxes where people could tell their own stories. It also made Sisomo history by introducing Yaris-branded “mobisodes” as part of the first ad-supported mobile phone video series, Prison Break. There were 26 episodes only available via mobile or at www.toyota.com. A month after launch, Yaris had seized 28.4% of the entry-level car market. It became the highest seller to drivers aged 30 and under.

Assembling the World’s Largest Creative Team for Lexus

To launch the Lexus IS, Team One USA wanted to achieve a new kind of consumer involvement. They worked with Venice Consulting Group and DHAP to develop a photo-mosaic website.

Then they invited internauts throughout the country to share their creativity by submitting photographs online. The contributors’ work dominated New York’s Times Square when, using the Reuters Mega Screen, 80,000 images formed a giant photo-mosaic of the new Lexus IS. Contributors were able to locate their own images and individual images could be displayed over 32 feet high. As they say at Lexus, why live in one dimension?

GUM@Saatchi: Making Brands Part of the Culture

GUM@Saatchi is a new division set up at the network’s London office to create ideas that enable brands to attain cultural significance. The force behind **GUM@Saatchi** is the recognition of the possibility of brands owning an emotional space with their consumers. **GUM@Saatchi** was at the origin of the network’s successful campaign for Sagatiba Pura, the Brazilian cachaca sugar cane spirit. The campaign included a 50-minute branded documentary, which was screened by CNBC three times. A segment of the film was screened in bars before Brazil’s World Cup games, and became a regular hit on YouTube. A coffee-table book was published and an album with an original music soundtrack will be out soon.

In 2006 Saatchi & Saatchi grew to include 7,000 employees present in 143 agencies throughout 83 countries. Saatchi & Saatchi X, the shopper marketing branch of the network, expanded to 23 offices after only two years, while Saatchi & Saatchi Design entered a phase of inter-continental growth in Europe, North America, the Middle East and Asia Pacific.

Management Changes to Better Spread the Lovemarks Message

Richard Hytner was appointed Deputy Chairman of Saatchi & Saatchi Worldwide. Working with country CEO's and the heads of our innovation engines including Saatchi & Saatchi X, GUM, Industry@Industry and Interactive, he will drive the reinvention of the network around Lovemarks. Jim O'Mahony has become CEO for Europe, Middle East and Africa in addition to being CEO for Asia, Australasia and Latin America. The Worldwide Executive Board has been strengthened, expanding its geographic coverage and creating deeper connections with resources and key clients. There were key creative appointments in strategically important offices of Interactive and Design: Australia, China, France, New Zealand, UK and USA. In Denmark, France, Spain, and the UAE, there were the top level management appointments. The worldwide creative team was also strengthened by various appointments.

A Great Year for New Business Wins

In 2006, Saatchi & Saatchi won Sony Ericsson and Avaya globally and Wal-Mart and JCPenney in the USA. Other 2006 wins included Toyota, P&G, Universal Pictures, Toshiba, 3M, Banca Intesa, Cyprus Tourism Organisation, Emporio Armani Web site, Diageo, BASF, Cold Stone Creamery ice cream, Guinness, Bank Negara, Aussie Home Loans, Carlsberg, EMAP, Sudatel Sagatiba, Sangemini/Fiuggi mineral waters, ESPN, Domino's Pizza, Lanson champagne and Lenscrafters Eyewear. The network's organic growth burgeoned with new assignments from General Mills, Novartis, Procter & Gamble and Toyota.



Richard Hytner,
Deputy Chairman, Saatchi & Saatchi Worldwide

2006: A Year of Worldwide Achievement

In addition to substantial New Business assignments and strategic management promotions, the network also continued to lead industry thinking with new books. *The Lovemarks Effect: Winning in the Consumer Revolution* is the latest volume from Kevin Roberts and *One in a Billion: Xploring the New World of China* is the new work by Sandy Thompson, New York Planning Director.



Bob Isherwood,
Worldwide Creative Director



Andy Murray,
CEO, Saatchi & Saatchi X

**SAATCHI & SAATCHI X:
TO DISTINGUISH A CONSUMER
FROM A SHOPPER**

The success of Saatchi & Saatchi X's campaigns is based on the capacity to distinguish a consumer from a shopper. The wisdom and experience

to fully leverage shopper insights in the retail environment are what define this pioneering arm of the network. 2006 was a particularly innovative year for these 550 shopping marketers based throughout 20 countries.

**Dreamstate™: The Saatchi & Saatchi X Factor
in Action**

Dreamstate™ is a new tool created by Saatchi & Saatchi X enabling the shopping environment to be redesigned around the shopper. By making the shopping experience more enjoyable, easier and more efficient, it does more than increase sales.

Emotionally, it makes the shopper feel closer to the product, helping to create loyalty beyond reason.

For instance, in *The Amazing 24 Month Journey*, Dreamstate helped American mothers navigate the baby food environment and learn about the importance of establishing good eating habits in the baby's first 24 months. Not only did this initiative boost sales, but it also boosted mothers' commitment to proper nutrition.

Building Stronger Bonds in France

Recognizing that for young people to need a bank, they need to have a future, Saatchi & Saatchi X in France created a unique website for Société Générale. It enabled young people to search for jobs and for unsigned bands to get their music heard on-line. In finding a job, or a recording contract, guess which bank these young people wanted to talk to? Within two months, Société Générale was doing 10% more new business with young clients compared to the same period prior to the campaign.

Saatchi & Saatchi also won local new business won from existing clients such as Dewar's, Bel, Deutsche Telekom/T-Mobile, Emirates, Visa Europe. Other innovative solutions were found for existing clients, including Lexus, VISA, Deutsche Telecom, Bacardi/Dewar's and Carlsberg.

Recognized Excellence in Creativity

At Cannes, Saatchi & Saatchi won 37 Lions, and was the world's second most awarded network. Saatchi & Saatchi New York was ranked as the USA's most creative agency by Advertising Age. And work for Ariel in Argentina garnered the first Gold Lion for Procter & Gamble.

At the YoungGuns Awards, Saatchi & Saatchi was ranked as the world's No.1 network for the second year running. Meanwhile, at P&G's Global Brand Building Awards, the network's global campaign for Pampers picked up the *Grand Prix*. In 2005, Saatchi & Saatchi set a record by winning 700 awards. They have now beat this record, bringing home 868 awards in 2006. Advertising Age awarded Saatchi & Saatchi USA with A-List status for diversifying its marketing roster and creative output.

Creativity Reinforced with New Initiatives

In addition to client campaigns, the teams at Saatchi & Saatchi brought innovation to a new level with the development of a series of new proprietary tools. These initiatives include brand-led sponsoring "esportif", which has already been appointed as strategic partner to Adidas.

A second initiative is **Industry@Saatchi & Saatchi** a resource that creates boardroom strategies for revenue growth. With its unique R&D lab for strategy and creativity, **Industry@Saatchi & Saatchi** generates business plans to enhance revenues.



Jim O'Mahony
CEO, EMEA/Asia/
Australia/Latin America

Rich Marketing Offer Now Boosted by Digital



John Farrell,
*President & CEO, SAMS Worldwide,
Publicis Groupe*

Publicis Groupe's Specialized Agencies and Marketing Services (SAMS) agencies cover a wide range of expertise complementing traditional advertising and media activities. With operations in healthcare, direct marketing, promotions, corporate and financial communications, CRM, events and multicultural communication, SAMS play an increasingly key role in overall Groupe growth. In 2006, our activities accounted for 30% of total Groupe revenues, and we are poised for further strong growth in 2007.

Underpinning much of this strength has been the increasing diffusion of digital applications throughout the SAMS agencies and networks. In this perspective, the exciting acquisition of Digitas at the end of last year will significantly boost our portfolio of resources, while infusing

talent and expertise in all of our businesses. This will add further momentum to the SAMS offering, to the benefit of our clients and our people.

The increasingly strategic role that the Publicis Groupe SAMS entities are playing in contributing to the building of our clients' brands and businesses around the world is particularly rewarding. We are at the forefront of this evolution, which is both challenging and exciting for all our teams. Though we are able to wield a diverse variety of cutting-edge disciplines, we are united in one goal: creating real value-added for our clients by successfully combining tactical behavioural change with strategic brand equity development through our marketing services disciplines and activities. The best is yet to come.

Publicis Healthcare Communications Group

EDITORIAL

Healthcare has been dramatically transformed by the digital revolution and the shift to a new consumer-centric world. Pharmaceutical companies once communicated directly with doctors, who in turn communicated with patients. However, the newly-empowered consumer independently seeking information on diseases, diagnosis and drugs has changed this paradigm. In the third quarter of 2006 alone, over 33 million consumers in the US researched prescription medication using the Internet. Meanwhile, the majority of physicians are now using on-line searches for medical information. The pharmaceutical industry is thus rushing to deal directly with a new customer base—patients. At the same

time, the industry is seeking innovative ways to communicate more effectively with its traditional customers—doctors.

Publicis Healthcare Communications Group (PHCG) is pioneering the use of digital technologies to adapt to this new reality. We have established ourselves as the market leader in new digital notebook technology, which allows pharmaceutical sales representatives to present doctors with scientific and promotional information in a dynamic and interactive format on a tablet PC. PHCG was also one of the first groups to offer podcasts of major clinical seminars to physicians, to provide online accreditation courses for continuing medical education and to offer our clients digital options as an alternative to sales representative calls.

We have recently taken steps to build an even more robust infrastructure with additional services. In late 2006, PHCG restructured our three technology companies under a single leadership, and began a formal training program on digital technology applications for our agency account people. Each of the major PHCG operating units around the world now has a digital strategic initiative as part of its 2007 business plan, and we continue to scan the horizon for appropriate acquisitions to add to our current capabilities.

PHCG celebrated its third anniversary in 2006. We plan to build upon this year's successes in our drive to maintain our leadership in healthcare communications.



Edward Rady,
CEO, Publicis Healthcare
Communications Group

Maintaining a Competitive Edge with Doctors

Throughout 2006, the teams at PHCG led a bold new project aimed at helping Arimidex maintain its leading position in the treatment of early-stage breast cancer. Arimidex was the first of a new class of drugs, but faced tough competition from a newer compound. The marketing challenge: how to ensure Arimidex kept its competitive edge with oncologists.

To face this challenge, PHCG developed an entirely new function for a tablet PC. This device stores promotional material for the brand while allowing sales representatives to customize details for an individual physician's practice and access clinical reference information in order to answer questions or generate discussion. To work the tablet PC, a special pen is used on the screen to select, drag, and open files (like a mouse) or to handwrite notes (like a keyboard). Sales representatives can quickly navigate the technology and comfortably engage with physicians.

The teams at Medicus NY worked with iMed Studios to deliver a 100-screen program in a few short months. The static paper version came to life in flash media—incorporating popups, sequentially building stories, interactive graphs and charts, audio tracks, as well as thought leader videotapes.

This cutting-edge technology met the objective of making Arimidex's established data fresh and exciting again, thus giving medical representatives the competitive edge in the oncologists' office while maximizing their access and impact in the field. In December 2006, the tablet PC was awarded a Finalist Certificate from the coveted Global Awards for professional computer-based communications, the world's largest and most prestigious healthcare communications awards.

Publicis Healthcare Communications Group (PHCG) is a leader in innovative and integrated healthcare communications. As one of the largest worldwide networks in the industry, the PHCG presence runs through 42 agencies in 10 countries. PHCG also works with other networks within the Groupe. It prides itself on its expertise in all phases of drug development. With the broadest offer in the industry, PHCG can start working with clients up to five years before the launch of a drug. PHCG is made up of six different healthcare communications brands. All of them are committed to leveraging each other's strengths and expertise to deliver a holistic value to the clients they serve.

Reinforced Leadership in 2006

In 2006, Publicis Healthcare Communications Group (PHCG) continued its healthcare leadership role by outpacing growth in the market by more than two to one.

A Management and Business Plan to Focus on the Future

Several key management alignment changes were made. Nick Colucci, President and COO, assumed responsibility for the International Businesses and Medical and Scientific Affairs

in addition to his current North American Advertising and Med Education responsibilities. Mike Trepicchio was promoted to run North American Advertising, and Sam Welch succeeded Mike as head of Saatchi & Saatchi Healthcare Communications (S&SHC). Rick Keefer joined the Publicis Selling Solutions Group as COO, heading the contract sales group and related businesses. In order to concentrate on the rapid growing CRM and interactive business, the network's existing CRM business, under Rebecca Scroge's leadership, was separated from S&SHC. Renamed Glow Worm, this unit now supports not only S&SHC but Medicus and Nelson brands as well. Alain Sarraf was appointed Country Manager of France as the network moved to a country manager organizational structure.

Organic Growth and Acquisitions

A comprehensive eight-client New Business plan was put in place to generate organic revenue. Dedicated teams have been assigned to each client with responsibility to build relationships and uncover opportunities for the PHCG companies. In addition, Healthcare Account Directors were assigned to the network's major clients to better coordinate current business and seek out additional opportunities.

To support this New Business effort, and improve internal communication, a new PHCG intranet called ManeLine was initiated. It is a single searchable repository of current New Business activities worldwide, a listing of the business information for all 2,600 employees within PHCG.

REORGANIZATION OF HEALTHCARE ACTIVITIES IN FRANCE

In July 2006, The Boz Group joined the Publicis Healthcare Communications Group, making PHCG France the undisputed leader in medical communications in France and consolidating its importance throughout Europe. The Boz Group has been France's leading agency in healthcare communications for more than 25 years. This agency employs 65 people including a team of 17 medical copywriters, an integrated creation studio guaranteeing total confidentiality, and a wide service offering.

Boz has developed a new integrated approach to medical communications, extending from the scientific research environment and market studies, to training for medical professional sales forces, specific training for doctors, and management of pathology observatories—all indispensable services to pharmaceutical groups.

"Medical Education" is covered by two trademarks: Cascade and Discovery with their (CMT) Continuing Medical Training programmes and pathology observatories. CMT will be provided by the VIP Institute, market studies by Yssup Research, digital communications by Melody Healthcare, media relations by Core Press and professional relations by Discovery and *Tasse de Thé*. Medicus International Paris will continue to manage global and international communications projects.



PHCG maintained its active acquisition plan during 2006, acquiring Melody and the Boz Group. The network's strategy focuses on geographical expansion, building critical mass in current businesses, and adding new service capabilities.

Big Business Wins

Significant new wins for PHCG include the Oncology franchise for Novartis, Crestor from AstraZeneca, Altace from King, Oral B from Procter & Gamble, and Rendix from BI. There were over 200 wins in the 36 operating units of PHCG.

Notable Awards Throughout 2006

The agencies of PHCG had a record year securing over 30 major awards. Most notable were: Saatchi & Saatchi Healthcare, Agency of the Year from Med Ad News and Medical Marketing Media; Saatchi & Saatchi Consumer Healthcare, DTC Agency of the Year; iMed Studios, Best Visual Appeal and Professional Services for the PHCG website by the International Academy of Visual Arts; Medicus Australia, the PRIME award for Marketing Campaign of the Year; Medicus London, Best OTC Trade and Professional Advertising, and Medicus Madrid, the Gold Aspid for Best Institutional Communication Campaign.

In late 2006, PHCG set upon a course to make 2007 an even better year by planning significant new initiatives and functional changes. Inclusive of this are plans to organize global and pan regional New Business, a new country management structure for Europe, a strategic planning process that drives key strategies

down to the individual business in every country, and a consolidation of IT/interactive units under single leadership.



Ann Garraud,
CFO, Publicis Healthcare
Communications Group
and Nick Colucci,
President, COO, Publicis
Healthcare Communications
Group

PRCC aligns all of the public relations, public affairs and corporate communications resources in Publicis Groupe. This unit is made up of the Groupe's two largest corporate communications brands, MS&L and Publicis Consultants | Worldwide, as well as the UK-based PR firm Freud Communications, in which Publicis Groupe owns a 50.01% stake. Services cover a broad scope of public relations and corporate communications strategies and expertise including corporate branding, institutional communication, crisis and issues management, public affairs, financial communication and investor relations, workplace communications, media relations, consumer marketing and entertainment marketing.



Mark Hass,
Global CEO, MS&L

MANNING SELVAGE & LEE
(MS&L)

International Expansion and Business Development

2006 was an exciting year for MS&L. In the US, the network added several top clients and created industry-leading and award-winning work for existing clients such as Philips, Heineken, Allergan, P&G, and sanofi aventis. In Europe, MS&L opened offices in Brussels and Paris and added The JKL Group, the Nordic communications powerhouse, to its network. In Asia, it opened an office in Toyko and also expanded its Latin American network to 14 countries. MS&L fully integrated Capital MS&L, the financial and investor relations consultancy, into its network, and Capital MS&L opened an office in Dubai.

Public Relations

Award-Winning, Topnotch Digital Work

In 2006, MS&L won the 2006 PRWeek PR Innovation of the Year and Best Use of the Internet awards for its work developing GM's FastLane blog (www.fastlane.gmblogs.com). The blog, which features the candid thoughts of GM's Vice Chairman and encourages a dialogue with consumers about the company's cars and trucks, quickly became the communications industry's best practice for how companies can directly engage in online conversations with customers. This program was covered by top publications such as The New York Times, The Wall Street Journal, The FT and BusinessWeek. But perhaps most important of all, the blog changed the way consumers, the media and employees around the world think about, and communicate with, GM.

Tools for Innovative Thinking

In November 2006, MS&L organized a thought leadership summit for Procter & Gamble, attended by more than 20 of its senior ER/PR directors from around the world. Themed "C³ (Consumer X Content X Collaboration): To a New Power of Global Communications", the interactive session explored trends and strategies to guide the company's integrated marketing communications for the future. The meeting reinforced MS&L's reputation as a thought leadership pioneer among P&G's global partners and positioned the agency as the lead catalyst for several key change initiatives.

Proprietary Research to Elevate our Clients' Programs

In 2006, MS&L developed a report on consumer attitudes and influencer/word of mouth (WOM) marketing. Based on a survey of 7,200 Americans, the report is the largest and most comprehensive study of the brand-related conversations of consumer influencers ever created. MS&L also developed a thought leadership platform about the integrity of the editorial process and the PR industry and led the industry's discussion around this topic.

PUBLICIS CONSULTANTS | WORLDWIDE

2006 was the biggest year yet for Publicis Consultants | Worldwide. The network aligned six new offices under its brand with additions in the US, UK, Germany, France and Italy. The brand also forged new partnerships with eight agencies outside of Publicis Groupe. This robust network now covers 22 countries with its 40 agencies and 11 strategic partners.

and Corporate Communications Group

New Business Wins and Cutting-Edge Campaigns

The network welcomed several key business wins in 2006. Entrusting their communications on local, and some on global, scales were clients such as Shell, D&R, NIBC, Rabobank, Sun Trust Bank, Thomson, Suez, Euronext, Manpower and the Caisse des Dépôts.

Business wins boosted the company's repertoire throughout the year. Agencies across the network put Corporate Holistic Management to work for Thomson, a multi-national client for whom a rebranding campaign was created. Numerous European agencies put their endurance to the test to accompany Arcelor through a long and high-profile merger. In the US, the masius | Publicis Consultants New York team brought a new face to Manpower, a recruitment and job placement company, for a creative advertising template project to be implemented in 72 countries. And the technology-savvy team in the Netherlands put a new internal communications tool on the market revolutionizing the top-down schema of intra-company communication.

Leading the World in Internal Communications

The company's development led to dramatic changes to its internal and external communications strategies during 2006. Whereas the agencies comprising the Publicis Consultants network had been independent from one another, the implementation of new company procedures saw increased collaboration across geographies. Facilitating dialogue was the internal communications goal of the year. In addition to a company seminar bringing together managers from throughout the network, an international newsletter was launched to foster communication throughout the worldwide agencies. In addition, Publicis Consultants | Worldwide invested heavily in the Mutilogue/INN tool developed by its Amsterdam office; (www.mutilogue-inn.com).



Eric Giully,
*CEO, Publicis Consultants
Worldwide*



Matthew Freud,
Chairman, Freud Communications

FREUD COMMUNICATIONS

New Frontiers

For Freud, 2006 is best encapsulated in the [RED] campaign. The campaign brought together years of expertise in brand communications, celebrity partnerships, high-level media influence and cause related marketing to launch [RED] as a single coherent entity. This simple concept was launched at the World Economic Forum in Davos in January 2006. A host of brands such as Amex, Gap, Motorola and Armani committed to the cause which helps fight HIV and AIDS in Africa through donations to the Global Fund to fight AIDS, Tuberculosis and Malaria. Corporations committed to manufacturing products which encouraged consumer's to "shop" [RED] knowing that their purchase decisions would activate the corporation rather than themselves to donate a percentage of the purchase price to the cause. The year ended with a phenomenally successful launch in the US. In the first 12 months of this campaign, over USD 20 million has been raised. 2007 will see a host of new brands and corporations join the scheme.

New & Developing Business

2006 continued to be a thriving year for Freud in terms of both New Business and developing existing business. New clients came from a variety of sectors and categories including Eurostar, the Bird's Eye Frozen Food range and digital giant MySpace. The agency continued to deepen its relationship with current clients, including Carphone Warehouse, Nestle, Sky, VW and the various departments that promote both tourism and inward investment in London through the office of the Mayor of London.

Innovative & Inspirational Thinking

Nucleus, the agency's dedicated insight planning & creative function continued to grow from strength to strength. Philip Gould, the world-renowned strategist and pollster was appointed Non-Executive Director of the agency. A range of proprietary tools were both conceived and finalized during the course of the year, including the Brand Belief Platform, the agency's client "Inspiration Day" and Eyewitness, Freud's ongoing qualitative & quantitative tracking system of a host of issues across consumers, stakeholders, and media opinion formers.

Leo Burnett

EDITORIAL

HOW TO INCREASE OUR CLIENTS' PROFITABILITY

Today's marketing landscape is shifting so quickly that there is no time to stop and look at the textbook. And there is no textbook. The teams at Leo Burnett Worldwide are hard at work delivering real solutions to clients such as Kellogg, Philip Morris and P&G, even as the pundits are pondering how the industry should deal with this new landscape. Leo Burnett Worldwide offers a distinct perspective that challenges traditional ways of thinking about the advertising and marketing industry. We have become an agency without borders, an integrated company of specialists.

A driving principle of our engagement is what we call the "value exchange"—an interaction of mutual benefit for marketers and consumers alike. In a value exchange, consumers willingly give their time, attention and loyalty in exchange for something a marketer has to offer. Marketers, to fulfill their part of the bargain, personalize their messages and deliver content that complements consumers' lives. Our approach allows our clients to use their marketing dollars more effectively by creating the right levels of engagement.

We have been hailed in the press as "pioneers on the frontier of marketing" and have created the first mobile blog and produced the first branded downloadable software for a videogame. We've won more awards for campaign effectiveness than any other agency in the last five years, picked up 300 marketing services awards in the last three years, and won more Cannes 2006 film awards than any other agency.

To us, innovation means never being satisfied. Being hungry. Looking at every aspect of our business with one end in sight: our clients' profitability. Leo Burnett Worldwide's innovation story of 2006 is our dramatic reorganization, which is enabling us to transform pockets of brilliance into everyday occurrences, to spearhead global innovation and to grow our clients' businesses. There has never been a shift of this magnitude within our company, and we strongly believe that employees, clients and partners alike will be pleased with the results.

Like an alchemist, we are turning what we have into something we never thought possible.



Tom Bernardin,
Chairman & CEO,
Leo Burnett Worldwide

Pontiac, a Pioneer in the Virtual and Commercial World

As one of the first ad agencies to have a presence in Second Life and integrate it into a client campaign, Leo Burnett Worldwide is a pioneer in a new virtual—and commercial—world. The network's Detroit office advised Pontiac on its Second Life launch. Pontiac's new presence—a six-region land mass called Motorati Island—is a gift to brand aficionados: free "land" to create a vibrant car culture within the community. Staying true to the spirit of Second Life, which empowers members to build the community, Pontiac is providing parcels of land around Motorati Island to Second Life entrepreneurs and artists who wish to create their own projects dedicated to car culture. Pontiac is also building its own dealership and a Pontiac concert stage on the island. Most recently, Leo Burnett Detroit helped Pontiac stage a Jay-Z concert on the Pontiac Garage on Motorati Island, causing traffic to the www.motoratilife.com web site to double in just a couple days.



New and Original Cell Phone Experiences with Helio

The Chicago office of Arc Worldwide worked with Helio, a mobile virtual network operator (MVNO) based in Los Angeles, to launch MySpace functionality onto mobile phones in 2006. Arc's joint research with Helio helped determine what features and functions Helio should offer to its consumers to provide the highest level of engagement. Arc was instrumental in the development of the mobile interface, enabling users to capture media on the phone and post it directly to MySpace without ever using a PC. With the ability to read and write messages, add friends on the fly, post bulletins or load images to their MySpace page directly from their device, Helio allows for real-time sharing of experiences and makes the MySpace experience about the here and now.

Daily Life Becomes Art with Diageo

Arc London fused the technology of third-generation mobile phones and location-based software with the art of painting to make the Diageo brand more relevant to its young consumers. For example, five friends with 3G mobile phones take a walk through SOHO, while the Diageo website tracks their movements and creates an abstract piece of art reflecting the path they take. The friends can print their digital painting and email it

to others, creating a viral, artistic and high-tech way to engage with the brand. This ingenious campaign, successful with early technology adopters, showed how marketers can use mobile handsets and location-based software to connect with consumers, setting the stage for future iterations.

Having Fun Keeping Fit with Verb YellowBall

Arc Worldwide created one of the most ambitious campaigns in marketing history to combat childhood obesity and inspire teens to get physically active. On behalf of the Centers for Disease Control and Prevention, Arc launched Verb YellowBall, sending 500,000 balls to schools and kids across the US. In an ingenious twist, Arc used the web to inspire play, as each ball had a code that they entered on a microsite. Kids blogged 17,000 times and made 170,000 online videos—all about physical fun—while earning iTunes and meeting celebrities who touched the balls. This generated an endless chain letter of play. Verb started it but kids controlled it. In all, more than 5 million kids touched YellowBall, either literally or virtually.

Founded in Chicago in 1935, Leo Burnett Worldwide is a top ten global agency network with 94 offices in 83 countries. In 2006, the network developed a two-pronged growth plan aiming to improve the creative product and win New Business. This strategy allowed it to triple its 2005 growth rate. The network has identified 10 key priority markets: Greater China, the Middle East, the US, the UK, Spain, Italy, France, Russia, Germany and Brazil. In late 2006, Leo Burnett Worldwide announced a massive and global reorganization of the company in order to better serve clients.

New Clients, New Business Activity

A testament to Leo Burnett Worldwide's ability to provide an excellent creative product is the strength of its longstanding relationships with its blue-chip clients, such as Philip Morris, P&G, The Coca-Cola Company, McDonald's, General Motors, Allstate and Hallmark. Each of them awarded new assignments. In telecommunications and financial services, Leo Burnett Worldwide won business from Orange, Brazil Telecom, Cable & Wireless, DU, Chunghwa Telecom, ABN AMRO, Barclays, Capital One, Centurion Bank and Bank of Cyprus. In the healthcare and automobile sectors, new assignments were awarded by sanofi aventis, AstraZeneca, Pfizer, Chevrolet and Fiat. Several new wins in Europe and the US demonstrated the network's multichannel acumen, as Arc's impressive retail credentials generated major assignments from the UK Post

A More Cohesive, Robust Service Offering

In December 2006, Leo Burnett Worldwide announced a number of management and structural changes designed to help the company meet its clients' evolving needs and capitalize on growth prospects. Sister companies Arc Worldwide and Leo Burnett brand agencies will now officially come together under the Leo Burnett Worldwide umbrella at the network level. At the heart of the evolved structure will be the new Global Management Council (GMC), reporting directly to Tom Bernardin and formed to ensure significant markets and businesses worldwide receive the focus, investment and expert oversight they need to maximize growth potential. The GMC will consist of representatives from the 10 key markets, and a number of other senior managers. Working alongside the GMC will be a global lead team, with responsibility for executing the GMC's strategies. The team will consist of Tom Bernardin, Tom Dudreck, Marc Landsberg, Mark Tutssel and Catherine Guthrie. Additionally, Rishad Tobaccowala, CEO of Denuo, will be consulted by Tom and the GMC on strategic initiatives to take in the future.



Tom Dudreck, Chief Operating Officer, Leo Burnett Worldwide
Juan Carlos Ortiz, Co-President, Leo Burnett - North America
and Rich Stoddart, Co-President, Leo Burnett - North America



Mark Landsberg,
*President, Arc Worldwide
and Director of Global Strategy,
Leo Burnett Worldwide*

ARC WORLDWIDE, ANTICIPATING THE FUTURE

Leo Burnett and Publicis Groupe created Arc in 2004, after a prescient group of Burnett executives examined the channels that clients would most demand in the future: digital, direct, promotional and retail marketing. It was an intelligent and bold move, one that will be exploited in the best sense of the word as Arc's momentum is further strengthened. In less than three years, Arc's accomplishments have been numerous. The network is creating an entirely modern and streamlined operation with one goal in mind: to boost Arc's digital capabilities. With a more robust digital group, organized to serve Leo Burnett Worldwide's top markets, the network will

not only embrace client needs, but also anticipate them. The integration of Arc and Leo Burnett now means that Arc's capabilities are the capabilities of the entire network.

In 2006, Arc Worldwide won an impressive 175 awards. In addition to the Cannes and D&AD awards, Arc received accolades in many competitions for excellence in interactive, promotional, retail and direct marketing. Highlights included recognition at the Diamond Awards, the Pro Awards, and the international Globes awards. The Yahoo Big Idea Chair was awarded to Arc San Francisco and Symantec.

Arc North America and Asia teams brought home nine WebAwards for clients such as Diageo, Kellogg, Levi Strauss, HP and Vidal Sassoon, a clear indication of Arc's growing digital presence around the world.

Office, Tesco and Carrefour. Across Western Europe, P&G named Arc one of only four agencies of record for all interactive work, and Kraft named Arc a roster agency for consumer promotions for all its brands. In the US, United, a long-term promotions client, granted a major interactive assignment while P&G awarded assignments for Herbal Essences and Olay.

Creative Successes

Leo Burnett experienced a stellar creative year in 2006 under the leadership of Chief Creative Officer Mark Tutssel. In 2006, the worldwide network won more Film Lions than any other network at Cannes: Leo Burnett Italy, Portugal, and UK all won Golds. Bronze winners were Leo Burnett Norway, France and Australia.

Arc Malaysia, for its part, won three prestigious Cannes Festival awards, including 2 Gold Lions for a direct-mail campaign on behalf of Malaysia Airlines. At the D&AD and Andy Awards, Leo Burnett Worldwide was the most-awarded agency network in the world. Leo Burnett and Arc Canada won four digital awards at the D&AD, including the first-ever digital Black Pencil, for the design of www.leoburnett.ca.

The network also won 12 awards at the Andy Awards. Leo Burnett was the most-awarded agency network in Europe at the Art Director's Club '06 and, at the International Addy's, Leo Burnett USA was the most-awarded office. In the Shots Grand Prix, a compilation of the world's top shows, the network jumped in the global rankings from 7th place to 4th.

2006 marks 25 years of highly creative success for Fallon. The year was rich in innovations, inroads in the digital space, client growth, creativity and top awards. Pat Fallon and Fred Senn published *Juicing the Orange*, putting forth the notion that creativity can not only be a competitive advantage for a business, but also an economic multiplier in the marketplace.

Fallon Worldwide



Michael Wall, *Founding Partner, President International, Fallon Worldwide*

Pat Fallon, *Chairman, Fallon Worldwide*
and Robert Senior, *Managing Partner, Fallon Worldwide*

Innovations Online

In 2006, Fallon created the critically acclaimed Brawny Academy, an online reality show based on the premise that men could be a lot more help around the house when properly motivated by the paper towel icon, the Brawny Man. Whether it's Brawny Academy or one of its other recent forays into the online space (i.e., Nordstrom Silver Screen, Amazon Theater or BMW Films), Fallon has been on a quest to create work that consumers seek out. Increasingly, these brand-building efforts have lived in the digital space and have been an essential element of the client's overall marketing mix.

New Business, Strong Growth

Fallon experienced organic growth from four of its largest clients, including Citi, Purina, Travelers and Holiday Inn brands. The agency landed new clients in high-growth sectors: Orange, Garmin, and NBC Entertainment.

Fallon Takes Citi Global

Citi's worldwide advertising assignments will now be handled by a model Citi calls "Publicis Powered by Fallon." Under the creative development and direction of Fallon Worldwide, the Publicis network around the world will execute Citi's advertising programs with Fallon Minneapolis continuing to solely lead Citi's advertising efforts in the United States. As part of the Citi global relationship, Fallon Asia will also partner with sister agency Publicis for its Singapore operations.

Agency of the Year

2006 proved that a single spot, Sony "Balls," still can capture the imagination of the world, with over 7 million views of the ad and related video content. The spot won several awards, including a finalist for the Grand Prix at Cannes. But, more important, it was so effective at achieving business results that it had to be pulled from many markets because Sony sold out of TVs. With all the New Business wins and acclaim for Sony work, Fallon London was named Campaign magazine's Agency of the Year.

Positive Management changes

Bill Westbrook was appointed Vice Chairman of Fallon Worldwide and Kerry Feuerman was named Creative Director for Fallon Minneapolis. Mike Buchner was promoted to Chief Operating Officer for Fallon Worldwide. Fallon London promotions included Karina Wilsher to Managing Director and Mark Sinnock to Director of Strategy. Calvin Soh continues to be the President/ECD of Fallon Singapore and takes on the additional role of Regional Creative Director for Publicis Asia.

The Kaplan Thaler Group

Following a record-breaking 2005, The Kaplan Thaler Group (KTG) had an exceptional 2006. The agency won major New Business in multiple categories, expanded its offerings and raised its profile in the marketplace. According to Advertising Age's 2006 Rankings of the top 50 agencies, KTG continues to be the fastest growing advertising agency in New York and one of the top three fastest growing agencies in the US.



New Business, More "Big Bang"

New Business was won in the pharmaceutical, retail, fashion and automotive categories. New clients included Pfizer's Lipitor and Caduet brands, Shire Pharmaceuticals, Wyeth's Centrum and Caltrate brands, Liz Claiborne Inc, Pep Boys and Office Depot. In 2006, KTG produced original TV/Webisode content and viral campaigns for its largest clients including P&G, US Bank and Marshalls.

KTG's vision continues to be predicated on its "Big Bang Communications" philosophy, seeking high impact, disruptive and counterintuitive solutions. And in 2006, the agency continued to make Big Bangs for its clients.

The new branding campaign for Office Depot caught the attention of the number one late night talk show The Tonight Show with Jay Leno, resulting in a parody of the new commercial less than a week after its debut. In addition to being seen by millions of TV viewers, the Office Depot spoof became one of the most talked about videos on YouTube.

The fully integrated 360 campaign for P&G's Dawn also made headlines. This campaign capitalized on Dawn's being used by environmental organizations to help clean rescued animals. Working in partnership with Procter & Gamble Productions, KTG created a fictitious animal rescue webisode series for Dawn called "Released."

The agency also helped launch GM's Pontiac Solstice on NBC's Donald Trump, The Apprentice, in partnership with Leo Burnett Detroit, resulting in a 2006 Cannes Promo Lion for best product launch.

**Robin Koval, President, The Kaplan Thaler Group
and Linda Kaplan Thaler, CEO & Chief Creative Officer,
The Kaplan Thaler Group**

More Buzz, More Entertainment

KTG includes two specialized units—KTG Buzz and KTG Entertainment. KTG Buzz specializes in non-traditional, integrated solutions including interactive, PR, event and promotional programs. KTG Entertainment develops cross-platform content solutions in conjunction with media and entertainment industry partners. Through these two units, the agency has expanded its capabilities for some of its largest clients including P&G, Continental Airlines, Aflac, Office Depot, Trojan and Marshalls.

Everyone is Talking About it...

KTG's positioning as a leading creative agency was also bolstered by its significant press exposure. Linda Kaplan Thaler and Robin Koval have parlayed their book, *The Power of Nice*, into a powerful New Business tool. Time, Newsweek, USA Today, BusinessWeek, The Wall Street Journal, New York Times, Miami Herald, NBC's Today Show, CNN, CNBC and FOX TV have all done significant feature stories on KTG with *The Power of Nice* as the news hook. Capitalizing on the success of both best-selling books, *The Power of Nice* and *Bang! Getting Your Message Heard In A Noisy World*, released in 2003, KTG positions itself with, "Bang is what we do. Nice is how we do it!"

Bartle Bogle Hegarty

Bartle Bogle Hegarty (BBH) was founded in 1982 by John Bartle, Nigel Bogle and John Hegarty, and is celebrated for its creative flair. With offices in London, New York, Singapore, Tokyo and Sao Paulo, the agency also launched in Shanghai in November 2006. BBH employs a staff of more than 600 globally and is 49% owned by Publicis Groupe.



**Nigel Bogle, Chief Executive Officer, BBH
and John Hegarty, Chairman & Worldwide
Creative Director, BBH**

Ventures in Digital Spaces

BBH was one of the first ad agencies to launch in Second Life. In 2006, this virtual agency was used to conduct a BBH global board meeting and to premiere BBH London's latest Audi commercial. BBH London hired Matthew Kershaw, MTV Europe Head of Digital, to work in its Content department and BBH Singapore hired Shawn Loo to head their digital strategy. All BBH offices augmented their digital capabilities throughout 2006.

New Business, New Offerings

BBH set a "no New Business" policy in 2006 in order to concentrate on the substantial wins of 2005. The only New Business wins were local and included Vodafone UK (London), New York City Marketing (New York) and Tiger Beer (Singapore). In 2006, the agency launched a new and unprecedented offering called ZAG, a brand invention business creating brands that can be licensed or sold to third parties who then put them on the market. ZAG is already in discussion with a variety of BBH clients and external partners.

Powerful and Innovative Creative Campaigns

BBH created Gamekillers to promote Axe anti-perspirant to 18-24 year old guys. A one-hour show on MTV featured a young man trying to keep his cool as Gamekillers attacked him when he went out on dates. The show was then used to launch a 360 degree campaign in television, radio, print, magazine inserts, outdoor wildpostings, a spread in Maxim magazine, coffee cup holders, pint glasses, bar napkins, coasters, GoCards,

stickers, and door hangers for dorm rooms. The agency even created a comedy tour called Gamekillers 101, hosted by comedian Mo Rocca.

BBH also brought together British Airways and Google to launch this innovative campaign, using Google Earth as a vehicle to showcase the range of BA destinations and discount hotels and car rentals. It was the first above-the-line campaign to feature Google Earth and use images from Google Maps. BBH teams also created a unique interface at www.ba.com which displayed hotels on maps of destination cities. The TV, press and poster campaign showed shots of the destinations on Google Earth.

Focus on Leap Music

Leap Music is a joint venture between Richard Kirstein and BBH, and is the first music publishing company to be based inside a UK advertising agency. Leap works independently and offers advertising agencies an alternative model to source and secure existing unpublished music tracks. In 2006, Leap extended its offering to clients, helping them build their own music publishing catalogues. At the beginning of 2007, Leap Music launched a dedicated Branded Content consultancy to help brands and their agencies to source music for rapidly emerging marketing platforms such as podcasts, vodcasts, mobile gaming, viral marketing and virtual worlds.

Beacon Communications

With 350 employees in Tokyo, Beacon helps international businesses and brands win their place in the complex Japanese market—the second largest marketing and communications market in the world. Publicis Groupe holds a 66% stake in the agency and Japanese advertising leader Dentsu Inc. holds 34%.



Meguni Niimura,
*Chairman &
Representative Director,
Beacon Communications
and Nicolas Menat,
President &
Representative Director,
Beacon Communications*



New Management, New Business, New Clients

2006 was a year of important changes for Beacon on a number of fronts. Nicolas Menat was named President of the agency. In terms of New Business, Beacon won significant local digital assignments with multinational clients Nike and Gillette. Beacon also continues to strategically partner with Dentsu on certain key clients, such as Coca-Cola, with whom it won New Business over the year for Diet Coke. Other notable wins include Citroën, Mont Blanc, and local client Keio Railways. From existing clients, Beacon won additional assignments from P&G, and expanded business with Philip Morris (in collaboration with Dentsu Tech). Beacon won a number of creative awards, including the JAA Chairman's Award for GlaxoSmithKline work from this year's Advertisement Beneficial to Consumers contest, and Best Design Award for a poster on water pollution at the Newspaper Ad Creative Contest.

Social Networking with Nike+ and Apple

Using a blog for a client campaign is nothing new for Beacon. Three years ago, in a campaign for Ariel, it was the first agency in Japan to use a blog as part of a brand communication strategy. In 2006, Beacon took the blog one step further. The company launched "Nike+" in Japan, an exciting new idea that combined Nike's sneakers and Apple's iPod. This campaign needed something more than just a typical website, so Beacon

created a one-of-a-kind consumer-generated on-line community. Runners in Japan could engage and participate with A-list bloggers and celebrities in an on-line challenge on Mixi, the largest Japanese social networking site.

Re-aligning and Re-designing the DO agency

In 2005, Beacon and Dentsu joined forces to jointly coordinate McDonald's marketing activity, a strategic collaboration called DO (the name comes from the D in Dentsu and the circle logo of Beacon). In 2006, this partnership was taken one step further when Beacon re-designed one of its floors to house the DO agency under a single roof for the first time. This new space was decorated in trademark McDonald's colors complete with a kids' playroom and replica store counter. Creatives, Account Planners and Marketing Services from both agencies sit together in this one unique space. The strengths of both agencies are now seen across all aspects of the McDonald's business.

Publicis

EDITORIAL

Publicis was well ahead of its time when, ten years ago, the network pioneered a revolutionary approach to communications, coining it La Holistic Difference. In placing the consumer at the center of the communications plan, this method targeted the most strategic points of contact. The holistic strategy was the first of its kind and provided a unique model to speak directly and successfully to different generations and profiles of consumers.

The digital revolution is now pushing us to reinvent ourselves and our method. Our teams around the world are expanding the holistic methodology to take advantage of the opportunities presented by the new communications landscape. Taking the Publicis holistic model to the next level, we focus on strengthening the

brand-consumer relationship across all channels of communication. This worldwide initiative benefits clients throughout all our agencies around the world.

We are helping our clients to navigate the new environment, where consumers play an active role and influence the perception of brands. Our teams are creating on-line forums and branded sites in which the consumer is directly engaged. Our global network is actively helping clients initiate conversations with their customers, in any language, anywhere, in order to grow their brands and to increase their market share. And our multicultural heritage provides us with a unique advantage in this new increasingly cross-border and cross-cultural landscape.

The success of our approach is fuelling the international expansion of the network. The acquisition of Betterway in 2006 means Publicis is now fully deployed across the heartland of China, with a unique positioning in 50 cities. We also expanded into the rapidly developing Turkish market through the acquisition of Yorum, and we acquired the leading Belgian creative hotspot Duval Guillaume.

2007 marks the beginning of a new chapter for Publicis. In a world that is continuously changing, our teams continue to work with one goal in mind: building effective communications based on real consumer insights around the world.



Olivier Fleurot, *Executive Chairman, Publicis*
and Richard Pinder,
Chief Operating Officer, Publicis

Bubble Gum by Duval Guillaume USA

Duval Guillaume created a campaign to celebrate the return of the iconic Bazooka bubble gum. Bypassing a TV campaign altogether, Duval Guillaume launched a web-centered campaign, complete with a music video by Brooklyn-based music group Tha Heights, daily online content, events and viral marketing. The campaign centered on the song, originally called "Choo'n Gum" recorded in the 1950s, which has been popular for years with summer camp girls who changed the lyrics to "Bazooka-zooka Bubblegum."

Join the Army! by Publicis UK

Publicis' refreshing army recruitment campaign featured soldiers climbing Mount Everest and emphasized adventure, travel and excitement. The campaign followed the soldiers for two months, and the journey was beamed off Mount Everest via satellite. The soldiers' progress was charted and was aired in the UK as a series of mini documentaries. The campaign included press, outdoor, careers officer banners, stickers, and online banners created by Publicis Dialog. Internauts could follow the teams in real time on a live website.



New Viral Campaign for P&G ThermaCare

Publicis USA launched a viral campaign for P&G's ThermaCare HeatWraps. Starting with a short newspaper ad, this campaign went on to build mystery and buzz with two special web sites, a Ken Burns style documentary and video clips, all the "work" of an imaginary institute studying the imaginary problem of Men With Cramps. Jay Leno talked about it on NBC, the New York Times ran a feature story, and CNBC ran a segment about it. Businessweek cited it as one of the Most Memorable Campaigns of 2006.

Sauza Tequila Lives All Summer with Publicis Dialog (Global)

The Live All Summer global campaign for Sauza Tequila was simultaneously launched in 10 key markets. CD coasters featured new music and eMusic gave Sauza consumers 5 free downloads. This campaign was supported by an online campaign offering free music downloads. A cutting edge, original and modern solution that forged relationships with music bands and generated a wealth of satisfied consumers.

Nike - "Stuff History"

Publicis Mojo created a campaign for Nike to celebrate their sponsorship of the Australian team in the Football World Cup. The campaign personified History as an ancient, spiteful old man who knew everything about football. History insisted that Australia had not qualified for the Football World Cup in 32 years, and they did not stand a chance. This character was designed to be hated and consumers were given various kinds of opportunities to voice their hatred. History was featured in the TV ads specially created for the Australian team games. The campaign extended from online (MySpace and YouTube), viral and to mobile phones (special ring tones). Overall, the campaign managed to connect the brand with the nation, generated an unprecedented amount of PR, and was recognized as Campaign of the Year by AdNews.

The Publicis Executive Creative Board was established in 2004. Its goal is to provide consistent and permanent encouragement for exceptional and invigorating work. Bringing together key creative leaders from agencies across all regions, the Creative Board judges the network's best work three times a year, measures improvement over time, and shares the best and most creative ideas.

New Worldwide Leadership and New Senior Management

Olivier Fleurot joined Publicis in October 2006 as Executive Chairman and, at the same time, Richard Pinder was appointed Chief Operating Officer, creating a single chain of command for the entire network. In France, Arthur Sadoun was named Chairman and CEO of Publicis Conseil. Anne de Meaupou and Frédéric Temin were jointly appointed to lead the Marcel agency. All three report to Philippe Lentschener, who now oversees



Bob Moore
*Chief Creative Officer,
 Publicis USA*



Olivier Altmann, Co-President & Executive Creative Director, Publicis Conseil & Chairman of the Worldwide Creative Board

all the Publicis network agencies in France. In Spain, Publicis Casadevall in Madrid and Barcelona were brought under a single management team. Dennis Kerslake was appointed to Chairman of Publicis Dialog UK in order to manage the strong growth of the agency. In China, Sheena Jeng was named CEO Publicis China.

New Business

Publicis won the Orange account for all of Europe. The network also won global assignments for Webex and also for Schenker Logistics, as well as Enit in 13 markets. In addition, Whirlpool consolidated creative advertising for all of its appliance brands; with this move, Publicis New York became the Agency of Record for all consumer advertising for Maytag, Amana, Jenn-Air and KitchenAid in North America. Publicis also won a major reinvention program for HP Imaging and Printing Group in EMEA, as well as a global assignment for HP's Technology Solution Group. In addition, Publicis saw an important influx of new brands from existing clients, including L'Oréal, Nestlé, P&G and sanofi aventis.

PUBLICIS DIALOG: LEADING MARKETING SERVICES INTERNATIONAL NETWORK

Publicis Dialog has expanded to include over 2,000 employees in 43 offices based in 36 countries. Its agencies offer a wide range of services, and its core disciplines are CRM, direct marketing, digital/interactive, and shopper marketing.

A Growing Worldwide Network

New Publicis Dialog offices were opened in Colombia, Croatia, Turkey, China, Thailand, South Korea, The Philippines and Hong Kong during 2006. Shopper marketing and digital skills were added to the range of services offered by Publicis Dialog in Singapore, Malaysia, Indonesia, Japan and Korea.

New Business and New Assignments

The network also won significant New Business throughout the year—including Sony PlayStation in France, Renault in Spain, Orange in the Netherlands, Otto in Germany, and Actis across Europe.

Publicis Dialog in China, thanks to Betterway

In 2006, Betterway was acquired and aligned with Publicis Dialog, allowing Publicis to reinforce its marketing capabilities across the heartland of China. Betterway is headquartered in Shanghai, with two main subsidiaries in Beijing and Guangzhou, but carries out projects in more than 50 cities every month. It has a team of 360 full-time employees and a pool of up to 15,000 staff members who collaborate on a part-time basis. Expertise includes health care, automobile, luxury, education, IT & telecommunication, online, sports and retailing.

Solutions: a strategic partner in India

Solutions is India's No. 1 integrated marketing services agency, offering Fortune 500 companies an integrated expertise in direct, interactive, promotional, event and retail marketing. One key highlight of the Solutions business model has been the development of proprietary tools such as database management, interactive and software capabilities. Solutions remains an independent agency working closely with Publicis and Publicis Dialog, but also with its own clients or with other agencies throughout the Groupe.

Acquisitions

In April 2006, Publicis took an 80% stake in Betterway Marketing Solutions, one of China's largest and most innovative full-range marketing services agencies. Duval Guillaume, Belgium's leading independent agency, joined the Publicis network in April 2006. In June 2006, Publicis acquired a majority stake in Yorum, Bold, Zone, and Allmedia, which make up some of the most creative and dynamic agencies in Turkey. Broadening its capabilities, Publicis Dialog in France acquired mobile marketing unit, Watisit.

BOS Group Launches Sphere

As design becomes a more critical determinant of the value of brands, BOS (Brand Optimization Systems), a Publicis North America brand consultancy, is a step ahead with the launch of Sphere, a new unit that brings a rigorous strategic process to the multi-sensory components of a brand's design. Sphere is specialized in Brand Aesthetic™ design. In 2006, Publicis BOS won major brand consultancy assignments that kicked off an exciting new relationship with Newell Rubbermaid.

Asia Pacific Launches Red Lion

Publicis made significant investments this year in Brand Identity and Design, launching a network brand conceived and created in Asia Pacific: Red Lion. This specialist agency already has operations in four markets (China, Malaysia, Philippines, India) servicing clients such as Nestlé, Pernod Ricard and Cadbury, along with numerous local clients.

Digital Innovators

Publicis Net, the French interactive arm of Publicis, maintained its position as a leading innovator in the industry. In 2006, the interactive agency saw more than 60% growth, reinforced its expertise in web and mobile communications, recruited new talents and won New Business. Publicis Net created e-commerce sites for Petit Bateau and Yves Saint Laurent and is building a global community for Diesel.

Multicultural

YEAR IN REVIEW

Multicultural communications is a flourishing industry in the United States, where Publicis Groupe agencies provide a valuable range of expertise on how to reach multicultural consumers. Bromley and Conill create campaigns to reach the Hispanic communities, while Burrell is specialized in services geared towards African Americans. Vigilante is specialized in young urban Americans. New-A is a leader in Asian American communications. Double Platinum has been at the forefront of gay and lesbian communication for the past 25 years.



**McGhee Williams, Co-CEO, Burrell
and Fay Ferguson, Co-CEO, Burrell**

BURRELL

Located in Chicago, Atlanta and Los Angeles, Burrell specializes in African American urban and general audiences, not just through TV, radio and print, but also through less conventional means: at the rave, under the snowboard, and in the chatroom. Founded in 1971 by Tom Burrell, the agency has historically maintained a reputation for developing innovative strategies that build and cement relationships between its clients' brands and African-American consumers.

Burrell has made talent acquisition and training the agency's key focus, particularly in the area of planning. The agency doubled the number of account planners over 2006 and instituted an account planning training program. In addition, the first Agency/Client Summit was held during the year, a dynamic event that focused on the future marketing communications landscape. The agency also funded a series of pulse studies like the MOMS Report or the Targeted Ad Effectiveness Study (TAES). The agency re-organized its Engagement Marketing division and created a new position for strategic integration of communications initiatives. The team has developed custom publications, web-based promotions, unwired networks, ambassador programs, affinity initiatives and shopper programs.

Innovation Driven by an Entrepreneurial Spirit

The Realize Campaign was a 360-degree awareness and acquisition initiative launched for Verizon broadband which tapped into the entrepreneurial spirit widely present in the African American community. Realize leveraged success stories of real people to demonstrate how Verizon Broadband enables everyday people to achieve their dreams.

The campaign elements included: mobile kiosks, wild postings, magazine wraps, door hangers, street teams, advertorials, radio and television, but the biggest draw was the Dream 254: Verizon Incubator. An aspiring designer named "Addye" lived and worked inside a glass storefront in Philadelphia for 21 days. Armed only with a laptop computer, Verizon DSL, Verizon telephone service and a business idea, Addye went about creating her business development plan in front of the world. Pedestrians gathered at all hours to watch Addye, and viewers were able to track and encourage her progress on-line at www.realizeambition.com.

Great Performance in 2006

Burrell's performance was positively impacted by an increase in business from existing clients. Burrell also helped Verizon and Procter & Gamble increase their market share in the African-American segment. The agency also led the development of all communications for McDonald's new Snack Wraps launch, as well as P&G's Tide Simple Pleasure for African American consumers in Canada and the US.

Communications

BROMLEY COMMUNICATIONS

Bromley Communications, launched in 1981, is a full-service integrated communications agency, covering all aspects of advertising, public relations and promotions that target the Hispanic consumer. Sitting closer to Mexico City than to New York City, the founders not only realized the political, social and economic power of Hispanics, but they understood the complexity and the diversity of this burgeoning population. Today, Bromley is one of the leading multicultural communication firms in the country.

“Fearless Innovators”

Bromley’s belief that the Hispanic market is key to the country’s future growth fuels the passion to create great ideas and the courage to forge ahead. All agency personnel understand the new mantra of “Fearless Innovators”. The logo was emblazoned not only on the web site, t-shirts, posters and trophies, but showed up through the work of all employees. To cement Bromley’s success, in 2006 the agency strengthened human and technological resources in New York and Miami.

A Year in Transition

2006 was a year in transition, and saw a number of key New Business wins and over thirty prizes. The campaigns Bromley created for Circuit City, Coors Brewing Company and Burger King, among others, were widely broadcast throughout Hispanic and non-Hispanic markets in the US, Canada, Puerto Rico, Spain, Vietnam, Ireland and England.



Ernesto Bromley,
Chairman & CEO, Bromley
Communications

CONILL

Conill believes that the core challenge of the communications industry is the need to understand what drives consumer behaviour, desire and decision-making. Marketers must successfully navigate this area before the strategic creative and media processes can even begin. This insight is the reason why Conill was named 2006 Multicultural Agency of the Year by AdAge.

Conill has invested a great deal in exploring a process it calls Interacculturation, whereby the immigrant culture becomes more like the host culture, while the host culture adapts to become more like the immigrant culture. It’s no longer about how Latinos adapt to American society, but how Latino culture itself is transforming mainstream America. This is not theory. It was clearly demonstrated by work produced by Conill that crossed-over from the Hispanic market to the general market throughout 2006 for two of the agency’s largest clients: Toyota and P&G.

Toyota Yaris becomes a Latino Star

Toyota’s bold objective was to get the Yaris to be the most recognized entry-level subcompact in the Hispanic community in one year, by reaching 10% of the market.

Conill created Mundo Yaris (Yaris World)—a place where Nuevo Latinos can be part of an “invincible force” that is driving the multicultural creative spirit. The site www.mundoyaris.com housed all elements of the Yaris consumer experience and served as the hub of a fully integrated campaign, which included: Experimental Youth Media, Yaris Design Lab (innovative, inspiring playgrounds in Los Angeles, Miami and New York where participants made short films and mixed music), Road to Success (an alternate career fair), Ozomatli Experience (an Afro-Latin mash band), Yaris Latino Film Festival, a Yaris Music Lab and a Latino music cable channel.

Making Clients Shine at Sporting Events

Toyota and Conill took a giant leap forward in the Hispanic marketing community by launching an extension of the Camry during the Super Bowl. In the pharmaceutical sector, during World Cup 2006, Conill helped Tylenol, Pepcid and Imodium with a multi-dimensional campaign to connect with Latino consumers in exciting and effective ways such as campaigns and sports sponsorship.

Publicis Events Worldwide (PEW) is a world leader in event marketing, with operations in Europe, Asia and the Americas through an integrated agency network comprising Publicis Events, Publicis Meetings, ECA2 and Relay Worldwide. PEW stands apart from its competitors with its unique offering giving clients access to a complete range of events expertise all over the world.

Event Marketing



Richard Attias,
Chairman & CEO,
Publicis Events Worldwide

PEW bases business development on competitive strengths that give it an unrivalled capacity to provide complete solutions for clients. Its worldwide presence is backed by dedicated interactive communications teams and proven expertise in every area of event marketing. PEW took a new step forward in 2006 with the acquisition of Emotion, Asia's leading event marketing agency.

Emotion was founded by three French entrepreneurs in Japan in 2002, and quickly set the standard for organizing prestige events in Asia. Already present in Shanghai, Beijing, Seoul, Bangkok, Manila, Singapore and Tokyo, new offices are planned in Taiwan and Hong Kong in 2007. Emotion's local cross-cultural teams have gained the confidence of prestigious international clients such as Cartier, Adidas, sanofi aventis, Pernod Ricard, L'Oréal, Shui On and Givenchy.

PEW's specialized expertise in high-profile international events is illustrated by its role in organizing the annual World Economic Forum in Davos and the recent China Business Summit in Beijing.

Highlights of 2006 included organizing both the L'Oréal for Women in Science awards for the fourth year running and the Petra Conference of Nobel Laureates. PEW also organized a special event marking the 120th anniversary of New York's Statue of Liberty, providing champagne house Moët & Chandon with the opportunity to make the famous statue sparkle.

Events expertise also includes sports sponsorship, where the agency Relay takes a comprehensive approach to provide effective support for programs with worldwide scope. In 2006, Relay was involved in major events such as the FIFA World Cup in Germany and the NBA's Live Experience initiative promoting China's basketball team in 27 countries.

PREMIERING A MAJOR NEW EVENT: THE MONACO MEDIA FORUM

In October 2006, Publicis Events organized the first-ever Monaco Media Forum. Over 250 industry leaders from over 20 countries came together around the theme of "Leadership for the Digital Revolution". These experts examined and debated the impact of technology on the boundaries of traditional media, and the value-chains on which both print and broadcast are based.

Set to become a prestigious annual event, the Forum addressed the key concerns of major international leaders in new as well as traditional media, as well as those of broadcasters, investors and technology pioneers.

The forum was the fruit of discussions between HSH Prince Albert II of Monaco, Maurice Lévy and Richard Attias.

Publishing & Pre-Press Production

The digital revolution is having a decisive impact on every step of the production process. Texts and images can now be re-worked to serve a multitude of new purposes, while any idea existing on paper can potentially become a 3D graphic animation with sound. Publicis Groupe production companies remain on the cutting edge of this revolution, always alert to new opportunities as they continuously increase our range of expertise.



Doug Kohler,
President & CEO, Capps
and Jean-François Valent,
CEO, Mundocom & CEO, MarketForward



Mundocom

Created in 1973 and headquartered in France, Mundocom is an integrated structure of 200 employees specialized in digital multimedia production and print production. Mundocom teams specialize in digital workflow tools, models, digital photo and video, 3D, high-end retouching, digital production, and print production and management. One of Mundocom's top initiatives for 2006 was a 3D image production project for Renault, in which a single high quality image for each Renault model was produced, an image that could be integrated into several different formats and landscapes. Each 3D image was designed to guarantee quality and optimization of light and shapes, as well as animation potential. The resulting photos perfectly blended technology and aesthetics.

MarketForward

MarketForward is the first technology services company exclusively dedicated to marketing and communications. The company is specialized in Brand Management and Optimization (Creative Asset Management) and New Digital Media (Dynamic Digital Signage and Digital Content). Launched in the United States in 1997, MarketForward today has offices in North America, Europe and Asia. Since 2003, MarketForward has worked with the Chicago bank group Harris to produce content displayed on the bank's digital network. The agency integrated existing creative content with "infotainment" feeds to create an exciting digital network for Harris. By 2006, the digital signage network had grown to over 100 branch locations in the United States and is continuing to expand rapidly.

Capps

Capps' digital teams collaborate with clients to create concepts, presentations, artwork and fully executed ads, direct-mail pieces and packages. Capps is also an industry leader in digital application usage and training. Working closely with technology innovators such as Adobe, Apple, Kodak Quark, Xerox, and many others, Capps has helped shape the development of production hardware and software used worldwide.

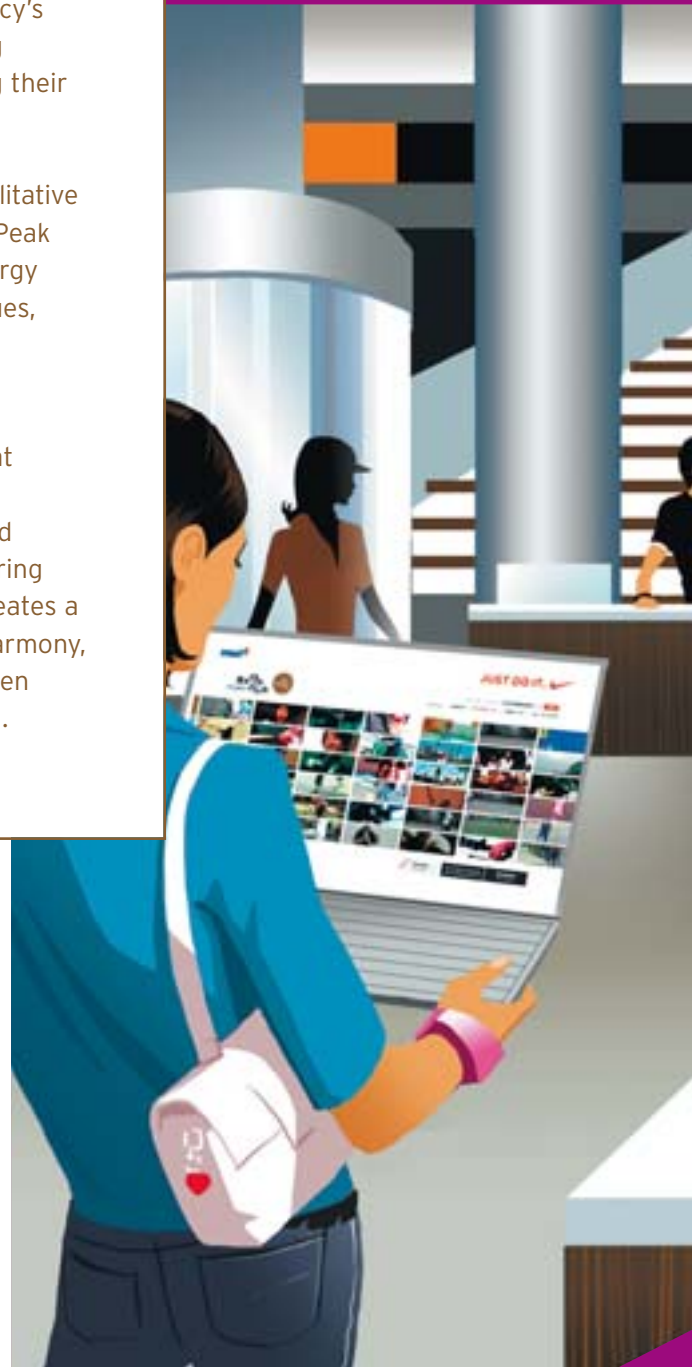
WAM

World Advertising Movies (WAM), a production subsidiary of Publicis Groupe, produces audio and video commercials. WAM offers its clients a variety of integrated services for audio and visual production in addition to consulting services on music selection (including reproduction rights). In 2006, WAM created a new TV production service completely dedicated to the web.

THE ULTIMATE GOAL: TOP PERFORMANCE

In our industry where creativity is the key competitive advantage, talented men and women are an agency's most valuable resource. Identifying and recruiting promising candidates, building loyalty, celebrating their skills and allowing them to reach new levels of achievement—these are the overriding strategic challenges for our business, which has made a qualitative approach to La Difference the main priority. Our Peak Performance program is all about generating energy and enthusiasm built on shared, inspirational values, spurring each of our people to push the limits for the good of their clients.

Peak Performance creates shared momentum that unleashes a spirit of unity and energy. It starts with purpose—intent born of a common dream and the greatest imaginable challenge, leading to sharing this dream inside the company and out. Which creates a sense of belonging and transforms energy into harmony, passion and flow. And once initial targets have been met, new challenges ensure continued motivation.



Men and Women of the Groupe



Human Resources

EDITORIAL

Attracting the very best talent in each field, winning their loyalty, helping them become tomorrow's leaders: this is not just policy for Publicis Groupe, it's an obsession. Our very future depends on it. We are aiming to make digital communications and emerging markets each account for 25% of our revenues by 2010, and these are two fields in which we already face a war for talent. This imposes on us the highest standards of excellence in recruitment, staff development and motivation.

In keeping with the Groupe's motto "Viva La Difference!", each network is taking up these challenges with its own priorities and tools, based on its history, market vision and strategic goals. Diversity logically prevails, so does innovation, as reflected in the examples below.

Beyond the initiatives of our networks, the Groupe's objective is to closely monitor the careers of its top 1,000 talents. This entails spending time with them, getting to know them, understanding their aspirations and taking advantage of the Groupe's size to allow for creative moves in their careers. Training is clearly of utmost importance. In this area, the Groupe has been developing a unique leadership program called the Peak Performance program over the past several years. In addition, new initiatives were taken at the end of the 2006, including an Executive Management Program to train around 100 future agency managers with the support of three of the world's top business schools. Other moves include the launch of an on-line library for junior managers and new opportunities for digital technology training, to be deepened and broadened with the integration of Digitas.

A key measure of the success of such actions is staff turnover, which has a significant impact on personnel costs. But much more is at stake, given the crucial implications for future growth.



Fabrice Fries
General Secretary,
Publicis Groupe

FORMING TOMORROW'S LEADERS

Leo Burnett University

In 2006, LBW formalized its global "Leo Burnett University", with a range of programs adapted to all levels of employees.

Tank: A 6-day program for junior employees designed to provide deeper knowledge of the industry and agency operations.

This program includes modules on key Burnett tools, principles and how an initial client brief can lead to a successful creative solution.

Management 101: A 10-month program for new managers providing knowledge and skills in order to better understand their role and responsibilities.

Leo Fundamentals: A 6-8 month certification program for junior managers with high potential.

Ad College: A 2-year certification program targeted to mid to senior managers to successfully prepare them for top management positions.

DIVERSITY TO CELEBRATE LA DIFFERENCE

All of the various networks and agencies of Publicis Groupe recognize the importance of celebrating differences and leveraging diverse perspectives in the workplace. A number of exciting diversity initiatives have been launched for all employees, from interns right to senior management. These projects focus on offering professional opportunities to minorities, while engaging a larger number of different communities in order to promote greater diversity in the workplace.

The top initiatives in this field come from Groupe agencies in the US, with the **Multicultural Advertising Internship Program (MAIP)**, involving Publicis USA, Saatchi & Saatchi and PHCG (among several others) as well as the **Diversity Internship Challenge** launched by Saatchi & Saatchi in partnership with the University of Arkansas.

Starcom MediaVest Group—Driving Diversity

In 2005, SMG united behind a **Diversity Vision**: To create and nurture a vibrant work environment that celebrates, values and leverages all aspects of diversity and inclusiveness, attracts world class talent and serves as the industry benchmark for best practices.

Activating the vision was a top priority across SMG in North America during 2006. While the diversity initiative expands beyond workforce and workplace to include the broader industry as well as the community, a primary focus for 2006 was internal education: diversity training. Over the course of several months, managers and employees participated in workshops specifically designed to help individuals contribute to a more inclusive and diverse workplace. The training was a requirement, and 100% of the network's participation goals were met.

Diversity Councils were also established across every US agency, and affinity groups have been organized at Starcom and MediaVest. These groups not only serve the agency by exploring and recommending best practices, they also serve as insight centers for clients whose brands are relevant to particular population segments.

Senior Management Program: With five modules over 18 months, this program aims to develop future visionary leaders by focusing on key leadership competencies, measurable fast-track leadership gravitas and self awareness through coaching and mentorship support. This program also fosters a network culture by linking candidates from across the network.

Publicis "L'École de La Difference"

Publicis Asia Pacific launched "**L'École de La Difference**" at the end of 2004—a training program now rolled out across the APAC network. The program's six modules were developed by a training board of key executives from Publicis Asia Pacific (India, Hong Kong, Australia, China, Singapore, Taiwan and the Philippines). The program, designed to help the agencies develop and grow their own people, provided each office with a consistent, systematic training platform. It was implemented throughout the APAC region in 2006.

SMG Performance Management Program (PMP)

In order to populate Starcom Mediavest Group with the brightest and most innovative talent, the network developed a global performance management program. **PMP** begins with goal setting, and tracks employee development and progress on an annual basis. Ongoing feedback mechanisms are built in to the process, and there are opportunities to correct and adjust if goals are not being met. The training is now provided online. The PMP approach, already tested in the US, is currently being rolled out across SMG globally.

Going Back to School... with ZenithOptimedia

The ZO Academy (UK) offers employees the opportunity to develop their skills. The focus is on custom-made training and consists of two training programs a year. Graduates are given intensive training in all aspects of the UK media and communications industry.

ZenithOptimedia University (ZOU) is the network's in-house training program, committed to providing learning opportunities to enhance employees' professional development through each stage of his/her career.

The ZMBA Program in China is a tailor-made program for high-potential middle managers who are the network's future leaders. The program includes 10 weekend workshop sessions in three fields: leadership, marketing communication, and team building. Participants are requested to set an action plan to implement what they learn from the program, and they receive monthly feedback from their CEO. Each participant writes a thesis

and makes a final presentation to the ZenithOptimedia China Board of Management.

Saatchi & Saatchi "Tribes"

Tribes is a powerful new network tool that encourages creativity and positive thinking, designed to help win New Business pitches and develop new campaign ideas. Tribes teams are briefed in the evening, so the information has time to incubate.

The following day, teams are split into groups of three. Each group has one hour to generate as many ideas as possible—and in the last 10 minutes, the best 3 ideas are chosen. Tribes have been a roaring success and inspiration across EMEA.

Leo Burnett - Talent Review

In 2006, Leo Burnett Worldwide initiated a formal **talent-review process** across the global network. The objective is to analyze how LBW is managing talent today, and how the network is preparing for the future. The process involves matching the right talent with the right jobs, ensuring a strong succession pipeline, while identifying themes that will strengthen the agency's leadership.

Leo Burnett's Global Operating Committee reviewed more than 600 agency leaders over 2006 and about 100 over

the course of a two-day meeting in Chicago. This provided an opportunity to align the talent-management process with the network's overall business strategy. It also underscored the importance of global experience, digital expertise, and wide-ranging skill sets from brand building, and agency operations to experience in telecoms and healthcare.

Publicis USA - Summer Internship Program

Every summer, 20 students intern at various Publicis USA offices. These students are assigned to a team in Account Management, Planning, Creative, New Business or Corporate Communications. They attend internal seminars that highlight the departments and trends in the advertising industry.

They are also asked to create a campaign that aims to solve a specific marketing issue for a current client. The client takes an active role in the project and evaluates the teams.

The 2006 project involved Coca-Cola's Vault.

TOOLS TO IMPROVE THE QUALITY OF THE WORKPLACE

Leo Burnett Climate Survey (Worldwide)

Since 2002, LBW has administered an annual employee survey, to identify how its employees around the world feel about commitment, empowerment, innovation, inspiration, performance, trust and job satisfaction. In 2006, Burnett received an 86% response rate—a record within the agency, and unexpected for a voluntary survey in any type of organization. Quantitative and qualitative results were analyzed and reports generated for each region. In November 2006, LBW Chairman and CEO Tom Bernardin shared global themes, and requested leaders to cascade findings down to employees and develop action plans to enhance the areas which are perceived strengths, and to improve areas rated less favorably.

The Publicis Pulse (Asia Pacific)

Inspired by research findings in the field of Organizational Behavior, Publicis Asia Pacific also launched a program to improve the "climate" of the workplace, as well as the overall

"SAATCHI & WELLNESS" HELPING MAINTAIN A PERFECT WORK LIFE BALANCE

Saatchi & Saatchi New York is a true pioneer promoting the work-life balance of its employees. Benefits of its inspiring "*Saatchi & Wellness*" program include a gym, health-care center, Saatchi Café, and Happy Hour.

On-Site Gym

Employees have access to Saatchi's own discount full-service gym, located on the building's roof. In addition to the cutting-edge sports equipment, the gym also offers a range of classes in yoga, body sculpting and step-aerobics.

On-site Nurse

Saatchi also has a health center on site. The center provides a full-time nurse for employees with minor medical needs. Other services include educational health & wellness programs, ranging

from lunchtime seminars on nutrition, dealing with stress, to skin cancer screening and cholesterol screening. The health center also provides access to on-site massage and reflexology therapy as well as a pharmacy.

Saatchi Café

In January 2006, inspired by clients P&G and General Mills, Saatchi New York opened its very own coffee and snack bar. The Atrium Café serves employees and visitors coffee, tea, smoothies and other drink specials as well as a variety of snacks and light meals. The café also has Wi-Fi access for laptop computers.

Happy Hour

Saatchi New York hosts a monthly happy hour to ensure there is some fun at work. Gathering around free hors d'œuvres, soda, beer and wine, employees come together either to hear a hot new musical group, to participate in jeopardy night, trivia night, karaoke night or to celebrate a New Business win.

staff satisfaction. The initiative, called "The Publicis Pulse", was launched in May 2006. It focuses on dimensions such as leadership, work environment, and efficiency. Already activated in 6 offices, the survey is being rolled out through the rest of the APAC network. Not only is it a "change management" tool for local leadership teams, but it also sends a positive message to staff that their involvement is essential in making Publicis the best place to work in the industry.

ZenithOptimedia "Pulse" (UK)

ZenithOptimedia UK conducts a yearly survey, Pulse, which takes a temperature check of the employee's viewpoint on various issues. According to Pulse, in 2006, 70% of employees thought the training offered by the agency was good (up from 55% in 2005). Employee satisfaction was further confirmed when ZenithOptimedia UK was awarded Media Employer of the Year, by a UK-based recruitment company. This win followed

the implementation of the agency's "Percy Club." This club was introduced when the agency moved to Percy Street in Central London, taking advantage of the new environment as well as the opportunity to re-invigorate the brand and culture. Percy Club focuses on creating a strong work/life balance for employees and its benefits include: discounts for local services (such as restaurants and theatre tickets), on-site massage/reflexology/yoga, and independent financial advice. Employees are offered time off to do charity work, and those with children have access to a Media Mums and Dads Club.

RESPECT

A pioneer and challenger in its business, Publicis Groupe has a distinctive identity that is at once multicultural and creative, innovative and responsive, and combines commitment and belief in people. Relationships with clients, shareholders, and staff are founded on trust. This trust comes from respect for others, for their culture, their integrity and their identity.

We respect people in their diversity, and we recognize the value of individual and collective differences. By the same token, **our own self-respect** is based on our heritage and on our traditions.

We respect our clients, who are the beginning and end of everything we do.

We respect consumers, who have a right to the truth that is also compatible with charm and persuasion.

We respect our staff, whose dedication and unfailing efforts are the foundation for what we are and all we achieve.

And we also respect our suppliers, true partners whom we must treat with dignity and fairness. ●●●



Contributing to a Better World



Corporate Social

●●● CHANGE

Our goal is not to be among the first, but to be among the best in each of our markets and in servicing each of our clients, demonstrating the boldness and innovation that are central to our values. Our core values are structured around change. In our business, failure to change is synonymous with decline—we always have to stay one step ahead, constantly focusing on the future. This means being willing to change methods and concepts—and even change winning teams in order to let them take on fresh challenges.

Change, progress, innovation do not exclude loyalty.

There can be no destination without a starting point. Because we know where we come from, and because we are proud of these roots, we also have a goal and a future. Our history is our strength, and makes us aware of how much we have achieved while inspiring us to achieve even more. In this respect, we have the constant example of our founder, Marcel Bleustein-Blanchet.

PEOPLE

We believe in people and in the human spirit, which is more powerful than any machine. People may be unpredictable, they may be unreliable and they are sometimes weak. But they are also the source of creativity and movement, the only force for progress that is itself human. In this respect, people are the only truly irreplaceable wealth.

This belief in people is one of the core values of Publicis Groupe, and is shared by all of our companies:

We believe in the power of paradox. Without paradox, there can be no imagination.

Our aim is to bring creative magic to everything we touch.

We are passionately dedicated to the success of the clients and brands we serve.

We honor our history and our values as the foundations for our future.

We know that growth and profit are the keys to our independence and future.

For Publicis Groupe, belief in people defines both our roots and our future horizons.

DIFFERENCE

Our roots are French. Our business began in Paris with the determination, the ambition and the generosity of a man who was proud to be French. He set up his headquarters at a prestigious location at the top of the Champs-Élysées, known by every Parisian as the most beautiful avenue in the world. Publicis Groupe has always been proud to be French. But we have also come a long way since our beginnings and Publicis Groupe is now a truly global business—even if the “e” in Groupe gives its name a particular “accent”. Our staff come from all parts of the world, from all social, ethnic and religious backgrounds, and speak many different languages. Our Groupe’s identity, what really brings it together, is well expressed by our motto Viva la Difference!, which uses Spanish, French, and English, three of the world’s main international languages. Diversity is what unifies us and that difference makes our identity: If the world’s leading brands entrust us with their accounts, it is perhaps because we ourselves are a brand.

The difference that Publicis Groupe stands for and defends means we constantly question ourselves and take up new challenges. Our positioning has broken new ground in advertising markets once dominated by homogenous organizations with cookie-cutter solutions. Belief in people and the power of individuals, trust, respect and, above all, “difference” underpin Publicis Groupe’s conviction that the achievements of the future will go beyond the successes of the past.

Difference is the fundamental law of our business—our goal is to make the difference for our clients’ brands. Difference is also the defining feature of today’s world. Far from imposing a single cultural model, globalization exalts diversity. Finally, at Publicis Groupe, difference is what we celebrate within the structure of our Groupe. We are delighted that Publicis is not the same as Saatchi & Saatchi or Leo Burnett or Starcom. And not only do we want to preserve those differences, but to encourage and extend them as a source of value.

Our ethical principles are clear and straightforward, allowing no room for compromise or exceptions:

- The imperative of adding value for clients, staff and shareholders.

- The duty of creativity—as Marcel Bleustein-Blanchet said, our business is a labor of love. And it is a duty to be worthy of that love with imagination, inventiveness, and inspiration.

Responsibility

- Restraint and self-effacement in relationships with clients, which does not in any way rule out firm positions and the courage to stand up for the solutions we believe are best for them.
- Refusal to get involved in political campaigns. We do not put our talents to work for politically or ideologically oriented organizations.
- Fairness in relationships with consumers, who are the ultimate target of all our efforts and deserve to be treated with respect and consideration.
- Respect for staff, which means a duty to allow them to fulfill themselves, a duty to be honest and tell the truth, to stand by them in difficult times and allow them to progress. This is what allows us, in turn, to impose duties that include performance, honesty, strict working methods and commitment to new levels of achievement.

- Loyalty to our shareholders, remembering our duty to create wealth for them, which, simply put, means to generate profits.
- Confidentiality. Increasingly tough competition means that even the slightest indiscretion can cause severe damage to our clients. Communicating is also about knowing when to keep quiet.

Publicis Groupe is founded on values that combine discipline and enthusiasm. Our Groupe progresses on the base of shared principles, a shared charter—in a word, an ethic. That ethic is what enables us to move ahead on a steady course, and to remain proud of our Difference.

In this centennial year of the birth of our founder Marcel Bleustein-Blanchet, the concern he always showed for the broader business environment and the important role of business in the community is more relevant than ever. Not only was he personally responsible for several generous and ongoing initiatives, but his attention to his staff, to the communities around us, and to all our stakeholders have become an essential part of the genetic makeup of the group he founded. These traditions are maintained by all our units, each in its own way and local context. 2006 was marked by ongoing efforts to back public-interest actions at local and national levels, as well as by increased awareness among all staff members of the importance of individual and collective efforts for the preservation of our planet.

PRO BONO COMMUNICATIONS CAMPAIGNS

In 2006, Groupe agencies in all segments were involved in developing over 300 significant pro bono campaigns representing a total of more than USD 25 million. Employees focused their support on non-profit organizations and major humanitarian and social causes.

Pro bono initiatives varied widely, depending on the needs expressed and the availability of resources. Our agencies are free to make their own choices, and offer various kinds of support—and their chosen causes need not reflect any particular orientation or area of interest. The general rule is that agencies provide staff expertise, ideas, and time free of charge, with only implementation costs to be covered by the benefiting association or organization. In some exceptional cases, agencies may cover the full cost themselves. This way of operating offers a number of advantages. Given that teams often dedicate time on a voluntary basis, creativity is given a free rein to serve strong—and often emotionally charged—causes.

This freedom can generate bold, outspoken campaigns carrying straight-to-the-heart messages. The teams work in close cooperation with the association involved, developing partnerships that can continue over many years. The agency may also make volunteer staff available in response to requests from organizations. This is a common practice in many countries and one that can be highly effective in terms of motivation and recognition for those who give their time. Their contribution may involve all types of volunteer work, ranging from the simplest tasks to tutoring and specialized assistance for people in need. Finally, just like individuals and other businesses, all agencies are free to make donations to the

organizations of their choice, but our preference is clearly for action, leveraging our know-how to help those who need it.

Arts, Culture and Education

San Antonio Symphony (Bromley Communications, USA), 6B Studio (Publicis, Brazil), Minnesota Planetarium (Fallon Worldwide, USA), Wellington City Gallery (Saatchi & Saatchi, New Zealand), Steckman Studio of Music (PHCG/Williams Labadie, USA).

Health

Red Cross (Saatchi & Saatchi, Mexico; PHCG/Saatchi & Saatchi Healthcare, Australia), Fondation des Hôpitaux de Paris, Hôpitaux de France (Publicis Consultants, France), Surgeons of Hope (PHCG, Publicis, USA), Lutua Lidav Argentina De Hipoacusicos (Conill Advertising, USA).

AIDS

Global Fund to Fight AIDS, Tuberculosis and Malaria (Publicis Groupe), Action for AIDS (Saatchi & Saatchi, Singapore), Miracle House (Double Platinum, USA), Dance for Life (Saatchi & Saatchi, The Netherlands).

Cancer

Cancer Challenge (Saatchi & Saatchi X, USA), Prostate Cancer Charity (Publicis, UK), Association for Cancer Patients (PHCG/Publicis Vital PR, Germany), Emirates Diagnostic Clinic (Saatchi & Saatchi, United Arab Emirates), American Lung Association (Publicis Mid-America, Publicis Dialog Dallas, USA).

Other Illnesses

Multiple Sclerosis Society (Saatchi & Saatchi, UK), Bone Marrow Transplant Foundation (Leo Burnett, Czech Republic), ABDIM (F/Nazca Saatchi & Saatchi, Brazil).

Children's Issues

Abused Children Institute (Leo Burnett, Portugal), Children's Defense Fund (Fallon Worldwide, USA), Teleton 2006 (Publicis Arredondo de Haro, Mexico), Make a Wish Foundation (The Kaplan Thaler Group, USA), SOS Children's Village (Saatchi & Saatchi, Austria).

Women's Issues

UNIFEM (Saatchi & Saatchi, Austria), Rape Recovery Center (Publicis West Salt Lake City, USA), Susan G. Komen Foundation (Saatchi & Saatchi X, USA).

Minority and Disadvantaged

United Nations (Saatchi & Saatchi, Austria), Access Integrationsbegleitung (Publicis Erlangen, Germany), Ontario Network for the Prevention of Elder Abuse (Saatchi & Saatchi, Canada), Lambda Legal (Double Platinum, USA), The DePaul Trust (Publicis, UK)

Social Political and Human Rights Organizations

Amnesty International (Saatchi & Saatchi, Malaysia), Refugees International Japon (Beacon Communications, Japan), Action Contre la Faim (Publicis Consultants, France), Intermon Oxfam (Publicis Casadevall, Spain).



RED CROSS
Leo Burnett
Ukraine



READY 4 K
Fallon Worldwide
USA

**TV ISN'T A BABYSITTER.
 TURNS OUT IT'S NOT A TEACHER, EITHER.**

In a general, it's important to see that your child is always learning. In fact, learning at home before school can be crucial for success. Research shows the most important home-ground happens before the age of five. That's why Ready 4 K is having conversations about the importance and value of being fully ready for kindergarten. Find out more about this movement at Ready4K.org. Thank for your shared wisdom! Even that we hope you'll want to learn.



**SURGEONS OF HOPE
 FOUNDATION**
**Publicis Healthcare
 Communications Group**
USA

RED CROSS
Saatchi & Saatchi
Mexico



PRO BONO CAMPAIGNS

**UNITED NATIONS WORLD
FOOD PROGRAMME**
Publicis
USA



SANCTUARY ASIA
Leo Burnett
Singapore



**LIGHTS OUT
HONG KONG**
Saatchi & Saatchi
China



GREENPEACE
Publicis Mojo
New Zealand



Environmental Protection

Greenpeace (Leo Burnett, Belgium; Saatchi & Saatchi, Italy; Saatchi & Saatchi, Poland), WWF (Saatchi & Saatchi, Italy; Saatchi & Saatchi, Hungary; Saatchi & Saatchi, News Zealand; Saatchi & Saatchi, Vietnam), Surfrider Foundation (Publicis West Seattle, Publicis Dialog, USA; Saatchi & Saatchi Los Angeles, USA).

PRESERVING THE ENVIRONMENT

For several years, Publicis Groupe has been stepping up efforts to adopt sound environmental practices, mainly through incentives that allow leeway for individual agencies to define their specific priorities and identify their own areas for improvement. The aim is nonetheless to develop a common approach focussing on concrete solutions, and supported by the everyday behavior of individual staff members and agency choices. The challenge remains the same: raising awareness of the environmental impact of business and other human activities, and making real improvements. Our aim is to contribute to higher overall standards, backing action with tools to measure results and shared progress.

All our agencies have now adopted measures to provide active support for environmental standards through a focus on responsible daily practices among staff members and optimization of agency operations. A number of our US agencies have won recognition from the Environmental Protection Agency (EPA), reflecting the longstanding commitment of agencies such as Fallon in Minneapolis, Leo Burnett and Starcom in Chicago, as well as more recent initiatives from others. In other countries, our agencies have taken initiatives either with the community, with local groups or on their own, in order to improve environmental awareness in the workplace.

Agency initiatives especially focus on the following areas:

A New Approach to Business Travel

While direct face-to-face meetings remain essential in some cases, our teams are increasingly using phone and videoconferences, both of which have become daily practices throughout the Groupe. Not only do these procedures avoid the heavy direct and indirect costs of travel, but they also allow for time savings and greater efficiency. This approach also makes for smooth communications flows with our clients.

Reducing Energy Consumption

The Groupe is particularly careful concerning electricity consumption, through measures including automatic shutdowns of office lighting between 10 p.m. and 7 a.m. and on weekends, in addition to the increasingly wide use of low-consumption light bulbs, and significant reduction of heating and air-conditioning output at night and on weekends. Limiting waste in these ways also brings electricity bills down by around 25%.

A similar approach is taken to water, a resource now in short supply in many countries, with a variety of simple yet efficient measures applied to building operation and maintenance. Savings represent at least 30% of water consumption and many agencies have significant room for further improvement. A number of agencies have also replaced water coolers with drinking fountains to save packaging.

Recycling a Range of Different Materials

Recycled paper is increasingly the norm for printers, even if there is still significant room for further progress. Some agencies ask staff to avoid printing altogether, a move consistent with the growing momentum of the digital revolution. Savings to date are around 20% and there are good prospects for further gains. Turning to printer cartridges, nearly all agencies now deliver new cartridges only in exchange for

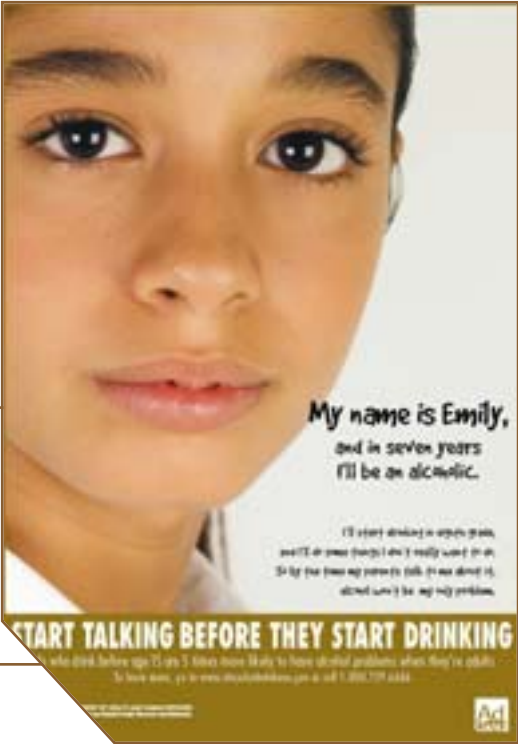
empties (with rates approaching 100% in several countries). Recycling glass, plastics, paper, cardboard and other waste is generally a matter of in-house rules for individual sites, depending on the entity's policies and initiatives. Some agencies have reached a point where they recycle nearly 100% of their wastes. Finally, disposal of used computers, other IT equipment, and cell phones is either based on prior agreements with suppliers or through donations to charities and NGOs.

Improvement: Our Goal for the Future

Several of our agencies have taken their environmental commitment a step further by commissioning independent audits to assess their priorities, which naturally vary from country to country, or by setting up partnerships either with suppliers or specialized organizations, helping them to improve their systems and make them more effective.

Taken together, all these policies and initiatives will provide the basis for the definition of Groupe-wide best practices, an area where shared resource centers will clearly play a pivotal role. Our Groupe's vision is pragmatic, and we focus on action that can be effectively implemented and yield tangible results.

AD COUNCIL UNDERAGE DRINKING CAMPAIGN
The Kaplan Thaler Group
USA





NEW MEXICO TEEN PREGNANCY COALITION
Conill
 USA



FONDATION DES HÔPITAUX DE PARIS
Publicis Consultants
 France



MULTIPLE SCLEROSIS SOCIETY
Saatchi & Saatchi
 UK



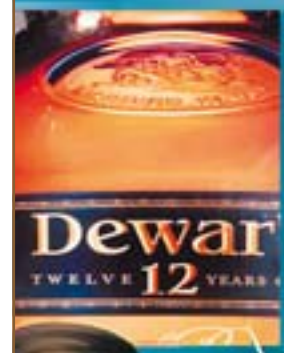
THE ALI FORNEY CENTER
Double Platinum
 USA

SOLID GROWTH, A REFLECTION OF OUR IDENTITY

Publicis Groupe provides its local and international clients with one of the largest and richest service offers in the world—in a totally “different” way.

La Difference is the key concept of the Groupe’s identity, a group that is distinguished throughout the world by its origins, its history, its way of operating and its vision. As the pioneer in French advertising, the first European group with international dimensions, Publicis Groupe defends and preserves its diversity as it takes on new challenges.

The Groupe offers innovative solutions in an advertising market long dominated by cookie-cutter solutions and uniform organizations.



2006 Financial Highlights



Global Reach

2006 FISCAL YEAR

Over the past few years, Publicis Groupe has used its acquisition strategy to pursue two goals: rounding out its holistic offering across global markets, and extending its geographical reach into high-potential markets in Asia, Latin America and Russia.

In ten years, we have built leadership positions in the top ten emerging markets, and our 15,000 employees in these countries now generate 21% of our consolidated revenues.

Today Publicis Groupe is present in 104 countries and covers virtually all of the world's media & communications markets.

Altogether, nearly 40,000 local employees in 196 cities around the globe are on hand to serve advertisers.



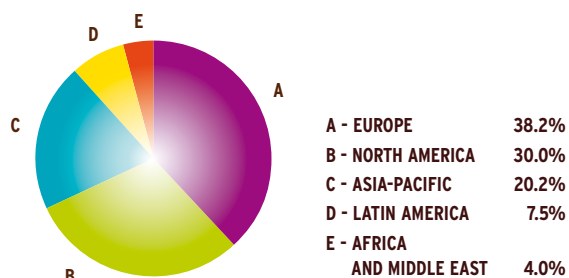
WORLDWIDE PRESENCE BY REGION

	EUROPE	NORTH AMERICA	ASIA PACIFIC	LATIN AMERICA	AFRICA AND MIDDLE EAST	TOTAL
REVENUES (EUR MILLION)	1,747	1,842	471	214	112	4,386
EMPLOYEES	15,258	11,990	8,080	2,997	1,614	39,939
NUMBER OF COUNTRIES	35	2	18	21	28	104
NUMBER OF CITIES	71	39	31	23	32	196

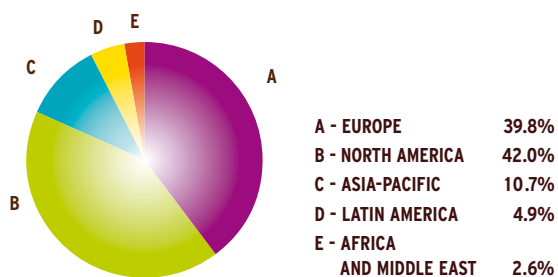
HEADCOUNT OVER 5 YEARS



EMPLOYEES BY GEOGRAPHY



REVENUES BY GEOGRAPHY



TOP 20 ADVERTISING MARKETS (USD BILLION - CURRENT PRICES)

US	174.8
JAPAN	41.2
UK	21.8
GERMANY	20.8
CHINA (incl. HK)	14.2
FRANCE	13.0
ITALY	11.0
SPAIN	8.8
CANADA	8.3
SOUTH KOREA	8.1
AUSTRALIA	8.0
BRAZIL	7.4
RUSSIA	6.5
POLAND	4.7
NETHERLANDS	4.7
INDIA	4.2
SAUDI ARABIA	3.9
MEXICO	3.8
NORWAY	3.5
BELGIUM	3.4

Source: ZenithOptimedia - Advertising Expenditure Forecast - December 2006.

2006 ORGANIC GROWTH BY GEOGRAPHY

EUROPE	5.0%
NORTH AMERICA	5.1%
ASIA-PACIFIC	5.3%
LATIN AMERICA	9.3%
AFRICA AND MIDDLE EAST	20.0%
TOTAL	5.6%

2006 REVENUES OF TOP 10 MARKETS (EUR MILLION)

US	1,702
FRANCE	427
UK	427
GERMANY	211
ITALY	138
SPAIN	124
CHINA	110
AUSTRALIA	103
CANADA	97
BRAZIL	76

Key Figures

2006 FISCAL YEAR

PUBLICIS GROUPE ONCE AGAIN TURNED IN AN OUTSTANDING FINANCIAL PERFORMANCE...

Organic revenue growth reached 5.6% and the operating margin rate was up to 16.3%, while net income showed a record increase of close to 15%. Net debt was cut by nearly a third.

Revenue rose 6.3% to EUR 4,386 million, reflecting positive contributions from all geographical regions. Media buying and consultancy, healthcare communications and advertising agencies were the main sources of momentum.

Net New Business booked during the year totaled a healthy USD 3.3 billion (EUR 2.5 billion).



Jean-Michel Etienne,
*Executive Vice President -
CFO, Publicis Groupe*

All geographical regions contributed to this renewed improvement in the margin. Net income excluding minorities was up nearly 15% from EUR 386 million in 2005 to EUR 443 million in 2006, a strong performance resulting from the improvement in operating margin as well as a EUR 42 million decline in net interest and similar expense. In addition, an improved tax rate, reflecting the effects of tax and legal reorganization over recent years, declined by 180 basis points to 30.2% for the year. And the 2007 goal of 30% has already been met a year in advance. Net income on ordinary business rose 28% from EUR 353 million in 2005 to EUR 452 million in 2006.

A Strong Rise in Earnings

Operating margin rose 10% from EUR 649 million in 2005 to EUR 713 million in 2006 and the operating margin rate (i.e., operating margin as a percentage of revenue) was up 60 basis points from 15.7% to a record 16.3%.

The operating margin rate once again placed Publicis Groupe at the forefront of the industry, and reflects both a tight rein on operating expense and a decline in depreciation and amortization associated with strict control of operational investments.

Rise in EPS

Earnings per share outpaced net income, with a rise of 15.3% from EUR 1.83 in 2005 to EUR 2.11 in 2006. After full dilution the rise was 12% from EUR 1.76 to EUR 1.97. Diluted headline earnings per share were up 24.5% to EUR 2.01.

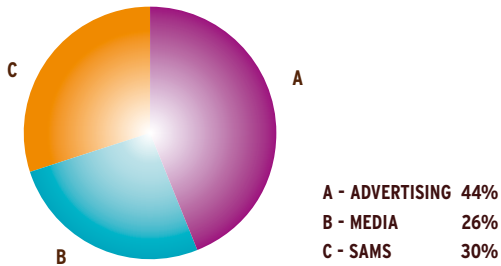
REVENUES (EUR MILLION)



ORGANIC GROWTH (%)



2006 REVENUES BY BUSINESS (%)



OPERATING MARGIN (EUR MILLION)



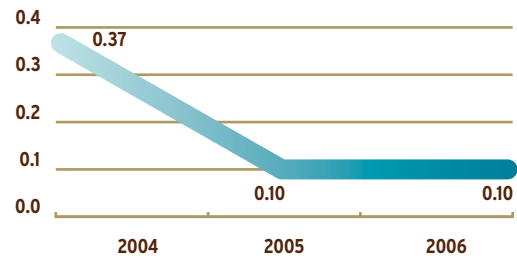
NET CASH FLOWS FROM OPERATING ACTIVITIES (EUR MILLION)



NET INCOME (EUR MILLION)



NET DEBT-TO-EQUITY RATIO AT 12/31



OPERATING MARGIN BEFORE DEPRECIATION AND AMORTIZATION (EUR MILLION)



Steep Decline in Debt and Sound Financial Ratios

Net debt remained very low at EUR 221 million at December 31, 2006 compared with EUR 207 million at December 31, 2005. Average net debt over the year, a measure favored by the Groupe since it smoothes out seasonal variations to reflect the general situation more accurately, was down sharply from EUR 925 million in 2005 to EUR 636 million, a decline of EUR 289 million, or nearly one-third. Altogether the Groupe has cut debt by EUR 634 million in barely two years.

The net debt to equity ratio was unchanged at 0.10 at December 31, 2006 as at December 31, 2005. It should be noted that the Digitas acquisition was only finalized in January 2007. Representing a net cash outlay of EUR 800 million, the transaction does not in any way affect Groupe commitments. On the basis of the situation at the end of January, the Groupe will temporarily set financial ratios at the following levels: average net debt /operating margin before amortization and depreciation: 1.6, net debt / shareholder's equity: 0.5; and interest cover (operating margin before amortization and depreciation / cost of net financial debt) 11.

Robust Cash Flow

Cash flow remained a main focus of management attention in 2006 and free cash flow (i.e., cash generated by operations before changes in working capital requirement and after deduction of net capital spending) came to EUR 544 million, showing a rise of nearly 14% from the previous year. This reflects a tight rein on net capital spending, which amounted to EUR 52 million or only 1.2% of revenue. Working capital requirement was steady in 2006 after a total improvement of EUR 338 million during the last two years (2004 and 2005) driven by the Focus on Cash program. The objective of this program is to improve management of the Groupe's cash flow.

Payout Ratio up Sharply

Shareholders will be asked to approve a dividend of EUR 0.50 per share at their General Meeting on June 4, 2007. This represents a vigorous rise of 39% compared to the dividend paid in 2005 and the payout ratio will be up from 19.5% to 24%.

Optimized Operations

EDITORIAL

To say that our business has undergone a revolution over the past decade is an understatement. Our Groupe has been entirely reshaped by the remarkable geographical expansion of the Publicis network at the end of the 1990s, and the creation of Publicis Groupe following the Saatchi & Saatchi and Bcom3 acquisitions. Most recently, the acquisition of Digitas promises to usher in a new era of change.

Publicis Groupe employs nearly 40,000 people around the world compared with only 6,000 in 1996. But we remain faithful to our founding values. Our priorities remain the successful integration of our teams and the reinforcing of close ties with our clients. Our expansion has emphasized synergies in revenues

rather than costs.

Effectively responding to the challenges brought about by our new size has naturally called for new thinking and a reassessment of our strengths and weaknesses. These reflections are behind our Horizon Program, which aims to redefine the most effective ways for us to serve our clients, our staff members and our shareholders.

We conducted a strategic audit in 2004, which led to the identification of key challenges centered on two fundamental themes: Re-invention and Optimization.

Re-invention: We must ensure that our offer keeps pace with upheavals in consumer markets and, by the same token, in our clients' business. The factors at work include changes in the economic environment and media structures, new consumer and client expectations, the emergence of new markets, and increased demand associated with rising standards of living.

Optimization: Our international reach and our new strength in domestic markets have pushed us to rethink the architecture, organization and operational strategies of our Groupe.



Jean-Yves Nauri,
*Executive Vice President -
Operations, Publicis Groupe*

The Horizon Program

Designed to meet the challenges that have come with the expansion of Publicis Groupe over recent years, the Horizon Program aims to reinforce our offer and ensure the best match with client requirements, enhancing the quality of our services and organization.

With the "Re-invention" initiative, members of the P12 Executive Board have focused on rethinking the operation and organization of our agencies. Priorities include the holistic mobilization of the best Groupe resources for major clients; stepping up expansion in high growth markets such as in China, Russia, India and Brazil; and building new strengths in digital communications. Marketing services are another focus of attention, as are new approaches to strategic planning, knowledge management and the development of production platforms.

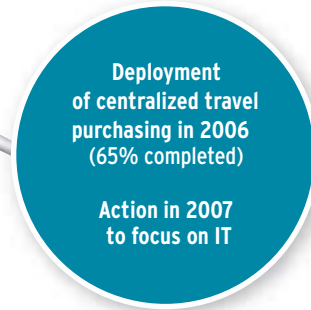
"Optimization" is another priority. A combination of organic growth and acquisitions has given Publicis Groupe critical mass both worldwide and on many domestic markets, providing the scope needed to develop Shared Service Centers. These Shared Service Centers were initially set up in the 14 major national markets that together account for over 80% of our revenues.

The Horizon Program – Progress to the End of 2006

Shared Service Centers



Procurement



Small Emerging Markets “Multidoor”



They provide agencies with an extended range of support services in areas such as cash management, tax and legal affairs, information systems, insurance and real estate. At the same time, they allow for accounting, financial and other procedures to be standardized and optimized. The result is improved quality combined with lower costs.

Publicis Groupe has also moved to enhance offerings for clients on smaller markets with “multidoor” solutions. These solutions are designed to preserve competing offers and create new reach for the market profiles and brand cultures of Publicis Groupe, while at the same time, to pool resources for shared benefits. Launched in 2006, this program has made considerable progress in ten countries. The aim is to cover two thirds of target markets by the end of 2007 and to complete deployment by the end of 2008.

Rationalization of our information systems is a key component of the Groupe’s modernization and its switch to fully digital operations. Moves in this direction have so far included

deployment of an integrated data network, the construction of three data hubs in Paris, Chicago and Hong Kong, and worldwide implementation of a single ERP system.

Finally, we have adopted new policies to optimize purchases of goods and services. An alliance with Carlson Wagonlit Travel, a world leader in business travel management, enhances the safety and comfort of staff members while optimizing travel and accommodation budgets. Other priority areas include IT equipment, risk management and insurance, consultancy, services and legal advice, as well as optimization of real estate.

Share

2006 FISCAL YEAR

Publicis Groupe shares rose 9.4% in 2006 as a whole, trailing the Paris market's benchmark CAC 40 index, which rose 19%, over the year.

A MODERATE RISE FOR PUBLICIS GROUPE SHARES

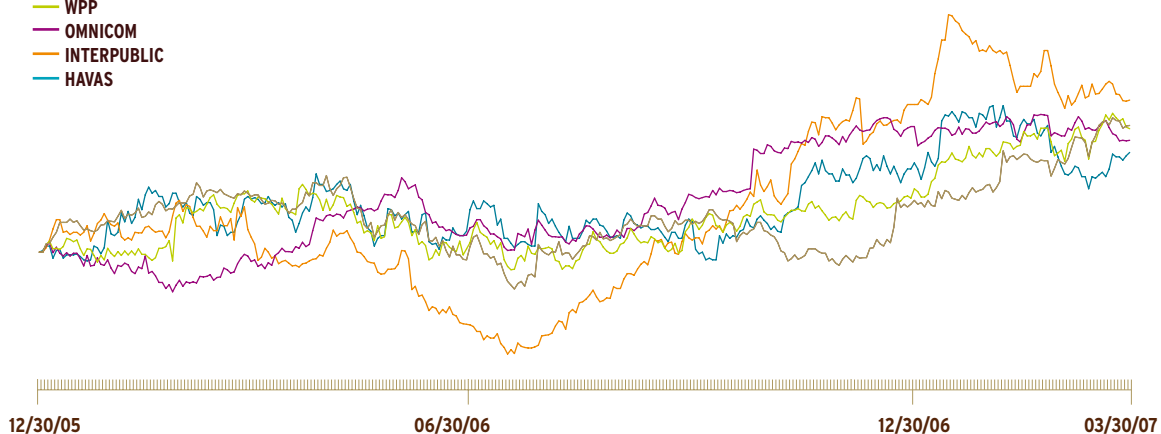
There were four main phases in Publicis Groupe's market performance over the 12-month period. The trend was positive from January to May, with a price range of EUR 29 to EUR 34 reflecting investor confidence following 2005's excellent financial results. On May 3, the shares hit their peak for the year at EUR 33.78.

The market then came in for a severe correction amid fears of US recession and pressures on interest rates, combined with a continuing surge in oil prices. As a result, Publicis Groupe shares fell back, reaching a low for the year at EUR 27.30 on July 17.

There was no real rebound until August, when the market as a whole started up again, but the share then got back on to an upward track through to November, trading in a range of EUR 29 to EUR 32.

COMPARATIVE SHARE PERFORMANCE

— PUBLICIS
— WPP
— OMNICOM
— INTERPUBLIC
— HAVAS

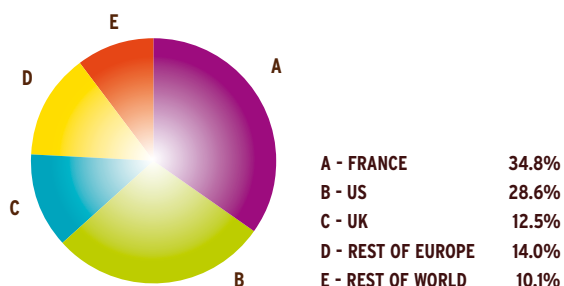


Performance

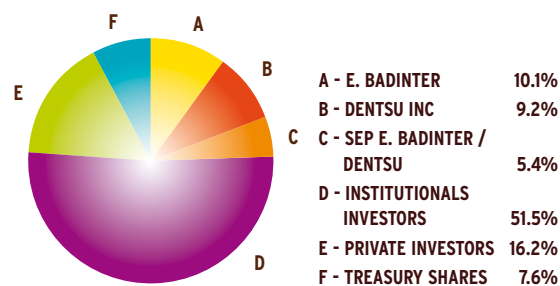
NET DIVIDEND PER SHARE (IN EUR)



INSTITUTIONAL SHAREHOLDERS BY GEOGRAPHY AT 12/31/2006



SHARE OWNERSHIP BY TYPE OF SHAREHOLDER AT 12/31/2006



Source: Thomson Financial / Euroclear - January 2007.
This distribution concerns institutional shareholders, and does not include the "strategic" shareholders of the Groupe, employees or individual shareholders.

At the beginning of November, the announcement of lower-than-expected revenue growth in the third quarter and slight downward correction of full-year earnings growth triggered renewed correction. This downturn, however, proved short-lived. At the end of December, the market unequivocally welcomed the acquisition of Digitas, and Publicis Groupe shares closed for the year at EUR 31.95. It should also be noted that Publicis Groupe was withdrawn from the CAC 40 index on December 18 as a result of more rapid rises in the market capitalization of other stocks, particularly in the energy sector. The share price has remained buoyant since the beginning of the year, reaching EUR 36.12 on March 29, giving the Groupe a market capitalization of EUR 7.2 billion.

At the same time, the dollar's decline had a clearly favorable influence on the performance of the Publicis Groupe American Depository Receipt, which rose from USD 34.75 on December 30, 2005 to USD 42.23 on December 29, 2006. As in 2003 and 2005, the ADR did significantly better than ordinary shares denominated in euros.

Balance Sheet Streamlining Completed

In January 2006, Publicis Groupe launched an offer to buy out all equity warrants issues in September 2002 in connection with the Bcom3 acquisition. This led to the elimination of approximately 80% of warrants in circulation. All told, over a period of 18 months the Groupe did away with potential for the creation of nearly 35 million shares.

New Prospects for Growth

The appeal of Publicis Groupe is based on new prospects for organic growth through increased exposure to digital communications and emerging markets, combined with its profit margin goals for 2008 that are both ambitious and realistic, and vigorous cash flow. These strengths should keep Publicis Groupe at the front of the field in its sector.

Maintaining Ties With Investors

In 2006, Publicis Groupe continued its drive to consolidate investor relations. Managers thus held private meetings with some 250 investors from 13 countries and participated in five conferences organized in Paris, New York and Barcelona as well as two site visits in China. The Groupe also continued the relationships with bondholders initiated on the occasion of its first straight bond issue in 2005.

publicisdrugstore

With one of the world's most glamorous locations at the top of the Champs-Élysées, the publicisdrugstore first opened in the late 1950s and quickly became a trendsetter for the city. Today, this Paris icon welcomes some 12,000 guests a day, offering a premium venue for everything from business meetings to friendly get-togethers.



THE PUBLICISDRUGSTORE IS AS LIVELY AS EVER!

Publicisdrugstore launched three major campaigns in 2006. "Urban Jungle", planned by cutting-edge French designer Matali Crasset, bathed the publicisdrugstore in rich hues of green. Even the ingredients of the Brasserie's legendary club sandwich were changed to green for the summer months. "Mini-Maxi", the second campaign, was entrusted to furniture-maker Vitra and Israeli designer Arik Lévy, who put on a truly spectacular display: red-tinted windows, Verner Panton chairs in the Brasserie, Charles and Ray Eames armchairs in the Marcel gourmet restaurant, and clouds of miniature chairs floating over the bar. Last but not least, "White Magic", utilizing works of graphic artist Pierre Fichieux, decked out the publicisdrugstore boutiques for the festive season.

Highlights of the year also included partnerships with the publiciscinemas. The Quebec Film Festival proved a major success, and was backed up with displays of products and publications from Quebec in the publicisdrugstore bookshop, delicatessen and magazine kiosk.

The 20th anniversary of Dim Up was also celebrated with a row of beautiful legs parading the brand's trademark hosiery, and a fashion show featuring clothes by 20 top designers as well as a lively soirée at the Brasserie with the Dim theme song "Tatatata..." playing in the background.

Parisians and tourists alike continued to patronize the publicisdrugstore, taking advantage of the freedom to buy the latest iPod, a fashionable handbag, prize-winning literature or a hand-rolled Havana cigar at any time between 8 a.m. to 2 a.m. every day of the week and all year long.

Consulting, conception, graphic design and production:



26, rue Murillo - 75008 Paris - France - Tel.: +33 (0)1 56 21 20 13

Illustrations: © Jason Brooks 2007 www.jason-brooks.com

Photo credits: © Foley John / Opale, Richard Kalvar, Publicis Groupe photo library, X.



PUBLICIS GROUPE

133, avenue des Champs-Élysées
75008 Paris, France
T. +33 (0)1 44 43 70 00 - F. +33 (0)1 44 43 75 25
www.publicisgroupe.com