PUBLICIS GROUPE

Consolidated financial statements

Year 2014

Consolidated income statement

(in millions of euros)	*Notes*	***2014***	***2013***	***2012***
Revenue		**7,255**	**6,953**	**6,610**
Personnel expenses	*3*	(4,506)	(4,330)	(4,078)
Other operating expenses	*4*	(1,442)	(1,396)	(1,344)
Operating margin before depreciation and amortization		**1,307**	**1,227**	**1,188**
Depreciation and amortization expense (excluding intangibles arising from acquisitions)	*5*	(125)	(120)	(126)
Operating margin		**1,182**	**1,107**	**1,062**
Amortization of intangibles arising from acquisitions	*5*	(51)	(49)	(45)
Impairment loss	*5*	(72)	(4)	(11)
Non-current income and expenses	*6*	10	69	39
Operating income		**1,069**	**1,123**	**1,045**
Financial expenses	*7*	(48)	(46)	(71)
Financial income	*7*	25	20	41
Cost of net financial debt	***7***	**(23)**	**(26)**	**(30)**
Other financial income and expenses	*7*	(5)	5	(2)
Pre-tax income of consolidated companies		**1,041**	**1,102**	**1,013**
Income taxes	*8*	(311)	(298)	(279)
Net income of consolidated companies		**730**	**804**	**734**
Share of profit of associates	*13*	4	5	25
Net income		**734**	**809**	**759**
Of which:				
- Net income attributable to non-controlling interests		14	17	27
- Net income attributable to equity holders of the parent company		**720**	**792**	**732**

Per share data (in euros) - **Net income attributable to equity holders of the parent company**	*9*			
Number of shares		*223,868,360*	*215,516,919*	*201,032,235*
Earnings per share		3.22	3.67	3.64
Number of diluted shares		*227,772,479*	*224,430,805*	*224,143,700*
Diluted earnings per share		3.16	3.54	3.34

Consolidated statement of comprehensive income

(in millions of euros)	***2014***	***2013***	***2012***
Net income for the period (a)	**734**	**809**	**759**
Comprehensive income that will not be reclassified to profit or loss			
- *Actuarial gains (and losses) on defined benefit plans*	(43)	26	(30)
- *Deferred taxes on comprehensive income that will not be reclassified to profit or loss*	(17)	(12)	6
Comprehensive income that may be reclassified to profit or loss			
- *Revaluation of available-for-sale investments*	5	(26)	4
- *Consolidation translation adjustments*	338	(249)	(61)
- *Deferred taxes on comprehensive income that may be reclassified to profit or loss*	(1)	3	-
Total other comprehensive income (b)	**282**	**(258)**	**(81)**
Total comprehensive income for the period (a) + (b)	**1,016**	**551**	**678**
Of which:			
- Total comprehensive income attributable to non-controlling interests	11	11	24
- Total comprehensive income attributable to equity holders of the parent company	1,005	540	654

Consolidated balance sheet

(in millions of euros)	*Notes*	*December 31, 2014*	*December 31, 2013**	*December 31, 2012**
Assets				
Goodwill, net	*10*	7,006	6,123	5,667
Intangible assets, net	*11*	955	939	982
Property, plant and equipment, net	*12*	552	513	506
Deferred tax assets	*8*	133	126	96
Investments in associates	*13*	36	28	23
Other financial assets	*14*	195	121	242
Non-current assets		**8,877**	**7,850**	**7,516**
Inventories and work in progress	*15*	320	307	342
Trade receivables	*16*	7,676	6,994	6,841
Other current receivables and assets	*17*	595	517	591
Cash and cash equivalents	*18*	3,158	1,442	1,314
Current assets		**11,749**	**9,260**	**9,088**
Total assets		**20,626**	**17,110**	**16,604**

Equity and liabilities				
Share capital		88	86	84
Additional paid-in capital and retained earnings, Group share		5,998	5,009	4,531
Equity attributable to holders of the parent company	*19*	**6,086**	**5,095**	**4,615**
Non controlling interests		29	38	44
Total equity		**6,115**	**5,133**	**4,659**
Long-term borrowings	*22*	1,627	538	730
Deferred tax liabilities	*8*	360	295	238
Long-term provisions	*20*	442	368	464
Non-current liabilities		**2,429**	**1,201**	**1,432**
Trade payables		9,640	8,636	8,249
Short-term borrowings	*22*	533	322	379
Income taxes payable		72	31	65
Short-term provisions	*20*	125	139	166
Other creditors and current liabilities	*23*	1,712	1,648	1,654
Current liabilities		**12,082**	**10,776**	**10,513**
Total equity and liabilities		**20,626**	**17,110**	**16,604**

** Figures have been restated as explained in Note 1. "Accounting policies" in accordance with IFRIC 21.*

Consolidated statement of cash flows

(in millions of euros)	*2014*	*2013*	*2012*
Cash flows from operating activities			
Net income	734	809	759
Neutralization of non-cash income and expenses:			
Income taxes	311	298	279
Cost of net financial debt	23	26	30
Capital (gains) losses on disposals (before tax)	(9)	(68)	(38)
Depreciation, amortization and impairment loss on property, plant and equipment and intangible assets	248	173	182
Non-cash expenses on stock options and similar items	34	40	26
Other non-cash income and expenses	(4)	2	(1)
Share of profit of associates	(4)	(5)	(25)
Dividends received from associates	1	4	8
Taxes paid	(321)	(244)	(306)
Interest paid	(70)	(42)	(61)
Interest received	24	31	24
Change in working capital requirements [1]	66	355	155
Net cash flows generated by (used in) operating activities (I)	**1,033**	**1,379**	**1,032**
Cash flows from investing activities			
Purchases of property, plant and equipment and intangible assets	(135)	(126)	(123)
Disposals of property, plant and equipment and intangible assets	4	3	3
Purchases of investments and other financial assets, net	(52)	49	(120)
Acquisitions of subsidiaries	(403)	(686)	(369)
Disposals of subsidiaries	1	7	-
Net cash flows generated by (used in) investing activities (II)	**(585)**	**(753)**	**(609)**
Cash flows from financing activities			
Dividends paid to holders of the parent company	(111)	(108)	(119)
Dividends paid to non-controlling interests	(15)	(22)	(31)
Proceeds from borrowings	1,349	1	16
Repayment of borrowings	(23)	(102)	(546)
Net purchases of non-controlling interests	(76)	(102)	(30)
Net (purchases)/sales of treasury shares and warrants	45	(72)	(566)
Net cash flows generated by (used in) financing activities (III)	**1,169**	**(405)**	**(1,276)**
Impact of exchange rate fluctuations (IV)	**133**	**(125)**	**(7)**
Change in consolidated cash and cash equivalents (I + II + III + IV)	**1,750**	**96**	**(860)**
Cash and cash equivalents on January 1	1,442	1,314	2,174
Bank overdrafts on January 1	(60)	(28)	(28)
Net cash and cash equivalents at beginning of year (V)	**1,382**	**1,286**	**2,146**
Cash and cash equivalents on December 31 (Note 18)	3,158	1,442	1,314
Bank overdrafts on December 31 (Note 22)	(26)	(60)	(28)
Net cash and cash equivalents at end of year (VI)	**3,132**	**1,382**	**1,286**
Change in consolidated cash and cash equivalents (VI - V)	**1,750**	**96**	**(860)**
(1) Breakdown of change in working capital requirements			
Change in inventory and work in progress	10	34	41
Change in accounts receivable and other receivables	(65)	(305)	(426)
Change in accounts payable, other payables and provisions	121	626	540
Change in working capital requirements	**66**	**355**	**155**

Consolidated statement of changes in equity

Number of outstanding shares	(in millions of euros)	Share capital	Additional paid-in capital	Reserves and earnings brought forward	Translation reserve	Fair value reserve	Equity attributable to the holders of the parent company	Non controlling interests	Total equity
185,996,063	**December 31, 2011***	**77**	**2,479**	**1,254**	**(39)**	**130**	**3,901**	**33**	**3,934**
	Net income			732			732	27	759
	Other comprehensive income, net of tax			(24)	(58)	4	(78)	(3)	(81)
	Total income and expenses for the period	**-**	**-**	**708**	**(58)**	**4**	**654**	**24**	**678**
(9,197,684)	Publicis Groupe SA capital increase and cancellation of treasury shares	(4)	(334)	(47)			(385)		(385)
	Dividends			(119)			(119)	(31)	(150)
	Share-based compensation , net of tax			39			39		39
	Additional interest on Orane			(8)			(8)		(8)
	Effect of acquisitions and commitments to buy-out non-controlling interests			20			20	18	38
25,900,629	Océane 2014 conversion	11	706	(23)			694		694
(3,495,358)	Purchases/sales of treasury shares			(181)			(181)		(181)
199,203,650	**December 31, 2012***	**84**	**2,851**	**1,643**	**(97)**	**134**	**4,615**	**44**	**4,659**
	Net income			792			792	17	809
	Other comprehensive income, net of tax			14	(240)	(26)	(252)	(6)	(258)
	Total income and expenses for the period			**806**	**(240)**	**(26)**	**540**	**11**	**551**
1,562,129	Publicis Groupe SA capital increase	1	47	(48)			-		-
1,361,502	Dividends		70	(178)			(108)	(22)	(130)
292,076	Share-based compensation , net of tax			61			61		61
	Additional interest on Orane			(20)			(20)		(20)
	Effect of acquisitions and commitments to buy-out non-controlling interests			(20)			(20)	5	(15)
2,798,937	Equity warrant exercise	1	83				84		84
2,096,233	Océane 2018 conversion			100			100		100
(727,265)	Purchases/sales of treasury shares			(157)			(157)		(157)
206,587,262	**December 31, 2013***	**86**	**3,051**	**2,187**	**(337)**	**108**	**5,095**	**38**	**5,133**
	Net income			720			720	14	734
	Other comprehensive income, net of tax			(60)	340	5	285	(3)	282
	Total income and expenses for the period			**660**	**340**	**5**	**1,005**	**11**	**1,016**
1,585,411	Publicis Groupe SA capital increase	1	47	(48)			-		-
2,094,672	Dividends	1	118	(230)			(111)	(15)	(126)
815,623	Share-based compensation , net of tax			34			34		34
	Effect of acquisitions and commitments to buy-out non-controlling interests			(9)			(9)	(5)	(14)
684,773	Equity warrant exercise		20				20		20
562,921	Océane 2018 conversion			27			27		27
977,829	Purchases/sales of treasury shares			25			25		25
213,308,491	**December 31, 2014**	**88**	**3,236**	**2,646**	**3**	**113**	**6,086**	**29**	**6,115**

** Figures have been restated as explained in Note 1. "Accounting policies" in accordance with IFRIC 21.*

Notes to the consolidated financial statements

Note 1. Accounting policies

Pursuant to European Regulation No. 1606/2002 of July 19, 2002 pertaining to international accounting standards, the 2014 consolidated financial statements were prepared in accordance with IAS/IFRS standards and IFRIC interpretations applicable on December 31, 2014 as approved by the European Union.

The financial statements for the 2014 financial year are presented alongside comparative figures for 2013 and 2012, which were also prepared under IAS/IFRS.

The financial statements were approved by the Management Board on February 5, 2015 and reviewed by the Supervisory Board on February 11, 2015. They will be submitted for the approval by the shareholders at the General Shareholders' Meeting on May 27, 2015.

1.1 Impact of IFRS standards and IFRIC interpretations taking effect as of January 1, 2014 and impact of published IFRS standards and IFRIC interpretations not yet in force

Compliance with IFRS standards as adopted by the European Union

The accounting principles adopted for the preparation of the consolidated financial statements comply with IFRS standards and IFRIC interpretations, as adopted by the European Union as of December 31, 2014, and published on the following website:

http://ec.europa.eu/internal_market/accounting/legal_framework/regulations_adopting_ias/index_en.htm

These accounting principles are consistent with those applied to prepare the annual consolidated financial statements for the financial year ending December 31, 2013, except for the following standards and interpretations.

Application of new standards and interpretations

At December 31, 2014, Publicis Groupe applied the same accounting standards, interpretations, principles and policies as for the 2013 financial statements.

The Group's application of the following standards and interpretations, adopted by the European Union and mandatory in financial years beginning on or after January 1, 2014, had no major impact on the Group's financial statements:

- IAS 32 - Offsetting Financial Assets and Financial Liabilities;
- Amendments to IAS 39 - Financial Instruments: Classification and Measurement of Financial Assets, Fair Value Option for Financial Liabilities and Hedge Accounting;
- Amendment to IAS 36 - Recoverable Amount Disclosures for Non-Financial Assets;

For reference, Publicis Groupe applied early at December 31, 2013 the new consolidation standards IFRS 10, IFRS 11 and IFRS 12 along with their amendments.

Early application

IFRIC 21 - Levies, published by the IASB, and adopted by the European Union for financial years beginning on or after June 17, 2014 was applied early at January 1, 2014. This interpretation provides guidance on when to recognize a liability for a levy; it does not include income tax.

Accordingly, a liability for a levy can only be recognized where there is a present obligation at the reporting date.

For the Group, this new interpretation affects the recognition of a number of levies, primarily in France and the United States.

This change in recognition did not impact the income statement at December 31, 2014 or the 2012 and 2013 income statements.

In the balance sheet, the only accounts restated were:

- Other payables and current liabilities, which were down by euro 2 million at December 31, 2013 and 2012;
- Deferred tax assets, which were down euro 1 million at December 31, 2013 and 2012;
- Equity, which was up euro 1 million at January 1, 2012, December 31, 2012 and December 31, 2013.

Compliance with the IFRS standards as published by the IASB

The principles applied by the Group do not differ from IFRS standards as published by the IASB, since the application of the following standards and interpretations is not mandatory in financial years beginning on or after January 1, 2014:

- IFRS 9 and amendments to IFRS 9 - Financial Instruments: Classification and Measurement of Financial Assets, Fair Value Option for Financial Liabilities and Hedge Accounting;
- Amendments to IAS 19 - Defined Benefit Plans: Employee Contributions;
- IFRS 15 - Revenue from Contracts with Customers.

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

1.2. Consolidation principles and policies

Reporting currency of the consolidated financial statements

Publicis prepares and publishes its consolidated financial statements in euros.

Investments in subsidiaries

The consolidated financial statements include the financial statements of Publicis Groupe SA and of its subsidiaries as at December 31 of each year. Subsidiaries are consolidated as from the time that the Group obtains control until the date on which control is transferred to an entity outside the Group.

Control is exercised when the Group is exposed or entitled to the variable returns and provided that it can exercise its power to influence such returns.

Investments in associates

The Group's investments in associates are accounted for under the equity method. An associate is a company over which the Group has significant influence but not the control, or a company which is subject to the joint control of the Group, which generally implies an ownership percentage of between 20% and 50% of the voting rights.

Investments in associates are recognized in the balance sheet at their acquisition cost and adjusted to reflect subsequent changes to the Group's share in the net assets of the associate, in accordance with the equity method. The Group's investment includes the amount of any goodwill, which is treated in accordance with the Group's accounting policy in this area, as presented in Section 1.3 below. The income statement reflects the Group's share of the associate's net income after taxes for the period.

Joint arrangements

There are two distinct accounting methods:

- partnerships recognized as joint operations are recorded up to the percentage of assets, liabilities, proceeds and expenses controlled by the Group;
- partnerships recognized as joint ventures are consolidated under a method similar to equity accounting to the extent that they only give rights to the net assets of the entity.

Foreign currency transactions

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

Translation of financial statements prepared in foreign currencies

The functional currency of each Group entity is the currency of the economic environment in which it operates. The financial statements of subsidiaries located outside the euro zone that are presented in local currencies are translated into euros, the reporting currency of the consolidated financial statements, in the following manner:

- assets and liabilities are translated at year-end exchange rates;
- the income statement is translated at the average exchange rate over the year;
- translation adjustments resulting from the application of these rates are recognized in “Other comprehensive income items - Translation reserve" for the Group share, with the remainder being recorded as “Non-controlling interests (minority interests)".

Goodwill and fair value adjustments of assets and liabilities recognized in the context of the acquisition of a foreign entity are expressed in the functional currency of the acquired company and translated at the exchange rate applying at the reporting date.

Elimination of intra-group transactions

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

1.3 Accounting principles

Business combinations effective before January 1, 2010

The following accounting treatments were applied to business combinations prior to January 1, 2010:

- the transaction costs directly attributable to the acquisition were included in the acquisition cost;
- shareholdings not conferring control (minority interests) were measured in terms of the share of the fair value of the net assets of the entity acquired;
- restructuring of companies carried out in several stages were accounted for as separate transactions. Any additional share acquired did not affect previously recognized goodwill;
- price adjustments were recognized at the acquisition date if and only if the Group had a current obligation with a likely settlement which could be reliably assessed. Changes in estimations of the amount of the price adjustment affected goodwill. These arrangements continue to be applied to the variations, subsequent to January 1, 2010, of price adjustments in relation to business combinations prior to this date;
- initially, the commitments to buy-out non-controlling interests were recognized as borrowings at the discounted value of the purchase obligation, with a double entry booked to non-controlling interests and the remainder to goodwill; subsequent changes in the amount of the obligation were recognized by adjusting the amount of goodwill. These arrangements continue to be applied to the subsequent changes to commitments prior to January 1, 2010.

Business combinations effective as of January 1, 2010

Business combinations have been treated in the following manner:

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

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

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

However, these provisions do not apply to earn out payments linked to acquisitions prior to January 1, 2010. These earn out payments are recognized according to the provisions of IFRS 3 (before its revision) which provides for the recognition of earn out payments as an offset to goodwill, without any time limitation.

At the acquisition date, goodwill represents the difference between:

- the fair value of the transferred asset, including earn out payments, plus the amount of non-controlling interests in the acquired company and, where a business combination occurs in several stages, the fair value at the acquisition date of the interest previously held by the buyer in the acquired company, which is adjusted through income; and

- the net residual value of identifiable assets acquired and liabilities assumed at the acquisition date and recorded at fair value.

Although deferred tax assets were not recognized at the acquisition date because their recoverability was uncertain, any subsequent recognition or utilization of these deferred taxes after the allocation period will be recorded as an offset to income (i.e. with no impact on the amount recorded as goodwill).

Buy-out commitments to non-controlling interests upon business combinations

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

- initially, these commitments are recognized in borrowings at the present value of the buy-out amount, with a double entry booked in diminution of equity;
- subsequent changes in the value of the commitment (including the effect of discounting) are recognized by adjusting equity on the grounds that it is a transaction between shareholders.

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

The exclusive takeover leads to the recognition of a disposal gain or loss calculated on the entire interest at the transaction date. The previously held interest is thus remeasured at fair value through the income statement at the time of the exclusive takeover.

Additional acquisition of securities after the exclusive takeover

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

In the statement of cash flows, the acquisition of additional securities in an entity already controlled is presented as net cash flow relating to financing activities.

Sale of securities without loss of exclusive control

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

In the statement of cash flows, the sale of securities without loss of exclusive control is presented as net cash flow relating to financing activities.

Sale of securities with loss of exclusive control but retention of an equity interest

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

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

Research and study costs

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

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

Goodwill

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

Goodwill that is recorded in the balance sheet is not amortized but is instead subject to impairment tests on at least an annual basis. Impairment tests are performed for the cash-generating unit(s) to which goodwill has been allocated by comparing the recoverable value and the carrying amount of the cash-generating unit(s). The Group considers each agency or group of agencies to be a cash-generating unit.

The recoverable value of a cash-generating unit is the greater of its fair value (generally its market value), net of disposal costs, and its value in use. Value in use is determined on the basis of discounted future cash flows. Calculations are based on five-year cash flow forecasts, a terminal growth rate for subsequent cash flows and the application of a discount rate to all future flows. The discount rate used reflects current market assessments of the time value of money and the specific risks to which the cash-generating unit is exposed.

If the carrying amount of a cash-generating unit is higher than its recoverable value, the assets of the cash-generating unit are written down to their recoverable value. Impairment losses are allocated, firstly, to goodwill, and are recognized through the income statement and then against other assets.

Intangible assets

Separately acquired intangible assets are recognized at acquisition cost. Intangible assets acquired in the context of a business combination are recognized at their fair value on the acquisition date, separately from goodwill, if they are identifiable, i.e. if they meet one of the following two conditions:

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

Intangible assets primarily consist of trade names, client relationships, technology, e-mail address databases and softwares.

Trade names, which are considered to have indefinite useful lives, are not amortized. They are subject to impairment tests, at least once a year, which involve comparing their recoverable value to their carrying amount. Any impairment loss is recorded in the income statement.

Client relationships with a finite useful life are amortized over such useful lives, which are generally between 10 and 40 years. They are also subject to impairment tests if there are any indicators that they may have been impaired.

Technology assets result from the Group's engagement in digital activities. They are amortized over a 3 to 4-year period.

E-mail address databases are used in direct e-mailing campaigns. These databases are amortized over 2 years.

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

Capitalized softwares include in-house applications as well as commercial packages; they are measured either at their acquisition cost (if purchased externally) or at their production cost (if developed internally). They are amortized over their useful life:

- ERP: 8 years;
- Other: 3 years maximum.

Property, plant and equipment

Items of property, plant and equipment are measured at cost minus accumulated depreciation and impairment loss.

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

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

- Buildings: 20 to 70 years;
- Fixtures, fittings and general installations: 10 years;
- Office equipment and furniture: 5 to 10 years;
- Vehicles: 4 years;
- IT equipment: 2 to 4 years.

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

Leases

Finance leases, which transfer substantially all the risks and rewards of the ownership of the leased asset to the Group, are recognized in the balance sheet from the beginning of the lease contract at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Assets acquired under finance leases are recognized in property, plant and equipment and a corresponding liability is recognized in borrowings. They are depreciated over the length of the lease contract or over the useful lives applicable to similar assets owned, whichever is shorter. In the income statement, lease rental expenses are replaced by the interest on the debt and the depreciation of the assets. The tax effect of this restatement for consolidation purposes is accounted for through the recognition of a deferred tax asset or liability.

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

Other financial assets

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

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

Other long-term investments held until maturity, such as bonds, are measured at amortized cost using the effective interest rate method. For investments recognized at amortized cost, gains and losses are recognized in the income statement if they are sold or impaired, as well as through the process of amortization.

For investments that are actively traded on organized financial markets, fair value is determined by reference to the published market price at the reporting date. For investments that are not listed on an active market, fair value is determined with reference to the current market price of another substantially similar instrument, or calculated based on the cash flows that are expected from the investment.

Loans and receivables owed by associates and non-consolidated companies

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

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

Inventories and work in progress

This includes mainly work in progress in our advertising business, i.e. the technical work involved in creating and producing advertisements for print, broadcasting, etc., for which the client is ultimately liable but has not yet been invoiced. They are recognized on the basis of costs incurred and a provision is recorded when their net realizable amount is lower than cost. Un-billable work or costs incurred relating to new client development activities are not recognized as assets, except for tendering expenses which may be re-invoiced to the client under the terms of the contract. In order to assess the net realizable amount, inventory and work in progress are reviewed on a case-by-case basis and written down, if appropriate, on the basis of criteria such as the existence of commercial disputes with the client.

Trade accounts receivable

Receivables are recognized at the initial amount of the invoice. Receivables presenting a risk of non-recovery are subject to impairment. Such allowances are determined, on a case-by-case basis, using various criteria such as difficulties in recovering the receivables, the existence of any disputes and claims, or the financial position of the debtor.

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

Derivative financial instruments

The Group uses derivatives such as foreign currency and interest rate hedges to hedge its current or future positions against foreign exchange rate risks or interest rate risks. These derivatives are measured at fair value, determined either by reference to observable market prices at the reporting date or by the use of valuation models based on market parameters at the reporting date. Including counterparty risk in the valuation of derivatives did not have a material impact.

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

- fair value hedges, which are used to hedge against changes in the fair value of a recognized asset or liability;
- cash flow hedges, which are used to hedge against exposure to changes in future cash flows.

For fair value hedges related to a recognized asset or liability, all gains and losses resulting from the remeasurement of the hedging instrument at fair value are recognized immediately in the income statement. At the same time, any gain or loss on the hedged item will change the carrying amount of this item as an offset to its effect on the income statement.

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

As for derivatives that do not qualify for hedge accounting, any gain or loss resulting from changes in their fair value is recognized directly in the income statement for the financial year.

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

Cash and cash equivalents

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

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

Treasury shares

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

Bonds

- Bonds redeemable in cash:

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

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

- Convertible bonds and debentures redeemable for stock:

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

  The equity component is measured on issuance by deducting the fair value of the debt component from the fair value of the bond as a whole. The value of the conversion option is not revised during subsequent financial years.

  Issuance costs are divided between the debt and equity components based on their respective carrying amounts at issuance.

  The debt component is subsequently measured at amortized cost.

Provisions

Provisions are funded when:

- the Group has a present obligation (legal or constructive) resulting from a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- the amount of the outflow can be estimated reliably. Where the effect of the time value of money is material, provisions are discounted to present value. Increases in the amount of provisions resulting from the unwinding of the discount are recognized as financial expenses.

  Contingent liabilities are not recognized but, if material, are disclosed in the notes to the financial statements, except in the case of business combinations where they constitute identifiable items for recognition;
- Provisions for litigation and claims

  The Group recognizes a provision in each case where a risk related to litigation or a claim of any type (commercial, regulatory, tax or employee related) is identified, where it is probable that an outflow of resources will be necessary to extinguish this risk and where a reliable estimate of the costs to be incurred can be made. In such cases, the amount of the provision (including any related penalties) is determined by the agencies and their experts, under the supervision of the Group's head office teams, on the basis of their best estimate of the probable costs related to the litigation or the claim;

- Restructuring provisions

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

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

  These costs consist primarily of severance and early retirement payments and notice periods that have not been worked, which are recognized in employee benefits expenses, and, in some cases, of write-downs of property, plant and equipment and other assets;

- Vacant property provisions

  A provision is recognized for the amount of rent and related charges to be paid, net of any sublease revenue to be received, for all buildings that are sublet or vacant and not intended to be used in the context of the Group's principal activities.

  In the context of business combinations, provisions are also recorded when the acquired company has property rental contracts with less favorable terms than those prevailing on the market as of the acquisition date.

Pensions and other post-employment benefits

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

- defined contribution plans: the amount of the Group's contribution to the plan is recognized as an expense during the period;
- defined benefit plans: the commitment in respect of defined benefit plans is determined separately for each plan using the projected unit credit method. Actuarial gains and losses relating to post-employment plans and arising during the year are recorded directly in other comprehensive income. The effect of the unwinding of discounts on pension obligations net of the expected return on plan assets is recorded in “Other financial income and expenses". Various plan administrative expenses are, when directly billed to the Group, recognized under operating income.

Trade payables

This line item includes all operating payables (including notes payable and accrued supplier invoices) related to the purchase of goods and services including those related to media buying where the Company acts as agent. These payables are generally due within less than one year.

Revenue

A written agreement with clients (purchase order, letter, contract, etc.) indicating the nature and the amount of the work to be performed is required for the recognition of revenue. The Group's revenue recognition policies are summarized below:

- for commission-based customer arrangements (excluding production):

  revenue from creative advertising and media buying services is recognized on the date of publication or broadcast;

- fees (project-based arrangements, fixed-fee arrangements, time-based arrangements, etc.):

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

- fees based on performance criteria:

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

In most of its transactions, Publicis acts as an agent for its clients. For these, Publicis calculates the net amount earned, and any expenses incurred with third-party suppliers are excluded from revenue. In certain instances, Publicis acts as the "principal", such as for example when the contract is signed directly with media suppliers. In these circumstances, Publicis recognizes the gross amount invoiced as revenue.

Publicis Groupe stock option plans

The fair value of the options granted is recognized in employee benefits expense over the vesting period of the options. It is determined by an independent expert generally using the Black-Scholes model, except for plan(s) containing market objectives in which case the Monte-Carlo method is used.

For plans containing non-market performance objectives, the Group evaluates the probability that the objectives will be achieved and takes account of this estimate in its calculation of the number of shares to be issued.

Publicis Groupe free share plans

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

For plans containing non-market performance objectives, the Group evaluates the probability that the objectives will be achieved and takes account of this estimate in its calculation of the number of shares to be issued.

Non-current income and expenses

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

Operating margin before depreciation and amortization

The operating margin is equal to revenue after deducting personnel expenses, other operating expenses (excluding other non-current income and expenses as defined above).

Operating margin

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

Cost of net financial debt and other financial income and expenses

The cost of net financial debt includes financial expenses on borrowings and interest income on cash and cash equivalents.

Other financial income and expenses mainly include the effects of unwinding discounts on vacant property and pension provisions (net return on plan assets), the effect of revaluation of earn-out payments on acquisitions, changes in the fair value of derivatives and foreign exchange gains and losses.

Income tax

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

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

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

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

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

Earnings per share are calculated by dividing net income for the financial year attributable to ordinary shares by the weighted average number of ordinary shares outstanding during the period, including the effect of the redemption of Orane in shares, as Orane are contractually redeemable in ordinary shares.

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

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

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

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

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

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

- the items "impairment loss" and "amortization expense of intangibles from acquisitions";
- the effect of the revaluation of earn out payments on acquisitions recorded under "Other financial income and expenses";
- certain specifically designated items of exceptional income and expense generally recorded as “Non-current income and expenses”.

1.4 Principal sources of uncertainty arising from the use of estimates

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

The characteristics of the main accounting policies, judgments and other uncertainties affecting the application of these accounting policies, together with the sensitivity of the results to changes in circumstances and assumptions associated with them are factors to be taken into consideration. The Group makes estimates and assumptions regarding the future. The accounting estimates will, by definition, rarely be exactly the same as the related actual outcomes.

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

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

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

Note 2. Changes in the scope of consolidation

2.1 Acquisitions in 2014

There was no significant takeover (individually or taken together) during the period.

The main acquisitions in the year were as follows:

- in July 2014, the Group acquired Proximedia outright;
- in September 2014, the Group acquired Nurun outright.

The fair value, at the acquisition date, of the consideration paid (excluding cash and cash equivalents acquired) of all entities that were fully consolidated (notably including the ones detailed above, as well as smaller acquisitions) with an exclusive takeover during the period, totaled euro 492 million. This amount mainly includes:

- euro 308 million paid out during the period;
- euro 175 million in earn out payment commitments;
- euro 6 million in commitments to buy-out non-controlling interests;
- euro 3 million equal to the fair value of unconsolidated securities as of the date of the takeover.

The amount paid out for acquisitions in 2014 (net of cash and cash equivalents acquired) totaled euro 403 million and includes:

- euro 308 million paid out during the period;
- euro (8) million in acquired net cash and cash equivalents;
- euro 103 million in earn out payments.

All acquisitions made over the period represented less than 2% of consolidated revenue and consolidated net income attributable to equity holders of the parent company.

Furthermore, on November 3, 2014, the Group announced the signing of a final agreement regarding the acquisition of Sapient for a cash amount of dollar 25 per Sapient share, by means of a public tender offer dated November 12, 2014. This offer was ongoing at December 31, 2014 (see Note 30. "Events after the reporting period").

2.2 Acquisitions in 2013

LBi

In November 2012, the Group made a public tender offer for all outstanding shares in LBi, the largest independent European marketing and technology agency, which combines expertise in strategy, creation, media and technology. LBi employs over 2,200 people in 16 countries.

At December 31, 2012, Publicis owned 22.72% of LBi; this investment was not consolidated at the reporting date.

Settlement-Delivery took place on January 21, 2013, at which point Publicis Groupe acquired 73.50% of the share capital on a fully diluted basis, representing, together with the previously purchased shares, 97.37% of the share capital on a fully diluted basis. LBi Group has since been fully consolidated.

At December 31, 2013, following purchases made subsequent to the takeover, Publicis Groupe owned 100% of the share capital of LBi, amounting to a total of approximately euro 416 million.

The allocation of the acquisition cost was as follows at December 31, 2013 (in millions of euros):

	LBi
Acquisition cost (A)	**416**
Non-current assets	57
Current assets excluding cash and cash equivalents	105
Cash and cash equivalents	32
Total assets (B)	***194***
Non-current liabilities	5
Current liabilities	141
Total liabilities (C)	***146***
Net assets acquired before fair value adjustment (D = B - C)	**48**
Client relationships	35
Other adjustments	(12)
Deferred tax on the above adjustments	(6)
Adjustment to deferred taxes related to tax loss carryforwards	(33)
Total fair value adjustments (E)	**(16)**
Net assets acquired after fair value adjustments (F = D + E)	**32**
Goodwill (G = A - F)	**384**

The other main acquisitions in 2013 were as follows:

- in August 2013, the Group acquired outright Engauge Marketing LLC, an advertising and digital services agency based in Columbus, Ohio;
- in November 2013, the Group acquired 75.1% of Walker Media, one of the UK's top-ten media agencies, which has long-standing relationships with blue-chip clients, including Marks & Spencers, Dixons Group, KFC, Halfords and Weetabix.

The fair value, at the acquisition date, of the consideration paid (excluding cash and cash equivalents acquired) of all entities that were fully consolidated (notably including the ones detailed above, as well as smaller acquisitions) with an exclusive takeover in 2013, totaled euro 752 million. This amount mainly includes:

- euro 512 million paid out during the period;
- euro 98 million in earn out payment commitments;
- euro 48 million in commitments to buy-out non-controlling interests;
- euro 94 million equal to the fair value of unconsolidated securities as of the date of the takeover.

The amount paid out for acquisitions in 2013 (net of cash and cash equivalents acquired) totaled euro 686 million and includes:

- euro 512 million paid out during the period;
- euro 16 million in acquired cash and cash equivalents;
- euro 190 million in earn out payments.

All acquisitions made in 2013 represented less than 5% of consolidated revenue and consolidated net income attributable to equity holders of the parent company.

2.3 Acquisitions in 2012

Bartle Bogle Hegarty and Neogama

In July 2012, the Group acquired in two separate transactions:

- 51% of the shares in the BBH group of companies. Publicis Groupe, which held 49% of shares, thereby raised its stake in BBH to 100%. Founded in 1982, this agency employed about 1,000 people in 2012 and is recognized in the British and international markets for its creativity.
- 100% of the shares in NEOGAMA/BBH in Brazil (acquisition of the 34% held by BBH and the 66% held by the founder and his associates). NEOGAMA/BBH is one of the largest, most creative and innovative agencies in the Brazilian market.

Formerly accounted for under investments in associates (equity method), the BBH Group has been fully consolidated since Publicis acquired exclusive control. Pursuant to IFRS 3 (revised), this change entailed recognizing euro 62 million of non-current income from remeasurement at fair value of the previously held interest.

The euro 214 million acquisition cost of BBH includes the fair value of investment accounted for by the equity method as of the takeover date and the price paid for the transaction described above.

The euro 111 million acquisition cost of NEOGAMA includes the price paid for the transaction described above and the earn out payments to the founder and his associates, recognized at fair value on the acquisition date.

The allocation of the acquisition cost was as follows at December 31, 2012 (in millions of euros):

	BBH	NEOGAMA
Acquisition cost (A)	**214**	**111**
Non-current assets	7	6
Current assets excluding cash and cash equivalents	119	17
Cash and cash equivalents	84	8
Total assets (B)	***210***	***31***
Non-current liabilities	3	7
Current liabilities	135	18
Total liabilities (C)	***138***	***25***
Net assets acquired before fair value adjustment (D = B - C)	**72**	**6**
Client relationships	11	29
Trade name	30	-
Deferred tax on the above adjustments	(10)	(10)
Total fair value adjustments (E)	**31**	**19**
Net assets acquired after fair value adjustments (F = D + E)	**103**	**25**
Goodwill (G = A – F)	**111**	**86**

The other main acquisitions in the year were as follows:

- in February 2012, the Group made a public tender offer for all outstanding shares in the Pixelpark Group, the largest independent German provider of interactive services. The offer was made at euro 1.70 per share. At December 31, 2012, Publicis Groupe owned 79.14% of the equity in the Pixelpark Group;
- in June 2012, the Group acquired 100% of the BBR Group. BBR, which since 1995 has partnered with Publicis in jointly-owned companies, employs about 220 people in Israel;
- in July 2012, the Group acquired 100% of the CNC Group. Created in 2002, this group employs some 100 people in Europe, North America, Latin America and Asia, and specializes in strategic communications and crisis management;
- in November 2012, the Group took an additional interest in the Brazilian agency Taterka. Created in 1993, Taterka is a full service agency covering 18 countries in Latin America. This transaction fits into the Group's policy of increasing its presence in emerging markets.

The acquisition cost (excluding cash and cash equivalents) of all entities that were fully consolidated (notably including those listed above, as well as smaller acquisitions) with an exclusive takeover during the year 2012, plus the remeasurement at the fair value of the previously held interest totaled euro 646 million in 2012. This amount mainly includes:

- euro 435 million paid out during the period;

- euro 72 million in earn out payment commitments, i.e. euro 67 million after discounting at December 31, 2012;
- euro 47 million arising from commitments to buy-out non-controlling interests, i.e. euro 42 million after discounting at December 31, 2012; and
- euro 92 million equal to the fair value of investments accounted for by the equity method as of the takeover date.

The amount paid out for acquisitions in 2012 (net of cash and cash equivalents acquired) totaled euro 369 million and includes:

- euro 435 million paid out during the period;
- euro (111) million in acquired cash and cash equivalents;
- euro 45 million in earn out payments.

All acquisitions made in 2012 represented less than 2.5% of consolidated revenue and consolidated net income attributable to equity holders of the parent company.

2.4 Disposals in 2014, 2013 and 2012

No significant disposals were made during 2014, 2013 and 2012.

Companies sold contributed no more than 0.5% of consolidated revenue and consolidated net income attributable to equity holders of the parent company in 2014. The same was true in 2013 and 2012.

Note 3. Personnel expenses and headcount

Personnel expenses include salaries, commissions, employee profit sharing, vacation pay and bonus estimation. They also include expenses related to stock option and free share plans and expenses related to pensions (excluding the net effect of unwinding the discount on benefit obligations, which is included in other financial income and expenses).

(in millions of euros)	*2014*	*2013*	*2012*
Compensation	(3,504)	(3,345)	(3,159)
Social security charges	(569)	(547)	(528)
Post-employment benefits	(103)	(100)	(95)
Stock option expense	(35)	(40)	(26)
Temporary employees and freelancers	(295)	(298)	(270)
Total	**(4,506)**	**(4,330)**	**(4,078)**

Changes in and breakdown of headcount

By region:

	December 31, 2014	*December 31, 2013*	*December 31, 2012*
Europe	20,460	19,779	17,677
North America	22,030	20,834	19,548
Asia Pacific	12,710	14,130	13,327
Latin America	5,827	5,552	4,840
Middle East & Africa	2,594	2,258	2,108
Total	**63,621**	**62,553**	**57,500**

By function (as a %):

	December 31, 2014	*December 31, 2013*	*December 31, 2012*
Account planning and management	21%	19%	20%
Creative	17%	16%	16%
Production and specialized activities	19%	20%	19%
Media and research	20%	21%	21%
Administration and management	15%	15%	16%
Other	8%	9%	8%
Total	**100%**	**100%**	**100%**

Note 4. Other operating expenses

Other operating expenses include all external charges other than production and media buying. They include rent, other lease expenses and other expenses related to the occupation of premises amounting to euro 395 million in 2014, compared to euro 384 million in 2013 and euro 368 million in 2012. They also include taxes (other than income taxes) and similar payments, as well as additions to and reversals of provisions. On top of these in 2014 were the Sapient acquisition costs and the reversal of expenses relating to the planned Omnicom merger for a net amount of euro 7 million before tax (euro 6 million after tax). In 2013, expenses relating to the planned Omnicom merger totaled euro 38 million before tax (euro 24 million after tax).

Note 5. Depreciation, amortization and impairment

(in millions of euros)	***2014***	***2013***	***2012***
Amortization of other intangible assets (excluding intangibles from acquisitions)	(15)	(15)	(27)
Depreciation of property, plant and equipment	(110)	(105)	(99)
Depreciation and amortization expense (excluding intangibles from acquisitions)	**(125)**	**(120)**	**(126)**
Amortization of intangibles from acquisitions	**(51)**	**(49)**	**(45)**
Impairment of intangibles from acquisitions	(4)	(3)	(7)
Goodwill impairment	(68)	-	(1)
Impairment of property, plant and equipment	-	(1)	(3)
Impairment	**(72)**	**(4)**	**(11)**
Total depreciation, amortization and impairment	**(248)**	**(173)**	**(182)**

Impairment of intangibles from acquisitions

Impairment tests were carried out on all of the Group's trade names recognized on acquisition. Client relationships were also tested for impairment. All valuations required for these impairment tests were conducted by an independent expert.

At December 31, 2014, the after-tax discount rates used in the valuations ranged from 8.5% to 14.5%. They are determined on the basis of the specific characteristics belonging to each asset undergoing impairment testing.

These tests resulted in the Group recognizing a euro 4 million impairment loss in 2014.

At December 31, 2013 and 2012, the after-tax discount rates used in the valuations ranged respectively from 8.0% to 15.5% and from 8.5% to 12.5%.

These tests resulted in the Group recognizing euro 3 and 7 million impairment losses in 2013 and 2012.

Goodwill impairment

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

The valuations required for the impairment tests on goodwill were conducted by an independent expert. The goodwill impairment tests were carried out on the basis of the value in use of the cash-generating units, which was determined based on five-year financial forecasts (2014-2018).

At December 31, 2014, the after-tax discount rates used in the valuations ranged from 9.0% (12% before tax) to 12.0% (16.5% before tax). The terminal growth rate used in the forecasts ranged from 2.0% to 3.0%.

These tests resulted in the Group recognizing a euro 68 million impairment loss in 2014, including:

- euro 23 million for the BBH Neogama agency network, with a recoverable amount after impairment of euro 233 million assuming an after-tax discount rate of 11.0% and a terminal growth rate of 2.5%;
- euro 45 million for the MSL agency network, with a recoverable amount after impairment of euro 736 million assuming an after-tax discount rate of 10.5% and a terminal growth rate of 2.5%.

At December 31, 2013 and 2012, the after-tax discount rates ranged respectively from 8.5% (11.5% before tax) to 12.0% (15.5% before tax) and from 9.0% (12.5% before tax) to 11.0% (14.5% before tax). The terminal growth rate used in the forecasts ranged from 2.0% to 3.0% for 2013 and 2012.

These tests resulted in the Group recognizing a euro 1 million impairment loss in 2012 while no impairment loss was recognized in 2013.

Impairment of property, plant and equipment

In 2013, a euro 1 million impairment loss was recognized on property, plant and equipment used in the operation of advertising space.

Note 6. Non-current income and expenses

This line item covers exceptional income and expenses, which mainly includes gains and losses realized on the disposal of assets.

(in millions of euros)	*2014*	*2013*	*2012*
Capital gains (losses) on disposal of assets	9	68	38
Non-current income and expenses	1	1	1
Total non-current income and expenses	**10**	**69**	**39**

In 2014, capital gains (losses) on the disposal of assets primarily included a euro 4 million gain on the partial disposal of FCPR, and the euro 3 million revaluation of the previously held interest in Medianet (previously accounted for under the equity method) at the of time the takeover.

In 2013, this line item primarily included the capital gain on the sale of IPG securities for euro 47 million and the capital gain on the sale of Régie 1 securities for euro 5 million.

In 2012, this line item primarily included the euro 62 million remeasurement of the previously held interest in BBH (accounted for under the equity method) at the time of the takeover, the euro 8 million remeasurement of the previously held interest in Bromley BBH (previously accounted for under the equity method) at the time of the takeover, less the euro 11 million loss from the deconsolidation of the entities in the Middle East.

Note 7. Financial income and expenses

(in millions of euros)	*2014*	*2013*	*2012*
Interest expense on loans and bank overdrafts [1]	(38)	(37)	(61)
Interest expense on finance leases	(10)	(9)	(10)
Financial expenses	**(48)**	**(46)**	**(71)**
Financial income [2]	25	20	41
Cost of net financial debt	**(23)**	**(26)**	**(30)**
Foreign exchange gains (losses) and change in the fair value of currency derivatives	1	7	(3)
Financial expense related to unwinding of discount on long-term vacant property provisions	-	-	(1)
Net financial expense related to the discounting of pension provisions	(7)	(7)	(8)
Revaluation of earn-out payments on acquisitions	1	4	9
Dividends received from unconsolidated companies	-	1	1
Reversal of bad loan provision	-	-	-
Other financial income and expenses	**(5)**	**5**	**(2)**
Total net financial income and (expenses)	**(28)**	**(21)**	**(32)**

(1) Including the revaluation of interest rate swaps and bonds in respect of fair value hedges see Note 22.

(2) Including in 2012 a fair value adjustment on the 2012 EUROBOND recognized when the debt was extinguished.

Note 8. Income taxes

Analysis of income tax expense

(in millions of euros)	*2014*	*2013*	*2012*
Current income tax expense for the period	(290)	(269)	(273)
Current income tax expense for previous years	11	31	(10)
Total current tax expense	**(279)**	**(238)**	**(283)**
Deferred tax income/(expense)	(43)	(68)	(11)
Changes in unrecognized deferred tax assets	11	8	15
Total net deferred tax income (expense)	**(32)**	**(60)**	**4**
Income taxes	**(311)**	**(298)**	**(279)**

Effective tax rate

The effective tax rate is obtained as follows:

(in millions of euros)		*2014*	*2013*	*2012*
Pre-tax income of consolidated companies	**A**	**1,041**	**1,102**	**1,013**
BBH fair value adjustment (See Notes 2 and 6)		-	-	(62)
Bromley fair value adjustment (See Note 6)		-	-	8
Loss from the deconsolidation of Middle Eastern entities (see Note 6)		-	-	11
Gain on the sale of IPG securities (see Note 6)		-	(47)	-
Gain on the sale of Régie 1 securities (see Note 6)		-	(5)	-
Goodwill impairment (see Note 5)		68	-	-
Restated pre-tax income of consolidated companies	**B**	**1,109**	**1,050**	**970**
French tax rate		34.43%	34.43%	34.43%
Expected tax expense on Pre-tax income of consolidated companies:		**(358)**	**(379)**	**(349)**
Impact of:				
- difference between the French tax rate and foreign tax rates		51	41	43
- changes in unrecognized deferred tax assets		11	8	15
- other impacts [(1)]		(15)	32	12
Income tax in the income statement	**C**	**(311)**	**(298)**	**(279)**
Effective tax rate on pre-tax income of consolidated companies	**C/A**	**29.9%**	**27.0%**	**27.5%**
Effective tax rate	**C/B**	**28.0%**	**28.4%**	**28.8%**

(1) Other impacts mainly include those related to permanent differences, income taxed at reduced rates, adjustments to previous financial years. In addition, other impacts also include the provisory additional contribution of 10.7% on the taxable income of the French entities representing an expense of euro 1 million in 2014 and an expense of euro 2 million in 2013.

Tax effect on other comprehensive income

(in millions of euros)	*December 31, 2014*			*December 31, 2013*			*December 31, 2012*		
	Gross	Tax	**Net**	Gross	Tax	**Net**	Gross	Tax	**Net**
Fair value adjustments to available-for-sale investments	5	-	**5**	(26)	-	**(26)**	4	-	**4**
Actuarial gains and losses on defined benefit plans	(43)	12	**(31)**	26	(12)	**14**	(30)	6	**(24)**
Effect of translation and other	338	(30)	**308**	(249)	3	**(246)**	(61)	-	**(61)**
Total	**300**	**(18)**	**282**	**(249)**	**(9)**	**(258)**	**(87)**	**6**	**(81)**

Schedule of deferred taxes recognized in the balance sheet

(in millions of euros)	*December 31, 2014*	*December 31, 2013*	*December 31, 2012*
Short-term (less than one year)	90	100	97
Long-term (over one year)	(317)	(268)	(238)
Net deferred tax assets (liabilities)	**(227)**	**(168)**	**(141)**

Source of deferred taxes

(in millions of euros)	*December 31, 2014*	*December 31, 2013*	*December 31, 2012*
Deferred tax on adjustment of asset and liability valuations due to acquisitions	(244)	(238)	(262)
Deferred tax arising on the restatement of the Champs-Elysées building	(52)	(52)	(52)
Deferred tax on hybrid bonds	8	12	5
Deferred tax on pensions and other post-employment benefits	55	42	58
Deferred tax arising on tax loss carryforwards	174	177	104
Deferred tax on other temporary differences	(63)	19	98
Gross deferred tax assets (liabilities)	**(122)**	**(40)**	**(49)**
Unrecognized deferred tax assets	(105)	(128)	(92)
Net deferred tax assets (liabilities)	**(227)**	**(168)**	**(141)**

As of December 31, 2014, the deferred tax liabilities included tax on the revaluation of intangible assets made at the time of the acquisition of Zenith (euro 20 million), Bcom3 (euro 161 million) and Digitas (euro 63 million), deferred taxes linked to the separation of the hybrid bonds (Océane, Orane) and deferred tax linked to the fair value being deemed as the cost of the Champs-Elysées land and building on the date of transition to IFRS.

Tax loss carryforwards

The Group also had tax loss carryforwards that had not been recognized as deferred tax assets in the consolidated balance sheet because of uncertainty as to their availability for use:

(in millions of euros)	*December 31, 2014*	*December 31, 2013*	*December 31, 2012*
Amount of unrecognized tax loss carryforwards	**349**	**452**	**274**
Of which carried forward indefinitely	*224*	*308*	*217*

Note 9. Earnings per share

Earnings per share and diluted earnings per share

(in millions of euros, except for share data)		***2014***	***2013***	***2012***
Net income used for the calculation of earnings per share				
Group net income	a	720	792	732
Impact of dilutive instruments:				
- Savings in financial expenses related to the conversion of debt instruments, net of tax [(2)]		0	2	17
Group net income - diluted	b	720	794	749
Number of shares used to calculate earnings per share				
Average number of shares that make up the share capital		217,773,672	211,342,272	195,194,484
Treasury shares to be deducted (average for the year)		(8,175,360)	(11,774,690)	(11,345,668)
Shares to be issued to redeem the Orane		14,270,048	15,949,337	17,183,419
Average number of shares used for the calculation	c	223,868,360	215,516,919	201,032,235
Impact of dilutive instruments:				
- Free shares and dilutive stock options [(1)]		2,780,749	3,224,111	4,489,716
- Equity warrants [(1)]		1,103,921	3,146,474	1,390,663
- Shares resulting from the conversion of convertible bonds [(2)]		19,449	2,543,301	17,231,086
Number of diluted shares	d	227,772,479	224,430,805	224,143,700
(in euros)				
Earnings per share	a/c	**3.22**	**3.67**	**3.64**
Diluted earnings per share	b/d	**3.16**	**3.54**	**3.34**

(1) Only stock options and warrants with a dilutive impact, i.e. whose strike price is lower than the average strike price, are included in the calculation. In 2014, all stock options and warrants not yet exercised at the reporting date had a dilutive impact.

(2) Over the three years 2014, 2013 and 2012, all of the Océanes had a dilutive impact and are therefore factored into the calculation of diluted EPS.

For reference, the 2014 EPS, calculated on revenue of euro 726 million excluding the reversal of Publicis/Omnicom merger costs and excluding Sapient acquisition costs (i.e. eliminating euro 6 million in net costs), and 2013 EPS, calculated on revenue excluding Publicis/Omnicom merger costs of euro 816 million (after eliminating euro 38 million in pre-tax merger costs, i.e. euro 24 million, net of tax) worked out as:

Earnings per share, excluding merger costs and Sapient acquisition costs	**3.24**	**3.79**	
Diluted earnings per share - excluding merger costs and Sapient acquisition costs	**3.19**	**3.64**	

Headline earnings per share (basic and diluted)

((in millions of euros, except for share data)		*2014*	*2013*	*2012*
Net income used to calculate headline earnings per share [1]				
Group net income		720	792	732
Items excluded:				
- Amortization of intangibles from acquisitions, net of tax		33	30	28
- Impairment, net of tax		71	3	8
- Net capital gains (losses) on disposal of assets and fair value remeasurement at takeover date , net of tax		0	(52)	(58)
- Revaluation of earn-out payments		(1)	(5)	(9)
- Publicis/Omnicom merger costs (reversal) , Sapient acquisition costs, net of tax		6	24	
Headline Group net income	e	829	792	701
Impact of dilutive instruments:				
- Savings in financial expenses related to the conversion of debt instruments, net of tax		0	2	17
Headline Group net income, diluted	f	829	794	718
Number of shares used to calculate earnings per share				
Average number of shares that make up the share capital		217,773,672	211,342,272	195,194,484
Treasury shares to be deducted (average for the year)		(8,175,360)	(11,774,690)	(11,345,668)
Shares to be issued to redeem the Orane		14,270,048	15,949,337	17,183,419
Average number of shares used for the calculation	c	223,868,360	215,516,919	201,032,235
Impact of dilutive instruments:				
- Free shares and dilutive stock options		2,780,749	3,224,111	4,489,716
- Equity warrants		1,103,921	3,146,474	1,390,663
- Shares resulting from the conversion of convertible bonds		19,449	2,543,301	17,231,086
Number of diluted shares	d	227,772,479	224,430,805	224,143,700
(in euros)				
Headline earnings per share [1]	e/c	**3.70**	**3.67**	**3.49**
Headline earnings per share - diluted [1]	f/d	**3.64**	**3.54**	**3.20**

[1] EPS after elimination of the impairment losses, amortization of intangibles from acquisitions, the main capital gains and losses on disposal of assets, the fair value remeasurement gains and losses, the revaluation of earn-out payments, Sapient acquisition costs and the Publicis/Omnicom merger costs.

Note 10. Goodwill

Changes in goodwill

(in millions of euros)	Gross amount	Impairment [2]	Net amount
January 1, 2012	**5,360**	**(153)**	**5,207**
Acquisitions	477	-	477
Impairment	-	(1)	(1)
Changes related to the recognition of commitments to buy-out non-controlling interests [1]	39	-	39
Disposals and derecognition	(9)	-	(9)
Translation adjustments and other	(46)	-	(46)
December 31, 2012	**5,821**	**(154)**	**5,667**
Acquisitions	617	-	617
Changes related to the recognition of commitments to buy-out non-controlling interests [1]	37	-	37
Disposals and derecognition	(6)	1	(5)
Translation adjustments and other	(201)	8	(193)
December 31, 2013	**6,268**	**(145)**	**6,123**
Acquisitions	455	-	455
Impairment	-	(68)	(68)
Changes related to the recognition of commitments to buy-out non-controlling interests [1]	(5)	-	(5)
Disposals and derecognition	-	-	-
Translation adjustments and other	509	(8)	501
December 31, 2014	**7,227**	**(221)**	**7,006**

(1) See Note 1.3 for the accounting treatment of commitments to purchase non-controlling interests.

(2) See Note 5.

The analysis of goodwill by geographic area is described in Note 27.

Note 11. Intangible assets, net

Changes in intangible assets with a finite useful life

(in millions of euros)	Client relationships			Software, technology and other		
	Gross amount	Amortization/ Impairment	Net amount	Gross amount	Amortization/ Impairment	Net amount
January 1, 2012	**785**	**(395)**	**390**	**202**	**(137)**	**65**
Acquisitions	40	-	40	23	-	23
Amortization	-	(41)	(41)	-	(30)	(30)
Impairment	-	-	-	-	(1)	(1)
Disposals and derecognition	-	-	-	(7)	7	-
Translation adjustments and other	(14)	5	(9)	5	(3)	2
December 31, 2012	**811**	**(431)**	**380**	**223**	**(164)**	**59**
Acquisitions	35	-	35	31	-	31
Amortization	-	(45)	(45)	-	(18)	(18)
Impairment	-	-	-	-	(2)	(2)
Disposals and derecognition	-	-	-	(8)	6	(2)
Translation adjustments and other	(35)	17	(18)	8	(8)	-
December 31, 2013	**811**	**(459)**	**352**	**254**	**(186)**	**68**
Acquisitions	-	-	-	21	-	21
Amortization	-	(47)	(47)	-	(18)	(18)
Impairment	-	-	-	-	-	-
Disposals and derecognition	-	-	-	(61)	30	(31)
Translation adjustments and other	76	(48)	28	(8)	9	1
December 31, 2014	**887**	**(554)**	**333**	**206**	**(165)**	**41**

Changes in intangible assets with an indefinite useful life and in total intangible assets

(in millions of euros)	Trade names			Total intangible assets		
	Gross amount	Impairment	Net amount	Gross amount	Amortization/ Impairment	Net amount
January 1, 2012	**570**	**(40)**	**530**	**1,557**	**(572)**	**985**
Acquisitions	30	-	30	93	-	93
Amortization	-	(1)	(1)	-	(72)	(72)
Impairment	-	(6)	(6)	-	(7)	(7)
Disposals and derecognition	-	-	-	(7)	7	-
Translation adjustments and other	(12)	2	(10)	(21)	4	(17)
December 31, 2012	**588**	**(45)**	**543**	**1,622**	**(640)**	**982**
Acquisitions	-	-	-	66	-	66
Amortization	-	(1)	(1)	-	(64)	(64)
Impairment	-	(1)	(1)	-	(3)	(3)
Disposals and derecognition	-	-	-	(8)	6	(2)
Translation adjustments and other	(24)	2	(22)	(51)	11	(40)
December 31, 2013	**564**	**(45)**	**519**	**1,629**	**(690)**	**939**
Acquisitions	-	-	-	21	-	21
Amortization	-	(1)	(1)	-	(66)	(66)
Impairment	-	(4)	(4)	-	(4)	(4)
Disposals and derecognition	-	-	-	(61)	30	(31)
Translation adjustments and other	73	(6)	67	141	(45)	96
December 31, 2014	**637**	**(56)**	**581**	**1,730**	**(775)**	**955**

Valuation of intangible assets

Valuation tests carried out by an independent expert at the close of 2014, 2013 and 2012 led the Group to recognize an impairment loss of euro 4 million in 2014, euro 3 million in 2013 and euro 7 million in 2012 (See Note 5).

Note 12. Property, plant and equipment, net

(in millions of euros)	Land and buildings	Other	Total
Gross amounts on January 1, 2012	**271**	**952**	**1,223**
Increases	-	107	107
Decreases	(1)	(51)	(52)
Changes to consolidation scope	-	46	46
Translation adjustments and other	(1)	(10)	(11)
Gross amounts on December 31, 2012	**269**	**1,044**	**1,313**
Increases	-	105	105
Decreases	-	(80)	(80)
Changes to consolidation scope	1	52	53
Translation adjustments and other	(5)	(45)	(50)
Gross amounts on December 31, 2013	**265**	**1,076**	**1,341**
Increases	-	111	111
Decreases	(6)	(97)	(103)
Changes to consolidation scope	-	49	49
Translation adjustments and other	11	70	81
Gross amounts on December 31, 2014	**270**	**1,209**	**1,479**
Accumulated depreciation on December 31, 2013	**(49)**	**(779)**	**(828)**
Increases	(4)	(104)	(108)
Decreases	2	96	98
Changes to consolidation scope	-	(27)	(27)
Translation adjustments and other	(4)	(58)	(62)
Accumulated depreciation on December 31, 2014	**(55)**	**(872)**	**(927)**
Net amounts on December 31, 2014	**215**	**337**	**552**

Land and buildings

On December 31, 2014, the net amount of the property assets directly owned by Publicis listed on the balance sheet was euro 164 million.

The Group's main property asset is its corporate headquarters located at 133, avenue des Champs-Elysées, in Paris. This seven-story building includes around 12,000 square meters of office space occupied by Group companies, and 1,500 square meters of commercial space, occupied by Publicisdrugstore and two public movie theaters.

Other property, plant and equipment

The Group owns a considerable array of IT equipment used for the creation and production of advertising, the management of media buying and administrative work.

Assets under finance lease

The total net amount of assets under finance lease in the consolidated balance sheet stood at euro 51 million on December 31, 2014.

These mainly concern the Leo Burnett building at 35 West Wacker Drive in Chicago, Illinois, USA. The finance lease on this building represents a gross amount of euro 88 million depreciated over 30 years.

The following are the amounts related to finance leases included under property, plant and equipment:

(in millions of euros)	*December 31, 2014*	*December 31, 2013*	*December 31, 2012*
Gross amount of buildings	92	81	83
Depreciation	(41)	(34)	(31)
Net amount	**51**	**47**	**52**

Note 13. Investments in associates

Investments accounted using the equity method amounted to euro 36 million on December 31, 2014 (versus euro 28 million on December 31, 2013 and euro 23 million on December 31, 2012).

(in millions of euros)	Value in balance sheet
Amount on January, 1, 2012	**43**
Acquisitions	5
Disposals	(42)
Share of profit of associates	25
Dividends paid	(8)
Effect of translation and other	-
Amount on December 31, 2012	**23**
Acquisitions	10
Disposals	(2)
Share of profit of associates	5
Dividends paid	(4)
Effect of translation and other	(4)
Amount at December 31, 2013	**28**
Acquisitions	9
Disposals	(3)
Share of profit of associates	4
Dividends paid	(1)
Effect of translation and other	(1)
Amount on December 31, 2014	**36**

The Group's main associates are Jana Mobile, Burrell Communications and Somupi. As at December 31, 2014, the carrying amounts of these three associates amounted to euro 16 million, euro 6 million and euro 3 million respectively.

Note 14. Other financial assets

Other financial assets mainly include investments classified as "available for sale".

Balances related to other non-current financial assets maturing in less than one year are classified under current assets.

(in millions of euros)	*December 31, 2014*	*December 31, 2013*	*December 31, 2012*
Available-for-sale financial assets			
- Matomy Media Group securities	67	-	-
- IPG securities	-	-	41
- Venture Capital Fund [(1)]	52	41	23
- LBi securities	-	-	94
- Other	9	8	9
Security deposits	22	23	24
Loans to unconsolidated companies	13	26	27
Loans and receivables owed by associates and non-consolidated companies	11	13	15
Other	56	49	49
Gross amount	**230**	**160**	**282**
Impairment	(35)	(39)	(40)
Net amount	**195**	**121**	**242**

(1) In March 2012, France Télécom-Orange and Publicis Groupe formalized their partnership with Iris Capital Management. Under this partnership arrangement, Publicis Groupe undertook to contribute the sum of euro 74 million to invest in businesses creating value in the digital economy.

In November 2012, the Group made a public tender offer for all outstanding shares in LBi. At December 31, 2013, Publicis fully owned LBi. Following this takeover, the securities classified as financial assets are now consolidated (see Note 2).

Furthermore, Publicis sold its interest in Interpublic Group (IPG) between December 9 and December 23, 2013. Publicis owned 1.13% of Interpublic Group (IPG), an unconsolidated investment classified as “available-for-sale". The historical price of the IPG shares was US dollars 3.87. The average listed share price between December 9 and December 23, 2013 was US dollars 16.74. This disposal generated a capital gain of euro 47 million.

In October and November 2014, the Group acquired 24.9% of the share capital of Matomy Media Group, which specializes in performance-based digital marketing. Matomy has been listed on the London stock exchange since last July. This investment was not consolidated at December 31, 2014 because the Group does not have significant influence over this entity.

Note 15. Inventories and work in progress

(in millions of euros)	*December 31, 2014*	*December 31, 2013*	*December 31, 2012*
Gross amount	**323**	**311**	**344**
Impairment of inventories and work in progress	(3)	(4)	(2)
Net amount	**320**	**307**	**342**

Note 16. Trade receivables

(in millions of euros)	*December 31, 2014*	*December 31, 2013*	*December 31, 2012*
Trade accounts receivable [1]	7,716	7,059	6,933
Notes receivable	37	12	9
Gross amount	**7,753**	**7,071**	**6,942**
Opening impairment	(77)	(101)	(106)
Impairment over the year	(10)	(14)	(9)
Reversals during the year	17	38	15
Changes to consolidation scope	(5)	(4)	-
Translation adjustments and other	(2)	4	(1)
Closing impairment	(77)	(77)	(101)
Net amount	**7,676**	**6,994**	**6,841**

(1) Including invoiced trade receivables of euro 5,741 million as of December 31, 2014, euro 5,176 million as of December 31, 2013 and euro 5,321 million as of December 31, 2012.

Note 17. Other current receivables and assets

(in millions of euros)	*December 31, 2014*	*December 31, 2013*	*December 31, 2012*
Taxes and other receivables from the government	238	185	248
Advances to suppliers	150	152	169
Prepayments	75	76	72
Derivatives hedging current assets and liabilities	37	18	4
Derivatives on intercompany loans and borrowings	30	16	2
Derivatives hedging the fair value of Eurobond 2012 and 2015	0	0	13
Other receivables and other current assets	72	78	92
Gross amount	**602**	**525**	**600**
Impairment	(7)	(8)	(9)
Net amount	**595**	**517**	**591**

Note 18. Cash and cash equivalents

(in millions of euros)	*December 31, 2014*	*December 31, 2013*	*December 31, 2012*
Cash and bank balances	492	441	349
Short-term liquid investments	2,666	1,001	965
Total	**3,158**	**1,442**	**1,314**

Short-term liquid investments mainly included UCITS (French Undertakings for Collective Investment in Transferable Securities) funds classified by the AMF as "monétaire court terme" and subject to very low risk of a change in value, and short-term deposits.

Note 19. Equity

The table of changes in equity is presented along with the other consolidated financial statements.

Share capital of the parent company

The following are the changes in the share capital over the last three years:

(in shares)	***2014***	***2013***	***2012***
Share capital on January 1	216,023,378	210,008,734	193,357,945
Capital increase	5,180,479	6,014,644	27,410,602
Cancellations	-	-	(10,759,813)
Shares comprising the share capital on December 31	**221,203,857**	**216,023,378**	**210,008,734**
Treasury shares on December 31	(7,895,366)	(9,436,116)	(10,805,084)
Shares outstanding on December 31	**213,308,491**	**206,587,262**	**199,203,650**

Publicis Groupe SA's share capital increased by euro 2,072,192 in 2014, corresponding to 5,180,479 shares with a par value of euro 0.40:

- 815,623 shares issued in connection with the free share plans whose definitive delivery date occurred in the year;
- 1,585,411 shares issued as part of the redemption of the tenth tranche of the Orane (see Note 24 – “Commitments”);
- 2,094,672 shares issued following the exercise by certain shareholders of the option to receive the dividends in shares;
- 684,773 shares created following the exercise by certain holders of their warrants.

As of December 31, 2014, the share capital of Publicis Groupe SA totaled euro 88,481,543, split into 221,203,857 shares with a par value of euro 0.40.

Neutralization of the treasury shares existing on December 31, 2014

Treasury shares held at the end of the year, including those owned under the liquidity contract, are deducted from the share capital.

The portfolio of treasury shares showed the following movements in 2012, 2013 and 2014:

	Number of shares
Treasury shares held on December 31, 2011 [(1)]	**7,361,882**
Repurchase of shares held by Dentsu	18,000,000
Cancellation of shares purchased from Dentsu	(10,759,813)
Disposals (exercise of stock options) and deliveries of free shares (co-investment plan - France)	(3,754,829)
Delivery of shares following the conversion request of Océane 2014	(52,156)
Movements as part of the liquidity contract	10,000

Treasury shares held on December 31, 2012 [(1)]	**10,805,084**
Repurchase of shares held by Dentsu	3,875,139
Disposals (exercise of stock options) and deliveries of free shares (co-investment plan outside France and other plans)	(3,166,374)
Delivery of shares following the conversion request of Océane 2018	(2,096,233)
Movements as part of the liquidity contract	18,500
Treasury shares held on December 31, 2013 [(1)]	**9,436,116**
Disposals (exercise of stock options) and deliveries of free shares (co-investment plan outside France and other plans)	(852,235)
Delivery of shares following the conversion request of Océane 2018	(562,921)
Delivery of shares in connection with the additional compensation of Orane holders	(109,924)
Movements as part of the liquidity contract	(15,670)
Treasury shares held on December 31, 2014 [(1)]	**7,895,366**

(1) Including shares held as part of the liquidity contract (22,830 on December 31, 2014, 38,500 on December 31, 2013 and 20,000 on December 31, 2012).

Dividends proposed and voted

	Per share *(in euros)*	**Total** *(in millions of euros)*
Dividends paid in 2014 (for 2013)	1.10	230 [(1)]
Dividends proposed to the General Shareholders' Meeting (for 2014)	1.20	265 [(2)]

(1) Amount paid in shares at the relevant shareholders' option for up to euro 120 million (leading to the creation of 2,094,672 shares).

(2) For all shares outstanding on December 31, 2014, including treasury shares.

The cash portion of the distribution proposed for 2014 will be subject to the 3% tax on dividends.

Capital management

The Group's policy is to maintain a solid capital base in order to maintain the confidence of investors, creditors and the market and to support future activity development. The Group's management pays particular attention to the debt-to-equity ratio, which is defined as net debt (financial debt less cash and cash equivalents) divided by equity (including non-controlling interests) and has calculated that the ideal debt-to-equity ratio is less than 0.50. At December 31 of the last three years (2014, 2013 and 2012), the debt-to-equity ratio was negative.

Management also pays close attention to the pay-out ratio, defined as dividends per share divided by earnings per share. This ratio will be 37.3% for 2014 based on the dividend amount (euro 1.20 per share) to be proposed at the next General Shareholders' Meeting, versus 30.0% for 2013 and 24.7% for 2012.

The Group buys back its own shares on the market in accordance with the authorization delegated to the Management Board for a period of 18 months by the General Shareholders' Meeting of May 28, 2014. In 2012, 2013 and 2014, the Group directly purchased its own shares in order to meet its obligations with regard to stock option plans and free share plans granted to employees, bond conversion requests or the cancellation of shares. During said years, the Group indirectly purchased and sold its own shares through the intermediary of an investment services provider acting in the name and on behalf of Publicis Groupe SA, independently and without being influenced by it, as part of a liquidity contract compliant with a code of conduct recognized by the Autorité des Marchés Financiers (the French Financial Markets Authority). Euros 15 million had initially been allocated to the liquidity agreement signed with Kepler Cheuvreux Securities on July 3, 2012 (replacing the previous liquidity agreement with SG Securities).

The General Shareholders' Meeting on May 29, 2013 also renewed, for a period of 26 months, the authorization to reduce the share capital through the cancellation of shares held by Publicis Groupe SA up to a limit of 10% of the share capital; this authorization was delegated to the Management Board.

Note 20. Provisions for liabilities and charges

(in millions of euros)	Restruc-turing	Vacant property commitments	Pension and other retirement benefits	Risks and litigation	Other provisions	Total
January 1, 2012	**14**	**37**	**286**	**196**	**87**	**620**
Increases	20	2	23	63	41	**149**
Releases	(10)	(11)	(60)	(19)	(19)	**(119)**
Other releases	-	(1)	-	(45)	(13)	**(59)**
Changes to consolidation scope	3	-	1	4	1	**9**
Actuarial losses (gains)	-	-	30	-	-	**30**
Translation adjustments and other	(5)	-	5	(2)	2	-
December 31, 2012	**22**	**27**	**285**	**197**	**99**	**630**
Increases	18	5	32	26	12	**93**
Releases	(13)	(5)	(43)	(15)	(18)	**(94)**
Other releases	(1)	(6)	(3)	(44)	(27)	**(81)**
Changes to consolidation scope	1	-	1	1	3	**6**
Actuarial losses (gains)	-	-	(26)	-	-	**(26)**
Translation adjustments and other	(1)	(1)	(8)	(5)	(6)	**(21)**
December 31, 2013	**26**	**20**	**238**	**160**	**63**	**507**
Increases	23	4	31	29	29	**116**
Releases	(20)	(5)	(38)	(9)	(9)	**(81)**
Other releases	(3)	(2)	-	(42)	(8)	**(55)**
Changes to consolidation scope	-	-	3	2	3	**8**
Actuarial losses (gains)	-	-	43	-	-	**43**
Translation adjustments and other	1	2	16	7	3	**29**
December 31, 2014	**27**	**19**	**293**	**147**	**81**	**567**
Of which short-term	20	5	48	33	19	**125**
Of which long-term	7	14	245	114	62	**442**

Restructuring provisions

These include an estimate of the closure or restructuring costs of certain activities resulting from plans that were announced but not yet executed at the end of 2014 (mainly severance pay). The plans are detailed by project and by type, and are approved in advance by the senior management. They are managed centrally to ensure that the provision is applied based on the actual costs incurred and to justify the remaining balance at the year-end on the basis of the outstanding cost to be incurred.

Vacant property provisions

The largest amount in these provisions relates to the acquisition of Bcom3 for the amount of euro 7 million on December 31, 2014, which primarily concerns the city of New York, and notably the lease of the building located at 375 Hudson Street. The valuations were made by discounting the rent payable, less income expected from sub-leasing.

Provisions for risks and litigation

These provisions include all types of risks, legal proceedings, notably commercial, tax and labor litigation. Most of the provision covers tax risks and litigation relating mainly to North America and Latin America. Tax risks and charges break down by type as follows:

- approximately 59% concern corporate income taxes;
- approximately 41% concern other income and non-income taxes.

Obligations in respect of employee benefits

The obligations for employee benefits (see Note 21) include:

- defined benefit pension plans;
- post-employment health coverage;
- long-term benefits such as deferred compensation and long-service rewards.

Note 21. Pensions and other post-employment benefits

Defined benefit pension plans

The Group has a certain number of obligations under defined benefit pension plans, mainly split between:

- pension funds (72% of the Group's obligations): these are rights to which employees have earned entitlement, with external pre-funding requirements primarily in the US and the UK;
- other mandatory and legal pension schemes, such as retirement indemnities (24% of the Group's obligations), in particular in France: the rights have not vested so payment is uncertain and notably dependent on employees still being employed by the company when they retire;
- health coverage schemes for retirees (4% of the Group's obligations): consisting of an effective liability vis-à-vis current pensioners and a provision for current workers (future pensioners), in particular in the US and the UK.

- The largest plans are accordingly the pension funds in the United Kingdom (38% of the Group's obligations) and in the United States (34% of the Group's obligations).

- In the United Kingdom, the Group's obligations are managed through six pension funds administered by independent boards of trustees. These independent boards are made up of representatives of the Group, employees and retirees and in some instances an independent expert. These boards are required by regulation to act in the best interests of plan beneficiaries, notably ensuring that the pension fund is financially stable, as well as monitoring its investment policy and management.

Four of the six pension funds are closed and frozen. All existing entitlements (based on the salary and number of years of service in the Group) were frozen: beneficiaries still working will not earn any further entitlement under these defined benefit funds.

The pension funds in the United Kingdom have obligations vis-à-vis retirees (57%), beneficiaries with deferred entitlement who have not yet drawn down their pension entitlements (35%) and employees still working (8%).

In the United States, the Group's obligations are basically limited to a closed and frozen pension fund. The obligations are vis-à-vis beneficiaries with deferred entitlement who have not yet drawn down their pension entitlements (28% of obligations), retirees (33% of obligations) and employees still working (39%).

The defined benefit pension plans were valued by independent experts in the United States, the United Kingdom, Germany, France, the United Arab Emirates, Saudi Arabia, Bahrain, South Korea and Japan.

No material events occurred during the reporting period to affect the value of the Group's liabilities under these plans (significant plan change).

Surplus (deficit)

Publicis Groupe sets aside financial assets to cover these liabilities, primarily in the UK and the US, in order to comply with its legal and/or contractual obligations and to limit its exposure to an increase in these liabilities (interest and inflation rate volatility, longer life expectancy, etc.).

The policy to cover the Group's liabilities is based on regular asset-liability management reviews to ensure optimal asset allocation, designed both to limit exposure to market risks by diversifying asset classes on the basis of their risk profile, and to better reflect the payment of benefits to beneficiaries, having regard to plan maturity. These reviews are performed by independent advisers and submitted to the Trustees for approval. Investments are made in compliance with legal constraints and the criteria governing the deductibility of such covering assets in each country. Funding requirements are generally determined on a plan-by-plan basis and as a result surplus assets in over-funded plans cannot be used to cover under-funded plans.

Risk exposure

The principal risks to which the Group is exposed through its pension funds in the United Kingdom and the United States are as follows:

- Volatility of financial assets: the financial assets in the plans (shares, bonds, etc.) often have a return higher than the discount rate over the long term, but are more volatile in the short term, especially since they are measured at their fair value for the Group's annual accounting needs. The asset allocation is determined so as to ensure the financial viability of the plan over the long term;
- Variation of bond rates: a decrease in private bond rates leads to an increase in obligations under the plans as recognized by the Group, even where this increase is partially reduced by a growth in value of the financial assets in the plans (for the portion of first category private bonds);

- Longevity: the largest part of benefits guaranteed by the plans is retirement benefits. An extended life expectancy therefore leads to an increase in these plans;
- Inflation: a significant portion of the benefits guaranteed by the pension funds in the United Kingdom is indexed to inflation. A rise in inflation leads to an increase in the obligation (even when thresholds have been set for most of them in order to protect the plan from hyper-inflation). Most of the financial assets are either not impacted by inflation or linked very little with inflation, therefore inferring that a rise in inflation would lead to an increase of the plan's deficit from an accounting perspective. The American pension funds do not expose the Group to a significant inflation risk as the benefits are not indexed to inflation.

Actuarial gains and losses

Actuarial gains and losses reflect unforeseen increases or reductions in the present value of a defined benefit obligation or of the fair value of the corresponding plan assets. Actuarial gains and losses resulting from changes in the present value of liabilities under a defined benefit plan stem, firstly, from experience adjustments (differences between the previous actuarial assumptions and what has actually occurred) and, secondly, from the effect of changes in actuarial assumptions.

Other long-term benefits

Publicis Groupe also recognizes various long-term benefits, primarily seniority payments, long-service awards in France in particular, and certain multi-year plans for which the deferred compensation is linked to continued employment.

Change in the actuarial benefit obligation

(in millions of euros)

	December 31, 2014			*December 31, 2013*			*December 31, 2012*		
	Pension plans	**Health cover**	**Total**	**Pension plans**	**Health cover**	**Total**	**Pension plans**	**Health cover**	**Total**
Opening actuarial benefit obligation	**(512)**	**(20)**	**(532)**	**(567)**	**(24)**	**(591)**	**(508)**	**(24)**	**(532)**
Cost of services rendered during the year	(15)	-	(15)	(16)	-	(16)	(14)	-	(14)
Curtailments and plan settlements	-	-	-	-	-	-	-	-	-
Contributions by plan participants	-	-	-	-	-	-	-	(1)	(1)
Benefits paid	34	2	36	33	2	35	27	2	29
Interest expense on benefit obligation	(19)	(2)	(21)	(19)	(1)	(20)	(21)	(1)	(22)
Effect of remeasurement	(69)	(3)	(72)	38	2	40	(53)	-	(53)
Experience gains (losses)	*(1)*	*(1)*	*(2)*	*10*	*1*	*11*	*(3)*	-	*(3)*
Gains (losses) arising from a change in economic assumptions	*(60)*	*(1)*	*(61)*	*25*	-	*25*	*4*	*1*	*5*
Gains (losses) arising from other changes in demographic assumptions	*(8)*	*(1)*	*(9)*	*3*	*1*	*4*	*(54)*	*(1)*	*(55)*
Acquisitions, disposals	(1)	-	(1)	2	-	2	-	-	-
Foreign exchange differences	(46)	(3)	(49)	17	1	18	2	-	2
Actuarial benefit obligation at year-end	**(628)**	**(26)**	**(654)**	**(512)**	**(20)**	**(532)**	**(567)**	**(24)**	**(591)**

Change in the fair value of plan assets

(in millions of euros)

	December 31, 2014			*December 31, 2013*			*December 31, 2012*		
	Pension plans	**Health cover**	**Total**	**Pension plans**	**Health cover**	**Total**	**Pension plans**	**Health cover**	**Total**
Fair value of plan assets at start of year	**375**	**-**	**375**	**353**	**-**	**353**	**307**	**-**	**307**
Actuarial return on plan assets	54	-	54	38	-	38	40	-	40
Employer contributions	21	2	23	27	2	29	21	-	21
Administrative fees	(1)	-	(1)	(1)	-	(1)	-	-	-
Acquisitions, disposals	-	-	-	-	-	-	-	-	-
Benefits paid	(29)	(2)	(31)	(31)	(2)	(33)	(16)	-	(16)
Foreign exchange differences	39	-	39	(11)	-	(11)	1	-	1
Fair value of plan assets at year-end	**459**	**-**	**459**	**375**	**-**	**375**	**353**	**-**	**353**
Surplus (deficit)	**(169)**	**(26)**	**(195)**	**(137)**	**(20)**	**(157)**	**(214)**	**(24)**	**(238)**
Effect of ceiling on value of assets	(36)	-	(36)	(29)	-	(29)	(11)	-	(11)
Effect of minimum financing requirement	(23)	-	(23)	(18)	-	(18)	-	-	-
Net provision for defined benefit pension commitments and retirement medical coverage	**(228)**	**(26)**	**(254)**	**(184)**	**(20)**	**(204)**	**(225)**	**(24)**	**(249)**
Provision for other long-term benefits	**(39)**	**-**	**(39)**	**(34)**	**-**	**(34)**	**(36)**	**-**	**(36)**
Total provision for pension and other retirement and long-term benefit obligations	**(267)**	**(26)**	**(293)**	**(218)**	**(20)**	**(238)**	**(261)**	**(24)**	**(285)**

Net periodic pension cost

(in millions of euros)	December 31, 2014			December 31, 2013			December 31, 2012		
	Pension plans	Health cover	Total	Pension plans	Health cover	Total	Pension plans	Health cover	Total
Cost of services rendered during the year	(14)	-	(14)	(16)	-	(16)	(14)	-	(14)
Curtailments and plan settlements	-	-	-	-	-	-	-	-	-
Cost of other plans (including defined contribution plans) and other benefits	(88)	-	(88)	(85)	-	(85)	(82)	-	(82)
Financial expense	(6)	(1)	(7)	(6)	(1)	(7)	(1)	(1)	(2)
Administrative fees excluding plan management fees	(1)	-	(1)	(1)	-	(1)			
Total retirement costs recognized in the income statement	**(109)**	**(1)**	**(110)**	**(108)**	**(1)**	**(109)**	**(97)**	**(1)**	**(98)**

Breakdown of plan assets

The table below provides a breakdown of plans by asset type and by fair value hierarchy. The various fair value hierarchy levels are defined in Note 25.

	December 31, 2014				December 31, 2013				December 31, 2012			
(in millions of euros)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Shares	156			156	174			174	189			189
Bonds		100		100		78		78		74		74
Treasury bonds		188		188		108		108		69		69
Real estate			9	9			7	7			8	8
Other			6	6			8	8			13	13
Total	**156**	**288**	**15**	**459**	**174**	**186**	**15**	**375**	**189**	**143**	**21**	**353**

Estimate of employer contributions and of future benefits payable

(in millions of euros)	Pension plans	Health cover	Total
Estimated employer contributions in 2015	18	2	20

(in millions of euros)	Pension plans	Health cover	Total
Estimated future benefits payable			
2015	36	2	38
2016	33	2	35
2017	34	2	36
2018	33	2	35
2019	34	2	36
Financial years 2020 to 2024	178	9	187
Total over the next 10 financial years	**348**	**19**	**367**

The average duration of plans at end-December 2014 was 13.25 years.

Actuarial assumptions (weighted average rates)

Discount rates are calculated using rates of long-term investment grade corporate bonds (minimum AA rating) with maturities equivalent to the length of the plans assessed. They were determined based on external indexes commonly considered to be benchmarks, namely the iBoxx in Europe and the City Group Index in the United States.

	Pension plans				Post-employment health coverage	
December 31, 2014	**United States**	**United Kingdom**	**Zone Euro**	**Other Country**	**United States**	**United Kingdom**
Discount rate	3.64%	3.10% - 3.25%	1.75%	0.60% - 3.64%	3.64%	4.25%
Future wage increases	N/A	3.70% - 3.95%	2.25% [(1)]	1.50% - 5.00%	5.00%	N/A
Future pension increases	N/A	2.90% - 2.95%	2.00% [(1)]	N/A	N/A	N/A

	Pension plans				Post-employment health coverage	
December 31, 2013	**United States**	**United Kingdom**	**Zone Euro**	**Other Country**	**United States**	**United Kingdom**
Discount rate	4.11%	4.25% - 4.45%	3.17%	1.00% - 4.15%	4.11%	4.25% - 4.45%
Future wage increases	N/A	4.10% - 4.35%	2.25% [(1)]	1.50% - 6.00%	5.00%	N/A
Future pension increases	N/A	2.00% - 3.70%	2.00% [(1)]	N/A	N/A	N/A

	Pension plans				Post-employment health coverage	
December 31, 2012	**United States**	**United Kingdom**	**Zone Euro**	**Other Country**	**United States**	**United Kingdom**
Discount rate	3.20%	3.90% - 4.40%	3.00%	1.20% - 3.49%	3.20%	3.90% - 4.40%
Future wage increases	N/A	3.55% - 3.80%	2.25% [(1)]	1.50% - 6.00%	5.00%	N/A
Future pension increases	N/A	1.80% - 3.50%	2.00% [(1)]	N/A	N/A	N/A

[(1)] *For Germany only.*

The rate of increase in medical expenses used for 2014 is 7.66% to gradually decrease to 4.88%.

Sensitivity analysis

Pension plans

(in millions of euros)			0.5% increase		
	United States	**United Kingdom**	**Zone Euro**	**Others**	**TOTAL**
Change in discount rate Effect on actuarial benefit obligation at year-end	(12)	(17)	(7)	(3)	(39)
Change in the increase rate of salaries Effect on actuarial benefit obligation at year-end	-	-	4	4	8

Pension plans

(in millions of euros)	0.5% decrease				
	United States	United Kingdom	Zone Euro	Others	TOTAL
Change in discount rate Effect on actuarial benefit obligation at year-end	14	19	8	3	44
Change in the increase rate of salaries Effect on actuarial benefit obligation at year-end	-	-	(4)	(3)	(7)

Post-employment health coverage

(in millions of euros)	0.5% increase			0.5% decrease		
	United States	United Kingdom	TOTAL	United States	United Kingdom	TOTAL
Change in discount rate Effect on actuarial benefit obligation at year-end	(1)	-	(1)	1	-	1
Change in the increase rate of salaries Effect on actuarial benefit obligation at year-end	1	-	1	(1)	-	(1)

Note 22. Borrowings and other financial liabilities

Number of securities on December 31, 2014	(in millions of euros)	*December 31, 2014*	*December 31, 2013*	*December 31, 2012*
	Bonds (excluding interest accrued) issued by Publicis Groupe:			
7,000	Eurobond 1.125% - December 2021 (Effective interest rate 1.261%) (1)	693	-	-
6,000	Eurobond 1.625% - December 2024 (Effective interest rate 1.732%) (1) (2)	601	-	-
253,262	Eurobond 4.25% - March 2015 (Effective interest rate 3.85%)	255	262	269
-	Océane 2.75% - January 2018 (Effective interest rate 2.75%)	-	27	126
1,562,129	Oranes 0.82% variable - September 2022 (Effective interest rate 8.50%)	28	42	15
	Other debt:			
	Accrued interest	10	8	6
	Other borrowings and credit lines	54	33	81
	Bank overdrafts	26	60	28
	Debt related to finance leases	88	78	81
	Debt related to acquisitions of shareholdings	322	223	317
	Debt arising from commitments to buy-out minority interests	83	127	186
	Total borrowings	**2,160**	**860**	**1,109**
	Of which short-term	**533**	**322**	**379**
	Of which long-term	**1,627**	**538**	**730**

(1) Net of issuance costs.

(2) Including debt revaluation in respect of fair value interest rate hedges.

All the bonds issued by Publicis Groupe are at a fixed rate and are denominated in euros.

In 2014, the principal transaction involving borrowings was the euro 1.3 billion bond issue in two tranches:

- euro 700 million in bonds maturing on December 16, 2021, with an annual coupon rate of 1.125%;
- euro 600 million in bonds maturing on December 16, 2024, with an annual coupon rate of 1.625%.

The proceeds from the issue will be used to finance the acquisition of Sapient.

If the public tender offer for the ordinary shares of Sapient has not been completed by June 30, 2015, Publicis Groupe will have, at its discretion, the option of redeeming the full amount of the bonds issued at 101% of their par value until July 31, 2015 inclusive.

The tranche of euro 700 million maturing in December 2021 (Eurobond 2021) and the tranche of euro 600 million maturing in December 2024 (Eurobond 2024) were swapped into US dollars at a fixed and variable rate, respectively. The US dollar equivalent amounts were made available, through US dollar intercompany financing, to fund the acquisition of Sapient.

Details of the swaps can be found in Note 26.

The Eurobond 2021 swaps were designated as cash flow hedges for intercompany US dollar financing. The fair value of these swaps was booked under "Other creditors and current liabilities" in the amount of euro 16 million in the balance sheet as at December 31, 2014. The change in the fair value of these instruments was booked in "Other comprehensive income" and transferred to the income statement as interest on debt was paid and the asset value changed in US dollars.

The Eurobond 2024 swaps were classified as fair value hedges of the bond tranche maturing in 2024 (with respect to interest rate risk) and of the US dollar intercompany financing (with respect to exchange rate risk). The fair value of the swaps on the Eurobond 2024 was booked under "Other creditors and current liabilities" in the amount of euro 11 million in the balance sheet as at December 31, 2014. Changes in the fair value of these instruments are recognized in income, offsetting the revaluation of the Eurobond 2024 debt with respect to interest rate risk and the revaluation of the US dollar asset at the closing price.

The fixed-to-variable interest rate swap on the Eurobond 2015 was designated as a fair value hedge of the Eurobond 2015 debt. The Eurobond 2015 swapped to a variable rate was revalued at fair value at end-2012. In January 2013, the swap was unwound, triggering the receipt of a euro 20 million payment, and the recognition of euro 12 million in income, which, in accordance with IAS 39, was staggered over the remaining life of the bond. This bond is currently no longer hedged. The fair value of the swap on the Eurobond 2015 was booked under "Other receivables and current assets" in the amount of euro 13 million as at December 31, 2012.

In 2014, following conversion requests from the holders of 554,604 Océane 2018 bonds, 562,921 shares were delivered.

In 2013, following conversion requests from the holders of 2,065,260 Océane 2018 bonds, 2,096,233 shares were delivered.

On June 29, 2012 Publicis Groupe exercised its contractual early redemption option (issuer call) on the Océane 2014 issued on June 24, 2009. On July 19, 2012, virtually all bonds still outstanding, 24,257,895 in total, were converted and added to the 1,492,735 bonds already converted during the year. In all, these 25,750,630 bonds were converted into 25,900,629 shares, after applying various conversion ratios.

With respect to the Orane, it should be noted that the debt component of this instrument, representing the present value of the interest, was recalculated in light of the decisions of the Ordinary Shareholders' Meeting held on October 10, 2013. This led to an increase in liabilities, as presented in the above table at December 31, 2013.

Debt relating to commitments to buy-out minority interests and earn out clauses is centralized and valued at the period-end on the basis of the contractual clauses, the latest available data and the relevant data projections for the period.

Changes in debt resulting from commitments to purchase minority interests are as follows:

(in millions of euros)	**Debt arising from commitments to buy-out minority interests**
At January 1, 2012	**190**
Debt contracted during the year	37
Buy-outs	(25)
Revaluation of the debt and translation adjustments	(16)
At December 31, 2012	**186**
Debt contracted during the year	48
Buy-outs	(83)
Revaluation of the debt and translation adjustments	(24)
At December 31, 2013	**127**
Debt contracted during the year	6
Buy-outs	(53)
Revaluation of the debt and translation adjustments	3
At December 31, 2014	**83**

The buy-outs during the year were paid for in cash.

Analysis by date of maturity

December 31, 2014

(in millions of euros)	**Total**	**Maturity**					
		2015	**2016**	**2017**	**2018**	**2019**	**+5 yrs**
Bonds [(1)] and other bank borrowings	1,667	354	19	-	-	-	1,294
Debt related to finance leases	88	-	-	-	-	-	88
Debt related to acquisitions of shareholdings	322	125	83	58	56	-	-
Debt related to commitments to purchase non-controlling interests	83	54	14	9	6	-	-
Total	**2,160**	**533**	**116**	**67**	**62**	**-**	**1,382**

(1) As a result of the cancellation of the planned merger, the early redemption provisions of the Orane will not be applicable and they will continue to be governed by the current terms of their contract of issuance. Notwithstanding, on September 16, 2014, Publicis Groupe announced that the redemption of the Orane will be put to the Meeting of Orane holders and to the Shareholders' Meeting of Publicis Groupe in 2015. Accordingly, the debt component of the Oranes has been classified as short term in the table above.

December 31, 2013

(in millions of euros)	**Total**	**Maturity**					
		2014	**2015**	**2016**	**2017**	**2018**	**+5 yrs**
Bonds [(1)] and other bank borrowings	432	156	276	-	-	-	-
Debt related to finance leases	78	-	-	-	-	-	78
Debt related to acquisitions of shareholdings	223	89	55	56	14	9	-
Debt related to commitments to purchase non-controlling interests	127	77	20	16	13	1	-
Total	**860**	**322**	**351**	**72**	**27**	**10**	**78**

(1) The Ordinary Shareholders' Meeting held on October 10, 2013 decided to redeem the debt component of all of the outstanding Oranes with shares of Publicis immediately following the Publicis Groupe Shareholders' Meeting that was supposed to approve the Publicis/Omnicom merger. Accordingly, the debt component of the Oranes has been classified as short term in the table above.

December 31, 2012

(in millions of euros)	**Total**	**Maturity**					
		2013	**2014**	**2015**	**2016**	**2017**	**+5 yrs**
Bonds and other bank borrowings	525	105	141	271	2	2	4
Debt related to finance leases	81	-	-	-	-	-	81
Debt related to acquisitions of shareholdings	317	144	84	50	39	-	-
Debt related to commitments to purchase non-controlling interests	186	130	17	24	8	6	1
Total	**1,109**	**379**	**242**	**345**	**49**	**8**	**86**

Analysis by currency

(in millions of euros)	*December 31, 2014*	*December 31, 2013*	*December 31, 2012*
Euros*	1,681	435	482
US dollars	264	148	141
Other currencies	215	277	486
Total	**2,160**	**860**	**1,109**

** Including euro 1,294 million in Eurobonds, swapped to USD at December 31, 2014.*

Analysis by interest rate type

See Note 26. "Risk management - Exposure to interest rate risk".

Exposure to liquidity risk

Future payments related to financial debt before the impact of discounting (excluding debt linked to finance leases) are as follows:

December 31, 2014

(in millions of euros)	**Total**	**Maturity**					
		2015	**2016**	**2017**	**2018**	**2019**	**+5 yrs**
Bonds and other bank borrowings	1,838	384	37	18	18	18	1,363
Debt related to acquisitions of shareholdings	335	127	86	62	60	-	-
Debt related to commitments to purchase non-controlling interests	90	57	16	10	7	-	-
Total	**2,263**	**568**	**139**	**90**	**85**	**18**	**1,363**

December 31, 2013

(in millions of euros)	**Total**	**Maturity**					
		2014	**2015**	**2016**	**2017**	**2018**	**+5 yrs**
Bonds and other bank borrowings	445	167	278	-	-	-	-
Debt related to acquisitions of shareholdings	240	92	59	63	16	10	-
Debt related to commitments to purchase non-controlling interests	137	80	22	18	15	2	-
Total	**822**	**339**	**359**	**81**	**31**	**12**	**-**

December 31, 2012

(in millions of euros)	Total	Maturity					
		2013	2014	2015	2016	2017	+5 yrs
Bonds and other bank borrowings	610	113	24	154	294	7	18
Debt related to acquisitions of shareholdings	335	148	89	54	44	-	-
Debt related to commitments to purchase non-controlling interests	199	135	19	27	9	7	2
Total	**1,144**	**396**	**132**	**235**	**347**	**14**	**20**

In order to manage its liquidity risk, Publicis holds a substantial amount of cash (cash and cash equivalents) for a total of euro 3,158 million as at December 31, 2014 and undrawn confirmed credit lines representing a total of euro 3,473 million as at December 31, 2014. The two main credit lines are a multi-currency syndicated facility in the amount of euro 1,200 million expiring in 2016 and a credit facility in the amount of US dollar 1,890 million taken out in late 2014 as part of the acquisition of Sapient. These immediately available or almost immediately available amounts allow the Group to pay its financial debt maturing in less than one year.

Apart from bank overdrafts, most of the Group's debt consists of bonds, which do not include financial “covenants”. They only include standard credit default event clauses (liquidation, cessation of payment, default on the debt itself or on the repayment of another debt above a given threshold) which are generally applicable above a threshold of euro 25 million. The only early redemption option exercisable by the holders relates to the Océane 2018 which can be exercised in January 2014.

The Group has not established any credit derivatives to date.

Finance leases

The reconciliation between future minimum payments in respect of finance leases and the discounted value of net minimum payments for those leases is as follows:

December 31, 2014

(in millions of euros)	Total	Maturity					
		2015	2016	2017	2018	2019	+5 yrs
Minimum payments	224	10	11	11	11	11	170
Effect of discounting	(136)	(10)	(11)	(11)	(11)	(11)	(82)
Discounted value of minimum payments	**88**	**-**	**-**	**-**	**-**	**-**	**88**

December 31, 2013

(in millions of euros)	Total	Maturity					
		2014	2015	2016	2017	2018	+5 yrs
Minimum payments	206	9	9	9	10	10	159
Effect of discounting	(129)	(9)	(9)	(9)	(10)	(10)	(82)
Discounted value of minimum payments	**77**	**-**	**-**	**-**	**-**	**-**	**77**

December 31, 2012

(in millions of euros)	Total	Maturity					
		2013	2014	2015	2016	2017	+5 yrs
Minimum payments	234	9	9	9	10	10	187
Effect of discounting	(153)	(9)	(9)	(9)	(9)	(9)	(108)
Discounted value of minimum payments	**81**	**-**	**-**	**-**	**1**	**1**	**79**

Note 23. Other creditors and current liabilities

(in millions of euros)	*December 31, 2014*	*December 31, 2013**	*December 31, 2012**
Advances and deposits received	364	378	451
Liabilities to employees	471	433	445
Tax liabilities (excl. income tax)	218	194	197
Deferred income	354	345	319
Derivatives backed by current assets or liabilities	37	20	4
Eurobond 2021 and 2024 derivatives	27	-	-
Derivatives on intercompany loans and borrowings	15	5	3
Other current liabilities	226	273	235
Total	**1,712**	**1,648**	**1,654**

** Figures have been restated as explained in Note 1. "Accounting policies" in accordance with IFRIC 21.*

Note 24. Commitments

Operating leases

December 31, 2014

(in millions of euros)	Total	Maturity					
		2015	2016	2017	2018	2019	+5 yrs
Commitments given							
Operating leases	1,665	296	264	236	204	167	498
Commitments received							
Sub-lease commitments	13	4	2	1	1	1	4

December 31, 2013

(in millions of euros)	Total	Maturity					
		2014	2015	2016	2017	2018	+5 yrs
Commitments given							
Operating leases	1,586	255	235	203	183	158	552
Commitments received							
Sub-lease commitments	15	4	2	2	1	1	5

December 31, 2012

(in millions of euros)	Total	Maturity					
		2013	2014	2015	2016	2017	+5 yrs
Commitments given							
Operating leases	1,508	242	229	195	175	160	507
Commitments received							
Sub-lease commitments	18	5	3	2	1	1	6

Lease expenses (net of sub-lease income) amounted to euro 281 million in 2014, euro 268 million in 2013 and euro 258 million in 2012.

Other commitments

		December 31, 2014		
(in millions of euros)	Total	Maturity		
		-1 yr	*1 to 5 yrs*	*+5 yrs*
Commitments given				
Guarantees [(1)]	153	70	37	46
Other commitments [(2)]	565	139	406	20
Commitments to purchase investment [(3)]	2,916	2,916	-	-
Total	**3,634**	**3,125**	**443**	**66**
Commitments received				
Undrawn credit lines [(4)]	3,700	432	3,268	-
Other commitments [(5)]	64	24	29	11
Total	**3,764**	**456**	**3,297**	**11**

(1) At December 31, 2014, guarantees included a guarantee to pay real estate taxes and expenses relating to the Leo Burnett building in Chicago for a total of euro 46 million, staggered until 2019. They also included guarantees of approximately euro 8 million relating to media-buying operations.

(2) These included euro 499 million of minimum fees guaranteed under advertising space usage contracts. In addition, the Group remains committed to minimum purchases over two years which if not concluded could entail payments (cash and services) of up to a maximum of euro 21 million per annum for this contract expiring on June 30, 2016.

(3) Refers to obligations to buy securities in connection with the public tender offer on Sapient Corporation for an amount of euro 2,901 million (US dollar 3,522 million).

(4) The undrawn credit lines included euro 3,473 million of confirmed credit lines (see Note 22).

(5) This refers to euro 21 million in annual billing commitments received for an initial five-year period starting in 2010 and ending on June 30, 2015.

		December 31, 2013		
(in millions of euros)	Total	Maturity		
		-1 yr	*1 to 5 yrs*	*+5 yrs*
Commitments given				
Guarantees [(1)]	157	45	64	48
Other commitments [(2)]	560	131	352	77
Commitments to purchase investment [(3)]	11	11	-	-
Total	**728**	**187**	**416**	**125**
Commitments received				
Undrawn credit lines [(4)]	2,124	420	1,704	-
Other commitments [(5)]	38	22	9	7
Total	**2,162**	**442**	**1,713**	**7**

(1) At December 31, 2013, guarantees included a guarantee to pay real estate taxes and expenses relating to the Leo Burnett building in Chicago for a total of euro 58 million, staggered until 2019. They also included guarantees of approximately euro 7 million relating to media-buying operations.

(2) These included euro 519 million of minimum fees guaranteed under advertising space usage contracts. In addition, the Group remains committed to minimum purchases over four years which if not concluded could entail up to euro 27 million in payments (cash and services) for the entire term of the contract expiring on June 30, 2015 (maximum of euro 18 million per annum).

(3) This included a commitment to repurchase companies in Romania for euro 11 million.

(4) The undrawn credit lines included euro 1,909 million of confirmed credit lines.

(5) This refers to euro 18 million in annual billing commitments received for an initial five-year period starting in 2010 and ending on June 30, 2015.

		December 31, 2012		
(in millions of euros)	Total	Maturity		
		-1 yr	1 to 5 yrs	+5 yrs
Commitments given				
Guarantees [(1)]	106	41	24	41
Other commitments [(2)]	577	127	381	69
Commitments to purchase investment [(3)]	331	331	-	-
Total	**1,014**	**499**	**405**	**110**
Commitments received				
Undrawn credit lines [(4)]	2,126	419	1,707	-
Other commitments [(5)]	58	22	35	1
Total	**2,184**	**441**	**1,743**	**1**

(1) At December 31, 2012, guarantees included a guarantee to pay real estate taxes and expenses relating to the Leo Burnett building in Chicago for a total of euro 73 million, staggered until 2019. They also included guarantees of approximately euro 7 million relating to media-buying operations.

(2) These included euro 524 million of minimum fees guaranteed under advertising space usage contracts. In addition, the Group remains committed to minimum purchases over four years which if not concluded could entail up to euro 47 million in payments (cash and services) for the entire term of the contract expiring on June 30, 2015 (maximum of euro 19 million per annum).

(3) Refers to obligations to buy securities in connection with the public tender offer on LBi for an amount of euro 328 million.

(4) The undrawn credit lines included euro 1,912 million of confirmed credit lines.

(5) This refers to euro 19 million in annual billing commitments received for an initial five-year period starting in 2010 and ending on June 30, 2015.

Commitments related to bonds and Oranes

- Orane - Bonds redeemable in new or existing shares - September 2022

  Following the redemption of the first ten tranches of the debt on September 1 of each year since 2005 and the adjustment of the redemption coefficient from 1 to 1.015 share per Orane, each Orane contractually entitles the holder to receive 9.135 new or existing Publicis Groupe shares at the rate of 1.015 per annum until the 20th anniversary of the debt. Therefore, Publicis Groupe has a commitment to deliver 1,585,561 shares each year from September 2015 to September 2022, i.e. an aggregate of 12,684,488 shares that may be issued at Publicis Groupe's discretion in either new shares or existing shares already in its portfolio.

  In addition, a Meeting of the Orane holders was held on October 10, 2013 to decide, subject to the approval of the Publicis/Omnicom merger by the shareholders of both the Publicis Groupe and the Omnicom Group, on the redemption of the debt component of all of the outstanding Oranes immediately following these Shareholders' Meetings.

  As a result of the cancellation of the planned merger, the early redemption provisions of the Orane are not applicable and they continue to be governed by the current terms of their contract of issuance. Notwithstanding, on September 16, 2014, Publicis Groupe announced that the redemption of the Orane will be put to the Meeting of Orane holders and to the Shareholders' Meeting of Publicis Groupe in 2015.

- Océane 2018 - 2.75% actuarial - January 2018

  In January 2014, all the remaining bonds were either converted or redeemed. No Océane 2014 bonds were outstanding at December 31, 2014.

Obligations related to warrants

The exercise of warrants, which could occur at any time from September 24, 2013 to September 24, 2022, will lead to an increase in the Publicis Groupe's capital stock. The conversion ratio was adjusted by a factor of 1.015 so as to reflect those distributions drawn from the Company's reserves and premiums. Following the cancellation of warrants, bought back in 2005, 2006 and 2013, and the exercise in 2014 of 674,652 warrants having resulted in the creation of 684,773 new shares, Publicis Groupe was, at December 31, 2014, committed to creating (in the event that the outstanding 2,170,476 warrants were exercised) 2,203,033 shares with a euro 0.40 par value and a euro 30.10 premium.

Pledges, Guarantees and Collateral

As at December 31, 2014, there were no significant commitments such as pledges, guarantees or collateral.

Note 25. Financial instruments

Statement of financial position for each category of financial instrument

December 31, 2014

(in millions of euros)	Value in balance sheet	Fair value through P&L	Available-for-sale assets	Loans and receivables, Borrowings and other debt	Assets held to maturity	Debt at amortized cost	Derivative instrumen ts
Other financial assets	195	-	123	72	-	-	-
Trade receivables	7,676	-	-	7,676	-	-	-
Other receivables and current assets (1)	133	-	-	66	-	-	67
Cash and cash equivalents	3,158	3,158	-	-	-	-	-
Assets	**11,162**	**3,158**	**123**	**7,814**	**0**	**-**	**67**
Long-term borrowings	1,627	-	-	-	-	1,627	-
Short-term borrowings	533	-	-	-	-	533	-
Total borrowings	**2,160**	-	**-**	**-**	**-**	**2,160**	**-**
Trade payables	9,640	-	-	9,640	-	-	-
Other creditors and current liabilities (2)	304	-	-	225	-	-	79
Liabilities	**12,104**	**-**	**-**	**9,865**	**-**	**2,160**	**79**

December 31, 2013

(in millions of euros)	Value in balance sheet	Fair value through P&L	Available-for-sale assets	Loans and receivables, Borrowings and other debt	Assets held to maturity	Debt at amortized cost	Derivative instruments
Other financial assets	121	-	44	74	3	-	-
Trade receivables	6,994	-	-	6,994	-	-	-
Other receivables and current assets (1)	103	-	-	69	-	-	34
Cash and cash equivalents	1,442	1,442	-	-	-	-	-
Assets	**8,660**	**1,442**	**44**	**7,137**	**3**	**-**	**34**
Long-term borrowings	538	-	-	-	-	538	-
Short-term borrowings	322	**-**	**-**	**-**	**-**	322	**-**
Total borrowings	**860**	**-**	**-**	**-**	**-**	**860**	**-**
Trade payables	8,636	-	-	8,636	-	-	-
Other creditors and current liabilities (2)	298	-	-	273	-	-	25
Liabilities	**9,794**	**-**	**-**	**8,909**	**-**	**860**	**25**

December 31, 2012

(in millions of euros)	Value in balance sheet	Fair value through P&L	Available-for-sale assets	Loans and receivables, Borrowings and other debt	Assets held to maturity	Debt at amortized cost	Derivative instruments
Other financial assets	242	-	162	78	2	-	-
Trade receivables	6,841	-	-	6,841	-	-	-
Other receivables and current assets (1)	102	-	-	83	-	-	19
Cash and cash equivalents	1,314	1,314	-	-	-	-	-
Assets	**8,499**	**1,314**	**162**	**7,002**	**2**	**-**	**19**
Long-term borrowings	730	-	-	-	-	730	-
Short-term borrowings	379	-	-	-	-	379	-
Total borrowings	**1,109**	**-**	**-**	**-**	**-**	**1,109**	**-**
Trade payables	8,249	-	-	8,249	-	-	-
Other creditors and current liabilities (2)	242	-	-	235	-	-	7
Liabilities	**9,600**	**-**	**-**	**8,484**	**-**	**1,109**	**7**

(1) Excluding tax claims, advances to suppliers and prepayments (see Note 17).

(2) Excluding advances and deposits received, liabilities to employees, tax liabilities and deferred income (see Note 23).

Income statement per category of financial instruments

December 31, 2014

(in millions of euros)	Valuation at fair value	Interest on assets remeasured at fair value	Dividends on available-for-sale assets	Impairment of assets held to maturity	Debt at amortized cost		Loans and receivables		Change in value of derivatives
					Foreign exchange effects	Interest	Foreign exchange effects	Impairment and reversal of impairment	
Operating income	-	-	-	-	-	-	-	(17)	-
Cost of net financial debt	-	26	-	-	-	(48)	-	-	-
Other financial income and expenses (1)	-	-	-	-	-	-	24	-	(19)

December 31, 2013

(in millions of euros)	Valuation at fair value	Interest on assets remeasured at fair value	Dividends on available-for-sale assets	Impairment of assets held to maturity	Debt at amortized cost		Loans and receivables		Change in value of derivatives
					Foreign exchange effects	Interest	Foreign exchange effects	Impairment and reversal of impairment	
Operating income	-	-	-	-	-	-	-	5	-
Cost of net financial debt	-	20	-	-	-	(46)	-	-	-
Other financial income and expenses (1)	-	-	1	-	-	-	9	-	(2)

December 31, 2012

(in millions of euros)	Valuation at fair value	Interest on assets remeasured at fair value	Dividends on available-for-sale assets	Impairment of assets held to maturity	Debt at amortized cost		Loans and receivables		Change in value of derivatives
					Foreign exchange effects	Interest	Foreign exchange effects	Impairment and reversal of impairment	
Operating income	-	-	-	-	-	-	-	(23)	-
Cost of net financial debt	-	41	-	-	-	(71)	-	-	-
Other financial income and expenses (1)	-	-	1	-	-	-	-	-	(3)

(1) Excluding the financial cost related to discounting long-term vacant property provisions and pension provisions (see Note 7).

Fair value

The carrying amount of financial assets and liabilities recognized at amortized cost approximates fair value, except for financial liabilities, which had a fair value of euro 2,366 million at December 31, 2014 (vs. a carrying amount of euro 2,160 million). At December 31, 2013, the fair value of financial liabilities was euro 955 million (vs. a carrying amount of euro 860 million).

The fair values of Eurobonds and of the debt components of convertible bonds and Orane have been calculated by discounting the expected future cash flows to present at market interest rates (fair value Level 2).

Fair value hierarchy

The table below breaks down financial instruments recognized at fair value according to the measurement method used. The different levels of fair value have been defined as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities;
- Level 2: Observable data other than quoted prices for identical assets or liabilities in active markets;
- Level 3: Unobservable data.

December 31, 2014

(in millions of euros)	**Level 1**	**Level 2**	**Level 3**	**Total**
Short-term liquid investments	2,666	-	-	2,666
Available-for-sale financial assets	52	-	71	123
Derivative instruments - Assets	-	67	-	67
	2,718	**67**	**71**	**2,856**
Derivative instruments - Liabilities	-	(79)	-	(79)
Total	**2,718**	**(12)**	**71**	**2,777**

December 31, 2013

(in millions of euros)	**Level 1**	**Level 2**	**Level 3**	**Total**
Short-term liquid investments	1,001	-	-	1,001
Available-for-sale financial assets	41	-	6	47
Derivative instruments - Assets	-	34	-	34
	1,042	**34**	**6**	**1,082**
Derivative instruments - Liabilities	-	(25)	-	(25)
Total	**1,042**	**9**	**6**	**1,057**

December 31, 2012

(in millions of euros)	**Level 1**	**Level 2**	**Level 3**	**Total**
Short-term liquid investments	965			965
Available-for-sale financial assets	67	-	97	164
Derivative instruments - Assets	-	19	-	19
	1,032	**19**	**97**	**1,148**
Derivative instruments - Liabilities	-	(7)	-	(7)
Total	**1,032**	**12**	**97**	**1,141**

Note 26. Risk management

Exposure to interest rate risk

Group management determines the allocation of debt between fixed and variable-rate debt, which is periodically reviewed in terms of interest rate trend forecasts.

At the end of 2014, the Group's gross borrowings, excluding debt related to acquisition of shareholdings and debt relating to commitments to buy-out non-controlling interests, was composed of:

- 61% in fixed-rate loans with an average interest rate for 2014 of 4%;
- 39% of variable-rate loans.

The table below sets out the carrying amount by maturity on December 31, 2014 of the Group's financial instruments that are exposed to interest rate risk:

(in millions of euros)	*Total at December 31, 2014*	Maturity		
		-1 yr	*1 to 5 yrs*	*+5 yrs*
Fixed rate				
Eurobond 2024 [1] [3] [4]	601	-	-	601
Eurobond 2021 [2] [3]	693	-	-	693
Eurobond 2015	255	255	-	-
Oranes (debt component)	28	28	-	-
Debt related to finance leases	88	-	-	88
Net fixed-rate liabilities (assets) before hedging	**1,665**	**283**	-	**1,382**
Eurobond 2024 swapped to a variable rate [1]	(601)	-	-	(601)
Net fixed-rate liabilities (assets) after hedging	**1,064**	**283**	-	**781**
Variable rate				
Bank borrowings	64	45	19	-
Bank overdrafts	26	26	-	-
Cash and cash equivalents	(3,158)	(3,158)	-	-
Other financial assets	(194)	-	-	(194)
Net variable-rate liabilities (assets) before hedging	**(3,262)**	**(3,087)**	**19**	**(194)**
Eurobond 2024 swapped to a variable rate [1]	601	-	-	601
Net variable-rate liabilities (assets) after hedging	**(2,661)**	**(3,087)**	**19**	**407**

[1] The Eurobond 2024 swaps have the following characteristics:
- euro 300 million equivalent, 10-year, at 3-month Libor +113.65 bp;
- euro 300 million equivalent, 10-year, at 3-month Libor +110 bp.

[2] The Eurobond 2021 swaps have the following characteristics:
- euro 350 million equivalent, 7-year, fixed rate at 2.921%;
- euro 350 million equivalent, 7-year, fixed rate at 2.9180%.

[3] Net of issuance costs.

[4] Including debt revaluation.

Exposure to exchange rate risk

- Net assets

The table below shows the Group's net assets at December 31, 2014 broken down by principal currencies:

(in millions of euros)	*Total at December 31, 2014*	Euro [(1)]	US dollar	Pound Sterling	Brazilian Real	Yuan	Other
Assets	**20,626**	3,805	10,486	991	524	1,208	3,612
Liabilities	**14,511**	3,808	6,714	757	242	765	2,225
Net assets	**6,115**	**(3)**	**3,772**	**234**	**282**	**443**	**1,387**
Effect of foreign exchange hedges [(2)]		**1,563**	**(1,481)**	**264**			**(346)**
Net assets after hedging	**6,115**	**1,560**	**2,291**	**498**	**282**	**443**	**1,041**

(1) Reporting currency used to present consolidated financial statements.

(2) The financial instruments used to hedge foreign exchange risk are mainly currency swaps.

In addition, changes in exchange rates against the euro, the reporting currency used in the Group's financial statements, can have an impact on the Group's consolidated balance sheet and consolidated income statement.

- Revenue and operating margin

The breakdown of Group revenue by the currency in which it is earned is as follows:

	2014	*2013*	*2012*
Euro	17%	17%	18%
US dollar	47%	46%	46%
Pound Sterling	8%	8%	7%
Other	28%	29%	29%
Total revenue	**100%**	**100%**	**100%**

The impact of a drop of 1% in the euro's exchange rate against the US dollar and the pound sterling would be (favorable impact):

- euro 40 million on 2014 consolidated revenue;
- euro 7 million on the 2014 operating margin.

The majority of our commercial dealings are done in the local currencies of the countries in which they are transacted. As a result, exchange rate risk relating to such transactions is not very significant and is occasionally hedged through currency hedging agreements.

As regards intercompany loans/borrowings, these are subject to appropriate hedges if they present a significant net exposure to exchange rate risk.

Derivatives used are generally forward currency contracts or currency swaps.

Exposure to client counterparty risk

The Group analyzes its trade receivables, focusing in particular on improving the time taken to recover such receivables, in the context of the management of its working capital requirements. The Group Treasury Department monitors overdue receivables for the entire Group. In addition, the Group periodically reviews the list of its main clients in order to determine exposure to client counterparty risk at Group level and, if necessary, it puts in place specific monitoring in the form of a weekly summary of the Group's exposure to certain clients.

Any impairments required are assessed on an individual basis and take into account different criteria such as the customer's situation and delays in payment. No general provisions are recorded on an overall basis.

The following table shows the period overdue of the invoiced trade receivables for the last three financial years:

(in millions of euros)	*2014*	*2013*	*2012*
Amounts not yet due	**5,067**	**4,538**	**4,564**
Overdue receivables:			
Up to 30 days	396	368	452
31 to 60 days	118	122	131
61 to 90 days	48	32	44
91 to 120 days	23	27	28
More than 120 days	89	89	102
Total overdue receivables	**674**	**638**	**757**
Invoiced trade receivables	**5,741**	**5,176**	**5,321**
Impairment	(77)	(77)	(101)
Invoiced trade receivables, net	**5,664**	**5,099**	**5,220**

Disclosures regarding major clients

% of revenue	*2014*	*2013*	*2012*
Five largest clients	17%	18%	19%
Ten largest clients	24%	25%	27%
Twenty largest clients	33%	34%	37%
Thirty largest clients	40%	41%	44%
Fifty largest clients	49%	50%	53%
One hundred largest clients	59%	61%	63%

Exposure to bank counterparty risk

Publicis has established a group-wide policy for selecting authorized banks as counterparties for all its subsidiaries. This policy requires that deposits be made in authorized banks and that in general all banking services be provided exclusively by these banks. The list of authorized banks is reviewed periodically by the corporate treasury office. Exceptions to this policy are handled centrally for the entire Group by the treasury office.

Additionally, studies are carried out in order to ensure that almost all cash and cash equivalents are deposited in authorized banks.

Other

On May 9, 2014, Publicis Groupe SA and Omnicom Group Inc jointly announced the termination of their planned merger (announced July 28, 2013) by mutual agreement in light of the difficulties faced implementing the deal within a reasonable timeframe. The two companies released each other from any liability and no indemnity will be paid by either party.

Moreover, a suit was filed to, among other things, stop the merger on August 5, 2013 by various shareholders of Omnicom Group Inc in New York State Supreme Court. The applicants withdrew the suit on May 22, 2014 following the announcement of the cancellation of the planned merger.

Note 27. Operating segment information

Information by business sector

The Publicis Groupe structure, developed over several years, is designed to provide the Group's clients with comprehensive, holistic communication services involving all disciplines.

The Group has identified operating segments which correspond to our networks of agencies and which may be categorized together since they share similar economic features (similar margins across the various operating segments) and provide similar services (a full range of advertising and communications services) and do so for similar types of clients (the Group's top 20 clients are clients of several operating segments). The operating segments are thus pooled into a single sector in accordance with IFRS 8.

Reporting by region

Given the importance of geographic location for the analysis of our business, the Group has chosen to provide specific information by region.

Data are established on the basis of the location of the agency.

(in millions of euros)	Europe	North America	Asia Pacific	Latin America	Middle East & Africa	Total
Year 2014						
Income statement items						
Revenue [(1)]	2,237	3,490	861	449	218	**7,255**
Depreciation and amortization expense (excluding intangibles from acquisitions)	(51)	(50)	(16)	(5)	(3)	**(125)**
Operating margin including merger costs and Sapient acquisition costs	268	698	115	61	40	**1,182**
Operating margin excluding merger costs and Sapient acquisition costs	257	716	115	61	40	**1,189**
Amortization of intangibles from acquisitions	(11)	(35)	(1)	(4)	-	**(51)**
Impairment	(38)	(15)	(13)	(6)	-	**(72)**
Balance sheet items						
Goodwill, net	2,253	3,467	770	402	114	**7,006**
Intangible assets, net	148	769	4	34	-	**955**
Property, plant and equipment, net	296	199	31	17	9	**552**
Other financial assets	142	26	21	5	1	**195**
Disclosures in respect of the statement of cash flows						
Purchases of property, plant and equipment and intangible assets	(53)	(56)	(7)	(16)	(3)	**(135)**
Purchases of investments and other financial assets, net	(58)	(1)	-	7	-	**(52)**
Acquisitions of subsidiaries	(134)	(143)	(43)	(73)	(10)	**(403)**

(1) Because of the way this indicator is calculated (difference between billings and cost of billings), no eliminations are required between the different zones.

(in millions of euros)	Europe	North America	Asia Pacific	Latin America	Middle East & Africa	Total
Year 2013						
Income statement items						
Revenue [(1)]	2,154	3,303	836	464	196	**6,953**
Depreciation and amortization expense (excluding intangibles from acquisitions)	(48)	(49)	(15)	(4)	(3)	**(119)**
Operating margin including merger costs	204	670	113	78	42	**1,107**
Operating margin excluding merger costs	242	670	113	78	42	**1,145**
Amortization of intangibles from acquisitions	(9)	(34)	(1)	(5)	-	**(49)**
Impairment	(1)	(3)	-	-	-	**(4)**
Balance sheet items						
Goodwill, net	2,095	2,813	701	408	106	**6,123**
Intangible assets, net	196	702	4	37	0	**939**
Property, plant and equipment, net	285	174	32	15	7	**513**
Other financial assets	67	22	26	5	1	**121**
Disclosures in respect of the statement of cash flows						
Purchases of property, plant and equipment and intangible assets	(61)	(39)	(16)	(7)	(3)	**(126)**
Purchases of investments and other financial assets, net	(14)	63	1	(1)	-	**49**
Acquisitions of subsidiaries	(395)	(115)	(143)	(13)	(20)	**(686)**

(1) Because of the way this indicator is calculated (difference between billings and cost of billings), no eliminations are required between the different zones.

(in millions of euros)	Europe	North America	Asia Pacific	Latin America	Middle East & Africa	Total
Year 2012						
Income statement items						
Revenue [(1)]	1,976	3,146	842	463	183	**6,610**
Depreciation and amortization expense (excluding intangibles from acquisitions)	(46)	(56)	(15)	(6)	(3)	**(126)**
Operating margin	256	580	114	82	30	**1,062**
Amortization of intangibles from acquisitions	(8)	(31)	(2)	(4)	-	**(45)**
Impairment	(3)	(7)	-	-	(1)	**(11)**
Balance sheet items						
Goodwill, net	1,654	2,834	649	449	81	**5,667**
Intangible assets, net	161	768	3	49	1	**982**
Property, plant and equipment, net	279	174	35	12	6	**506**
Other financial assets	143	65	28	5	1	**242**
Disclosures in respect of the statement of cash flows						
Purchases of property, plant and equipment and intangible assets	(60)	(39)	(18)	(4)	(2)	**(123)**
Purchases of investments and other financial assets, net	(118)	1	(3)	-	-	**(120)**
Acquisitions of subsidiaries	(135)	(33)	(51)	(143)	(7)	**(369)**

(1) Because of the way this indicator is calculated (difference between billings and cost of billings), no eliminations are required between the different zones.

Note 28. Publicis Groupe SA stock option and free share plans

The free share plans in force on December 31, 2014 have the following features:

- Long Term Incentive Plan "LTIP 2014" (March 2014)

  Under this plan, a certain number of Group managers were awarded free shares, subject to two conditions. Firstly, employment must continue throughout the four-year vesting period, except for tax residents of France who have a shorter three-year vesting period but an additional two-year lock-in period. Furthermore, the free shares are subject to performance criteria, such that the total number of shares received will depend on the overall attainment of growth and profitability targets in 2014. The shares were initially awarded in March 2014 and will vest in March 2018, except for French employees whose share awards will vest in March 2017.

- Long Term Incentive Plan “LTIP 2013" (April 2013) and “LTIP 2013-2015" (June 2013) for members of the Management Board

  Under these plans, a certain number of Group managers were awarded free shares, subject to two conditions. Firstly, employment must continue throughout the four-year vesting period, except for tax residents of France who have a shorter three-year vesting period but an additional two-year lock-in period. Furthermore, with respect to the LTIP 2013, the shares were subject to additional performance criteria, such that the total number of shares received was dependent on the overall attainment of growth and profitability targets in 2013. Performance was measured in March 2014, with 59.7% of the targets for the LTIP 2013 plan being achieved. The shares were initially awarded in April 2013 and will vest in April 2017, except for French employees whose share awards will vest in April 2016. For the LTIP 2013-2015 restricted to members of the Management Board, the targets will be measured following the 2015 reporting date. The shares were initially awarded in June 2013 and will vest in June 2017, except for French members of the Management Board whose share awards will vest in June 2016.

- Free shares granted as part of a co-investment program (April 2013)

  Under this plan, offered to 200 members of Group management, each beneficiary is awarded one free share and 7.03 share subscription options for each Publicis share purchased on their behalf by LionLead, a specific structure dedicated to this operation. The free shares are subject to conditions: i.e., that the entire investment remains unsold and that employment continues throughout the four-year vesting period, except for tax residents of France who have a shorter three-year vesting period but an additional two-year lock-in period. These shares were awarded in April 2013 and will vest in April 2017, except for French employees whose shares will vest in April 2016.

  The free shares granted to corporate officers are subject to additional performance conditions, such that the number of shares that can effectively be received will depend on the growth and profitability targets attained over the 2013-2015 period.

- Free share plan for employees in the following 26 countries (February 2013): Australia, Austria, Bulgaria, Colombia, Costa Rica, Czech Republic, Greece, Guatemala, Hong Kong, Hungary, Israel, Lebanon, Malaysia, Mauritius, New Zealand, Panama, Puerto Rico, Romania, Serbia, Singapore, South Korea, Switzerland, Taiwan, Thailand, Turkey and the United Arab Emirates.

Under this plan, as was done in France in 2009, in the United States in 2010 and in 16 other countries in 2011, 50 free shares were allocated on February 1, 2013 to all employees who have at least six months of employment and who work more than 21 hours per week in a majority-owned subsidiary established in one of the countries included in the plan. Receipt of the shares is conditional on four years of employment: the free shares will be issued to the beneficiaries in February 2017, the date at which they become the beneficial owners thereof and are able to exercise their rights as shareholders.

- Long Term Incentive Plan “LTIP 2012" (April 2012)

  Under this plan, a certain number of Group managers were awarded free shares, subject to two conditions. Firstly, employment must continue throughout the four-year vesting period, except for tax residents of France who have a shorter three-year vesting period but an additional two-year lock-in period. Furthermore, the free shares are subject to additional performance criteria, such that the total number of shares received was dependent on the overall attainment of growth and profitability targets in 2012. Performance was measured in March 2013, with 100% of the targets for this plan being achieved. The shares were initially awarded in April 2012 and will vest in April 2016, except for French employees whose share awards will vest in April 2015.

- Free share plan for employees in the following 16 countries (December 2011): Belgium, Brazil, Canada, Denmark, Finland, Germany, India, Italy, Mexico, Norway, Netherlands, Poland, Portugal, Spain, Sweden, and the United Kingdom.

  Under this plan, as was done in France in 2009 and in the United States in 2010, 50 free shares were allocated on December 1, 2011 to all employees who have at least six months of employment and who work more than 21 hours per week in a majority-owned subsidiary established in one of the countries included in the plan. Receipt of the shares is conditional on two years of employment for Spain and Italy, plus a lock-in period of three-years, and of four years for the other countries: the free shares were received by beneficiaries in December 2013 for Spain and Italy and will be received in December 2015 for the other countries, at which point they will become the beneficial owners thereof and may exercise their rights as shareholders.

- Long Term Incentive Plan “LTIP 2011" (April 2011)

  Under this plan, a certain number of Group managers were awarded free shares, subject to two conditions. Firstly, employment must continue throughout the four-year vesting period, except for tax residents of France who have a shorter three-year vesting period but an additional two-year lock-in period. Furthermore, the free shares are subject to additional performance criteria, such that the total number of shares received was dependent on the overall attainment of growth and profitability targets in 2011. Performance was measured in March 2012, with 95.7% of the targets for this plan being achieved. The shares were initially awarded in April 2011 and will vest in April 2015, except for French employees whose share awards vested in April 2014.

- Free share plan for employees of American entities (December 2010)

  Under this plan in the US, 50 free shares were awarded on December 1, 2010 to all employees working more than 21 hours per week in a majority-owned subsidiary in the

USA. Receipt of the shares is conditional on four years of employment: the beneficiaries received the free shares in December 2014.

- Long Term Incentive Plan “LTIP 2010" (August 2010) and “LTIP 2010-2012" for members of the Management Board (September 2010)

  Under these plans, a certain number of Group managers were awarded free shares, subject to two conditions. Firstly, employment must continue throughout the four-year vesting period, except for tax residents of France who have a shorter three-year vesting period but an additional two-year lock-in period. Furthermore, the shares are subject to additional performance criteria, such that the total number of shares received was dependent on the overall attainment of growth and profitability targets in 2010 (or over the 2010-2012 period for members of the Management Board). Performance was measured in March 2011, with 100% of the targets being achieved for LTIP 2010 and 98.6% for LTIP 2010-2012 (Management Board). The shares were initially awarded in August (September for the Management Board) 2010 and vested in August (and September) 2014, except for French employees whose share awards vested in August (and September) 2013.

- Free share plan for certain employees of Razorfish (December 2009)

  At the time of the Razorfish acquisition, some of its employees benefited from Microsoft “Restricted Share Units" awarded between 2007 and 2009. On December 1, 2009 a new Publicis Groupe free share plan was implemented, subject to continued employment of the same beneficiaries, whereby the same number of shares was awarded after being converted into Publicis Groupe shares with the same vesting dates as the prior plans (which for most beneficiaries vested between January 2010 and September 2015). The number of free Microsoft shares in the process of vesting was converted into Publicis Groupe shares, using the existing ratio between the average Microsoft share price over the preceding 20 trading days over the Publicis Groupe share price on the acquisition date (October 13, 2009).

The stock option plans in force at December 31, 2014 had the following features:

- Stock option plan as part of a co-investment program (April 2013)

  Under this plan, offered to 200 members of Group management, each beneficiary is awarded one free share and 7.03 stock options for each Publicis share purchased on their behalf by LionLead, a specific structure dedicated to this operation. The stock options are subject to conditions: i.e. that the entire investment remains unsold and that employment continues throughout the four-year vesting period, except for tax residents of France who have a shorter three-year vesting period. These options, which were granted in April 2013, will become exercisable in April 2017, except for French employees for whom they will become exercisable in April 2016.

  The options are also subject to performance criteria, such that the number of options that can effectively be exercised will depend on the overall attainment of growth and profitability targets over the 2013-2015 period. On top of this, a market condition, designed to limit the theoretical gain calculated at the end of a three-year period at 50% of the exercise price of the option, will also lead to an adjustment in the number of exercisable options.

- Long Term Incentive Plan "LTIP 2006-2008" (twenty-second tranche in 2006 and twenty-third tranche in 2007)

  Options granted under this plan grant a right to acquire one share for an exercise price equal to the average Publicis share price over the 20 days preceding the date of grant. The number of options that may be exercised out of the total number granted was determined in April 2009 based on the growth and profitability levels achieved over the entire 2006-2008 period, corresponding to 62.59% of the initial grant. For the first half of the options, the exercise period began in 2009, while the second half was exercisable as of April 2010. The options expire ten years after the date of grant.

- Plan awarded in 2006 (twenty-first tranche)

  Options granted under this plan grant a right to acquire one share for an exercise price equal to the average Publicis share price over the 20 days preceding the date of grant. Options may be exercised after a period of four years and expire ten years after the date of grant.

- Long Term Incentive Plan "LTIP 2003-2005" (seventeenth tranche in 2003, nineteenth tranche in 2004, twentieth tranche in 2005)

  Options granted under this plan confer entitlement to one share, the exercise price of which is the average cost of the treasury shares on the date of grant. The number of options that may be exercised out of the total number granted was determined in April 2006 based on the growth and profitability levels achieved over the entire 2003-2005 period, corresponding to 98.92% of the initial grant. For the first half of the options, the exercise period began in 2006, while the second half began in 2007. The options expire ten years after the date of grant.

Share subscription or purchase options originated by Publicis Groupe

Characteristics of Publicis Groupe stock option plans outstanding at December 31, 2014

Plans	*Type [1]*	*Date of grant*	*Exercise price of options (in euros)*	*Options outstanding on January 1, 2014 (or if later: the grant date)*	*Cancelled or lapsed options in 2014*	*Options exercised in 2014*	*Options outstanding on December 31, 2014*	*Of which exercisable at December 31, 2014*	*Expiration date*	*Remaining contract life (in years)*
19th tranche LTIP 2003-2005	A	09/28/2004	24.82	236,905	0	(236,905)	0	0	09/28/2014	-
20th tranche LTIP 2003-2005	A	05/24/2005	24.76	71,077	0	(14,262)	56,815	56,815	05/24/2015	0.39
21st tranche	A	08/21/2006	29.27	100,000	0	(100,000)	0	0	08/21/2016	1.63
22nd tranche LTIP 2006-2008	A	08/21/2006	29.27	1,034,347	0	(435,146)	599,201	599,201	08/21/2016	1.63
23rd tranche LTIP 2006-2008	A	08/24/2007	31.31	238,610	(2,504)	(49,145)	186,961	186,961	08/24/2017	2.64
Co-investment 2013 - options	S	04/30/2013	52.76	5,778,302	(176,091)	0	5,602,211	0	04/30/2023	8.33
Total of all tranches				**7,459,241**	**(178,595)**	**(835,458)**	**6,445,188**	**842,977**		

[1] A = stock options - S = share subscription options.

The award of the share purchase or subscription options under the above plans is conditional on continued employment throughout the vesting period. The award is also subject to non-market performance conditions for all plans, plus a market condition in the case of the 2013 co-investment plan.

Movements in Publicis Groupe stock option plans over the last three years

	2014		2013		2012	
	Number of options	**Average exercise price (in euros)**	**Number of options**	**Average exercise price (in euros)**	**Number of options**	**Average exercise price (in euros)**
Options at January 1	7,459,241	47.35	**2,658,680**	**28.27**	**5,892,204**	**27.82**
Options granted during the year	0	0	5,949,305	52.76	-	
Options exercised [(1)]	(835,458)	28.05	(864,119)	27.71	(2,837,244)	27.50
Cancelled or lapsed options	(178,595)	52.46	(284,625)	41.94	(396,280)	27.09
Options outstanding at December 31	**6,445,188**	**49.71**	**7,459,241**	**47.35**	**2,658,680**	**28.27**
Of which exercisable	842,977	29.42	1,680,939	28.74	2,658,680	28.27
(1) Average share price on exercise (in euros)		*60.23*		*56.19*		*40.57*

Fair value of options granted in the last three years

- Share subscription and stock options granted in 2014: None.
- Stock options granted in 2013:

Options	***2013 co-investment plan [(1)]***
Date of Management Board Meeting	04/30/2013
Number of shares granted during the year	5,949,305
Initial valuation of options granted (weighted average, in euros)	6.99
Assumptions:	
Share price on the grant date (in euros)	53.37
Exercise price of options (in euros)	52.76
Stock price volatility used for option valuation	20%
Lock-in period (in years) [(2)]	4
Average life [(2)]	7

(1) Options conditional on the achievement of targets under the 2013-2015 three-year plan. On top of this, a market condition limiting the theoretical gain calculated at the expiration of the three-year period at 50% of the exercise price of the option. Given this market condition, the Monte Carlo method was used to calculate fair value.

(2) For the French beneficiaries, the vesting period is three years and the average option life is 6.5 years.

- Share subscription and stock options granted in 2012: None.

Free share plans originated by Publicis Groupe

Characteristics of Publicis Groupe free share plans outstanding at December 31, 2014

Plans	*Date of grant initial*	*Grants as of January 1, 2014 (or if later: date of grant)*	*Shares canceled, lapsed or transferred [1] in 2014*	*Shares vesting in 2014*	*Shares yet to vest at December 31, 2014*	*Vesting date of shares [2]*	*Remaining contract life (in years)*
LTIP Plan 2010 - Outside France	08/19/2010	441,000	(45,250)	(395,750)	-	08/19/2014	-
LTIP Plan 2010-2012 (Management Board members Outside France)	09/22/2010	98,566	-	(98,566)	-	09/22/2014	-
50 free shares plan 2010 - United States	12/01/2010	303,150	(54,250)	(248,900)	-	12/01/2014	-
LTIP Plan 2011 - France	04/19/2011	75,565	(958)	(74,607)	-	04/19/2014	-
LTIP Plan 2011 - Outside France	04/19/2011	466,862	(39,125)		427,737	04/19/2015	0.30
50 free shares plan 2011 - 14 countries	12/01/2011	274,775	(67,175)	-	207,600	12/01/2015	0.92
LTIP Plan 2012 - France	04/17/2012	90,500	(700)		89,800	04/17/2015	0.29
LTIP Plan 2012 - Outside France	04/17/2012	535,274	(55,135)		480,139	04/17/2016	1.30
50 free shares plan 2013 - 26 countries	02/01/2013	250,425	(44,300)	-	206,125	02/01/2017	2.09
LTIP Plan 2013 - France	04/16/2013	81,975	(34,721)		47,254	04/16/2016	1.29
LTIP Plan 2013 - Outside France	04/16/2013	540,550	(248,029)		292,521	04/16/2017	2.29
LTIP Plan 2013-2015 (Management Board members France)	06/17/2013	70,000	(9,402)	-	60,598	06/17/2016	1.46
LTIP Plan 2013-2015 (Management Board members Outside France)	06/17/2013	35,000	(4,701)	-	30,299	06/17/2017	2.46
2013 co-investment plan - Free shares France	04/30/2013	133,335	(7,638)	-	125,697	04/30/2016	1.33
2013 co-investment plan - Free shares Outside France	04/30/2013	688,628	(17,411)	-	671,217	04/30/2017	2.33
LTIP Plan 2014 - France	03/20/2014	85,960	(1,720)	-	84,240	03/20/2017	2.22
LTIP Plan 2014 - Outside France	03/20/2014	553,790	(14,155)	-	539,635	03/20/2018	3.22
Total of free share plans		**4,725,355**	**(644,670)**	**(817,823)**	**3,262,862**		

[1] *These relate to any transfers between French and foreign plans due to the geographic mobility of beneficiaries.*

[2] *After this date, French beneficiaries must observe an additional two-year lock-in period.*

The award of the free shares under the above plans is conditional on continued employment throughout the vesting period. Awards under the following plans are also subject to non-market performance conditions: the 2013 co-investment plan as regards the members of the Management Board and the LTIP 2010 to LTIP 2014.

Movements in Publicis Groupe free share plans over the last three years

	2014	2013	2012
Provisional grants at January 1	**4,085,605**	**4,992,805**	**5,629,822**
Provisional grants during the year	639,750	1,908,313	681,550
Grants vesting (deliveries)	(817,823)	(2,453,322)	(805,470)
Grants lapsed	(644,670)	(362,191)	(513,097)
Provisional grants at December 31	**3,262,862**	**4,085,605**	**4,992,805**

Fair value of free Publicis Groupe shares granted in the last three years:

- Free shares granted in 2014:

Free shares	*LTIP 2014* (1)
Date of Management Board Meeting	03/20/2014
Number of shares originally granted	639,750
Initial valuation of shares granted (weighted average, in euros)	59.84
Assumptions:	
Share price on the grant date (in euros)	64.10
Lock-in period (in years) (2)	4

(1) Conditional shares whose vesting is subject to the achievement of targets set for 2014.

(2) For the French, the vesting period is three years, followed by a two-year lock-in period.

- Free shares granted in 2013:

Free shares	*2013 plan - employees worldwide - 26 countries* (1)	*LTIP 2013* (2)	*2013 co-investment plan* (3)	*LTIP 2013-2015* (3)
Date of Management Board Meeting	02/01/2013	04/16/2013	04/30/2013	06/17/2013
Number of shares originally granted	320,475	636,550	846,288	105,000
Initial valuation of shares granted (weighted average, in euros) (4)	44.05	47.17	48.59	51.26
Assumptions:				
Share price on the grant date (in euros)	48.49	51.43	53.37	54.80
Lock-in period (in years) (5)	4	4	4	4

All of the aforementioned free share grants are conditional on continued employment during the vesting period.

(1) The countries concerned are: Australia, Austria, Bulgaria, Colombia, Costa Rica, Czech Republic, Greece, Guatemala, Hong Kong, Hungary, Israel, Lebanon, Malaysia, Mauritius, New Zealand, Panama, Puerto Rico, Romania, Serbia, Singapore, South Korea, Switzerland, Taiwan, Thailand, Turkey and the United Arab Emirates.

(2) Conditional shares whose vesting is subject to the achievement of targets set for 2013.

(3) Share awards to members of the Management Board are conditional on the achievement of targets under the 2013-2015 three-year plan.

(4) In the case of the co-investment plan, the reference price used for the purposes of calculating the fair value is the average price from April 22 to 29, 2013, namely the period in which the share purchases were made under the co-investment plan and which made possible the determination of the number of free shares and options awarded.

(5) For the French, the vesting period is three years, followed by a two-year lock-in period.

- Free shares granted in 2012:

Free shares	*LTIP 2012*
Date of Management Board Meeting	04/17/2012
Number of shares originally granted	681,550
Initial valuation of shares granted (weighted average, in euros)	37.66
Assumptions:	
Share price on the grant date (in euros)	40.69
Lock-in period (in years) [(1)]	4

(1) For the French, the vesting period is three years, followed by a two-year lock-in period.

It should be noted that for these plans, the only adjustment made in the fair value of the free shares was to account for lost dividends during the vesting period; no discount was applied for the lock-in period since the effect was considered to be negligible.

Share subscription plans originated by Digitas

On the acquisition of Digitas these plans were converted into the Publicis Groupe stock option plans, applying the ratio existing between the acquisition price of our public offering for Digitas (translated into euros) and to the Publicis Groupe share price at the completion date of the merger. The subscription price was correspondingly adjusted.

Characteristics of the Digitas stock option plans outstanding at December 31, 2014

Shares with a euro 0.40 par value	Date of grant		Exercise price of options (in euros)		Number of options outstanding at December 31, 2014	Of which exercisable at December 31, 2014	Expiry date		Remaining contract life (in years)
	min	max	min	max			min	max	
Digitas Plans									
2001	03/01/2001	01/24/2007	5.08	35.42	53,554	53,554	03/01/2011	01/24/2017	1.13
2005 UK	06/01/2005	12/01/2006	21.70	35.42	5,055	5,055	06/01/2015	12/01/2016	1.50
Total of tranches					**58,609**	**58,609**			

Movements in Digitas stock option plans for the last three years

	2014		**2013**		**2012**	
	Number of options	Average exercise price (in euros)	Number of options	Average exercise price (in euros)	Number of options	Average exercise price (in euros)
Options at January 1	91,020	27.59	188,408	27.20	326,685	25.27
Options exercised [(1)]	(12,346)	14.02	(76,433)	36.23	(42,106)	18.53
Cancelled or lapsed options	(20,065)	25.70	(20,955)	23.16	(96,171)	24.45
Options outstanding at December 31	**58,609**	**28.67**	**91,020**	**27.59**	**188,408**	**27.20**
Of which exercisable	58,609	28.67	91,020	27.59		27.20
(1) Average option exercise price (in euros).		*60.23*		*56.19*		*40.57*

Publicis Groupe free share plans granted to certain Razorfish employees

The new Publicis Groupe free share plan, established on December 1, 2009, to replace the plans granted to certain Razorfish employees that were in effect at the time of the acquisition, resulted in the granting of 493,832 free shares in the Publicis Groupe. For the majority of shares the vesting period runs for four years (2010-2013), with a smaller portion running until 2018. At December 31, 2014, the number of free shares yet to be vested was 69.

Effect of share subscription or stock option plans and free share plans on profit (loss)

The total impact of these plans on the 2014 income statement was euro 35 million (excluding taxes and social security charges), compared to euro 40 million in 2013 and euro 26 million in 2012 (see Note 3. "Personnel expenses").

With regard to the free share plans granted subject to performance conditions, the rights of which were still to be vested as of December 31, 2014, the probability of the targets for 2014 being met has been estimated as follows:

- LTIP 2014 plan: 50%;
- LTIP 2013-2015 plan (Management Board): 69.9%;
- 2013 co-investment plan: 50%.

Note 29. Related party disclosures

Related-party transactions

The following related-party transactions occurred:

(in millions of euros)	Receivables/Loans		
	2014	2013	2012
Somupi	3	3	6

Terms and conditions of related-party transactions

- On February 17, 2012, Publicis purchased 18 million of its own shares offered for sale by Dentsu. This transaction, along with the simultaneous cancellation of 10.8 million shares, was authorized by the Supervisory Board (the interested parties having abstained from voting), pursuant to the provisions of Articles L. 225-86 et seq. of the Commercial Code. So that this project could be carried out, Ms. Badinter waived her rights under the shareholders' agreement entered into with Dentsu following its acquisition of a stake in the share capital of Publicis Groupe SA in 2002. The transaction brings this agreement to a close, together with the resulting concert party and the SEP Dentsu-Badinter, which has been dissolved. It also results in the termination of the shareholder agreement entered into by Dentsu and Publicis Groupe in 2003.
- The other related-party transactions are immaterial and carried out based on prevalent market terms and conditions, similar to those that would be offered to third parties.

Compensation of managers

Managers cover individuals who were members of the Supervisory Board or Management Board, at the reporting date or during the year ended.

(in millions of euros)	***2014***	***2013***	***2012***
Total gross compensation [1]	(9)	(10)	(27)
Post-employment benefits [2]	-	1	-
Other long-term benefits [3]	(1)	1	19
Share-based payments [4]	(2)	(3)	(3)

(1) Compensation, bonuses, indemnities, directors' fees and benefits in kind paid during the year.

(2) Change in pension provisions (net impact on income statement).

(3) Increase/release of provisions for deferred compensation and contingent bonuses. The 2012 reversal of the provision was due to the payment of the deferred bonus to the Chairman of the Management Board and the corresponding social security expenses.

(4) Expense recognized in the income statement under the Publicis Groupe stock option and free share plans.

In addition, the accounting provision as at December 31, 2014 for post-employment and other long-term benefits for senior management amounts to euro 8 million (this number was euro 9 million on December 31, 2013 and euro 11 million on December 31, 2012).

Note 30. Events after the reporting period

Acquisition of Sapient Corporation

On January 23, 2015, the Group announced an extension to the public tender offer for the acquisition of Sapient to February 5, 2015, allowing additional time to complete certain US government procedures. Full regulatory clearance was obtained on February 4, 2015, allowing the offer to be completed on February 6, 2015.

In addition, on January 20, 2015, the Group refinanced its US dollar 1,890 million syndicated credit facility maturing in January 2016 and designed to fund the acquisition of Sapient, with a US dollar 1,600 million medium-term syndicated loan maturing in 2018, 2019 and 2020.

Note 31. Fees of the statutory auditors and members of their networks

The fees paid by Publicis Groupe SA during 2014 and 2013 to all of the Group's statutory auditors were as follows:

	Ernst & Young				Mazars				Total			
(in millions of euros)	Total (excl. VAT)		%		Total (excl. VAT)		%		Total (excl. VAT)		%	
	2014	*2013*	*2014*	*2013*	*2014*	*2013*	*2014*	*2013*	*2014*	*2013*	*2014*	*2013*
Audit												
Statutory audit, audit opinion, review of individual and consolidated financial statements												
Publicis Groupe SA (parent company)	0.7	0.7	9%	9%	0.4	0.3	9%	7%	1.1	1.0	9%	8%
Subsidiaries	3.9	4.0	49%	52%	3.1	3.0	71%	68%	7.0	7.0	57%	58%
Planned merger	1.1	1.0	14%	13%	0.7	1.0	16%	23%	1.8	2.0	15%	16%
Subtotal	5.7	5.7	72%	74%	4.2	4.3	96%	98%	9.9	10.0	81%	82%
Other work and services directly related to the audit mission												
Publicis Groupe SA (parent company)	-	-	-	-	-	-	-	-	-	-	-	-
Subsidiaries	2.0	1.9	25%	25%	0.1	0.1	2%	2%	2.1	2.0	17%	17%
Subtotal	2.0	1.9	25%	25%	0.1	0.1	2%	2%	2.1	2.0	17%	17%
Other services												
Tax	0.2	0.1	3%	1%	0.1	-	2%	-	0.3	0.1	2%	1%
Total	**7.9**	**7.7**	**100%**	**100%**	**4.4**	**4.4**	**100%**	**100%**	**12.3**	**12.1**	**100%**	**100%**

Note 32. List of main consolidated companies on December 31, 2014

A) Fully consolidated companies

The companies listed below are our operating companies with revenue of at least euro 10 million.

Name	Voting rights	Shareholding	Country
MediaVision et Jean Mineur SA	66.63%	66.63%	France
Metrobus Publicité SA	67.00%	67.00%	France
Mediagare SNC	100.00%	67.00%	France
Drugstore Champs-Élysées SNC	100.00%	100.00%	France
Marcel SAS	100.00%	99.98%	France
Publicis K1 SAS (2)	100.00%	99.98%	France
Publicis Conseil SA	99.98%	99.98%	France
Publicis Consultants I France SARL	99.99%	99.99%	France
Publicis Activ France SA	99.96%	99.94%	France
Leo Burnett SAS	100.00%	100.00%	France
Publicis Dialog SAS	100.00%	99.98%	France
VivaKi Performance SA	100.00%	100.00%	France
VivaKi Communication SA	100.00%	100.00%	France
World Advertising Movies (SAS)	100.00%	100.00%	France
ETO SAS (2)	100.00%	84.16%	France
SCAP SARL	100.00%	100.00%	France
PLBSA	100.00%	100.00%	France
LBi Germany AG	100.00%	100.00%	Germany
MetaDesign AG	100.00%	100.00%	Germany
CNC AG	100.00%	100.00%	Germany
Razorfish	100.00%	100.00%	Germany
Optimedia Gesellschaftfür Media-Services GmbH	100.00%	100.00%	Germany
Zenithmedia Dusseldorf GmbH	100.00%	93.69%	Germany
Saatchi & Saatchi GmbH	100.00%	100.00%	Germany
Leo Burnett GmbH	100.00%	100.00%	Germany
Publicis Hamburg PWW GmbH	100.00%	93.69%	Germany
VivaKi GmbH	100.00%	100.00%	Germany
Pixelpark AG	93.69%	93.69%	Germany
Abdulkader Suleiman El Khereiji & Brothers Advertising Company	100.00%	100.00%	Saudi Arabia
MMS Comunicaciones Argentina SA (2)	100.00%	100.00%	Argentina
ZenithOptimedia Australia Pty Ltd	100.00%	100.00%	Australia
Publicis Mojo Pty Ltd	100.00%	100.00%	Australia
Publicis Loyalty Pty Ltd	100.00%	100.00%	Australia
Saatchi & Saatchi Communications Australia Pty Ltd	100.00%	100.00%	Australia
Leo Burnett (VIC) Pty Ltd (2)	100.00%	100.00%	Australia
Leo Burnett Pty Ltd	100.00%	100.00%	Australia
Starcom MediaVest Group Pty Ltd	100.00%	100.00%	Australia
Taterka Comunicações SA	100.00%	100.00%	Brazil
Neogama BBH Publicidade Ltda	100.00%	100.00%	Brazil
DPZ Duailibi Petit Zaragoza Propaganda	70.00%	70.00%	Brazil
Publicis Brasil Comunicaçao Ltda	100.00%	100.00%	Brazil
Leo Burnett Publicidade Ltda	99.99%	99.99%	Brazil
Finance Nazca Saatchi & Saatchi Publicidade Ltda	59.00%	59.00%	Brazil
Talent Comunicacao e Planejamento SA	100.00%	100.00%	Brazil
ZenithOptimedia Canada Inc	100.00%	100.00%	Canada
G/B2 Inc	100.00%	100.00%	Canada
Leo Burnett Company Ltd	100.00%	100.00%	Canada
TMG MacManus Canada Inc	100.00%	100.00%	Canada
Publicis Canada Inc	100.00%	100.00%	Canada
Saatchi & Saatchi Advertising Inc (2)	100.00%	100.00%	Canada
Nurun Inc (2)	100.00%	100.00%	Canada

Name	Voting rights	Shareholding	Country
MMS Communications Chile SA	100.00%	100.00%	Chile
Shanghai Genedigi Brand Management Co. Ltd	100.00%	100.00%	China
Publicis Advertising Co. Ltd	100.00%	100.00%	China
Saatchi & Saatchi Great Wall Advertising Co. Ltd	100.00%	100.00%	China
Leo Burnett Shanghai Advertising Co. Ltd	100.00%	100.00%	China
Leo Burnett Ltd	100.00%	100.00%	China
Denuo Ltd	100.00%	100.00%	China
Saatchi & Saatchi Services (HK) Ltd	100.00%	100.00%	China
MMS Comunicaciones Colombia SAS (1)	99.99%	99.99%	Colombia
Publicis Groupe Media SA	97.44%	97.44%	Colombia
Leo Burnett Korea Inc	100.00%	100.00%	Korea
Lion Re:Sources SA (2)	100.00%	100.00%	Costa Rica
Leo Burnett	100.00%	100.00%	UAE
Publicis Middle East FZ-LLC (2)	100.00%	100.00%	UAE
Starcom MediaVest Group	100.00%	100.00%	UAE
Optimedia SL	100.00%	100.00%	Spain
Starcom MediaVest Group Iberia SL	100.00%	100.00%	Spain
Publicis Comunicacion Espana LC	100.00%	100.00%	Spain
Zenith Media SL	100.00%	100.00%	Spain
Rokkan Media LLC	100.00%	100.00%	United States
MRY US LLC	100.00%	100.00%	United States
Engauge Marketing LLC	100.00%	100.00%	United States
A/R Media Inc	100.00%	100.00%	United States
Qorvis MSL LLC (2)	100.00%	100.00%	United States
Publicis Hawkeye, Inc (2)	100.00%	100.00%	United States
Apex Exchange, LLC (2)	100.00%	100.00%	United States
Bartle Bogle Hegarty LLC	100.00%	100.00%	United States
Fallon Group Inc	100.00%	100.00%	United States
Optimedia International US Inc	100.00%	100.00%	United States
Martin Retail Group LLC	70.00%	70.00%	United States
Kekst and Company Inc	100.00%	100.00%	United States
Publicis Inc (DE)	100.00%	100.00%	United States
Leo Burnett Detroit Inc	100.00%	100.00%	United States
SCAP USA LLC	100.00%	100.00%	United States
Medicus Group International Inc	100.00%	100.00%	United States
Publicis Touchpoint Solutions Inc	100.00%	100.00%	United States
Saatchi & Saatchi Healthcare Communications Inc	100.00%	100.00%	United States
Manning Selvage & Lee Group Americas Inc	100.00%	100.00%	United States
Publicis Inc (NY)	100.00%	100.00%	United States
VivaKi Inc	100.00%	100.00%	United States
VNC Communications Inc	100.00%	100.00%	United States
Starcom MediaVest Group Inc	100.00%	100.00%	United States
Saatchi & Saatchi North America Inc	100.00%	100.00%	United States
Digitas Inc	100.00%	100.00%	United States
Zenith Media Services Inc	100.00%	100.00%	United States
Conill Advertising Inc	100.00%	100.00%	United States
Saatchi & Saatchi X Inc	100.00%	100.00%	United States
Razorfish LLC	100.00%	100.00%	United States
Leo Burnett Company Inc	100.00%	100.00%	United States
SC USA Division	100.00%	100.00%	United States
Rosetta Marketing Group LLC	100.00%	100.00%	United States
Schwartz MSL LLC	100.00%	100.00%	United States
Drumbeat Digital, LLC (2)	100.00%	100.00%	United States
Level Sunset, LLC (2)	100.00%	100.00%	United States
TLG India Pvt Ltd	100.00%	100.00%	India
Baumann-Ber-Rivnay Ltd	100.00%	88.09%	Israel
ZenithOptimediaGroup Srl	100.00%	100.00%	Italia
Red Lion Communications Srl	100.00%	100.00%	Italia
Leo Burnett Company Srl	100.00%	100.00%	Italia
Saatchi & Saatchi Srl	100.00%	100.00%	Italia

Name	Voting rights	Shareholding	Country
Beacon Communications KK	66.00%	66.00%	Japan
MMS Communications KK	100.00%	100.00%	Japan
Star Reacher Advertising Sdn Bhd	100.00%	100.00%	Malaysia
Olabuenaga Chemistri SA de CV	100.00%	100.00%	Mexico
Leo Burnett Mexico SA de CV	100.00%	100.00%	Mexico
Lion Communications Mexico SA de CV	100.00%	100.00%	Mexico
Starcom Worldwide SA de CV	100.00%	100.00%	Mexico
SSW Holdings Ltd	100.00%	100.00%	New Zealand
LBi Netherlands BV	100.00%	99.41%	Netherlands
DMX Media BV (2)	100.00%	100.00%	Netherlands
NME Media BV	100.00%	100.00%	Netherlands
Starcom Sp. Z.o.o	100.00%	100.00%	Poland
Walker Media Limited (2)	75.10%	75.10%	United Kingdom
DigitasLBi Limited (1)	100.00%	100.00%	United Kingdom
Sceneric Ltd	100.00%	100.00%	United Kingdom
The Outside Line Limited (2)	100.00%	100.00%	United Kingdom
MSLGROUP London Limited (2)	100.00%	100.00%	United Kingdom
Razorfish UK Ltd	100.00%	100.00%	United Kingdom
Fallon London Ltd	100.00%	100.00%	United Kingdom
Publicis Ltd	100.00%	100.00%	United Kingdom
Saatchi & Saatchi Group Ltd	100.00%	100.00%	United Kingdom
Zenith Optimedia Services Ltd	100.00%	100.00%	United Kingdom
Leo Burnett Ltd	100.00%	100.00%	United Kingdom
PGM Media Services Ltd	100.00%	100.00%	United Kingdom
Arc Integrated Marketing Ltd	100.00%	100.00%	United Kingdom
Publicis Healthcare Communications Group Ltd	100.00%	100.00%	United Kingdom
Zenith Optimedia International Ltd	100.00%	100.00%	United Kingdom
BBH Partners LLP	100.00%	100.00%	United Kingdom
Leo Burnett LLC	100.00%	100.00%	Russia
Publicis Groupe Media Eurasia LLC	100.00%	100.00%	Russia
MMS Communications Singapore Pte Ltd	100.00%	100.00%	Singapore
LBi Sverige AB	100.00%	100.00%	Sweden
JKL AB	100.00%	100.00%	Sweden
VivaKi Sweden AB	100.00%	100.00%	Sweden
Leo Burnett SA Switzerland	100.00%	100.00%	Switzerland
Zenith Optimedia AG	100.00%	100.00%	Switzerland
Leo Burnett Schweiz AG	100.00%	100.00%	Switzerland
Publicis Communications Schweiz AG	100.00%	100.00%	Switzerland
Star Reachers Group Company Ltd	100.00%	100.00%	Thailand

(1) Change in corporate name.

(2) Companies on the 2014 list but not on the 2013 list.

B) Associates

Name	Voting rights	Shareholding	Country
Burrell Communications Group	49.00%	49.00%	United States
Jana	23.53%	23.53%	United States
Dentsu Razorfish	19.35%	19.35%	Japan
Somupi	34.00%	34.00%	France
Arcade (Private) Ltd	25.00%	25.00%	Singapore