

2007 Annual Report

VIVA
LA
DIFFÉRENCE!



PUBLICIS GROUPE

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A Message from Elisabeth Badinter

When I see the way Publicis Groupe is evolving, the image that comes to mind is that of an explorer driven to the world's, and his own, extreme limits by a thirst for knowledge and a relish for adventure. This image may seem far removed from an economy as structured and standardized as that of the 21st century.

And yet I'm convinced that this viewpoint is shared by all of us in Publicis Groupe. It underpins our strategy, shapes the way we work and contributes enormously to unleashing our creative energy. This is what is known as the pioneering spirit: a state of mind embodied by Marcel Bleustein-Blanchet and one that has inspired Publicis since its very beginning. It is a quality that led the American advertising community in early 2008 to induct our founder into the American Advertising Federation's Advertising Hall of Fame. The first non-American to be recognized by this highly select organization!

This recognition honors his idea that "respect for difference – cultural, geographic, artistic – enriches all of us on the planet." It demonstrates once again that our differences, inherent in our French roots and in that little extra something of the soul this implies, are part of our "aura" and that our values of identity are worth being cultivated.

Our performance over the past year owes so much to this pioneering and open spirit, which is behind the Groupe's decisive investments in digital communications. The rapid deployment of Digitas has helped us to become one of the world leaders in digital communication, in less than a year. Similarly, strengthening our presence in fast-growing emerging economies – China and India, plus the countries of Eastern Europe – has given us vast potential for development. This further reinforces our ability to continue to support our clients in their campaigns to conquer these regions.

Lastly and most importantly, despite lower organic growth than in previous years, our margin is the highest it has ever been, standing at a record level for the industry. Never has Publicis Groupe enjoyed such a sound financial structure and such great potential for the years ahead, driven by creative excellence and outstanding account wins. On behalf of the Supervisory Board, I would like to thank



all the Publicis Groupe teams, with a special mention for Bertrand Siguier and Claudine Bienaimé for the impressive work each has accomplished at the Groupe over many years. On their departure from the Management Board (*Directoire*), I know I speak for all in assuring them of our gratitude and our friendship. Their successors,

David Kenny and Jean-Yves Naouri, bring new skills and new energy from which we can expect great things. Publicis Groupe has powerful and legitimate ambitions in the new and exciting era that is opening up. Of all the challenges facing our Groupe, the one I would focus on in particular is the continued shift towards digital, which will require us to bring on board new skill-sets, to develop our cultures and businesses and to pursue external growth. Our Groupe today has all the resources needed for future success: the capacity to effectively execute our strategy thanks to agencies, networks and organizations built up over the years, a reputation second to none and, most importantly, great talents who, like all great explorers, are driven both by passion and the desire to surpass themselves.

Elisabeth Badinter
Chair, Supervisory Board

A Message from Maurice Lévy



Speed. Innovation. Collaboration.
Three capabilities that are and will be absolutely critical in ensuring successful performance in the marketing and communications industry.

Publicis Groupe companies, over the course of 2007, amply demonstrated the ability to work quickly and collaboratively in order to provide innovative and winning solutions to clients. The result? Great work for our clients and an exceptional financial performance for the Groupe during a year in which the world economy was buffeted by the sub-prime crisis, exchange rate turbulence and soaring prices of energy and raw materials.

- The Groupe's operating margin in 2007 reached 16.7% – which had been our target for 2008. I am particularly proud of this performance, given that it takes into account restructuring costs linked to our acquisition of Digitas.
- A record amount of free cash flow – at 615 million euros, a 9% increase over the previous year.
- A strong and sustained New Business demonstrating that our offering is right for advertisers in today's world.
- Our activities in fast-growth emerging markets – a gauge of our future development and prosperity – reached 21.3% of total revenue in 2007. We are on track to hitting our 2010 goal of 25%.
- Digital activities now represent 15% of total revenue – and our fast and sustained growth in this area means we are on track to realize 25% of our activity in digital by 2010.
- And worth mentioning: a remarkable repeat creative performance making Publicis Groupe once again number one in the Gunn Report when measuring creative performance to revenue.

The only somber note has been our lackluster organic growth number for the year – 3.1% – essentially due to some very specific problems in the pharmaceutical area. Outside this sector, our annual growth was 4.3%, with growth accelerating in the second half of the year to 6.1%.

My confidence mainly lies in the belief that we are making the necessary strategic choices. The communication environment in which we operate is changing profoundly and rapidly and to take full advantage of the opportunities offered up by this brave new world, the Groupe is steadily transforming itself through innovation. That is why we brought new partners like Digitas – the key strategic acquisition in 2007 – into our Groupe. And that's why we launched a number of initiatives in the area of new media and new marketing (3dswym with Dassault Systèmes, HoneyShed with Droga5, BlogBang, and other acquisitions such as Phonevalley and Business Interactif) and embarked on a collaborative agreement with Google.

Away from the virtual world, the “real” world is changing too. Once again, we are fully engaged with that evolution. We have proved our commitment to building a presence in the world's fastest-growing markets: our Groupe is number one in Russia, number one in China in the media sector – and number two in China in all advertising and marketing activities. And the Groupe is advancing rapidly in key Latin American markets, where we showed organic growth approaching 12% at the end of 2007.

The key to success implies the re-invention – and I choose the word carefully – of what we do and how we work. I cannot stress this enough. In fact, we have never stopped re-inventing ourselves, to cope with the new challenges ahead of us. And we know that the present and future needs of our clients will not fit into the containers of the past.

We are embarking on a totally new journey. A journey to the future. If most of the issues of our clients will be the same – reputation, brand building, connecting, as well as emotionally consumers and changing their behavior – the solutions will be radically different. It will take new mindsets, new and liquid talents, new imagination and a whole new ecosystem to find the solutions which will help our clients win in this new world.

Re-inventing the agency of the future is putting media and digital at the center. It is thinking differently about content. It is developing communication and ideas which build an indestructible emotional link between the consumer and the brand. It is caring about ethics, environmental and social issues, and it is helping our clients to show responsibility in all those areas while building profitable growth.

In this new world of empowered consumers, it is also vital to measure every single message, its performance, and the return on investment.

The future is full of challenges and hopes. Competition will be fiercer and will come from new borders and new players. What will make our clients and their brands win a share of the consumer's heart, a loyalty beyond reason, and therefore strong growth, will always be exceptional ideas brilliantly executed in an infinite array of channels. It is also critically important to have the best technology tools to make sure the right message is appropriately delivered to the right audience. This is a demanding world where success is the daughter of courage, innovation, and generosity.

Our organization is in constant evolution: we are eliminating silos and overlapping operations in order to make our teams more efficient, more nimble, and better performing.

In short, we are better positioned than ever as the world's premier marketing and communications group, leaders in creativity, media, digital, technological innovation and insight.

This is the commitment of some of the best talents of the industry, the 44,000 men and women of Publicis Groupe, coming from the diverse world of Viva la Difference ! to help create, execute, and distribute the ideas for tomorrow.

Maurice LÉVY
Chairman & CEO

Publicis Groupe, Digital and Holistic

A pioneer in holistic communication

Nearly 10 years of experience with the “holistic” offer

No Silos: Tearing down organizational walls – Insight Factory

No Solos: Teamwork

A world leader in digital communication

Leading brands: the Digitas global network, Phonevalley, Healthware, Publicis Modem, Arc...

Innovative and experimental initiatives: Honeyshed, Blogbang, 3dswym, FreeThinking...

The top creative performance in the world

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

4th largest communications group worldwide

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

Two multi-hub creative agency networks: Fallon, 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

An advertising sales division: Médias & Régies Europe

World leader in healthcare communications

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

A complete, global range of recognized expertise in specialized communications

- **Direct marketing/sales promotion:** Arc, Saatchi & Saatchi X, Publicis Dialog, Solutions, Betterway
- **Corporate Communication and Public Relations:** MS&L, Publicis Consultants I Worldwide, Freud Communications...
- **Publishing and production:** Mundocom, MarketForward, WAM
- **Multicultural communications services:** Burrell Communications, Bromley Communications, Lapid, Conill
- **Events and sport marketing:** Publicis Events Worldwide, PublicisLive, Relay, Emotion
- **Sustainable development consultancy:** Saatchi & Saatchi S

*49% owned

Revenue: **4,671 M€**

Percentage of revenue
from digital activities: **15%**

Operating margin: **779 M€**

Operating margin rate: **16.7%**

New Business: **more than
5 Billion US\$**

Stock Exchange

Listing:
Euronext Paris
Next 20

Corporate Governance

Supervisory Board
Chair Elisabeth Badinter

Management Board
Chairman Maurice Lévy

Global presence

104 countries

44,000 employees

Diversity that makes La Difference

Key Figures

Publicis Groupe, in 2007, once again reported outstanding financial results, following on three successive years of growth.

The Groupe has reached or surpassed targets announced in December 2004, one year ahead of schedule. Groupe operating margin hit a new record of 16.7%, a level it should maintain or even improve over the next few years.

Free cash flow also reached record levels at EUR 615 million, an increase of 9%.

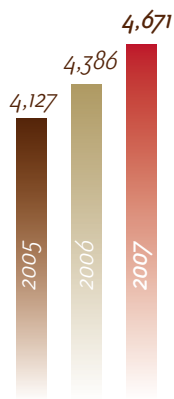
Net income attributable was EUR 452 million.

The only sombre note was the modest level of organic growth at 3.1%, due essentially to the difficulties of the pharmaceutical sector. Elsewhere, Groupe business held up well overall, with organic growth of 4.2%, and 6.1% in the second half alone.

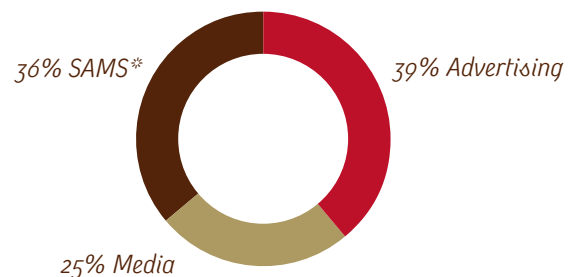
At EUR 5 billion in 2007, the volume of New Business offers ample proof of the Groupe's dynamism and the pertinence of its offer.

After dividend growth of almost 40% in 2006, the dividend proposed to shareholders is EUR 0.60, a further increase of 20%. The distribution rate increased from 24% to 27.5%.

Against the background of uncertainties affecting the financial sector, the Publicis Groupe share price dropped by 16.6% in 2007, in line with average global performance for the sector (Omnicom, WPP, Interpublic, Dentsu, Havas, Aegis and Publicis Groupe). The French stock market index, the CAC, grew by 1.31% over the same period.

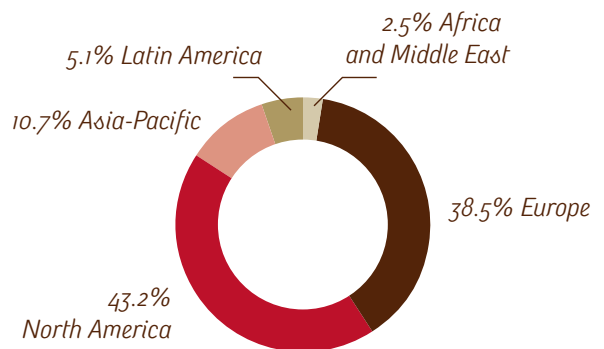


Revenue (EUR Million)



2007 Revenue by Business

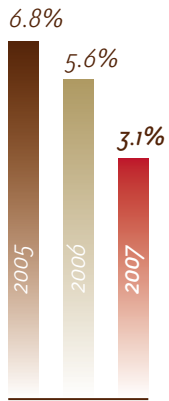
*Specialized Agencies and Marketing Services



2007 Revenue by Geography

2007 Revenue of Top 10 Markets (EUR million)

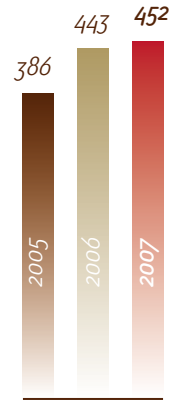
US	1,882	Italy	136
UK	435	Spain	131
France	427	Australia	106
Germany	210	Canada	93
China	144	Brazil	76



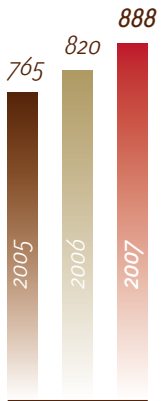
Organic Growth

2007 Organic Growth by Geography

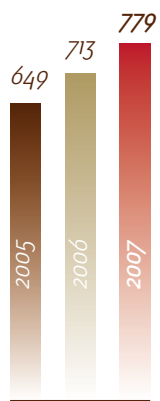
Europe	1.7%
North America	1.7%
Asia-Pacific	8.6%
Latin America	8.9%
Africa and Middle East	11.1%
Total	3.1%



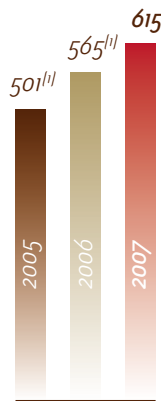
Net Income (EUR Million)



Operating Margin before Depreciation and Amortization (EUR Million)

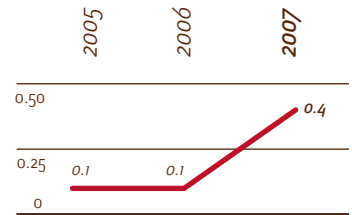


Operating Margin (EUR Million)

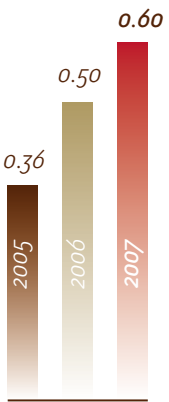


Free Cash Flow (excluding change in WCR)

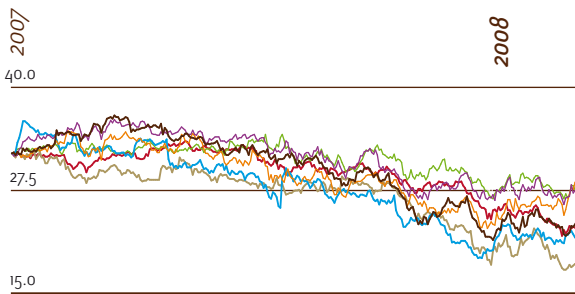
(1) Following the reclassification of restructuring costs paid as changes in working capital requirement and the exclusion of changes in financial assets from investments in fixed assets.



Net Debt-to-Equity Ratio at 12/31



Net Dividend per Share (in EUR)



Comparative Share Performance

- Publicis
- WPP
- Aegis
- Interpublic
- Omnicom
- Havas
- CAC 40
- DJS Media



DIGITAL

A DISCOVERY

AS

REVOLUTIONARY

AS FIRE

A Changing Media Landscape

Despite concerns about the global economy, the ad market will be boosted by three major events in 2008: the Olympic Games in Beijing, the Presidential and Congressional elections in the United States, and the Euro 2008 soccer tournament.

Advertising Expenditure by Media

	2007			2008			2009			2010		
	(€ billion)	% of total	Year-on-year change (%)	(€ billion)	% of total	Year-on-year change (%)	(€ billion)	% of total	Year-on-year change (%)	(€ billion)	% of total	Year-on-year change (%)
Newspapers	99.8	27.3	2.0	100.8	25.9	1.0	101.9	24.8	1.0	103.8	23.9	1.9
Magazines	44.3	12.1	3.0	45.7	11.7	3.1	47.4	11.6	3.8	49.2	11.3	3.7
TV	137.1	37.5	6.4	147.0	37.8	7.2	154.5	37.6	5.1	163.2	37.6	5.6
Radio	29.7	8.1	4.0	30.8	7.9	3.6	31.8	7.8	3.5	32.9	7.6	3.3
Cinema	1.7	0.5	12.0	1.8	0.5	8.3	2.0	0.5	8.8	2.2	0.5	11.6
Outdoor	23.1	6.3	8.2	25.3	6.5	9.4	27.5	6.7	8.8	29.8	6.9	8.2
Internet & mobile	30.0	8.2	30.7	37.7	9.7	25.5	45.3	11.0	20.3	53.1	12.2	17.3

Source: ZenithOptimedia – March 2008

Internet and mobile advertising will be worth nearly EUR 38 billion in 2008, a rise of more than 25% year-on-year. Spend on digital and interactive is expected to rise by 77% over the next three years, reaching more than EUR 53 billion in 2010. This means it will have almost doubled its share since 2006. All media will continue to grow but, apart from the Internet, only cinema and outdoor will have increased their share over this period.

Advertising Expenditure by Geography

	2007			2008			2009			2010		
	(€ billion)	% of total	Year-on-year change (%)	(€ billion)	% of total	Year-on-year change (%)	(€ billion)	% of total	Year-on-year change (%)	(€ billion)	% of total	Year-on-year change (%)
North America	149.3	40.1	2.7	154.9	39.1	3.7	158.3	37.8	2.2	162.1	36.6	2.4
<i>of which</i>												
<i>United States</i>	143.4	38.5	2.5	148.7	37.5	3.7	151.9	36.3	2.1	155.3	35.0	2.2
Western Europe	86.6	23.3	4.5	90.0	22.7	3.9	93.8	22.4	4.2	97.8	22.1	4.3
Asia-Pacific	79.4	21.3	7.9	85.8	21.6	8.0	91.4	21.8	6.5	98.3	22.2	7.5
<i>of which China</i>	12.0	3.2	18.3	15.1	3.8	25.6	17.0	4.1	12.3	19.4	4.4	14.5
<i>of which India</i>	4.8	1.3	32.5	5.3	1.3	9.9	6.3	1.5	18.1	7.4	1.7	17.3
Central & Eastern Europe	23.0	6.2	19.2	27.2	6.9	18.3	31.6	7.6	16.2	36.1	8.1	14.2
<i>of which Russia</i>	7.2	1.9	34.6	9.3	2.4	30.4	11.6	2.8	24.5	13.8	3.1	18.3
<i>of which Turkey</i>	1.7	0.5	7.4	1.9	0.5	10.7	2.1	0.5	12.2	2.4	0.5	15.3
Latin America	20.6	5.5	13.5	23.5	5.9	13.7	25.9	6.2	10.5	28.2	6.4	8.6
<i>of which Brazil</i>	7.8	2.1	25.1	9.3	2.3	19.2	10.3	2.5	11.7	11.4	2.6	10.1
<i>of which Mexico</i>	3.8	1.0	13.9	4.1	1.0	9.3	4.7	1.1	14.4	5.1	1.2	7.9
Africa/Middle East /Rest of world	13.3	3.6	23.6	15.0	3.8	12.4	17.6	4.2	17.4	20.9	4.7	18.6
Total World	372.4	100.0	6.3	396.4	100.0	6.4	418.7	100.0	5.6	443.3	100.0	5.9

Source: ZenithOptimedia – March 2008

From a geographical perspective, developing markets have established themselves as the biggest contributors to adspend growth. ZenithOptimedia forecasts that between 2007 and 2010 developing markets will add an extra EUR 46 billion to the total. They contributed 27% of global adspend in 2007, a figures expected to rise to 33% in 2010. That same year, China is expected to overtake Germany to become the fourth-largest ad market. In 2008, ad expenditure is expected to grow by 25.6% in China and 9.9% in India.

A Better Route to the Future

Publicis Groupe provides a truly superior approach to the metier of communications. To this end, we have not merely adapted to radical changes in the media landscape, but have reinvented ourselves entirely. We have taken measures to equip and organize our structures not with the objective of selling services to our clients, but of providing them with all the elements which converge at the creation of value – through development of the brands entrusted to us, and through growth in our clients' sales.

We now offer our clients unparalleled access to the digital world, and our strategic acquisitions and partnerships are pumping creative and technical talent from that field into the very veins of our Groupe. At the same time, we are extending our presence in rapidly emerging markets – critical to our future growth.

Our Groupe has now fully embraced the implications of a fragmenting media landscape and the extraordinary rise of the Internet and digital communications. Alongside mobile technology, the Internet has sparked the emergence of new social relationships, allowing more intimate conversations with consumers – and these are at the heart of our current thinking.

Publicis Groupe's grasp of this ongoing revolution led to the strategic acquisition of Digitas, which immediately placed us in a pole position in the digital marketplace. The considerable advantage this will give us is beyond doubt: by 2010, we expect that the Internet will take fully 11.5% of global advertising spending. In the Scandinavian markets and the UK, this figure could be as high as 20%. That's why Publicis Groupe has firmly committed to a digital future – not only through the acquisitions of Digitas, CCG in China, and Business Interactif, Wcube, and Phonevalley in France – but also by completely rethinking our offering so that, once again, we are ideally placed to provide our clients with the most innovative solutions. Our structures are being transformed so that teams from across the marketing mix can work together for a single client. At the same time, tools have been developed to help clients navigate the increasingly complex communications landscape, and to measure the efficiency of each campaign in real time.

Our Groupe has also been swift to place itself at strategic points on the global grid. For us, developing resources in emerging markets is not simply a case of snapping up successful local players. Moving into giant yet richly varied countries requires a deep immersion in local cultures before choosing the right partners. Our Groupe's recent acquisitions in India and China have allowed us to combine deep local roots with a modern approach to communications.

Heavily focused on our clients, we see ourselves as a partner in their growth and development. We achieve this through creativity, an area in which the awards won at ceremonies around the world testify to our success. But creativity springs from a strong commitment to provide our clients with ideas that will enable them to form a strong emotional bond with consumers.

This bond is very tangible: our Groupe is armed with the best research tools and the most advanced media placement expertise to guarantee the best performance on return on investment. Our global media networks – Starcom MediaVest Group and ZenithOptimedia – are recognized as world leaders in terms of strategic approach, media creativity, innovation and buying conditions.

If our promise to our clients is clear – to become their best strategic partners, providing the innovations, the ideas, the tools, and the global reach that will enable them to increase their margins as well as their sales – our commitment to our employees is equally so. We give talent an environment in which it can blossom. We aim to be the finest employer in our sector, offering training and career opportunities that are second to none. And in every area of our work, we insist on ethical behavior: professionally, creatively and of course towards our employees.

Our future path is thus clearly signalled by our commitment to the digital world and to our development in emerging markets. Publicis Groupe has never tried to be the biggest player in the industry. Our goal is to be the best in creating value for our clients through innovation, creativity, strategic advice, and intimate knowledge of consumers. We are thus able to develop the most brilliant campaigns for our clients.

DIGITAL: A SOLID OFFERING

At the beginning of 2007 Publicis Groupe officially finalized its acquisition of **Digitas**, the first global interactive agency network. It marked a turning point in the history of the Groupe, confirming our leading role in the digital revolution. Digital has become one of the key pillars of our structure, driving and shaping the future of our organization.

The global roll-out of Digitas was further boosted in June, when the Groupe acquired French digital and interactive leader **Business Interactif**. Newly-branded Digitas France, it provides online recruitment and loyalty programs, sponsored links, e-mail and marketing campaigns, search engine optimization and a host of other digital. The Digitas network continued to expand around the world with the acquisition of **CCG**, which has been since rebranded Digitas Greater China.

Meanwhile, the Publicis network has launched its own digital offering: Publicis Modem, aligned with direct marketing brand Publicis Dialog under a single leadership team. The Groupe acquired France's leading digital communications agency, **Wcube**, which was re-branded Publicis Modem France. Established in 1995, Wcube was a pioneering interactive agency with a reputation for innovative solutions – whether technical, analytical or creative. As Publicis Modem France it will build on its tradition of providing new tools for Internet communication and measurable results for advertisers.

The digital landscape, of course, also embraces the rapidly developing field of mobile communications, where adspend will reach US\$1.4 billion in 2007, according to ZenithOptimedia forecasts. With this in mind, Publicis Groupe made the strategic acquisition of Paris-based **Phonevalley**, the leading European agency in the mobile communications field. This became the mobile marketing arm of Publicis Groupe Media (which comprises our global media networks Starcom Mediavest Group and ZenithOptimedia). This acquisition made Publicis Groupe the first global marketing group with a network committed exclusively to mobile communications. Already present in France, UK, Spain, Germany and Italy, the service is now implementing its offering across Europe.

The development of digital is essential to our clients and to ourselves. We are absolutely determined to pursue this development on all fronts and all networks.

A HOLISTIC VIEW OF COMMUNICATIONS

It has been a long time since the name Publicis was associated purely with advertising. Our Groupe's activities in 2007 illustrate its strong presence in every sphere of marketing services. In the coming years, advertising in the strict sense will make up less and less of our turnover.

Publicis Groupe clearly demonstrated its commitment to the digital world in 2007, without neglecting the more traditional activities which make up the major part of communication today. Analog media take a dominant slice of global adspend today and continue to grow, albeit at a less breathtaking rate than digital.

In fact, our Groupe is one of the rare groups to offer a "holistic" approach to communications. We can – and do – offer expertise in every aspect of the marketing mix while favoring the interest of the client and the attainment of his objectives.

This is why, at Publicis Groupe, solos are rare, and silos are systematically called into question. Our 2007 sales results attest to our capabilities.

NEW INGREDIENTS IN THE MARKETING MIX

In 2007, the Groupe strengthened its capabilities in the PR field, not least with the acquisition of leading Indian consultancy **Hanmer & Partners**. Hanmer employs some 350 professionals in 42 cities across the Indian subcontinent. It is now a part of our global public relations network, Manning Selvage & Lee (MS&L) and was renamed Hanmer MS&L. In the United States, MS&L boosted its offering with the acquisition of **The McGinn Group**. This leading US corporate communications firm specializes in risk and innovation, corporate affairs, litigation communications, issues advocacy and crisis management. Based in Washington, DC, it provides strategic counsel to Fortune 500 companies, law firms, universities, non-profit organizations and government agencies. It has been renamed McGinn MS&L.

In the United Kingdom, the Groupe acquired communications agency **SAS**, which became part of the Publicis Consultants | Worldwide network. The agency specializes in corporate, design and visual communications. The acquisition completed the ability of Publicis Consultants | UK to deliver a fully holistic offer to clients, from PR, design, digital and corporate communication, to stakeholder and employee communications expertise, branding and strategic consultancy.

Publicis Groupe has traditionally been strong in healthcare communications and although this sector is temporarily experiencing difficulties, it is an important part of our offering that needs to be strengthened.

In the United States, we added pharmaceutical services company **Pharmagistics**. It specializes in sales, marketing, and logistical services for healthcare, pharmaceutical and biotech companies, and advises on compliance with the Prescription Drug Marketing Act (PDMA). It boasts 20 years of collaboration with physicians and practitioners and has mastered new technologies specific to the sector. For example, it provides e-information platforms through which pharmaceutical companies can track inventories and follow-up in real-time.

Finally, in Italy, Publicis Groupe strengthened its market leadership with two acquisitions in 2007 **Healthware SpA**, (Salerno), an innovative agency specializing in digital communications programs for the healthcare industry, and **Multimedia Healthcare Communication Srl** (Milan), a leading independent market development and public relations agency.

STAYING ON THE CUTTING EDGE OF DIGITAL

Rather than contenting itself with merely “keeping up” with the digital revolution, Publicis Groupe positions itself on the very cutting edge. This can be seen in many aspects of our operations, from the 2006 creation of **Denuo** – our digital strategic consultancy and think-tank – to our acquisition of **Digitas** at the beginning of 2007. Most recently, we pioneered an ideas-sharing alliance with **Google**.

Meanwhile, the second edition of the **Monaco Media Forum** in November 2007 was a huge success, further demonstrating Publicis Groupe’s commitment to remaining on the forefront of the transformation of the global media landscape. It brought together global giants of traditional and new media for conversations about the future of print, broadcast and online communications.

Being ahead in digital also means providing practical solutions for clients. One of the advantages of digital advertising is the ability to customize, personalize and localize ads. But this implies the need to produce many versions of the same ad, depending on the media and the target. That’s why Digitas launched **Prodigious Worldwide**, a global digital production unit that uses offshore resources in countries like Costa Rica and Ukraine to deliver thousands of iterations of ads, realizing global scale and significant cost savings. Prodigious now handles digital production for multiple agencies within the Publicis Groupe.

Another example is **3dswym**. Launched in June 2007, this strategic joint venture leverages the consumer intelligence and global marketing skills of Publicis Groupe with the cutting-edge technology of Dassault Systèmes. 3dswym is a web-based 3D platform allowing marketers and consumers to co-create products and marketing concepts. Imagine being able to go online and build a perfect three dimensional model of a product – from a sports shoe to a store interior – without having to spend time and money constructing it in the real world. The potential for clients is clearly enormous.

One of the biggest digital phenomena of recent years has been blogging. Initially creators of online diaries – or weblogs – bloggers have evolved into independent publishers. Publicis Groupe has helped them monetize their skills through the creation of **Blogbang**, a media sales service. Bloggers choose from a selection of online ads devised by brands and agree to place them on their blogs, for which they receive payment. The service also allows bloggers to design their own ads for their favourite brands.

Our Groupe is highly supportive of emerging media. This is the case with **HoneyShed.com**, a hybrid of shopping site, online community and video entertainment experience. While watching video content promoting products by leading brands, users can add items to their “stash” and chat online about their purchases. The site is a joint venture between Publicis Groupe, Droga5, the award-winning agency founded by former Publicis Worldwide Creative Director David Droga; and production company Smuggler. HoneyShed, widely described as “QVC meets MTV” is an industry first, and further proof that Publicis Groupe remains at the cutting edge.

CHINA: LEADERSHIP IN INTERACTIVE AND PROMOTIONS

China is an essential building block of the digital ecosystem of the future: the country has more than 150 million Internet users and online adspend represents about 6% of total spend, which is expected to grow to around 11% by 2009. With the acquisition of **CCG** in 2007, Publicis Groupe has now become a leader in digital and interactive communications in this market. With 200 employees in Shanghai, Hong Kong, Beijing and Shenzhen, CCG was the only independent digital agency in the region to offer a full range of services, from creative design to technology integration. Now Digitas Greater China, it marks the roll-out of the Digitas brand in Asia.

Digitas also brought its production company Prodigious to the Chinese market, focusing on bringing digital branding to life through innovative technology and creative execution. It’s a first for China.

Further extending its China offering beyond traditional advertising, the Groupe, through Leo Burnett, acquired a majority stake in Chengdu-based **Yong Yang**, a leader in field force logistics and retail and promotional marketing. Founded in 1995, Yong Yang has 29 offices across China and is the only marketing services company with a substantial presence in the Sichuan capital of Chengdu.

Publicis Groupe now has nearly 3,000 employees in more than 100 offices across China.

INDIA: DEALS REFLECT DIVERSITY

After acquiring Hanmer & Partners PR firm in India, Publicis Groupe took a majority stake in New Delhi’s most important independent advertising agency in 2007: **Capital Advertising**. The move strengthened our position in one of the world’s most dynamic markets and vastly increased the presence of the Publicis network in the Indian capital, the fastest-growing region in the sub-continent.

LOL

LOL

LOL

LOL



FACING
A NEW
ERA



Corporate Governance

MANAGEMENT BOARD

Maurice Lévy, *Chairman & CEO*

Jack Klues, *Chairman, Publicis Groupe Media*

Kevin Roberts, *CEO, Saatchi & Saatchi Worldwide*

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

David Kenny*, *Chairman & CEO, Digita*

** Appointed at the Supervisory Board meeting on December 4, 2007, given the expiration of the mandates of Claudine Bienaimé and Bertrand Sigquier on December 31, 2007.*

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 (Geneva)

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*

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, *Chairman*

Elisabeth Badinter

Amaury de Seze

Statutory Auditors

Mazars & Guérard

Ernst & Young et Autres

Alternate Auditors

Patrick de Cambourg

Auditex

Elisabeth Badinter

Philosopher and author of numerous books, Elisabeth Badinter has also been a lecturer at the École Polytechnique in Paris.

Ms. Badinter has been a member of the Supervisory Board since 1987 and is Chair since 1996. She is the daughter of Marcel Bleustein-Blanchet, the founder of Publicis.

Sophie Dulac

Founder and Managing Director of the recruitment counselling company Les Écrans de Paris since 2001, Ms. Dulac also manages Sophie Dulac Productions (film production) and Sophie Dulac Distribution (film distribution). She is the granddaughter of Marcel Bleustein-Blanchet, the founder of Publicis, and the niece of Elisabeth Badinter.

Simon Badinter

Chairman of Médias & Régies Europe, which he joined in 1991, Simon Badinter held several positions within MRE before becoming Chairman. He is the son of Elisabeth Badinter.

Monique Bercault

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

Michel Cicurel

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

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

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

Tateo Mataka

President and CEO of Dentsu Inc. since 2004, Mr. Mataka 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

Chair 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

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

Chair of Pechel Industries Partenaires, and managing 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

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

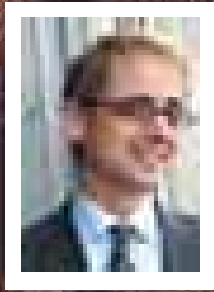
Chairman of PAI Partners, Mr. de Seze previously held several senior operating and management positions in a number of major companies including the Volvo Group (Volvo AB).

Henri-Calixte Suaudeau

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

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.



David KENNY
Chairman & CEO, Digitas
Member of the Management Board



Maurice LÉVY
Chairman & CEO, Publicis Groupe



Olivier FLEUROT
Executive Chairman, Publicis



Tom BERNARDIN
Chairman & CEO,
Leo Burnett Worldwide



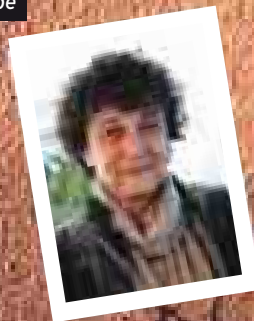
John FARRELL
President & CEO,
SAMS Worldwide,
Publicis Groupe



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



Fabrice FRIES
General Secretary, Publicis Groupe

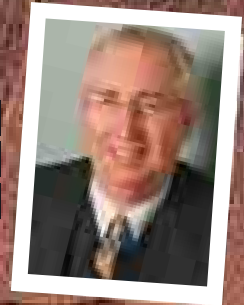


Claudine BIENAIMÉ
General Secretary, Publicis Groupe
Member of the Management Board until 12.31.2007

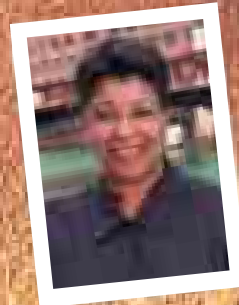
The P12



Steve KING
CEO Worldwide, ZenithOptimedia



Jack KLUES
Chairman, Publicis Groupe Media
Member of the Management Board



Renetta McCANN
Global CEO, Starcom
MediaVest Group



Kevin ROBERTS
CEO, Saatchi & Saatchi Worldwide
Member of the Management Board



Jean-Yves NAOURI
Executive Vice President
- Group Operations
Member of
the Management Board



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



Bertrand SIGUIER
Executive Vice President, Publicis
Member of the Management Board until 12.31.2007

Human Resources

TRAINING TOMORROW'S LEADERS

In keeping with the Groupe's philosophy, each Brand pursues its own training policy, especially concerning questions of identity. For instance, in 2007 Saatchi & Saatchi launched the "Lovemarks Academy", a program in which participants put the network's flagship branding concept into practice. Meanwhile, ZenithOptimedia implemented its new "Pathways" program training 800 people in the use of state-of-the-art tools to meet the network's signature promise of ROI (Return On Investment).

To complement the Brands' initiatives, three Groupe-wide management programs are also in place. The first, called "Peak Performance", is already a well-established part of the Groupe's culture. This is a unique personal development and leadership program in which participants explore strengths and challenges, and use these experiences to reinvent a company strategy. In 2007, this program's target group shifted from senior management to "young inspirational players", with four sessions involving a total of 100 high-potential executives.

While "Peak Performance" has existed for several years now, 2007 saw the first edition of an executive management program for 105 future agency managers and international account managers. Three one-week sessions were staged in conjunction with INSEAD (Asia-Pacific), the University of Chicago (North America and Latin America), and HEC (Europe and the Middle East). The program, which centers on growth strategies, profitability levers, and change management, draws on case studies from our sector. Participants' satisfaction rate has been over 75%. This program will be continued in 2008 with a greater emphasis on role play and direct involvement in critical decision-making.

The third program is focused on digital, and is driven by Digitas on behalf of the Groupe. A considerable investment has been made this year in our digital technology training program. Several courses have been organized and are either highly specific, such as learning to use new tools to measure media performance, or more general but with a regional focus, such as the Digital Bootcamp in Shanghai. Generic training modules are now an integral part of each network's specific training program,

for example Leo Burnett's "Digital Day" (the latest digital marketing trends presented to 800 employees) or Kaplan Thaler's "Digital Berlitz". Webcasting and podcasting are playing an increasingly important part in delivering these programs, thus providing training on demand in line with employees' interests and availability.

DIVERSITY

In addition to training, the Groupe's other HR focus in 2007 was its diversity policy. For several years, particularly in the USA, the Groupe's networks have been making award-winning progress in this area. An example in 2007 was the American Advertising Federation's Mosaic diversity achievement award given to Starcom for its initiatives in recruiting minorities. SMG's diversity initiative is in its third year as it continues to help the network maintain its leading edge in creating a more inclusive work environment. However, the landmark event of the year was the Groupe's decision to devise a strategy that would be more than a mere aggregation of the networks' efforts. A Diversity Council took stock of all best practices and initiatives underway, defined measurable objectives for the Groupe, and then named a number of programs to be implemented by all the networks in order to create momentum.

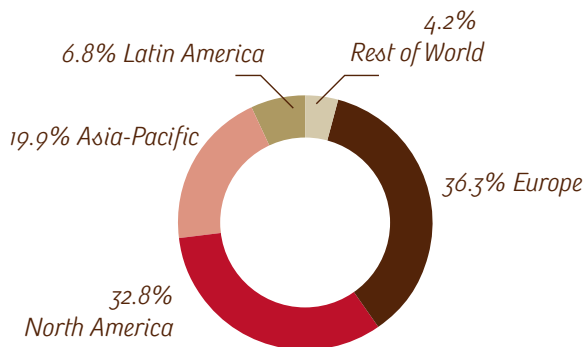
Four major undertakings have been identified, each representing one of the challenges of cultural diversity: a drive to promote advertising skills and to bolster recruitment in colleges and universities with a high proportion of ethnic minorities, post-recruitment follow-up to ensure smooth integration, and partnerships alongside our clients to benefit minority groups. The impact of these measures will be truly quantifiable in 2008.

Our industry is still far from an accurate reflection of demographic and cultural diversity, especially considering that the diversity of consumers is of core interest to our clients. The Groupe's ambition is that our signature, "Viva la Difference!", be embodied in a policy that will be exemplary in promoting equal opportunities in the workplace. This policy has been mainly developed in the USA, and the next steps are concrete projects in France and Great Britain.

TALENT MANAGEMENT

The third prong of the Groupe's HR policy is talent management. This is based on a general assessment of staff commitment, confidence and satisfaction within each network (The Publicis network in turn carried out its first ever such survey in 2007), as well as on individual reviews. It is on the basis of these survey findings that we review available talent, determine training requirements, and draw up succession plans. Special emphasis was placed on digital technologies in 2007.

The Groupe monitors 1,000 high-potential executives (all agencies, regions and skills combined), tracking each individual's performance, aspirations and potential to ensure they take full advantage of the Groupe in terms of mobility and training. The most convincing evidence of the success of this program is that, at Saatchi & Saatchi, the vast majority of job moves in 2007 took the form of internal promotions, either within the network or from another Groupe agency.



Employees by Geography

More women in the Groupe

Headcount	2004	2007
Women	51.2%	55.8%
Men	48.8%	44.2%

Women in senior management positions: we have made significant progress

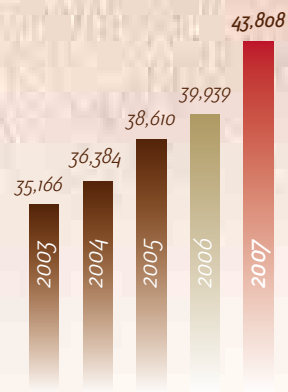
Senior management	2004	2007
Women	28.3%	38.6%
Men	71.7%	61.4%

Supervisory Board: 5 women of 15 members

	2004	2007
	26%	33%

A more youthful workforce

	2004	2007
Average age	34.5	33.4



Headcount over 5 Years



THE WORLD

AT OUR

DOORSTEP

Publicis

Contagious Approach

Catches on at Publicis

Olivier Fleurot,
Executive Chairman

Richard Pinder,
Chief Operating Officer



Publicis cemented its growing reputation as a sparkling creative performer in 2007, while at the same time successfully adapting to seismic shifts in the communications landscape. Publicis has revised its approach to reflect a shift in power: from marketers and producers to users and consumers. Consumers are now able to take control of both the media and the message. Thanks to the network's new purpose, clients can embrace the changing communication world with much better tools.

Publicis achieved this by designing a new approach, or rather, as Executive Chairman Olivier Fleurot puts it, "by setting out to create contagious ideas that change the conversation." Today's advertising only has true impact if it creates buzz or word-of-mouth – in other words: conversation.

A contagious idea is one that gets everybody talking: the agency, the client and most of all the consumers. It is taken up, interacted with and adapted around the world, evolving and mutating through social networks, blogs, emails, and other channels or disciplines. Hundreds of thousands of consumers are a few clicks away from sharing the same experience at the speed of light. And yet a contagious idea remains the same at the core – because at the core is a great idea.

Publicis Modem & Publicis Dialog

A New Global Digital
and Direct Marketing Offering

Martin Reidy, CEO



Publicis Modem became a new brand under the Publicis umbrella last year, and along with Publicis Dialog, is the network's direct and digital marketing arm. The pair will work together to communicate with consumers at all of today's myriad media touchpoints.

Publicis believes that creating contagious ideas gives clients greater standout for their money. It provides far greater consumer engagement and feedback. And it allows clients to manage global brands effectively, retaining a consistent message while successfully adapting to consumers in local markets. 2007 was the year when, among other things, Publicis towed a pub from New Zealand to London (for Speight's beer), created with The Coca-Cola Company an online "adult" film festival for a soda brand (Schweppes) and convinced soccer hero Zinedine Zidane to play rugby (for Orange). All these ideas got the media – and more importantly, the consumer – talking. They were intriguing and surprising. They were contagious. Another example of the way Publicis has adapted to this transformed environment was its appointment by Procter & Gamble's Oral B brand. Along with other leading agency groups, Publicis was challenged to design a next generation model that moved away from P & G's traditional reliance on TV and offered an integrated solution. The winning response from Publicis was to create a unique model that brings together many of its specialist agencies from the network and from the wider Publicis Groupe family to develop global brand ideas. Every discipline is fully involved in the process from the start, providing better coordination and the development of stronger holistic ideas. And the consumer is at the heart of the thinking. This structure is a radical departure for the world's largest advertising spender, in that it fuses content creation and media

strategy, resulting in a more relevant, more cost effective way of advertising. It also enables the client to communicate more efficiently with its agency partners.

Other clients are catching on to this alternative way of thinking. Last year Publicis secured an impressive number of wins: Airbus, LG, Citibank, Diet Coke, EADS and Easyjet among them. Important wins in France included CapGemini, BNP Paribas and Intermarché. In the USA newcomers included Newell Rubbermaid, General Mills, Sylvan Learning and Terminix, as well as Marriott across Asia Pacific.

Publicis is optimistic that its 'contagious' approach will contribute to developing excellent work. In 2007, at the Cannes Lions International Advertising Festival the network did better than ever before. Publicis won 17 Lions as well as the Young Creatives Award in the print category. Meanwhile, Australian operation Publicis Mojo was the most awarded agency in the network in 2007.

The network continues to evolve around the world. In Spain, Publicis Lado C, Publicis Casadevall Madrid and Publicis España joined forces to create one of the strongest advertising agencies in the country. And Publicis also opened new offices in Bangalore and Chennai, extending its reach in the rapidly growing market of India.

Of course, Publicis needs to know how efficiently these initiatives are working. And so it introduced a system called IQ, a new set of tools designed to manage and evaluate the network and its managers.

Publicis Modem continues to strengthen its presence around the world. Last year, French agency Wcube was acquired and re-branded Publicis Modem, giving the network a solid footing on the home ground of Publicis. The agency was the largest independent interactive media operation in France. Its clients include La Poste (the French post office), Sprite, Sara Lee, la Société des Bains de Mer (Principality of Monaco), Jean-Paul Gaultier, Repetto, Thomson and Lee Jeans. Publicis Modem also has offices in San Francisco, London and New York. It has expanded into Asia with the creation of Publicis Modem Asia and Publicis Modem Singapore. Its partner enterprise, Publicis Dialog, is present in 36 countries. Last year, Publicis USA deepened its capabilities in the digital and

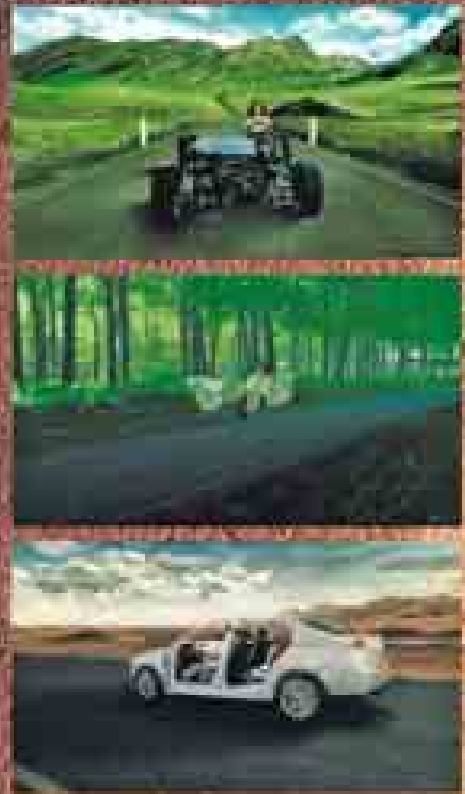
direct arena by merging Publicis Modem and Publicis Dialog's interactive and direct marketing expertise.

Publicis continues to develop other tools to help clients plot a course through the digital world. For example, FreeThinking is designed to identify trends and insights, explore and test positioning or other creative concepts by considering responses from blogs and online panels.

Talking of blogs, Blogbang is a venture launched by Publicis to give clients structured access to this new media. It also brings together the creative community and advertisers. Advertisers can put up briefs, review work proposed by the creative community and distribute the approved execution through ad-serving technology.

**All in One, Renault Laguna,
Publicis Frankfurt**

You Can Never Be Too Demanding.
Through 4 "dreamlike" scenes, the new Renault Laguna spot seamlessly demonstrates the benefits that make the new model one of the best in its category: unequalled design, comfort, robustness, security. The creative from Publicis Frankfurt conveys the idea of driving pleasure in total serenity, and innovatively mixes real video with virtual 3D imaging.



**Summer Rituals, Nestlé Drumsticks,
Publicis Mojo Australia**

Summer Rituals, from Publicis Mojo Australia for Nestlé Drumsticks, provides a choreographed version of a phenomenon seen at public swimming pools each summer. In synchronized actions, bathers lay down towels, put on sunblock, test the water, leap in without hesitation... Then one bather starts to eat his Drumstick from the bottom of the cone, and everyone stares at him, shocked. But, it appears he's started a trend...





**Planet, Orange France,
Publicis Conseil**

Orange France presents the future vision of the Internet: a world where everything's possible, together. The *Orange Planet* spot from Publicis Conseil shows people on every continent painting boards dark blue - enough people to change the appearance of the planet from space. The whole world plays a joke on two astronauts by making the planet disappear.

**Heineken DraughtKeg,
Publicis Modem UK**

Heineken's DraughtKeg features an integrated pressurized and disposable CO2 system for home use. The microsite for the product (HeinekenDraughtKeg.com), developed by Publicis Modem UK, shows an animated female robot demonstrating the new package by pouring a glass of draught beer and then dancing. The site enables visitors to download the music soundtrack and upload photos... to become dancing robots themselves.



HP Touchsmart, Welcomm ZenithOptimedia

To promote HP Touchsmart, ZenithOptimedia fused outdoor and interactive into a successful viral marketing campaign, based on word-of-mouth, beginning at the Namson Drive-in Theater, in the heart of Seoul, Korea. ZenithOptimedia enlarged a mock-up of the product as the world's biggest computer. Results: over 750,000 views of a User Generated Content (UCC) video in 3 months, and 30% increase in sales the first month.



Tous Derrière les Bleus, Toyota France, ZenithOptimedia France

During the Rugby World Cup 2007, Toyota France was a partner of the French rugby team through a nationwide cross-media communication platform, *Tous Derrière les Bleus*. The campaign from Saatchi & Saatchi and ZenithOptimedia was seen on TV (ad break customization, spots), press, Internet and outdoor (large format, 12m² panels, subway, train stations). The campaign won a special mention at the Grand Prix Stratégies awards.



Cranberry, Ocean Spray, ZenithOptimedia USA

For Ocean Spray, ZenithOptimedia USA built a multi-layered, multi-platform media campaign that leverages Ocean Spray's *Bogs Across America* and reintroduces the cranberry's unique attributes.

ZenithOptimedia borrowed Martha Stewart's fame as a food expert, off-set by the comedic Megan Mullally to feature cranberry and bog as show guests. After the campaign, sales volume increased +12%.



ZenithOptimedia

Effective Solutions
for Dramatic Times

Steve King, CEO Worldwide



ZenithOptimedia is acutely aware that it is operating in a time of dramatic upheaval within the media industry. This is a world where Internet expenditure in 2007 exceeded the aggregate spend of outdoor and cinema – and the demands of clients have become ever more complex as they try to deliver accountability in their media investments across a plethora of channels. In response to the unprecedented challenges and opportunities that this dynamic industry continues to create, the communications network has sought to develop an increased ROI-driven proposition in 2007, implementing changes that have equipped it to exploit this situation to the full advantage of its clients.

Three years ago, the network launched Zed Digital to provide a focus for its digital expansion. This is now an international subsidiary network with 750 employees across 32 countries. This digital resource has been augmented by significant acquisitions that have accelerated the expansion of its capabilities. The 2006 acquisition of Moxie (based in Atlanta) delivered a leading full-service digital agency, which now provides extensive capabilities in performance, analytics and digital content to clients such as Verizon, HP, Fox and Nestlé. In Europe, ZenithOptimedia has been able to use the acquisition of Pôle Nord to create a proprietary global automated bidding system for search engine marketing. In 2007, Publicis Groupe Media acquired European mobile marketing leader Phonevalley, allowing ZenithOptimedia to capture the new communication opportunities of mobile as a commercial platform. 2007 also saw the launch of Pathways: a fresh way of thinking that allows the network's planners to understand how consumers travel along the route from product awareness, to purchase, and then beyond to usage and advocacy. Planners then consider what sort of brand experience should be delivered to consumers at specific points along this "pathway". Armed with that

knowledge, the team can then agree where to focus marketing efforts and which communications channels should be used to deliver the best ROI. Pathways is central to the ROI Blueprint – the agency's global approach to media strategy development, planning and buying.

Launching Pathways across the ZenithOptimedia network required rolling out a global training program. During 2007, a total of 800 client-facing partners in 23 markets attended two-day training courses.

Meanwhile, the agency's proprietary research-based planning tool, Touchpoints ROI Tracker, has grown from strength to strength. Since 2004, Touchpoints has allowed ZenithOptimedia to identify the most influential and relevant touchpoints with consumers, and the type of experiences and messages that should be delivered to build brand preference and purchase intent. Up to December 2007, the agency had carried out 286 Touchpoints projects for 69 clients across 120 categories in 33 countries: a total of over 290,000 consumer interviews. Of course, recommending the right touchpoints is good, but the ability to deliver on these recommendations is better. In 2007 ZenithOptimedia strengthened its specialist subsidiaries across all major markets, allowing it to draw on expertise from a wide range of communications disciplines. Whether in event creation, sponsorship, product placement, PR, digital consultancy or many other fields, the agency is able to construct the best solution for each campaign.

The UK, for example, saw the launch last year of Newcastle, a specialist business unit dedicated to developing and executing integrated communications solutions. Newcastle sits alongside trading and planning, future-proofing ZenithOptimedia's communications planning product.

As it continues on its mission to deliver increased ROI, ZenithOptimedia can be proud of its achievements so far. Its continued growth in all of the major geographical markets has been widely recognized by industry analysts. RECMA, the independent media research group, announced that over the period 2004-07, ZenithOptimedia was the fastest growing media network. It is now ranked as the third largest global network. ZenithOptimedia believes that the increased dynamism in the marketplace, together with the stance it has taken as "The ROI Agency", puts it in an ideal position to provide the best service to clients seeking both accountability and innovation in their communication investments.

Digitas

A Global Digital Network

David Kenny,
Chairman & CEO



Soon, almost all advertisements will be digital. As creators and producers, Publicis Groupe must help the industry meet the unique demands of the digital age.

Central to this strategy is Digitas, whose DNA is transforming the way Publicis Groupe does business.

Although it became part of the Groupe at the beginning of last year, by the end of the year, as Publicis Groupe Chairman and CEO Maurice Lévy comments, "It was as if we'd been together for a decade."

The development of Digitas as a global agency brand is ongoing. It is expanding its network, building platforms, developing new offerings and forging partnerships. The results of these activities could already be seen in 2007. Digitas became the Agency of Record for several brands, driving double digit growth. New clients included Miller Brewing Company, Samsung and Sara Lee. And the agency added new assignments and brands from American Express, Delta, InterContinental Hotels Group and Procter & Gamble.

The global roll-out continued as Digitas doubled its office locations and extended its footprint across Europe and Asia with two acquisitions. In France, it acquired Business Interactif, the top independent digital communications specialists, with offices in Paris and Tokyo. In China, Digitas acquired CCG, the country's largest independent interactive marketing agency. Early 2008 saw the launch of Solutions | Digitas in India and Singapore.

Digitas has developed capabilities that allow clients to fully engage with the digital universe. Each consumer is unique in the way they consume digital media, putting pressure on marketers to move away from mass marketing and adopt a more

personalized and localized approach. This means producing multiple versions of ads for each campaign, in order to reach consumers on the Internet, mobile devices, digital billboards and, ultimately, television.

To address this need, in 2007 Digitas launched Prodigious Worldwide, a stand-alone global production unit that uses resources in countries like Costa Rica and Ukraine to deliver scale and cost-savings while creating thousands of iterations of ads. The only operation of its kind in the industry, it serves several agencies within the Groupe. And in 2007 General Motors consolidated digital production for all its brands with Prodigious.

The data generated by thousands of digital ads is indispensable to marketers – provided they have the right tools to capitalize on it. In 2007 Digitas launched The Global Marketing Navigator. Far from being a data-driven spreadsheet, this visually aesthetic tool allows those involved in the marketing process to view live campaigns in context, judge them against their competitors, evaluate their impact and make adjustments. Creating a continual, open dialogue with clients, the technology allows the agency to deliver what customers want based on real-time insights.

Furthermore, Digitas took a lead role in the Groupe's collaboration with Google, which gives the agency unprecedented visibility, and utilizes the strengths of both companies. Through this alliance, tools such as the Global Marketing Navigator are enhanced by Google's information and technology. The ability to leverage information is a key reason why all forms of advertising will eventually move onto digital formats. The Global Marketing Navigator helps agencies and clients analyze and capitalize on the wealth of data that is already available in the digital world.

But content is not a commodity. Traditional media models are being replaced by co-creation between media owners, brands and consumers. Clients and media owners want to inspire and connect emotionally with their audience. To aid them, Digitas has a "branded content" unit with full video production capabilities. One notable hit last year was The Smart Show, for Holiday Inn Express. Short online movies were created for each day of a two-month cross-country trip, providing compelling branded entertainment in the form of a video diary.

The Web's ability to unite people was a common theme among the work carried out for clients this year. For instance, American Express launched a groundbreaking new initiative called The Members' Project, which empowered Cardmembers to make a positive impact on the world. The idea was that thousands of Cardmembers could submit, discuss, rate and vote for a project that they wanted American Express to bring to life. A weekly webcast called The Pulse kept them up to date with progress, as well as a widget they could place on their homepage. However, word-of-mouth – as members shared their passions with others – had the most impact on traffic to the site. With over 7,000 project ideas submitted through the program, "Children's Safe Drinking Water" was voted the winning project idea. The campaign gave members a renewed sense of community.

Digitas is also building a powerful presence in the healthcare field. Digitas Health, which launched in 2007, fused the Medical Broadcasting Company (MBC) with the existing healthcare practice of Digitas. Headquartered in Philadelphia, the unit has grown to include practices in Boston, New York, and Chicago. The Digitas Health 2007 eMarketing Survey and Forecast (in partnership with CBI research) showed that 71% of healthcare marketers surveyed regard the Internet as a channel for providing information and services. But the sector has yet to fully embrace the potential of the Internet. Currently digital has captured only a small percentage of pharmaceutical marketers' budgets. As demand for digital marketing in healthcare rapidly outpaces traditional channels, tremendous opportunities lie ahead.

In the next few years Digitas expects to establish a presence in all major markets and emerging economies worldwide. It has two roles within Publicis Groupe: to serve clients directly through the Digitas brand; and to put its expertise at the disposal of its sibling agencies. In short, it is helping the Groupe achieve leadership status in the digital communications field.



**Trésor is Love, Lancôme,
Digitas France**

On June 11, 2007, Lancôme's unveiling of Kate Winslet as the new face of Trésor was broadcast live online to more than 106,000 visitors – a world premiere for the luxury industry. The website site from Digitas France www.tresor-is-love.tv invites users to share videos representing their visions of love and romance. Each video uploaded becomes a facet on a 3D Trésor perfume bottle, creating the *Universe of Trésor*, seen by more than 350,000 visitors.



Samsung G800, Digitas New York

The online campaign for Samsung's G800 camera phone by Digitas features an *Emotion Translator*; a partnership with JPG, an online photo magazine and community and a viral film featuring fighting ants seen through the screen of a G800, as well as a Facebook widget in which people choose an ant, train it and fight other members' ants across the network.

**Halo 3, General Motors Pontiac,
Digitas Boston and Digitas Detroit**

Two weeks before the sale of the new video game Halo 3 on Xbox 360, General Motors Pontiac invited fans to play and own the game. After 108,070 page views of the promotional website by Digitas and 64,000 entries (with 16,000 opt-ins for a Pontiac contract), more than 5,000 fans previewed the game in Miami and Boston. It was the biggest release in entertainment history, earning \$170 million in the first 24 hours.



**The Pulse, American Express' Members
Project, Digitas New York**

The Members Project brought thousands of Cardmembers together to submit, discuss, rate and vote on the one project idea they wanted American Express to support. A weekly webcast called The Pulse, as well as widgets for their homepage, kept members up-to-date. Over 7,000 project ideas were submitted, and *Children's Safe Drinking Water* became the winning project idea after receiving the most votes.



**Frank Drug Awareness,
UK Government, Starcom UK**

Sceptical teenagers need drug information they can trust. Starcom UK created the first urban youth chart *FRESH40*, powered by Frank, the UK Government Drug Awareness Campaign, to speak to them in their own voice. With syndication across youth stations, co-branded sites, podcasts, video downloads and advertising, 5,000 podcasts were downloaded each month, and attitudes changed. 65% of listeners were less likely to do drugs after listening to *FRESH40*!



On the Move, The Coca-Cola Company, Starcom Colombia

For *Coca-Cola on the Move*, Starcom Colombia sent digital mobile units to reach teens in their daily hangouts and gave them access to website *Ciudad Fusión* where they could buy merchandise, attend online parties, enjoy virtual music concerts and socialize. Contact points were activated in schools, shopping malls and public spaces across Bogotá, reaching nearly 50,000 teenagers, one-to-one.



**Breast Cancer Crusade, Avon,
Starcom Bucharest**

The Avon Breast Cancer Crusade demonstrates the statistical reality of breast cancer: one in eight women will develop breast cancer in Romania. In hair salons, cinemas, subway cars and trolley cars, every eighth seat was painted pink. In clothing shops, every eighth shoe shelf and hanger are left empty. Campaign awareness rose to 87% from 57% after previous campaigns.



Starcom MediaVest Group

Connecting and Captivating

Renetta McCann, Global CEO



In pursuit of its vision to be Leaders of the Consumer Attention Economy, Starcom MediaVest Group [SMG] continued to embrace its Connections that Captivate blueprint in 2007. CTC – now in its third year of activation – encompasses many components: talent, product, insights and a new measure of accountability. These pillars were the subject of close scrutiny and evolution last year.

For example, SMG accelerated several programs designed to attract, nurture and develop talent. The network's diversity initiative, in its third year, continued to provide training designed to enhance its hiring practices and create a more inclusive work environment. The agency also strengthened its Performance Management Process (PMP), which ensures that employee performance is closely tracked and evaluated, with the goal of helping those who work at the agency to develop their skills. This online talent management program is focused on nurturing tomorrow's leaders. In North America, the agency also launched a Top Gun program – a series of intensive development programs for future SMG leaders. In the first week-long Top Gun session, 80 future leaders participated in a program focusing on digital transformation.

On the product front, the 30-member SMG Global Product Committee continued its rigorous product review in 2007. It evaluated 127 pieces of global media work and provided actionable feedback to the originating offices. It also reviewed more than 20 Working Smarter awards. Working Smarter celebrates the myriad ways in which the network crafts solutions and invents new business models to deliver award-winning work for its clients. Last year it focused on the opportunities of global search, as well as developing a new approach to strategic planning.

SMG is a tenacious seeker of consumer insights. A highlight from 2007 was the Ad Avoiders study, completed in partnership with

MSN. The study sought to determine how marketers can engage with that important yet elusive audience: 17-to-29-year-olds.

The research delivered a deeper understanding of the target group, and resulted in a series of insight-driven steps that would enable the network and its clients to more effectively engage with them. In terms of accountability, SMG reset the benchmark in 2007. It continued to develop platforms that would allow its clients to closely monitor return on investment. Its work on consumer "intent" and the expansion of SMG's Intentrack™ across 21 markets and 29 categories enabled it to track the weekly performance of media plans. This provided clients with the most up-to-date information possible on ROI.

The ability of consumers to "skip" advertising remains one of the hottest subjects in media. Facing this challenge head on, in the US the network partnered with TNS and TiVo to deliver the industry's first investment deals based on second-by-second commercial ratings.

Throughout 2007, SMG underlined time and again its ability to captivate consumers through media innovation. This talent traversed borders.

In Colombia, Starcom client Coca-Cola sponsored touring trucks that gave underprivileged teens access to the Internet. The operation reached nearly 50,000 teenagers and improved Coke's market share by three points.

In Sweden, Starcom plunged into the movie world again – this time to promote the Quentin Tarantino film *Death Proof*, about a serial killer with a lethal car. An integrated campaign comprised actors offering rides in sinister taxi cabs, viral internet clips and a social networking site. The operation generated media buzz and a keen audience of young movie-goers.

And in New Zealand, SMG helped NZ Telecom promote its sponsorship of the All Blacks rugby team – participating in the World Cup in France – with a giant cheer. The campaign used TV, radio, mobile and online to record the cheers of the nation.

The cheers were digitally combined into one massive roar. This was later played to encourage the team in France. Once again, a simple idea became a giant media opportunity.

A media specialist faces an obvious challenge in an environment where so many channels compete for the attention of the consumer. But in 2007, SMG consolidated its position as a leading force in the consumer attention economy.

Leo Burnett

A Human Kind of Network

Tom Bernardin,
Chairman & CEO



2007 was a year of change for Leo Burnett. It began in January with the implementation of a new operating structure. This brought together a global management team drawn from its top 10 markets. Since then, the network has focused on two goals: growth and cost restructuring, both of which fuel investment in creative and digital talent. But the team also focused on a simple but powerful truth: marketers do better when they put people first. To survive and thrive today, brands must understand what matters most to consumers – to people – and respond to their needs, desires and aspirations.

Leo Burnett and Arc – the network's integrated communications arm – refer to brands that do this successfully as HumanKind brands. And 2007 was about ensuring that clients had access to the consumer insights, behavioral targeting and brand strategies that enabled them to slot effortlessly into this category. The process was aided by the fact that in the US and the UK the Leo Burnett and Arc operations were brought together under a single management team.

Being a HumanKind agency requires new tools and approaches when it comes to understanding human behavior. To this end, Leo Burnett has strengthened its collaboration with Starcom and Digitas in the US. The three have created a central services operation called The Insight Factory. Each agency remains

The Digital Side of Leo

Digital is not a bolt-on service for Leo Burnett and sister network Arc. There is not a separate division full of "guys who worry about the Internet". Instead, digital is infused into every step of the process. When the organization begins considering solutions for a client, digital expertise is brought in from across Leo Burnett and Arc, as well as from the rest of the Publicis Groupe and third party business partners. The result is a collaborative model called the Digital Exchange, where individual strengths are combined to create a specially tailored, winning program for the client.

autonomous while contributing personnel and technology, resulting in mix of creative, media and digital expertise. The collaboration has already borne fruit in the shape of the consolidation of General Motors' Buick-Pontiac-GMC assignment in the US – one of many New Business wins last year. In fact, the agency's performance led Lehman Brothers to rank Leo Burnett number two in its report on ad industry New Business.

Important wins included Numico and The Learning & Skills Council in the UK, Harrah's in the US and Pirelli in Brazil and Germany. 2007 also saw impressive business growth from existing clients such as Kraft, Diageo, Nestle, Philip Morris, United Airlines and Fiat. The Procter & Gamble team continued to receive best-in-class client evaluations, while its creative work netted effectiveness awards around the world. And the agency expanded its global relationship with Samsung – a trend it expects to continue in 2008.

In an era when some marketers consider five years a lengthy relationship with an agency, 2007 marked the 50th anniversary of the partnership between Leo Burnett and insurer Allstate. Half a century later, the work is winning more prizes than ever. In fact, across all its clients, Leo Burnett performed well in every major award show around the world.

One highly gratifying New Business win was in China, where Leo Burnett was awarded creative leadership of Coca-Cola's new Red Lounge agency. This multi-agency alliance will bring strategic, sports marketing and creative excellence to the table during Coca-Cola's sponsorship of the Beijing Olympics.

Leo Burnett performed well in emerging markets, especially its Middle East operations, Latin America and Central Eastern Europe. The network is helping clients thrive in the BRIC economies. In early 2007 Leo Burnett Moscow began researching Russian consumer trends that were likely to have implications for marketers. These were revealed in a white paper called "The Book of Change."

Building on its "marketing to the majority" studies in China and India, which concern low-income consumers, Leo Burnett turned its attention to Brazil. Leo Burnett Brazil interviewed families in three different cities and at the time of writing is filming a documentary based on the findings.

Needless to say, digital capabilities were high on the agenda. Leo Burnett formed relationships with leading brands in the digital arena in order to develop new advertising channels. These included TiVo, Joost, Microsoft, Yahoo! and Google. And to hone the agency's digital skills, Leo Burnett Digital Day was launched in the US. For eight hours, 800 employees of the Chicago office were exposed to the latest thinking on digital marketing.

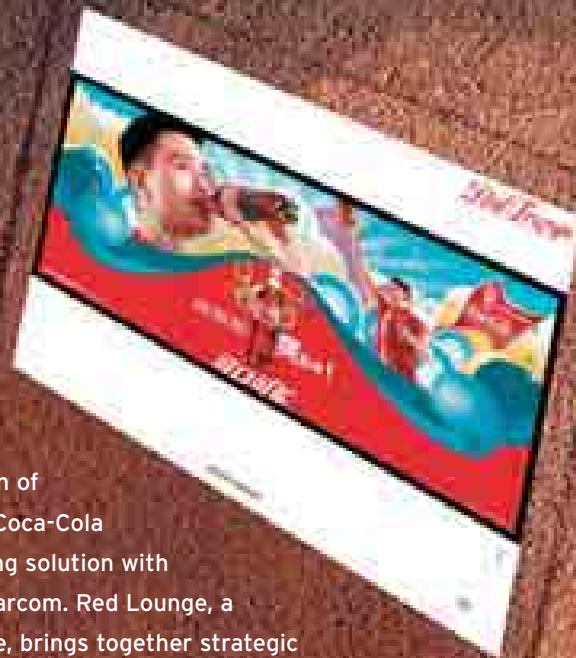
At the end of 2007, Leo Burnett could congratulate itself on a glowing creative reputation; momentum and excitement around a new working philosophy; a structure that strengthened the global network; and closer collaboration with the best partners in the business. These factors, on top of some big wins, put the agency in a very good position as it heads into 2008 and beyond.

This approach is working. As the world goes digital, Leo Burnett/Arc continues to do exactly what it has been doing for the last 70 years: successfully building lasting brands for the world's top blue-chip companies. Indeed, digital researcher Forrester praised Arc for its branding work in its 2007 report on interactive marketing agencies. And between them, Leo Burnett and Arc's global roster of clients includes Procter & Gamble, General Motors, Philip Morris, Diageo and Kellogg, among others. The effects of this approach can be felt across the organization, transcending individual offices, and are particularly apparent in the network's Centers of Excellence around the globe (including Chicago, London, Frankfurt, Philippines, Singapore and Tokyo).

From these hubs, Leo Burnett is able to deliver a powerful combination of scale and strategic technological expertise. This arrangement far outweighs its competitors' current offerings – and puts it in an advantageous position for the future. Leo Burnett/Arc's emphasis is first and foremost on solving its clients' business issues, in every domain including digital. Through the Digital Exchange business model, it combines best of breed talent with cutting edge marketing ideas, flawless execution and tried-and-tested delivery. Leo Burnett firmly believes that, moving ahead into 2008, it is well-positioned to enter a digitally-enabled, sustainable future.

**Olympic Campaign, The Coca-Cola
Company, Red Lounge China**

In anticipation of the 2008 Olympic Games, Coca-Cola China sought a game-changing solution with Leo Burnett and Starcom. Red Lounge, a multi-agency alliance, brings together strategic sports marketing and creative excellence, and goes beyond the traditional way of working.



**Fresh Salads, McDonald's,
Leo Burnett Chicago**

Leo Burnett Chicago created a unique idea for McDonald's focusing on its fresh salads: a new "living" billboard made of salad. The lettuce on the billboard grew during 21 days until the words *Fresh Salads* appeared to promote McDonald's products. The effort enlisted the help of a horticulturalist to take care of the 16 different types of lettuce used in McDonald's salads and on the billboard.



Moment of Doubt,

UK Department of Transport,

Leo Burnett London

Research about drivers, especially young men 17-29, helped Leo Burnett London create *Moment of Doubt* for the UK Department of Transport to reinforce and build social stigma around drunk driving.

In the creative, a barman impersonates a succession of characters to show a young patron the people he might encounter if he's caught drunk driving. Over Christmas, 6.4% more breath tests were taken, and 19.5% less "over the limit" people were arrested by UK police.



Fiat 500 Faces, Leo Burnett Milan

To launch the Fiat 500, Arc and Leo Burnett Italy created *500 Faces*, an online contest. The website collects a rich gallery of portraits comparing the faces of owners to their cars. Afterwards, a photography exhibition was staged at the Gallery of Modern Art in Turin. Finally, a book was published. With 3.5 million ideas from the public, it was the biggest-ever interaction between a car brand and consumers.

Saatchi & Saatchi

The Year of the Lovemark

Kevin Roberts, CEO



2007 saw continued progress on Reinvention as Saatchi & Saatchi responded to the rapid external changes the industry is facing by strengthening its positioning and capabilities as The Lovemarks Company. Three innovative new tools were implemented across the network. The first was *The Path to Love*: a step-by-step methodology setting out the ways in which the agency helps clients develop brands that people care about. The second was the launch of *The Lovemarks Academy*, a program in which agency staff immerse themselves in Lovemarks thinking and practice. And the third was *The Lovemarks Connector Kit*: a proprietary home for all of the agency's Lovemarks tools, techniques and best practices. These tools were outlined in *The Lovemarks Effect* published in New York by Powerhouse books.

Saatchi & Saatchi X

X Marks the Shop

Andy Murray, CEO



It was a year of outstanding growth for Saatchi & Saatchi X, leading "shopper marketing" brand, whose operations saw substantial growth in 2007. Targeting consumers while they are shopping, the agency delivers solutions that convince them to buy.

One of these, the agency's proprietary research tool, Xploring, is vital for getting clients to Lovemark status. In one year, trained Xplorers met and interviewed thousands of real people, unearthing nuggets of information that will help clients connect with consumers. Creating Lovemarks calls for communication ideas that will generate emotional engagement. To help with this, Saatchi & Saatchi developed a proprietary methodology called Consumer Context Research. It goes beyond the "when" and "where" of media research to discover "why" and "how" consumers react to messages. The Lovemarks approach delivers concrete results. In 2007 Saatchi & Saatchi worked with 16 of the top 20 global advertisers and over half of the top 100. For the world's largest advertiser, Procter & Gamble, it works on eight of the company's top ten brands. New Business wins included Asia Pacific Breweries (Tiger Beer), Barclays Capital, Cadbury Schweppes/Stimorol, CIBA Vision, Dyrup Paints, EMI, Starbucks CPG, and Wendy's. The network was awarded new assignments from existing clients including Deutsche-Telekom/T-Mobile, Emirates Airline, Emirates Hotels & Resorts, General Mills, Novartis, Procter & Gamble, Toyota and Visa Europe. The network notched up more than 600 significant creative awards last year. The Gunn Report ranked it as the most awarded network in the print category and the second most awarded network overall. At the 48th International Clio Awards it won a total of 52 statues and was named Network of the Year. Saatchi & Saatchi New York was named Agency of the Year

and won the prestigious Grand Clio Award. And Saatchi New York scooped Agency of the Year yet again at the Cannes International Advertising Festival. It was a record year at Cannes. The network's haul of 33 Lions, including a Grand Prix (its first for Procter & Gamble), ensured that it was ranked in the world's top three most awarded networks. Elsewhere, Saatchi picked up effectiveness awards in New Zealand, Turkey, UAE and the United States. The network continues to innovate. In 2007 it established a unique "mini group" structure that brought Saatchi & Saatchi closer to Fallon, its sister creative agency. The agencies in the UK and US now report to a single management team under the banner SSF.

Saatchi & Saatchi is an industry leader. Its annual New Directors' Showcase once again played to a packed house in Cannes. At the Clio Awards, the agency staged the first Saatchi & Saatchi Hero Show, devoted to photographer Oliviero Toscani. Another example is the biennial Saatchi & Saatchi Award for World Changing Ideas. A book celebrating the finalists and winners of the first four competitions launched in 2007.

The network's ideas inevitably attract the media. Examples in 2007 included a nine-part TV series about Lovemarks produced in China by satellite channel Horizon. And Saatchi & Saatchi UK generated coverage around the world with its "Lady Geek" study, arguing that consumer electronics brands were missing out on billions by failing to connect with women (ladygeek.org.uk).

One innovation of the year was "Claimstorming". A claim is a compelling promise or phrase. It makes shoppers feel as though they are missing out if they don't purchase. Claimstorming is a process that identifies product benefits, evaluates them against competitors and the target audience, and generates highly effective claims.

The agency also carried out research into the psychological drivers behind shopping. Correctly identifying these can help retailers meet or exceed shoppers' desires, expectations and needs. Saatchi & Saatchi X believes this tool will help it take shopper marketing to the next level.

New Business wins included Nestle, Oral B, Hanes, Wendy's, Procter & Gamble Canada, and a global assignment for Pampers. Standout solutions for clients included redesigning the electronics department at Wal-Mart, which increased the retailer's share

in that sector. Similarly, the redesign of gastrointestinal and skin care aisles for Procter & Gamble is being expanded across the United States.

The network itself expanded during 2007. In the United States, it opened an office in Chicago. In China, after arriving in Hong Kong and Guangzhou in 2006, the network opened offices in Shanghai and Beijing.

In the UK, the agency won the Ariel and Oral B brands, strengthening its links with P&G. It also continued its role on the Pampers business as part of the Saatchi & Saatchi team. Additionally, the UK agency worked with National Lottery provider Camelot on a scratch-card promotion, and on two projects for Disney within the Tesco and Asda stores, as well as wins that will begin to bear fruit in 2008; such as Starbucks and Yoplait.



Talking Stain, Tide to Go,

Saatchi & Saatchi New York and Digitas Boston

In the Tide to Go spot, created by Saatchi & Saatchi New York, a *talking stain* overshadows a job candidate's interview. The idea served as the launching pad (to over 90 million viewers) for a new digital campaign and microsite created by Digitas – www.mytalkingstain.com – where consumers create their own spoofs of the Talking Stain spot. The winning consumer ad will air on Primetime television later in 2008.

My Life, My Inspiration, Nippon Paint, Saatchi & Saatchi China

To transform Nippon Paint from an aging Trustmark into a Lovemark, Saatchi & Saatchi China set out to trigger the imagination of a new generation of Chinese consumers.

The product allows users to paint their dreams and create their own unique space. The cross-media campaign over-achieved in key brand attribute scores, according to research tracking data, and a series of spontaneous consumer blogs added extra credibility.





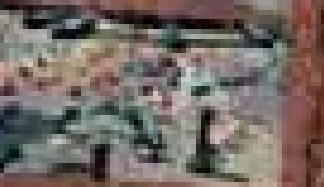
**Xbox LIVE Arcade, Toyota Yaris,
Saatchi & Saatchi Los Angeles**

Toyota Yaris launched the first brand-supported video game on Xbox LIVE Arcade, available to download for free in the US and Canada for one full year. The game puts players behind the wheel of a customizable Toyota Yaris to destroy enemies, avoid obstacles, and finish the course before it finishes them. Yaris is able to offer the Xbox LIVE community – 7 million members – a new interactive experience through online multi-player, Leaderboards and Achievements.

**Magic, JC Penney,
Saatchi & Saatchi New York**

JC Penney found that there were deeper, emotional reasons for shopping: searching inspiration. Magic from Saatchi & Saatchi New York shows ordinary people experiencing magical moments in everyday life. JC Penney chose to tell stories about shoppers, not about its brand. JCPenney brand's inspiration has since increased 55%, and 14% more people agree: "JCP is a store that I love."





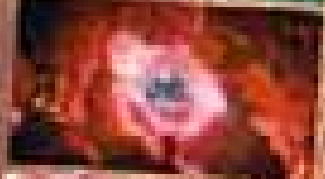
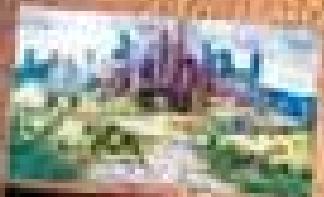
Play-doh, Sony Europe Bravia, Fallon London

Following *Balls* and *Paint* comes Sony Europe's third *Colour Like No Other* Bravia TV spot. *Play-doh* uses the same animation technique used in *Chicken Run* and the *Wallace and Gromit* movies, featuring rabbits ranging from 10cm to 10m in height. A team of 40 animators spent three weeks choreographing the models to create the 100,000 still images required to produce the 60-second ad. The campaign won Gold at the Eurobest Award show.

Infinite O.Z., The Sci-Fi Channel's

Tin Man Miniseries, Fallon Minneapolis

The Sci-Fi Channel and Fallon created a unique online experience that transports viewers into the world of TV miniseries *Tin Man*. The *Infinite O.Z.* experience allows users to dive into the O.Z. (Outer Zone), exploring scenes from the miniseries, photos of the cast, and information about the storyline, characters and environments. *Tin Man* became the highest-rated miniseries of 2007, with over 18 million people tuned in – 70% of them new to the network.



Fallon

A Network to go

Ape Over

Pat Fallon, Chairman



Fallon is widely acknowledged as one of the world's most creative networks – a reputation it did nothing to harm in 2007. The most talked-about ad of the year was the “Gorilla” spot for Cadbury Dairy Milk Chocolate, from Fallon in London. For Sony Bravia, the agency followed up with the third chapter of the Bravia saga, featuring multicoloured rabbits. The “Cake” spot for Skoda also scooped multiple awards. Fallon was named Agency of the Year by UK industry journal Campaign.

Fallon bonded with its sister agency Saatchi & Saatchi in 2007 with the creation of the “mini group” SSF, which placed the agencies under a single management team. SSF has pledged to exploit “the unreasonable power of creativity.”

Although the loss of the Citi global business at the start of the year was a harsh blow for Fallon – resulting in the closure of the Sao Paulo office – New Business came in from Equinox, Holiday Inn Global and Johnson Controls, among others. London won New Business from the likes of Cadbury, Anheuser Busch, Asda, Eurostar, BBC Radio, Lycra and Orange B-to-B. In Japan, Fallon won accounts from FOX Motion Pictures and L'Oréal. The Minneapolis office underlined its creative strength with an Emmy award nomination for its “Snowball” spot, for insurance brand Travelers, and media buzz around its Super Bowl spot for Garmin. The agency was invited to more New Business pitches than at any time during its history.

Médias & Régies Europe

Continuing the Conquest

of Space

Simon Badinter, Chairman & CEO Médias & Régies Europe and North America

Benjamin Badinter, Chairman & CEO Médiavision, CEO Mediavista, Executive Vice President Métrobus



Médias & Régies Europe (MRE) is one of the most historic arms of the Publicis Groupe, handling media sales in outdoor, cinema, press, radio and the Internet.

In the outdoor area, MRE offers advertising space in public transportation through a number of brands. Métrobus enjoyed a successful 2007, both in France and in Spain. Innovations included an easier form of bus-side advertising and the installation

of giant backlit panels (4 m x 1.5 m) in the subway. In the United States, OnSpot Digital Network set up more than 1,350 digital screens in shopping malls through a partnership with Simon Properties. In Cleveland (Ohio), OmniMedia's elegant kiosks with 3 backlit panels saw a continued success.

MRE also has a joint venture called Somupi with outdoor contractor JC Decaux. Somupi not only renewed its contract with the city of Paris, but rolled out its Vélib scheme – which rents out 20,000 free bicycles to Parisians in return for the right to place advertising on them. Also in France, the Mediavista subsidiary installed more than 1,000 new digital displays in large shopping malls.

Médiavision continued its activity in more than 2,500 individual cinemas in over 400 movie theaters, working with more than 200 cinema managers in France and the Netherlands.

MRE markets the advertising space for radio station Europe 1 in partnership with the Lagardère group. 2007 was difficult for radio as mass retailers switched part of their budgets to TV. The Internet fared better. The websites of the newspapers *Le Monde* and *Libération* – which MRE handles via I-Régie.com – both enjoyed double digit growth in income. This is expected to continue in 2008.

Manning Selvage & Lee

MS&L Masters the Art
and Science of PR

Mark Hass, Global CEO

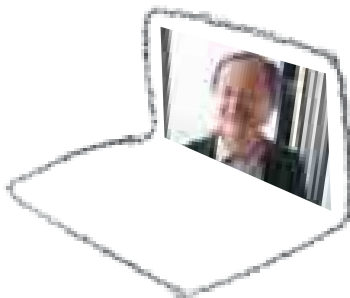


If “good business is the best art,” to quote Andy Warhol, then 2007 was something of a masterpiece for Manning Selvage & Lee. The agency delivered considerable organic revenue growth, a strong margin, and saw excellent overall growth, including acquisitions. These were the network’s first acquisitions in five years: The McGinn Group, a US corporate communications firm; and Hanmer & Partners, one of India’s largest communications consultancies. MS&L celebrates its 70th anniversary as an agency in 2008.

Publicis Consultants | Worldwide

Focused on Growth

Eric Giully, CEO



Still a relatively young network, Publicis Consultants | Worldwide continued its rapid growth in 2007. With 20 owned agencies in major markets and 34 strategic partners in a total of 23 countries, it has significantly increased its size and reach. It already serves blue chip companies such as Philips, Exxon Mobile, Nestlé, Renault, KPMG, Michelin and Suez, but its goal is to attract more – and in more countries – in 2008. The recent acquisition of leading British agency SAS illustrated the network’s determination to expand in highly competitive markets.

Freud Communications

From Image to Reputation

Matthew Freud, Chairman



It was a year of change for Freud Communications and the environment in which the London-based PR agency operates. Freud has long specialized in building client images by borrowing equity from celebrities and entertainment properties. While this approach will continue, the agency has detected a significant shift away from the image-based model on the part of its clients. Brands are now looking beyond image, preferring to enhance their reputations by associating with socially responsible initiatives, causes and organizations. Freud Communications spent 2007 reshaping its business for this new era.

New Business included Abu Dhabi National Energy Company ("TAQA"), BlueCross BlueShield, Clinique, CIT, Heidrick & Struggles, Huawei Technologies, Inc., Loblaw Companies Ltd., and Royal & SunAlliance. The agency reaped additional business from existing clients, winning more brands from General Mills while extending its work with The Coca-Cola Company to include health and brand marketing assignments, and with General Motors to include diversity work.

Regionally, the network performed strongly. In North America, the agency did high-profile work for Procter & Gamble, Philips, and General Motors, while work in Europe included the launch of Gillette Fusion razors and the "Shape of the Nations" campaign for sanofi aventis.

The Asian network, which now includes offices in Shanghai,

Beijing, Hong Kong, Singapore, Malaysia and Tokyo, delivered more than 50% organic revenue growth. It worked for leading brands such as Sony, Whirlpool, Microsoft and GlaxoSmithKline. Elsewhere, Capital MS&L, the PR network's financial communications arm, opened an office in Dubai. The agency handled many high profile campaigns, including the merger of the Emirates Bank International with the National Bank of Dubai. 2007 was also a year of innovation. MS&L launched a global ECO network designed to help clients navigate the sustainability maze, as well as a global digital network. Research conducted by MS&L's healthcare practice showed that 73% of Americans consider health a symbol of success. This insight led MS&L to create HealthEsteem, a service designed to help clients to connect with consumers who view health as a status symbol.

Compared to 2005, the network almost doubled its revenue in 2007. The year saw a huge increase in cross-network business, with over 350 pitches and referrals involving multiple agencies and countries. The network is committed to developing New Business strategies and proprietary strategic tools. For instance, Multilogue, a two-way communications platform built to optimize employee-management dialogue, has proved invaluable to several clients. And the Crisis Communications & Public Affairs approach persuaded multinational Asian, American and European clients to work with Publicis Consultants | Worldwide on the management of sensitive issues.

Last year the network published the global survey *CSR, A Key Dimension of Corporate Image and Communication*, which

provided fruitful New Business opportunities in several countries. While in 2008, two new strategic tools will be introduced: Employer Value Proposition, a holistic approach to employer branding which is an emerging issue for businesses, and PR & Brand Advocacy, which reflects the increasingly important impact of "word of mouth" on brands.

The network also made significant efforts to streamline inter-agency collaboration, helping its consultants find the background and support information they need for their work. This was achieved through the development of an innovative "Wikihub", or a wiki-based intranet connecting 850 employees and allowing them to freely exchange information.

The acquisition of the advertising agency Duckworth Finn Grubb Waters (DFGW) not only broadened the agency's offer into advertising but enabled it to take a more holistic approach to the development and enhancement of reputations.

The 'reputation-led' approach reaped an important government account to promote milk. Meanwhile, the agency continued to build its Sustainability Team. In 2007 this advised Eurostar, Asda, Birds Eye and Sony Europe on the creation and communication of sustainability strategies. The agency also continued to build its Nucleus strategy team, which combines expertise from across the communications mix to ensure that campaigns are evenly spread across media, "on brief" and rigorously tied to the client's business objectives.

The appointment of Philip Gould (Tony Blair's strategic advisor and former pollster) to the agency's board as Deputy Chairman has significantly strengthened its strategic capability and its ability to provide advice at the most senior levels.

The agency's insight expertise was reinforced by the release of the Freud 100. This study identified the issues that most concerned opinion-formers – the media and other influencers – and mapped them against the issues that most concerned consumers. The report has enabled the agency to provide clients with an informed perspective about the issues affecting their businesses and reputations.

**Nespresso at Fashion Week,
Publicis Consultants I PR USA**

Nespresso made its New York Fashion Week debut with a replica of their Madison Avenue boutique inside the main lobby tent, further positioning Nespresso as a luxury lifestyle brand. More than 10,000 free beverages were served to fashionistas and celebs including Nigel Barker, Next Top Model judge, and Lauren Ezersky, host of the Style Network's "Behind the Velvet Ropes". The event was widely covered in print, TV, trade press, lifestyle and online outlets.



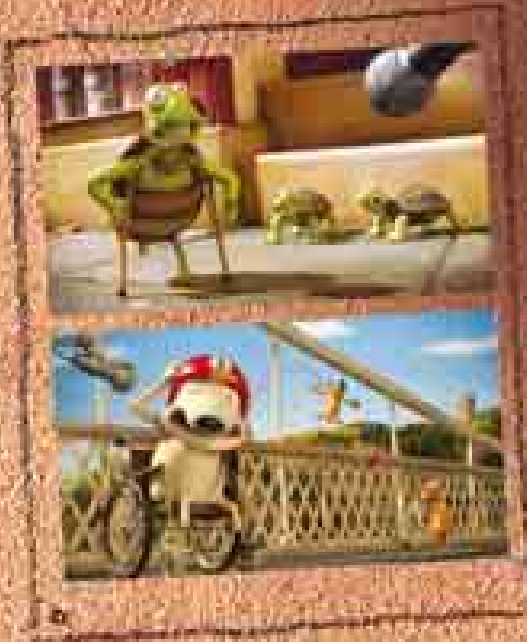
Living Simplicity, Philips, MS&L New York

The *Living Simplicity*, *Simplicity Festival* held in November 2007 was part of *Philips Simplicity Makes Sense* campaign, which underlines their goal to design products that are easy-to-use and easy-to-understand. More than 50 academics, designers, musicians, authors, personal trainers, chefs, anchormen and young talent, opinion leaders in their fields, proposed simple and concrete solutions to solve everyday life difficulties.

Creature Discomforts, Leonard Cheshire, Freud Communications

Leonard Cheshire launched a campaign to challenge and change attitudes towards disability. Freud and Aardman Animations created an original campaign across TV, Internet and billboards. The campaign features plasticine characters with disabilities (a bull terrier in a wheelchair, a tortoise on crutches...) combined with the real voices and experiences of disabled people.

www.CreatureDiscomforts.org



Your Choice Auto, Allstate, Burell

The *Your Choice Auto* campaign launched Allstate into the African American market via television, radio, print and events, featuring insight-based, targeted messages. Goals included increased awareness of product features and benefits, increased consideration of Allstate, and positive consumer perception of Allstate. Third-party tracking and in-market data show increased awareness, consideration and brand appeal achieved after launch.

Burrell Communications

The Agency that Cries,

"Yes We Can!"

McGhee Williams, Co-CEO

Fay Ferguson, Co-CEO



Multicultural marketing specialist Burrell Communications noted that the sector attracted even more attention from advertisers and the media in 2007. The vibrant Latin-American market continues to grow, while the African-American market is increasing in both size and influence. Many African-Americans are adopting Barack Obama's rallying cry "Yes we can!" as their own personal and community affirmation. International eyes will be on this market in 2008.

Bromley Communications

Awards Add Shine

to Silver Anniversary

Ernesto Bromley,
Chairman & CEO



Hispanic marketing specialist Bromley Communications celebrated its 25th year in business with a successful 12 months. On the creative front, it racked up 24 Addy awards from the American Advertising Federation. The haul included the Best in Show award for the agency's work for the San Antonio Symphony. The campaign repositioned the orchestra as the city's "local band", generating the fan worship normally reserved for rock stars. The year also saw a healthy slice of New Business.

Conill

A Star in Nuevo America

Cynthia McFarlane,
CEO & Chair



Conill enjoyed a standout year of Hispanic marketing success. The agency won three major competitive pitches, adding CVS/Pharmacy, Continental Airlines and Bacardi to its roster. And in a sector where standards of creativity are rising across the board, the agency was recognized at a clutch of awards ceremonies. It won the coveted AAAA's O'Toole Multicultural Award – for the third time – and prizes from 20 other industry sources. The agency also placed a new emphasis on "experiential" marketing in 2007.

Burrell notes that its clients are seeking opportunities for more intimate conversations with consumers. One of the agency's challenges in 2007 was to meet this demand for "engagement" while delivering ROI. Burrell's projects for Toyota's Yaris sedan and liftback – which underlined the car's young urban positioning – and the Olay "Our Beauty" project – an anti-ageing campaign that successfully addressed African-American women – were praised for their effectiveness.

The agency reinforced its engagement marketing department, adding more expertise in experiential marketing and media relations. And it leapt ahead of the industry by establishing ROI benchmarks for African-American engagement initiatives. Major shifts were made internally in the areas of media planning

and buying. The acceptance of "context planning" as a discipline blossomed during the year. All marketing and creative functions within the agency now use the receptivity insights generated by this discipline. And the agency boosted its commitment to inter-network collaboration by dispatching five Burrell media specialists to Publicis Groupe media specialist Starcom USA. They now manage planning for several Procter & Gamble brands. Like many agencies, Burrell was affected by the trend towards consolidation. This led to the loss of the Verizon business. The agency's healthcare discipline experienced the loss of several small "project only" clients – but this was offset by larger, more stable and committed pharmaceutical accounts like Eli Lilly and Company.

After representing Payless Shoe Source in the US Hispanic market for five years, the agency was awarded additional duties covering 17 Spanish-speaking countries. In terms of innovation, the agency ran two successful programs for Nestlé's Emerging Markets Division (NEMD). The first involved raising the profile of several Nestlé brands in the US Hispanic market. Bromley created a cooking show that aired on a Spanish-language channel. The recipes were placed on the channel's website, backed up by banner ads for the products. And an online recipe contest allowed viewers to submit their favorite dishes using Nestlé ingredients. The result was an increase in sales of 13%.

A related operation concerned Bromley's involvement in NEMD's Category Management – or CatMan – team. Bromley provided comprehensive demographic and psychographic information on Hispanic consumers, allowing NEMD to brief retailers more effectively on which products they should stock. For Coors Brewing Company, Bromley embarked on a partnership with sister media agency ZenithOptimedia. The agencies studied bicultural 21-to-34-year-old men using the Touchpoints tool. The study conducted in Los Angeles, Dallas and New York enabled Coors to identify contact points with consumers, analyze competitive brands, judge marketing investment and list priority actions to improve effectiveness and ROI.

Integrated campaigns for Toyota's Tundra pickup, Procter & Gamble's Tide detergent and T-Mobile are all examples of this. The programs communicate with consumers over multiple platforms, while giving the audience opportunities to interact with the brands. In some cases this was literal: the agency promoted the Tundra pickup among male Mexicans by organizing a series of regional rodeo events – and challenging participants to lasso the truck during one of several games that directly engaged consumers. Conill also worked on the Toyota Yaris, devising an integrated campaign supporting creativity among young Hispanic consumers. The work won a gold Effie and the grand prize

for Campaign with Significant Results at the ANA Multicultural Excellence Awards. Since releasing its white paper *Interacculturation in the Nuevo America*, Conill has expanded its cultural expertise into new territories. It is now exploring the many subcultures that make up Latino identity in the United States. This will help the agency continue to deliver effective solutions based on cultural insight. In an environment where the lines between cultures are blurring, a new marketplace is emerging. This is what the agency refers to as "Nuevo America". For clients, Conill intends to be a trusted guide to this new country.

AstraZeneca Crestor,

Saatchi & Saatchi Healthcare and iMed Studios USA

Saatchi and Saatchi Healthcare and iMed Studios together created an interactive program as the primary vehicle for delivering selling messages to healthcare professionals for AstraZeneca's Crestor. The program provides a clear, concise presentation, easy to navigate for both the sales force and the physician. Utilization rates among the sales force were over 80% with physicians in February 2008.



**Cocaine, Spanish Health Ministry,
Medicus Spain**

The Health Ministry of Spain launched an educational campaign to prevent the consumption of cocaine in 2007. The campaign from Medicus Spain targeted young adults 14-25 to educate them on the impact of drugs on their personal lives: at home, at work, in their relationships, with their friends... Without warning or prohibition messages, the TV, radio and Internet campaign spoke for cocaine: "I want your life".

**Schering-Plough Claratyne,
Saatchi & Saatchi Healthcare Sydney**

Saatchi & Saatchi Healthcare Sydney launched a new campaign for Claratyne, the flagship hay fever and allergy brand for Schering-Plough. The campaign features people with their heads in the clouds who cannot connect to the environment around them. Through clear messages, the campaign succeeded in educating consumers and pharmacists on the appropriate use of the product.



Publicis Healthcare Communications Group

A New Prescription for Healthcare

Nick Colucci,
President & CEO



It was a tough year for Publicis Healthcare Communications Group (PHCG) as the healthcare discipline confronted sluggish industry growth. This slow growth was due in part to the penetration of generics¹ and a lack of new drug approvals: the FDA approved only 17 new molecular entities² in 2007.

Although PHCG's digital and medical education businesses continued to grow rapidly, its advertising business was flat overall despite a number of strong-performing units; and its contract sales business declined. From a regional perspective there was strong growth in the Asia-Pacific region while North America and Europe showed flat to declining revenue.

Meanwhile, PHCG looked at ways to harness the power of the Internet. For this it was essential to reassess the healthcare sector itself. One of the conclusions drawn was that, where once the focus was on uncovering and treating illness, the discussion has broadened to enhancing the quality of people's lives. Patients don't just want the illness taken away – they want their lives improved in ways that go beyond traditional drug treatment. The door is open for brands to find their way into this new wellness territory.

As the definition of healthcare has expanded, so have the opportunities for health-focused marketers. Reflecting this change, PHCG has renamed its direct-to-consumer (DTC) unit Saatchi & Saatchi Consumer Health and Wellness. This did not stop it being named DTC Agency of the Year for the third year running. In fact, if business was occasionally slow in coming in 2007, recognition was not: the agencies of PHCG won more awards than any other year, with 50 major industry awards – 25% in acknowledgment of its work in the digital arena.

¹Unbranded drugs

²An active ingredient that has never been marketed before

To ensure that the right message is delivered at the right time to the right audience – in digital or any other media – PHCG implemented a new method of working with clients. This is exemplified by Saatchi & Saatchi Healthcare Barcelona. Rather than being identified by a media-related function – such as “advertising” or “digital” – staff are now considered “brand stewards”. They are responsible for finding the right communication solution for their client across all media, from print to digital. This evolution will continue across the group. PHCG also plans to develop its resources in the advocacy area, given the importance of third-party endorsement. Significant business wins for PHCG in 2007 included ConvaTec, the Galderma aesthetics franchise; Aptivus from Boehringer Ingelheim; and contract sales force support for the Schering-Plough respiratory franchise. Additionally, PHCG existing relationship with Schering-Plough was expanded into new markets.

The new relationship with ConvaTec illustrates a different way of working with clients. To support New Business efforts and to improve internal communication, PHCG has created the Global Trust, a coordination team enabling agencies across PHCG to pitch and work on business together. Through the Global Trust, a single client can assign activities to a range of different agencies within PHCG. For instance, ConvaTec has two lead agencies: Medicus London and Brand Pharm USA. Both of these utilize resources within the PHCG network and within the larger Publicis Groupe.

PHCG continued its acquisition plan during 2007 with the acquisition of US-based Pharmagistics, and the purchase of two Italian companies: Healthware SpA, a digital communications company, and Multimedia Healthcare Communication Srl, a market development and public relations company. Although there will be challenges, growth prospects are good in the health sector. PHCG believes that it has emerged from 2007 a stronger company, well positioned to take advantage of the opportunities that undoubtedly lie ahead.

Dangerous Liaison,

Levi Strauss & Co, BBH London



Levi Strauss & Co launched their 2007 collection of jeans with BBH's Dangerous Liaisons. The objective of the campaign was to re-identify Levi's as the original jean while showcasing the new collection. As a man and a woman undress one another, the removal of each garment reveals a new outfit from a different generation of Levi's clothing, from the 1870s to 2007. The campaign won a Gold Cannes Lions in 2007.

Champion, The Kaplan Thaler Group

How to Play, the new campaign for Champion, which includes print, out-of-home, online and viral components, captures the everyday moments of fun and sport in a series of cool and hip lifestyle images. The Kaplan Thaler Group and photographer Miko Lim developed compelling, breakthrough images which they then executed across a variety of media to communicate messages in new and very creative ways.



The Kaplan Thaler Group

**KTG Makes
a Big Bang at 10!**

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

In a year of anniversaries, KTG was proud to announce that it had been going for 10 years strong. And after a decade of growth, it showed little sign of slowing down. It is the fastest growing agency in New York and one of the top three fastest growing in the US, according to Advertising Age.



KTG calls its approach “Bang Communications”. It aims to build programs that are “highly disruptive, forge strong emotional connections, become embraced by the culture,

and get big results”. The agency certainly made plenty of noise for its clients in 2007. Its 30-second spot for condom brand Trojan became one of the most talked and blogged about ads of 2007. For long-standing client Continental Airlines, KTG dined out on the airline’s position of owning New York by creating the brand’s first International Restaurant Week. For P&G’s Aussie brand, it created an unusual interactive text promotion called Aussie Textmania. And KTG’s “Let’s Go Outback” campaign – for Outback Steakhouse has helped to reverse the restaurant brand’s two consecutive years of decline.

New clients in 2007 included Champion Brands, Sanofi Pasteur and Kraft foods. Expanded assignments with current clients included a major new vitamin launch for Wyeth, a P&G laundry product and Aflac’s business-to-business marketing.

The agency itself caught the attention of the media this year, thanks to Linda Kaplan and Robin Koval’s best-selling book *The Power of Nice*.

Bartle Bogle Hegarty*

Even Hipper at 25

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

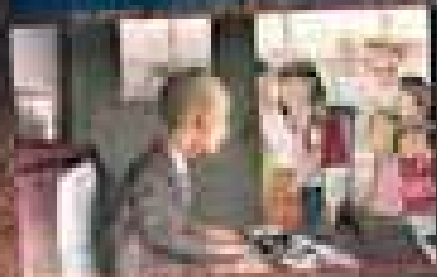
After spending the previous year considering ways in which it could broaden its considerable creative capabilities, Bartle Bogle Hegarty [BBH] devoted 2007 to putting the strategy in place. Across its six offices, the agency hired more than 100 experts from the worlds of broadcast, digital, mobile, gaming, programming and publishing. Integrated communications is clearly the name of the game.



Coincidentally, 2007 was the agency’s 25th birthday. Its entire staff was invited to celebrate in Miami. 700 people attended a weekend of inspiration and fun. But BBH wears its years lightly. Proof of the agency’s relevance came with US\$375 million in New Business from the likes of LG (global), Miller Lite (USA), Vodafone (UK), Omo (Brazil), and FedEx (China). BBH London secured digital assignments from Axe (Unilever), KFC (UK) and Britvic’s Robinsons. Overall revenues were up considerably on the previous year – and 2007 was the third consecutive year of double-digit growth.

The BBH global model – delivering consistent work across a wide region from a few offices – will always face challenges from new competitors, as well as the demands of local clients and the paucity of new talent. But BBH can overcome this by recruiting and training staff from outside the traditional advertising business, and by pressuring itself to deliver fresh and unexpected ideas. The value of creativity increases in economically challenging times, as clients seek to win in their markets without increasing their budgets. Return on investment becomes critical, and creativity is a key driver of this.

*49% owned



**Campaign Against Whaling, Greenpeace,
Beacon Communications**

In Japan, whale meat was a main protein source immediately after World War II. The Greenpeace *Man and Whale* campaign from Beacon Communications directly addresses this issue in a whole new way. An old man remembers eating whale meat when he was young. Today he is asked to save a whale, and does so to honor the fact that, as a child, a whale saved him. "They saved us. It's our turn now."

**Sanofi Lab, sanofi aventis,
Re:Sources IT and Market Forward**

Re:Sources IT and Market Forward launched the new Sanofi Lab to facilitate the partnership between Publicis Groupe and sanofi aventis throughout the entire world. The new platform accelerates the diffusion of Best Practices across markets, and key innovative features include a knowledge center featuring all creative campaigns, interactive communities, real-time industry news and a powerful, intuitive search engine.



Beacon Communications

Japanese Beacon Continues to Shine

Jun Kiriya, Chairman &
Representative Director
Nicolas Menat, President
& Representative Director



An important decision was taken last year to merge Beacon with Publicis Japan, creating a single strong entity for the Groupe in this vital market. The consolidated agency benefits from Beacon's long-standing joint venture partnership with Dentsu, one of the most powerful agencies in Japan.

Although Japan is traditionally a "TV-centric" market, Beacon is working with its clients in a number of innovative areas. After winning its first retail marketing assignment for Nike, the agency created a campaign based on Japan's popular *manga* comic strips, which could be downloaded onto mobile phones when young customers entered the retail space. And for Procter & Gamble the agency developed an unusual approach for Joy dishwasher liquid, based on the fact that it requires very little water. As part of a larger campaign, Beacon advertised the detergent on the back of household water bills. Building on retail communications expertise was one of the agency's goals in 2007. It now has eight experts in the field, working for clients such as P&G and Philip Morris. Overall, the agency won 11 new clients in 2007. This was in line with its new strategy of focusing on international clients and offering more holistic marketing services. The new clients included Asahi Glass Group, Gillette (Fusion and Oral-B), Coca-Cola, Club Med, Nike, Phillips Lighting, Vertu mobile phones and Petronas Lubricants.

Production

Productive as Well as Creative

Jean-François Valent,
CEO, Publicis Groupe
Production Platforms



Publicis Groupe's range of production services continued to help agencies and clients make their creative ideas a reality. In 2007, Jean-François Valent took charge of the Publicis Groupe Production Platforms worldwide. As such, he also now oversees premedia experts Capps Digital, a unit which has begun to operate under the Mundocom brand.

Global production company Mundocom is rapidly tailoring its services to the demands of the digital era. The Paris headquarters was ahead in this area, but in 2007 Mundocom began mirroring the offer in other offices. For example, it introduced its iMundo and 3D digital production services in Chicago, and established high-end retouching facilities in New York.

In addition, the company refined its means of helping Publicis Groupe clients coordinate their print and digital production needs around the world. With innovative Web-based technology provided by MarketForward, a Groupe company leading the field of workflow and brand asset management tools, Mundocom teams around the globe continued to service global brands production needs with speed and efficiency. The acquisition of offshore production capabilities also brings clients very competitive global production solutions.

WAM (World Advertising Movies), another Groupe subsidiary, continued to produce audio and video commercials.

WAM's expertise ranges from helping clients select the right music for their commercials to producing entire films, and it was behind some of the most striking commercials of 2007.



Songs of the Sea at Sentosa Island, EAC2

Songs of the Sea, a permanent attraction on Singapore's Sentosa Island, is a dramatic, engaging multi-sensory experience. It combines technology, imaging, pyrotechnics and live characters in a unique way: there are no barriers between the audience and the natural elements, which include a 40-meter water screen and flames leaping up to 20 meters. The attraction runs two shows every night, 365 days a year and can seat 2,500 visitors.

Monaco Media Forum, PublicisLive

Every year, PublicisLive organizes the Monaco Media Forum which brings together global leaders of old and new media for high-level discussions about the future of print, broadcast and online communications. Hosted by HSH Prince Albert II, the invitation-only event focuses on opportunities in emerging media, as well as the implications for marketing, advertising and finance.



Petra Conference of Nobel Laureates, PublicisLive

Launched in 2007, PublicisLive produces world-class experiential events such as the Petra Conference of Nobel Laureates, launched by King Abdullah II and Elie Wiesel, uniting some of the world's greatest minds to consider urgent global problems (50 Nobels Laureates, CEO's and expert).

Renault Laguna Launch, Publicis Events

For the worldwide launch of the new Renault Laguna in Frankfurt, Publicis Events organized 4 different operations in one day: an internal broadcast to approximately 135,000 employees, a video broadcast across a worldwide commercial network (video-transmitted), a press conference with 400 journalists, and a national convention with important Renault clients.



PublicisLive

New Entity for the World's

Most Prestigious Events

John Rossant,
Executive Chairman



PublicisLive, launched in 2007, is a new subsidiary of Publicis Groupe dedicated to the world's most prestigious conferences and corporate events.

John Rossant became CEO of this Geneva-based structure in May 2008, taking over from Richard Attias.

PublicisLive is designed to meet the increasing demand on the part of governments, institutions, and corporations for sophisticated, content-rich live events. Key global clients include the World Economic Forum, which stages its famous annual meeting in Davos, Switzerland, the Petra Conference of Nobel Laureates, and the Monaco Media Forum.

Publicis Events Worldwide

Staging Great Occasions

Wally Hayward,
CEO Publicis Events USA
Olivier Chouvet,
CEO Publicis Events
Asia Pacific
Muriel Réus,
CEO Publicis Events France



Publicis Events Worldwide embraces a global network of companies in the events communication field: Publicis Events, Publicis Meetings, ECA2, Relay Worldwide and Emotion. Its 2007 initiatives touched literally hundreds of thousands of people around the world.

In France, a Renault convention reached some 200,000 people, taking into account internal, network, key account and press contacts.

And the launch of the TGV Est high-speed train network was experienced by 250,000 people thanks to a campaign that involved visiting 23 towns along the line.

In North America, Relay Worldwide was appointed by Sharp Electronics. The agency designed and implemented an event marketing strategy that positioned its Aquos LCD HDTV as the leading screen amongst sports enthusiasts. The agency's Hispanic Division carried out projects for AT&T and Coca-Cola. 2007 was a particularly strong year for Publicis Events Worldwide in Asia. In addition to more than 500 events staged for existing clients, PEW established leadership in the luxury goods sector. Publicis Events staged events for Van Cleef and Arpels through the newly-opened Hong Kong office, for Chanel jewelry in China, and organized the appearance in Tokyo of George Clooney as ambassador for Omega watches. Meanwhile, ECA2, along with Publicis Events Hong Kong, conceived, designed and produced a one-off event for the opening of the MGM Grand casino in Macau. Over 1,600 privileged guests attended – and later in the evening they were joined by the 40,000 eager customers who had waited patiently outside.



OUR ROLE IN

SAVING

THE EARTH

Our Commitment to Sustainable Development

2007: "CONSUME LESS"

2007 was a turning point for our networks' agencies and for the Groupe – a time for action. While our companies became aware of the need to be socially responsible earlier in the decade, as shown by their adoption of pro-active policies and decisions that had a bearing on the day-to-day running of operations, this has now taken on a new, more concrete dimension.

Publicis Groupe signaled its commitment to a sustainable future back in 2003, when Chairman and CEO Maurice Levy signed the Global Compact statement. It was the first communications group to do so. And to their credit, many of the companies in the Groupe have established policies and practices of their own. Last year, however, the Groupe decided to combine these efforts as part of an overall mission to "Consume Less".

The adoption of a concrete sustainability policy driven from the top goes beyond the Groupe's traditional approach of supporting individual agencies in their endeavors. The previous stance was based on the belief that each entity knew what was best for its own culture, market conditions, employee sensitivities and local regulatory framework. It was also natural that individual CEOs had their own ideas about which areas of social responsibility they wanted to emphasize. The advantage of this locally-driven policy was that it enabled the Groupe to observe and monitor the effectiveness of the various initiatives taking place around the world. Although it is currently at its early stages, the new Groupe-wide policy will be based on the information gleaned from these experiences.

"Consume Less" will be a concerted team effort. But it will not be a strictly top-down process. We recognize that each agency's culture remains a real asset when it comes to taking action and addressing local concerns. We also want to avoid a hasty, "carbon-copy" approach to putting systems in place. Agencies must first and foremost ensure strict compliance with local laws and regulations. In the absence of a clearly defined local framework, it is then up to each agency to set priorities and objectives. That's where the need for enhanced guidelines at the Groupe level becomes vital.

Obviously the success of social responsibility and sustainable development programs depends on the motivation of those involved. It's clear from our studies that many of our employees around the world are highly motivated. But it's also clear that re-emphasizing our commitment at the highest level will add momentum to local initiatives, snowballing into a Groupe-wide fight for a better future for our planet.

Further evidence of our commitment came in early 2008, with the acquisition of leading sustainability consultancy Act Now Productions, based in San Francisco. The consultancy helps companies and their employees to practice sustainability while achieving their performance goals. This mirrors the internal ambitions of the Groupe.

We have moved beyond the initial phase of inventory-taking and encouragement. In 2007, we entered a more active phase of implementing basic measures aimed at reducing our impact on the environment. This began with the larger entities in the Groupe. The following list of initiatives is a sample of the many measures underway:

Leo Burnett USA has drawn up an environmental statement called "Reduce, Re-Use and Recycle", which sets forth operational objectives and guidelines for employees. A pilot scheme is underway at the network's Chicago headquarters.

Saatchi & Saatchi in Great Britain has a strong tradition of encouraging recycling, and the agency has often been at the forefront of environmental compliance. And in the USA, the network has taken two initiatives aimed at reducing its impact on the environment: Project Green and CAN2. These go beyond the measures already taken in conjunction with the owner of the New York building and the Environmental Executive Committee chaired by the agency.

Publicis in Australia has launched "Greening Publicis", a three-stage plan that should make Publicis Mojo carbon-neutral by 2009. The network also demonstrated its commitment to sustainability by supporting the planting of 2,400 trees in Costa Rica (in a partnership with Planète Urgence).

ZenithOptimedia has implemented an "Environmental Policy" for its entire network. As well as defining the main principles

of the policy, it has made concrete commitments to which it will be held accountable. Its performance will be regularly measured and audited in order to determine where further improvements can be made, particularly in the area of saving energy. Similarly, in the UK, close cooperation with the building owner has produced measurable results in terms of reducing the impact on the environment.

Starcom MediaVest Group has undertaken a series of "Green Initiatives" in larger agencies, mainly aimed at recycling, reducing consumption and lowering impact on the environment, but also with a view to donating articles that would otherwise be discarded.

Capital MS&L USA has agreed a protocol with the Carbon Neutral Company, stipulating procedures aimed at significantly reducing the agency's CO₂ emissions.

BBH has launched its Big Green U, a three-phase action plan aimed at putting the expression "Big changes are made up of small changes" into practice. The idea is to make these changes part of daily working life.

In addition, the roll-out of our Shared Services Centers around the world (which gives agencies within the Groupe access to a central resource for items ranging from computers to stationery) has provided the ideal conditions for analyzing our performance in the context of our "Consume Less" policy.

The following results can be seen:

Waste management

- Full-scale sorting of waste *via* more bins in offices. The goal is mainly to separate paper and cardboard, but in many cases it also enables sorting of other recyclable materials like tin cans and plastic bottles. Office cleaning contracts should now systematically include sorting services.

Management of recyclable products

- The Groupe's Purchasing Department, with the support of the Shared Services Centers (SSCs), asks all suppliers of office equipment and consumables to include product recycling in their offers.

- At the end of their life cycle, the Groupe's computers are either disposed of through the vendors' industrial recycling systems, specialized local waste management solutions, or *via* systems organizing a "second life" for computers, which may be given away (or sold for a token amount) to employees, associations or institutions in need. This policy applies to desktops and laptops alike.
- The same applies, in many cases, to television sets and screens installed in various offices, which are disposed of through the appropriate channels.
- In the case of consumables, and particularly ink cartridges, they are completely recycled, under the terms of agreements with suppliers or by specialized firms and organizations. The policy is "a full cartridge for an empty one", in order to avoid waste.
- In some countries, fixed telephone handsets that are either not working or no longer required are returned to local suppliers. Company cell phones and other mobile communications devices are also taken back by the vendor or operator.
- For printing equipment (photocopiers and printers), there are recycling agreements and "second life" arrangements.

Management of raw materials and energy

- **Paper:** One of the consequences of Publicis Groupe's transformation into a digital-led company is lower consumption of paper and better management of this resource. In certain agencies, paper consumption has dropped by as much as 20%. An educational footnote is added to all e-mails suggesting that unnecessary printing be avoided. Several subsidiaries can now choose the paper they print on, consuming recycled paper whenever possible and only using more sophisticated paper and high quality printing when justified. In the First Quarter of 2008, the Groupe put together a "Best Practices" chart concerning printing.
- **Water:** We take a responsible approach to water consumption based on the following priorities:
 - *Drinking water:* Most agencies provide drinking water from water fountains and no longer use plastic bottles. This ensures better management of water (less wastage) and packaging is taken care of by suppliers.



World Wildlife Fund (WWF),
Leo Burnett Sydney, Australia



Trees for Cities
BBH London, UK

- *Water for restroom facilities:* As restroom installations represent substantial investments, they are being gradually replaced by sensor-activated electronic equipment and dual-flow flushing systems.

- **Energy:** Buildings housing our agencies are operated in compliance with environmental regulations that produce exemplary savings. This has long been the case for Fallon in Minneapolis (EPA-classified building ranked in the top 2% of US buildings for energy efficiency), or the premises of Leo Burnett, the Starcom Mediavest Group and their subsidiaries in the West Wacker Drive building in Chicago (a Class A building in terms of energy efficiency). Many of our agencies have opted for simple, efficient solutions such as automatic extinction of lights at a given time every evening, fitting of low-consumption bulbs, and the switching off of heating and air-conditioning at night and weekends.

Management of travel arrangements

- Remote conferencing systems are being installed throughout the Groupe, the direct goal being to very significantly reduce travel while facilitating meetings with clients and suppliers. Web-conferencing, conference-call, and video-conferencing systems have been installed at individual workstations or in appropriate meeting rooms. Several different systems are required as they meet different needs. The tangible outcome is that some of the Groupe's main agencies have reduced their travel budget by 10 to 15%.

- In early 2008, the Groupe started measuring its carbon footprint with Carlson Wagonlit Travel (CSL).

PRO BONO COMMUNICATIONS CAMPAIGNS

As in previous years, Publicis Groupe and its subsidiaries around the world continued – often discreetly – to support charitable and public interest causes, without compensation and on a volunteer basis. This is sometimes referred to as “business sponsorship with skills”, a service provided by volunteers. In 2007, the Groupe was involved in developing more than 300 “pro bono” campaigns representing a total of approximately 50 million dollars.

Arts & Culture

Bromley Communications, USA, San Antonio Museum of Art; Digitas China, Hong Kong Harbour Day 2007 Association; Leo Burnett Brazil, MCB Brazilian House Music; Leo Burnett Ukraine, American Chamber of Commerce.

Children

Fallon Minneapolis, USA, Children's Defense Fund; ZenithOptimedia, Canada, Boys and Girls Clubs of Toronto; The Kaplan Thaler Group, USA and Saatchi & Saatchi Simko, Switzerland, Make A Wish Foundation; Burrell, USA, Chicago Youth Centers/Don Thompson (McDonald's); Saatchi & Saatchi New York, USA (H2ope) and ZenithOptimedia, Belgium (Vaccination), Unicef; Leo Burnett Ireland, Children First Foundation; Starcom, Netherlands, Institute for Non-Commercial Advertising (SIRE).

Community

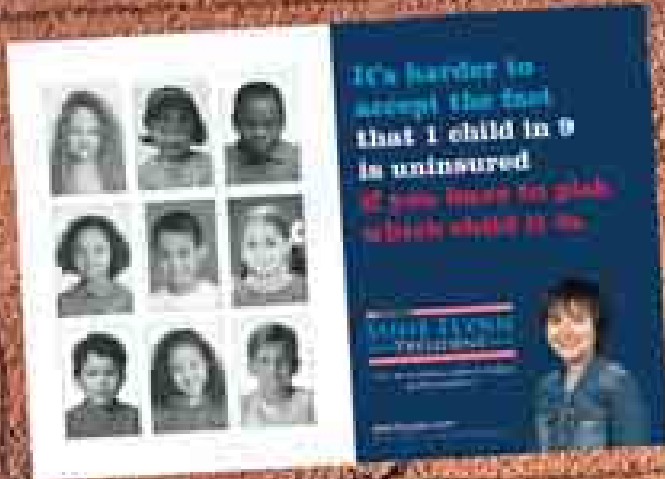
Lapiz, USA, 2007 Fiestas Patrias de Chicago; Arc Warsaw, Poland, National Voluntary Center; Freud Communications, US, Harlem Village Academics; Manning Selvage & Lee, USA, Esplanade Association in Boston; Publicis New York, USA, CR PlaNet Finance; Leo Burnett USA, Greater Chicago Depository.

Education

Leo Burnett Milan, Italy, Scuola Paolo Grassi; Leo Burnett & Target, Romania, Parada; Betterway Publicis Dialog, China, The Richard Ivey School of Business, Education; Fallon Minneapolis, USA, Ready4K; Publicis New York, USA, The Ad Council for the CAC.

Hong Kong Harbour Day

Digitas China



Children's Defense Fund

Fallon Minneapolis, USA





San Antonio Museum of Art / Southwest
School of Art & Craft
Bromley Communications, USA



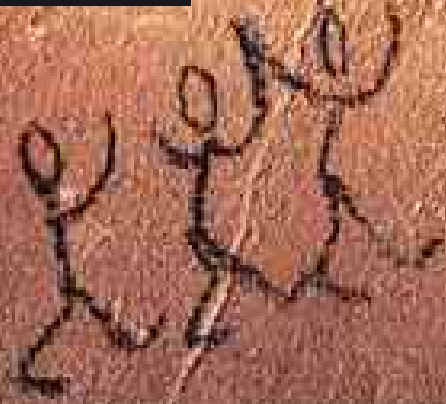
Helen Bamber Foundation
Freud Communications, UK



Worldwide Fund for Nature (WWF)
Saatchi & Saatchi Simko, Switzerland



The Ali Forney Center
Double Platinum, USA



Environment

BBH London, UK, Trees for Cities; Conill Advertising, USA, Saatchi & Saatchi Los Angeles, USA and Publicis Seattle, USA, Surfrider Foundation; Leo Burnett Sydney, Australia, World Wildlife Fund – Earth Hour; Saatchi & Saatchi New York, USA (Windmills of Nantucket), ZenithOptimedia, New Zealand (Albatross Appeal) and ZenithOptimedia, Poland (Save the Whales), Greenpeace; Saatchi & Saatchi, Malaysia, Society for the Prevention of Cruelty to Animals.

General Health

Freud, UK, Bill and Melinda Gates Foundation; Publicis New York, USA, United Way; BBH Sao Paulo, Brazil, ADESF (Association for the Defence of the Health of Smokers).

AIDS

Leo Burnett Prague, Czech Republic, Aids in Africa; Freud, UK and Publicis New York, USA, The Global Fund to Fight AIDS, Tuberculosis and Malaria; Saatchi & Saatchi London, UK, National AIDS Trust; ZenithOptimedia, France, MAC AIDS Foundation.

Cancer

Leo Burnett Sri Lanka, Sri Lanka Cancer Society; Saatchi & Saatchi X, USA, Cancer Challenge; ZenithOptimedia, New Zealand, Cancer Society.

Other Specific Illnesses

Saatchi & Saatchi Stockholm, Sweden, Swedish Stroke Association; Mundocom, France and ZenithOptimedia, France, Institut du Cerveau et de la Moëlle épinière (ICM); Saatchi & Saatchi London, UK, MS Society.

Homelessness

Manning Selvage & Lee Atlanta, USA, Samaritan House; ZenithOptimedia, New Zealand, Auckland City Mission; Leo Burnett Portugal, Projecto Sentidos; Publicis UK, De Paul Trust; ZenithOptimedia, Austria, SOS Kinderdorf.

Human Rights

Freud UK (Secret Policeman's Ball), Saatchi & Saatchi New York, USA (Building Explosion) and ZenithOptimedia, New Zealand (Freedom Week), Amnesty International.

Hunger

Leo Burnett Bogota, Colombia, Conexión Colombia; ZenithOptimedia, Poland, Polska Akcja Humanitarna.

Racism/Discrimination


Saatchi & Saatchi New York, USA, Ad Council Crime Prevention; ZenithOptimedia, Australia, Saatchi & Saatchi, Australia, Reconciliation Australia (for Aboriginal/Torrest Strait Islanders) and Saatchi & Saatchi, Australia (Voices Campaign), United Nations/Unifem.

Women's Health

Leo Burnett/Arc, UK (End Violence Against Women), Unifem; Synergy Leo Burnett, Serbia, The International Women's Club (IWC); Publicis Indianapolis, USA, Healthcare Business Women Association; akimbo, USA, Sage Organization; Saatchi & Saatchi X, USA, Susan G. Komen Foundation.

Other

Publicis Seattle, USA, Global Nomads Group; Saatchi & Saatchi Los Angeles, USA, New Directions; BBH Sao Paulo, Brazil, ADESF (Association of Defension of Smoking).



New Directions of Los Angeles, CA
Saatchi & Saatchi Los Angeles, USA



Depaul Trust,
Publicis UK

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