HAVAS

ANNUAL REPORT

2010

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The *document de référence* (hereafter annual report) contains the annual financial report comprising the statutory accounts and consolidated financial statements, the reports of the auditors pertaining thereto, the directors' report on the Company and the statement by the person responsible for the annual report.

Definitions

In the context of this *document de référence* (hereafter annual report), unless otherwise indicated, the term "Company" shall refer to Havas SA and the terms "Havas" and "Group" shall refer to Havas SA and its consolidated subsidiaries.

1. Persons responsible

1.1. Person responsible for the annual report

Mr. Hervé Philippe, *Directeur Général Délégué*

1.2. Declaration by the person responsible for the annual report

"I certify that I have taken all reasonable steps to ensure that the information contained in this annual report is, to the best of my knowledge, correct, and that no fact has been omitted that would be likely to alter its scope.

I certify that to the best of my knowledge the financial statements are drawn up in accordance with the accounting standards applicable and give a true and fair view of the assets, financial position and results of the Company and all the subsidiaries included in the scope of consolidation. The management's report contained in this annual report, as set out in the correspondence table below, gives a true and fair view of the assets, financial position and results of the Company and all the subsidiaries included in the scope of consolidation, and a description of the main risks and uncertainties with which they have to contend.

I have obtained a letter from the auditors stating that they have completed their assignment, which included checking the information relating to the financial position and the financial statements provided in this document as well as reading the entire annual report.

In their letter the auditors of the financial statements for the 2010 financial period make no comments.

The report of the Statutory Auditors on the statutory accounts for the financial period ended December 31, 2010 contains no comments.

The report of the Statutory Auditors on the consolidated financial statements for the financial period ended December 31, 2010 contains no comments other than a reference to the change in accounting methods made in compliance with revised IFRS standards.

The report of the Statutory Auditors on their limited examination of the summary consolidated half-yearly financial statements closed on June 30, 2010 contains no comments.

Historical financial information is included for reference in the annual report for the financial period ended December 31, 2010, viz.

(i) the consolidated financial statements and corresponding auditors' report presented on pages 53 to 97 and the statutory accounts and corresponding auditors' report presented on pages 99 to 117 of the annual report for the financial period ended December 31, 2009 registered with the *Autorité des Marchés Financiers* (AMF) on April 16, 2010, under number D.10-0278;

(ii) the consolidated financial statements and corresponding auditors' report presented on pages 44 to 86 of the annual report for the financial period ended December 31, 2008 registered with the *Autorité des Marchés Financiers* (AMF) on April 30, 2009, under number D. 09-0372.

The report of the Statutory Auditors on the statutory accounts for the financial period ended December 31, 2009 contains no comments.

The report of the Statutory Auditors on the consolidated financial statements for the financial period ended December 31, 2009 contains no comments.

The report of the Statutory Auditors on for the financial period ended December 31, 2008 contains no comments.

The report of the Statutory Auditors on the consolidated financial statements for the financial period ended December 31, 2008 contains no comments."

Hervé Philippe

Directeur Général Délégué

2. Auditors

Statutory Auditors

From May 29, 2008

– CONSTANTIN ASSOCIÉS
Member of Deloitte Touche Tohmatsu
185, avenue Charles-de-Gaulle – 92524 Neuilly-sur-Seine
represented by Mr. Jean-Paul Séguret

– AEG FINANCES
French member of Grant Thornton International
100, rue de Courcelles – 75017 Paris
represented by Mr. Jean-François Baloteaud

From June 12, 2006 until May 29, 2008

– CONSTANTIN ASSOCIÉS
114, rue Marius Aufan – 92300 Levallois-Perret
represented by Mr. Jean-Paul Séguret

– DELOITTE & ASSOCIÉS
185, avenue Charles-de-Gaulle – 92524 Neuilly-sur-Seine
represented by Messrs. Alain Pons and Jean-Marc Lumet

Alternate Statutory Auditors

From May 11, 2010

– CISANE
185, avenue Charles-de-Gaulle – 92524 Neuilly-sur-Seine
represented by Mr. Gilles Cart-Tanneur

– IGEC
3, rue Léon Jost – 75017 Paris
represented by Mr. Victor Amselem

From May 29, 2008 to May 11, 2010

– Mr. Michel Bonhomme
114, rue Marius-Aufan – 92300 Levallois-Perret

– IGEC
3, rue Léon Jost – 75017 Paris
represented by Mr. Victor Amselem

From June 12, 2006 to May 29, 2008

– Mr. Michel Bonhomme
114, rue Marius-Aufan – 92532 Levallois-Perret

– BEAS
7-9, Villa-Houssay – 92524 Neuilly-sur-Seine Cedex
represented by Mr. Pierre Victor

3. Selected financial information

Pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and the Council of July 19, 2002 and Regulation (EC) No. 1725/2003 of the European Commission of September 29, 2003, Havas' consolidated financial statements as from financial year 2005 have been prepared in accordance with International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB) and adopted by the European Union.

The selected financial information presented hereafter relating to the financial years ended December 31, 2008, 2009 and 2010 should be read in conjunction with the consolidated financial statements and the management report for these periods contained in the Financial Report disclosed in Chapters 5.2 "Investments", 9 "Review of financial position and results of operations", 10 "Liquidity and capital resources" and 20 "Financial information relating to the assets, financial situation and results of the issuer" contained in this annual report and those relating to 2008 and 2009.

	2010	2009	2008
Consolidated income statement data *(in euro million):*			
Revenue	1,558	1,441	1,568
Income from operations	202	180	188
Operating income	182	150	189
Net income, Group share	110	92	104
Per share data *(in euro)*			
Earnings per share, basic and diluted	0.26	0.21	0.24
Dividend	0.10*	0.08	0.04

* Subject to the approval of the coming Shareholders' meeting.

	2010	2009	2008
Consolidated balance sheet data *(in euro million):*			
Goodwill	1,494	1,416	1,411
Total current assets	2,988	2,681	2,861
Total assets	4,694	4,307	4,509
Total equity	1,203	1,087	1,015
Total financial liabilities	874	865	991
Number of existing capital shares	430,522,736	429,873,590	429,869,323

4. Risk factors

Investors are encouraged to take into account the risks described below, each of which could affect the issuer's financial position or results, along with the information contained in this annual report, before deciding to invest in shares or other securities issued by the Company.

Some of these risks are common to all companies in the advertising and communications industry.

Apart from the risks and other information presented in this annual report, and at the date of its preparation, Havas is not aware of any governmental, economic, budgetary, monetary or political strategies or factors that have had or could have a significant influence, directly or indirectly, on the operations of the issuer.

4.1. Risks relating to the advertising industry sector

A sector that is extremely susceptible to general and regional economic conditions or the political instability of certain markets

The amount of money that companies spend on advertising and communications services is highly sensitive to fluctuations in general economic conditions.

During economic recessions or downturns, companies may decide to suspend or make significant reductions in their expenditure on advertising and communications services. As a result, the Group may face severe pricing pressure, or even budget restrictions or cuts, during economic downturns; a downturn in the overall economy can have a significant impact on business.

Likewise geopolitical events, terrorist attacks, or political or economic instability in certain regions where Havas is present may adversely affect its business.

A highly competitive sector

The advertising and communications services industry is highly competitive. The Group faces significant competition both from large international players and smaller agencies that operate only in a limited number of local markets, regions or countries. New competitors also include operators such as systems integrators, database marketing companies, modeling companies and telemarketers, which offer technological solutions to marketing and communications needs expressed by clients. As a result of this increasingly competitive environment the Group may lose present and potential clients to competitors, which could have a negative impact on its growth and business activity.

Accounts that can be terminated rapidly and periodic competitive reviews of budgets

Clients can cancel a contract at term or at any other moment, following a period of notice that is generally between 90 and 180 days. Some clients require agencies to compete periodically for their advertising and communications budgets. Advertising budgets can be lost for various reasons such as, for example, conflicts of interest between clients in a particular sector, or a client's decision to concentrate advertising investment on a single agency or network.

This risk, which could affect the growth of Havas and damage its business, should be assessed in terms of the relative weights of leading clients. At December 31, 2010, the Group's top ten clients represented 20% of total revenue. No single client represented more than 3% of the Group's total revenue.

Restrictions on offers to clients due to regulations in various countries in which Havas operates

Havas is present in countries with different levels of regulations relating to the advertising and communications industry. New regulations or new standards of self-regulation are regularly introduced to prohibit or restrict advertising for certain products or services, or limit the media, content or forms that can be used. For example, advertising for alcoholic beverages, tobacco or health-related products is covered by specific regulations in various countries.

These legal or regulatory restrictions could affect the Group's activities or place it at a competitive disadvantage relative to other advertising and communications services companies which conduct a larger portion of their business in countries where regulation is less restrictive.

Legal risks relating to failure to comply with local regulations governing advertising and communications activities

The services provided by the Group's agencies to their advertising clients must comply with national regulations governing advertising and communications activities. In some of the markets in which Havas operates, notably the United States and the European Union, advertisers and advertising agencies must assume a high degree of professional liability and may be sued or prosecuted by consumers or consumer associations, administrative or regulatory authorities, or competitors, in particular for false or misleading advertising, failure to comply with measures limiting access to advertising in certain sectors, unfair competition, and infringement of rules governing the collection and use of personal data. In general, advertising agencies are liable to their clients for due compliance with these regulations.

In order to limit this risk, the Group has set up procedures in its major markets to try to ensure that advertising messages comply with regulations, either in the form of a campaign review procedure or, as in France, internal or centralized legal departments to assist teams at all stages of the preparation of a campaign. Training courses can also be organized locally.

Risks relating to intellectual property rights infringements and violation of third-party rights

In its daily business, Havas delivers to its clients advertising material that may have been produced by its own employees or acquired from third parties (authors, artists, photographers, etc.). Campaigns produced for clients frequently use photographs of models, musical extracts or images that are protected by copy- right or image rights.

Advertising agencies are responsible for ensuring that their creations do not infringe these rights and that they possess the necessary authorizations to run the advertising campaign envisaged by their clients. Clients may be protected by contract against legal action resulting from such infringements.

To meet this risk, most of the Group's advertising agencies rely on teams of specialists responsible for managing, acquiring and vetting rights. These teams benefit from the support of the Group's legal department, or external consultants. Training courses can also be organized locally.

In all cases, whether legal action results from failure to comply with regulations or an infringement of intellectual property rights, the damages and costs incurred may have an impact on Group earnings. Furthermore, such actions are likely to harm the Group's image.

Risks relating to the departure of Havas executives or employees

Much of the Group's success is due to the talent and engagement of its executives and employees. The departure of certain key individuals may have an adverse effect on the Group's operating performance and results.

In a professional environment where mobility is common, the Group is developing a strategy to retain and attract top talent.

4.2. Litigations

Litigations with former executives or employees

These litigations are also described in note 5.2.30 "Risks related to material litigations" to the consolidated financial statements.

1. Alain de Pouzilhac

   A number of disputes are currently under way between the Group and Mr. Alain de Pouzilhac. These relate principally to:

- cancellation of agreements entered into between the Company and Mr. de Pouzilhac: Following the appeal entered by Havas, in a ruling handed down on March 1, 2011, the Court of Cassation quashed the decision of the Paris Court of Appeal of January 14, 2010. The case will now return to the Paris Court of Appeal;
- the principle of Mr. de Pouzilhac's eligibility for supplementary pension entitlements established on behalf of company managers of EUROCOM. This case is currently pending before the Paris Court of Appeal.

   None of these proceedings will have any material impact on the consolidated financial statements of the Havas Group.

2. Agnès Audier and Alain Cayzac both terminated their employment contract, considering that circumstances allowed them to invoke their conscience clauses.

   The Company, on the other hand, considered that they had resigned and refused to pay the compensation claimed.

   Both referred their case to the conciliation tribunal (Conseil des Prud'hommes) of Nanterre.

- In the case of Mrs. Agnès Audier, the case was closed by a ruling of the Court of Cassation handed down on January 26, 2011. Although the Court granted only a small part of the applications made by Havas SA, Mrs. Agnès Audier was nonetheless required to repay the Company the sum of €20,000.
- Concerning Mr. Alain Cayzac, in view of the criminal procedures under way and of the shareholders' vote against his proposed compensation for 2005, the conciliation tribunal and subsequently the Versailles Court of Appeal decided there were grounds for ordering a stay of proceedings.

  The total indemnities, damages and social charges that have been claimed or could be claimed from the Company amount to the sum of € 2.2 million. After consulting its legal counsel on these cases, the Company has set aside provisions for litigation that it considers reasonable.

Furthermore, the Group lodged a complaint in 2007 with the Public Prosecutor (Procureur de la République) in Nanterre regarding facts that had recently come to light and that may prove to be criminal in nature. The Company does not believe that this complaint is likely to have negative financial consequences for the Havas Group.

In the normal course of their activities, the Company and its subsidiaries are parties to a certain number of legal, administrative or arbitration proceedings. The expenses that may be incurred in these proceedings are provisioned for to the extent they are probable and measurable. Such provisions are determined by risk assessments conducted on a case-by-case basis (see note 5.2.14 "Provisions" to the consolidated financial statements).

There are no governmental, legal or arbitration proceedings, pending or threatened, including those already known to the Company, that are liable to have or have in the past 12 months had a significant impact on the Group's financial situation, business or results of operations.

4.3. Financial risks

Interest rate risk, exchange risk on foreign currencies, liquidity risk, and credit risk

The exposure of Havas Group to interest rate risk, exchange risk on foreign currencies, liquidity risk, and credit risk is described in notes 5.2.13 "Financial debt" and 5.2.29 "Financial risk management objectives and policies" to the consolidated financial statements for the year ended December 31, 2010.

Other financial risk

The recognition of additional impairment charges could cause a negative impact on the financial situation

Significant amounts of goodwill resulting from acquisitions of companies are recorded in the balance sheet assets. Goodwill is subject to an impairment test carried out at least once per annum or whenever there is evidence that the goodwill may be impaired. The impairment test consists of first comparing the carrying value of assets and liabilities of each cash generating unit (CGU) to a multiple of EBIT (earnings before interest and taxes), the multiple being determined by an independent expert. Whenever the multiple of EBIT value is lower than the carrying value, the latter value is then compared to the expected total discounted cash flows generated by the CGU. A CGU is represented by an agency or a group of agencies under the same management, and together offering their clients global services encompassing all the advertising and communication services provided by the Group. Assumptions used to determine cash flow forecasts might not materialize, in which case an impairment charge might be required and impact negatively on the financial situation of the Group.

The company could be required to pay a significant amount if "conscience clauses" were exercised

Following the appointment of Fernando Rodés Vilà as Chief Executive Officer of Havas SA, and the end of his mandate as Chief Executive Officer of Media Planning Group SA, the clauses tied to his mandate as Chief Executive Officer of Media Planning Group SA became null and void on May 28, 2007. The clauses tied to a significant change in the shareholding of Media Planning Group SA are still valid.

These clauses concern six managers and provide for indemnities equal to those due in the event of employment termination. If all of them were exercised, the total amount due would be €10 million.

Risks relating to minority interests buy-out obligations

When Havas acquires a majority holding in a company, it usually enters into buy-out agreements with minority shareholders (see Chapter 10 of this annual report). These agreements are valued by applying the provided formula using the latest financial data which are mostly the 2009 and 2010 actual data, and the 2011 forecasted figures, for commitments undertaken prior to 2010. For those completed from 2010, the Group bases its valuations on business plans and probable date of buy-out exercise to determine obligations by applying the contractual formula. Future cash flows are discounted at December 31, 2010.

Whenever results actually achieved by the related companies in the financial years preceding the buy-out prove to be greater than those used for the buy-out assessment, obligations currently provided for are revised upwards accordingly.

They are detailed in Chapter 10 "Liquidity and capital resources" of this annual report and note 5.2.12 "Earn-out and buy-out obligations" to the consolidated financial statements.

Limitations of internal control

In view of the large number of legal entities making up the Havas Group, many of them small firms or operating in remote areas, it may prove difficult to implement and maintain reliable and uniform internal control procedures.

The Group is aware that these internal control procedures cannot fully guarantee that all the Company's objectives will be met, in particular those relating to safeguarding and protecting its assets, and is consequently especially vigilant with regard to the risk of fraud and embezzlement.

Should preventive controls prove unavailing, agency network Finance Departments are responsible for informing the Group Finance Department at once. They should also lose no time in launching the investigations necessary to determine without delay the financial scope of the incident and its causes, so as to reinforce as necessary the procedures in force.

4.4. Coverage of risk - Insurance

Havas' insurance and risk management policy relies on international insurance programs that include most of the Group's subsidiaries.

These policies cover risks relating to:

- damage and business interruption;
- fraud and embezzlement;
- the third party and professional liability of the Group's agencies;
- the third-party liability of corporate officers;
- Employment Practices Liability (social reporting).

The policies are subscribed with leading international insurance and reinsurance companies (Axa, Chartis, Générali, XL, HCC) and the cover provided is consistent with other products available on the market and appropriate to the level of Group companies' exposure to risk (risks which vary according to the type of activity and the country concerned).

The coverage and deductibles for each of these policies are reviewed annually, with the assistance of insurance brokers, based on changes in claims, risks and the insurance market.

The cost of coverage, recognized under the line item "Insurance", was €2.6 million net of taxes and brokers' fees.

5. Information concerning the issuer

5.1. History and development of the Company

5.1.1. Company Name

"Havas"

5.1.2. Registration

Nanterre Register of Commerce No. 335 480 265

5.1.3. Date of foundation and duration

The Company was founded on July 12, 1900, the date of incorporation of the Company with which Havas SA merged in 1982. The current activities of the Company began in 1968, as detailed in part 5.1.5 of this document.

The Company will be wound up on July 12, 2050, except in the case of extension or prior dissolution.

5.1.4. Registered office and contact information

2, allée de Longchamp – 92150 Suresnes, France

Telephone: 01 58 47 80 00

The Company's country of origin is France, the Company is governed by French law, and its legal form is that of a French *Société Anonyme* governed by articles L.210-1 and following of the French Commercial Code.

5.1.5. Milestones in the development of the Company's businesses

According to the April 26, 2010 edition of Advertising Age, Havas is the seventh largest global advertising and communications group worldwide, its main competitors being Omnicom, WPP, Interpublic, Publicis, Dentsu and Aegis.

It bears the name of Charles-Louis Havas, founder of France's first press agency in 1835.

In 1968 the advertising department, Havas Conseil, was incorporated to form a société anonyme. The new Company rapidly extended its field of activity and in 1975 became the holding company, under the name Eurocom, of a Group of subsidiaries specializing in various communications activities.

Since the 1970s, the Group has expanded its business significantly in France and internationally, both in the communications and media buying sectors, by extending its activities to all fields of communication and to the new communications technologies.

Havas was first listed on the Paris Bourse (now Euronext Paris) in 1982.

The principal milestones in the Group's strategic development are as follows:

1991. Eurocom acquired the French advertising group RSCG, leading to the creation of the Euro RSCG Worldwide advertising network.

1996. The Company changed its name to Havas Advertising and created four operating divisions, the largest of which, the Euro RSCG Worldwide network, established its headquarters in New York in 1997.

1999. Médiapolis, the Company's existing media planning business, merged with Media Planning, a Spanish company specializing in media planning and buying, to give birth to the Media Planning Group network. Havas initially acquired a 45% holding in Media Planning Group, increased to 100% in May 2001.

Through Media Planning Group, Havas offers a wide range of media services in major markets worldwide.

2000. Havas made a successful bid to acquire Snyder Communications, Inc., and listed American Depositary Shares (ADSs) on the Nasdaq National Market System.

1998-2001. Havas adopted an active acquisition strategy to strengthen some of its global markets. In addition to Media Planning Group and Snyder, the Group acquired around one hundred specialized agencies in America, Europe and the Asia-Pacific region.

2002. The Company changed its name from "Havas Advertising" to "Havas" by decision of the Annual Shareholders' Meeting held on May 23, 2002.

2003. Strategic restructuring and reorganization of the Group around three core divisions: Euro RSCG Worldwide reinforced in its role as Havas' worldwide network for still stronger development of integrated communications. Media Planning Group, Havas' worldwide network for media expertise and traditional advertising and marketing services, continues to develop for the benefit of its own clients as well as those of Euro RSCG Worldwide; Arnold Worldwide Partners which concentrates its development efforts on the US market.

2004. In July, the Bolloré Group acquired a stake in the Company's share capital.

In October, the Company completed a €404 million capital increase.

2005 was a transition year marked by a significant change in the Havas management team.

2006. The Company asked NASDAQ to cease listing Havas ADSs. This listing came to an end with the opening of the market on July 7, 2006. At the same time Havas closed down its ADR program on July 28, 2006.

On October 10, 2006, the Company notified the Securities and Exchange Commission of the voluntary suspension of its registration under the Securities and Exchange Act of 1934. This registration ended on December 7, 2007.

2007. The Media Planning Group network was renamed Havas Media.

2009. At the beginning of the year, the Group reorganized into two Business Units, Havas Worldwide and Havas Media, in order to promote synergies and further reinforce Havas' positioning as the most integrated group in its sector.

Following the pattern of the Havas Media reorganization, Havas Worldwide will encompass all advertising agencies, marketing services and design. It will bring together all the Euro RSCG network agencies as well as all the independent agencies: Arnold (Boston, New York, Washington, London and Milan), H and W&Cie (Paris), Palm (Montreal) and Data Communiqué (New Jersey).

On October 28, 2009, Havas successfully launched a €350 million 5 year bond issue (due in November 2014) with an annual coupon of 5.5%.

On November 26, 2009, Havas launched its first TV production unit: Havas Production.

On December 4, 2009, Havas created Havas Event, the Group's events communication agency in France.

2010. Havas pursued its policy of targeted acquisitions and start-ups based on local partnerships:

- in digital with Acmic in India (agreement finalized early in 2011), Congruent in the USA and Project House in Turkey;
- in public relations: with the acquisition of Porda in Hong Kong, Havas strengthened its leadership in global financial public relations;
- in emerging markets: in Russia (in partnership with ADV).

5.2. Investments

Havas' investment strategy involves reinforcing its integrated communication and media expertise networks by leveraging geographical expansion and the development of services offered by its different agencies. In 2010, the Group spent a total of some €8 million on investments including acquisition costs (corresponding to five acquisitions), compared with €5 million in 2009 (four acquisitions) and some €32 million in 2008 (seven acquisitions). All these acquisitions were financed from free cash flow. Havas has not entered into any material new commitments as regards investments.

6. Overview of businesses

6.1. Principal businesses

6.1.1. Type of business

A fragmented media landscape, growing numbers of communication channels, soaring use of Internet and the explosion of all things digital driving media convergence have combined to transform the world of communications.

These technological revolutions have changed the way people consume media and given rise to new social networks.

Havas has remained at the forefront of this change by gearing its organization to the new needs emerging in communications. In order to rise to these new challenges, and rather than opting to confine this new digital activity to a silo, we have decided to put digital at the core of all our businesses, which are:

- Brand strategy, consulting and advertising;
- Corporate, financial and Human Resources communication;
- Relational, promotional and interactive marketing;
- Health communication;
- Media expertise.

In the rapidly changing communications world, flexibility and clarity in our service offerings are essential. Havas' size and its organization into two Business Units, Havas Worldwide and Havas Media, are key advantages.

Havas Worldwide includes the Euro RSCG Worldwide network and a number of agencies with a strong local identity: Arnold in the United States, H and W in France, Palm Havas in Canada.

Havas Media is made up of the Media Planning Group, Arena, Havas Sports & Entertainment and Havas Digital networks.

6.1.2. Market and trends(1)

In the wake of 2009, one of the worst years for the advertising industry in decades (a downturn of the order of 11%), the global advertising market was expected to grow by 5% by the end of 2010 and forecasters predict broadly similar levels of growth for 2011 and 2012. According to Zenith Optimedia, expected growth is 4.6% for 2011 and 5.2% for 2012. Despite these encouraging signs, however, prudence is still advisable. The advertising market at present is far short of returning to the levels of 2008 and while growth in 2010 is certainly promising, it must be seen in the context of a very low baseline of comparison in 2009 that will not be the case for 2011. At this stage, the market can be described as making up lost ground rather than recovering, while waiting for confirmation of the trend on the course of 2011.

Agency Zenith Optimedia estimated global advertising expenditure of USD450 billion for 2010.

The geographical breakdown by major region(1)

	2010	2011	Change 2011/2010
North America	35.70%	35.00%	2.60%
Western Europe	23.20%	22.90%	3.20%
Central & Eastern Europe	6%	6.20%	7.90%
Asia-Pacific	23.60%	24.10%	6.90%
Latin America	6.50%	6.70%	8.00%
Rest of World	5.00%	5.10%	6.60%
Total	**100.00%**	**100.00%**	**4.60%**

Forecast market growth in 2011 in North America and Western Europe (around 3%) is expected to be only half that of other regions (between 6% and 8%). Even so, North America and Western Europe, combined with Japan, still account for over two thirds of the global advertising market.

By media(1)

	2010	2011	Change 2011/2010
Press	31.0%	29.3%	-1.3%
Television	40.7%	41.3%	6.1%
Radio	7.2%	7.0%	1.9%
Cinema	0.5%	0.5%	6.0%
Outdoor	6.6%	6.7%	5.5%
Internet	14.0%	15.2%	14.0%
Total	**100.0%**	**100.0%**	**4.6%**

Advertising spending is expected to rise in all the media except press. Growth will continue to be driven by the Internet (+14%), followed by TV (+6%), which remains the leading advertising medium with a 41% share of total media advertising expenditure, ahead of press (expected to drop below 30% for the first time) and Internet, which is expected to increase its share to over 15%.

The main players in this market are the advertisers, the different media and the communications consulting groups, along with the various entities involved in the physical production of campaigns (actors/ models, directors, producers, photographers).

It should be noted that revenues of communications consulting groups are becoming steadily less correlated with media advertising spending. On the one hand, agency revenues are based more on fees than on commissions calculated as a percentage of media investment, with the exception of media buying which generally continues to operate on a commission basis. Fees are by their nature more stable (whether increasing or decreasing) than commissions directly tied to media investment.

In addition, a growing proportion of communications consulting revenues is now generated in the non-media domain (see the various communications consulting activities mentioned at the beginning of this paragraph 6.1.1).

Havas on its market

Havas ranks seventh worldwide among the major communications groups with 2010 revenue of €1,558 million (source: press releases by main competitors reporting 2010 results). Its main competitors are WPP, Omnicom, Interpublic, Publicis, Dentsu and Aegis.

Havas' markets are distributed as follows:

(as a percentage of 2010 revenue)	
France	21%
Continental Europe excluding France and UK	21%
United Kingdom	11%
North America	33%
Asia-Pacific	5%
Latin America	9%

Revenue per client remains well distributed; the Group's leading client represents 3% of total revenue and the ten leading clients account for 20%.

6.1.3. Strategy

The first strategic plan, launched in 2006 is now complete. Its main objective was to restore the Group's financial position by reducing the high level of debt. This objective was not only achieved but even surpassed. At end 2010, Havas has zero net debt and enjoys substantial cash and financial resources. Its financial structure is now one of the soundest in the industry. As a result, Havas is now in a position to envisage a modicum of external growth, after a period of five years during which the Group made no major acquisitions. This acquisition strategy will be both measured and determined and will focus on acquisitions targeting both geographic and sector priorities. It will also involve merging all back-offices, starting with France, in order to smooth synergies between media and creativity and improve the Group's profitability.

The new external growth strategy will be in addition to the strategy that Havas has successfully deployed over recent years:

- continuing to put digital at the heart of all our agencies, creative or media, worldwide is and will remain a key priority for the Group. Even with no significant acquisition in the sector, digital now accounts for something like a 19% share of Group revenue;
- developing and supporting international brands. In Euro RSCG, Havas can proudly lay claim to an advertising network ranked the largest in terms of volume of international accounts for the fifth year running by AdAge. Havas intends to maintain and extend its lead;
- engaging with the issues of corporate social responsibility: its impact on brand equity is central, and the brands need to build a sustainable relationship and conversation with all their stakeholders in order to strengthen the fabric of their social capital. Group agencies now have the opportunity, but also the obligation, to use the force of creative ideas to bring about positive social change;
- continuing to put creativity at the core of our strategy for winning new business.

(1) All the market data shown in this section are taken from the Zenith Optimedia press release of December 6, 2010.

Implementing this strategic plan will create value at all levels: for Havas shareholders, as the Group improves its operating performance; for clients, thanks to a distinctive offer and endless capacity for innovation; and for employees, encouraging an even stronger sense of belonging to the Group.

6.1.4. New activities

None.

6.2. Operational organization

Presenting the Group by region allows for ongoing analysis and comparison of performances over time. The internal organization founded on these regions has undergone changes in recent years, as certain activities have grown region and opportunities for synergies have emerged. Certain agencies that were formerly independent or formed part of specific networks have gradually been incorporated into the two main Business Units, Havas Worldwide and Havas Media.

6.2.1. Principal markets

France	21%
Continental Europe (excluding France and UK)	21%
United Kingdom	11%
North America	33%
Asia-Pacific	5%
Latin America	9%

Group revenue by business unit

2010 Group revenue by business unit:

Havas Worldwide	68%
of which Euro RSCG Worldwide	*59%*
Havas Media	32%

6.2.2. Havas Worldwide

Euro RSCG Worldwide

Getting clients to the Future First is Euro RSCG's commitment to clients and its *raison d'être*. It is this vision and the success in bringing it to life that has earned Euro RSCG Worldwide an impressive influx of new business, creative awards, and attracted top talent around the globe.

It has continued to lead the industry in the digital and social media space – being named to Unilever's global digital roster and serving as the digital and social media agency of record for leading brands that include IBM, Charles Schwab, Ikea, Volvo, Kraft Foods, Chivas, Heineken, AMD and Lacoste. Evian Rollerbabies continued to break records with more than 175 million views to-date and Euro RSCG continued to lead clients to deliver firsts in their category, like Dos Equis being the first beer brand to surpass one million likes on Facebook.

But what really made 2010 special for Euro RSCG Worldwide was exercising its creativity to address major world issues. It was the lead creative agency behind the election of Prime Minister David Cameron in Britain; with One Young World, Euro RSCG Worldwide created one of the most forward-looking channels for corporate social responsibility (CSR) and social change ever; David Jones led the World Economic Forum Young Global Leader taskforce on sustainability advising the French Presidency of the G20 (following work with Kofi Annan on climate change in 2009); and the agency works with clients to deliver CSR as a core discipline.

For Euro RSCG Worldwide, social responsibility is a potent tool through which to drive the agency, the industry – and client growth.

The Agency

Delivering success requires a tenacious focus in three key areas:

- the continued integration of the digital-at-the-core model;
- the deep understanding of and ability to anticipate and influence consumer behavior around the globe;
- the capacity to attract and retain the best talent in the industry.

Euro RSCG's Model and Digital at the Core

Digital now sits at the core of all Euro RSCG Worldwide's agencies, and they continue to strive to be the undisputed industry leader in the social media space. In 2010, Euro RSCG Social, a formalized cross-discipline, cross-leadership arm that groups social media efforts agency-wide under one umbrella brand was launched. This is a natural extension to what has been a long-term leading role in the social sphere, marked by such innovations as:

- the first global CEO tweet-up;
- Social Xplorer, the first social media NPD tool;
- the first YouTube masthead ever created with an augmented reality experience of any kind and accessible on mobile;
- the first social media car launch; and
- the first beer brand ever to get over one million likes on Facebook.

This year, the network doubled its digital and social media business in China with the addition of major accounts such as Hershey's, Balabala (one of China's leading children's clothing retailers), and Sun Hung Kai Properties (one of the largest property companies in Hong Kong). The digital offering continued to be boosted *via* the acquisition of digital shops Project House in Turkey, Acmic Interactive in India, and Congruent Media in the US. And the addition of agencies in markets including Ireland, Turkey and Serbia welcomed the likes of 02, Apple, Nestlé, Heineken, Danone, and Nokia to Euro RSCG Worldwide's rosters there.

It is the network's firm belief that digital and social media cannot live in a silo but must be at the core of business worldwide. This model began to be brought to life nearly six years ago globally and efforts are now focused on ensuring Euro RSCG Worldwide is second to none in this space.

Corporate Social Responsibility

Euro RSCG Worldwide has been a leader in tracking the move toward conscious consumption and consumers' growing interest in partnering with ethically compatible brands. And the network has seen the valuable dividends that accrue to those corporate brands that have earned the strongest reputations for integrity and social action. Euro RSCG Worldwide believes that its agencies around the world have not only an opportunity, but an obligation, to use the power of creativity to effect positive change – as seen in its ability to rally more than 18 million climate allies globally for Kofi Annan's Campaign for Climate Justice in 2009.

Social Responsibility is something that is not only advised to its clients to put at the core of their businesses, but it's something that Euro RSCG Worldwide has done globally as well.

In 2010, it created its own not-for-profit platform called One Young World, bringing together nearly 1,000 future leaders from 114 countries to give the young people of the world a platform to drive positive change. The network believes that technology has given these young leaders a voice, regardless of their geographic location, and that technology + social media is a powerful combination that allows them to share ideas and create solutions to the most pressing issues of our time. Launched by London Mayor Boris Johnson and run under the guidance of international counselors including Kofi Annan, Bob Geldof, Muhammad Yunus, and Desmond Tutu, One Young World has been hailed as the "Junior Davos" by CNN and was described by Marketing Week as "the most forward-looking and comprehensive piece of corporate social responsibility ever attempted".

Former US President Bill Clinton personally thanked Euro RSCG for its work on One Young World (OYW) at the Clinton Global Initiative earlier this year and named OYW one of the organization's "Commitment Makers".

Consumers continue to demand that companies stand for more than profits, and Euro RSCG is working with every single agency in its network to ensure that while they grow their clients' businesses, they also use their creativity to effect positive change in the world.

This emphasis will continue to set Euro RSCG Worldwide apart from others while helping get its clients to the Future First.

Talent

Attracting and retaining the best talent in the industry remains an essential goal.

In 2010, Al Kelly was welcomed to the network (from TBWA and Fallon) as the new chief creative officer in the flagship New York agency. Pete Zillig relocated from London to serve as co-CEO of Euro RSCG New York. Jason Peterson joined Euro RSCG Chicago as the agency's new chief creative officer (from Berlin Cameron and Fallon). Clive Maclean was named CEO of Euro RSCG 4D Discovery. Leo Olper and Mauricio Galvan joined Euro RSCG, to re-launch the Hispanic marketing division in the U.S., from Leo Burnett's Lapiz and the Vidal Partnership, respectively. Gedeon Stol joined ranks as the head of innovation in London. Katie Halling was named global head of the Reckitt Benckiser account. Christian de La Villehuchet and Andreas Geyr were named CEOs of Euro RSCG Europe. Marianne Hurstel was promoted to Vice President of BETC Euro RSCG. And Ricardo Monteiro was named CEO of Euro RSCG Ibero-America.

In Asia, Mason Lin rejoined Euro RSCG as CEO of Greater China, Juan Rocamora was named chairman of Euro RSCG Asia-Pacific, FCB veteran Andrew Crombie was named CEO of Euro RSCG Singapore and Malaysia, Kevin Pereira was named executive creative director of Euro RSCG Singapore, Andrew Knott was named chief digital officer of Asia/Pacific and Matthew Fanshawe was promoted to regional managing director of Asia-Pacific. Euro RSCG Beijing appointed James Chen and Doze Tou as the new managing director and executive creative director, respectively. CC Tang was appointed Chairman of Euro RSCG Hong Kong and Chief Creative Officer of Greater China. Steve Coll was named executive creative director of Euro RSCG Australia. And Siddhartha Bindra was appointed executive creative director of Euro RSCG Delhi.

And the list goes on…Euro RSCG's success in capturing talent of this stature is a testament to its growing reputation within the industry and the consistently high quality of its work.

New Business

Globally, the network welcomed an impressive list of new clients in 2010, including the global Durex and Scholl wins. Work commenced with IBM, the network having been named its global digital and social media agency in a pitch at the end of 2009. Chivas awarded Euro RSCG its entire global digital business, and the network has the distinction of being the only non–pure play digital agency to be invited onto Unilever's global digital roster. Heineken added the digital business to the mainstream win of last year.

Global business was also awarded by Pernod Ricard, Orange, Decathalon, Crédit Suisse, Woolmark, Regus, Reader's Digest and AMD. Sprint chose the network for their North American mobile business, Groupon added Euro RSCG to their roster, and in France, BETC Euro RSCG won the Pernod Ricard account while Euro RSCG C&O won Les Echos and the French Airforce.

Peugeot awarded Euro RSCG for its business in mainland China and the agency continued to excel in one of the fastest growing regions in the industry, Latin America. In fact, Euro RSCG Worldwide won some of the biggest pitches of the year there, including BBVA, Nova Schin, Sony Vaio, Pizza Hut, and Ambev. Euro RSCG Worldwide was named 2010 Agency of the Year and Best Digital Innovation Agency in Argentina, #1 Advertising Group in Mexico, the fastest growing agency in Chile, and became the second largest agency in Brazil, too. Its national work shone, winning Best Campaign of the Decade in Uruguay and Best Social Awareness Campaign in Mexico, among other awards. Euro RSCG also had huge regional wins, including La Campagnola tuna, Arcor Bagley's Rumba, Opera, and Sunrise.

Recognition

In 2010, Euro RSCG continued to generate some of the best creative work in the world.

Evian's "Roller Babies" has hit more than 175 million views online and this past year launched as a TV spot for the first time ever in the US.

The "Closet" TV spot for Canal+ was the most awarded television commercial in 2010, according to the Gunn Report, and continues to bring in trophies for its creativity, including a coveted Gold Cannes Lion.

The "Most Interesting Man in the World" ("MIM") campaign was driven across multiple social media platforms, resulting in Dos Equis becoming the #1 brand in both the beer and the greater spirits categories on Facebook and surpassing the 1 million fans mark. "MIM" brought home from Cannes a Gold Lion in the Radio category and a Bronze in Film. Dos Equis celebrated other big wins when it was named overall Grand Prix winner at the Radio Mercury awards and Golden Watch winner at the Golden Drums, among other honors.

Euro RSCG created the first-ever gay-themed TV spot for McDonald's–driving massive media attention to the brand from around the world.

Euro RSCG Life, the healthcare marketing agency, was named Adweek's first-ever Healthcare Agency of the Year, Medical Marketing & Media's 2010 All-Star Network of the Year, and one of Campaign's Top 100 U.K. Agencies.

Euro RSCG 4D agency was named Direct Agency of the Year by BtoB Magazine.

Euro RSCG was awarded Best Advertising Agency and Best Direct Marketing Agency in Spain, Best Digital Agency in the Czech Republic and Best Integrated Marketing Agency in Poland. The Amsterdam office ranked first in the Annual Client Satisfaction Survey in two categories and picked up countless awards for its Volvo work.

2010 was a good year for Euro RSCG Worldwide and it continued to evolve as a network to meet the changing demands of the digital and social media age that we are living in. Euro RSCG is determined to keep one step ahead of the competition to get its clients to the Future First and in doing so continue to be pioneers in the new world of communications.

Arnold Worldwide

Arnold Worldwide is a global micronetwork within Havas Worldwide delivering creativity, strategy and integration across all communication touch points – advertising, digital, promotions, direct, design, and branded content. In 2010, under the leadership of Global CEO Andrew Benett, Arnold experienced a historic year of global expansion and new business wins, including Aetna, Alberto Culver, CVS/pharmacy, Dell, Huntington Bank, New Balance, and Sanofi-Aventis. This success contributed to *Ad Age* selecting Arnold as 2010's "Comeback Agency of the Year".

Arnold believes that "Great Work Works" and makes a promise to every client that a better idea will build revenue, profit and shareholder value.

Arnold also represents clients like Amtrak, Brown-Forman, Carnival Cruise Lines, Fidelity Investments, The Hershey Company, McDonald's, Ocean Spray, Progressive, and Volvo. Its micronetwork is comprised of 15 offices in creative hubs and growth markets, including Boston, New York, Washington DC, Toronto, London, Amsterdam, Prague, Melbourne, Milan, Madrid, Moscow, Lisbon, Sydney, Sao Paulo and Shanghai.

H

H is an agency of a different kind that mixes and hybridizes every aspect of communications.

Its main clients, Citroën, Darty, Krys, Lascad, transavia.com, Acadomia, Marques Avenue, Dunlopillo, De Dietrich… have been joined over the past year by Crédit Mutuel, Hadopi, Orpi, Pokerstars, Maty, the STIF...

After winning 14 international prizes for the film Citroën C3 le Parking, the agency was also awarded in 2010 at 10 international festivals with 2 lions at the International Advertising Festival in Cannes for the film Citroën The dog, 3 épica, 2 Eurobest, 1 Clio Award...

W&Cie

W&Cie is a design and communications agency specializing in brand strategy. The agency accompanise clients in all aspects which allow to create, adjust and maintain a relation pérenne et équitable between the brand, its public and its communities.

W&Cie is composed of 4 areas:

- Design & Digital;
- Advertising et Digital (WAtjust);
- Corporate – Editorial & Digital;
- Events & Digital (W&Cie is founding member of Havas Event).

W&Cie has clients including Aéroports de Paris, Groupe Casino, EADS, GDF Suez, Crédit Agricole, Axa, Coca-Cola, La Poste, Peugeot, La Caisse des Dépôts…

W&Cie's creativity is regularly recognized, notably at the International Festival of Creativity in Cannes where the agency won a bronze lion in the environmental design category for Aéroports de Paris.

W&Cie is founding member of Havas Design+ created in 2010. Havas Design+ is an international design network launched in 10 key cities: Paris, New York, Lisbon, Madrid, Dubaï, São Paulo, Mumbai, Dusseldorf and Prague.

In 2011, W&Cie merged with Atjust to create WAtjust which regroups all advertising and digital activities within W&Cie. Its vocation is to offer the best advertising (strategic expertise, idea and brand culture, creative references) and the best of digital (technical expertise, digital culture, production capacity).

6.2.3. Havas Media

Although 2010 was still marked by a tough economic environment in all major economies, industry results from the final months of the year show that the world has left behind the crisis of 2009.

Latest forecast for the advertising market is to grow +4.9% this year (source: Zenith Optimedia).

Havas Media closed 2010 with remarkable results. Targets for organic growth were surpassed and international marketing magazine M&M named Havas Media "Collaborator of the Year".

Strategy

Havas Media has continued to focus on and invest in the following five areas:

1. New Business

During 2010 the group was able to win more new business than ever – surpassing the excellent 2009 figures with wins such as Turespaña, Panasonic, Turkey Tourism, Yahoo! and Huntington Bank.

As a result, RECMA's* latest report names MPG as the most successful new-business agency over the past three years across the top five markets in Europe (the UK, France, Germany, Spain and Italy). MPG was also ranked as the number one new business agency across the Americas.

2. Client retention

Havas Media has maintained the trust of its clients. 2010 also represented the first full year of the Hyundai and Kia account, Havas Media's largest account to date. Over the past 12 months, the Havas Media teams have successfully managed this client across a total of 76 markets. In this process, Havas Media has brought the full range of its innovative tools and approaches to bear successfully on this key global client. During the year the Korean auto manufacturer has gone from strength to strength and 2011 promises to be an important year in its evolution.

3. Leading insight and product development

Havas Media undertook further investment with the development of a suite of offers and tools that help companies understand, track and develop meaningful communications strategies for their brands. Havas Media Intelligence (HMI), the central unit responsible for insight and product development, created an Advisory Services division supported by the appointment of Fredrik Johnsson, with a remit to define and implement the group's new vision and thought leadership platforms.

The Havas Media Lab – the HMI "think tank" – has also seen an increase in resources this year with a subsequent burst of thought leadership activity and articles published on the Havas Media Lab's blog. In today's exceptionally dynamic environment, innovation and investment have formed the foundations for the group's more collaborative approach to media which hasa been recognized by RECMA as the most reactive.

* Source: RECMA Compitches 2010 Report.

4. Digital

Expanding digital expertise through joint partnerships has become a key focus for Havas Media which places digital at the core.

Havas Digital selected Kenshoo, the leading provider of online demand generation solutions for the enterprise and local markets, as its exclusive technology partner for search engine marketing. A global agreement was concluded between Havas Digital and Greenplum Software (part of EMC), the pioneer of Enterprise Data Cloud™ solutions for large-scale data warehousing and analytics. The agency also committed to a partnership with AdSafe to deliver brand verification for display campaigns and closed a deal with online video exchange Adap.tv. The deal, enables Havas Digital to make buys targeting individual users on an impression-by-impression basis, is believed to be the first by a major agency holding company inserting ads into online video programming.

5. Geographical Expansion

Havas Media operations in Latin America have recorded growth levels of approximately 20 to 25%. Countries in APAC, led by strong growth in India and in particular China (growing more than 80%) are also experiencing growth rates that are expected to reach between 25 to 30%. It was also extremely important to establish a foothold in Russia this year and with this objective, Havas closed a joint venture with ADV, a key market player that provides an excellent base in this expanding market. Additionally Havas Media started an ambitious expansion plan in Africa and now works with more than 35 clients in more than five African countries, including South Africa, Ivory Coast, Senegal, Cameroon and Morocco.

Sustainability

After defining the global challenge facing our group in terms of Social Responsibility, Havas Media developed and improved its strategy and objectives at a group level to cover the environmental and social impact of our agencies, ethics and governance, purchasing and responsible communication.

As a business built on communication, collaboration and creativity, Havas Media firmly believes these qualities must shape its contributions. As such, the agency is committed to engaging its teams' talents to understand and move forward on issues such as green marketing, cause-related marketing, social marketing, digital ethics and transparency of practices, as well as philanthropy and pro-bono activity.

Strategy

Havas Media continued the development of its four global networks MPG, Arena Media, Havas Digital and Havas Sports & Entertainment. During 2010 Havas Media continued its commitment towards understanding how the rise of the new socially conscious consumer would affect the relationship between brands and consumers and society. Moving the analysis to a wider level, the group focused on how sustainability and social capital can be used to establish more meaningful relationships between brands and consumers and society.

In support of this theme, Havas Media launched the 3rd edition of its global research programme called Brand Sustainable Futures in October. The analysis covers the views of 30,000 consumers in 9 markets across 10 industries. Senior officials from the group spoke on the subject at events including The Financial Times Sustainability Summit in New York, The TFWA World Duty Free Congress in Cannes and the World Retail Congress in Berlin.

New services and products

MPG Media Contacts UK launched an "Intelligence Unit" which has centralised consumer insight, digital data analytics, web analytics, econometrics, CRM and Artemis™ Analytics into one team.

Havas Sports & Entertainment France launched a new offer, Havas Hospitality, which now presents the HS&E offer both in France and globally with a focus on public relations and hospitality services. Havas Sports and Entertainment also devised a new product called "The Flightdeck" – an online dashboard that pulls every single conversation about a brand and their competitors into one place.

Havas Media North America established an in-house corporate trading unit called Havas Media Corporate Trading.

Industry recognition

According to the RECMA* report Network Diagnostics, published in September 2010, MPG was scored as dominant agency in four markets among the top 20 (France, Spain, Mexico and Argentina). MPG was considered the most competitive and successful agency in new business acquisitions for the Americas and the Top 5 markets in Europe.

Havas Media contributed to a marketing campaign resulting in the group's Collaborator of the Year award from global marketing magazine, M&M. This collaborative way of working also directly resulted in MPG US being awarded Agency of the Year by MediaPost.

MPG also received a Good Profile classification in two more markets (UK and Poland). Arena was recognised as Good Profile in three markets (Spain, Mexico and Portugal).

MPG Mexico named Agency of the Year by Merca 2.0 magazine and Neo Magazine. At the Valencia Festival of Media MPG Mexico was named Agency of the Year. The team MPG/Cake/AIS/Havas Sports & Entertainment won Gold at the Internationalist Awards for Media Innovation for EDF's Green Britain Day campaign. At the Boomerang Awards, Media Contacts Philippines won a Silver and a Bronze.

In 2010, Havas Sport & Entertainment won 22 prizes in eight markets. HS&E France won the Grand Prix du Sport 2010 at the *Grand Prix Stratégies du Sport 2010* for its "Drive into the next challenge" campaign for EDF as well as two more prizes at the same event for EDF and Coca-Cola. HS&E also won 2 Brand Content Grand Prix for its work with the French Federation for the Blind (FAF) and TV Veto.

Talents

In the Havas Media North America Operation, Maria Luisa Francoli was appointed Country Manager of Havas Media North America while keeping her role as MPG Global CEO. She was instrumental in achieving the Agency of the year appointment for the second consecutive year.

Sasha Savic was hired as Chief Commercial Officer. Mr. Savic joined Havas Media from Publicis Groupe, where he was chief operating officer of PG2, responsible for the group's global relationship with Procter & Gamble. Previously, as exec VP-director of global accounts at Universal McCann, he handled global management and media coordination for clients including Coca-Cola, Microsoft, Lucent, Intel and Mastercard.

Rafael Urbano was promoted to General Manager of MPG Iberia. Mr. Urbano developed his career in Procter & Gamble and was hired to lead the Research operation in Havas Media Spain, and later promoted to General Manager of MPG Madrid. He has been instrumental in strengthening MPG leadership in this market.

* Source: RECMA Compitches 2010 Report.

Rogelio Canhoto was appointed CEO of Havas Media Portugal. Rogelio came from Portugal Telecom in which he developed his career in several positions in Marketing Management, Business Development and Innovation. He also has developed an extensive teaching experience as professor in several business schools.

Yves del Fratte was appointed as new Country Manager of Havas Media Belgium, coming from being General Manager of Havas Media France. Yves was co-founder of Euro RSCG 27 and jointed MPG in 2004 as Global Account Director for PSA and later named Chief Client Officer at MPG Network.

At a global level, William Cabrera was promoted to EVP Research & Modelling Global, overseeing all Havas Media initiatives in research, methods, tools and econometric modelling. William was leading the Research & Modelling operation in Havas Media Iberia since 2006, when he joined from an extensive global careers in companies such as Royal Philips in Amsterdam, Mckinsey&Co in Zurich, Sao Paulo and Madrid and Goldman Sachs in London and New York.

Martin Dufty was hired as Global Account Director of the global Hyundai Kia account, managing the marketing investments of the fast-growing Korean auto market in 76 markets. Mr. Dufty has spent more than twenty years working with both leading agencies and media independents in locations as diverse as London, Paris, Shanghai, Hong Kong and Moscow.

Outlook

Havas Media's main goal for 2011 is to accelerate growth by continuing to gain market share, especially in its traditional fortresses of France and Spain whilst also pushing above-market growth in emerging markets of Latin America and Asia-Pacific

Havas Media will continue to invest in digital and more specifically in disciplines such as social media, data and analytics and mobile marketing. Today, 25% of Havas Media's total revenue comes from digital activities, the objective being to increase this to 28% in 2011.

6.3. Exceptional events

None.

6.4. Dependence of the Company on patents or licenses, industrial, commercial or financing contracts or new manufacturing processes

Havas SA is not dependent on any material patent or license, or on any industrial, commercial or financing supply contracts.

Havas is owner of its main trademarks: Havas and its variants, Euro RSCG and its variants, Arnold Worldwide Partners and H; and owner *via* its subsidiaries of the MPG and Media Planning, Arena and Media Contacts trademarks, as well as the W&Cie trademark.

6.5. Basis for all of the Company's representations regarding its competitive position

As mentioned above, Havas reported revenues of €1,558 million in 2010 and ranks seventh among major communications consulting groups worldwide (source: press releases by main competitors reporting 2010 and 2009 results).

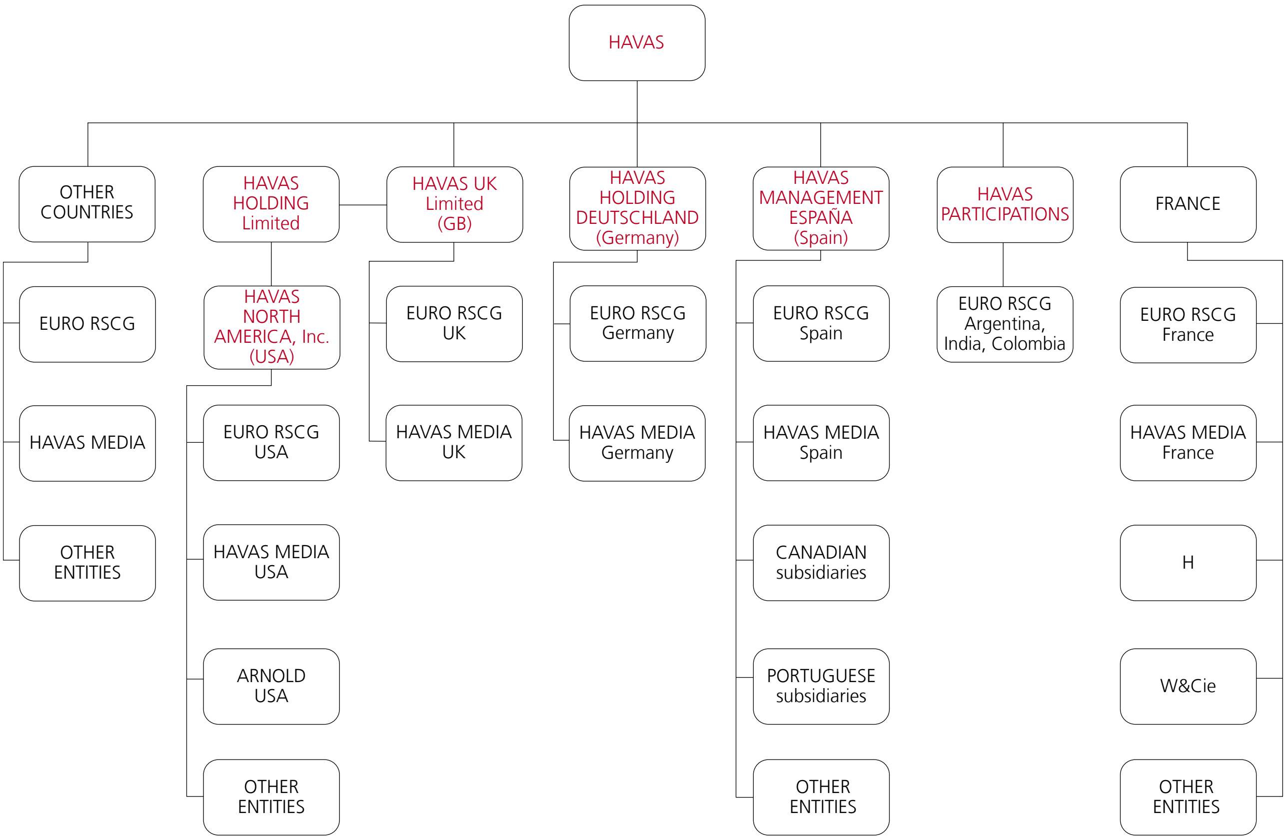
7. Organization chart

7.1. Organization chart

Legal structure as at December 31, 2010

In major countries, subsidiaries are directly held by "country holding companies", as schematized below.

Most of the subsidiaries are wholly owned. There are no significant minority interests which could represent a risk for the Group's financial structure.



Role of the parent company: Havas SA

Havas plays the part of a holding company, with 91 employees in its various central functions: General Management, legal, tax, financial, accounting, management control, cash management, internal audit, communication, human resources, etc.

Havas manages and coordinates the operational Business Units. Cash management for French subsidiaries is centralized with Havas so as to optimize conditions obtained.

Revenues for 2010, amounting to€29.9 million compared with €19.5 million for 2009, were composed essentially of services invoiced to subsidiaries and royalties on trademarks.

Rent and rental charges invoiced to subsidiaries amounted in 2010 to €11.4 million compared with €12.9 million in 2009; other costs recharged to subsidiaries amounted to €11.7 million in 2010, as against €13.0 million in 2009.

7.2. List of key subsidiaries

This list includes subsidiaries that meet at least one of the following criteria: they represent more than 2% of Group revenue, more than 10% of Group pre-tax income in absolute value, or more than 10% of total Group assets.

Name of subsidiary	Country	% holding
Media Planning Group SA	Spain	100%
BETC EURO RSCG	France	100%
EURO RSCG C&O	France	99%
HAVAS Media France	France	100%
ARNOLD WORLDWIDE, LLC	USA	100%
EURO RSCG HEALTHVIEW, INC	USA	100%
MEDIA HOLDINGS GLOBAL	USA	100%
EURO RSCG NEW YORK, INC	USA	100%
EURO RSCG DIRECT RESPONSE, LLC	USA	100%
HAVAS WORLDWIDE	USA	100%
HAVAS NORTH AMERICA	USA	100%

7.3. Real estate

The Group has no individually significant tangible assets. Property and plant consists mainly of fixtures and installations in rented properties.

The Group rents office space in the various cities where it conducts business. Details of the main rental agreements are shown in the table below:

Business Unit/Agency	Country/City	Surface area *(sqm)*	Date of lease	Lease expiry date
Havas SA headquarters	France, Suresnes	21,261	02/21/2003	02/20/2012
Havas Media France	France, Puteaux	5,109	10/04/2002	10/04/2011
Arnold Worldwide Partners	USA, Boston	14,504	09/01/2004	08/31/2014
Euro RSCG Worldwide	USA, New York	14,702	01/01/2008	12/31/2012
Media Planning Group	Spain, Madrid	7,355	June 2005	2010-2015(1)

(1) These locations are covered by several rental agreements.

In addition to these agreements, the Group has taken out leases in the various cities where it conducts business, namely in 27 cities in the United States and 18 cities in the United Kingdom, as well as in France, Germany and Spain.

Leases in the United States expire on various dates up to November 2018. Leases in the UK expire on various dates up to December 2018.

8. Information on environmental impacts, human resources and society issues

8.1. The Group's Corporate Social Responsibility Policy

In 2009, the Havas Group set out a Corporate Social Responsibility Policy founded on six progress commitments and four best efforts commitments.

These commitments bear witness to the Group's dedication to sustainable development and underscore Havas' adherence to the 10 principles of the Global Compact, to which the Group signed up in 2003.

The four best efforts commitments

These commitments correspond to short-term objectives that are prerequisites to deployment of the Group's corporate social responsibility (CSR) approach.

Of the four best efforts commitments set out in 2009, the first three have been fulfilled:

1. Introduction of a network of "CSR"[1] correspondents

At December 31, 2010, the CSR network consisted of 95 correspondents in 49 countries, covering 99% of Group headcount.

2. Introduction of an environmental and human resources information system to gather and monitor progress indicators and produce the corresponding reporting

Havas has introduced specialized sustainable development reporting software for the decentralized gathering and subsequent consolidation of non-financial indicators, which served as the basis on which the Group's entire information system for environmental, human resources and society issues was designed in 2010.

The system is now operational and was deployed for the first time this year, using the following methodology:

- **reporting entity:** to ensure the reliability of data (particularly environmental data), the Group opted for data gathering and reporting at the level of operational units, referred to as business groups, corresponding to one or more legal entities for the most part based on the same site and sharing the same financial, purchasing and human resources services;
- **reporting perimeter:** 108 business groups, representing 350 legal entities covering 99% of Group headcount;
- **indicators and reporting frameworks:** an array of indicators was defined, covering every aspect of CSR and divided into five themes: Environment, Human Resources, Ethics Governance, Economics Purchasing and Responsible Communication. Human resources reporting, previously based on a proprietary system, has been incorporated into the new system. A number of environmental indicators have been deployed specifically to calculate Havas' carbon footprint measurement (see below "GHG emissions calculator"). The indicators refer in part to the NRE (New Economic Regulations) law and to Global Reporting Initiative (GRI) guidelines, but also to specific indicators relating to the activity, challenges and commitments entered into by the Group;
- **controls and consolidation:** consistency checks have been introduced at the data entry stage. Data are consolidated after validation;
- **GHG emissions calculator:** a GHG (greenhouse gas) calculator module has been incorporated into the system, and is based on specific indicators collected *via* the reporting process and on the emission factors used in the ADEME V.6 method. The scope of the resulting carbon footprint measurement is confined to the "office life" of agencies (excluding emissions arising from communication campaigns created and implemented on behalf of clients) and covers the following items: Energy, Purchasing of external goods and services, Travel, Deliveries, Waste and Fixed assets, *i.e.* scopes 1, 2 and 3 (partially) according to the ISO 14064 standard. The calculator will henceforth enable each agency to carry out its own annual carbon footprint measurement and, following consolidation, will provide the means of monitoring GHG emissions for the Group as a whole (see 8.2.1. "Progress commitment No. 1" below).

3. Involving suppliers in our progress approach

Raising Group Purchasing Center awareness of the issues and organizing meetings with our main suppliers has enabled Havas to begin introducing environmental and human resources criteria into its general goods and services purchasing policy, in accordance with progress commitments Nos. 1 and 4.

4. Raising employee awareness of and engagement in sustainable development and responsible communication, mainly through training programs

Sustainable development awareness raising and training is gradually being implemented in agencies. In 2010, 16 agencies ("business groups") representing 26% of Group headcount implemented internal communication tools or media intended to raise their employees' awareness of the issues of sustainable development. Some agencies organized dedicated events (seminars, internal poster campaigns), others set up blogs or newsletters or issued good practice guides. In addition, 84 employees received training in this area in 2010.

The six progress commitments

These commitments aim to reduce the environmental, social and societal impacts of the Group's activities.

THE HAVAS GROUP'S 6 PROGRESS COMMITMENTS

1. To reduce the environmental footprint of our activity.
2. To reduce the environmental impact of our communication campaigns.
3. To promote diversity and expand health insurance and employee benefits internationally.
4. To apply more exacting social and human rights criteria to ensure more responsible purchasing of products and services.
5. To promote transparency and ethics in our businesses.
6. To promote a communication model more conducive to sustainable development.

(1) Corporate Social Responsibility.

8.2. Environment

8.2.1. Environmental policy: reducing the environmental footprint of our activity (Progress commitment No. 1)

The Group's approach focuses on three priority areas: reducing its CO_2 emissions, reducing its consumption of office paper, and reducing its waste.

Given the nature of its activities and their implantation (urban areas), Havas has not evaluated biodiversity or environmental criteria.

a) Monitoring and reducing our CO_2 emissions

A number of reasons prompted the Group to embark on a policy of reducing its greenhouse gas (GHG) emissions.

First and foremost, Havas is keen to play its part in mitigating climate change and thereby underscoring its compliance with Global Compact undertakings 7, 8 and 9.

As an advisor on communication to companies increasingly committed to an environmental policy, it is important that Havas should also be directly involved in the issue and set an example to others in its actions.

Havas must also be prepared for the impact of any new regulatory measures (in France, arising from the Grenelle 2 Law, or at European level) on GHG emissions and their measurement.

The carbon footprint measurement conducted in 2009 by a specialist consultant (using the ADEME V.6 method – Scope: Office Life – Activity 2008) established for the Group:

- a target of -10% between 2010 and 2015,
  - equivalent to approximately -2% a year from 2010 to 2015;
- a series of actions ranked by their contribution to reducing our emissions, and affecting different items:
  - business travel by air,
  - business travel by car (fleet vehicles in particular),
  - energy consumption in buildings,
  - paper consumption.

The "GHG emissions calculator" incorporated into our new nonfinancial reporting system will be used to monitor the Group's annual CO_2 emissions and compliance with emissions reduction targets. The level of GHG emissions generated by the Group's activity in 2010 will be disclosed in the forthcoming Activity Report.

b) Reducing our paper consumption and focusing on purchasing recycled and/or FSC or PEFC certified paper

For a communications group, paper is one of the largest single items of consumption.

Havas has set a target of reducing its consumption of standard office paper by 30% between 2010 and 2015. This will be achieved by reducing printing, maximizing the use of recto-verso printing and opting for lower paper grammages.

Over a perimeter representing 90% of Group headcount, purchases of office paper amounted to 735 metric tons, the equivalent of 56 kg per employee. Average consumption in France was 39 kg per employee). Over the same perimeter, certified (FSC or PEFC) paper represented an average of 59% of office paper consumption. At present, 21 business groups, representing 26% of Group headcount, currently purchase nothing but certified or recycled paper.

c) Reducing our waste and developing a selective waste sorting and recycling policy

The Group has set a target of reducing its waste generation by 10% between 2010 and 2015.

In 2010, over a perimeter representing 90% of Group headcount, our total waste (all types of waste included) amounted to 1,925 metric tons, equivalent to 150 kg per employee.

Selective waste sorting is becoming more widespread and now covers almost 80% of Group headcount. Most of the waste sorted is paper (for 77% of Group headcount) but waste electrical and electronic equipment (WEEE) is also sorted and recycled over a scope representing 70% of Group headcount.

At the Suresnes site in France (Havas headquarters), obsolete computer hardware (4.3 metric tons) was recycled in accordance with the WEEE directive by a sheltered workshop.

8.2.2. Environmental policy: reducing the environmental impact of our communication campaigns (Progress commitment No. 2)

This policy is being implemented in close consultation with Group clients.

The Group has set a target of increasingly building proposals for measuring the environmental impact of communication campaigns into its recommendations to clients.

In 2010, six business groups (in France, the USA and Argentina) submitted 46 such proposals to clients. Most of the proposals concerned media campaigns, but some related to broadcast and event campaigns.

At the same time, agencies are gradually building environmental criteria into their choices of service providers and resources deployed.

In 2010, environmental criteria were factored into the design of 63 campaign programs across six business groups.

8.2.3. Environmental information

The following indicators were collected and consolidated at Group level using a new information system introduced in 2010 (see 8.1., point 2). Because of this change in methodology, it is not possible to make comparisons with 2009. The 2010 data will in future serve as the baseline for monitoring progress indicators and their corresponding targets.

Depending on the response rates achieved, the scope to which these indicators correspond may vary and so will be specified for each indicator concerned.

Environmental indicators	Unit	**2010**	Scope *(% group headcount)*	NRE[3] L225-102-1	GRI[4]	GC[5]
Direct environmental impacts						
Water						
Water consumption	m^3	205,078	90%	148.3.1	EN8	
Water consumption/employee	m^3	15.9	90%	148.3.1	EN8	
Energy						
Total electricity consumption	Mwh	39,935	89%	148.3.1	EN4	
Electricity consumption/employee	kwh	3,135	89%	148.3.1	EN4	
Electricity as % of energy consumption	%	87%	89%	148.3.1	EN4	
Headcount of entities purchasing RE[1] as % of total Group headcount	%	7.3%	100%	148.3.1	EN6	GC8
Air						
CO_2 emissions	metric tons CO_2	N/C[2]	99%	148.3.1	EN16	
CO_2 emissions/employee	kg CO_2	N/C	99%	148.3.1	EN16	
Materials consumption						
Office paper consumption	tons	735	92%	148.3.1	EN1	
Office paper consumption/employee	kg	56	92%	148.3.1	EN1	
Certified/recycled paper as % of total office paper consumption	%	59%	92%	148.3.1	EN2	GC8
Waste						
Total waste	tons	1,925	90%	148.3.1	EN22	
Waste/employee	kg	150	90%	148.3.1	EN22	
Business groups implementing selective paper sorting	n	75	99% (108 business groups)	148.3.1	EN22	GC8
Headcount of entities implementing selective paper sorting as % of total Group headcount	%	77%	100%	148.3.1	EN22	GC8
Employee training/awareness						
Employees receiving sustainable development and/or responsible communication training	n	84	99%	148.3.6		GC8
Environmental impacts of communication campaigns implemented on behalf of clients						
Environmental impact measurement proposals included in client recommendations	n	42	99%		EN26	GC8
Eco-designed action programs	n	63	99%		EN26	GC8

(1) Renewable energies.
(2) 2010 data on Group GHG emissions will be disclosed in the forthcoming Activity Report.
(3) New Economic Regulations law (France).
(4) Global Reporting Initiative.
(5) Global Compact.

8.3. Human resources

8.3.1. Headcount structure

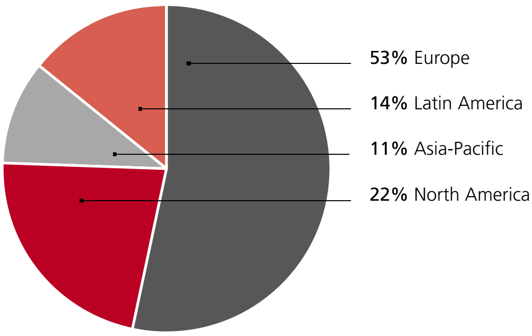
The Havas Group employed 14,299 people at December 13, 2010, in 360 consolidated companies based in some 50 countries.

Headcount was 4% higher than at December 31, 2009, due to the improving economic climate.

In France, the Group employs 2,838 people in 42 companies.

Employees – Distribution by continent

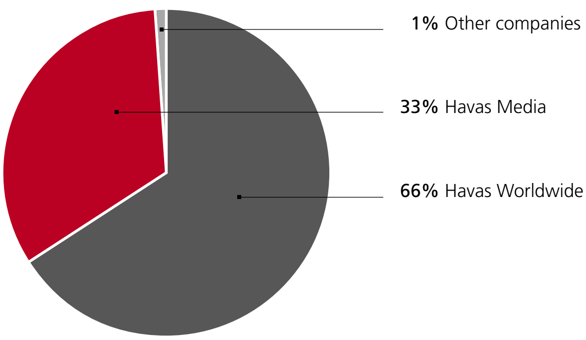
Europe	53%
North America	22%
Asia-Pacific	11%
Latin America	14%



The Group's geographic structure remained in line with 2009. Half the Group's employees are based in Europe, a quarter in North America and the remaining quarter are split between Asia-Pacific and Latin America.

Employees – Distribution by network

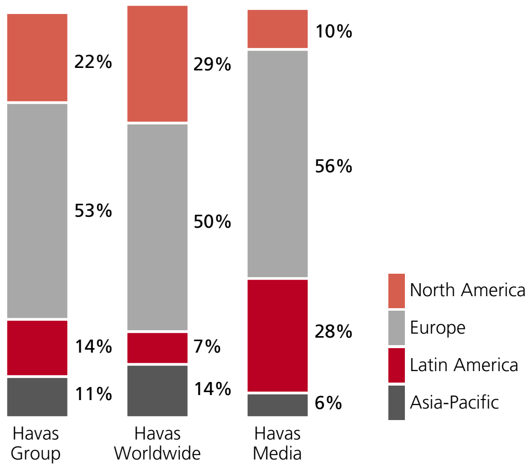
Havas Worldwide	66%
Havas Media	33%
Other companies	1%



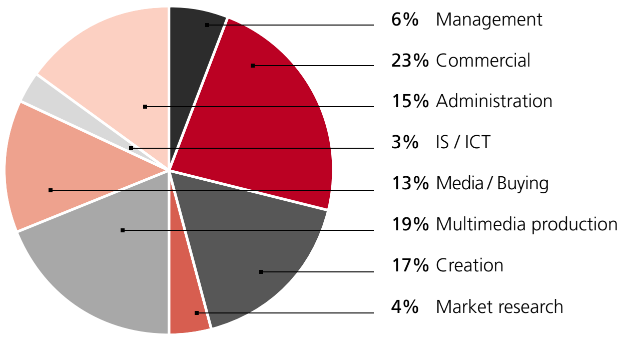
The Havas Worldwide network represents two thirds of the Group's global headcount and Havas Media accounts for the remaining third.

Employees – Distribution by continent and by network

Distribution by continent and by network	Havas Group	Havas Worldwide	Havas Media
Europe	53%	50%	56%
North America	22%	29%	10%
Asia-Pacific	11%	14%	6%
Latin America	14%	7%	28%



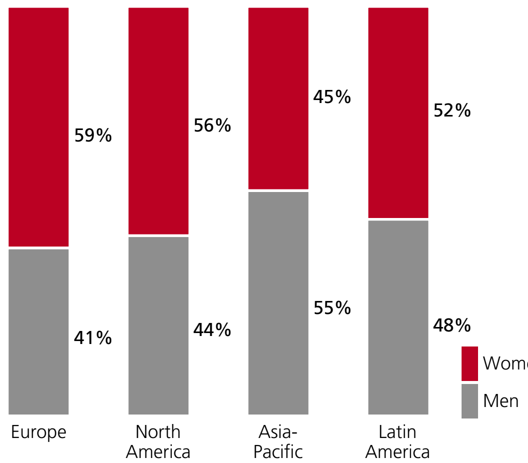
Employees – Distribution by occupation



Three occupational sectors account for some 60% of Group headcount: commercial, creation and media/buying.

Employees – Distribution by gender by continent

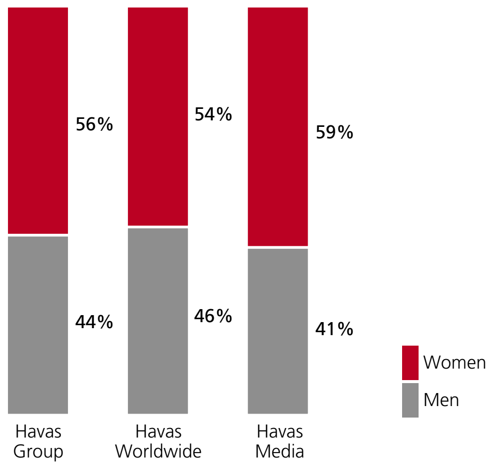
	Men	Women
Europe	41%	59%
North America	44%	56%
Asia-Pacific	55%	45%
Latin America	48%	52%



Women are in the majority in Europe and North America, while men outnumber women in Asia-Pacific.

Employees – Distribution by gender and by network

	Men	Women
Havas Group	44%	56%
Havas Worldwide	46%	54%
Havas MEDIA	41%	59%

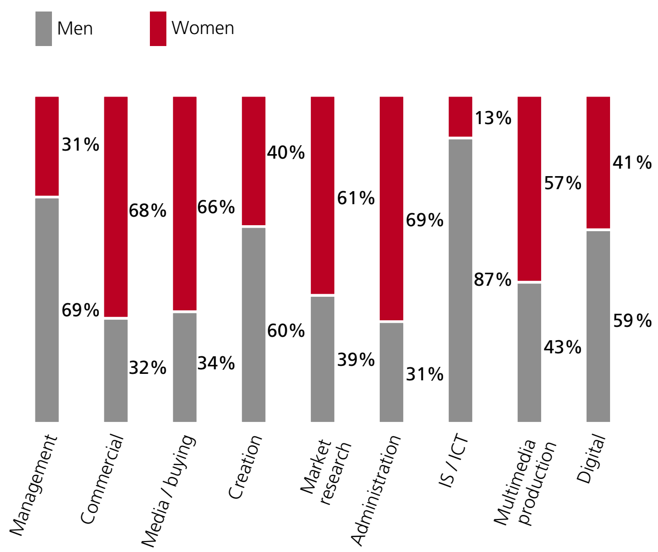


Women continue to make up the majority of Group headcount.

The gender ratio of employees remained stable compared with the last two years.

Gender distribution by occupation

	Men	Women
Management	69%	31%
Commercial	32%	68%
Media/Buying	34%	66%
Creation	60%	40%
Market research	39%	61%
Administration	31%	69%
IS, ITC	87%	13%
Multimedia Production	43%	57%
Digital	59%	41%



In line with the past two years, men are in the majority in the fields of Management, Creation and IS, ICT.

Women are more numerous in the Commercial, Administration, Market Research and Media/Buying fields.

Average age by continent

	Men	Women	Total
Europe	36	34	35
North America	38	37	38
Asia-Pacific	34	31	33
Latin America	33	32	32

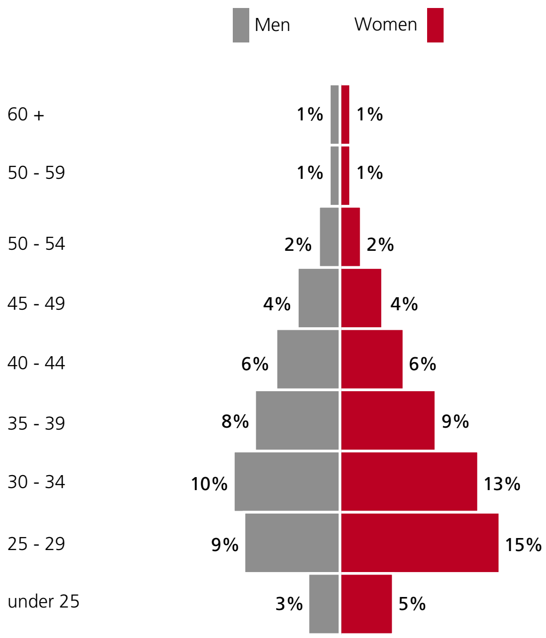
Average age of employees is higher in Europe and North America than in Asia-Pacific and Latin America.

Average age by network

	Men	Women
Havas Group	36	35
Havas Worldwide	37	35
Havas Media	34	33

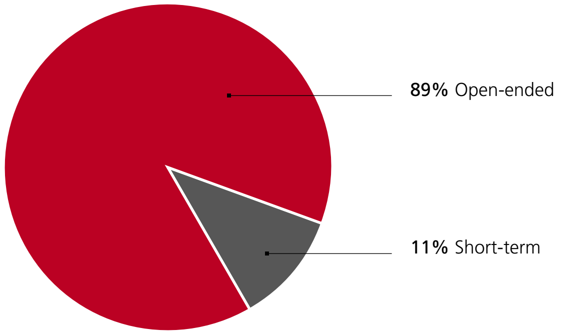
The average age of Group employees is 35, unchanged over the last two years.

Age pyramid



The Group age pyramid shows a substantial proportion of employees aged between 25 and 34 (47% of all employees).

Distribution of employment contracts

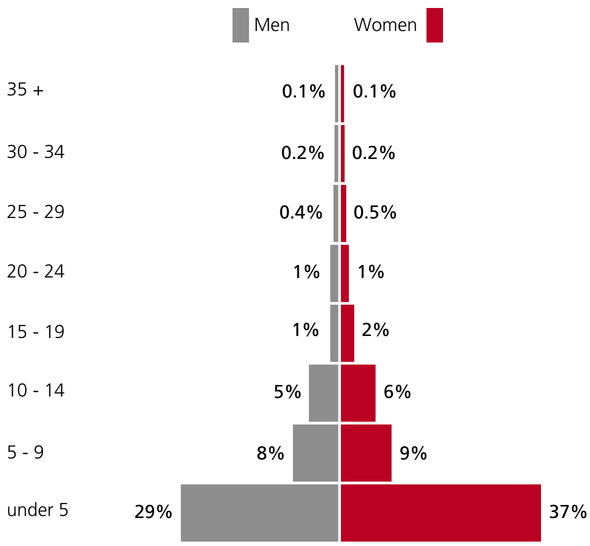


As in previous years, only limited use is made of short-term contracts (10% of employees).

Average length of service by gender

	Men	Women	Total
Havas Group	5	5	5

Length of service pyramid



Group employee training

	Men	Women	Total
Number of Group employees receiving training	2,672	3,774	6,446
As a proportion of total employees	41%	59%	45%

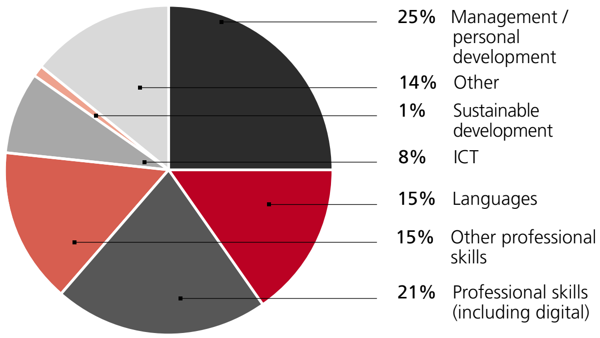
In 2010, 45% of Group employees received training on at least one occasion.

Average length of training was 11 hours.

Training by continent

Europe	A total of 57,820 training hours for 3,734 employees, representing 50% of employees in Europe. Courses concentrated mainly on management and personal development, communication techniques and languages.
North America	A total of 6,269 training hours for 1,673 employees, representing 54% of employees in North America. Courses concentrated mainly on communication techniques and management.
Latin America	4,180 training hours for 577 employees, representing 29% of employees in Latin America. Courses concentrated mainly digital communication techniques, management and languages.
Asia-Pacific	3,495 training hours for a total of 462 employees, representing 33% of employees in Asia-Pacific. Courses concentrated mainly on management and communication techniques.

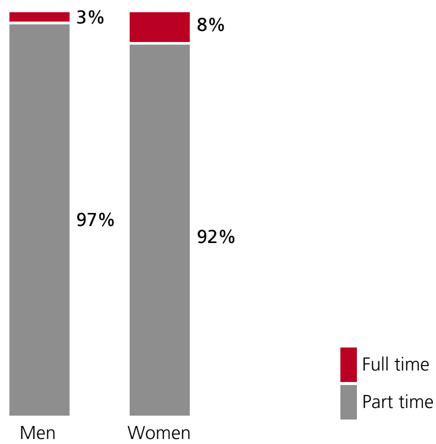
Distribution of training subjects for the Group



The bulk of training was directed towards management and communication techniques.

Distribution of working time

	Men	Women
Full time	97%	92%
Part time	3%	8%



The proportion of employees working part time remained stable compared with last year.

New recruits on open-ended contracts – Group

	Men	Women	Total
Havas Group	1,276	1,672	2,948

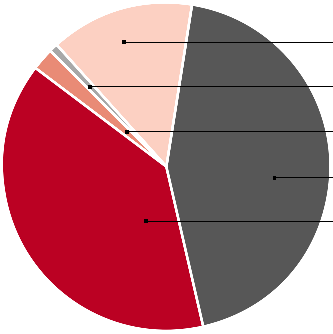
Reason for departure on open-ended contracts – Group

	Resignation	End of contract	Pension	Other	Total
Havas Group	2,474	766	24	233	3,497

Recruitment and departures on short-term contract

Recruitment on short-term contract	1,048
Departures on short-term contract	347

Distribution of absenteeism – Group



As was the case last year, the level of absenteeism was very low at just over 3% of Group headcount.

Most absences were due to sick leave and maternity or paternity leave.

The level of occupational accidents is very low.

Employees – Expatriate employees in the Group

The Group employs very few expatriate employees (311 employees).

Employees – Professional interview

Across the Group, 7,209 employees had a professional interview in 2010, equivalent to 50% of total headcount.

8.3.2. Human resources policy

The Havas Group has defined a Corporate Social Responsibility policy founded on a number of progress commitments, one of which bears specifically on human resources: diversity and social welfare protection.

The Group is aware that the employment of disabled persons is an important issue, and is keen to demonstrate its commitment by implementing a responsible, consistent and long-term policy to promote employment of the disabled.

Awareness-raising sessions were organized at four Group sites in 2010:

- on June 3 at the Suresnes building;
- on June 4 at Havas Media in Puteaux;
- on June 7 at W&Cie in Clichy;
- on June 8 at BETC Euro RSCG in Paris.

The sessions were presented by:

- actors taking part in a short sketch, translated into French sign language, to help overcome preconceived ideas regarding the employability and productivity of disabled persons;
- a disabled charity that mounted an exhibition of photographs of disabled persons: "An invitation to look beyond what our eyes may see";
- a number of sheltered workshops at a lunchtime buffet during which some 300 individuals presented their work: buffets, floral arrangements or packaging work.

A guide entitled "Disability: instructions for use" was distributed to all Group employees and posted on the HR Intranet.

The booklet provides information on:

- Group policy;
- different types of disability;
- the job titles of disabled employees: "make yourself known and recognized".

The guide focuses Group policy on practical solutions.

The Havas Group is in the process of signing a partnership agreement with French disability agency Agefiph that will formally enshrine the Group's commitment over the next two years (2011 and 2012).

A number of priorities have been defined to address issues common to all Group companies:

- continuing to raise employee awareness and enhance the professionalism of those engaged in implementing the policy internally;
- recruiting disabled employers, in partnership with the relevant agencies and with increased emphasis on alternate work/study programs;
- optimizing career management for disabled employees;
- maintaining the Group's disabled employees in employment;
- developing partnerships with the sheltered workshop sector.

Tools will be introduced to coordinate Group policy and measure progress.

Implementation of the agreement will be the responsibility of members of the Group's Disability Steering Committee.

Social welfare protection

The social welfare scheme in France reported very good results in 2010, as it did in 2009, in terms not only of employee benefits plan coverage but also of medical expenses.

The coverage rate is high, over 95% after reimbursement by the Social Security system and top-up mutual insurance schemes.

The Group intends to continue its policy of prevention: a memo will be circulated to all employees.

In addition, the social welfare protection scheme for expatriate employees continues to offer a high quality of services, as is evidenced by the 2010 results from the schemes in place.

Employee training

The Havas Group has invested heavily in supporting its employees through training.

The training provided is part of the ongoing forward planning of jobs and skills (GPEC) policy adopted by the Group to ensure that its employees are able to attain the skills and expertise needed to meet the demands of new and emerging occupations. Skills assessments have been introduced to develop and facilitate professional development.

Training courses for the "milestone review" interview have also been developed, in consultation with all Group Human Resources Departments, to encourage all employees who wish to do so to take advantage of this opportunity to review their career development plan from age 45 onward. This initiative is part of the agreement on the employment of older workers, signed in November 2009.

Human resources at Havas SA

Headcount at December 31, 2010

At December 31, 2010, Havas SA employed 91 people.

Recruitment in 2010

Havas SA recruited 6 employees on open-ended contracts in 2010 and 7 on short-term contracts, including three young people on alternate work/study schemes (professionalization and apprenticeship).

Departures in 2010

A total of 11 employees left Havas SA in 2010, including 4 on short-term contracts and 1 transfer.

- Resignation 2
- End of short-term contract 4
- Other 5

Employee turnover (number of departures as a percentage of average headcount) was 12%.

Gender parity

Havas SA employs 56 women (62% of total headcount) and 35 men (38% of total headcount).

74% of employees have executive status, 26% are non-executive.

Employees – Distribution by gender/status

	Men	Women	Total
Executive	28	39	67
Non-executive	7	17	24
Total	35	56	91

Distribution of working time

Company working hours are set in accordance with the 35-hour week established by French legislation. On a monthly basis, this represents 151.67 hours.

Seven of the 91 employees (7% of total headcount) are employed on a part-time basis.

Average age

The average age of Havas SA employees is 44.3 years:

- 47.1 for men;
- 42.5 for women.

Average length of service

Average length of service for Havas SA employees is 10.7 years:

- 9.3 for men;
- 11.6 for women.

Absenteeism and causes

The rate of absenteeism (days absent as a proportion of days worked) is 2.08%.

The **distribution of absences by cause** in 2010 was as follows:

- sick leave 41.6%
- maternity/paternity leave 43.6%
- collective agreement 12.6%
- occupational accident 2.2%

Compensation

Gross annual compensation of Havas SA employees in 2010 was €20,164,380.

Training

The number of training hours delivered in 2010 was 1,928 for 42 employees, representing almost 46% of the Company's headcount.

The main subjects of training delivered were:

- upskilling in occupational techniques;
- development of language skills;
- interpersonal communication and stress management;
- safety;
- supporting older employees.

The results testify to the Company's commitment to developing the skills of its employees.

Health and safety

Employee health and safety remains a priority for the Company and are specifically provided for by the Health & Safety at Work Committee (CHSCT), the occupational health doctor, the nurse and the welfare worker.

A number of health and safety initiatives were introduced in 2010:

- first-aid training in the use of a defibrillator;
- continuation of "occupational first-aid and rescue" training programs;
- free influenza vaccination program for employees;
- stress management training courses by a behavioral psychologist, for managers and employees.

Employment and insertion of the disabled

Havas SA has for many years been committed to providing and maintaining employment and access for the disabled. In 2010, the Company took the actions detailed above.

Social benefits

The social benefits section of the Havas SA Works Council organizes numerous activities and programs for the benefit of employees:

- vacation vouchers;
- gift vouchers;
- participation in day-nursery/drop-in center childcare costs;
- contribution to the costs of language study vacations or summer camps for children of employees;
- participation in the costs of sports or cultural activities for employees and their families;
- organization of travel and themed weekends.

8.3.3. Human resources indicators

Indicators	2009	2010	NRE[3] L225-102-1	GRI[4]	GC[5]
Employee headcount					
Headcount at December 31	13,737	14,299	148.2.1	LA1	
% headcount on open-ended contract	90%	89%	148.2.1	LA1	
% headcount men	45%	44%	148.2.1	LA1/LA13	
% headcount women	55%	56%	148.2.1/3	LA1/LA13	GC3
% headcount women on Management Committees	21%	31%	148.2.3	LA13	GC3
% headcount under 30	32%	32%		LA13	
% headcount 30 to 49	60%	59%		LA13	
% headcount 50 and over	8%	9%		LA13	
% headcount non-executive (France)[1]	33%	32%	148.2.1	LA1	
% headcount executive (France)[1]	67%	68%	148.2.1	LA1	
Recruitment and departures					
Total number of recruitments	2,915	3,996	148.2.1	LA2	
of which recruitment on open-ended contract	2,102	2,948	148.2.1	LA2	
Total number of departures	3,901	3,844	148.2.1	LA2	
of which dismissals	1,569	766	148.2.1	LA2	
Overtime					
Total number of overtime hours (France)	5,674	2,982	148.2.1		
External and temporary staff					
Temporary staff and freelances	n.c	456,39	148.2.1	LA1	
Organization and length of working time, absenteeism					
Annual working hours of a full-time employee	n.c	1,918	148.2.2		
% headcount in full-time work	93%	95%	148.2.2	LA1	
% headcount in part-time work	7%	5%	148.2.2	LA1	
Number of employees with at least one day's absence	5,749	7,799	148.2.2	LA7	
Total absences (days)	n.c	109,583	148.2.1	LA7	
of which sick leave	44%	44%	148.2.2	LA7	
of which maternity/paternity leave	40%	42%	148.2.2	LA7	
Absenteeism rate[2]	3%	3%	148.2.2	LA7	
Compensation, employer's contributions, employee profit-sharing (France)					
Average gross annual compensation	n.c	€44,286	148.2.3	LA14	
Employer's contribution rate *(in %)*	48%	48%	148.2.3		
Sums paid in respect of employee profit-sharing *(in euros)* (France)	€5,799,249	€6,308,515	148.2.3		
Employee relations and collective agreements					
Number of collective agreements signed	n.c	328	148.2.4	LA4	GC3
of which agreements on compensation	n.c	276	148.2.4	LA4	GC3
of which agreements on health and working conditions	n.c	5	148.2.4	LA4/LA9	GC3
of which agreements on social dialogue	n.c	1	148.2.4	LA4	GC3
Working conditions, health and safety					
Number of occupational accidents	n.c	233	148.2.2	LA7	
Total working days lost due to occupational accidents	n.c	1,063	148.2.2	LA7	
% headcount sitting on joint Health & Safety Committees	n.c	2%	148.2.5	LA6	
Number of employees trained in first aid, health or safety	n.c	903	148.2.5	LA8	

Indicators	2009	2010	NRE[3] L225-102-1	GRI[4]	GC[5]
Training					
Number of participants in training programs	7,027	6,446	148.2.6	LA10	
% headcount receiving training on at least one occasion	51%	45%	148.2.6	LA10	
% men of total headcount receiving training	40%	41%	148.2.1	LA1/LA13	
% women of total headcount receiving training	60%	59%	148.2.1/3	LA1/LA13	GC3
Total number of training hours delivered	104,331	71,764	148.2.6	LA10	
Average number of training hours/participant	14	11	148.2.6	LA10	
% executives of total headcount receiving training	36%	32%	148.2.6	LA10	
% non-executives of total headcount receiving training	64%	68%	148.2.6	LA10	
Career development					
% headcount benefiting from annual appraisal interviews	41%	50%		LA12	
Number of short-term contracts converted to open-ended contracts	n.c	372	148.2.1	LA1	
Professional integration and disability					
Disabled headcount at December 31	n.c	57	148.2.7	LA13	GC6
Of which recruitments during the year	n.c	20	148,2,7	LA13	GC6
Amount of purchases from sheltered workshops (France)		€51,693	148.2.7		GC6
Social benefits (France)					
Budget for social and cultural benefits (including Works Council running costs) *(in euros)*	€1,605,097	€1,757,542	148.2.8		

(1) The concept of executive status ("cadre") is specific to France, so indicators specific to this category are calculated for France only. The proportion of executives is high, due to the nature of the sector.

(2) Total days absences/(headcount at December 31 × number of days worked per year).

(3) NRE (New Economic Regulations) law.

(4) Global Reporting Initiative.

(5) Global Compact.

8.4. Society issues

8.4.1. Promoting transparency and ethics in our businesses (Progress commitment No. 5)

The Group updated its Code of Ethics and its guide to internal procedures in 2010, to provide a better response to the expectations of its stakeholders. These documents have been circulated to all Group entities.

To consult the Havas Group Code of Ethics:

http://www.Havas.com/Havas-dyn/fr/investisseurs-documents.rapport.35.html

8.4.2. Promoting a more sustainable communication model (Progress commitment No. 6)

This is a medium to long-term commitment and Group agencies are gradually developing initiatives in this area.

Three avenues for progress have been identified: integrating sustainable development skills and tools into Group agencies, developing working methods to involve client-company stakeholders more closely in campaign design in its earliest stages, and deepening the Group's commitment to society through corporate volunteerism.

a) Integration of sustainable development skills and tools

In 2010, 37 campaigns were designed with the assistance of sustainable development experts, either internal (agency Sustainable Development correspondents) or external consultants.

New initiatives and tools are being developed to manage the environmental impacts of communication campaigns through the implementation of proprietary tools to assess these impacts (3 business groups), the creation of databases of suppliers engaged in environmental initiatives (3 business groups) or with the help of charters or guides to internal procedures.

b) Developing working methods to involve client-company stakeholders more closely in campaign design in its earliest stages

Meeting the expectations of client-company stakeholders, particularly when the campaign theme is linked to issues of sustainable development, is an essential step in the process of defining communication messages. In 2010, 14 campaigns were produced after consultation with client-company stakeholders (mainly NGOs).

Havas Media repeated its Sustainable Futures survey in 2010. For each brand considered, the survey measures consumer perceptions of various environmental and social issues in order to rank brand strengths and weaknesses in the eyes of the general public.

A preliminary CSR analysis, conducted by agency Sustainable Development correspondents, helps determine from the outset the most legitimate aspects on which the message can be based, thereby avoiding any risk of greenwashing.

c) Deepening the Group's commitment to society through corporate volunteerism

Havas continues to give its active support to a number of non-profit or humanitarian organizations. This support is expressed partly through direct donations (35 business groups, representing 46% of Group headcount, provided financial support to some 150 organizations in 2010), but also through corporate volunteerism.

In 2010, 35 business groups (representing 54% of Group headcount) offered pro bono services to non-profit and humanitarian organizations, resulting in 96 campaigns accounting for close on 2,000 man-hours.

Lastly, eight business groups acquired advertising space free of charge in 2010 on behalf of good causes.

For further information on our Corporate Social responsibility approach, visit our website: http://www.Havas.com/Havas-dyn/fr/engagements-responsabilitesociale.1.html

9. Review of financial position and results of operations

The comments reported in this chapter are based on the consolidated financial statements of Havas Group for the financial year ended December 31, 2010, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union on this date. These financial statements are disclosed in note 20.3 "Consolidated financial statements for the year ended December 31, 2010" of this annual report.

Consolidated income statement under IFRS

(in euro million)	**2010**	2009	2008
Revenue	**1,558**	**1,441**	**1,568**
Compensation	(963)	(890)	(975)
Other expenses and income from operations	(393)	(371)	(405)
Income from operations	**202**	**180**	**188**
Other operating expense	(20)	(31)	(8)
Other operating income		1	9
Operating income	**182**	**150**	**189**
Interest income	9	8	37
Cost of debt	(37)	(26)	(70)
Other financial expenses	(3)	(1)	
Net financial expense	**(31)**	**(19)**	**(33)**
Income of fully consolidated companies before tax	**151**	**131**	**156**
Income tax expense	(36)	(34)	(44)
Net income of fully consolidated companies	**115**	**97**	**112**
Share of profit of associates		1	
Net income	**115**	**98**	**112**
Minority interests	(5)	(6)	(8)
Net income, Group share	**110**	**92**	**104**

Revenue

2010/2009

Group revenue for 2010 increased by 8.1%, stimulated by a positive foreign currency exchange effect of €55 million due to a weaker euro against all the major currencies, and also organic growth[(1)] of +3.5%.

All the regions contributed to this performance, except continental Europe excluding France, which remained negative in 2010.

Digital businesses represented a growing portion of the Group's activity, rising from 16% in 2009 to 19% in 2010.

2009/2008

2009 revenue amounted to €1,441 million, representing a decrease of 8.1% comparing to 2008. Organic growth[(1)] was -7.9% in full year 2009. The exchange rate impact penalized revenue by €8 million due to the decline of certain foreign currencies, in particular the British pound, which was not offset by the stronger US dollar.

Revenue from digital has continued to grow steadily. With no significant acquisition, its share in group revenue rose from 9% in 2006 to more than 16% in 2009.

(1) Organic growth is calculated by comparing revenue for the current financial period against revenue for the previous financial period adjusted as follows:
- revenue for the previous financial period is recalculated using the exchange rates for the current financial period;
- to this resulting revenue is added the revenue of companies acquired between January 1 of the previous financial period and the acquisition date for the period in which these companies were not as yet consolidated;
- revenue for the previous financial period is also adjusted for the consolidated revenue of companies disposed of or closed down between January 1 of the previous financial period and the date of disposal or closure.

Organic growth calculated by this method is therefore adjusted for variations in exchange rate against the euro, and for variations in the scope of consolidation.

Revenue by zone

	2010	2009	2008
France	21%	23%	22%
Europe (excluding France and UK)	21%	23%	24%
United Kingdom	11%	11%	13%
North America	33%	32%	30%
Asia-Pacific	5%	5%	5%
Latin America	9%	6%	6%
Total	**100%**	**100%**	**100%**

North America, Europe (excluding France and UK) and France were consistently the Group's three most important regions in terms of revenue in 2010 and 2009.

Latin America was the sole region to report positive organic growth(1) in 2009. Nevertheless, the benefit of this performance was totally offset by the unfavorable currency exchange effect in 2009, in particular of the Mexican peso.

North America accounted for 32% of Group revenue. This improved contribution was due to organic growth in the region shrinking rather less than for the Group as a whole, and a US dollar that strengthened against the Euro in 2009.

Compensation

2010/2009

Compensation amounted to €-962.9 million in 2010, compared to €-889.5 million in 2009, an increase of 8.3%. The "Compensation/ Revenue" ratio was 61.8% in 2010, comparable to 2009. This line item also included options to subscribe or acquire Havas SA shares representing a charge of €-1.3 million in 2010.

2009/2008

Compensation decreased by 8.7% in 2009, representing a reduction of €-85.0 million. Havas has right-sized its headcount to the level of activities in 2009, and reduced its operating cost (restructuring, lower bonus). No new stock options were granted. Existing stock options represented a total charge of €-5.0 million in 2009, recognized in the income statement. As a result, the "Compensation/Revenue" ratio fell to 61.8%

Other expenses and income from operations

2010/2009

Other expenses and income from operations amounted to €-393.0 million in 2010, compared to €-371.2 million in 2009. The "Other expenses and income from operations/Revenue" ratio was 25.2% in 2010, a slight improvement on the figure of 25.7% in 2009.

2009/2008

The "Other expenses and income from operations/Revenue" ratio remained relatively stable at 25.7% in 2009 compared to 25.8% in 2008. Efforts were made in 2009 to curb expenditures in connection with property leases, consulting services, travel costs and freelances.

Other operating expenses and income

This line item included mainly:

- goodwill impairment charge of €-2.9 million in 2010, compared to €-3.0 million in 2009, and €-2.7 million in 2008;
- gains on disposals of financial investments for €0.6 million in 2009, and €9.2 million 2008, which included in particular gains on disposal of Mc Kinney, an American agency;
- provisions for premises of €-2.9 million in 2010, compared to €-3.0 million in 2009;
- provisions for restructuring, adjustment to structure size, and commercial risks for a total amount of €-13.5 million in 2010, compared to €-24.9 million in 2009, €-5.5 million in 2008.

Unusual, significant and non-recurring income and expenses were recorded under this line item in compliance with both Havas' accounting principles and with the French national institute of accounting (CNC Recommendation No. 2009-R-03 of July 2, 2009), to facilitate measurement of recurring operating performance.

Net financial expense

2010/2009

Net financial expense amounted to €-31.2 million in 2010, an increase of €-12.7 million compared to 2009. This worsening result was mainly due to the full year effect of the €350 million bond issue of November 2009. Moreover, financial income from monetary investments failed to offset interest paid.

2009/2008

Net financial expense amounted to €-18.5 million in 2009 compared to €-33.5 million in 2008, a reduction of €15.0 million. This was made up of a reduction of €31.1 million in interest expense following repayment of the 2002 OCEANEs on January 2, 2009, coupled with a €13.5 million decrease in financial income from certificates of deposit and monetary investments.

Other income statement line items

2010/2009/2008

Income tax expense amounted to €-36.3 million in 2010, €-34.1 million in 2009 and €-44.2 million in 2008, representing a tax rate of 24%, 26% and 28% respectively.

10. Liquidity and capital resources

As at December 31, 2010, cash and cash equivalents amounted to €960.7 million, compared to €913.0 million as at December 31, 2009. They include liquid cash in hand, sight and term deposits at leading banks, and short-term monetary investments carried out in connection with daily cash management.

As at December 31, 2010, net cash and cash equivalents amounted to €87.1 million compared to €47.8 million as at December 31, 2009. The cash level improved by €39.3 million.

(1) Organic growth is calculated by comparing revenue for the current financial period against revenue for the previous financial period adjusted as follows:
- revenue for the previous financial period is recalculated using the exchange rates for the current financial period;
- to this resulting revenue is added the revenue of companies acquired between January 1 of the previous financial period and the acquisition date for the period in which these companies were not as yet consolidated;
- revenue for the previous financial period is also adjusted for the consolidated revenue of companies disposed of or closed down between January 1 of the previous financial period and the date of disposal or closure.

Organic growth calculated by this method is therefore adjusted for variations in exchange rate against the euro, and for variations in the scope of consolidation.

Net cash provided by operating activities

The consolidated statement of cash flows shows net cash provided by operating activities of €159.4 million in 2010 compared to €205.0 million in 2009. The negative change in working capital observed in 2010 was mainly due to the increase in accounts receivable resulting from growth in business at the end of the financial year. This negative effect was partly balanced by an improvement in other working capital items.

Net cash used in investment activities

Cash used for investments amounted to €53.1 million in 2010 compared to €36.8 million in 2009.

These figures primarily reflected:

- an increase in expenditure on tangible and intangible assets of €7.6 million between 2009 and 2010;
- an increase in expenditure on financial investments of €12.9;
- loans granted and advances for a total amount of €1.7 million;

and:

- a modest increase of €0.3 million in proceeds from disposals of fixed assets; and
- recovery of loans and receivables for a total amount of €5.7 million.

Net cash used by financing activities

Cash used by financing activities amounted to €-66.9 million in 2010 resulting from several major operations as follows:

- issue of capital shares for €1.7 million;
- issue of borrowings for €48.2 million of which €35.0 million were commercial paper;
- repayment of borrowings for €-52.3 million of which €-40.0 were commercial paper;
- net interest paid of €-24.4 million;
- payment of dividends to Havas shareholders and minority shareholders in subsidiaries for a total amount of €-40.1 million.

Financial debt

As at December 31, 2010, gross financial debt amounted to €873.6 million, an increase of €8.4 million compared to December 31, 2009. Financial debt consisted of:

- bonds at fair value of €352.3 million, issued in 2009 (€347.4 million as at December 31, 2009);
- bonds with associated callable subscription and/or acquisition warrants (OBSAARs) issued in December 2006 and February 2008 for a total amount of €360.6 million (€356.8 million as at December 31, 2009);
- bank borrowings of €24.8 million (€22.0 million as at December 31, 2009);
- earn-out obligations of €28.7 million (€21.4 million as at December 31, 2009);
- buy-out obligations of €45.4 million (€38.9 million as at December 31, 2009);
- bank overdrafts of €7.0 million (€17.7 million as at December 31, 2009);
- commercial paper of €35.0 issued (€40.0 million as at December 31, 2009);
- other financial debts of €19.8 million (€21.0 million as at December 31, 2009).

As at December 31, 2010, the financial debt breakdown by currency was as follows: 87.5% in Euro, 0.3% in US dollar, 4.5% in British pound and 7.7% in other currencies, compared to 90.9% in Euro, 1.5% in US dollar, 3.6% in British pound and 4.0% in other currencies as at December 31, 2009.

Bonds

On November 4, 2009, Havas SA issued bonds for a total amount of €350.0 million, enabling Havas to diversify its financing sources, to lengthen the average maturity of its indebtedness, and also providing Havas with the means to pursue its growth. The characteristics of the bonds and the issuance details are described in note 5.2.13.3 "Bonds" to the consolidated financial statements.

As at December 31, 2009, the related financial debt on the balance sheet amounted to €347.4 million.

The cumulative fair value of this debt and associated interest swap agreement amounted to €352.3 million and €347.4 million on the balance sheet as at December 31, 2010 and 2009.

OBSAAR

In December 2006, Havas SA entered into a borrowing arrangement for €270.0 million with Banque Fédérative du Crédit Mutuel, Natixis and HSBC France, represented by bonds with associated callable subscription and/or acquisition warrants (OBSAARs), and in February 2008, into another borrowing arrangement for €100.0 million with Banque Fédérative du Crédit Mutuel, Natixis, Calyon, BNP Paribas and Société Générale, also represented by bonds with associated callable subscription and/or acquisition warrants (OBSAARs).

The characteristics of the OBSAARs and the details of their issuance are described in note 5.2.13.4 "OBSAAR" to the consolidated financial statements.

The financial debt of 2006 OBSAARs and 2008 OBSAARs on the balance sheet liabilities as at December 31, 2010 amounted to €264.3 million and €96.3 million, respectively, compared to €261.5 million and €95.3 million as at December 31, 2009, and €258.7 million and €94.4 million as at December 31, 2008.

Bank borrowings

As at December 31, 2010, bank borrowings which were mainly renewable short-term credit lines amounted to €24.8 million. Interest rates were based on reference rates plus a spread.

Total confirmed credit lines unused amounted to €339.4 million of which €240.0 million had a mid-term maturity. In addition, the Group had also non-confirmed credit lines which were still available for a total amount of €195.4 million.

Confirmed credit lines unused are detailed in note 5.2.13.6 "Bank borrowings" to the consolidated financial statements.

In December 2007, Havas SA entered into three credit line agreements with three leading banks that will mature in five and six years, for a maximum total amount of €180 million which will reduce gradually down to €160 million at the end of 2010, €110 million at the end of 2011, €25 million at the end of 2012 until the maturity date at the end of 2013.

In addition, in July 2008, Havas SA entered into another credit line agreement for €30 million to mature in four years.

The applicable interest rate is Euribor + spread for all these credit lines. The spread depends on the "Adjusted Net Debt/Adjusted EBITDA" ratio (see definitions in note 5.2.13.4 "OBSAAR" to the consolidated financial statements). Lastly, in 2010, Havas negotiated two new credit lines for a total amount of €100 million to mature at the end of 2013. As a result, total amounts of €290 million were available as at December 31, 2010.

These credit lines are subject to financial covenants similar to those applicable to the OBSAARs.

Other financial debts

In the first half of 2009, Havas implemented a plan to issue commercial paper for a maximum total amount of €300.0 million.

As at December 31, 2010, commercial paper was issued for €35.0 million, and matured on January 10, 2011. The other financial liabilities also included borrowing interest accrued for €3.4 million compared to €3.2 million as at December 31, 2009, and the fair value of interest swaps hedging the 2006 OBSAARs, of €12.1 million compared to €13.7 million as at December 31, 2009.

Earn-out and buy-out obligations

Contracts to acquire companies generally include an earn-out clause. Earn-out obligations are recognized in liabilities when the payments are considered probable and their amount can be reliably estimated.

The Group also enters into buy-out agreements with minority shareholders to buy their remaining shares.

These agreements are generally based on formulae that are representative of market conditions. Obligations are valued by applying the formula to the most recent financial data which are the 2009 and 2010 actual data, and the 2011 forecasted figures, for commitments undertaken prior to 2010. For those completed from 2010, the Group bases its valuations on business plans and probable date of buy-out exercise to determine obligations by applying the contractual formula. Future cash flows are discounted at December 31, 2010.

The estimated date of payment is when agreements can be exercised, or 2011 if agreements can be exercised at the departure of managers.

Whenever obligations are conditional upon the continuing employment of the managers, they are recognized as personnel payables rather than a financial debt.

The earn-out obligations amounted to €28.7 million as at December 31, 2010 compared to €21.4 million as at December 31, 2009. The increase in earn-out obligations between 2009 and 2010 mainly resulted from new arrangements of €11.3 million, upward revisions of €2.3 million to existing commitments due to improved agency performances, and the write-back of provisions of around €6.3 million further to payments made in 2010.

The buy-out obligations amounted to €45.4 million as December 31, 2010 compared to €38.9 million as at December 31, 2009. The increase in buy-out obligations between 2009 and 2010 was mainly due to the write-back of provisions of €14.8 million further to payments made in 2010, upward revisions to existing obligations of €1.9 million, and new buy-out agreements of €19.3 million.

As at December 31, 2010, buy-out obligations were estimated at €7.0 million in Brazil, €1.6 million in Spain, €4.3 in Italy, €3.4 million in Mexico, €5.6 million in the UK, €12.7 million in Hong Kong, €5.7 million in France, and the remaining amount in other countries.

Bank overdrafts

Bank overdrafts amounted to €7.0 million at the end of 2010 compared to €17.7 million at the end of 2009.

Financial covenants

In exchange for obtaining certain bank credit lines or borrowings, Havas has undertaken to respect a number of financial covenants applicable to the Group's consolidated financial statements under IFRS. These covenants are detailed in the notes to the financial statements. As of December 31, 2010, all of them were met.

Cash management

According to Group policy, Havas and its subsidiaries should invest any excess cash in liquid instruments producing the highest income indexed to a variable interest rate and that meet the criteria of cash equivalents in compliance with Standard IAS 7, in priority with leading banks as defined by the Group.

The Finance and Treasury Department of Havas has centralized a significant portion of its financing requirements by implementing cash pool structures locally and in the main countries where the Group operates, aiming to minimize financial expenses and to optimize investment return.

In addition, the Group's policy on hedging instruments is detailed in note 5.2.29 "Financial risk management objectives and policies" to the consolidated financial statements for the period ended December 31, 2010.

Pension and post-employment benefits

In compliance with the applicable legislation and practices in each country, the Group has set up defined benefit and/or defined contribution plans.

Defined contribution plans are mostly obligatory. Expected contributions for 2011 are estimated at €20.5 million, stable compared to those in 2010.

Defined benefit plans are post-employment benefit plans which provide certain categories of employees with additional contractual benefits which represent a future service cost for the Group. These commitments have been assessed. Since the Group has opted for the Amendment to IAS 19, all the obligations have been recognized on the balance sheet liabilities. Expected contributions for 2011 are estimated at €1.5 million.

In addition, local legislation, contractual arrangements or collective bargaining agreements may provide for severance indemnities in the event of involuntary employee terminations. In 2006, Havas granted a loyalty bonus to a Director which is due if the Group requests that he retire prior to December 31, 2012. The bonus payable decreases over time. Total expense could amount to approximately €1.4 million if it became payable in 2011. The Group considers the payment to be improbable prior to December 31, 2012. Therefore, no provision has been recognized in the accounts as at December 31, 2010.

Breakdown of contractual obligations as at December 31, 2010 by maturity

(in euro million)	Total 12/31/08	Total 12/31/09	**Total 12/31/10**	2011	2012	2013	2014	2015	After 2015
Recognized									
Bonds, OCEANEs and OBSAARs	809	720	720	90	90	123	383	34	
Bank borrowings	70	22	25	25					
Other financial debts (excluding accrued interest and fair value of swaps)	4	43	37	37					
Stock option plans	39	5	0						
Earn-out obligations	25	21	29	19	4	2	1	3	
Buy-out obligations (3)	40	40	45	13	10	1	7		14
Off balance sheet									
Operating leases	296	243	220	71	53	33	26	16	21
Indemnities for conscience clauses	11	16	10	10					
Total	**1,294**	**1,110**	**1,086**	**265**	**157**	**159**	**417**	**53**	**35**

Operating leases

Operating lease obligations are cumulative future rental payments over the lease period.

Indemnities for conscience clauses

Further to the appointment of Fernando Rodés Vilà as Chief Executive Officer of Havas SA, and the end of his mandate as Chief Executive Officer of Media Planning Group SA, the clauses tied to his mandate as Chief Executive Officer of Media Planning Group SA became null and void on May 28, 2007. The clauses tied to a significant change in the shareholding of Media Planning Group SA are still valid.

These clauses concern six managers and provide for indemnities equal to those due in the event of employment termination. If all of them were exercised, the total amount due would be €10 million.

Breakdown of other commitments as at December 31, 2010 by maturity

(in euro million)	Total 12/31/08	Total 12/31/09	**Total 12/31/10**	2011	2012	2013	2014	2015	After 2015 or unknown
Investing activity commitments given									
Warranty for businesses disposed of	48	50	18	18					
Majority interests buy-out			7					5	2
Total	**48**	**50**	**25**	**18**	**0**	**0**	**0**	**5**	**2**
Operating activity commitments given									
Security for media space buying	8	7	13	13					
Other commitments	92	100	100		2				98
Total	**100**	**107**	**113**	**13**	**2**	**0**	**0**	**0**	**98**
Financing activity commitments received									
Confirmed credit lines unused	170	258	339	99	115	125			
Total	**170**	**258**	**339**	**99**	**115**	**125**	**0**	**0**	**0**

Security for media space buying

In certain countries, such as the United Kingdom and Asia, media space buying operations carried out by agencies may be secured by Havas, if required by local practices.

Warranty for businesses disposed of

In connection with the disposal of companies or businesses in 2004, warranties were given to the buyers. The amounts of warranties shown reflect the maximum warranties that might be paid to buyers. Any payments of warranties are generally capped to the consideration received, claimable over a maximum period of two years from the completion date except in the case of tax warranties on disposals in the United Kingdom which are claimable over a maximum period of seven years from the completion date. As at December 31, 2010, the remaining warranties amounted to €17.8 million.

Majority interest buy-out commitment

Havas has a stake of 5.89% in a non-consolidated Dutch holding which owns 100% of a company located in Russia. A partner of Havas owns 94.11% stock shares of this Dutch holding, within a joint-enterprise. Havas has granted a put option and also has a call option to buy the 94.11% of stock shares. As at December 31, 2010, the discounted value of this commitment amounted to €7.4 million.

Other commitments

In order to permit Havas' UK subsidiaries to use automated payment services, Havas was asked by banks for security of €86.3 million as at December 31, 2010.

In addition, in connection with the defined benefit schemes of two UK subsidiaries, Havas undertook to make additional provisions for a maximum total of €19.7 million in the event of any shortfall in the pension fund assets. As at December 31, 2010, €9.8 million were provided for compared to €3.0 million and €3.7 million as at December 31, 2009 and 2008, respectively.

In addition, Havas provides security for the fulfillment of certain operations undertaken by its subsidiaries for a total amount of €4.0 million as at December 31, 2010.

Confirmed credit lines unused

The confirmed credit lines unused have been granted by leading banks.

Liquidity risk management

Liquidity risk management is detailed in note 5.2.29 "Financial risk management objectives and policies" to the consolidated financial statements for the period ended December 31, 2010.

11. Research and development, patents and licenses

Havas does not depend on any patent or license to carry out its activities.

12. Trends

Havas ended 2010 with performance in line with expectations.

Although its growth falls slightly short of that of its main competitors, due to its lower exposure to emerging markets, the Group continues to be highly dynamic in commercial terms, as is amply illustrated by the Nomura report ranking Havas No. 1 in terms of net new business wins as a proportion of revenue for the full year 2010.

The constant increase in profitability – whether it be operating income or net income – underscores the pertinence of the Group's strategy and organization and our ability to contain costs.

The Group now enjoys a sound financial position and positive cash. If the signs of recovery in the advertising market seen in 2010 are confirmed in 2011, as forecasters predict, Havas is well placed to face the year ahead with confidence.

13. Profit forecasts or estimates

Havas has elected not to include a profit forecast or estimate in this annual report.

14. Administrative bodies and senior management

14.1. Information on administrative bodies and senior management

14.1.1. Members of the Board of Directors

The Company is governed by a Board of Directors currently composed of thirteen members. The Company's bylaws state that the Board of Directors must be composed of three to eighteen members, unless otherwise specified by law.

Directors are appointed for a period of three years, renewable. Directors are appointed under the conditions specified by law. Their appointment is not subject to any special conditions.

The Board of Directors appoints one of its members, who must be a natural person, as Chairman of the Board of Directors. The Chairman of the Board of Directors can be re-elected.

Since July 12, 2005, the functions of Chairman of the Board of Directors have been separated from those of Chief Executive Officer, this being the most pertinent option in view of the structure of the Group.

Since March 10, 2006, Mr. Vincent Bolloré has been non-executive Chairman of the Board of Directors. Mr. Fernando Rodés served as Chief Executive Officer until March 8, 2011. As of that date, Mr. David Jones became the new Chief Executive Officer.

Mr. Hervé Philippe was appointed *Directeur Général Délégué* on May 11, 2010. Mr. Philippe is also a member of the Board of Directors as the permanent representative of Financière de Longchamp.

The Board of Directors does not include any director elected by employees or any observer *(Censeur)*.

At the date of this annual report, senior management and the Board of Directors (13 members) are made up of the following:

Name	Age	Principal function*	Professional address	Term began	Term ends (date of Shareholders' Meeting)
Mr. Vincent Bolloré	59	Chairman of the Board of Directors	Tour Bolloré, 31-32, quai de Dion-Bouton – 92800 Puteaux	2005	2011(1) (2)
Mr. David Jones	44	CEO, not a director	2, allée de Longchamp – 92150 Suresnes	2011	2014
Mr. Antoine Bernheim	86	Honorary Chairman Assicurazioni Generali S.p.A.	Leonardo & Co 73, rue d'Anjou – 75008 Paris	2008	2011(1)
Bolloré represented by Mr. Cédric de Bailliencourt	41	Chief Financial Officer Bolloré Group	Tour Bolloré, 31-32, quai de Dion-Bouton – 92800 Puteaux	2005	2011(1) (2)
Mr. Yannick Bolloré	31	Chief Executive Officer Bolloré Média	Tour Bolloré, 31-32, quai de Dion-Bouton – 92800 Puteaux	2010	2013
Mr. Yves Cannac	76	Chairman of think tanks "Cercle de la Réforme", "France Qualité Publique", and "Renouveau Civil"	19, rue Pauline Borghèse – 92200 Neuilly-sur-Seine	2008	2011(1) (2)
Financière de Longchamp represented by Mr. Hervé Philippe	52	*Directeur Général Délégué* and Chief Financial Officer Havas	2, allée de Longchamp – 92150 Suresnes	2008	2011(1) (2)
Mr. Pierre Godé	66	Vice-President LVMH Moët Hennessy-Louis Vuitton	22, avenue Montaigne – 75008 Paris	2008	2011(1) (2)
Mr. Pierre Lescure	65	CEO Anna Rose Productions	c/o Barbes Film 47, avenue Édouard Vaillant 92100 Boulogne-Billancourt	1994	2013
Longchamp Participations represented by Mr. Jean de Yturbe	64	Chief Development Officer Havas	2, allée de Longchamp – 92150 Suresnes	2008	2011(1) (2)
Mr. Leopoldo Rodés Castañe	75	Chairman of the Board Media Planning Group	Escoles Pies 118, 08017 Barcelona (Spain)	2001	2013
Mr. Jacques Séguéla	77	Vice-Président Chief Creative Officer Chief Communication Officer Havas	2, allée de Longchamp – 92150 Suresnes	1992	2011(1) (2)
Mr. Patrick Soulard	59	Managing Director Bryan Garnier & Co	26, avenue des Champs-Elysées – 75008 Paris	1999	2013
Mr. Antoine Veil	84	Chairman A.V. Consultants	10, rue de Rome – 75008 Paris	2008	2011(1) (2)

* Full details of all other corporate positions held by each of the Directors are set out in an appendix to this annual report.
(1) Term of office ends at the close of the next Shareholders' Meeting.
(2) Re-election proposed at the next Shareholders' Meeting.

The proposal to appoint a new director, Mercedes Erra, will be submitted to the next Shareholders' Meeting.

Changes in the terms of corporate officers in the 2010 financial period

Mr. Ed Eskandarian's term of office as a Director ended at the close of the Shareholders' Meeting of May 11, 2010.

The Combined Shareholders' Meeting of May 11, 2010:

- appointed Mr. Yannick Bolloré as Director for a period of three years, *i.e.* to the close of the Shareholders' Meeting called to approve the financial statements for the 2012 financial period;
- renewed for a period of three years, *i.e.* to the close of the Shareholders' Meeting called to approve the financial statements for the 2012 financial period, the terms of office of Messrs. Leopoldo Rodés Castañe, Patrick Soulard and Pierre Lescure.

Mr. Fernando Rodés Vilà resigned as Chief Executive Officer and Director on March 8, 2011. Mr. David Jones was appointed Chief Executive Officer by the Board of Directors at its meeting on March 8, 2011.

14.1.2. Summary biographies of members of the Board of Directors

Mr. Vincent Bolloré

Director since June 2005, Chairman of the Board of Directors since July 12, 2005.

Mr. Vincent Bolloré, industrialist, has been Chairman of the Bolloré Group since 1981.

Mr. Fernando Rodés Vilà

Director from January 2001 to March 8, 2011, Chief Executive Officer from March 10, 2006 to March 8, 2011.

After studying economics at UCB, Fernando Rodés Vilà began his career in finance in the capital markets department of Manufacturers Hanover Trust. In 1988, he joined Banco Español de Crédito. Appointed Chief Executive Officer of Media Planning SA in 1994, he, along with his brother Alfonso and the management team, helped to build the Company into the leading media agency in Spain, Portugal and Latin America. When Media Planning SA joined the Havas Group in 1999 to form the Media

Planning Group (MPG), the media division of Havas, Fernando became Chief Executive Officer of the new division. Fernando Rodés Vilà was appointed Chief Executive Officer of Havas SA on March 10, 2006.

Fernando Rodés Vilà is also Chairman of Neometrics and a Director of ISP and other companies forming part of his family holding company. He is also President of Creafutur (a private foundation set up by the Catalan government) and patron of Accionatura, a private foundation established in 1997 to protect the environment.

Mr. Cédric de Bailliencourt

Permanent representative of Bolloré, Director since June 2005.

Mr. de Bailliencourt is Vice-Chairman and Chief Executive Officer of Bolloré, Chief Executive Officer of Financière de l'Odet and, since 2008, Chief Financial Officer of the Bolloré Group, which he joined in 1996.

Mr. Antoine Bernheim

Director since March 10, 2008.

Antoine Bernheim holds degrees in science and law, and higher degrees in private and public law. After serving as a partner in bankers Lazard Frères from 1967 to 2002 and as Chairman and Chief Executive of insurance company La France, in 1973 he was appointed a director of Italian insurance company Assicurazioni Generali S.p.A. and of its main subsidiaries, before becoming Vice President and then operating Chairman. He is currently its Honorary Chairman.

He is currently a member of the Supervisory Board of Eurazeo and a director of the well-known Italian investment bank Mediobanca, and as Deputy Chairman of the Supervisory Board of Intesa Sanpaolo S.p.A. He is also Executive Chairman of Assicurazioni Generali S.p.A., a director of its main subsidiaries and Deputy Chairman of Alleanza Toro S.p.A. He is also involved in industry as Vice President of LVMH, Vice President of Bolloré and a director of Ciments Français.

Mr. Antoine Bernheim holds the following honors and decorations: *Grand'Croix de la Légion d'Honneur* and Commandeur des Arts et Lettres in France, Grand Cross of the Order of Merit of the Republic in Italy and Commander of the National Order of the Southern Cross in Brazil.

Mr. Yannick Bolloré

Director since May 2010.

Yannick Bolloré, a graduate of the University of Paris IX Dauphine, is the CEO of Bolloré Média. In 2002, he founded film production company WY Productions (Hell; 24 Mesures). He joined the Bolloré Group in 2006 as Programs Director of Direct 8, a channel with the fastest audience growth rate of any French television channel. In November 2008, he was appointed CEO of Direct 8 and took over as head of the Direct Soir freesheet, which he repositioned as "the leading free daily infotainment". His input also gave Direct Soir the fastest growing audience figures in the French press. In June 2009, he launched the weekly freesheet Direct Sport, which proved an immediate success and now has a circulation of over 450,000.

With effect from September 2009, he is CEO of Bolloré Média, which includes TV channel Direct 8, the Direct Matin and Direct Soir free sheets, the Bolloré Intermédia advertising network and opinion pollster CSA.

Yannick Bolloré also played a part in the 2009 launch of the Havas Productions TV and radio production agency, which produces traditional content and brand programs for its clients, incorporating strategic advice on everything from content selection to realization for all forms of broadcasting and media (TV, internet, etc.).

In 2010, he acquired the Virgin 17 television channel from Lagardère. Renamed Direct Star, the channel was launched on September 1 and made Bolloré Media France's third largest broadcasting group in terms of audience.

Yannick Bolloré has served as a director of Bolloré Participations since 1998 and was appointed a director of Bolloré in 2009 and of Havas in 2010.

Mr. Yves Cannac

Director since May 2008 and member of the Compensation Committee.

A former student at the *École normale supérieure* (agrégé in history) and ENA, he began his professional career in public service and subsequently moved into business. As a member of the Council of State *(Conseil d'État)*, he served as technical advisor to the cabinet of Prime Minister Jacques Chaban-Delmas (1969-72), assistant director of the cabinet of Finance Minister Valéry Giscard d'Estaing (1973-1974), then as assistant secretary general to the Presidency of the Republic (1974-1978). From 1978 to 1981, he served as Chairman of Havas, which at this time was still a majority state-owned company. In 1984, he left the public sector to become Chairman of management consulting and training group Cegos, a function he performed until 1997.

From 1999 to 2010, he was a member of the *Conseil économique et social*, a French government advisory committee. Until 2010, he headed the *Observatoire de la dépense publique* at the *Institut de l'entreprise* (which he chaired from 1989 to 1992) and chair of the editorial committee of the review *Sociétal* (1997 to 2010).

He heads three think tanks, *Renouveau Civil* (since 1995), *Cercle de la Réforme de l'État* (since 2006) and *France Qualité Publique* (since 2008).

He is the author of *Le juste pouvoir* (1983), and also co-author of a number of other works including *La bataille de la compétence* (1985), *Pour un État moderne* (1993) and *La réforme de l'État* (2007). In 2002, he was awarded the *Institut des sciences morales et politiques* prize.

Mr. Pierre Godé

Director since May 2008 and Chairman of the Compensation Committee.

Pierre Godé, agrégé in law, practiced at the Lille Bar from 1967 to 1980 and taught at the faculties of law in Lille (1973 to 1980) and Nice (1980 to 1985). He served as advisor to the Chairman of Arnault-Financière Agache from 1986 to 1997, Chairman of couture house Christian Lacroix from 1988 to 1993, Chairman of BSF from 1989 to 1992, Chief Executive from 1989 to 1997 and Chairman from 1997 to 2000 of Louis Vuitton SA.

He has been a director (having been a member of the Executive Committee) of Louis Vuitton-Moët Hennessy (LVMH) since 1989, a member of the Executive Committee and CEO since 2001 of LVMH Fashion Group, Chairman of Financière Jean Goujon SA since 1994, of Financière Agache SA since 1997, a director of Arnault et Associés since 1986 and of Bon Marché since 1988.

Publication: *Volontés et manifestations tacites* (1973).

Decoration: *Chevalier de la Légion d'honneur*.

Mr. Pierre Lescure

Director since June 1994.

A graduate of the Centre de Formation des Journalistes in Paris, Pierre Lescure started his career as a radio journalist. He then moved into television, where he held a variety of positions. In 1984, he participated in the launch of France's first private TV channel, Canal+, becoming Chief Executive Officer in 1986. Then in 1994 he was appointed Chairman and CEO of the Canal+ Group and, in 2001, Chief Operating Officer of Vivendi Universal. He left Vivendi Universal and the Canal+ Group in April 2002. In November of the same year he was elected to the Board of Directors of Thomson Multimedia, a position from which he stood down in 2009. He has since joined the Board of Directors of Swiss firm Kudelski SA. Pierre Lescure is still a member of the Supervisory Board of Lagardère.

He is currently Chief Executive Officer of Anna Rose Productions and, since June 2008, director of the Théâtre Marigny.

Mr. David Jones

Chief Executive Officer since March 8, 2011.

Born and educated in northwest England, David Jones graduated from both the Reutlingen Fachhocschule (Germany) and Middlesex Business School.

After working at BDH/TBWA, Lowe and J. Walter Thompson, David Jones became the youngest member of the Executive Committee of AMV BBDO in London. In 1998, at the age of 32, he moved to Sydney to take charge of Euro RSCG Australia, where he launched Euro RSCG's first digital agency.

He returned to the United Kingdom in 2002 to take care of the 20 leading global brands managed by Euro RSCG and to become Global Brand Director de Reckitt Benckiser. In 2004, he was appointed CEO of Euro RSCG New York and in 2005 Global CEO of the Euro RSCG Worldwide network.

He breathed new energy into the agency, reigniting all its creative force and dynamism in terms of new business and enabling the agency to win accounts like Reckitt Benckiser, Charles Schwab, Heineken, ExxonMobil, NYSE, Kraft, Unilever, Jaguar, GlaxoSmithKline, Novartis and Schering-Plough.

A year later, the network was named Global Agency of the Year par *Advertising Age* and Advertising Network of the Year by *Campaign*. In January, 2009, David Jones was appointed Global CEO of Havas Worldwide.

From 2007 to 2010, David Jones headed the team advising David Cameron. Euro RSCG's creative campaign helped define the arguments used to counter Gordon Brown by illustrating the need to reduce the budget deficit. David Jones was also responsible for the *Tck Tck Tck Time for Climate Justice* campaign designed at the request of Kofi Annan for the 2009 Copenhagen Climate Change Summit (over 17 million members, by far the biggest single action in the fight against climate change). He is also co-founder of *One Young World*, an international forum for the young leaders of tomorrow inaugurated in February 2010 in London. The forum will hold its second meeting in Zurich in September.

David Jones, 44, is married with three young children. He has lived and worked in the United Kingdom, Germany, France, Australia and the United States.

Mr. Hervé Philippe

Permanent representative of Financière de Longchamp since 2008, *Directeur Général Délégué* since May 11, 2010, and formerly permanent representative of Havas Participations, Director from September 2006 to May 2008.

Hervé Philippe graduated from the *Institut d'études politiques* in Paris and has a degree in economics. He began his career with the Crédit National, then worked for the COB (French Securities and Exchange Commission). In 1998 he joined the Sagem group, where he was Chief Financial Officer from 2001 to 2005. In 2005 he was appointed Chief Financial Officer of the Havas group. In May 2010, he was appointed *Directeur Général Délégué* of Havas SA.

Mr. Leopoldo Rodés Castañe

Director since May 2001.

A graduate of Barcelona University, he founded the Tiempo advertising agency in 1958, serving as its Chairman and CEO until 1984. In 1985, he was named Chairman of "Barcelona 92", the organization he set up to support Barcelona's bid for the 1992 Summer Olympic Games, and he went on to become a member of the Barcelona Summer Olympic Games executive committee from 1986 to 1992. From 1994 to 1996 he was a member of the inter- national advisory board of Repsol, a Spanish oil company, and was Vice-Chairman of the Spanish bank Urquijo until 2004.

In 1978, at its foundation, he became Chairman of Media Planning SA, a company that was acquired by Havas in 2001, and since 1999 he has been Chairman of the Spanish group Media Planning Group. He is a Director of PRISA TV, Abertis Infraestrusturas SA, Caixa d'Estalvis i Pensions de Barcelona, Criteria Caixa Corp, GF Inbursa and Christie's International Europe. He is also Chairman of Mutua Asepeyo, of the Fundació Museu d'Art Contemporani of Barcelona, and of the Fondacio d'Estudis i Recerca Oncologica (FERO) and of Ramon Llull University.

Mr. Jacques Séguéla

Director since June 1992.

Jacques Séguéla holds a Ph.D. in Pharmacy, and began his career as a reporter for Paris-Match, then for France-Soir. In 1969, he founded RSCG, which merged with Eurocom in 1992 to become Euro RSCG Worldwide, today known as Havas, of which he became Vice-President responsible for creation and communications. He is the author of numerous books on advertising and has been involved in several election campaigns for political figures.

Mr. Patrick Soulard

Director since December 1999 and Chairman of the Audit Committee.

A graduate of the *Institut d'études politiques* de Paris and the *École nationale d'administration*, Patrick Soulard began his career in the French civil service, holding various positions in the Ministry of Finance from 1977 to 1986. In 1986 he joined BNP where he held the positions of Financial Affairs Director, CEO of Banexi and member of the BNP General Management Committee. In 1996, he joined Société Générale as Senior Banker. Until May 2009,he was Co-Head of Société Générale Corporate and Investment Banking (SGCIB). He is currently Managing Director of Bryan Garnier & Co.

Mr. Antoine Veil

Director since March 10, 2008 and member of the Audit Committee.

Antoine Veil is a graduate of the *Institut d'études politiques de Paris* and of the *École nationale d'administration*. He is an Inspector of Finances, 1st. Class (retired).

After serving on the staff of various ministerial offices until 1963, he became Delegate General of the French ship-owners' federation, the Comité Central des Armateurs de France (CCAF), and Chief Executive of Groupe des Chargeurs Réunis, positions which he held from 1964 to 1968. From 1971 to 1996, he served as Chairman of a number of leading air, sea and rail transport companies. He has been Chairman of A.V. Consultants since 1989.

Mr. Antoine Veil holds the following honors and decorations: *Grand Officier de la Légion d'Honneur*, *Commandeur de l'Ordre National du Mérite*, *Officier de la Santé Publique*, *Officier du Mérite Commercial et Industriel*, *Chevalier du Mérite Agricole* and *Chevalier de l'Économie Nationale*.

Mr. Jean de Yturbe

Permanent representative of Longchamp Participations since May 29, 2008.

Jean de Yturbe graduated in Business Administration from Babson College. After six years with Lanvin as worldwide Marketing Manager he became International Manager of Havas Conseil in 1980 and Chairman of HDM Europe in 1985. He was appointed Chairman of Eurocom Advertising Worldwide in 1990. He joined Bates in 1993 as Chairman of Bates Europe and Executive Director of Cordiant plc, and became CEO of Cordiant in 2002. He joined Havas in September 2003 as Chief Development Officer.

14.1.3. Convictions for fraud, bankruptcy, public sanctions pronounced over the last five years

No director has declared that he had been convicted for fraud or subject to public sanctions, or been connected with bankruptcy proceedings over the last five years.

14.1.4. Family relationships

Mr. Fernando Rodés Vilà, Director and Chief Executive Officer of the Company until March 8, 2011, is the son of Mr. Léopoldo Rodés Castañe, Director.

Mr. Yannick Bolloré, Director, is the son of Mr. Vincent Bolloré, Chairman of the Board of Directors.

Mr. Cédric de Bailliencourt, Permanent representative of Bolloré, Director, is the nephew of Mr. Vincent Bolloré, Chairman of the Board of Directors.

14.1.5. Executive Committee

The members of the Executive Committee, at the date of this annual report, are as follows:

- Mr. Rémi Babinet;
- Mr. Michel Dobkine;
- Mrs. Mercedes Erra;
- Mr. Stéphane Fouks;
- Mr. David Jones;
- Mr. Hervé Philippe;
- Mr. Alfonso Rodés Vilà;
- Mr. Jacques Séguéla.

Mr. Vincent Bolloré, Chairman of the Board of Directors of Havas SA, also attends Executive Committee meetings.

14.2. Conflicts of interest

14.2.1. Conflicts of interest between directors' duties to the Company and their private interests or declaration of lack thereof

To the best of our knowledge and on the date of this annual report, there was no potential conflict of interest between Directors' duties to the Company and their private interests or other duties. Related party transactions are detailed in section 19 of this annual report.

14.2.2. Arrangements or covenants with leading shareholders governing the appointment of the Company's senior management and executives

On January 20, 2001, the Company signed an agreement with the founders of Media Planning Group, including the Advertising Antwerpen company (held by the family of Messrs. Fernando Rodés Vilà and Leopoldo Rodés Castañe) defining the conditions of their contribution and the sale by the latter of 55% of the capital of Media Planning Group. Under the terms of this agreement, the founders of Media Planning Group were entitled to be represented on the Company's Board of Directors. Pursuant to this agreement, in 2001 the Company's management proposed the appointments of Messrs. Leopoldo Rodés Castañe and Fernando Rodés Vilà as Company Directors.

14.2.3. Restrictions concerning the disposal by senior management of their equity interests in the Company's capital

The Directors received shares in the Company as directors' fees for 2002 to 2004. These shares can neither be sold nor assigned throughout their term of office as Directors.

15. Compensation and benefits of Company executives

15.1. Structure of short-term compensation packages

The compensation of executive officers, as listed in the table below, comprises:

- a fixed salary;
- an annual bonus.

Criteria for the calculation of the bonus vary according to the functions of the beneficiary. They may be financial and/or based on a more qualitative approach. Moreover, these criteria may concern either group results or those of the executive's unit, depending on his/her scope of responsibility.

The financial criteria are linked mainly to indicators such as EBIT(1), organic growth(2), net results and development of new business(3).

The non-financial criteria are based on a qualitative assessment of the executive's performance.

15.2. Long-term loyalty and incentive programs

In October 2006, the Company implemented a stock option subscription plan in which the exercise of 50% of the options awarded is conditional on performance, both of the Group and of the Business Unit to which the beneficiaries belong. Furthermore, exercise of all options is conditional on the presence in the Company of the beneficiaries at the time of exercise. A supplementary plan was adopted by the Board of Directors on June 11, 2007.

No stock option has been implemented since the publication of the Afep-Medef code in December 2008.

Under the powers granted to the Board of Directors by the Shareholders' Meeting of May 11, 2010, the Meeting has expressly decided that the exercise of any options that may be granted by virtue of this delegation of powers shall be subject to performance criteria to be defined at the time of allocation of such options.

At the date of publication of this annual report, no options have been granted by virtue of this delegation of powers.

The Company also carried out two issues of bonds with associated callable subscription and/or acquisition warrants (OBSAARs). The callable subscription and/or acquisition warrants (BSAARs) were detached from the bonds and sold to some 350 Group senior managers and executives, requiring the beneficiaries to make an investment. Change in the value of the BSAAR is linked to that of the Havas share. The investment, funded by beneficiaries from their own resources (approximately €20 million), is not guaranteed and therefore carries an element of risk. (For more information on these programs, refer to sections "20.3 Consolidated financial statements" and "21.1 Share capital of the Company" in the annual report).

An initial issue of BSAARs was decided by the Board of Directors at its meeting on October 26, 2006. The 2006 BSAARs will be listed and freely tradable as from December 1, 2010 to December 1, 2013.

A second issue was decided by the Board of Directors at its meeting on January 8, 2008. The 2008 BSAARs will be listed and freely tradable as from February 8, 2012 and until February 8, 2015.

(1) EBIT: EBIT is defined as net income before net financial expense and tax.
(2) Organic growth is calculated by comparing revenue for the current financial period against revenue for the previous financial period adjusted as follows:
- revenue for the previous financial period is recalculated using the exchange rates for the current financial period;
- to this resulting revenue is added the revenue of companies acquired between January 1 of the previous financial period and the acquisition date for the period in which these companies were not as yet consolidated;
- revenue for the previous financial period is also adjusted for the consolidated revenue of companies disposed of or closed down between January 1 of the previous financial period and the date of disposal or closure.

Organic growth calculated by this method is therefore adjusted for variations in exchange rate against the euro, and for variations in the scope of consolidation.
(3) New business: new business corresponds to the gross margin on new customers acquired.

15.3. Directors' fees

The Board of Directors decided to distribute directors' fees for 2010 of €1,000 per Director and per actual attendance at each Board meeting, and fees of €2,000 for members of special Board committees per actual attendance at committee meetings.

Directors who also hold executive functions receive no directors' fees.

15.4. Compensation data

Gross compensation (including all fringe benefits) received by members of the Board of Directors in 2009 and 2010 (in euros) is shown in the following two tables:

- the first table shows amounts paid over the course of these two years;
- the second shows the amounts due in respect of these two years.

Amounts paid *(in euros)*

Executive corporate officers	Fixed compensation		Variable compensation		Havas directors' fees		Fringe benefits		Total	
	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**
Vincent Bolloré	N/A	N/A	N/A	N/A	6,000	4,000	N/A	N/A	6,000	4,000
Fernando Rodés Vilà	900,000	900,000	980,000	450,000			12,166	18,393	1,892,166	1,368,393
Hervé Philippe	280,000	280,000	140,000	140,000			4,885	4,885	424,885	424,885
Sub-total	**1,180,000**	**1,180,000**	**1,120,000**	**590,000**	**6,000**	**4,000**	**17,051**	**23,278**	**2,323,051**	**1,797,278**
Non-executive corporate officers	Fixed compensation		Variable compensation		Havas directors' fees		Fringe benefits		Total	
	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**
Jacques Séguéla	900,000	900,000	765,000	150,000			6,004	6,004	1,671,004	1,056,004
Ed Eskandarian	358,869	408,248							358,869	408,248
Léopoldo Rodés Castañe	900,000	900,000	765,000	150,000			86,862	73,096	1,751,862	1,123,096
Jean de Yturbe	250,000	250,000	650,000	500,000			7,639	7,639	907,639	757,639
Antoine Bernheim	N/A	N/A	N/A	N/A	1,000	4,000	N/A	N/A	1,000	4,000
Yannick Bolloré	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Yves Cannac	N/A	N/A	N/A	N/A	7,000	8,000	N/A	N/A	7,000	8,000
Pierre Godé	N/A	N/A	N/A	N/A	6,000	7,000	N/A	N/A	6,000	7,000
Pierre Lescure	N/A	N/A	N/A	N/A	1,750	2,000	N/A	N/A	1,750	2,000
Patrick Soulard	N/A	N/A	N/A	N/A	8,750	10,000	N/A	N/A	8,750	10,000
Antoine Veil	N/A	N/A	N/A	N/A	7,000	10,000	N/A	N/A	7,000	10,000
Sub-total	**2,408,869**	**2,458,248**	**2,180,000**	**800,000**	**31,500**	**41,000**	**100,505**	**86,739**	**4,720,874**	**3,385,987**
Total	**3,588,869**	**3,638,248**	**3,300,000**	**1,390,000**	**37,500**	**45,000**	**117,556**	**110,017**	**7,043,925**	**5,183,265**

- €6,000 in directors' fees were paid to Mr. Richard Colker in 2009 and €1,000 in 2010.
- €4,000 in directors' fees were paid to Mrs. Véronique Morali in 2010.

Amounts due *(in euros)*

Executive corporate officers	Fixed compensation		Variable compensation		Havas directors' fees		Fringe benefits		Total	
	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**
Vincent Bolloré	N/A	N/A	N/A	N/A	4,000	4,000	N/A	N/A	4,000	4,000
Fernando Rodés Vilà	900,000	900,000	450,000	900,000			12,166	18,393	1,362,166	1,818,393
Hervé Philippe	280,000	280,000	140,000	140,000			4,885	4,885	424,885	424,885
Sub-total	**1,180,000**	**1,180,000**	**590,000**	**1,040,000**	**4,000**	**4,000**	**17,051**	**23,278**	**1,791,051**	**2,247,278**
Non-executive corporate officers	Fixed compensation		Variable compensation		Havas directors' fees		Fringe benefits		Total	
	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**
Jacques Séguéla	900,000	900,000	150,000	150,000			6,004	6,004	1,056,004	1,056,004
Ed Eskandarian	358,869	408,248							358,869	408,248
Léopoldo Rodés Castañe	900,000	900,000	150,000	200,000			86,862	73,096	1,136,862	1,173,096
Jean de Yturbe	250,000	250,000	500,000	500,000			7,639	7,639	757,639	757,639
Antoine Bernheim	N/A	N/A	N/A	N/A	4,000	1,000	N/A	N/A	4,000	1,000
Yannick Bolloré	N/A	N/A	N/A	N/A	N/A	3,000	N/A	N/A	N/A	3,000
Yves Cannac	N/A	N/A	N/A	N/A	8,000	8,000	N/A	N/A	8,000	8,000
Pierre Godé	N/A	N/A	N/A	N/A	7,000	5,000	N/A	N/A	7,000	5,000
Pierre Lescure	N/A	N/A	N/A	N/A	2,000	4,000	N/A	N/A	2,000	4,000
Patrick Soulard	N/A	N/A	N/A	N/A	10,000	8,000	N/A	N/A	10,000	8,000
Antoine Veil	N/A	N/A	N/A	N/A	10,000	8,000	N/A	N/A	10,000	8,000
Sub-total	**2,408,869**	**2,458,248**	**800,000**	**850,000**	**41,000**	**37,000**	**100,505**	**86,739**	**3,350,374**	**3,431,987**
Total	**3,588,869**	**3,638,248**	**1,390,000**	**1,890,000**	**45,000**	**41,000**	**117,556**	**110,017**	**5,141,425**	**5,679,265**

- Mr. Richard Colker received €1,000 in directors' fees for 2009.
- Mrs. Véronique Morali received €4,000 in directors' fees for 2009.

Stock subscription or purchase options granted by the issuer and by any Group company over the 2010 financial period to each executive corporate officer

Name of Executive	Plan No. and date	Nature of options (purchase or subscription)	Valuation of options using the method applied to the consolidated financial statements	Number of options granted over the financial period	Exercise price	Exercise period
V. Bolloré	None	None	None	None	None	None
F. Rodés Vilà	None	None	None	None	None	None
H. Philippe	None	None	None	None	None	None

Stock subscription or purchase options exercised over the 2010 financial period by each executive corporate officer

Name of Executive	Plan No. and date	Number of options exercised over the financial period	Exercise price
V. Bolloré	None	None	None
F. Rodés Vilà	None	None	None
H. Philippe	None	None	None

15.5. Pension commitments to Company executives

No pension commitments have been provisioned in respect of the Company's executive officers, Mr. Vincent Bolloré, Mr. Fernando Rodés Vilà and Mr. Hervé Philippe, or any supplementary pension commitment in respect of the directors of Havas SA.

15.6. Special provisions

Jacques Séguéla

In view of the importance of Jacques Séguéla's functions in the Company, his reputation in the advertising sector both in France and worldwide and his celebrity outside the world of advertising, a loyalty bonus additional to his legal severance pay will be paid in the event of his being obliged to retire by his employer before December 31, 2012. The amount of this bonus tapers off over time. It corresponds to 18 months of Jacques Séguéla's total annual compensation until December 31, 2009, and then progressively decreases to 12 months until December 31, 2012. Beyond December 31, 2012, no loyalty bonus payment whatsoever will be due.

Jacques Séguéla has the use of a chauffeur-driven company vehicle.

Ed Eskandarian

Ed Eskandarian's employment contract expired on January 31, 2007. However, he continues to act for Arnold Worldwide as a consultant through a service agreement with that company which came into effect on February 1, 2007. This agreement covers a period of 24 months with compensation of USD 500,000 per year.

Ed Eskandarian's fringe benefits as mentioned in the "Other compensation" column of the "Compensation data" table cover payment of supplementary health and provident plans.

Fernando Rodés Vilà

The employment contract of Fernando Rodés Vilà – a contract under Spanish law executed on January 20, 2001 – with Media Planning Group SA is suspended. At present, Mr. Fernando Rodés Vilà receives compensation as Chief Executive Officer of Havas SA and as "Consejero Delegado" of Havas Management España. Neither Havas SA nor Havas Management España, nor any company controlled by Havas SA, have given any undertakings to Mr. Fernando Rodés Vilà regarding any compensation, indemnities or benefits that might be due in respect of the termi- nation of or change in his functions as Chief Executive Officer of Havas SA. in the event of termination.

Fernando Rodés Vilà had the use of a chauffeur-driven company vehicle.

Leopoldo Rodés Castañe

In the event of a termination of his employment contract with Media Planning Group executed on January 20, 2001, Léopoldo Rodés will be entitled to an indemnity payment representing two years of his total annual compensation.

His contract (which is subject to Spanish law) includes a conscience clause under which he can claim two years of his total salary in the event of significant change in the shareholding of Havas Media that would result in a replacement of its management bodies or a change of its principal business.

He also benefits from an additional supplementary provident and health plan. The amounts paid for this plan are included in the "Other Compensation" column of the "Compensation data" table.

Leopoldo Rodés Castañe has the use of a chauffeur-driven company vehicle.

Hervé Philippe

Hervé Philippe has been Chief Financial Officer for the Group since November 28, 2005, and *Directeur Général Délégué* since May 11, 2010.

He has the use of a company vehicle.

Jean de Yturbe

Jean de Yturbe is the company's Chief Development Officer.

In the event of dismissal other than for a serious professional fault Jean de Yturbe is entitled to receive an indemnity (including legal redundancy payment) corresponding to half his total gross remuneration for the past twelve months.

He has the use of a company vehicle.

15.7. Summary tables

Summary of compensation and stock subscription or purchase options granted to each director

	2009	**2010**
Vincent Bolloré		
Compensation due for the financial period (set out in 15.4)	4,000	4,000
Valuation of options granted during the financial period	NA	NA
Valuation of performance shares granted during the financial period	NA	NA
Total		

	2009	**2010**
Fernando Rodés Vilà		
Compensation due for the financial period (set out in 15.4)	1,362,166	1,818,393
Valuation of options granted during the financial period	NA	NA
Valuation of performance shares granted during the financial period	NA	NA
Total		

	2009	**2010**
Hervé Philippe		
Compensation due for the financial period (set out in 15.4)	424,885	424,885
Valuation of options granted during the financial period	NA	NA
Valuation of performance shares granted during the financial period	NA	NA
Total		

	Employment contract		Supplementary pension		Benefits in the event of termination or change of functions		Compensation for a non-competition clause during the financial period	
Executive corporate officers	Yes	No	Yes	No	Yes	No	Yes	No
Vincent Bolloré Chairman of the Board of Directors Term began: 2005 Term ends: 2011		X		X		X		X
Fernando Rodés Vilà Chief Executive Officer Term began: 2006 Term ends: March 8, 2011	Contract under Spanish law suspended			X		X		X
Hervé Philippe *Directeur Général Délégué* Term began: 2010 Term ends: 2014	X			X		X		X

16. Board and management procedures

Mr. Vincent Bolloré chairs the Company's Board of Directors and organizes the work of the Board.

Mr. David Jones, Chief Executive Officer from March 8, 2011, and Mr. Hervé Philippe, *Directeur Général Délégué*, represent the Company in its dealings with third parties.

The Chief Executive Officer and the *Directeur Général Délégué* are vested with the broadest powers to act under all circumstances on behalf of the Company. They exercise these powers within the limits of the corporate purpose and subject to the powers expressly attributed by law to Shareholders' Meetings and to the Board of Directors. However, as a matter of internal policy not enforceable on third parties, the Chief Executive Officer and the *Directeur Général Délégué* must obtain the agreement of the Board of Directors before taking certain decisions listed in the report of the Chairman of the Board of Directors (attached to this annual report).

16.1. Procedures of the Board of Directors

16.1.1. Directors' terms of office

The dates of the beginning and end of Directors' terms of office are indicated in section 14.1.1.

16.1.2. Independent directors

The Board of Directors includes three independent directors, Messrs. Pierre Godé, Yves Cannac and Patrick Soulard.

The Afep-Medef code recommends that at least half of the members of the Board of Directors be independent. In the light of this recommendation, the Board of Directors may gradually propose that Havas shareholders appoint new independent directors as directors' terms of office expire.

16.1.3. Board of Directors

The Company is governed by a Board of Directors currently composed of 13 members. The Company's bylaws stipulate that the Board of Directors must be comprised of three to eighteen members, unless otherwise specified by law.

The bylaws stipulate that each director must own one share.

Internal rules of the Board

By decisions of October 27, 2006 and April 5, 2007, the Board of Directors adopted internal rules that make it possible to attend Board meetings by videoconference or telecommunication.

16.1.4. Internal controls

The report of the Chairman of the Board of Directors on internal controls and the Auditors' report on the report of the Chairman of the Board of Directors regarding internal controls are appended to this annual report.

16.2. Service contracts between members of the governing bodies and the Company or its subsidiaries and which provide benefits

This information is contained in section 19 of this annual report.

16.3. Information on the Board Committees

The Audit Committee was created on May 29, 2008; at the date of this annual report, it consists of Messrs. Patrick Soulard and Antoine Veil. The Compensation Committee was also created on May 29, 2008; at the date of this annual report, it consists of Messrs. Pierre Godé and Yves Cannac. The Corporate Governance Committee was created on March 2, 2009 to evaluate the work of the Board of Directors; it consists of Messrs. Hervé Philippe and Jean de Yturbe.

The role and procedures of these committees are described below and also in the report of the Chairman of the Board of Directors required pursuant to article L.225.37 of the French Commercial Code and which is appended to this annual report.

16.3.1. Audit Committee

The Audit Committee was created by the Board of Directors on May 29, 2008.

Membership of the Audit Committee

With effect from May 29, 2008, the Audit Committee consists of Mr. Patrick Soulard, Chairman, and Mr. Antoine Veil, member, and included Mrs. Véronique Morali from August 31 to December 21, 2009.

Role of the Audit Committee

The Audit Committee assists the Board of Directors in fulfilling its responsibility for oversight of the accuracy and integrity of the consolidated financial statements and of the quality of internal controls and the financial information disclosed to shareholders and the public. The Committee formulates recommendations, proposals, conclusions and comments to the Board of Directors in the following fields:

- oversight of the pertinence and consistency of the accounting principles followed by the Company, and the transparency of their implementation;
- oversight of the existence, adequacy and application of the Company's internal control and audit procedures and, where appropriate, its risk management procedures;
- examination and monitoring of the legal oversight of the statutory accounts and consolidated financial statements prior to their submission to the Board of Directors;
- analysis of variations in scope, debt and interest rate or exchange rate hedging;
- examination and monitoring of the independence of external auditors;
- examination of the conclusions and recommendations of the external auditors;
- oversight of material agreements entered into by a Group company and any material agreements between one or more Group companies and an external company or companies of which a Company director is also the Chief Executive or principal shareholder;
- assessment of any conflicts of interest concerning a Director, and recommendation of measures designed to prevent or remedy such conflicts of interest;
- oversight of the preparation and quality of financial information disclosed to shareholders and the public.

The Committee may also be consulted directly by the Chairman of the Board of Directors, by the Chief Executive Officer or, where appropriate, by the *Directeur Général Délégué*, to advise on the nomination or renewal of the statutory and contract auditors.

The Committee gives an opinion on the auditors' fees.

The Committee may make recommendations to management on the priorities and general guidelines of internal audit.

Work of the Audit Committee

The Committee met twice in 2010, with all members in attendance.

The main subjects addressed by the Committee were as follows:

- at its first meeting, the Committee examined the 2009 consolidated financial statements for the Group and the 2009 statutory accounts for Havas SA after discussions with the Statutory Auditors in the absence of the Chief Executive Officer and the Chief Financial Officer. The Committee heard the report of the Statutory Auditors on their work and a report from the Head of Internal Audit on the progress of internal audit work and risk analysis carried out since the Committee's last meeting, and on work scheduled for 2010;
- at its second meeting, the Committee examined the half-year consolidated financial statements for the Group and the half-year statutory accounts for Havas SA after discussions with the Statutory Auditors in the absence of the Chief Executive Officer and the Chief Financial Officer. The Committee heard a report from the Head of Internal Audit on the progress of internal audit work and risk analysis carried out since the Committee's last meeting and on any problems encountered. The Group Finance Department gave the Audit Committee a progress report on the updating of Group procedures. Finally, the Group Finance Department presented the recently published AMF report on Audit Committees.

16.3.2. Compensation Committee

The Compensation Committee was created by the Board of Directors on May 29, 2008.

Membership of the Compensation Committee

In accordance with its regulations, the Compensation Committee is made up of a minimum of two Directors, at least one of whom must be an independent Director and have real experience of management and of human resources.

With effect from May 29, 2008, the Compensation Committee consists of Mr. Pierre Godé, Chairman, and Mr. Yves Cannac, member, and included Mme. Véronique Morali from August 31 to December 21, 2009.

All the members of the Committee are independent. They have no function within Havas other than that of Director and receive no compensation other than the Directors' fees paid in respect of their functions as Directors.

Role of the Compensation Committee

The Committee's main responsibilities are to make recommendations, proposals, conclusions and comments to the Board of Directors and to assist the Board in the following fields:

- determination of the total amount of Directors' fees to be proposed to the Shareholders' Meeting and the distribution of those fees amongst the members of the Board of Directors;
- determination of the fixed and variable compensation of the Chairman of the Board of Directors, of the Chief Executive Officer and Vice Presidents of the Company and, more generally, of the members of Executive Committees of the Business Units and subsidiaries;
- determination of the fixed and variable compensation of the members of the Company's Executive Committee;
- determination of the fixed and variable compensation of senior executives of the Company's main subsidiaries for any overall package in excess of a certain amount;
- examination of all other forms of compensation, in particular fringe benefits and special provisions, including severance indemnities and post-employment benefits granted to all those corporate officers mentioned in the previous two paragraphs;
- general policy governing the allocation of stock subscription or purchase options, free shares and any other form of equity- based incentive.

Work of the Compensation Committee

The Committee met twice in 2010, with all its members in attendance.

At its first meeting, the Committee concentrated on examining the rules for the distribution of fees paid to Directors and on the fixed and variable compensation of executive Directors and senior executives of the Group.

At its second meeting, the Committee continued its examination of the compensation of executive Directors and senior executives of the Group.

16.3.3. Corporate Governance Committee

The Corporate Governance Committee was created on March 2, 2009.

Membership of the Corporate Governance Committee

The Committee consists of two members, Messrs. Hervé Philippe and Jean de Yturbe.

Role of the Corporate Governance Committee

The Committee's main responsibilities are to evaluate the work of the Board of Directors. This object of this evaluation, which appears on the agenda of at least one Board Meeting a year for discussion, is to review and discuss the Board's operating methods and Directors' contributions, and thereby improve the operations and effectiveness of the Board of Directors.

Work of the Corporate Governance Committee

The Committee carried out an evaluation of the Board and its Committees, the Audit Committee and the Compensation Committee, for the 2010 financial period, and made the following remarks:

On the work of the Board of Directors for the 2010 financial period

The Board of Directors is made up of 14 members, of whom three are independent (with effect from the Shareholders' Meeting of May 11, 2010).

Except in extraordinary circumstances, Directors are given reasonable notice of forthcoming meetings.

A timetable of Board meetings is established each year for the year ahead.

The number of Board meetings (four in 2010) and their frequency and spacing throughout the year are satisfactory, as is attendance by Directors.

The average attendance rate over the 2010 financial period was 80.35%.

Directors are provided with all the information necessary and are granted sufficient time to study documents and comment on the minutes of the previous Board meeting.

The length of meetings is considered adequate to address the agenda and allow for the necessary deliberations, which the Committee also considers to be effective and of high quality.

The subjects addressed by the Board of Directors appear to be appropriate to its responsibilities.

Meeting procedures are satisfactory and member participation is good.

Lastly, implementation of Board decisions appears to be satisfactory.

On the work of the Board Committees

There are three Board Committees:

- Audit Committee;
- Compensation Committee;
- Corporate Governance Committee.

The roles and responsibilities of the Committees are governed by regulations.

The Committees may, if they see fit, call on experts outside the Group.

The attendance and involvement of members of the Board Committees, both the Audit Committee and the Compensation Committee, is excellent, with full attendance at all meetings to date.

The Committees meet sufficiently in advance of Board meetings. The Audit Committee, for example, met prior to the Board meetings held to approve the annual and half-yearly financial statements.

The Committees are accountable to the Board of Directors for their activities and submit a formal report, which is published in the annual report.

16.4. Corporate governance

Havas aligns itself with the recommendations made in France by the Afep-Medef Corporate Governance code published in December 2008, as the Board of Directors confirmed at its meeting on December 18, 2008.

Pursuant to these recommendations, Havas appointed Directors satisfying the Afep-Medef independence criteria: Messrs. Pierre Godé and Yves Cannac in 2008 and Mrs. Véronique Morali in 2009.

Havas also created an Audit Committee and a Compensation Committee in 2008, and a Corporate Governance Committee in 2009: the membership, role and work of these Committees is described in paragraph 16.3 above, and also in the report of the Chairman of the Board of Directors on the membership of the Board and the application of the principle of balanced representation of women and men on boards of directors, on the conditions of preparation and organization of the work of the Board of Directors, on procedures for internal control and risk management procedures implemented by Havas, pursuant to article L.225.37 of the French Commercial Code and which is appended to this annual report.

17. Shareholdings and stock options

17.1. Shareholdings and stock options of directors and executive officers

	Number of outstanding stock options at 02/28/11*	**Number of shares held at 02/28/11***	Number of BSAARs acquired in 2007	Number of BSAARs acquired in 2008	Total number of BSAARs acquired at 12/31/10
RODÉS VILÀ Fernando	1,306,925	571,849	1,000,000	352,941	1,352,941
SÉGUÉLA Jacques	983,064	3,645	1,000,000	1,470,588	2,470,588
BOLLORÉ Vincent	1,000,000	5,000	1,000,000	352,941	1,352,941
ESKANDARIAN Ed	306,925	3,020	105,000	100,000	205,000
RODÉS CASTAÑE Leopoldo	500,000	3,809	1,000,000	294,118	1,294,118
YTURBE (de) Jean (representative of LONGCHAMP PARTICIPATIONS)	250,000	0	172,673	117,647	290,320
PHILIPPE Hervé (representative of FINANCIÈRE DE LONGCHAMP)	100,000	1,400	304,634	205,882	510,516
BOLLORÉ	0	20,435,916			
BAILLIENCOURT (de) Cédric (representative of BOLLORÉ)	0	100		220,588	220,588
CANNAC Yves	0	3,500			
FINANCIÈRE DE LONGCHAMP	0	5			
GODE Pierre	0	20			
LONGCHAMP PARTICIPATIONS	0	5			
LESCURE Pierre	0	5,345			
SOULARD Patrick	0	6,795			
VEIL Antoine	0	100			
BERNHEIM Antoine	0	400,000			
BOLLORÉ Yannick	0	1,000			
Total	**4,446,914**	**21,441,509**	**4,582,307**	**3,114,705**	**7,697,012**

* The number of outstanding options takes into account the adjustment of June 14, 2006 following the distribution of reserves on payment of the dividend for the 2005 financial period, of the lapse on June 19, 2006 of purchase options allocated on June 19, 1997, of the lapse on December 2, 2006 of subscription options allocated on December 2, 1999 and of the allocation of options of October 27, 2006, of the lapse on March 1, 2007 of subscription options allocated on March 2, 2000, of the lapse on May 22, 2007 of the subscription options allocated on May 23, 2000, of the allocation of options on June 11, 2007, of the lapse on October 22, 2007 of subscription options allocated on October 23, 2000, of the lapse on March 1, 2008 of subscription options allocated on March 1, 2001, and of the lapse on February 13, 2009 of subscription options allocated on February 14, 2002.

At the date of filing this annual report, only the plan of March 24, 2003, with an exercise price of €2.37 was in the money.

17.2. Stock trading by Havas executive officers

Pursuant to article L.621-18-2 of the French Monetary and Financial Code and article 223-22 of the AMF's Rules of Procedure, members of the Board of Directors, the Chief Executive Officer and the *Directeur Général Délégué* must give notice of dealings in their financial instruments if the cumulative value of the dealings carried out by any of these Directors exceeds €5,000 in a calendar year.

No such dealings were reported in 2010, either to the Company or on the AMF website

Shares

Director	Purchase date	Number of shares purchased	Unit purchase price (€)	Date of sale	Number of shares sold	Unit selling price
N/A	N/A	N/A	N/A	N/A	N/A	N/A

17.3. Employee shareholding plans

At December 31, 2010, the number of shares held by employees through the fund invested in Havas shares totaled 221,850, representing 0.05% of the Company's share capital and voting rights.

17.4. Share subscription and purchase options (article L.225-184 of the French Commercial Code)

- A history of share subscription and purchase options granted is given in paragraph 21.1.6 of this document.
- Statement of subscription and purchase options granted by Havas and by other Group companies to each Havas corporate officer during the 2010 financial period.

  No subscription or purchase option was granted to Havas corporate officers during the 2010 financial period.
- Statement of subscription and purchase options exercised by Havas corporate officers during the 2010 financial period.

  No subscription or purchase option was exercised by Havas corporate officers during the 2010 financial period.
- Statement of subscription and purchase options granted to and exercised by the ten non-director, non-executive employees receiving the highest grants during the 2010 financial period.

Subscription and purchase options granted to and exercised by the ten non-executive, non-director employees receiving the highest grants	Total number of options granted/shares subscribed or purchased	Weighted average unit price in euro	Plan of 03/24/03	Plan of 10/27/06
Options granted during the financial period by the issuer and any company within the scope of option allocation, to the ten employees of the issuer and of any company within the scope of option allocation to whom the highest number of options is granted (aggregate amounts)	None	None	N/A	N/A
Options held in the issuer and companies mentioned above and exercised during the financial period by the ten employees of the issuer and of the said companies with the highest number of options purchased or subscribed (aggregate amounts)	297,084	3.56415	189,084	108,000

- Stock subscription options for shares in subsidiaries (article L.225-180 of the French Commercial Code).

None.

17.5. Callable subscription and/or acquisition warrants (BSAARs)

A history of BSAARs granted to corporate officers and to the ten beneficiary employees receiving the highest grants is given in paragraph 21.1.4 of this document.

17.6. Performance-related stock options granted to corporate officers or now vested

No performance-related stock options were granted to corporate officers.

18. Major shareholders

18.1. Name of non-director, non-executive shareholders holding a percentage of share capital requiring disclosure pursuant to French law

To the best of the Company's knowledge, at December 31, 2010, no non-director, non-executive shareholder held, directly or indirectly, a percentage of the share capital or voting rights requiring disclosure pursuant to French law.

18.2. Voting rights

The principal shareholders of Havas SA have the same voting rights as the other shareholders. There are no double voting rights.

18.3. Breakdown of share capital and treasury stock

	Position at 12/31/10			Position at 12/31/09			Position at 12/31/08		
	Number of shares	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights	Number of shares	% of capital	% of voting rights
Vincent Bolloré and Bolloré Group	141,564,953	32.88	32.88	141,564,953	32.93	32.93	141,564,953	32.93	32.93
Companies[1]									
Companies controlled by the family of Leopoldo Rodés Castañe and Fernando Rodés Vilà	9,393,984	2.18	2.18	9,393,984	2.19	2.19	9,393,984	2.19	2.19
Board of Directors and executives[2]	1,000,593	0,23	0.23	999,593	0.23	0.23	1,003,627	0.23	0.23
Employees[3]	221,850	0.05	0.05	220,860	0.05	0.05	220,579	0.05	0.05
Treasury stock[4]	0	0	0	0	0	0	0	0	0
Other shareholders owning over 5% of the capital	-	-	-	-	-	-	-	-	-
Public	278,341,356	64.65	64.65	277,694,200	64.60	64.60	277,686,180	64.60	64.60
Total	**430,522,736**	**100.0**	**100.0**	**429,873,590**	**100.0**	**100.0**	**429,869,323**	**100.0**	**100.0**

(1) A declaration of shareholding pursuant to article 234-11 paragraph 1 of the AMF general regulations was made on February 10, 2011.
(2) Excluding Vincent Bolloré, Bolloré, Financière de Sainte-Marine Financière du Loch and companies controlled by the Rodés family.
(3) Capital and voting rights held by employees through collective investment undertakings.
(4) Shares owned directly by the Company.

To the best of the Company's knowledge, there are no other shareholders holding, directly, indirectly or in concert, 5% of the share capital or voting rights.

There are no preference shares, and no plans to issue any.

Crossing of statutory thresholds in the Company's shareholding (from January 1 to December 31, 2010)

Threshold crossed by	Crossing of statutory threshold declared	Date of crossing	% of capital	% of voting rights
Parvus Asset Management (UK) LLP	2% of capital and reduced voting rights	May 20, 2010	4.89%	4.89%

18.4. Agreement that can lead to a change of control

To the best of the Company's knowledge, no agreement exists which, if implemented, could result in a change of control. To the best of the Company's knowledge, there are no shareholder agreements (particularly between executive officers) that might result in restrictions on the transfer of shares and the exercise of voting rights.

Details of agreements entered into by the Company that are subject to modification or termination in the event of a change of control are given in section 21.1.8.

There is no agreement providing for indemnities to members of the Board of Directors or to employees if their employment is terminated as a result of a takeover of the Company.

Details of agreements on indemnities for departure in the event of termination without due cause by the employer are given in note 5.2.27 (footnote 11) to the consolidated financial statements.

19. Related party transactions

Media Planning Group and its subsidiaries have entered into transactions with companies controlled by members of the families of Fernando Rodés Vilà, one of Havas SA's Directors and also the Chief Executive Officer of Havas SA, and of his father Leopoldo Rodés Castañe, also one of Havas SA's directors and Chairman of Media Planning Group, or companies in which members of their families have a stake. Transactions were mainly in connection with media space buying, advertising and administrative services rendered, and leases of the premises of Media Planning Group in Barcelona.

The transactions mentioned above represented a total amount of approximately €12.4 million, €5.1 million and €8.6 million in 2010, 2009 and 2008 respectively.

In addition, certain subsidiaries of the Group have rendered services in connection with advertising to Bolloré Group's subsidiaries for a total amount of approximately €2.6 million, €1.0 million and €1.2 million, respectively, in 2010, 2009 and 2008.

All of these transactions were carried out at market value.

The table below summarizes all the operations carried out in 2009 and 2010:

(in euro million)	**2010**	2009
Accounts receivable	0.6	0.5
Accounts payable[1]	3.3	3.8
Operating income	2.6	1.0
Operating expenses	(12.9)	(5.2)

(1) Media space buying payables where Havas operates as agent, with no impact on the income statement, are not included in the table above. They amounted to €9.9 million and €7.5 million as at December 31, 2010 and 2009 respectively.

20. Financial information relating to the assets, financial situation and results of the issuer

20.1. Information incorporated by reference

In application of article 28 of EC regulation No. 809/2004 of the Commission, the following information is incorporated by reference in this annual report:

- the consolidated financial statements and corresponding auditors' report presented on pages 53 to 97 as well as the statutory accounts and the corresponding auditors' report represented on pages 99 to 117 of the annual report for the financial period ended December 31, 2009 registered with the AMF on April 16, 2010, under number D.10-0278;
- the consolidated financial statements and corresponding auditors' report presented on pages 44 to 86 of the annual report for the financial period ended December 31, 2008 registered with the *Autorité des Marchés Financiers* (AMF) on April 30, 2009 under number D 09-0372.

Both annual reports cited above are available on the websites of the Company (www.havas.com) and the *Autorité des Marchés Financiers* (www.amf-france.org).

The sections of these documents that are not incorporated herein are either of no consequence to investors or are covered by another part of this annual report.

20.2. Proforma financial information

N/A.

20.3

Consolidated financial statements for the year ended December 31, 2010

1. CONSOLIDATED BALANCE SHEET FOR THE YEAR ENDED DECEMBER 31, 2010

Assets

(in euro million)	Notes	**12/31/10 Net**	12/31/09 Net	12/31/08 Net
Non-current assets				
Goodwill	5.2.2	1,494	1,416	1,411
Other intangible assets	5.2.3	34	28	26
Property and equipment	5.2.4	69	77	93
Equity investments	5.2.5	2	2	2
Financial assets available for sale	5.2.7	9	10	8
Deferred tax assets	5.2.18	87	80	94
Other non-current financial assets	5.2.8	11	13	14
Total non-current assets		**1,706**	**1,626**	**1,648**
Current assets				
Inventories and work in progress		37	30	43
Accounts receivable	5.2.9	1,415	1,229	1,250
Current tax receivables		16	43	39
Other receivables	5.2.9	542	452	581
Other current financial assets	5.2.8	17	14	36
Cash and cash equivalents	5.2.10	961	913	912
Total current assets		**2,988**	**2,681**	**2,861**
Total assets		**4,694**	**4,307**	**4,509**

Equity and liabilities

(in euro million)	Notes	**12/31/10 Net**	12/31/09 Net	12/31/08 Net
Shareholders' equity		**1,200**	**1,085**	**1,013**
Capital		172	172	172
Share premium account		1,468	1,466	1,466
Option components of compound instruments	5.2.13	18	206	206
Retained earnings		(420)	(675)	(750)
Currency translation adjustments		(38)	(84)	(81)
Minority interests		**3**	**2**	**2**
Total equity		**1,203**	**1,087**	**1,015**
Non-current liabilities				
Long-term borrowings	5.2.13	623	704	353
Earn-out and minority interest buy-out obligations	5.2.12	41	25	46
Long-term provisions, pension and post-employment benefits	5.2.14-5.2.15	71	54	63
Deferred tax liabilities	5.2.18	9	4	1
Other non-current liabilities		3	2	3
Total non-current liabilities		**747**	**789**	**466**
Current liabilities				
Current maturities of long-term borrowings	5.2.13	170	83	539
Bank overdrafts	5.2.13	7	18	34
Earn-out and minority interest buy-out obligations	5.2.12	33	35	19
Provisions	5.2.14	39	42	38
Accounts payable		1,402	1,214	1,160
Tax payables		12	41	40
Other payables	5.2.19	1,073	984	1,146
Other current liabilities		8	14	52
Total current liabilities		**2,744**	**2,431**	**3,028**
Total equity and liabilities		**4,694**	**4,307**	**4,509**

2. CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2010

(in euro million)	Notes	**2010**	2009	2008
Revenue	5.2.23	**1,558**	**1,441**	**1,568**
Compensation	5.2.20	(963)	(890)	(975)
Other expenses and income from operations	5.2.21	(393)	(371)	(405)
Income from operations	5.2.23	**202**	**180**	**188**
Other operating expense	5.2.22-5.2.23	(20)	(31)	(8)
Other operating income	5.2.22-5.2.23		1	9
Operating income		**182**	**150**	**189**
Interest income		9	8	37
Cost of debt		(37)	(26)	(70)
Other financial expenses		(3)	(1)	
Net financial expense	5.2.24	**(31)**	**(19)**	**(33)**
Income of fully consolidated companies before tax		**151**	**131**	**156**
Income tax expense	5.2.18	(36)	(34)	(44)
Net income of fully consolidated companies		**115**	**97**	**112**
Share of profit of associates	5.2.23		1	
Net income		**115**	**98**	**112**
Minority interests		(5)	(6)	(8)
Net income, Group share		**110**	**92**	**104**
Earnings per share *(in euro)*	5.2.25			
Basic and diluted		0.26	0.21	0.24

2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2010

(in euro million)	**2010**	2009	2008
Net income	**115**	**98**	**112**
Net income accounted for against goodwill(1)	(4)	(6)	(8)
Actuarial gains (losses) recognized in equity(2)	(15)	(3)	(1)
Deferred tax relating to actuarial gains and losses	3	1	
Changes in the fair value of financial assets available for sale		2	(3)
Net gains (losses) on cash flow hedges	2	(5)	(16)
Stock-options(3)			(28)
Currency translation adjustments relating to foreign operations(4)	46	(3)	(5)
Total comprehensive income	**147**	**84**	**51**
Group share	146	83	51
Minority interests	1	1	0

(1) Share in net income of minority interests which are under buy-out commitment undertaken by the Group.

(2) In compliance with Amendment to IAS 19, net of tax actuarial losses of €12.2 million, €1.7 million and €1.5 million were recognized in equity in 2010, 2009 and 2008 respectively.

(3) A stock option plan for a consolidated subsidiary which was planned, at inception, to be settled in Havas SA shares was accounted for as an equity settled plan, in compliance with IFRS 2. In the end, this plan was settled in cash in 2009.

(4) In 2010, the euro declined against the majority of foreign currencies. A stronger US dollar produced a positive impact of €27.5 million on Group equity, as well as the British pound for €4.9 million, the Canadian dollar for €2.4 million and Latin American currencies for €7.3 million.

In 2009, the weaker US dollar impacted Group equity by €-15.1 million. This impact was balanced by foreign currencies gaining strength against the euro, including an impact of €4.9 million for the British pound and €4.7 million for Latin American currencies.

In 2008, currency translation adjustments were not material. The falling value of the British pound had an impact on Group equity of €-23.7 million which was offset by the impact of a stronger US dollar of €24.3 million.

3. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED DECEMBER 31, 2010

		Group share									
(in euro million)	Number of shares in thousands	Capital[1]	Share premium account	Retained earnings and net income	Option components of compound instruments	Changes in fair value of financial instruments	Actuarial gains (losses)	Currency translation adjustments	Total	Minority interests	Total equity
Shareholders' equity as at 01/01/08	**429,850**	**172**	**1,466**	**(788)**	**202**	**7**	**(7)**	**(76)**	**976**	**2**	**978**
Dividends distributed[2]				(17)					(17)		(17)
Stock options	19			(28)					(28)		(28)
OBSAAR				(1)	4				3		3
Recognized income and expenses				104		(19)	(1)		84		84
Other								(5)	(5)		(5)
Shareholders' equity as at 12/31/08	**429,869**	**172**	**1,466**	**(730)**	**206**	**(12)**	**(8)**	**(81)**	**1,013**	**2**	**1,015**
Dividends distributed[2]				(17)					(17)		(17)
Stock options	5			7					7		7
OBSAAR				(1)					(1)		(1)
Recognized income and expenses				92		(3)	(2)		87		87
Other				(1)				(3)	(4)		(4)
Shareholders' equity as at 12/31/09	**429,874**	**172**	**1,466**	**(650)**	**206**	**(15)**	**(10)**	**(84)**	**1,085**	**2**	**1,087**
Dividends distributed[2]				(34)					(34)		(34)
Stock options	649		2	1					3		3
OBSAAR				(1)					(1)		(1)
Recognized income and expenses				110		2	(12)		100	1	101
Changes in ownership interests				1					1		1
Other[3]				187	(188)		1	46	46		46
Shareholders' equity as at 12/31/10	**430,523**	**172**	**1,468**	**(386)**	**18**	**(13)**	**(21)**	**(38)**	**1,200**	**3**	**1,203**

(1) The nominal value of each ordinary share is €0.4.

(2) The Havas SA dividend per share paid on May 18, 2010 was €0.08 compared to €0.04 paid on both June 10, 2009 and June 5, 2008. 2011 dividend per share proposed to the Annual Shareholders' Meeting is €0.10.

(3) In 2010, the "option component" of OCEANEs redeemed was reclassified to "Retained earnings".

4. CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2010

(in euro million)	**2010**	2009	2008
Operating activities			
Consolidated net income:			
Group share	110	92	104
Minority interests	5	6	8
Elimination of non-cash items:			
Amortization, depreciation and impairment	39	24	31
Changes in deferred taxes	4	17	12
(Gains)/losses on disposal of fixed assets	2	3	(1)
Share of (profit) loss of associates, net of dividends			
Stock-based compensation - Equity settled plans	1	7	10
Accrued interest		3	
Other operations	4	3	16
Cash flow after net cost of debt	**165**	**155**	**180**
Net cost of debt, excluding accrued interest	24	12	19
Cash flow before net cost of debt	**189**	**167**	**199**
Changes in accounts receivable	(111)	45	156
Changes in accounts payable	47	38	(87)
Changes in advances from clients	7	12	3
Changes in other receivables and payables	27	(57)	40
Net cash provided by operating activities	**159**	**205**	**311**
Investing activities			
Purchase of fixed assets	**(63)**	**(41)**	**(109)**
Intangible and tangible	(32)	(24)	(46)
Subsidiaries	(26)	(14)	(47)
Loans granted	(5)	(3)	(16)
Proceeds from sale and repayment of fixed assets	**10**	**4**	**5**
Intangible and tangible	1		2
Subsidiaries			
Repayment of loans granted	9	4	3
Net cash used in investing activities	**(53)**	**(37)**	**(104)**
Financing activities			
Dividends paid to Havas shareholders	(34)	(17)	(17)
Dividends paid to minority interests	(6)	(7)	(6)
Proceeds from issuance of stock	2		1
Proceeds from issuance of bonds		347	98
Repayment of convertible bonds		(456)	(11)
Proceeds from borrowings	48	49	45
Repayment of borrowings	(52)	(57)	(9)
Net interest paid	(24)	(12)	(19)
Net proceeds from disposal of treasury stock			
Net cash provided by (used in) financing activities	**(66)**	**(153)**	**82**
Effect of exchange rate changes on net cash	19	2	(3)
Effect of changes in consolidation methods			
Net increase in net cash	**59**	**17**	**286**
Net cash at opening (see note 5.2.10)	**895**	**878**	**592**
Net cash at closing (see note 5.2.10)	**954**	**895**	**878**
Income tax paid	(24)	(29)	(27)

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2010

5.1. Accounting principles

5.1.1. Information related to Havas Group

Havas SA is a public limited company, registered in France, and listed on Euronext. The functional currency of Havas SA is the euro. The Havas Group's (the "Group" or "Havas") consolidated financial statements are presented in millions of euro (€M), unless otherwise indicated.

5.1.2. Approval of the consolidated financial statements by the Board of Directors

The preparation of the consolidated financial statements as at December 31, 2010 under IFRS is the responsibility of the Board of Directors. These statements were approved by the Board at its meeting on March 8, 2011.

They will also be submitted for approval by Havas' shareholders at the Annual Shareholders Meeting on May 10, 2011. This meeting will have the power to amend the consolidated financial statements.

5.1.3. Statement of compliance

Pursuant to European Regulation 1606/2002 of July 19, 2002 on international accounting standards, the consolidated financial statements of the Havas Group for the financial year ended December 31, 2010 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union on this date. These standards are available on the following website of the European Union:

http://ec.europa.eu/internal_market/accounting/ias/index_en.htm

Comparative 2009 and 2008 consolidated financial statements have also been prepared in accordance with the same accounting principles and rules.

The format of summary statements is compliant with the French national institute of accounting (CNC Recommendation No. 2009-R-03 of July 2, 2009).

5.1.4. Accounting methods and principles

5.1.4.1. Changes in accounting principles

The following standards and amendments affecting the consolidated financial statements of Havas Group came into force on January 1, 2010:

- IFRS 3 revised "Business Combinations"; and
- IAS 27 revised "Consolidated and Separate Financial Statements".

The prospective application of these revised standards is a change in accounting method going forward, with no effect on prior year financial statements of the Group.

The main effects produced by the new provisions of IFRS 3 "Business Combinations" revised and IAS 27 revised are the following:

- acquisition-related costs are recognized in "Other operating expenses", with exception of the costs of investments in associates, which are capitalized;
- acquisitions carried out by Havas Group usually include minority interest buy-out clauses. This type of commitment is recognized, at the acquisition date, at fair value in "Minority interest buy-out obligations". The difference between this value and the minority interests in equity eliminated is posted to goodwill. As a result, the full goodwill method has already been applied. Whenever an acquisition does not include such clauses, the application of the full goodwill method will be assessed case by case;
- further adjustments to buy-out obligations are posted to equity as recommended by the French Financial Markets Authority *(Autorité des Marchés Financiers)*;
- earn-out adjustments resulting from post-acquisition-date events are recognized in "Other operating expenses".

The other amendments and interpretations without significant effect on the accounts of Havas Group are as follows:

- amendments to IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations";
- amendments to IAS 39 "Financial instruments: Recognition and Measurement – Eligible hedged items";
- amendments to IFRS 2 "Share-based Payment" clarifying the accounting for group cash-settled share-based payment transactions;
- IFRIC 12 "Service Concession Arrangements";
- IFRIC 15 "Agreements for the Construction of Real Estate";
- IFRIC 16 "Hedges of a Net Investment in a Foreign Operation";
- IFRIC 17 "Distributions of Non-cash Assets to Owners";
- IFRIC 18 "Transfers of Assets from Customers";
- improvements to IFRSs issued in April 2009.

5.1.4.2. Optional application of standards, amendments and interpretations in 2010

The Havas Group has decided against early application of the following amendments and interpretations which have already been adopted by the European Union:

- IAS 32 amended "Financial Instruments – Presentation: Classifications of Rights Issues";
- IFRIC 14 amended "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction";
- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments";
- IAS 24 revised "Related Party Disclosures".

Their effect on the financial statements of Havas Group should be limited.

5.1.4.3. Estimates

The preparation of the financial statements requires management to make estimates and formulate judgments that affect the amounts of certain assets, liabilities, income and expenses as well as certain disclosures reported in the consolidated financial statements. The actual data may differ slightly from these estimates, depending on the changes in assumptions and situations.

Financial data based on estimates include:

- revenue recognition;
- allowances for doubtful receivable accounts;
- provisions for risk, in particular related to vacant premises and litigations;
- pension and post-employment benefits;
- minority interest buy-out obligations and additional payments for acquired companies (earn-outs);
- impairment of intangible assets and goodwill;
- employee stock option plans;
- deferred taxes and income tax expense.

The consolidated financial statements reflect Havas' best estimates based on information available at the closing date.

5.1.4.4. Scope of consolidation

The financial statements of Havas SA as well as those of companies controlled by Havas SA are fully consolidated.

Control consists in having the power to govern, directly or indirectly, the financial and operating policies of an entity so as to obtain benefits from its activities. In general, control is assumed when the Group owns more than 50% of voting rights which also include potential rights relating to immediately exercisable buy-outs according to IAS 27.

Companies over which Havas has control are fully consolidated from the date of effective control until the loss of it.

In the event of joint control based on a contractual arrangement between the venturers pursuant to IAS 31, financial statements of joint ventures are included proportionately in the consolidated financial statements from the date of effective control until the loss of it.

Companies over which the Group has the ability to exercise a significant but non-controlling influence on their financial and operating policies are accounted for by the equity method (associates). In general, significant influence is assumed when the Group has 20% of the rights to vote in the associate company.

Investments in associates are initially accounted for according to the purchase accounting method. Carrying value is then increased by the Group share of associates' profits. Related goodwill is also included in the book value of the investment. The Group share of associates' profits shown in the consolidated income statement is after tax.

This method is applied from the date when significant influence starts until the date it stops.

5.1.4.5. Translation of foreign subsidiaries' accounts

Financial statements of foreign subsidiaries whose functional currency is not the euro are translated into euros at the exchange rate prevailing on the last trading day of the financial year for assets and liabilities, and at the average exchange rate for the year for the income statement and the statement of cash flows. As the net income presented in shareholders' equity is translated at the average rate for the year, any difference from the year-end closing rate is posted to the consolidated retained earnings as "Currency translation adjustments".

Goodwill and adjustments to fair value of assets and liabilities arising from the acquisition of a foreign company are booked in the functional currency of the acquired company, and then translated into euros at the closing exchange rate.

5.1.4.6. Accounting for transactions denominated in foreign currencies

Transactions denominated in foreign currencies are translated into functional currency using the exchange rates prevailing at the transaction date. At each closing, monetary assets and liabilities denominated in foreign currencies are translated into functional currency using the exchange rates prevailing at the closing date. Any exchange differences are reflected as "Other financial expenses and income" in the income statement, unless they relate to net investments in foreign subsidiaries which are accounted for in retained earnings as "Currency translation adjustments" until the date of sale of the subsidiaries.

5.1.4.7. Elimination of intra-group balances and transactions

The balances of intra-group receivable and payable accounts, and intra-group transactions such as internal billings, dividend payments, capital gains or losses, allowances or reversals of provisions relating to investments in consolidated subsidiaries, have been eliminated.

5.1.4.8. Business combinations and goodwill

Acquisitions completed from January 1, 2010 are accounted for according to the purchase method. The application of this method implies the following steps:

- identifying the acquirer;
- determining the completion date;
- assessing and accounting for the identifiable assets acquired and liabilities assumed, and the investments that do not provide control, in the acquired company; and
- measurement and accounting for the goodwill or gain arising from business combinations achieved on advantageous terms.

Assets acquired and liabilities assumed, excluding deferred taxes, are assessed at their fair value. Contingent liabilities are also recognized for their fair value when they can be estimated reasonably. Deferred taxes are valued according to the provisions of IAS 12.

Only identifiable liabilities that meet the criteria for recognition of a liability in the acquiree's liabilities are accounted for at completion date. As a result, restructuring provisions should not be recognized as acquiree's liabilities if the acquiree is not under an existing obligation to carry out any reorganization at the date of acquisition.

Differences between the acquisition price and the Group share in these fair values are posted to "Goodwill" in the balance sheet.

Adjustments to acquired assets and assumed liabilities initially accounted for on temporary terms should be treated as a retrospective goodwill adjustment if they happen within a twelve-month period from the completion date, and also result from events and circumstances existing on that date. Otherwise, they should be recognized in the income statement.

In addition, acquisitions carried out by Havas Group usually include minority interest buy-out clauses. This type of commitment is recognized, at the acquisition date, at fair value in "Minority interest buy-out obligations". The difference between this value and the minority interests in equity eliminated is posted to goodwill. As a result, the full goodwill method is applied. Whenever an acquisition does not include such clauses, the application of the full goodwill method will be assessed case by case.

Goodwill is no longer amortized but is subject to an impairment test held at least once per annum, or more frequently whenever there is evidence that it may be impaired. The impairment test is carried out according to the method described in note 5.1.4.13.

Acquisition-related costs are recognized in "Other operating expenses", with exception of the costs of investments in associates, which are capitalized. Those incurred in connection with changes in ownership without loss of control are posted to equity as well as the effects of accretion or dilution.

5.1.4.9. Minority interests buy-out commitments

Buy-out commitments undertaken prior to the application date of IFRS 3R and IAS 27R, January 1, 2010 for Havas Group, are still accounted for according to the "pending goodwill" method. Buy-out obligations are periodically adjusted against "Goodwill".

Those undertaken after January 1, 2010 are recorded at discounted fair value at the acquisition date. Further adjustments to buy-out obligations are posted to equity as recommended by the French Financial Markets Authority (*Autorité des Marchés Financiers*).

5.1.4.10. Other intangible assets

Other intangible assets, separately acquired, are accounted for at cost. Research expenses are recognized in the income statement of the financial year they are incurred.

Other intangible assets which are acquired in the course of business combinations are accounted for at their fair value at the completion date separately from goodwill as long as they:

- are identifiable, *i.e.* they result from legal or contractual rights; or
- can be separated from the acquired company.

They mainly include software and trademarks.

5.1.4.11. Property and equipment

Tangible items, whose future economic benefits are expected to flow to the Group and which can be assessed reliably, are accounted for as tangible assets.

They are initially accounted for at cost less any directly attributable expenses. Related future expenses are also accounted for as assets when they meet the recognition criteria provided by IAS 16. These criteria are taken into consideration before undertaking expenditure.

Tangible assets are valued according to the historical cost method, *i.e.* cost less amortization and impairment.

When an asset lease substantially transfers the majority of risk and economic benefit related to the leased asset, the leased asset is recognized as an asset in the balance sheet with a financial debt as counterpart.

Capitalized assets of this kind are amortized using the same conditions as those applicable for owned assets, over a period which may not exceed the lease when it is likely that this will not be renewed. In the income statement, rental payments are replaced by interest expense and amortization expense of the assets.

Since an operating lease does not imply transfer of any risk, rental payments are recognized in the income statement on a straight-line basis.

5.1.4.12. Period of depreciation and amortization

Intangible and tangible fixed assets are amortized and depreciated over their estimated useful life by applying the straight-line method.

For illustration purposes, the periods of depreciation are generally as follows:

Fixed assets	Period of depreciation (years)
Intangible:	
• Software	1-4
Tangible:	
• Buildings	25-33
• Plant and equipment	3-10
• Other	
- IT equipment	3-5
- furniture	7-10
- fixtures and fittings	10

5.1.4.13. Intangible and tangible fixed asset impairment

Goodwill is subject to an impairment test carried out at least once per annum or whenever there is evidence that the goodwill may be impaired. The impairment test consists of comparing the carrying value to the recoverable value, to determine whether an impairment is required.

Goodwill is allocated to each cash-generating unit (CGU) or each group of CGUs which could benefit from synergies provided by the business combination.

A CGU is represented by an agency or group of agencies under the same management, and together offering their clients global services encompassing all the advertising and communication services provided by the Group.

Accordingly, the carrying value of each CGU or group of CGUs to which goodwill is allocated is compared to its equity recoverable value, which is the greater of the fair value less selling costs, and the value in use.

An impairment charge is then recognized in the income statement when the recoverable value is lower than the carrying amount. The impairment charge is allocated first to the goodwill and then to the other fixed assets in proportion to their values.

In practice, for each CGU or group of CGUs, the carrying value of its assets and liabilities is first compared to a multiple of EBIT (earnings before interest and taxes), the multiple being determined by an independent expert. Whenever the multiple of EBIT value is lower than the carrying value, the latter value is then compared to the expected total discounted cash flows generated by the CGU or group of CGUs. The growth rates used to prepare projections of future cash flows beyond those forecasted are, aside from certain cases, in line with market forecasts. The discount rate used is determined by an independent expert based on the weighted average cost of capital (WACC) for the advertising industry.

For other intangible and tangible assets, when events indicate a risk of impairment, these assets are analyzed in order to determine if the net carrying value is higher than the recoverable value. When this is the case, an impairment charge is recorded to match the carrying value to the recoverable value.

5.1.4.14. Financial assets

Financial assets available for sale

This line mainly includes investments in non-consolidated companies over which the Group exercises neither control nor significant influence. These assets are assessed at fair value and any change is recognized in equity under "Changes in fair value of financial instruments" until the date of sale, when it is transferred to the income statement. The exchange component of non-monetary assets denominated in currency is also recorded under "Changes in fair value" in equity.

The fair value of listed investments corresponds to the trading price, and the fair value of non-listed investments is determined on the basis of future cash flows discounted at the market rates used for similar assets based on available information.

Impairment of financial assets available for sale

Whenever there is objective evidence of impairment resulting from one or several events ("loss generating event") that occurred after the initial accounting for a financial asset, and the loss generating event(s) has (have) an impact on forecasted future cash flows of the related asset or group of assets, an impairment charge is then recognized in the income statement as a financial item. Any loss write-back is posted to equity.

Other financial assets

Other financial assets mainly include loans to non-consolidated companies or employees, deposits, and proceeds receivable from disposal of subsidiaries. These assets are valued at amortized cost according to the effective interest rate method, and are depreciated when it is likely that the carrying value would not be recovered.

Derivatives

According to the applicable accounting principles, a gain or loss on hedging instruments is recognized in the income statement if the instruments meet the criteria of a fair value hedge, or in equity for a future cash flow hedge.

Financial instruments used selectively by the Group to manage exposure to interest rates and foreign exchange risks have been negotiated with leading banks, thus limiting counterparty risks.

The Group accounts for derivative instruments as hedges when their hedge efficiency is demonstrated.

5.1.4.15. Current assets/Non-current assets

Assets which are to be realized, sold or consumed in the Group's normal operating cycle or within twelve months after the closing, are classified as "Current assets", along with assets available for sale, and cash and cash equivalents.

All other assets are classified as "Non-current assets".

5.1.4.16. Cash and cash equivalents

This category includes cash at bank and in hand, demand deposits and short-term highly liquid, very low risk financial investments which can be released easily into a determinable amount of cash. These investments are assessed at their market value, with variances posted to income.

5.1.4.17. Accounts receivable

Receivables are accounted for at their nominal value, except those for which the discount effect is material. Whenever there is objective evidence that they may be impaired, they are depreciated. The Group makes its judgment based upon its experience, an aging analysis of accounts receivable and the financial situation of the debtors.

5.1.4.18. Other receivables and payables

Other receivables and payables include, in particular, accounts related to media buying operations carried out in France. Media buying transactions that are invoiced to clients, and for which payments are pending or not yet billed, and for which the media was aired or published prior to the closing date, are recorded under "Other receivables" on the balance sheet. Symmetrically, payables due to media suppliers are recorded under "Other payables". Media buying commissions are shown as "Accounts receivable".

In other countries, all invoices to clients (including media buying commissions) and invoices from suppliers are recorded in "Accounts receivable" and "Accounts payable", respectively.

Advances paid to suppliers are recorded under "Other receivables" whereas advances received from clients, personnel payables and social contributions are recorded under "Other payables".

5.1.4.19. Inventories and work in progress

Inventories and work in progress include external purchasing costs for specific ongoing projects. They are depreciated when their realizable value becomes lower than their cost.

5.1.4.20. Deferred taxes

Deferred taxes are calculated on taxable temporary differences and tax losses carried forward by applying the statutory income tax rate published at the closing date and applicable during the period of their reversal or use. For each taxable entity, deferred tax assets are recognized provided it is likely that the temporary differences and tax losses carried forward may be deducted from expected taxable income. A five-year period is usually used to forecast future taxable profits.

Deferred tax assets and liabilities of each taxable entity (legal entity or tax group) have been netted whenever tax receivables and payables can be offset. They are classified as non-current assets and liabilities.

The tax rate change effect is either recognized in the income statement or in equity, depending on the corresponding item to which it relates.

5.1.4.21. Current liabilities/Non-current liabilities

Liabilities expected to be settled in the Group's normal operating cycle or within the twelve months following the closing, and liabilities that are held primarily for the purpose of being traded, are classified as "Current liabilities".

All other liabilities are classified as "Non-current liabilities".

5.1.4.22. Financial liabilities

Financial liabilities include bank borrowings and long-term financial debts. They are initially accounted for at fair value net of transaction costs. They are subsequently valued at amortized cost according to the effective interest rate method.

These financial liabilities mainly include convertible bonds (OCEANEs) and also non-convertible bonds, bonds with associated callable subscription and/or acquisition warrants (OBSAARs), and bank borrowings. The portion of these financial liabilities that matures in more than one year is classified as non-current liabilities. The portion that matures in less than one year and the credit lines used are classified as current liabilities.

Convertible bonds (OCEANEs)

Convertible bonds are compound financial liabilities with two separate components: "Option" that provides holders the right to convert bonds into or exchange them against Havas SA equity instruments, and "Debt" that represents the liability.

The "Option" value is posted to equity separately from the "Debt" component. The deferred tax liability resulting from the difference between the book value of the "Debt" component and the convertible bonds' tax value is deducted from equity.

The "Debt" component is valued at the date of issuance on the basis of a similar debt fair value without any "Option" component, and is accounted for at amortized cost according to the effective interest rate method. This fair value is determined on the basis of future cash flows from the debt, discounted at a market rate.

The "Option" component book value results from the difference between the total convertible bond fair value and the "Debt" component fair value. The "Option" component will not be reassessed after its initial recognition.

Convertible bond issue costs are allocated to each component, on a pro rata basis.

Bonds with associated callable subscription and/or acquisition warrants attached (OBSAARs)

Bonds with associated callable subscription and/or acquisition warrants (OBSAARs) are compound financial liabilities with two separate components: "Option" (callable subscription and/or acquisition warrants) and "Debt". The "Option" component provides warrant holders the right to convert the bonds into Havas SA equity instruments. The "Option" value is posted to equity. The "Debt" component provides bondholders with a financial liability. The deferred tax liability resulting from the difference between the book value of the debt component and the convertible bonds' tax value is deducted from equity.

The "Debt" component is valued at the date of issuance on the basis of the fair value of a similar debt without any "Option" component and is accounted for at amortized cost according to the effective interest rate method. This fair value is determined on the basis of future cash flows from the debt, discounted at a market rate.

The "Option" component book value results from the difference between the total convertible bond fair value and the "Debt" component fair value. The "Option" component will not be reassessed after its initial recognition.

Bond issue costs that cannot be directly allocated to the debt or equity component are allocated to each component, on a pro rata basis.

Other financial liabilities

Other financial liabilities mainly include bank borrowings and credit lines used, and are classified as "Long-term borrowings and financial debts".

They are initially accounted for at their fair value net of transaction costs, and then valued at amortized cost according to the effective interest rate method.

The portion of these liabilities that matures in more than one year is classified as "Non-current liabilities". The portion that matures in less than one year and the credit lines used are classified as "Current liabilities".

5.1.4.23. Provisions

A provision should be recognized when, as a result of a past event, the Group has a legal or constructive obligation and it is probable that an outflow of economic resources, which can be estimated reliably, will be required to settle the obligation. The amount recognized as a provision represents the best estimate of the expenditure required to settle the present obligation at the balance sheet date. It is discounted using a risk-free rate, when the effect is deemed significant. When provisions are discounted, the accretion effects reflecting the time value of money are recorded under "Other financial expenses and income" in the income statement.

Provisions recognized in the consolidated financial statements mainly relate to vacant premises, tax risk, litigations with third parties and retirement obligations as described in note 5.1.4.24.

Provisions for rental payments relating to vacant premises are assessed at each balance sheet date taking into account future rental payments corresponding to the period during which leases cannot be terminated, net of assumed related sublet income. Sublet assumptions have been analyzed on a case-by-case basis taking into account the specificities of each property.

The Group and its tax advisors assess the potential tax issues at each closing date. A reserve for tax risk is recorded when a risk is qualified as being probable.

5.1.4.24. Employee benefits

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into an insurance company or an external pension fund and will have no legal or any other obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. These contributions are recorded as expenses when incurred, in the same manner as for payroll. No provision is recognized since no further commitment is required.

Multi-employer plans are accounted for as defined contribution plans due to the lack of information required for assessing defined benefit plan obligations.

Defined benefit plans

Defined benefit plans are post-employment benefit plans which provide additional benefits through contractual or collective labor agreements. These benefits may be settled either as a one-off payment as indemnity for employment agreement termination or in annual installments, in particular in the United Kingdom.

The guarantee of additional benefits results in a future obligation that the Group provides for. The Group uses the projected credit unit method to assess the obligation, which represents the accumulated benefits the employees will have earned during their service period.

The provision is measured on a discounted basis and accounted for in the balance sheet, net of the fair value of plan assets.

According to IAS 19 requirements, discount rates used in the valuation of post-employment benefits should be determined by reference to market yields on high quality corporate bonds. The common practice usually considers the best rated bonds by Moody's, Standard & Poors and Fitch rating agencies.

In countries where corporate bonds are not frequently traded, government bond market yields should be considered instead. In both cases, the duration of the bonds considered should be consistent with those of the benefits to be valued.

Since 2004, Havas has used the iBoxx Corporate indexes computed and published by Markit as a reference for the determination of discount rates. These indexes are computed on a daily basis in the Euro zone, in the UK and in the US for a range of durations and of credit ratings. Each index is based on a basket of bonds which meet criteria such as credit rating, duration and liquidity. The weight attributed to each bond in a given basket reflects its outstanding amount. Markit updates the bond selection once a month, taking into account the evolution in the bonds' residual maturities as well as the potential changes in credit ratings that occurred since the last selection.

At each closing, all actuarial gains and losses are recognized in equity.

Indemnities for employment agreement termination

Individual employment contracts, collective bargaining agreements and statutes in certain countries where the Group operates generally provide for severance indemnities in the event of involuntary employee terminations. Indemnities may range generally from several months to several years of annual salary for the employee concerned. These severance indemnities are recognized in the income statement and balance sheet liabilities when the Group takes the decision to terminate the employees before their current retirement age and to pay them such indemnities.

5.1.4.25. Minority interests buy-out obligations

The Group has entered into buy-out agreements with minority shareholders of most of its non-wholly owned companies, granting them put options which may be exercised at certain dates in the future and at prices determined by formulae corresponding to current market practices. These agreements apply to most subsidiaries in which the Group does not hold 100% of the share capital.

IFRS 3 revised and IAS 27 revised do not provide any guidance on accounting for this type of commitments.

The accounting method applied by Havas Group consists of recording buy-out obligations at their discounted value and considering that related minority interests cease to exist. The difference arising from the elimination of minority interests and the recognition of buy-out obligations constitutes goodwill. Nevertheless, the Group continues to recognize the minority shareholders' share in the income statement.

For commitments undertaken prior to the application of IFRS 3 revised and IAS 27 revised from January 1, 2010, the Group continues to record pending buy-out obligations according to the "pending goodwill" method as accepted by the French Financial Markets Authority *(Autorité des Marchés Financiers)*. Any changes in the obligation values are adjusted to goodwill.

For commitments completed from January 1, 2010 onwards, changes in the obligation values are posted to equity.

In addition, some of these agreements are conditioned by the continuing employment of executives within acquired companies. Consequently, additional goodwill resulting from relevant buy-outs is allocated to the income statement as compensation over the vesting period.

5.1.4.26. Accounting for additional payments for acquired companies (earn-outs)

Contracts to acquire companies generally include an earn-out clause. Any payments due under the earn-out clause are added to the carrying value of the shares and a debt of the same amount is recorded in liabilities when the payments are considered probable and their amount can be reliably estimated.

The amount due is reviewed and may be adjusted at each closing by applying the earn-out formulae to the latest available financial data.

For acquisitions completed prior to January 1, 2010, adjustments to earn-out obligations are still recorded as goodwill adjustments according to the "Pending goodwill" method which is accepted by the French Financial Markets Authority *(Autorité des Marchés Financiers)*.

For commitments undertaken from January 1, 2010 onwards, adjustments resulting from facts and circumstances existing at the acquisition date, and made within a twelve-month period, are also posted to "Goodwill" retrospectively. Otherwise, they are recognized as "Other operating expenses" in the income statement.

5.1.4.27. Share-based transactions

The Group has granted options to subscribe for Havas SA shares to its employees (Equity settled plans).

At the grant date, the fair value of the options is computed using the binomial method, and this is charged to the income statement over the vesting period. This method takes into account the characteristics of the plan (price and exercise period), market data as at the grant date (risk-free rate, share market price, volatility, expected dividend) and assumptions of beneficiaries' behavior. The future volatility is estimated based on the historical volatility observed on a sample of comparable listed companies in the advertising industry.

The fair value of the options is charged to the income statement over the vesting period on a straight-line basis and is recorded in the "Compensation" line item against equity. When the options are exercised, the cash received from beneficiaries is credited to equity.

In addition, the stock option plans of consolidated subsidiaries granted to these subsidiaries' employees, and which include a Group commitment to repurchase the shares on the exercise date ("cash settled plans"), are recorded at their fair value as "Compensation" with a corresponding liability recorded in "Other liabilities". This value is allocated on a straight-line basis over the vesting period and the liability is revalued until the repurchase date.

In 2006 and 2008, Havas SA issued bonds with associated callable subscription and/or acquisition warrants (OBSAARs). The bank partners subscribed for the bonds and then sold the associated callable subscription and/or acquisition warrants (BSAARs) to managers and Havas' Directors meeting the categories defined by the Board, for a value approved by an independent expert. Nevertheless, this value differs from the option value determined according to IFRS 2. The difference between the two values represents an expense which will be spread over the vesting period of approximately four years, as compensation.

5.1.4.28. Treasury stock

Treasury stock is deducted from equity at its acquisition price. Any gain or loss arising from its disposal is also posted to equity.

5.1.4.29. Revenue recognition

Substantially all the revenue of the Group is derived from fees and commissions for advertising and communication services, and for the planning and purchase of media.

The revenue recognition method depends on the type of contract, which is based on either commissions or fees.

Commissions are recognized at the date that the service is performed (net of costs incurred for production) or at the date the media is aired or published. In the case of long-term contracts, commissions are billed for services rendered.

Contracts based on fees are mainly in connection with advertising and communication services, and direct marketing services, where such services are rendered over a period that may exceed one year. Fees are recognized according to the progress method. The percentage of progress is determined at a considered date on either productions completed or services rendered as a proportion of total productions or services to be performed, or costs incurred as a proportion of total estimated costs of services to be rendered. When it cannot be estimated reliably, however, revenue is recognized in the extent of recoverable costs incurred. When it is probable that incurred costs will not be recovered, no revenue is recognized and only the costs for the period are recognized as an expense in the income statement.

Some of the contractual arrangements with clients also include performance incentives that entitle the Group to receive additional payments based upon its performance for the client, measured against specified qualitative and quantitative objectives. The Group recognizes the incentive portion of the revenue under these contractual arrangements when these qualitative and quantitative goals are achieved in accordance with the arrangements.

5.1.4.30. Compensation

Compensation includes all direct and indirect costs related to employees, as well as costs relating to retirement obligations and stock option plans or stock option subscription plans.

5.1.4.31. Other operating expenses and income

Pursuant to paragraph 5.5.4 of French national institute of accounting (CNC Recommendation No. 2009-R-03 of July 2, 2009), significant unusual, abnormal and infrequent amounts of income and expenses, are shown under both "Other operating expenses" and "Other operating income" in the income statement in order to facilitate measurement of recurring operating performance. These lines include capital gains and losses on disposals of fixed assets, goodwill impairment charges, non-recurrent and significant restructuring charges, and all other items which meet the above criteria.

In addition, in application of Standard IFRS 3R, business combinations completed from January 1, 2010 onwards for Havas Group, adjustments to additional payments for acquired companies (earn-outs) and acquisition-related costs are also recorded under these line items.

5.1.4.32. Other financial expenses and income

This line item mainly includes capital gains and losses and impairment on non-consolidated investments, currency gains and losses, gains or losses on repurchase of convertible bonds, and gains or losses in trading financial assets.

5.1.4.33. Operating segments

All Group businesses present identical characteristics and complement each other. They are run on the same economic model. For several years, the operating structure of Havas has been organized to offer each client a wide range of communication consulting services including traditional advertising, media expertise and digital.

As a result, internal reporting is based on an analysis of activities by geographical zone, permitting comparability over time. The scope of operations is adjusted to the evolution of management and expected synergies. The main operational decision-maker is the CEO of Havas.

5.1.4.34. Earnings per share calculation methods

Basic earnings per share are computed by dividing the net income by the weighted-average number of Havas SA shares outstanding during the year, after deducting the number of treasury shares.

Diluted earnings per share are calculated by using the "treasury stock" method for stock options, subscription options and equivalents and convertible bonds:

- at the numerator, the earnings are adjusted by excluding the interest expenses relating to the convertible bonds;
- at the denominator, the number of basic shares is adjusted by adding the number of potentially dilutive shares.

Equity instruments giving access to the capital stock are included in the calculation of diluted earnings per share only if they have a dilutive effect on the basic earnings per share.

For comparison purposes of earnings per share disclosure, the weighted average numbers of outstanding shares of each period disclosed are adjusted in the event of capital increases with preferential subscription rights.

5.2. Notes to the consolidated financial statements for the year ended December 31, 2010

5.2.1. Scope of consolidation

No significant change in the scope of consolidation occurred in the 2008, 2009 and 2010 financial years. The change in the number of companies included in the scope of consolidation is the following:

	2010	2009	2008
Number of companies at 01/01	**351**	**342**	**325**
Acquisitions(1)	5	9	13
Disposals	(1)		(2)
Other operations (mergers, spin-offs, etc.)	5		6
Number of companies as at 12/31	**360**	**351**	**342**

(1) In the first half of 2010, Havas acquired the digital and online marketing service businesses of a small American agency located in Baltimore in the State of Maryland. In addition, Havas consolidated UMT, a French media agency fully acquired at the end of 2009, for the first time. In the second half of 2010, Havas bought a 51% stake in Porda International Finance PR Company Limited, a Hong Kong-based group of three entities specialized in financial public relations, and also a 51% stake in Project House, since renamed Euro RSCG PH Reklam, an agency specialized in digital and located in Turkey.

In 2009, Havas acquired The Hours Group consisting of four entities of which two are located in the USA and two in France, Marcomms Group consisting of two entities in the UK, two Colombian agencies, Gomez Chica and Partner Media, and ARD, an Israeli agency.

Selected acquisitions made during the first half of 2008 were mainly two British agencies: BLM Holdings Ltd., renamed Arena BLM Holdings Ltd. and consisting of seven entities, and Cake Group Limited representing two entities.

5.2.2. Goodwill

The Group has carried out a goodwill impairment test on all of its cash generating units (CGUs) or groups of CGUs, of which only three represent individually more than 7% of the total goodwill on the balance sheet:

(in euro million)	12/31/10	%	12/31/09	%	12/31/08	%
Spain*	512	34%	512	36%	508	36%
USA	352	24%	325	23%	221	16%
France	153	10%	148	10%	112	8%
Total in the balance sheet	**1,494**		**1,416**		**1,411**	

* A CGU is made up of entities under the same management.

The recoverable value of these CGUs is determined based on their useful value which is based on the forecasted cash flows over a five-year period. The first year cash flows are those of the budget approved by the management. A growth rate in a range generally from 0% to 5%, depending on the CGU, is then applied to the first year cash flows for determining cash flows for the next four years. This reflects the best estimate of the management, being consistent with market forecasts.

The discount rate used is based on the weighted average cost of capital (WACC) for the advertising industry. For 2010, this rate was established with an activity beta of 0.9, an average stock market risk premium dependent on the country concerned (4.5% for France), a risk-free interest rate of 3.29%, and a gearing of 20%.

For 2010, the WACC used was in a range between 7.1% and 8.8% depending on the location of the CGU, compared to a range between 7.47% and 9.17% for 2009, and 8.15% for 2008.

A change in the operating organization and consequently the reporting structure may require a modification of the composition of a CGU or group of CGUs.

Havas recognized a total goodwill impairment charge of €2.9 million, €3.0 million and €2.7 million in 2010, 2009 and 2008 respectively.

Changes in goodwill in 2008, 2009 and 2010 are the following:

(in euro million)	**2010**	2009	2008
Value at 01/01	**1,416**	**1,411**	**1,378**
Acquisitions of companies(1)	17	3	45
Acquisitions of minority interests	19		
Earn-out adjustments	3	3	8
Changes in scope of consolidation(2)			6
Impairment charge	(3)	(3)	(3)
Currency translation adjustments(3)	42	2	(23)
Value at 12/31	**1,494**	**1,416**	**1,411**

(1) In the first half of 2010, Havas acquired the digital and online marketing service businesses of a small American agency located in Baltimore in the State of Maryland. Goodwill was provisionally estimated at €0.8 million as at December 31, 2010. In addition, Havas consolidated UMT, a French media agency fully acquired at the end of 2009, for the first time. The related goodwill amounted to €2.1 million.

In the second half of 2010, Havas bought a 51% stake in Porda International Finance PR Company Limited, a Hong Kong-based group of three entities specialized in financial public relations, and also a 51% stake in Project House, since renamed Euro RSCG PH Reklam, an agency specialized in digital located in Turkey. The related provisional goodwill amounted to €12.6 million and €0.9 million, respectively. Havas undertook to purchase the minority interests of 49% in both cases. These buy-out commitments have been accounted for according to the method described in note 5.1.4.25.

In 2009, Havas acquired The Hours Group consisting of four entities of which two are located in the USA and two in France, Marcomms Group consisting of two entities in the UK, two Colombian agencies, Gomez Chica and Partner Media, and ARAD, an Israeli agency.

Selected acquisitions made during the first half of 2008 were mainly two British agencies: BLM Holdings Ltd., renamed Arena BLM Holdings Ltd. and consisting of seven entities, and Cake Group Limited representing two entities.

(2) Changes in scope of consolidation in 2008 resulted from the impact of a change in consolidation method from equity method to full consolidation of an entity for €9.8 million, and of the disposal of two entities for €-4.3 million.

(3) In 2010, the euro declined against the majority of foreign currencies. A stronger US dollar produced a positive impact of €28.5 million on Group equity, as well as the British pound for €4.1 million, the Canadian dollar for €2.7 million, and the Brazilian real for €3.1 million.

In 2009, the €-12.8 million impact of a weaker US dollar was fully offset by the increased impact of other foreign currencies strengthening against the euro, including an impact of €1.1 million for the Australian dollar, €4.9 million for the Brazilian real, €2.3 million for the Canadian dollar and €6.6 million for the British pound.

2008 negative currency translation adjustments were due to the decline of the British pound against the euro. This impact was partly offset by the positive effect of the stronger US dollar.

5.2.3. Other intangible assets

(in euro million)	Software, patents, trademarks and similar rights	Other	Total
Gross value at 12/31/08	**49**	**18**	**67**
Acquisitions	7	3	10
Disposals, write-downs	(5)	(1)	(6)
Changes in scope of consolidation	2		2
Currency translation adjustments			0
Gross value at 12/31/09	**53**	**20**	**73**
Acquisitions	9	6	15
Disposals, write-downs	(1)	(4)	(5)
Changes in scope of consolidation	2	(2)	0
Currency translation adjustments	1	2	3
Gross value at 12/31/10	**64**	**22**	**86**
Cumulative amortization at 12/31/08	**(28)**	**(13)**	**(41)**
Amortization	(6)	(2)	(8)
Disposals, write-downs	5		5
Changes in scope of consolidation	(1)		(1)
Currency translation adjustments			0
Cumulative amortization at 12/31/09	**(30)**	**(15)**	**(45)**
Amortization	(7)	(3)	(10)
Disposals, write-downs	1	4	5
Changes in scope of consolidation			0
Currency translation adjustments	(1)	(1)	(2)
Cumulative amortization at 12/31/10	**(37)**	**(15)**	**(52)**
Net value at 12/31/10	**27**	**7**	**34**

Other intangible assets mainly include the Havas trademarks purchased in 2002 from Vivendi Universal Publishing for €4.6 million, and customer databases.

5.2.4. Property and equipment

(in euro million)	Land, buildings	Plant and equipment	Other	Total
Gross value at 12/31/08	**33**	**60**	**188**	**281**
Acquisitions		3	12	15
Disposals, write-downs		(9)	(14)	(23)
Changes in scope of consolidation		1	2	3
Currency translation adjustments		1		1
Gross value at 12/31/09	**33**	**56**	**188**	**277**
Acquisitions		3	14	17
Disposals, write-downs		(4)	(19)	(23)
Changes in scope of consolidation				0
Currency translation adjustments	1	2	11	14
Gross value at 12/31/10	**34**	**57**	**194**	**285**
Cumulative amortization at 12/31/08	**(16)**	**(44)**	**(128)**	**(188)**
Amortization	(3)	(4)	(21)	(28)
Disposals, write-downs		8	12	20
Changes in scope of consolidation		(1)	(2)	(3)
Currency translation adjustments		(1)		(1)
Cumulative amortization at 12/31/09	**(19)**	**(42)**	**(139)**	**(200)**
Amortization	(3)	(4)	(20)	(27)
Disposals, write-downs		4	17	21
Changes in scope of consolidation	1		(1)	0
Currency translation adjustments		(2)	(8)	(10)
Cumulative amortization at 12/31/10	**(21)**	**(44)**	**(151)**	**(216)**
Net value at 12/31/10	**13**	**13**	**43**	**69**

5.2.5. Equity investments

According to accounting principles, the Group exercises non-controlling significant influence over four companies, representing individually and globally immaterial amounts in terms of contributions to the consolidated balance sheet and income statement.

Total equity investment carrying value amounted to €2.3 million as at December 31, 2010 and compared to €1.9 million as at December 31, 2008.

5.2.6. Interests in joint-ventures

Havas exercises a joint control over a sub-group of seven entities in the Middle East, and an American agency. The contribution of all these joint ventures to assets, liabilities, revenue and expenses was material for neither 2008 nor 2009 nor 2010.

5.2.7. Financial assets available for sale

This line item mainly comprises investments in companies which are not consolidated due to the absence of control or significant influence by the Group.

As at December 31, 2010, the market value of an investment included in this category amounted to €3.5 million compared to €2.9 million and €1.0 million as at December 31, 2009 and 2008 respectively.

The incremental amount of €0.5 million in 2010 and €1.9 million in 2009 were recognized in equity. The effect of valuation at market value of €-3.2 million in 2008 was also posted to equity. Fluctuations observed on the market value of this investment resulted from a limited number of transactions which did not reflect the intrinsic value of the investment.

5.2.8. Other financial assets

(in euro million)	**12/31/10**	12/31/09	12/31/08
Non-current financial assets	**11**	**13**	**14**
Loans, deposits	1	1	1
Receivables from disposals of assets	8	10	11
Other	2	2	2
Current financial assets	**17**	**14**	**36**
Loans, deposits	4	5	25
Receivables from disposals of assets	3	2	2
Other	10	7	9
Total	**28**	**27**	**50**

Breakdown of non-current assets as at December 31, 2010 by maturity

(in euro million)	Total	2012	2013	2014	2015	After 2015
Loans, deposits	1					1
Receivables from disposals of assets	8	2	2	3	1	
Other	2	1				1
Total	**11**	**3**	**2**	**3**	**1**	**2**

5.2.9. Accounts receivable and other current receivables

The table below sets out the gross value of accounts receivable and other current receivables which are shown net on the balance sheet:

(in euro million)	**12/31/10**	12/31/09	12/31/08
Accounts receivable			
Gross value	1,434	1,252	1,270
Depreciation	(19)	(23)	(20)
Net	**1,415**	**1,229**	**1,250**
Other receivables			
Advances to suppliers	16	16	9
Other receivables	500	411	545
Prepaid expenses	28	26	28
Gross value	**544**	**453**	**582**
Depreciation	(2)	(1)	(1)
Net	**542**	**452**	**581**

Changes in provisions for doubtful accounts receivable

(in euro million)	January 1	Allowance	Reversal of used provisions	Reversal of unused provisions	Currency translation adjustment and other	December 31
2008	(23)	(4)	4	1	2	(20)
2009	(20)	(5)	1		1	(23)
2010	(23)	(4)	8	1	(1)	(19)

Breakdown of receivables by age

			Due and not depreciated					
(in euro million)	Total	Not due yet and not depreciated	<30 days	30-60 days	61-90 days	91-180 days	181-365 days	> 365 days
Accounts receivable								
2008	1,250	888	184	70	27	48	25	8
2009	1,229	994	144	45	17	21	5	3
2010	1,415	1,167	155	56	17	9	5	6
Other receivables (1)								
2008	537	419	101			2	14	1
2009 (2)	406	322	39	9	16	5	7	8
2010 (2)	416	353	34	11	4	2	1	11

(1) Excluding credit to be received.

(2) Total receivables due for more than 365 days of €10.6 and €7.8 million as at December 31, 2010 and 2009 respectively included receivables in connection with media space buying for €10.4 million and €6.6 million as at December 31, 2010 and 2009 respectively, which were risk-free since they were covered by liabilities owed by the same third parties.

These receivables were analyzed in order to ensure that there is no risk for their recovery.

5.2.10. Net cash and cash equivalents

The net cash and cash equivalents position is the following:

(in euro million)	**12/31/10**	12/31/09	12/31/08
Cash	568	276	337
Short-term financial investments	393	637	575
Cash and cash equivalents	**961**	**913**	**912**
Bank overdrafts	(7)	(18)	(34)
Net cash and cash equivalents	**954**	**895**	**878**

Cash mainly includes sight deposits and short-term deposits at leading banks.

As at December 31, 2010, financial investments included monetary investments of €163.1 million, and negotiable certificates of deposit of €230.0 million. These monetary investments can be converted into cash at any time.

Net cash shown in the consolidated statement of cash flows includes cash and cash equivalents net of bank overdrafts.

5.2.11. Treasury shares

Since January 2007, Havas has not owned any treasury shares.

5.2.12. Earn-out and buy-out obligations

As indicated in notes 5.1.4.25 and 5.1.4.26, the Group usually enters into buy-out and earn-out agreements when acquiring companies. Through the buy-out agreements, the Group grants put options to minority shareholders to sell their shares to the Group. The Group also provides for additional payments for acquired companies (earn-out agreements). These obligations are accounted for in "Earn-out and minority interest buy-out obligations" on the balance sheet.

(in euro million)	**12/31/10**	12/31/09	12/31/08
Earn-out obligations	29	21	25
Buy-out obligations	45	39	40
Total	**74**	**60**	**65**

The increase in earn-out obligations between 2009 and 2010 mainly resulted from new arrangements of €11.3 million, upward revisions to existing commitments of €2.3 million due to improved agency performances, and the write-back of provisions of around €6.3 million further to payments made in 2010.

The decrease by €3.9 million between 2008 and 2009 was mainly due to payments made in 2009. Upward and downward adjustments to existing commitments balanced out.

The increase in buy-out obligations between 2009 and 2010 was mainly due to the write-back of provisions of €14.8 million further to payments made in 2010, upward revisions to existing obligations of €1.9 million, and new buy-out agreements of €19.3 million.

As at December 31, 2010, buy-out obligations were estimated at €7.0 million in Brazil, €1.6 million in Spain, €4.3 in Italy, €3.4 million in Mexico, €5.6 million in the UK, €12.7 million in Hong Kong, €5.7 million in France, and the remaining amount in other countries.

They decreased by €1.2 million between 2008 and 2009, mainly due to the write back of provisions of €3.4 million further to payments made in 2009, and new buy-out agreements of €2.2 million.

As at December 31, 2009, buy-out obligations were estimated at €4.6 million in Brazil, €1.6 million in Spain, €4.8 in Italy, €3.5 million in Mexico, €6.4 million in the UK, €12.6 million in the USA, and the remaining amount in other countries.

Buy-out obligations which are accounted for as compensation (see note 5.1.4.25) are presented in "Other current liabilities" for a total amount of €3.3 million, €3.3 million and €2.5 million, respectively, as at December 31, 2010, 2008 and 2007.

5.2.13. Financial debt

5.2.13.1. Net debt/(cash and cash equivalents) summary

(in euro million)	**12/31/10**	12/31/09	12/31/08
Bonds	352	347	
Convertible bonds (OCEANE)			439
Bonds with associated warrants (OBSAAR)	361	357	353
Bank borrowings	25	22	70
Other financial debts	55	61	30
Borrowings and financial debts	**793**	**787**	**892**
Bank overdrafts	7	18	34
Earn-out obligations	29	21	25
Buy-out obligations	45	39	40
Total financial liabilities	**874**	**865**	**991**
Cash and cash equivalents	(961)	(913)	(912)
Net debt/ (cash and cash equivalents)	**(87)**	**(48)**	**79**

5.2.13.2. OCEANE

OCEANE 4% May 2002/January 2009

40,807,693 outstanding bonds as at December 31, 2008 were redeemed on January 2, 2009 for a total amount of €438.7 million.

The financial debt relating to this OCEANE on the balance sheet liabilities amounted to €438.7 million as at December 31, 2008.

5.2.13.3. Bonds

On November 4, 2009, Havas SA issued bonds for a total amount of €350.0 million, enabling Havas to diversify its financing sources, to lengthen the average maturity of its indebtedness, and also providing Havas with the means to pursue its growth. The characteristics of the bonds are the following:

Characteristics	Bonds November 4, 2009 /November 4, 2014
Listed	Luxembourg stock market
ISIN code	FR0010820217
Principal amount at issuance	€350 million
Number of bonds issued	7,000 registered and dematerialized bonds with a unit nominal value of €50,000
Issue price	99.702% for a total amount of €349.0 million
Redemption value(1)	Nominal value
Effective date	November 4, 2009
Duration	5 years
Annual coupon rate	5.5% per annum, interest paid annually in arrears on November 4
Maturity	Repayment in fine on November 4, 2014
Number of outstanding bonds as at 12/31/09	7,000
Number of outstanding bonds as at 12/31/10	7,000

(1) An early repayment clause applicable in the case of change of control in Havas is disclosed in note 21.1.8.

Net proceeds from the issuance of bonds in on November 4, 2009 amounted to €347.0 million.

At the same time, Havas entered into an interest swap agreement to switch a fixed rate of 5.50% against a floating rate indexed to 3 month Euribor + 3.433% over 3 years

The cumulative fair value of this debt and associated interest swap agreement amounted to €352.3 million and €347.4 million on the balance sheet as at December 31, 2010 and 2009 respectively.

5.2.13.4. OBSAAR

The table below summarizes the characteristics of the two lines of bonds with associated callable subscription and/or acquisition warrants (OBSAARs) issued in February 2008 and December 2006:

Characteristics	OBSAAR February 2008	OBSAAR December 2006
BSAAR ISIN code		FR0010355644
Principal amount of issuance	€100 million	€270 million
Number of bonds issued	10,000 registered bonds, transferrable with HAVAS' consent. Each bond contains 1,500 BSAARs immediately detachable.	27,000 registered bonds, transferrable by multiples of 6, with HAVAS' consent. Each bond contains 1,555 BSAARs immediately detachable.
Unit issue price	€10,000 at par	€10,000 at par
Effective date	February 8, 2008	December 1, 2006
Duration	7 years	7 years
Annual coupon date	3 month Euribor + 0.06% per annum, interest paid quarterly.	3 month Euribor - 0.02% per annum, interest paid quarterly.
Maturity	The bonds are amortized by equal or approximately equal tranches on February 8, 2013, 2014, and 2015 with redemption at par(2) (3).	The bonds are amortized by equal or approximately equal tranches on December 1, 2011, 2012, and 2013 with redemption at par(1) (2).
Number of outstanding bonds as at 12/31/09	10,000	27,000
Changes in 2010	0	0
Number of outstanding bonds as at 12/31/10	10,000	27,000

(1) At each "Interest payment date" except December 1, 2011, 2012 and 2013, Havas will be able to redeem early all or part of the outstanding bonds at par of €10,000 per bond, plus accrued interest.
(2) In the event of change of control at Havas, Havas SA is obliged to redeem all of the outstanding bonds at par, plus accrued interest.
(3) At each "Interest payment date" except February 8, 2013 and 2014, Havas will be able to redeem early all or part of the outstanding bonds at par of €10,000 per bond, plus accrued interest.

In December 2006, Havas SA entered into a borrowing arrangement for €270.0 million with Banque Fédérative du Crédit Mutuel, Natixis and HSBC France, represented by bonds with associated callable subscription and/or acquisition warrants (OBSAARs) without preferential rights for the prospective listing of the BSAARs on the Eurolist of Euronext Paris S.A. stock exchange from December 1, 2010. At the beginning of 2007, the banks disposed of the associated BSAARs to managers and directors of Havas Group (see note 5.2.17).

The issuance of bonds was fully subscribed by the following banks:

- CM-CIC for 12,500 bonds for an amount of €125.0 million;
- Natixis for 12,500 bonds for an amount of €125.0 million; and
- HSBC for 2,000 bonds for an amount of €20.0 million.

Net proceeds from the issuance of bonds amounted to €267.6 million.

In compliance with IAS 32, the option component of this borrowing has been valued at €14.0 million net of deferred tax liabilities. This amount was posted to equity.

The financial debt of the OBSAAR 2006 recorded on the balance sheet liabilities amounted to €264.3 million, €261.4 million and €258.8 million as at December 31, 2010, 2009 and 2008 respectively.

On February 8, 2008, Havas SA entered into a borrowing arrangement for €100.0 million with Banque Fédérative du Crédit Mutuel, Natixis, Calyon, BNP Paribas and Société Générale, represented by bonds with associated callable subscription and/or acquisition warrants (OBSAARs) without preferential rights for the prospective listing of the BSAARs on the Eurolist of Euronext Paris S.A. stock exchange from February 8, 2012. The banks disposed of the associated BSAARs to managers and directors of Havas Group for an unit price of €0.34, the unit exercise price being €.3.85. Each BSAAR will be entitled to one Havas SA existing or new share.

The issuance of bonds was fully subscribed by the following banks:

- Banque Fédérative du Crédit Mutuel for 2,500 bonds for an amount of €25.0 million;
- Natixis for 2,500 bonds for an amount of €25.0 million;
- Calyon for 2,000 bonds for an amount of €20.0 million;
- BNP Paribas for 1,500 bonds for an amount of €15.0 million; and
- Société Générale for 1,500 bonds for an amount of €15.0 million.

Net proceeds from the issuance of bonds amounted to €98.5 million.

In compliance with IAS 32, the option component of this borrowing has been valued at €4.5 million net of deferred tax liabilities. This amount was posted to equity.

The financial debt of the OBSAAR 2008 recorded on the balance sheet amounted to €96.3 million, €95.3 million and €94.4 million as at December 31, 2010, 2009 and 2008 respectively.

The OBSAAR 2006 and 2008 are subject to financial covenants to be met at each year-end closing as follows:

Financial *(covenants)*	
Adjusted EBITDA/Net interest expense	>3,5:1
Adjusted net debt/Adjusted EBITDA	<3,0:1

These financial covenants were met in 2010.

The definitions of the terms used are the following:

- "Adjusted EBITDA" means, on the basis of the Company's consolidated accounts as at December 31 of each year, income from operations plus intangible and tangible fixed asset depreciation and amortization, stock option charges and other compensation defined by IFRS 2.
- "Net interest expense" means, on the basis of the Company's consolidated accounts as at December 31 of each year, the total amount of financial expenses minus interest income, excluding net provision on financial assets and financial expenses in connection with the repurchase or the restructuring of the convertible bond lines;
- "Adjusted Net Debt" means, at a given date and on the basis of the Company's consolidated accounts, convertible bonds and other borrowings and financial liabilities (excluding convertible bonds to be redeemed in stock shares) minus cash and cash equivalents as disclosed in the Company's consolidated financial statements drawn up in compliance with IFRSs.

5.2.13.5. Breakdown of OCEANE and OBSAAR by component

As indicated in note 5.1.4.22, the two components "Option" and "Debt" of a compound financial instrument should be accounted for separately. The following table summarizes the option value at inception and the financial debt on the balance sheet liabilities as at December 31, 2010, 2009 and 2008.

	12/31/10		12/31/09			12/31/08		
(in euro million)	**OBSAAR 2006**	**OBSAAR 2008**	OCEANE[1]	OBSAAR 2006	OBSAAR 2008	OCEANE	OBSAAR 2006	OBSAAR 2008
Option component	14	4	188	14	4	188	14	4
Total in equity	**14**	**4**	**188**	**14**	**4**	**188**	**14**	**4**
Long-term borrowings								
• non-current	174	97		262	95		259	94
• current	90					439		
Total in borrowings	**264**	**97**	**0**	**262**	**95**	**439**	**259**	**94**

(1) In 2010, the "option" component of OCEANEs that were redeemed was reclassified to "Retained earnings".

5.2.13.6. Bank borrowings

As at December 31, 2010, bank borrowings, which consisted of renewable short-term credit lines, amounted to €24.8 million of which €20.6 million were located in Asia, and €2.0 million in Austria. These borrowings were not subject to financial covenants since Havas SA has undertaken to cover the repayment.

In December 2007, Havas SA contracted three credit line agreements with three leading banks to mature in five and six years, for a maximum total amount of €180 million which will reduce gradually down to €160 million at the end of 2010, €110 million at the end of 2011, €25 million at the end of 2012 until the maturity date at the end of 2013.

In addition, in July 2008, Havas SA entered into another credit line agreement to mature in four years for €30 million.

The applicable interest rate is Euribor + spread for all these credit lines. The spread depends on the "Adjusted Net Debt/Adjusted EBITDA" ratio.

Lastly, in 2010, Havas negotiated two new credit lines for a total amount of €100 million to mature at the end of 2013. As a result, total amounts of €290 million were available as at December 31, 2010.

These credit lines are subject to financial covenants similar to those applicable to the OBSAARs as indicated above.

5.2.13.7. Other financial debts

In the first half of 2009, Havas has implemented a commercial paper issue plan for a maximum total amount of €300.0 million.

As at December 31, 2010, commercial paper was issued for €35.0 million, and matured on January 10, 2011.

The other financial liabilities also included interest accrued on bonds of €3.0 million, the fair value of an interest swap agreement to hedge the 2006 OBSAARs, for €12.1 million, and currency swap agreements for a total amount of €2.2 million.

5.2.13.8. Breakdown of long-term borrowings and financial debts as at December 31, 2010 by maturity

(in euro million)	Total	2011	2012	2013	2014	2015	After 2015
Bonds and bonds with associated warrants (OBSAAR)	713	90	87	121	382	33	
Bank borrowings	25	25					
Other financial debts	52	52					
Accrued interest	3	3					
Total	**793**	**170**	**87**	**121**	**382**	**33**	**0**
Portion due in less than 1 year	(170)	(170)					
Total of long-term borrowings	**623**	**0**	**87**	**121**	**382**	**33**	**0**

The accrued interest of €3.0 million was related to bonds of €350.0 million in nominal value. The OBSAAR coupon is paid quarterly.

5.2.13.9. Interest rates on long-term borrowings and financial debts

As at December 31, 2010

Breakdown by currency and type of interest rate	Interest rate	Maturity	In euro million
EUR (Bonds, see note 5.2.13.3)	5.5%(2)	2014	352
EUR (OBSAAR 2006, see note 5.2.13.4)	3 month Euribor - 0.02%(1)	2012-2013	174
EUR (OBSAAR 2008, see note 5.2.13.4)	3 month Euribor + 0.06 %	2013-2014-2015	97
Non-current			**623**
EUR (OBSAAR 2006, see note 5.2.13.4)	3 month Euribor - 0.02%(1)	2012-2013	90
EUR (France, commercial paper)	1 month Euribor + spread	2011	35
EUR (Austria)	1 month Euribor + spread	2011	2
Other	Floating rate	2011	23
Other financial debts	-		17
Accrued interest	-		3
Current			**170**
Total borrowings and financial debts			**793**

(1) An interest swap hedge was set up on December 29, 2006 to fix the net interest rate at 3.803% over the duration of *OBSAAR* 2006.

(2) An interest swap hedge was set up on November 4, 2009 to switch a fixed interest rate of 5.50% against a 3 month Euribor + 3.433% over 3 years.

As at December 31, 2009

Breakdown by currency and type of interest rate	Interest rate	Maturity	In euro million
EUR (Bonds, see note 5.2.13.3)	5.5%(2)	2014	347
EUR (OBSAAR 2006, see note 5.2.13.4)	3 month Euribor - 0.02%(1)	2011-2012-2013	262
EUR (OBSAAR 2008, see note 5.2.13.4)	3 month Euribor + 0.06 %	2013-2014-2015	95
Non-current			**704**
EUR (France, commercial paper)	1 month Euribor + spread	2010	40
EUR (Germany)	1 month Euribor + spread	2010	4
Other	Floating rate	2010	18
Other financial debts	-		18
Accrued interest	-		3
Current			**83**
Total borrowings and financial debts			**787**

(1) An interest swap hedge was set up on December 29, 2006 to fix the net interest rate at 3.803% over the duration of OBSAAR 2006.
(2) An interest swap hedge was set up on November 4, 2009 to switch a fixed interest rate of 5.50% against a 3 month Euribor + 3.433% over 3 years.

As at December 31, 2008

Breakdown by currency and type of interest rate	Interest rate	Maturity	In euro million
EUR (OBSAAR 2006, see note 5.2.13.4)	3 month Euribor - 0.02%(1)	2011-2012-2013	259
EUR (OBSAAR 2008, see note 5.2.13.4)	3 month Euribor + 0.06 %	2013-2014-2015	94
Non-current			**353**
EUR (OCEANE, see note 5.2.13.2)	7.22%	January 1, 2009	439
EUR (France)	3 month Euribor + spread	2009	40
EUR (Spain)	1 month Euribor + spread	2009	5
EUR (Germany)	1 month Euribor + spread	2009	11
Other	Floating rate	2009	14
Other financial debts	-	2009	12
Accrued interest	-	2008	18
Current			**539**
Total borrowings and financial debts			**892**

(1) An interest swap hedge was set up on December 29, 2006 to fix the net interest rate at 3.803% over the duration of OBSAAR 2006.

5.2.14. Provisions

The table below summarizes changes in provisions during 2009 and 2010:

	Non-current:				Current:			
	Long-term provisions, pensions and post-employment benefits				Provisions			
(in euro million)	Tax risk(5)	Pensions and post-employment benefits(1)	Vacant premises(2)	Sub-total	Litigations(3)	Other provisions(4)	Sub-total	Total
12/31/08	**14**	**38**	**11**	**63**	**20**	**18**	**38**	**101**
Increase in provisions	3	4	4	11	7	6	13	24
Reversal of used provisions	(8)	(6)	(6)	(20)	(3)	(2)	(5)	(25)
Reversal of unused provisions	(6)			(6)	(3)	(2)	(5)	(11)
Currency translation adjustments and other	1	3	1	5		1	1	6
12/31/09	**4**	**39**	**10**	**53**	**21**	**21**	**42**	**95**
Increase in provisions	5	5	4	14	5	7	12	26
Reversal of used provisions		(5)	(6)	(11)	(11)		(11)	(22)
Reversal of unused provisions		(1)		(1)	(2)	(2)	(4)	(5)
Currency translation adjustments and other		15	1	16	3	(3)	0	16
12/31/10	**9**	**53**	**9**	**71**	**16**	**23**	**39**	**110**

(1) In application of Amendment to IAS 19, actuarial losses before tax recognized in equity amounted to €15.0 million, €2.4 million and €1.4 million as at December 31, 2010, 2009 and 2008 respectively. These amounts are shown under the "Currency translation adjustments and other" line item.

(2) Further to the reorganization of the Group carried out in 2003, vacant premises have been provided for. As at December 31, 2010, the related leases had residual lives of up to three years. Moreover, in 2009, the Group adjusted its structure to a new economic situation resulting in a lesser use of the premises. Consequently, vacant premises have been provided for a total amount of €4.3 million of which €3.3 million related to the United States. In 2010, the Group provided for €4.4 million of which €2.7 million related to premises located in the United Kingdom, €1.0 million in France, and €0.5 million in the United States.

(3) The Group has entered into litigation with certain of its former managers who left Havas at the end of 2005. The litigation is fully described in note 5.2.30. In 2009, an additional charge of €1.0 million was provided for to adjust the residual amount as at December 31, 2008, resulting in a balance of €6.3 million as at December 31, 2009. In 2010, two litigations were settled, and consequently €5.2 million were used. As at December 31, 2010, the residual provision amounted to €1.1 million.

(4) The other provisions are related to restructuring, commercial risks and personnel risks.

(5) A tax reserve of €4.7 million was recognized in 2010 for the US zone.

5.2.15. Pension and post-employment benefits

Some of the Group's retirement obligations and post-employment benefits are defined benefits plans. For this type of plan, obligations have been valued according to the projected credit unit method.

The benefits paid are calculated based on either the salary at termination or the average of the last three to five years preceding the retirement. They may be paid out in a one-off settlement or in annual installments.

In certain countries, Italy in particular, retirement obligations and post-employment benefits could be due on the employee's departure, whatever the reason.

In the United Kingdom and Puerto Rico, pension obligations are covered by contributions made by the Group to pension funds.

Expected contributions for 2011 are estimated at €1.5 million.

Provision is calculated on an individual basis taking into account turnover, rate of compensation increase, and a discount rate of 4.84% for 2010, 5.32% for 2009 and 5.83% for 2008.

Medical care obligations, shown in "Medical care and bonuses for long services rendered", concern French entities only. These obligations correspond to the probable present value of the difference between projected medical services for current retirees and their own contributions. Long-service bonuses are not material.

The calculation of medical care obligations is based on the projected employer's contributions. The revaluation rate applied to the contributions was 7.0% for 2010.

The discount rates used, including inflation, were 4.6% for 2010, 5.00% for 2009 and 5.50% for 2008.

In 2006, Havas granted a loyalty bonus to a Director which is due if the Group requests that he retire prior to December 31, 2012. The bonus payable decreases over time. Total expense could amount to approximately €1.4 million if it became payable in 2011. The Group considers the payment to be improbable prior to December 31, 2012. Therefore, no provision has been recognized in the accounts as at December 31, 2010.

Contributions paid relating to the defined contribution schemes amounted to €19.9 million in 2010, €19.6 million in 2009 and €19.8 million in 2008. Expected contributions for 2011 are estimated at approximately €20.5 million, stable compared to those in 2009.

Amounts recognized in the financial statements

(in euro million)	Defined benefit pension plans			Medical care[1]		
Assumptions	**2010**	**2009**	**2008**	**2010**	**2009**	**2008**
Discount rate including inflation	4.84%	5.32%	5.83%			
Expected rate of return on plan assets	5.52%	5.89%	6.11%			
Change in benefit obligation	**2010**	**2009**	**2008**	**2010**	**2009**	**2008**
Projected benefit obligation at beginning of period	**(113)**	**(95)**	**(119)**	**(5)**	**(4)**	**(4)**
Service cost	(3)	(2)	(3)			
Interest cost	(6)	(6)	(6)			
Employee contributions						
Amendments/Curtailments/Settlements						
Acquisitions/disposals	(1)	(6)				
Curtailments/settlements	1					
Actuarial (losses) and gains	(19)	(5)	11			
Benefits paid	5	5	4			
Other (currency translation adjustments)	(3)	(4)	18		(1)	
Projected benefit obligation at end of period	**(139)**	**(113)**	**(95)**	**(5)**	**(5)**	**(4)**
Change in plan assets	**2010**	**2009**	**2008**	**2010**	**2009**	**2008**
Fair value of plan assets at beginning of period	**79**	**62**	**82**			
Expected return on plan assets	5	4	5			
Company contributions	5	5	6			
Employee contributions						
Acquisitions/disposals		4				
Curtailments/settlements						
Benefits paid	(4)	(4)	(3)			
Actuarial (losses) and gains	4	4	(12)			
Other (currency translation adjustments)	3	4	(16)			
Fair value of plan assets at end of period	**92**	**79**	**62**			
Funded status	**2010**	**2009**	**2008**	**2010**	**2009**	**2008**
Unfunded projected benefit obligation	(31)	(26)	(25)	(5)	(5)	(4)
Funded projected benefit obligation	(108)	(87)	(70)			
Fair value of plan assets	92	79	62			
Net amount recognized	**(47)**	**(34)**	**(33)**	**(5)**	**(5)**	**(4)**
Net periodic benefit cost	**2010**	**2009**	**2008**	**2010**	**2009**	**2008**
Service cost	3	2	3			
Interest cost	6	6	6			
Expected return on plan assets	(5)	(4)	(5)			
Curtailment / liquidation impact						
Net periodic benefit cost	**4**	**4**	**4**			

(1) Long-service bonuses of €0.4 million are included in the 2010 figures.

Pension obligations and post-employment benefits, and provisions for medical care and long-service bonuses were accounted for at €47.5 million and €5.2 million respectively as at December 31, 2010, €34.1 million and €4.7 million respectively as at December 31, 2009, €33.8 million and €4.1 million respectively as at December 31, 2008, in "Long-term provisions, pension and post-employment benefits" (see note 5.2.14).

These expenses are recorded under "Compensation" in the income statement.

In compliance with Amendment to IAS 19, actuarial gains and losses before tax have been recognized in equity for €15.0 million, €2.4 million and €1.4 million as at December 31, 2010, 2009 and 2008 respectively.

Geographical breakdown of the projected obligation and the fair value of plan assets

(in euro million)	Projected benefit obligation	Fair value of plan assets	Net periodic benefit cost	Discount rates	Rates of compensation increase
12/31/10					
France	(34)		3	4.60%	3.40%
United Kingdom	(88)	78		5.20%	0.00%
Puerto Rico	(7)	5		5.30%	3.00%
Other	(15)	9	1	1.50%-8.00%	2.00%-6.00%
Total	**(144)**	**92**	**4**		
12/31/09					
France	(28)		3	5.00%	4.90%
United Kingdom	(71)	68		5.50%	4.00%
Puerto Rico	(6)	4		6.50%	3.00%
Other	(13)	7	1	2.50%-10.00%	1.50%-6.00%
Total	**(118)**	**79**	**4**		
12/31/08					
France	(27)		3	5.50%	4.90%
United Kingdom	(58)	54	1	6.00%	4.00%
Puerto Rico	(7)	4		6.00%	3.00%
Other	(7)	4		2.50%-5.50%	2.00%-4.00%
Total	**(99)**	**62**	**4**		

Change in net amount accrued

	12/31/10		12/31/09		12/31/08	
(in euro million)	**Defined benefit pension plan**	**Medical care(1)**	Defined benefit pension plan	Medical care	Defined benefit pension plan	Medical care
Net amount accrued for at beginning of period (provision)	(34)	(5)	(33)	(4)	(37)	(4)
Charge recognized in the income statement	(4)		(4)		(4)	
Actuarial gains and (losses) posted to equity	(15)		(2)		(1)	
Benefits and contributions paid	6		7		7	
Other			(2)	(1)	2	
Net amount accrued for at end of period (provision)	**(47)**	**(5)**	**(34)**	**(5)**	**(33)**	**(4)**

(1) This amount also includes long-service bonuses of €0.4 million.

Actual gains and (losses) recognized in equity

(in euro million)	**12/31/10**	12/31/09	12/31/08
Difference between the expected and the actual return on plan assets			
In value	4	4	(12)
In %	4.3%	4.9%	(18.7%)
Experience actuarial gains and (losses) on plan liabilities in value	0	5	1
In% of present value of plan liabilities	0.0%	4.8%	0.8%
Assumed actuarial gains and (losses) on plan liabilities in value	(19)	(11)	10
Actuarial gains and (losses) recognized in equity	**(15)**	**(2)**	**(1)**

Effect of volatility

Medical cost sensitivity

A 1% change in medical cost does not produce material impact on the projected benefit obligation, service cost, or interest cost.

Projected benefit obligation and plan assets sensitivity

(in euro million)	Projected benefit obligation	Impact on 2011 charge
Projected benefit obligation as at 12/31/10	(144)	
Discount rate		
- 50 basis points	(14)	(0.2)
+ 50 basis points	12	0.2
Fair value of plan assets		
Effect of 10% decrease		0.4
Effect of 10% increase		(0.4)

Breakdown of plan assets by category

	12/31/10		12/31/09		12/31/08	
Categories	**% of assets**	**Expected return on plan assets**	% of assets	Expected return on plan assets	% of assets	Expected return on plan assets
Securities	42.66%	6.98%	41.13%	6.88%	42.33%	7.18%
Bonds	43.53%	3.90%	45.51%	3.99%	41.82%	4.70%
Property	0.67%	5.46%	1.20%	3.47%	0.22%	7.20%
Other	13.14%	4.72%	12.16%	4.78%	15.63%	5.56%
Total	**100.00%**	**5.36%**	**100.00%**	**5.52%**	**100.00%**	**6.12%**

The expected rate of return on plan assets corresponds to a weighted average rate resulting from the different individual long-term expected rates of return on each category of assets forming the plan assets and funding the retirement scheme, and their real allocation at the evaluation date. Plan assets do not contain any Havas SA stock share or asset.

5.2.16. Accounting for stock option plans

Plans for Havas SA shares

The Group has granted options to subscribe for Havas SA shares to its employees and management.

The stock option plans generally vest over a three-year period. The option term cannot be longer than ten years for French employees and seven years for other employees.

In addition, the exercise of certain options is conditional on the fulfillment of internal targets based on economic profit before tax, in particular under the stock options granted in June 2007 and October 2006.

These plans are settled in Havas SA shares, and are accounted for as set out in note 5.1.4.27.

	2003 Plans			2004 Plans		2006 Plans		2007 Plan
Grant date	**March**	**July**	**December**	**May**	**December**	**July**	**October**	**June**
Dividend yield	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.0%
Expected volatility(4)	30.0%	30.0%	30.0%	30.0%	30.0%	20.0%	20.0%	20.0%
Risk-free rate	4.14-4.50%	4.21%	4.26-4.59%	4.6%	3.22-4%	3.75%	3.75%	4.5%
Number of options granted	3,014,251	351,006	1,681,621	421,426	10,326,167	2,200,000	22,500,000	1,740,000
Duration	7-10 years(1)	10 years	7-10 years(1)	10 years	5-10 years(1)	7-8 years(2)	7-8 years(2)	7-8 years(2)
Fair value of the options in euros	0.77-0.90	1.21-1.28	1.32-1.53	1.34-1.46	1.16-1.42	0.903-0.911	0.872-0.922	1.14-1.21
Exercise price in euros as at 12/31/09(3)	2.37	3.59	3.9	3.97	4.08	3.85	3.72	4.35
Number of outstanding options as at December 31, 2009	**1,104,558**	**224,479**	**938,067**	**421,426**	**6,430,096**	**2,120,000**	**20,309,000**	**1,578,000**
Cancelled	(87,620)		(657,975)		(102,309)		(755,000)	(30,000)
Exercised	(541,146)						(108,000)	
Number of outstanding options as at 12/31/10	**475,792**	**224,479**	**280,092**	**421,426**	**6,327,787**	**2,120,000**	**19,446,000**	**1,548,000**
Exercise price in euros as at 12/31/10(3)	2.37	3.59	3.9	3.97	4.08	3.85	3.72	4.35

(1) 10 years for French residents.

(2) This amount also includes long-service bonuses of €0.4 million.8 years for French residents.

(3) This amount also includes long-service bonuses of €0.4 million. Exercise prices have been adjusted following the distribution of dividends and the capital increase in 2004.

(4) This amount also includes long-service bonuses of €0.4 million. The future volatility is estimated based on the historical volatility observed on a sample of comparable listed companies in the advertising industry.

The table below summarizes all of the operations relating to stock options:

	12/31/10		12/31/09		12/31/08	
	Number of options	**Weighted unit exercise price** *(in euros)*	Number of options	Weighted unit exercise price *(in euros)*	Number of options	Weighted unit exercise price *(in euros)*
Number of outstanding options at beginning of period	**33,125,626**	**3.80**	**37,208,093**	**4.01**	**41,936,287**	**4.75**
Exercised	(649,146)	2.59	(4,267)	2.37	(19,007)	2.37
Cancelled	(1,632,904)	3.75	(4,078,200)	5.79	(4,709,187)	10.60
Number of outstanding options at end of period	**30,843,576**	**3.82**	**33,125,626**	**3.80**	**37,208,093**	**4.01**
Number of exercisable options at end of period	**30,843,576**	**3.82**	**31,547,626**	**3.76**	**12,121,093**	**4.50**
Weighted unit fair value of options granted in the period	30,843,576	3.82				

Stock option plan expense

(in euro million)	**2010**	2009	2008
Equity settled stock option plan expense	(1)	(7)	(10)
Cash settled stock option plan expense		2	3
Total	**(1)**	**(5)**	**(7)**

Cash settled plan obligations were not material as at December 31, 2010, whereas they amounted to €5.0 million and €39.2 million and €4.7 million as at December 31, 2009 and 2008 respectively. The decrease between 2008 and 2009 mainly resulted from the settlement of the Euro RSCG stock option plan in 2009.

5.2.17. Callable subscription and/or acquisition warrants (BSAARs)

2006 BSAAR

On December 1, 2006, Havas SA issued bonds with associated callable subscription and/or acquisition warrants (OBSAARs). The bank partners subscribed for the bonds and then sold the associated callable subscription and/or acquisition warrants (BSAARs) to Havas managers and directors for a unit price of €0.34 which was approved by an independent expert.

Nevertheless, this value is different from the option value determined according to IFRS 2. The difference between these two values represents an expense to be allocated as compensation over the vesting period. Related 2010 expense amounted to €0.7 million compared to €1.3 million in 2009 and €1.4 million in 2008.

The BSAARs were bought by the managers and directors to whom they were offered. The BSAARs were not transferable prior to November 30, 2010. The BSAAR holders have undertaken to dispose of their BSAARs to Havas SA whenever they leave the Group prior to the date when the BSAARs become exercisable, for their purchase price.

The BSAARs are exercisable at any time from December 1, 2010. This date corresponds to the date of the BSAAR admission on the Eurolist of Euronext Paris SA stock market, until December 1, 2013. Each BSAAR gives the right to subscribe or buy one Havas SA share.

2008 BSAAR

On February 8, 2008, Havas SA issued bonds with associated callable subscription and/or acquisition warrants (OBSAARs). The 2008 OBSAARs are similar to the 2006 OBSAARs both in implementation procedure and accounting method. The unit price of each BSAAR is €0.34. The difference between the option value and the BSAAR price represents an expense to be allocated as compensation over the vesting period. Related expense amounted to €0.4 million in 2010, and €0.3 million in both 2009 and 2008.

The BSAARs are not transferable prior to the date of their admission on the Eurolist of Euronext Paris SA stock market expected on February 8, 2012 or at any earlier date at Havas SA's convenience.

The BSAARs will become exercisable at any time from that date until the 7th anniversary of their issuance. Each BSAAR will give the right to subscribe or buy one Havas SA share.

The table below summarizes the characteristics of the BSAARs:

	BSAAR	
Grant date	**2008**	**2006**
Dividend yield	1.5%	1.5%
Expected volatility	20.0%	20.0%
Risk-free rate	4.09%	3.75%
Number of options granted	15,000,000	41,985,000
Duration	7 years	7 years
Fair value of the benefit	0.114	0.137
Exercise price in euros	3.85	4.30
Number of outstanding BSAARs as at 12/31/09	**13,377,792**	**37,766,255**
Repurchase	(220,578)	(1,680,539)
Number of outstanding BSAARs as at 12/31/10	**13,157,214**	**36,085,716**

5.2.18. Deferred taxes

Main component of income tax expense

(in euro million)	**2010**	2009	2008
Current tax expense	28	25	30
Deferred tax expense	8	9	14
Total income tax expense	**36**	**34**	**44**

Reconciliation between theoretical and actual income tax expense

(in euro million)	**2010**	2009	2008
Income of fully consolidated companies before tax	151	131	156
Theoretical income tax rate	34.43%	34.43%	34.43%
Theoretical income tax expense	52	45	54
Effect of permanent additions and deductions	7	2	11
Change in unrecognized deferred tax assets	(26)	(15)	(21)
Difference between French and foreign tax rates	3	2	
Actual income tax expense	**36**	**34**	**44**

Breakdown of deferred taxes by nature

(in euro million)	**12/31/10**	12/31/09	12/31/08
Deferred tax assets	**609**	**636**	**647**
Tax losses carried forward	512	558	560
Temporary differences	97	78	87
• post-employment benefits	16	11	12
• amortization	24	21	24
• provisions and other	57	46	51
Deferred tax liabilities	**59**	**48**	**46**
• deductible goodwill amortization	44	36	32
• OCEANE / OBSAAR	2	3	5
• other	13	9	9
Unrecognized deferred tax assets	**(472)**	**(512)**	**(508)**
Net deferred tax on the balance sheet	**78**	**76**	**93**

Schedule of tax losses carried forward

(in euro million)	**12/31/10**	12/31/09	12/31/08
Y+1	48	35	42
Y+2	45	37	46
Y+3	59	42	48
Y+4	65	51	52
Y+5	68	58	55
Thereafter	1,217	1,433	1,435
Total	**1,502**	**1,656**	**1,678**

Deferred tax assets are analyzed on the basis of each entity or tax consolidation and related applicable tax rules. A five-year period is usually used to assess the probability of their recovery. The analysis of recoverability is based on the latest available forecasted data adjusted for any tax restatements made by the Group's Tax Department. Each year, the forecasts are compared to the actual outturn recorded. If needed, adjustments are made accordingly.

As at December 31, 2010, deferred tax assets of €471.5 million were not recognized of which €388.3 million were located in France, €7.6 million in the United States and €7.2 million in Germany, compared to €511.8 million as at December 31, 2009 of which €406.7 million were located in France, €30.4 million in the United States and €6.7 million in Germany, and €508.8 million as at December 31, 2008 of which €400.2 million were located in France, €57.5 million in the United States and €7.8 million in Germany.

In addition, the Finance Act 2010 in France abolished the local tax on businesses from 2010. Two new contributions have been implemented instead of this tax: and which are the "corporate property contribution" *(CFE)* and the "corporate added value contribution" *(CVAE)*.

In accordance with the French national institute of accounting *(CNC)* opinion of January 14, 2010, the Havas Group has opted for recording the *CVAE* in income tax, from 2010.

5.2.19. Other payables

(in euro million)	**12/31/10**	12/31/09	12/31/08
Advances from clients	116	103	91
Personnel payables and social contributions	153	140	159
Client payables	100	77	46
Tax payables	66	77	137
Other	612	568	694
Deferred income	26	19	19
Total	**1,073**	**984**	**1,146**

5.2.20. Compensation

(in euro million)	**2010**	2009	2008
Personnel costs	(962)	(885)	(968)
Stock option charges	(1)	(5)	(7)
Total	**(963)**	**(890)**	**(975)**

5.2.21. Other expenses and income

(in euro million)	**2010**	2009	2008
Expenses	**(409)**	**(383)**	**(414)**
Amortization and depreciation	(36)	(36)	(35)
Other expenses	(373)	(347)	(379)
Income	**16**	**12**	**9**
Other income	16	12	9
Total	**(393)**	**(371)**	**(405)**

5.2.22. Other operating expenses and income

(in euro million)	**2010**	2009	2008
Other operating expenses	**(20)**	**(31)**	**(8)**
Goodwill impairment charge	(3)	(3)	(3)
Acquisition-related costs	(1)		
Premises	(3)	(3)	
Restructuring and risk in operations	(13)	(25)	(5)
Other operating income	**0**	**1**	**9**
Net capital gains on disposal of fixed assets		1	9
Total	**(20)**	**(30)**	**1**

The goodwill impairment tests carried out in 2010, based on a WACC of 7.1%, resulted in the recognition of a total charge of €2.9 million. Assuming no change in all the other assumptions for the calculation, a WACC of 7.6% being higher by 50 basis points would require an additional impairment charge of €0.9 in 2010.

In addition, further restructuring and adjustments made to the Group' structures coupled with unusual commercial risks generated a total cost of €13.5 million in 2010, a significant reduction on the equivalent figure of €24.9 million in 2009.

In 2009, significant and non-recurring expenses were recorded on the "Other operating expenses and income" line item to facilitate the measurement of operations performance. These costs resulted from the restructuring carried out by the Group to adjust its size to a new, particularly challenging economic situation. Moreover, Havas has also recorded a total goodwill impairment charge of €3.0 million.

In 2008, the disposal of Mc Kinney, an American agency, generated a gain of €8.8 million. In addition, the Group accounted for a provision for restructuring of €5.5 million to adapt to the current economic situation.

Havas also recognized a total goodwill impairment charge of €2.7 million.

5.2.23. Operating segments

All Group businesses present identical characteristics and complement each other. They are run on the same economic model. For several years, the operating structure of Havas has been organized to offer each client a wide range of communication consulting services including traditional advertising, media expertise and digital.

As a result, the internal reporting is based on an analysis of the activities by geographical zone, permitting comparability over time. The scope of operations is adjusted to the evolution of management and expected synergies.

The application of standard IFRS 8 "Operating segments" did not produce any effect on Havas' consolidated accounts. As a result, comparative financial statements have not been affected either by the retrospective application of the change in accounting method.

2010

(in euro million)	France	Europe (excluding France and UK)	United Kingdom	North America	Other	Eliminations	Total
Consolidated income statement line items							
Revenue							
Revenue from external customers	324	339	176	508	210	1	1,558
Revenue from transactions with other segments	4		1			(5)	0
Total Revenue	**328**	**339**	**177**	**508**	**210**	**(4)**	**1,558**
Income from operations	**40**	**43**	**19**	**72**	**28**		**202**
Other operating expenses and income	(10)	(6)	(2)	(1)	(1)		(20)
Amortization and depreciation	(7)	(9)	(3)	(13)	(4)		(36)
Consolidated balance sheet line items							
Assets							
Goodwill	269	536	164	419	106		1,494
Other intangible and tangible assets	18	31	11	33	10	0	103
Equity investments			2				2
Other operating assets	517	817	131	281	360	(112)	1,994
Liabilities							
Earn-out and minority interest buy-out obligations	40	19	7	2	7	(1)	74
Pensions and post-employment benefits	34	6	10		2		52
Other operating liabilities	820	769	207	453	377	(111)	2,515
Investments							
Other intangible and tangible assets(1)	4	10	4	9	4		31

(1) The consolidated statement of cash flows shows net investments of €32 million. The difference of €1 million represents 2009 investments paid in 2010.

2009

(in euro million)	France	Europe (excluding France and UK)	United Kingdom	North America	Other	Eliminations	Total
Consolidated income statement line items							
Revenue							
Revenue from external customers	323	340	165	457	158	(2)	1,441
Revenue from transactions with other segments	4				2	(6)	0
Total Revenue	**327**	**340**	**165**	**457**	**160**	**(8)**	**1,441**
Income from operations	**25**	**54**	**20**	**66**	**15**		**180**
Other operating expenses and income	(9)	(11)	(1)	(7)	(2)		(30)
Share of profit of associates			1				1
Amortization and depreciation	(8)	(9)	(3)	(13)	(4)		(37)
Consolidated balance sheet line items							
Assets							
Goodwill	218	590	145	387	76		1,416
Other intangible and tangible assets	22	30	10	34	9	0	105
Equity investments			2				2
Other operating assets	517	687	111	277	217	(98)	1,711
Liabilities							
Earn-out and minority interest buy-out obligations	12	18	11	13	6		60
Pensions and post-employment benefits	28	6	3		2		39
Other operating liabilities	844	657	174	449	222	(98)	2,248
Investments							
Other intangible and tangible assets(1)	4	9	2	8	2		25

(1) The consolidated statement of cash flows shows net investments of €24 million. The difference of €1 million resulted from investments not paid yet as at December 31, 2009.

2008

(in euro million)	France	Europe (excluding France and UK)	United Kingdom	North America	Other	Eliminations	Total
Consolidated income statement line items							
Revenue							
Revenue from external customers	338	385	199	477	169	0	1,568
Revenue from transactions with other segments	8		1		2	(11)	0
Total Revenue	**346**	**385**	**200**	**477**	**171**	**(11)**	**1,568**
Income from operations	**19**	**71**	**25**	**52**	**23**	**(2)**	**188**
Other operating expenses and income	(3)	(2)	1	7	(2)		1
Amortization and depreciation	(7)	(8)	(4)	(13)	(4)		(36)
Consolidated balance sheet line items							
Assets							
Goodwill	218	593	131	397	72		1,411
Other intangible and tangible assets	25	31	11	42	10	0	119
Equity investments			2				2
Other operating assets	679	635	101	333	200	(74)	1,874
Liabilities							
Earn-out and minority interest buy-out obligations	16	19	6	14	10		65
Pensions and post-employment benefits	27	5	4		2		38
Other operating liabilities	1,059	554	172	481	206	(74)	2,398
Investments							
Other intangible and tangible assets	8	18	4	11	5		46

5.2.24. Net financial expense

The table below details 2008, 2009, and 2010 net financial expense:

(in euro million)	**2010**	2009	2008
Interest income	**9**	**8**	**37**
Cost of debt	**(37)**	**(26)**	**(70)**
• Bonds	(15)	(2)	
• Convertible bonds (OCEANE)			(31)
• Bonds with associated warrants (OBSAAR)	(15)	(16)	(18)
• Other	(7)	(8)	(21)
Other financial expenses and income	**(3)**	**(1)**	**0**
Exchange gains and (losses)	(1)		1
Restructuring provision discount adjustment	(1)	(1)	(1)
Other	(1)		
Net financial expense	**(31)**	**(19)**	**(33)**

5.2.25. Earnings per share

	2010	2009	2008
Net income, Group share, in euro million	110	92	104
Number of weighted outstanding shares, in thousands	430,325	429,870	429,866
Net income, Group share, basic earnings per share, in euro	**0.26**	**0.21**	**0.24**
Impact of dilutive instruments			
Number of options, in thousands	202		10
Stock option plan of March 2003	202		10
Net income adjusted to dilutive instrument impact, Group share, in euro million	110	92	104
Diluted number of shares, in thousands	430,527	429,870	429,876
Net income, Group share, diluted earnings per share, in euro	**0.26**	**0.21**	**0.24**

Outstanding number of subscription or purchase options amounted to 80,086,506, 84,269,673 and 90,343,901 as at December 31, 2010, 2009 and 2008 respectively.

In 2009, no dilutive instruments had an exercise price lower than the average market price of Havas' ordinary shares. As a result, basic and diluted earnings per share were identical. Only 202,471 and 10,222 stock share equivalents as at December 31, 2010 and 2008 respectively have been taken into account for the calculation of diluted earnings per share, since the remaining options are out of the money.

In addition, OCEANEs convertible into 47,173,693 existing or new shares as at December 31, 2008 have not been taken into account for the calculation, as they were anti-dilutive. The 2002 OCEANEs were redeemed on January 2, 2009.

Therefore, Havas has not issued any equity instrument that could produce dilutive effect.

No significant transactions on Havas stock shares have been recorded after the balance sheet date.

5.2.26. Related party transactions

Media Planning Group and its subsidiaries have entered into transactions with companies controlled by members of the families of Fernando Rodés Vilà, one of Havas SA's Directors and also the Chief Executive Officer of Haves SA, and of his father Leopoldo Rodés Castañe, also one of Havas SA's directors and Chairman of Media Planning Group, or companies in which members of their families have a stake. Transactions were mainly in connection with media space buying, advertising and administrative services rendered, and leases of the premises of Media Planning Group in Barcelona.

The transactions mentioned above represented a total amount of approximately €12.4 million, €5.1 million and €8.6 million in 2010, 2009 and 2008 respectively.

In addition, certain subsidiaries of the Group have rendered services in connection with advertising to Bolloré Group's subsidiaries for a total amount of approximately €2.6 million, €1.0 million and €1.2 million, respectively, in 2010, 2009 and 2008.

All of these transactions were carried out at market value.

The table below summarizes all the operations carried out in 2009 and 2010:

(in euro million)	**2010**	2009
Accounts receivable	0.6	0.5
Accounts payable [1]	3.3	3.8
Operating income	2.6	1.0
Operating expenses	(12.9)	(5.2)

(1) Media space buying payables where Havas operates as agent, with no impact on the income statement, are not included in the table above.
They amounted to €9.9 million and €7.5 million as at December 31, 2010 and 2009 respectively.

Management emoluments and Directors' fees

(in euro million)	**2010**	2009	2008
Total remunerations including fringe benefits	6	5	7
Share-based payments		1	1
Total charges	**6**	**6**	**8**
Cumulative pension and post-employment benefits at end of period	2	2	3
Number of options	11,938,926	12,143,926	12,677,100
of which 2006 BSAARs	4,477,307	4,582,307	4,686,130
of which 2008 BSAARs	3,014,705	3,114,705	3,218,528
Options granted or BSAARs acquired during the financial year	0	0	3,218,528

5.2.27. Contractual and off balance sheet commitments

The Group has not undertaken significant commitments in 2010.

Security

As at December 31, 2010, no pledge was granted by Havas as warranty.

Breakdown of contractual obligations as at December 31, 2010 by maturity

(in euro million)	Total 12/31/08	Total 12/31/09	Total 12/31/10	2011	2012	2013	2014	2015	After 2015
Recognized									
Bonds, OCEANEs and OBSAARs	809	720	720	90	90	123	383	34	
Bank borrowings	70	22	25	25					
Other financial debts (excluding accrued interest and fair value of swaps)	4	43	37	37					
Stock option plans(1)	39	5	0						
Earn-out obligations(2)	25	21	29	19	4	2	1	3	
Buy-out obligations(3)	40	40	45	13	10	1	7		14
Off balance sheet									
Operating leases(8)	296	243	220	71	53	33	26	16	21
Indemnities for conscience clauses(9)	11	16	10	10					
Total	**1 294**	**1 110**	**1 086**	**265**	**157**	**159**	**417**	**53**	**35**

NB: Pension and post-employment benefit obligations are detailed in note 5.2.15.

Breakdown of other commitments as at December 31, 2010 by maturity

(in euro million)	Total 12/31/08	Total 12/31/09	Total 12/31/10	2011	2012	2013	2014	2015	After 2015 or unknown
Investing activity commitments given									
Warranty for businesses disposed of(7)	48	50	18	18					
Majority interests buy-out(10)			7					5	2
Total	**48**	**50**	**25**	**18**	**0**	**0**	**0**	**5**	**2**
Operating activity commitments given									
Security for media space buying(4)	8	7	13	13					
Other commitments(5)	92	100	100		2				98
Total	**100**	**107**	**113**	**13**	**2**	**0**	**0**	**0**	**98**
Financing activity commitments received									
Confirmed credit lines unused(6)	170	258	339	99	115	125			
Total	**170**	**258**	**339**	**99**	**115**	**125**	**0**	**0**	**0**

(1) As indicated in note 5.1.4.27, the Group has granted stock option plans in favor of certain subsidiaries' employees. The Group committed to repurchase the shares of subsidiaries to be issued when options are exercised by the employees.

(2) As indicated in note 5.1.4.26, the Group usually enters into earn-out agreements when acquiring companies. Earn-out payments are provided for when payments are probable and the amounts can be assessed reliably (see note 5.2.12).

(3) In connection with most acquisitions where the Group purchases a controlling stake and enters into buy-out agreements to acquire minority shareholders' interests subsequently, the Group grants put options to minority shareholders which may be exercised at certain dates in the future, and at prices determined by formulae corresponding to normal market practices. These agreements are meant to establish a long-term partnership with the manager(s) who has (have) become the minority shareholder(s).

Buy-out obligations that are exercisable before December 31, 2011 are presented in "2011".

(4) In certain countries, such as the United Kingdom and Asia, media space buying operations carried out by agencies may be secured by Havas, if required by local practices.

(5) In order to permit Havas' UK subsidiaries to use automated payment services, Havas was asked by banks for security of €86.3 million as at December 31, 2010. In addition, in connection with the defined benefit schemes of two UK subsidiaries, Havas undertook to make additional provisions for a maximum total of €19.7 million in the event of any shortfall in the pension fund assets. As at December 31, 2010, €9.8 million were provided for compared to €3.0 million and €3.7 million as at December 31, 2009 and 2008, respectively.

In addition, Havas secures for the fulfillment of certain operations undertaken by its subsidiaries or a total amount of €4.0 million as at December 31, 2010.

(6) As at December 31, 2010, total unused credit lines that have been confirmed by banks amounted to €339.4 million of which €240.0 million had a mid-term maturity. In addition, available non-confirmed credit lines represented €195.4 million, €181.3 million and €289.9 million, respectively as at December 31, 2010, 2009 and 2008. This type of credit line is mostly secured by Havas granted to Havas' subsidiaries, but not included in the table above.

(7) In connection with the disposal of companies in 2004, warranties were given to the buyers. Maximum warranties are presented in the table above. Their characteristics are the following:

- warranties are capped to the consideration received,
- warranties other than tax warranties are claimable over a maximum period of two years from the completion date,
- tax warranties are claimable over a maximum period of seven years from the completion date for disposals in the United Kingdom.

As at December 31, 2010, the remaining warranties amounted to €17.8 million.

(8) Operating lease obligations correspond to cumulative future rental payments over the lease period.

(9) Following the appointment of Fernando Rodés Vilà as Chief Executive Officer of Havas SA, and the end of his mandate as Chief Executive Officer of Media Planning Group SA, the clauses tied to his mandate as Chief Executive Officer of Media Planning Group SA became null and void on May 28, 2007. The clauses tied to a significant change in the shareholding of Media Planning Group SA are still valid. These clauses concern six managers and provide for indemnities equal to those due in the event of employment termination. If all of them were exercised, the total amount due would be €10 million.

(10) Havas has a stake of 5.89% in a non-consolidated Dutch holding which owns 100% of a company located in Russia. A partner of Havas owns 94.11% stock shares of this Dutch holding, within a joint-enterprise. Havas has granted a put option and also has a call option to buy the 94.11% of stock shares. As at December 31, 2010, the discounted value of this commitment amounted to €7.4 million.

(11) Indemnities for departure:

Indemnities for departure would be due by the Group only if the contract of employment was terminated by the employer, except in cases of misconduct. About sixty managers in the Group would benefit from the indemnities. Total indemnities could amount to €17 million excluding retirement obligations that have already been provided for.

The Group is not aware of any other significant off balance sheet commitments, or any which could become material in the future, other than those mentioned above.

5.2.28. Financial instruments

The table below sets out a comparison between the net book value and fair market value of all group financial instruments by category:

	2010		2009		2008	
Financial instruments *(in euro million)*	**Net book value**	**Fair market value**	Net book value	Fair market value	Net book value	Fair market value
Financial assets						
Cash and cash equivalents	961	961	913	913	912	912
Accounts receivable(1)	1 415	1 415	1 229	1 229	1 250	1 250
Other receivables(1)	542	542	452	452	581	581
Other current financial assets(1)	17	17	14	14	36	36
Financial assets available for sale(2)	9	9	10	10	8	8
Other non-current financial assets	11	11	13	13	14	14
Financial liabilities						
Bank overdrafts	7	7	18	18	34	34
Accounts payable(1)	1 402	1 402	1 214	1 214	1 160	1 160
Other payables(1)	1 073	1 073	984	984	1 146	1 146
Other current liabilities(1)	8	8	14	14	52	52
Current maturities of long-term borrowings (< 1 year)	170	170	83	83	539	539
Long-term borrowings(3)	623	623	704	704	353	353
Other non-current liabilities	3	3	2	2	3	3

(1) The fair value of the accounts receivable, other current financial assets, accounts payable, and other current payables is assimilated to their carrying value, due to their very short term maturity.

(2) Financial assets available for sale mainly include investments in companies over which the Group exercises neither control nor significant influence. These assets have been recorded at fair value.

(3) The bonds of €350.0 issued in November 2009 are listed on the Luxembourg stock market. Recent transactions having been carried out by mutual agreements, trading prices were not available. As a result, the carrying value of this borrowing is shown as equal to its market value.

5.2.29. Financial risk management objectives and policies

Interest rate risk

In the course of its business, the Group may be exposed to the risk of interest rate changes. The risk depends on the type of interest rate (fixed or variable) and the direction of change. At fixed rate, a financial investment may be affected negatively by an increase in interest rates against a decrease for a borrowing. At variable rate, the situations are reversed.

Group policy consists of allocating mid and long-term financing between fixed rate and variable rate in a relatively balanced way intended to limit this type of risk. The Group applies a non-speculative policy to managing interest rates using interest rate swaps. Currently, the Group has entered into two agreements as follows:

- an interest swap agreement to exchange the variable interest rate borne by the OBSAARs issued in December 2006 for €270 million against a net interest rate at 3.803% over the duration of the OBSAARs;
- a second swap agreement to switch the fixed interest rate borne by the bonds issued in 2006 for €350 million against a variable rate indexed to 3 month Euribor + 3.433% for 3 years.

The table below summarizes the interest rate swaps:

Derivatives	Notional amount *(in euro million)*	Fair market value *(in euro million)*	Maturity
12/31/10			
Interest rate swaps			
EUR	270	(12)	2011-2013
EUR	350	5	2012
Total		**(7)**	
12/31/09			
Interest rate swaps			
EUR	270	(14)	2011-2013
EUR	350		2012
Total		**(14)**	
12/31/08			
Interest rate swaps			
EUR	270	(9)	2011-2013
Total		**(9)**	

Potential gains and losses relating to derivatives for fair value hedges are recognized in the income statement, while those for cash flow hedges are recognized in equity, when the efficiency of the hedges is demonstrated.

According to Group policy, Havas and its subsidiaries should invest any excess cash in liquid instruments producing the highest income indexed to a variable interest rate and that meet the criteria of cash equivalents in compliance with Standard IAS 7, in priority with leading banks as defined by the Group.

Net exposure to interest rate risk as at December 31, 2010 by maturity is as follows:

Contractual values *(in euro million)*	**Total as at 12/31/10**	<1 year	1-5 years	>5 years
Fixed interest rate				
Bonds issued in 2009	350		350	
Net liabilities (assets) bearing fixed interest rate before hedges	**350**	**0**	**350**	**0**
Effect of the swap hedging bonds	(350)		(350)	
Effect of the swap hedging OBSAARs 2006	270	90	180	
Net liabilities (assets) bearing fixed interest rate after hedges	**270**	**90**	**180**	**0**
Floating interest rate				
OBSAARs 2006	270	90	180	
OBSAARs 2008	100		100	
Commercial paper	35	35		
Bank borrowings	25	25		
Bank overdrafts	7	7		
Other financial liabilities	2	2		
Cash and cash equivalents	(961)	(961)		
Net liabilities (assets) bearing floating interest rate before hedges	**(522)**	**(802)**	**280**	**0**
Effect of the swap hedging bonds	350		350	
Effect of the swap hedging OBSAARs 2006	(270)	(90)	(180)	
Net liabilities (assets) bearing floating interest rate after hedges	**(442)**	**(892)**	**450**	**0**

Net assets in contractual value at variable interest rate after hedges amounted to €442 million. A change of 100 basis points would produce an impact of €4.4 million on the Group income before tax.

The Group is still sensitive to the fluctuations of interest rates on its excess of net cash. For illustration purposes, if the Group applied 100 basis points change to its less-than-one-year net position after hedges, its sensitivity to interest rate fluctuations would amount to €8.9 million.

Credit risk

The Group provides advertising and communications services to a wide range of clients operating in many different industry sectors around the world. The Group grants credit to all qualified clients. It does not believe it is exposed to any undue concentration of credit risk related to either a specific country or customer. Consequently, concentrations of credit risk with accounts receivable are limited.

In addition, the Group may be exposed to credit risk with bank partners in connection with operations on the financial markets and banking transactions. Operations or transactions relate mainly to the management of foreign currency exchange risk, interest rate risk, financial investments and financing. A default or deterioration in the financial position of a counterparty could have a negative impact on the Group resulting in a loss of financial investments or causing difficulties in finding a new source of financing for the coming years.

In order to minimize this risk, the Group in 2006 introduced a process to rationalize its relationship with banks. Leading banks are preferred, and investing and financing operations are allocated to a certain number of these banks under the supervision of the Group's Weekly Financial Committee.

Liquidity risk

As at December 31, 2010, Havas had cash and cash equivalents of €960.7 million of which €367.6 million were credit balances at banks, and €593.1 million were financial investments maturing in less than 3 months.

The Group also has access to available non-confirmed short-term credit lines in form of authorized bank overdrafts and revolving facilities for a total amount of €195.4 million, confirmed mid-term credit lines for a total amount of €339.4 million, and the plan to issue commercial paper issue for a total amount of €300.0 million of which €35.0 million have been issued as at December 31, 2010.

The Finance and Treasury Department of Havas has centralized a significant portion of its financing requirements by implementing cash pool structures locally and in the main countries where the Group operates, aiming to minimize financial expenses and optimize investment return.

Havas has sufficient cash and cash equivalents to cover current maturities of financial debt for approximately a total amount in contractual value of €195 million. As a result, Havas has no liquidity risk.

Financial debts due in more than one year on the balance sheet as at December 31, 2010 amounted to €664.6 million. This amount includes, in particular, the OBSAARs which are subject to financial covenants as defined in note 5.2.13.4.

As at December 31, 2010, all the ratios were met.

In the event of a default in the coming years, measured at the closing date, and without any waiver from the banks, Havas could be obliged to accelerate repayment of the OBSAARs.

Havas may need to refinance some of its debt as it matures, should its operating cash flows and cash turn out to be insufficient to service the existing and/or new debts in the coming years.

Consequently, Havas may have to refinance its existing and/or new debts on terms less favorable than at present. This situation could have a significant impact on the financial situation and results of the Group.

Following the issue of bonds for €350 million in 2009 maturing on November 4, 2014, the maturity of the gross financial debt remained at over 3 years.

A long-term default on some of Havas' credit lines could result in the acceleration of repayment of the other debts.

The Group has not been rated by rating agencies.

Exchange risk on foreign currencies

The Group is exposed to the fluctuations of foreign currencies due to operations that it has in about fifty countries. The consolidated financial statements being in euro, any change in foreign currency exchange rates may have an impact on its assets, liabilities, equity and income statement. The US dollar and the British pound are the two main currencies that may produce significant effects.

In 2010, 38.9% of Group revenue was in euros, 31.6% in US dollars and 11.6% in British pounds, while 37.1% of income from operations was in euros, 34.3% in US dollars, and 9.7% in British pounds.

The table below summarizes impacts arising from a 1% change in the US dollar and the British pound against the euro.

	Impact on revenue		Impact on income from operations		Impact on total consolidated equity before tax	
(in euro million)	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease
US dollar	5	(5)	1	(1)	4	(4)
British pound	2	(2)	0	0	1	(1)

In 2010, the euro declined against the majority of foreign currencies. Currency translation adjustments impacted positively on Group share of consolidated equity for a total amount of €46.4, consisting of by €27.5 million for the US dollar, €4.9 million for the British pound, €2.4 million for the Canadian dollar and €7.3 million for Latin American currencies.

In operating activities, the Group's exposure foreign currency risk is limited. Most of the Group's agencies operate on their local markets, with revenues and expenses incurred in local currency. Future cash flows in foreign currencies, particularly from global clients, are hedged.

In financing activities, there are two levels of operations:

- intra-group loans and borrowings carried out outside the euro-zone, also including international cash pool operations, are systematically hedged; in this context, the risk is mainly limited to the currency translation adjustments arising from the financial statements of non-euro-zone subsidiaries;
- Group subsidiaries are financed by domestic cash pools or local banks in local currencies with no foreign currency exchange risk.

Derivatives used to the hedge foreign currency exchange risk are exclusively forward exchange agreements that are negotiated in priority by Havas Treasury Department or centralized Treasury Departments implemented in main countries.

The table below summarizes forward exchange agreements for assets and liabilities fair value hedges, and cash flow hedges as at December 31, 2010.

12/31/2010

Forward sale	Forward purchase	Nominal value of forward sale *(in million of local currency)*	Nominal value of forward purchase *(in million of local currency)*	Fair value *(in euro million)*	Maturity
EUR	USD	112.3	150.0	(1.7)	2011
EUR	GBP	25.2	21.7	(0.4)	2011
GBP	EUR	15.6	18.1	0.3	2011
CAD	EUR	4.8	3.6	0.2	2011
RUB	EUR	4.5	0.1	0.0	2011
ILS	EUR	3.2	0.7	(0.1)	2011
ZAR	USD	1.0	0.1	0.0	2011
USD	ZAR	0.7	4.5	0.0	2011
EUR	PLN	0.3	1.2	0.0	2011
EUR	CZK	0.3	6.3	0.0	2011
EUR	SEK	0.3	2.3	0.0	2011
EUR	CHF	0.2	0.3	0.0	2011
EUR	DKK	0.1	0.9	0.0	2011
CHF	EUR	0.1	0.1	0.0	2011
USD	ILS	0.1	0.2	0.0	2011
USD	EGP	0.1	0.3	0.0	2011

12/31/2009

Forward sale	Forward purchase	Nominal value of forward sale *(in million of local currency)*	Nominal value of forward purchase *(in million of local currency)*	Fair value *(in euro million)*	Maturity date
EUR	USD	86.8	125.0	0.0	2010
EUR	GBP	25.9	23.0	0.1	2010
GBP	EUR	19.3	21.7	(0.3)	2010
CAD	EUR	4.8	3.2	(0.1)	2010
ILS	EUR	3.2	0.6	0.0	2011
ZAR	EUR	2.0	0.2	0.0	2010
CAD	GBP	1.1	0.6	0.0	2010

12/31/2008

Forward sale	Forward purchase	Nominal value of forward sale *(in million of local currency)*	Nominal value of forward purchase *(in million of local currency)*	Fair value *(in euro million)*	Maturity date
CAD	EUR	4.8	2.8	0.0	2009
GBP	EUR	22.9	24.0	1.9	2009

Potential gains and losses relating to derivatives for fair value hedges are recognized in the income statement, while those for cash flow hedges are recognized in equity, when the efficiency of the hedges is demonstrated.

The following table sets out the breakdown of net assets as at December 31, 2010 by main currency.

(in euro million)	Total	Euro	US dollar	British pound	Other
Assets	4,694	2,886	736	341	731
Liabilities	3,491	2,266	426	269	530
Net assets before hedges	1,203	620	310	72	201
Currency swaps	0	(117)	111	10	(4)
Net assets after hedges	**1,203**	**503**	**421**	**82**	**197**

Capital management

The objective of Havas is to maintain a reasonable level of "Net debt/ Total consolidated equity" ratio.

(in euro million)	**2010**	2009	2008
Net debt – (Net cash and cash equivalents)	(87)	(48)	79
Total consolidated equity	1,203	1,087	1,015
Net debt – (Net cash and cash equivalents)/Total consolidated equity ratio	**(0.1)**	**0.0**	**0.1**

5.2.30. Risks related to material litigations

Litigations with former executives or employees

1. Alain de Pouzilhac

   A number of disputes are currently under way between the Group and Mr. Alain de Pouzilhac. These relate principally to:

- cancellation of agreements entered into between the Company and Mr. de Pouzilhac: Following the appeal entered by Havas, in a ruling handed down on March 1, 2011, the Court of Cassation quashed the decision of the Paris Court of Appeal of January 14, 2010. The case will now return to the Paris Court of Appeal;
- the principle of Mr. de Pouzilhac's eligibility for supplementary pension entitlements established on behalf of company managers of EUROCOM. This case is currently pending before the Paris Court of Appeal.

  None of these proceedings will have any material impact on the consolidated financial statements of the Havas Group.

2. Agnès Audier and Alain Cayzac both terminated their employment contract, considering that circumstances allowed them to invoke their conscience clauses.

   The Company, on the other hand, considered that they had resigned and refused to pay the compensation claimed.

   Both referred their case to the conciliation tribunal (Conseil des Prud'hommes) of Nanterre.

- In the case of Mrs. Agnès Audier, the case was closed by a ruling of the Court of Cassation handed down on January 26, 2011. Although the Court granted only a small part of the applications made by Havas SA, Mrs. Agnès Audier was nonetheless required to repay the Company the sum of €20,000.
- Concerning Mr. Alain Cayzac, in view of the criminal procedures under way and of the shareholders' vote against his proposed compensation for 2005, the conciliation tribunal and subsequently the Versailles Court of Appeal decided there were grounds for ordering a stay of proceedings.

  The total indemnities, damages and social charges that have been claimed or could be claimed from the Company amount to the sum of € 2.2 million. After consulting its legal counsel on these cases, the Company has set aside provisions for litigation that it considers reasonable.

Furthermore, the Group lodged a complaint in 2007 with the Public Prosecutor (Procureur de la République) in Nanterre regarding facts that had recently come to light and that may prove to be criminal in nature. The Company does not believe that this complaint is likely to have negative financial consequences for the Havas Group.

Tax litigations

In 2003, Havas SA filed a suit claiming the repayment of the equalization tax *(précompte)* paid by the Company between 2000 and 2002, on the basis that the tax was not due on the redistribution of dividends from European sources.

In connection with this litigation between Havas SA and the French Government, the Administrative Court in 2008 ordered the French Government to repay €33.5 million to Havas SA, the amount corresponding to the equalization tax paid between 2000 and 2002, plus €8.0 million of interest.

The French Government has appealed against this decision. Consequently, the amounts received by Havas SA have been recorded on the balance sheet liabilities and recognized in neither the income statement nor equity.

At the end of 2010, the Administrative Court has not made any decision yet.

Further to the tax inspection, the French Tax Authority notified corrections to taxable results from 2002 to 2005 to Havas SA and Havas International, aiming to reduce the tax loss basis by about €500 million.

In February 2010, Havas SA filed a claim with the French Tax Authority challenging all the notified adjustments for itself and on behalf of Havas International, since they merged on December 4, 2008. The Tax Authority rejected the claim in July 2010.

In September 2010, Havas SA submitted this decision to the Administrative Court of Montreuil in order to obtain its cancellation. No decision had been reached by the end of 2010.

Relevant adjustments were on a portion of the Group's tax loss carried forward only. No provision for risk has been provided for in Havas financial statements.

5.2.31. Consolidation scope as at December 31, 2010

	% Holding	% Control
EUROPE		
GERMANY		
EURO RSCG GMBH	100	100
EURO RSCG ABC GMBH	100	100
EURO RSCG ABC AGENTUR FUR KOMMUNIKATION HAMBURG GMBH	76	76
EURO RSCG 4D GMBH	79	79
EURO RSCG LIFE GMBH	100	100
EURO RSCG MUNCHEN GMBH	100	100
FUEL COMMUNICATIONS GMBH	100	100
EURO RSCG PARTNERS GMBH	100	100
MPG SOLUTIONS GMBH	100	100
WERBEKRAFT KUNDENEINKAUF GMBH	100	100
WERBEKRAFT BERATUNG GMBH	100	100
MEDIA CONTACTS DEUTSCHLAND GMBH	100	100
MPG MEDIA PLANNING GROUP GMBH	100	100
NET WORKS AGENTUR FUER PLAKATSERVICE GMBH	100	100
HAVAS HOLDING DEUTSCHLAND GMBH	100	100
AUSTRIA		
EURO RSCG VIENNA GMBH	92	92
FUEL AUSTRIA WERBEAGENTUR GMBH	100	100
MEDIA PLANNING GROUP GMBH	100	100
BELGIUM		
EURO RSCG BRUSSELS S.A.	100	100
PRODUCTIVITY S.A.	100	100
THE RETAIL CREATIVE COMPANY S.A.	100	100
HAVAS MEDIA BELGIUM S.A.	100	100
GR.PO.S.A.	100	100
HR GARDENS S.A.	98	100
DENMARK		
EURO RSCG COPENHAGEN AS	100	100
MEDIA PLANNING DENMARK AS	100	100
SPAIN		
EURO RSCG ESPANA, S.A.	100	100
EVENTO ORIGINAL DE COMUNICACION, S.A.	100	100
ASCI DIRECT, S.A.	65	65
ARNOLD4D, S.L.	100	100
EURO RSCG DF, S.L.	100	100
DIFUSION Y AUDENCIAS, S.A.	100	100
L-11, S.L.	100	100
EURO RSCG LIFE, S.A.	100	100
MEDEA MEDICAL EDUCATION AGENCY, S.L.	100	100
EURO RSCG ARQUITECTURA Y DISENO, S.L.	90	90
ARENA MEDIA COMMUNICATION ESPANA, S.A.	80	100
MEDIA PLANNING GROUP, S.A.	100	100
MEDIA ADVISORS, S.A.	80	100
MEDIA CONTACT, S.A.	100	100

	% Holding	% Control
METRICS IN MARKETING, S.A.	100	100
ACCIONNES DE MARKETING UNCOMMON, S.L.	100	100
UNCOMMON HOLDING SPAIN, S.A.	100	100
ARENA COMMUNICATIONS NETWORK, S.L.	80	80
MEDIA PLANNING LEVANTE, S.L.	85	85
HAVAS SPORTS, S.A.	85	85
PROXIMIA HAVAS, S.L.	100	100
EN VIVO EXPERIENCE, S.L.	51	60
LATTITUD MEDIA, S.L.	100	100
IGLUE MEDIA, S.L.	100	100
WONDERLAND HAVAS, S.L.	100	100
HAVAS MEDIA CONSULTING, S.L.	100	100
HAVAS MEDIA, S.L.	100	100
MC MOBILE, S.L.	80	80
HAVAS MANAGEMENT ESPANA, S.L.	100	100
FINLAND		
EURO RSCG OY	100	100
FRANCE		
HAVAS (consolidating company)	100	100
INTERCORPORATE SNC	99	100
MARTINE FLINOIS & ASSOCIES (MFA)	71	71
LEG	100	100
H	100	100
H4B ALL BLACKS	100	100
146 & CIE	100	100
THE HOURS PUBLISHING	50	50
THE HOURS FRANCE	50	50
HAVAS EVENT	90	100
EURO RSCG	100	100
ABSOLUT REALITY	95	95
EURO RSCG C&O	99	99
BETC EURO RSCG	100	100
EURO RSCG LIFE	100	100
EURO RSCG INCENTIVE	100	100
HPS	100	100
EURO RSCG 4D	100	100
EURO RSCG 360	100	100
HERCULE	100	100
LNE	100	100
W&CIE	65	65
EURO RSCG RH	98	100
W ONE	65	100
EURO RSCG RUSSIA HOLDINGS S.A.S	100	100
RUSSIA COMMUNICATION	51	51
HAVAS 04	100	100
UMT	100	100
HAVAS SPORTS ENTERTAINMENT	100	100

	% Holding	% Control
L'EVENEMENTIEL FRANCE	99	99
HAVAS EDITION	100	100
HAVAS MEDIA FRANCE	100	100
HAVAS DIGITAL MEDIA	100	100
EUROMEDIA	100	100
HAVAS PRODUCTIONS	100	100
UPSIDE TV	100	100
H2O PRODUCTIONS	51	51
HA POLE RESSOURCES HUMAINES	93	93
HAVAS FINANCES SERVICES (HFS)	100	100
HAVAS 10	58	58
HAVAS PARTICIPATIONS	100	100
HAVAS IT	100	100
GREECE		
EURO RSCG ATHENS A.E.	75	75
COMMUNICATION GROUP FUEL ATHENS ADVERTISING S.A.	75	100
HAVAS MEDIA EPENDYSEIS ANONYME ETAIRIA (equity method)	20	20
HUNGARY		
EURO RSCG BUDAPEST ZRT	100	100
INSIGHT COMMUNICATION KFT	100	100
MEDIA PLANNING HUNGARY KFT	100	100
HAVAS DIGITAL HUNGARY KFT	100	100
IRELAND		
EURO RSCG IRELAND LIMITED	100	100
YOUNG ADVERTISING LIMITED	100	100
HAVAS IRELAND LIMITED	100	100
ITALY		
EURO RSCG MILANO SRL	80	80
ARNOLD WORLDWIDE ITALY SRL	80	100
FUEL ITALIA SRL	100	100
EURO RSCG 4D TM	80	100
HEALTH FOR BRANDS SRL	100	100
D'ANTONA & PARTNERS SRL	41	51
EURO RSCG LIFE SRL	80	80
MPG ITALIA SRL	100	100
MEDIA CONTACTS SRL	100	100
HAVAS SPORTS ITALIA SRL	100	100
NETHERLANDS		
EURO RSCG WORLDWIDE B.V.	100	100
GO RSCG B.V.	100	100
EURO RSCG AMSTERDAM B.V.	100	100
EURO RSCG 4D B.V.	100	100
EURO RSCG BIKKER B.V.	100	100
ARNOLD WORLDWIDE PARTNERS AMSTERDAM B.V.	100	100
MPG NEDERLAND B.V.	100	100
HS&E NEDERLAND B.V.	100	100
MEDIA CONTACTS NEDERLAND B.V.	100	100

	% Holding	% Control
POLAND		
EURO RSCG WARSAW Sp. zo.o	100	100
EURO RSCG 4D Sp. zo.o	100	100
EURO RSCG MARKETING HOUSE Sp. zo.o	100	100
EURO RSCG SENSORS Sp. zo.o	100	100
EURO RSCG 4D DIGITAL Sp. zo.o	100	100
HHP Sp. zo.o	100	100
MPG Sp. zo.o	100	100
MEDIA CONTACTS Sp. zo.o	100	100
ARENA POLAND	80	100
PORTUGAL		
EURO RSCG LISBOA PUBLICIDADE, LDA	100	100
EURO RSCG II DESIGN, LDA	89	89
FUEL COMUNICACAO, LDA	51	51
MPG - PUBLICIDADE, SA	100	100
ARN - MEDIA COMMUNICATIONS PUBLICIDADE, SA	80	100
HAVAS MEDIA SERVICOS, SA	100	100
MEDIA CONTACT PUBLICIDADE, SA	100	100
LATTITUD DIGITAL - PUBLICIDADE, SA	100	100
HAVAS SPORTS & ENTERTAINMENT, SA	100	100
HAVAS MANAGEMENT PORTUGAL, UNIPESSOAL, LDA	100	100
HAVAS MEDIA PORTUGAL HOLDING, SGPS, SA	100	100
ER PORTUGAL HOLDING, SGPS, SA	100	100
CZECH REPUBLIC		
EURO RSCG A.S	100	100
EURO RSCG PUBLIC RELATIONS S.R.O.	100	100
DREAM STUDIOS S.R.O.	100	100
ARNOLD PRAGUE S.R.O.	100	100
UNITED KINGDOM		
CONRAN DESIGN GROUP LTD	80	80
EURO RSCG BISS LANCASTER PLC	100	100
EURO RSCG APEX COMMUNICATIONS LIMITED	51	51
EHS BRANN LTD	100	100
EURO RSCG HEALTHCARE GROUP LONDON LIMITED	100	100
SKYBRIDGE GROUP PLC	100	100
MARCOMMS GROUP LTD	60	60
MEDICOM GROUP LTD	60	100
ALL RESPONSE MEDIA LIMITED	57	57
EURO RSCG KLP LIMITED	100	100
THE EDGE GLOBAL EVENT LIMITED	100	100
EURO RSCG LONDON LIMITED	100	100
THE MAITLAND CONSULTANCY LIMITED	98	98
HEALTH 4 BRANDS MSC LIMITED	100	100
EURO RSCG LUXE LIMITED	100	100
ARNOLD LONDON LTD	100	100
EURO RSCG COMMUNICATIONS LIMITED	100	100
BRANN LIMITED	100	100

	% Holding	% Control
MEDIA PLANNING LIMITED	100	100
AIS GROUP LIMITED	92	92
HAVAS SPORTS LIMITED	100	100
ARENA BLM HOLDINGS LIMITED	80	100
ARENA MEDIA LTD	80	100
ARENA QUANTUM LIMITED	80	100
BLM CLILVERD LIMITED	80	100
BLM AZURE LIMITED	80	100
BLM TWO LTD	80	100
BLM RED LTD	80	100
CAKE MEDIA LTD	75	100
CAKE GROUP LIMITED	75	75
DIVERSIFIED AGENCIES COMMUNICATIONS LIMITED	100	100
HR GARDENS LIMITED	98	100
RSMB TELEVISION RESEARCH LIMITED (Equity method)	50	50
MOON STREET LIMITED	100	100
EWDB LIMITED	100	100
HAVAS UK LIMITED	100	100
HAVAS UK EUROS	100	100
HAVAS HOLDINGS LIMITED	100	100
HAVAS SHARED SERVICES LIMITED	100	100
HAVAS CANADA HOLDINGS LIMITED	100	100
SNYDER COMMUNICATIONS HOLDINGS (UK)	100	100
SNYDER DIRECT	100	100
SNYDER GROUP LTD	100	100
SWITZERLAND		
EURAD AG	100	100
EURO RSCG LIFE AG	100	100
FUEL SWITZERLAND AG	100	100
MEDIA PLANNING SWITZERLAND AG	100	100
RUSSIA		
EURO RSCG MORADPOUR & PARTNERS O.O.O	100	100
LLC FUEL CIS	100	100
EURO RSCG O.O.O	51	100
NORTH AMERICA		
CANADA		
SHARPE BLACKMORE INC	100	100
EURO RSCG HEALTHCARE (CANADA) INC	100	100
ARNOLD WORLDWIDE CANADA INC	100	100
PALM + HAVAS INC	100	100
IMG ULC (CANADA)	100	100
MEDIA PLANNING CANADA INC	100	100
MEDIA CONTACT CANADA INC	100	100
UNITED-STATES		
EURO RSCG CHICAGO, INC	100	100
EURO RSCG HEALTHVIEW, INC	100	100

	% Holding	% Control
EURO RSCG LATINO, INC	99	99
EURO RSCG MAGNET, INC	100	100
EURO RSCG WORLDWIDE, LLC	100	100
EURO RSCG NEW YORK, INC	100	100
CHINOOK HOLDINGS, INC	100	100
TYMAX HOLDINGS CORPORATION	100	100
EURO RSCG DIRECT RESPONSE, LLC	100	100
EURO RSCG BOSTON, LLC	100	100
ABERNATHY MACGREGOR, INC	100	100
EURO RSCG SAN FRANCISCO, LLC	100	100
IMPACT GROUP EURO RSCG, LLC	100	100
EURO RSCG DALLAS, LLC	100	100
DATA COMMUNIQUE, INC	51	51
THE HOURS ENTERTAINMENT, INC	50	50
THE HOURS USA	50	50
WASHINGTON PRINTING, LLC	100	100
ADRENALINE, LLC	100	100
ARNOLD WORLDWIDE, LLC	100	100
BRANN, LLC	100	100
AMERICAN STUDENT LIST, LLC	100	100
CIRCLE.COM, LLC	100	100
NATIONAL SALES SVCS, INC	100	100
AUDREY, LLC	100	100
MEDIA PLANNING GROUP USA, LLC	100	100
MEDIA PLANNING INTERNATIONAL CORPORATION	100	100
MEDIA CONTACTS CORPORATION	100	100
HM INFINITUM	100	100
MEDIA PLANNING DIRECT, LLC (proportional method)	50	50
FIELD RESEARCH CORPORATION	100	100
HAVAS NORTH AMERICA, INC	100	100
HAVAS WORLDWIDE, INC	100	100
MEDIA HOLDINGS GLOBAL, INC	100	100
MIDDLE EAST		
UNITED ARAB EMIRATES		
EURO RSCG MIDDLE EAST FZ LLC (proportional method)	50	50
ISRAEL		
EURO RSCG ISRAEL LTD	51	51
EURO RSCG COMMUNICATION TEL AVIV (1999) LTD	51	100
EYAL & YUVAL ARAD COMMUNICATION (1996) LTD	51	100
TURKEY		
EURO RSCG ISTANBUL A.S.	89	89
THE KLAN A.S.	89	89
EURO RSCG 4D A.S.	68	68
EURO RSCG PH REKLAM VE DST A.S.	51	51

	% Holding	% Control
ASIA-PACIFIC		
AUSTRALIA		
HAVAS WORLDWIDE SOUTH PACIFIC PTY LTD	100	100
INTEGRATED OPTIONS (AUSTRALIA) PTY LTD	100	100
THE MELBOURNE FURNACE PTY LTD	100	100
THE SYDNEY FURNACE PTY LTD	100	100
THE RED AGENCY PTY LTD	100	100
EURO RSCG AUSTRALIA PTY LTD	100	100
CHINA		
EURO RSCG GREAT OCEAN (GUANGZHOU) ADVERTISING CO., LTD	70	70
SHANGHAI JINGSHI COMPUTER SOFTWARE TECHNOLOGY CO., LTD	100	100
SHANGHAI FIELD FORCE MARKETING CO., LTD	100	100
SHANGHAI PROSPECT MARKETING SERVICE CO., LTD	100	100
THE SALES MACHINE (SHANGAI) CO., LTD	100	100
EURO RSCG ADVERTISING CO., LTD	100	100
BEIJING STAREAST COMMUNICATIONS ADVERTISING CO., LTD	100	100
HAVAS SPORTS CULTURE & COMMUNICATION (BEIJING) CO., LTD	100	100
KOREA		
EURO RSCG NEXT, INC	80	80
4D GLOBAL KOREA LTD	80	100
HONG KONG		
EURO RSCG PARTNERSHIP (HONG KONG) LTD	100	100
FIELD FORCE INTEGRATED MARKETING SOLUTIONS LIMITED	100	100
EURO RSCG PORDA	51	51
VISION INTERNATIONAL ROADSHOW COMPANY LIMITED HKD COMPANY	51	100
PORDA FINANCE PR (CHINA) COMPANY LIMITED HKD COMPANY	51	100
INDIA		
EURO RSCG ADVERTISING PRIVATE LIMITED	95	95
MPG INDIA PRIVATE LIMITED	100	100
INDONESIA		
PT ADIWARA KRIDA	86	86
JAPAN		
EURO RSCG PARTNERSHIP JAPAN LTD	100	100
MALAYSIA		
EURO RSCG PARTNERSHIP (M) SDN BHD	94	94
EPIC-OMNILINK INTEGRATED SDN BHD	100	100
PHILIPPINES		
EURO RSCG PHILIPPINES INC (equity method)	30	30
AGATEP ASSOCIATES INC (equity method)	30	30
SINGAPORE		
EURO RSCG (S) PTE LTD	100	100
STAREAST COMMUNICATIONS PTE LTD	100	100
EURO RSCG PR (S) PTE LTD	65	65

	% Holding	% Control
MPG ASIA PACIFIC PTE LTD	100	100
TAIWAN		
EURO RSCG PARTNERSHIP (TAIWAN) LTD	100	100
STAREAST COMMUNICATIONS (TAIWAN) LTD	100	100
JINGSHI ENTERPRISE MANAGEMENT CONSULTANTS CO., LTD	100	100
THAILAND		
EURO RSCG BANGKOK LIMITED	93	93
DIRECT IMPACT CO.LIMITED	93	100
CONSUMER CONTACT COMMUNICATIONS (THAILAND) LTD	100	100
TBP (THAILAND) LTD	100	100
LATIN AMERICA		
ARGENTINA		
ANDINA CONSULTORA PUBLICITARIA S.A.	100	100
EURO RSCG S.A.	100	100
FUEL ARGENTINA S.A.	100	100
MEDIA PLANNING S.A.	100	100
MEDIA CONTACT ARGENTINA S.A.	100	100
ARENA ARGENTINA S.A.	80	100
PROXIMIA HAVAS ARGENTINA	100	100
HAVAS SPORTS ARGENTINA S.A.	70	70
BRAZIL		
EURO RSCG BRASIL E 4D COMUNICACOES LTDA	100	100
EURO RSCG FUEL COMUNICACOES LTDA	100	100
EURO RSCG LIFE COMUNICACOES S.A.	51	51
EURO RSCG CONTEMPORANEA COMUNICACOES LTDA	100	100
MEDIA CONTACT BRAZIL LTDA	100	100
IGLUE SERVIÇOS DE MARKETING LTDA	75	75
Z+ COMUNICACAO LTDA	70	70
HVS PARTICIPACOES LTDA	100	100
LATTITUD BRAZIL COMMUNIÇAO LTDA	99	99
CHILE		
FUEL PUBLICIDAD LIMITADA	100	100
EURO RSCG SANTIAGO S.A.	100	100
FUEL CHILE S.A.	100	100
MEDIA PLANNING CHILE S.A.	100	100
MEDIA CONTACT CHILE S.A.	99	99
ARENA CHILE S.A.	80	99
MEDIA MEDIA CHILE S.A.	100	100
COLOMBIA		
EURO RSCG COLOMBIA S.A.	51	51
FUEL S.A.	51	51
SPOT S.A.	100	100
EURO RSCG GOMEZ CHICA S.A.	51	51
PARTNER MEDIA S.A.	51	51
MEDIA PLANNING GROUP S.A.	100	100
MEDIA CONTACT COLOMBIA S.A.	100	100

	% Holding	% Control
MEDIA ADVISORS LTDA	80	100
ARENA COMMUNICATION COLOMBIA SA	76	95
MEXICO		
EURO RSCG BEKER SA DE CV	92	92
PERSONNEL SUPPORT SA DE CV	100	100
LSSI LATIN SERVICES SUPPORT INTEGRATION SA DE CV	100	100
EURO RSCG 4D SA DE CV	100	100
GRUPO VALE EURO RSCG SA DE CV	73	73
ESTRATEGIAS EURO RSCG SA DE CV	73	100
BEST VALUE MEDIA SA DE CV	73	100
ADMINISTRADORA 2000 SA DE CV	73	100
J.V. VALE SA DE CV	73	100
VALE BATES SA DE CV	73	100
MEDIA PLANNING SA DE CV	95	95
HAVAS MEDIA SERVICES SA DE CV	93	98
MEDIA CONTACTS SA DE CV	100	100
ARENA COMMUNICATION SA DE CV	80	100
HAVAS SPORTS SA DE CV	98	98
HAVAS MEDIA REGIONES SA DE CV	94	100
PERU		
HAVAS MEDIA PERU SAC	100	100
VENEZUELA		
MEDIA PLANNING GROUP SA DE CV	100	100
PUERTO RICO		
EURO RSCG, INC (PUERTO RICO)	100	100
URUGUAY		
VICEVERSA EURO RSCG S.A.	96	96
LA ESTACA S.A.	96	96
VICEVERSA EURO RSCG INTERNATIONAL S.A.	96	96
EURO RSCG INTERNATIONAL S.A.	100	100
FUEL URUGUAY S.A.	96	96
LITTLE TECHNO S.A.	96	96
AFRICA		
NORTH AFRICA		
HAVAS TUNISIE	49	49
SOUTH AFRICA		
EURO RSCG SOUTH AFRICA (PTY) LTD.	100	100
4D EURO RSCG SOUTH AFRICA	52	90
HAVAS SPORTS SOUTH AFRICA	100	100

5.2.32. Auditors' fees recognized by the Group

	Constantin Associés[1]				AEG Finances				Other				Total			
	Amount *(in euro million)*		%		Amount *(in euro million)*		%		Amount *(in euro million)*		%		Amount *(in euro million)*		%	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
Audit																
Auditing, certification, review of individual and consolidated accounts																
• Issuer	0.4	0.4			0.4	0.4							0.8	0.8		
• Fully consolidated subsidiaries	3.1	2.9			0.1	0.1			0.7	0.8			3.9	3.8		
Additional assignment																
• Issuer	0.1												0.1			
• Fully consolidated subsidiaries	0.2	0.1											0.2	0.1		
Sub-total	**3.8**	**3.4**	**95%**	**94%**	**0.5**	**0.5**	**100%**	**100%**	**0.7**	**0.8**	**78%**	**80%**	**5.0**	**4.7**	**93%**	**92%**
Other services																
Legal, tax, employment related matters	0.1	0.1							0.2	0.1			0.3	0.2		
Other	0.1	0.1								0.1			0.1	0.2		
Sub-total	**0.2**	**0.2**	**5%**	**6%**					**0.2**	**0.2**	**22%**	**20%**	**0.4**	**0.4**	**7%**	**8%**
Total	**4.0**	**3.6**	**100%**	**100%**	**0.5**	**0.5**	**100%**	**100%**	**0.9**	**1.0**	**100%**	**100%**	**5.4**	**5.1**	**100%**	**100%**

(1) Constantin Associés et Deloitte & Associés were appointed by the Shareholders at their meeting on June 12, 2006 for a six-year period expiring at the Shareholders' Meeting for approval of the financial statements as at December 31, 2011. Further to their combination in 2007, AEG Finances was then appointed to replace Deloitte & Associés.

5.2.33. Events after the balance sheet date

The change in Havas management as announced by press release on March 8, 2011 is the following:

"During today's Board of Directors meeting Mr. Fernando Rodés expressed his desire to give a new direction to his personal and family entrepreneurial activities. He will remain associated in the development of the Group in the Iberian area and Latin America. He has therefore submitted his resignation as CEO of Havas and as a member of the Board of Directors.

The Board thanked Mr. Rodés for all that he has achieved at the head of the Group over the past five years during which Havas returned to a healthy financial structure and renewed stability. The Board is pleased to know that Havas can continue to count on his expertise in the future and has named him Vice Chairman.

To replace Fernando Rodés, the Board of Directors decided to appoint David Jones as the new Chief Executive Officer of Havas, Hervé Philippe remaining *Directeur Général Délégué*.

Alfonso Rodés was named Deputy Chief Executive Officer and will remain CEO of Havas Media.

Yannick Bolloré and Stéphane Fouks were named Vice Presidents of the Group."

20.4. Statutory Auditors' report on the consolidated financial statements

For the year ended December 31, 2010

This is a free translation into English of the Statutory Auditors' report on the consolidated financial statements issued in the French language and is provided solely for the convenience of English speaking users.

The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes explanatory paragraphs discussing the Auditors' assessments of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.

This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended December 31, 2010, on:

- the audit of the accompanying consolidated financial statements of Havas;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as of 31 december 2010 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion above, we draw your attention to developments in accounting policies expressed in note 5.1.4.1 "Changes in accounting policies" from the Notes to the consolidated financial statements.

II. Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code (Code de Commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- As stated in note 5.1.4.3 "Estimates" from the Notes to consolidated financial statements, Management of your Company is bound to make estimates and assumptions that affect the amounts reported in its financial statements and the notes which accompany them. This note specifies that the final results may differ materially from these estimates, assumptions or situations. As part of our audit of the consolidated financial statements at 31 December 2010, we considered that the goodwill and deferred tax assets are based on significant accounting estimates.
- Your Company has the assets of its balance of goodwill net of €1,494 million, as described in note 5.2.2 "Goodwill" from the Notes to consolidated financial statements. Your Company makes the comparison of the carrying value of goodwill to their recoverable amount, determined using the methodology described in note 5.1.4.13 "Impairment of intangible and tangible" from the Notes to consolidated financial statements.
- Your Company has an asset from its balance sheet net of deferred tax assets of €78 million, as described in notes 5.1.4.20 and 5.2.18 from the Notes to consolidated financial statements. Your Compagny recognizes deferred tax assets when their recovery is considered likely as the note 5.1.4.20 "Deferred tax" from the Notes to consolidated financial statements indicates.

In accordance with the professional standards applicable to estimates and on the basis of information currently available, we examined the procedures and methods employed in arriving at these estimates and assessed the reasonable nature of the forecasted data and assumptions on which they are based.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

As required by law, we have also verified in accordance with professional standards applicable in France the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris and Neuilly-sur-Seine, on April 4, 2011

The Statutory Auditors

AEG FINANCES	CONSTANTIN ASSOCIÉS
Jean-François BALOTEAUD	Jean Paul SÉGURET

20.5.

Statutory accounts for the year ended December 31, 2010

BALANCE SHEET FOR THE YEAR ENDED DECEMBER 31, 2010

Assets

(in euro thousand)	Notes	2010 Gross	2010 Amortization, depreciation and provisions	2010 Net	2009 Net	2008 Net
Intangible fixed assets		**563,382**	**1,345**	**562,037**	**562,113**	**562,176**
Tangible fixed assets						
Land						
Buildings		17,590	13,888	3,702	5,459	7,211
Equipment		36	26	10	13	17
Other		6,068	5,173	895	1,493	1,863
Sub-total		**23,694**	**19,087**	**4,607**	**6,965**	**9,091**
Investments(1)						
Investments in subsidiaries and affiliates	1 to 3	1,638,083	108,959	1,529,124	1,519,388	1,452,717
Receivables from related entities	1 to 4	590,813	53,360	537,453	580,338	555,419
Other long-term investments	1 to 4	18		18	18	18
Loans	1 to 4	1,807		1,807	495	512
Other	1 to 4	708	26	682	3,083	24,208
Sub-total		**2,231,429**	**162,345**	**2,069,084**	**2,103,322**	**2,032,874**
Total fixed assets		**2,818,505**	**182,777**	**2,635,728**	**2,672,400**	**2,604,140**
Advances to suppliers		**106**		**106**	**48**	**30**
Accounts receivable(2)						
Trade receivables		22,167		22,167	13,736	8,069
Other receivables		1,441		1,441	3,397	4,033
Sub-total	5	**23,714**	**0**	**23,714**	**17,181**	**12,132**
Other current assets(2)	5	**29,901**		**29,901**	**19,909**	**34,103**
Marketable securities	6	**387,158**		**387,158**	**631,853**	**571,904**
Cash	7	**349,694**		**349,694**	**42,392**	**72,132**
Prepaid expenses	8	**2,635**		**2,635**	**2,987**	**3,387**
Total current assets		**793,102**	**0**	**793,102**	**714,322**	**693,658**
Deferred charges	8	**2,519**		**2,519**	**3,403**	**3,114**
Currency translation adjustments		**107**		**107**	**117**	**138**
Total assets		**3,614,233**	**182,777**	**3,431,456**	**3,390,242**	**3,301,050**
(1) Due within one year		532,419		532,419	583,835	423,802
(2) Due beyond one year		-	-	-	12	12

Liabilities

(in euro thousand)	Notes	2010	2009	2008
		Before appropriation		
Share capital		**172,209**	**171,949**	**171,948**
Share premium account		**1,467,576**	**1,466,152**	**1,466,143**
Reserves				
Legal reserves		17,195	17,195	17,194
Other reserves		333,484	295,843	258,466
Sub-total		**350,679**	**313,038**	**275,660**
Retained earnings				
Net income		**54,288**	**72,073**	**54,573**
Regulatory provisions		**366**	**154**	**202**
Total shareholders' equity	9	**2,045,118**	**2,023,366**	**1,968,526**
Provisions for risks		**9,541**	**11,468**	**10,530**
Provisions for expenses		**4,430**	**4,777**	**4,735**
Total provisions for risks and expenses	10	**13,971**	**16,245**	**15,265**
Financial liabilities				
Convertible bonds				438,683
Other bonds		720,000	720,000	370,000
Bank borrowings(4)		38,024	43,496	41,937
Other borrowings and financial liabilities		538,999	514,479	395,870
Sub-total	11	**1,297,023**	**1,277,975**	**1,246,490**
Advances from customers			**6**	
Current liabilities				
Trade payables		10,049	17,176	18,820
Tax and social security liabilities		47,187	46,516	45,436
Liabilities on fixed assets		10,344	1,123	3,975
Other liabilities		7,052	7,715	2,465
Sub-total	11	**74,632**	**72,536**	**70,696**
Total liabilities(3)	11	**1,371,655**	**1,350,511**	**1,317,185**
Deferred income		**318**	**46**	**0**
Currency translation adjustments		**394**	**74**	**73**
Total liabilities and equity		**3,431,456**	**3,390,242**	**3,301,050**
(3) Due within one year		733,315	630,320	944,081
Due beyond one year		638,340	720,191	373,104
(4) Including bank overdrafts		17	489	1,786

INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2010

(in euro thousand)	Notes	2010	2009	2008
Revenue	13	**29,939**	**19,469**	**24,291**
Cost of sales		(4,408)	(9,777)	(12,366)
Gross income		**25,531**	**9,692**	**11,925**
Other operating income	14	**23,783**	**26,034**	**27,040**
General expenses		(17,106)	(23,585)	(25,096)
Tax		(2,676)	(2,510)	(2,555)
Compensation		(22,236)	(20,932)	(23,789)
Amortization and provisions		(3,226)	(3,237)	(5,068)
Other expenses		(374)	(155)	(252)
Total other operating expenses		**(45,618)**	**(50,419)**	**(56,760)**
I. Operating income		**3,696**	**(14,693)**	**(17,795)**
Share of profit/(loss) on joint ventures				
Profit	15	1,409	246	53
Loss				
Dividends[1]		86,161	99,578	70,804
Interest income on other investments		31	17	110
Other interest income[1]		6,491	1,435	16,310
Reversals of provisions on investments and other financial assets		1,723	276	16,596
Exchange rate gains		26,046	15,184	229
Net profit on disposals of marketable securities		2,475	1,725	4,337
Total financial income		**122,927**	**118,215**	**108,386**
Amortization and provisions		(16,369)	(11,038)	(3,474)
Interest and expenses[2]		(35,973)	(21,319)	(49,371)
Exchange rate losses		(26,223)	(15,060)	(246)
Net expenses on disposals of marketable securities				
Total financial expenses		**(78,566)**	**(47,418)**	**(53,091)**
II. Net financial income	16	**44,361**	**70,797**	**55,295**
III. Income before non-operating items and tax		**49,466**	**56,350**	**37,553**
Non-operating income on management operations		15	272	22
Non-operating income on capital operations		1	2,851	608
Reversals of non-operating provisions and expense transfers		10,482	3,392	11,477
Total non-operating income		**10,498**	**6,515**	**12,107**
Non-operating expenses on management operations		(5,140)	(29)	(5,311)
Non-operating expenses on capital operations		(5,720)	(1,938)	(4,960)
Amortizations and provisions		(6,375)	(4,104)	(3,024)
Total non-operating expenses		**(17,235)**	**(6,071)**	**(13,295)**
IV. Net non-operating income	17	**(6,737)**	**444**	**(1,188)**
Employee profit-sharing		(488)	(517)	(47)
Income tax	18	12,047	15,796	18,255
Net income/(loss)		**54,288**	**72,073**	**54,573**
(1) Including income relating to related entities		86,492	100,092	72,397
(2) Including interest relating to related entities		4,215	4,795	12,232

STATEMENT OF CASH FLOWS

(in euro thousand)	**2010**	2009	2008
Operating activities			
Net income	54,288	72,073	54,573
Elimination of non-cash items			
+ Amortization and provisions (net)	13,231	14,710	(16,617)
- Gains/(losses) on disposal of fixed assets	5,614	(1,212)	4,082
Operating cash flow	**73,133**	**85,571**	**42,038**
Changes in cash on operating activities(1)	(14,652)	1,543	44,844
Net cash provided/(used by) operating activities	**58,481**	**87,114**	**86,882**
Investing activities			
Purchase of fixed assets			
Intangible and tangible	(67)	(284)	(2,936)
Investments(2)	(29,052)	(103,978)	(13,451)
Sub-total	**(29,119)**	**(104,262)**	**(16,387)**
Proceeds from sales of fixed assets			
Intangible and tangible			
Investments(3)	45,628	23,993	2,734
Sub-total	**45,628**	**23,993**	**2,734**
Changes in debts on fixed assets(4)	9,221	(2,843)	47
Changes in receivables from disposals of fixed assets	(122)	(58)	
Deferred charges			(1,521)
Cash flow of companies absorbed			245
Net cash provided/(used) by investing activities	**25,608**	**(83,170)**	**(14,882)**
Financing activities			
Dividends paid	(34,432)	(17,195)	(17,195)
Share capital increases	1,684	10	56
Changes in debt(5)	11,738	44,747	259,706
Net cash provided/(used) by financing activities	**(21,010)**	**27,562**	**242,567**
Change in cash flow for the period	63,079	31,506	314,567
Net cash at opening	673,756	642,250	327,683
Net cash at closing	**736,835**	**673,756**	**642,250**

The main changes in line items in the statement of cash flows relate to:

(1) 2008 financial period: Reimbursement by the tax authorities of the equalization tax *(précompte)* for the 2000 to 2002 financial periods for €33,540 thousand.

2010 financial period: The change in WCR is due mainly to Havas SA's review of its procedures in terms of holding company costs and royalties on trademarks, which resulted in a material change in both the "Trade payables" line item and in the "Trade receivables" line item. The latter was accentuated by late billing of royalties on trademarks and holding company costs.

(2) 2009 financial period:
- Acquisition of securities created on the exercise by beneficiaries of the Euro RSCG share subscription plan.
- Subscriptions to capital increases and loans to subsidiaries for €35 million.

2010 financial period:
- Subscriptions to the capital of companies in France and Asia.
- Acquisition of a company in Asia.
- Recognition of earn-out commitments.

(3) 2009 financial period: Reimbursement of deposits paid in 2008.

2010 financial period: Reimbursement of a loan by one of our subsidiaries.

(4) 2010 financial period: Change in payments under earn-out clauses on investments in subsidiaries and affiliates (see note 7 below).

(5) 2008 financial period:
Main increases:
- Issue of the second tranche of the OBSAAR for €100 million;
- Utilization of a credit line for €40 million;
- Cash provided to Havas by subsidiaries in the cash pooling arrangement for €131 million.

Main reduction:
- Repayment of the OCEANE 2002 for €11 million.

2009 financial period:
- Issue on November 4, 2009 of a bond for €350 million;
- Issue of commercial paper for €40 million;
- Increase in cash provided to Havas by subsidiaries in the cash pooling arrangement for €149 million;
- Repayment at January 2, 2009 of the OCEANE bond for €456 million including interest;
- Repayment at the start of the period of a credit line used in 2008 for €40 million.

NOTES TO THE STATUTORY ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2010

All amounts in these notes are in €000 (thousand) unless otherwise stated.

1. Significant events of the period

In accordance with the French Finance Act 2009 requiring companies to produce standardized documentation to justify intra-Group transfer pricing, Havas reviewed all its processes in terms of holding company costs and royalties on trademarks. Havas bills subsidiaries for their use of its proprietary trademarks. Holding company costs are charged back on a basis of apportionment determined according to the nature of the costs.

2. Accounting principles, rules and methods

The statutory accounts are drawn up and presented in accordance with the accounting principles, standards and methods set forth in the 1999 National Accounting Plan *(Plan Comptable Général)* under regulation 99-03 of the Accounting Regulation Committee *(Comité de la Réglementation Comptable)*, and with the subsequent recommendation of the French Accounting Standard Authority (ANC).

Year on year comparability of the statutory accounts

The 2010 statutory accounts were drawn up according to the same rules and principles as the 2009 statutory accounts.

Intangible and tangible fixed assets

The costs of trademark registration and renewal are recognized as expenses.

Intangible and tangible fixed assets are valued at their acquisition cost and amortized or depreciated over their normal useful life (with the exception of trademarks and goodwill, which are not amortized).

The technical loss arising on the complete transfer of assets and liabilities (TUP) from Havas International to Havas SA represents neither actual losses nor exceptional distributions by the subsidiary. It corresponds rather to the intrinsic value of the assets transferred and was thus recognized as an intangible asset.

The net assets transferred from Havas International to Havas SA consist mainly of a portfolio of shareholdings in sub-groups of operational companies in Havas Group international networks.

The technical loss was allocated to transferred securities representing a significant unrealized capital loss as compared to the estimated commercial value of each of the lines of securities.

The periods of depreciation generally used are as follows:

Fixed assets	Depreciation period
Intangible:	
• Software	1 to 4 years
Tangible:	
• Buildings on non-owned land	9 years
• Building fittings	5 to 9 years
• Plant & equipment	3 to 10 years
• Other	
- IT hardware	3 to 5 years
- furniture	7 to 10 years
- fixtures and fittings	10 years

Investments

Investments in subsidiaries and affiliates are stated at historical cost. Transaction costs are recognized directly as expenses, in accordance with the option provided by article 321-10 of the National Accounting Code *(Plan Comptable Général)*.

When the Group acquires companies, contingent additional payment clauses (earn-out) are usually provided in the agreements. Any payments due under the earn-out clause are added to the carrying value of the shares and a debt of the same amount is recorded in liabilities when the payments are considered probable and their amount can be reliably estimated. Estimated obligations are reviewed and adjusted at each closing by applying the contractual formula to the latest available financial data.

Accounts receivable in foreign currencies are revalued at their closing rate at the end of each financial period. Exchange rate hedges are used on a case-by-case basis to reduce exposure to exchange rate risk.

At each closing, an impairment test is carried out:

- on the total consisting of the net carrying amount of certain shareholdings plus a proportion of the technical loss allocated to these securities compared to the value in use of the underlying assets;
- on the net carrying amount of the other securities compared to their value in use.

This is determined either by the discounted future cash flows method or by a multiple of EBIT (earnings before interest and tax). A provision is recognized when the value in use is less than the carrying amount.

Accounts receivable

Receivables are accounted for at their nominal value. An impairment charge is recorded if the inventory value is less than the carrying value.

Marketable securities

Marketable securities consist primarily of sight deposits and risk-free short-term monetary investments.

Interest and exchange risk management

The financial instruments used by the Group exclusively to manage its exposure to interest rate and exchange rate risk are negotiated with leading financial institutions. These instruments include interest rate swap agreements and currency forward contracts.

Financial instruments intended as hedging for assets or liabilities are accounted for symmetrically and in the same period as the transaction hedged. Where necessary, unhedged positions are valued at mark to market.

Bond issue costs

Bond issue costs consist mainly of fees incurred on the operation with financial intermediaries and external service providers.

Costs relating to the OBSAARs are recognized as deferred charges and are amortized in accordance with the bond repayment terms.

Provisions for risks and expenses

A provision is recognized when, as a result of a past event, Havas has a legal and constructive obligation and it is probable that an outflow of economic resources, which can be estimated reliably, will be required to settle the obligation. The amount recognized as a provision represents the best estimate of the expenditure to settle the present obligation at the balance sheet date. Provisions recognized in the statutory accounts relate mainly to litigations with third parties.

Obligations in respect of pension and post-employment benefits are provisioned for all employees on the payroll at December 31 aged over 40 and with five years' service, as stipulated in the "convention collective" collective agreement, and are shown as "Provisions for expenses".

Havas did not opt for recognition of pension commitments and similar benefits in accordance with the CNC recommendation No. 2003-01 of April 1, 2003: the corresponding information is presented in note 10 "Provisions for risks and expenses".

Amounts in excess of the provision recognized are included in the off balance sheet commitments.

Cash pooling

Funds advanced by Havas to companies as part of the cash pooling arrangement are accounted for under "Other receivables", while sums lent to Havas are accounted for under "Other borrowings and financial liabilities".

Tax

Havas, the company which heads the fiscal integration of companies subject to tax in France, recognizes as tax income the gains realized on fiscal integration, which are calculated as the difference between the tax it receives from subsidiaries reporting profits and the tax for which it is liable in respect of overall taxable income.

Subsidiaries withdrawing from fiscal integration are not indemnified for the tax corresponding to tax losses used by the parent and no corresponding provision is therefore recognized by the parent.

Consolidation

Havas SA is the consolidating company of the Havas Group.

3. Notes on the balance sheet

Fixed assets

Note 1: Gross fixed assets

Change in gross fixed assets

	Value at start of period	Increases	Reductions	Value at end of period
Intangible fixed assets	563,830	49	497	563,382
Tangible fixed assets	24,250	19	575	23,694
Investments				
• Investments in subsidiaries and affiliates	1,617,063	26,643	5,623	1,638,083
• Accounts receivable	632,862	35,191	77,240	590,813
• Other	3,696	2,417	3,580	2,533
Total gross fixed assets	**2,841,701**	**64,319**	**87,515**	**2,818,505**

Intangible and tangible fixed assets

Intangible fixed assets consist mainly of goodwill recognized on the acquisition of RSCG, as well as the Havas trademark and the technical loss on the complete transfer of assets and liabilities (TUP) from Havas International to Havas SA on December 4, 2008 for €541 million.

Investments

Investments in subsidiaries and affiliates
Most of the increase in the line item is due to subscriptions to the capital of companies in France and Asia and to the acquisition of a majority shareholding in a subsidiary in Asia.

The "Reductions" line item reflects disposals of non-strategic shareholdings or the repositioning of subsidiaries in order to simplify the group's legal structure.

Accounts receivable
Movements in accounts receivable consist for the most part of advances to subsidiaries and reimbursements of loans made by subsidiaries over the financial period.

Note 2: Fixed asset amortization and depreciation

Change in amortization and depreciation

	Value at start of period	Increases	Reductions	Value at end of period
Intangible fixed assets	1,717	125	497	1,345
Tangible fixed assets	17,285	2,377	575	19,087
Investments				
• Investments in subsidiaries and affiliates	97,675	15,126	3,842	108,959
• Accounts receivable	52,524	928	92	53,360
• Other	100		74	26
Total amortization and provisions	**169,301**	**18,556**	**5,080**	**182,777**

Amortization of investments

Investments in subsidiaries and affiliates

At December 31, 2010, amortization of investments in subsidiaries and affiliates was €108,959 thousand compared with €97,675 thousand at December 31, 2009.

Allowances of €15,126 thousand recognized in 2010 are a result of the reduction of the value in use of certain of our shareholdings.

Accounts receivable

At December 31, 2010, the depreciation allowance on accounts receivable of €53,360 thousand concerns mainly current accounts with companies no longer operational.

Note 3: Subsidiaries and investments at December 31, 2010

(in euro thousand)	Share capital	Shareholders' equity excluding share capital	Ownership%	Gross book value	Net book value	Outstanding loans to subsidiaries	Guarantees given to subsidiaries	Net revenues	Net income	Dividends received	Siren number
I – Detailed information relating to subsidiaries whose gross book value exceeds 1% of Havas' share capital.											
A – Subsidiaries											
French subsidiaries											
LEG	98	1,535	100.00%	3,218	3,218		212	21,113	1,509	1,553	440 988 343
EURO RSCG SA	6,125	109,426	100.00%	154,567	154,567			3,673	14,547	26,029	340 961 424
EURO RSCG LIFE	703	(1,711)	99.99%	4,331	4,331			12,007	987		334 317 950
HA POLE RESSOURCES HUMAINES SA	137	7,486	92.84%	5,155	5,155			-	6		351 746 946
HAVAS SPORT ENTERTAINMENT	389	(1,100)	100.00%	17,454	17,454		1,794	22,013	(2,413)		413 743 741
HAVAS MEDIA France	5,261	1,586	100.00%	94,236	94,236			97,076	724	3,636	403 201 767
W&CIE SA	113	6,656	58.80%	7,873	7,873	1,155	143	18,298	2,008	1,000	414 344 770
HAVAS DIGITAL MEDIA	40	3,278	99.84%	38,000	38,000			10,589	(492)		431 607 670
H	1,532	24,247	96.29%	36,879	34,403			47,110	355		421 788 647
	14,398	**151,403**		**361,713**	**359,237**	**1,155**	**2,149**	**231,879**	**17,231**	**32,218**	
Foreign subsidiaries											
HAVAS MANAGEMENT ESPANA	2,570	83,622	100.00%	261,172	261,172	221,718		90,567	5,214	13,705	
EURO RSCG MIDDLE EAST FZ LLC	1,310	850	50.00%	7,129	7,129			5,839	1,880	1,593	
HAVAS WORLDWIDE SOUTH PACIFIC PTY LTD	13,223	(4,405)	99.94%	15,483	9,423			-	10		
EURO RSCG (S) PTE LTD	1,232	124	100.00%	4,473	4,473		1,167	7,402	105	550	
EURO RSCG PARTNERSHIP (TAIWAN) LTD	308	412	97.25%	5,594	4,865		1,285	10,026	211	214	
EURO RSCG PARTNERSHIP (HONG KONG) LTD	12,699	(2,813)	100.00%	13,796	9,748		7,289	18,966	669		
PORDA INTERNATIONAL (FINANCE) PR, COMPANY LTD	1	2,949	51.00%	15,548	15,548			1,377	167		
EURO RSCG PARTNERSHIP (M) SDN BHD	2,705	(3,561)	93.77%	1,906	1,038		1,368	4,057	(112)		
EURO RSCG BRUSSELS S.A.	4,670	4,244	99,93%	11,549	11,549			24,850	(229)	1,476	
GO RSCG BV	6	0	100,00%	5,449	0			-	(2)	856	
EURO RSCG WORLDWIDE BV	54	2,363	100.00%	18,012	18,012	2,500		-	860		
EURO RSCG MILANO SRL	437	1,809	80.20%	9,016	9,016			16,241	1,468	1,524	
FUEL ITALIA SRL	10	213	100.00%	1,846	243			366	3		
EURO RSCG ISTANBUL AS	86	190	88.90%	2,387	2,387			3,990	(8)		
EURO RSCG COPENHAGUE A/S	201	491	100.00%	15,958	1,819			2,719	156	50	
EURO RSCG OY	4,060	(5,240)	100.00%	12,098	1,531	1,277		2,375	(957)		
EURO RSCG ISRAEL LTD	44	(856)	51.00%	4,441	3,394	606	844	1,670	(136)		
EURO RSCG BEKER SA DE CV	115	1,125	92.00%	2,925	2,925			4,247	397	339	
GRUPPO VALE EURO RSCG SA DE CV	1,006	3,268	73.00%	16,460	14,588		362	3,523	1,392	1,099	

(in euro thousand)	Share capital	Shareholders' equity excluding share capital	Ownership%	Gross book value	Net book value	Outstanding loans to subsidiaries	Guarantees given to subsidiaries	Net revenues	Net income	Dividends received	Siren number
LSSI LATIN SERVICES SUPPORT INTEGRATION SA DE CV	3	261	100.00%	2,252	2			-	115	140	
VICEVERSA EURO RSCG S.A.	344	(192)	96.00%	3,614	1,228			725	(23)		
EURO RSCG, INC (Puerto Rico)	897	(1,947)	100.00%	14,295	892			4,148	(1,342)		
EURO RSCG BRAZIL COMMUNICACOES LTDA	10,496	521	100.00%	9,849	9,849		902	134,601	6,201		
HAVAS MEDIA PERU SAC	745	541	100.00%	2,005	779			4,034	632		
FUEL PUBLICIDADE LIMITADA	4,721	(2,463)	100.00%	4,461	4,461			-	122		
EURO RSCG VIENNA GMBH	76	634	91.70%	6,446	6,446	500	1,000	9,768	429		
HAVAS HOLDING DEUTSCHLAND GMBH	1,561	24,652	100.00%	24,321	24,187		8,000	0	5,224		
HHP SP.ZO. O	1,535	2,839	100.00%	20,410	20,410			2,356	2,711	1,975	
EURO RSCG ABC GMBH	716	11,155	100.00%	16,666	13,291			974	598		
HAVAS UK LIMITED	264,520	238,020	100.00%	603,083	603,083		51,768	-	(770)		
	330,351	**358,806**		**1,132,644**	**1,063,488**	**226,601**	**73,985**	**354,821**	**24,985**	**23,521**	
B – INVESTMENTS											
Foreign companies											
HAVAS HOLDING LIMITED	509,114	(8,477)	23.41%	119,206	89,903	291,458		-	49,270		
EURAD AG	240	1,578	41.67%	3,403	3,403			15,145	1,138	390	
Foreign companies	**509,354**	**(6,899)**		**122,609**	**93,306**	**291,458**	**0**	**15,145**	**50,408**	**390**	
II – Global figures relating to other subsidiaries and investments											
A – Subsidiaries											
French companies				**4,422**	**4,107**	**12,524**				**3,430**	
Foreign companies				**14,711**	**7,811**	**35,933**	**5,798**			**1,127**	
B – Investments											
French companies				**444**	**444**					**31**	
Foreign companies				**1,540**	**730**	**7,172**	**3,585**			**118**	
III – Global figures relating to all subsidiaries and investments (I + II)											
French subsidiaries				**366,135**	**363,344**	**13,679**	**2,149**			**35,648**	
Foreign subsidiaries				**1,147,355**	**1,071,299**	**262,534**	**79,783**			**24,648**	
Investments in French companies				**444**	**444**	**0**	**0**			**31**	
Investments in foreign companies				**124,149**	**94,036**	**298,630**	**3,585**			**508**	
Total				**1,638,083**	**1,529,123**	**574,843**	**85,517**			**60,835**	

Note 4: Maturity of financial assets at December 31, 2010

	Gross amount	Due within 1 year	Due in over 1 year
Receivables from related entities	590,813	532,418	58,395
Loans	1,807	1	1,806
Other financial assets	726		726
Total	**593,346**	**532,419**	**60,927**

Current assets

Note 5: Maturity of receivables at December 31, 2010

	Gross amount	Due within one year	Due in over 1 year	Including income receivable
Accounts receivable	22,167	22,167		411
Other receivables	1,441	1,441		864
Other	29,901	29,901		2,894
Total	**53,509**	**53,509**	**0**	**4,170**

The "Other receivables" line item consists mainly of the sum of €21,793 thousand lent by Havas SA to subsidiaries as part of the cash pooling arrangement.

Note 6: Marketable securities

The "marketable securities" line item consists of risk-free short-term monetary investments (standard monetary SICAV mutual funds and certificates of deposit) whose carrying value corresponds to their fair value.

Note 7: Cash

This line item consists of sight deposits of €148,067 thousand, mainly on interest-bearing current accounts, and time deposits for a total of €201,001 thousand with leading banks, for periods not exceeding 3 months.

Note 8: Prepaid and deferred charges

Prepaid charges of €2,635 thousand consist mainly of rents.

Deferred charges consist mainly of costs associated with the issue of the 2006/2013 OBSAAR of €819 thousand and those associated with the 2008/2015 OBSAAR of €768 thousand, as well as the bond repayment premium of €802 thousand relating to bonds issued in November 2009.

Liabilities

Note 9: Change in shareholders' equity

	Value at start of period	2009 net income allocation	Capital increase	Dividends	Other	Value at end of period
Capital	171,949		260			172,209
Share premium account	864,930		1,424			866,354
Conversion premium	275,064					275,064
Merger & acquisition	326,158					326,158
Legal reserve	17,195					17,195
Other reserves	295,843	72,073		(34,432)		333,484
Retained earnings	0					
Net income	72,073	(72,073)			54,288	54,288
Regulated provisions	154				212	366
Total shareholders' equity	**2,023,366**	**0**	**1,684**	**(34,432)**	**54,500**	**2,045,118**

At December 31, 2010, the shareholders' equity was made up of 430,522,736 shares with a nominal value of €0.40.

- Capital increases resulted from the exercise of 649,146 subscription options.
- The net dividend of €0.08 per share paid on May 18, 2010 for €34,432 thousand was accounted for under the "Other reserves" line item.

At December 31, 2010, the potential number of Havas shares to be created stood at:

	Period	Number	Unit subscription price in euros	Potential number of shares to be issued
Share subscription options	**from 2010 to 2014**	30,843,576	from 2.37 to 4.35	30,843,576
BSAAR 2006	**from 12/01/2010 to 12/01/2013**	36,085,716	NA	36,085,716
BSAAR 2008	from 02/08/2012 to 02/08/2019	13,157,214	NA	13,157,214
Total potential shares				**80,086,506**

Note 10: Change in provisions for risks and expenses

Positions and line item movements	Provisions at start of period	Increases: allowances for the period	Reductions, recoveries: Amounts utilized during the period	Reductions, recoveries: Amounts not utilized and recovered during the period	Provisions at end of period
Provisions for risks:					
• Provision for exchange rate losses	117	107	117		107
• Other provisions for risks	11,351	6,117	7,821	213	9,434
Sub-total	**11,468**	**6,224**	**7,938**	**213**	**9,541**
Provisions for expenses:					
• Provision for pensions, post-employment benefits	4,777			347	4,430
Sub-total	**4,777**	**0**	**0**	**347**	**4,430**
Total	**16,245**	**6,224**	**7,938**	**560**	**13,971**

Provisions for risks

Changes in provisions for risks relate primarily to litigations still in progress with former Group executives, to certain costs linked to internal reorganizations and to commercial risks.

Provisions for expenses

Obligations in respect of pension and post-employment benefits are fully provisioned for all employees on the payroll at December 31 aged over 40 and with five years' service, as stipulated in the "convention collective" collective agreement for the advertising industry, without taking into account actuarial assumptions, and represent an amount of €4,430 thousand at December 31, 2010, recognized under "Provisions for expenses". A write back of €348 thousand was recognized in the 2010 financial year.

The amount of pension and other mutualized post-employment benefit commitments, established in accordance with CNC recommendation No. 2003-R.01 of April 1, 2003, was valued by an actuary external to the Group using the projected credit unit method calculated on an individual basis and taking into account assumptions of turnover and rate of compensation increase. Using this method, the provision would have been €7,504 thousand. The difference between this amount and the provision recognized, the sum of €3,074 thousand, was included in the off balance sheet commitments.

In 2006, Havas granted a loyalty bonus to a Director, which is due if the Group requests that he retire prior to December 31, 2012. The bonus payable decreases over time. Total expense could amount to approximately €1,400 thousand if it became payable in 2011. The Group considers the payment to be improbable prior to December 31, 2012. Therefore, no provision has been recognized in the accounts as at December 31, 2010.

Note 11: Financial liabilities

Change in financial liabilities

	Value at start of period	Increases	Reductions	Value at end of period
Other bonds	-			-
• OBSAAR	370,000			370,000
• Bond issue of 11/2009	350,000			350,000
Bank borrowings	43,496	38,006	43,478	38,024
Other borrowings and financial liabilities	514,479	24,776	256	538,999
Total	**1,277,975**	**62,782**	**43,734**	**1,297,023**

Other bonds

On November 4, 2009, Havas issued a bond for €350.0 million intended to diversify its sources of financing, increase the average maturity of its debt and acquire the means to pursue its growth. The characteristics of the bond are as follows:

Characteristics	Bond issue of November 4, 2009/November 4, 2014
Listed	Luxembourg stock market
ISIN code	FR0010820217
Principal amount at issuance	€350 million
Number of bonds issued	7,000 registered and dematerialized bonds with a unit nominal value of €50,000
Issue price	99.702% for a total amount of €349.0 million
Redemption value(1)	Nominal value
Effective date	November 4, 2009
Duration	5 years
Annual coupon rate	5.5% per annum, interest paid annually in arrears on November 4
Maturity	Repayment in fine on November 4, 2014
Number of outstanding bonds as at 12/31/09	7,000
Number of outstanding bonds as at 12/31/10	7,000

(1) An early redemption clause is applicable in the event of a change of control at Havas.

The net proceeds from the issue were €347,207 thousand.

At the same time, Havas SA entered into an interest swap agreement to switch a fixed rate of 5.50% against a floating rate indexed to 3 month Euribor + 3.433% over 3 years.

OBSAAR

The table below summarizes the characteristics of the two lines of bonds with associated callable subscription and/or acquisition warrants (OBSAARs) issued in February 2008 and December 2006:

Characteristics	OBSAAR February 2008	OBSAAR December 2006
BSAAR ISIN code		FR0010355644
Principal amount of issuance	€100 million	€270 million
Number of bonds issued	10,000 registered bonds, transferrable with HAVAS' consent. Each bond contains 1,500 BSAARs immediately detachable.	27,000 registered bonds, transferrable by multiples of 6, with HAVAS' consent. Each bond contains 1,555 BSAARs immediately detachable.
Unit issue price	€10,000 at par	€10,000 at par
Effective date	February 8, 2008	December 1, 2006
Duration	7 years	7 years
Annual coupon date	3 month Euribor + 0.06% per annum, interest paid quarterly.	3 month Euribor - 0.02% per annum, interest paid quarterly.
Maturity	The bonds are amortized by equal or approximately equal tranches on February 8, 2013, 2014, and 2015 with redemption at par(2)(3).	The bonds are amortized by equal or approximately equal tranches on December 1, 2011, 2012, and 2013 with redemption at par(1)(2).
Number of outstanding bonds as at 12/31/09	10,000	27,000
Changes in 2010	0	0
Number of outstanding bonds as at 12/31/10	10,000	27,000

(1) At each "Interest payment date" except December 1, 2011, 2012 and 2013, Havas will be able to redeem early all or part of the outstanding bonds at par of €10,000 per bond, plus accrued interest.

(2) In the event of a change of control at Havas, Havas SA is obliged to redeem all of the outstanding bonds at par, plus accrued interest.

(3) At each "Interest payment date" except February 8, 2013 and 2014, Havas will be able to redeem early all or part of the outstanding bonds at par of €10,000 per bond, plus accrued interest.

In December 2006, Havas SA entered into a borrowing arrangement for €270.0 million with Banque Fédérative du Crédit Mutuel, Natixis and HSBC France, represented by bonds with associated callable subscription and/or acquisition warrants (OBSAARs) without preferential rights for the prospective listing of the BSAARs on the Eurolist of Euronext Paris S.A. stock exchange from December 1, 2010. At the beginning of 2007, the banks disposed of the associated BSAARs to managers and directors of Havas Group.

The issuance of bonds was fully subscribed by the following banks:

- CM-CIC for 12,500 bonds for an amount of €125.0 million;
- Natixis for 12,500 bonds for an amount of €125.0 million; and
- HSBC for 2,000 bonds for an amount of €20.0 million.

Net proceeds from the issuance of bonds amounted to €267.6 million.

On February 8, 2008, Havas SA entered into a borrowing arrangement for €100.0 million with Banque Fédérative du Crédit Mutuel, Natixis, Calyon, BNP Paribas and Société Générale, represented by bonds with associated callable subscription and/or acquisition warrants (OBSAARs) without preferential rights for the prospective listing of the BSAARs on the Eurolist of Euronext Paris S.A. stock exchange from February 8, 2012. The banks disposed of the associated BSAARs to managers and directors of Havas Group for a unit price of €0.34, the unit exercise price being €3.85. Each BSAAR will be entitled to one Havas SA existing or new share.

The issuance of bonds was fully subscribed by the following banks:

- Banque Fédérative du Crédit Mutuel for 2,500 bonds for an amount of €25.0 million;
- Natixis for 2,500 bonds for an amount of €25.0 million;
- Calyon for 2,000 bonds for an amount of €20.0 million;
- BNP Paribas for 1,500 bonds for an amount of €15.0 million; and
- Société Générale for 1,500 bonds for an amount of €15.0 million.

Net proceeds from the issuance of bonds amounted to €98.5 million.

The OBSAAR 2006 and 2008 are subject to financial covenants to be met at each year end closing as follows:

Financial covenants	
Adjusted EBITDA/Net interest expense	>3.5 : 1
Adjusted net debt/Adjusted EBITDA	<3.0 : 1

These financial covenants were met in 2010.

The definitions of the terms used are the following:

- "Adjusted EBITDA" means, on the basis of the Company's consolidated accounts as at December 31 of each year, income from operations plus intangible and tangible fixed asset depreciation and amortization, stock option charges and other compensation defined by IFRS 2.
- "Net interest expense" means, on the basis of the Company's consolidated accounts as at December 31 of each year, the total amount of financial expenses minus interest income, excluding net provision on financial assets and financial expenses in connection with the repurchase or the restructuring of the convertible bond lines;
- "Adjusted Net Debt" means, at a given date and on the basis of the Company's consolidated accounts, convertible bonds and other borrowings and financial liabilities (excluding convertible bonds to be redeemed in stock shares) minus cash and cash equivalents as disclosed in the Company's consolidated financial statements drawn up in compliance with IFRSs.

Bank borrowings

In the first half of 2009, Havas implemented a plan to issue commercial paper for a maximum total amount of €300.0 million. As at December 31, 2010, commercial paper was issued for €35.0 million, and matured on January 10, 2011.

Other financial liabilities also included interest accrued on bonds of €3 million.

Bilateral credit lines

The amount of €290 million in unused bilateral credit lines at December 31, 2010, will be reduced to €240 million at end 2011 and to €125 million at end 2012, until the maturity date at December 31, 2013.

Other borrowings and financial liabilities

The "Other borrowings and financial liabilities" line item consists mainly of loans of €538 million made to Havas by its subsidiaries.

Debt by maturity

	Amounts on balance sheeet	Due within 1 year	Due within 5 years	Due beyond 5 years	Including expense
Financial liabilities	1,297,023	666,517	630,506		3,496
Current liabilities	57,236	57,236			8,942
Other liabilities	17,396	9,562	7,834		733
Total liabilities	**1,371,655**	**733,315**	**638,340**	**0**	**13,171**

Tax litigations

1. Précompte

In 2003, Havas SA filed a suit claiming the repayment of the equalization tax (précompte) paid by the Company between 2000 and 2002, on the basis that the tax was not due on the redistribution of dividends from European sources.

In connection with this litigation between Havas SA and the French Government, the Administrative Court in 2008 ordered the French Government to repay €33,540 thousand to Havas SA, the amount corresponding to the equalization tax paid between 2000 and 2002, plus €8,545 thousand in interest.

The French Government has appealed against this decision. Consequently, the amounts received by Havas SA have been recorded on the balance sheet liabilities and recognized in neither the income statement nor equity.

At the end of 2010, the Administrative Court had not yet reached a decision.

2. Tax inspections

Further to the tax inspection, the French Tax Authority notified corrections to taxable results from 2002 to 2005 to Havas SA and Havas International, aiming to reduce the tax loss basis by about €500 million.

In February 2010, Havas SA filed a claim with the French Tax Authority challenging all the notified adjustments for itself and on behalf of Havas International, having succeeded to the rights and obligations of Havas International by virtue of the complete transfer of assets and liabilities (TUP) from Havas International to Havas SA on December 4, 2008. The Tax Authority rejected the claim in July 2010.

In September 2010, Havas SA submitted this decision to the Administrative Court of Montreuil in order to obtain its cancellation.

No decision had been reached by the end of 2010.

Relevant adjustments were on a portion of the Group's tax loss carried forward only. No provision for risk has been provided for in Havas financial statements.

Note 12: Exposure to market risk

Havas SA may engage in market transactions designed to manage and mitigate its exposure to exchange rate and interest rate risks.

Two interest rate swaps have been arranged:

- one to exchange the variable interest rate on the OBSAAR 2006 for a net fixed interest rate of 3.803% over the life of the OBSAAR;
- the other relating to the €350 million bond issue in 2009, switching from a fixed rate of 5.5% to a variable rate indexed to 3 month Euribor +3.433% over three years.

Exchange rate hedges have been put in place on advances in foreign currency made to subsidiaries and on financial liabilities to our foreign holding companies as part of the cash pooling agreement.

4. Notes on the income statement

Note 13: Revenue

2010 revenue consists mainly of services billed to subsidiaries and royalties on trademarks (see I – Significant events of the period).

Note 14: Other operating income

The "Other operating income" line item consists mainly of rent and rental charges billed for an amount of €11,438 thousand and expenses charged back to subsidiaries for an amount of €11,736 thousand.

Note 15: Share of profit/(loss) on joint ventures

This line item consists of the share in the results of partnerships.

Note 16: Net financial income

Financial expenses include mainly coupon payments on convertible bonds (OBSAARs) and accrued interest on the bond issue for an amount of €22,052 thousand, on the interest rate swap on the OBSAAR 2006 for €8,432 thousand, interest on the cash pooling arrangement for €4,216 thousand and provisions for the depreciation of financial investments for €15,126 thousand.

Financial income includes mainly dividends from subsidiaries for €59,426 thousand, interest on receivables from related entities for €26,736 thousand, investment income and interest received through the cash pooling arrangement for €4,696 thousand and the interest rate swap on the bond for €4,270 thousand.

Note 17: Non-operating income

The non-operating loss of €6,737 thousand is due mainly to:

- provision write backs relating to internal restructuring costs;
- allowances for commercial risks;
- net capital losses on the disposal of investments in subsidiaries and affiliates.

Write backs of impairments on investments in subsidiaries and affiliates disposed of are recognized in non-operating income for an amount of €2,327 thousand.

Note 18: Income tax

The tax income on fiscal integration for the 2010 financial year was €12,484 thousand.

5. Other information

Note 19: Elements concerning related entities

Line items	Amounts
Investments in subsidiaries and affiliates(1)	1,528,914
Receivables from related entities(1)	537,433
Accounts receivable	21,720
Other receivables	14,069
Other borrowings and financial liabilities	523,473
Accounts payable	1,839
Other debt	5,029
Income from equity interests	86,161
Other financial income	331
Financial expenses	4,215

(1) Net amounts.

Note 20: Increases and decreases in future tax liabilities

This note summarizes temporary differences and losses to be carried forward in existence at December 31, 2009 and at December 31, 2010, by tax basis and amount of tax:

	Opening	Deferred tax	Closing	Deferred tax	Changes in tax basis	Changes in deferred tax
Reductions						
• Provision for employee profit-sharing	517	178	488	168	(29)	(10)
• Provision for post-employment benefits	4,777	1,645	4,430	1,525	(347)	(119)
• Currency translation adjustments	544	187	2,397	825	1,853	638
• Other provisions not immediately deductible	10,530	3,625	11,852	4,081	1,322	455
• Other temporary reintegrations	1,680	578	0	0	(1,680)	(578)
• Tax loss carry forwards short term	1,220,183	420,109	1,144,677	394,112	(75,506)	(25,997)
Increases						
• Deduction of income on which taxation is deferred						
Total	**1,238,231**	**426,323**	**1,163,844**	**400,711**	**(74,387)**	**(25,611)**

The rate of corporate income tax used is 34.43%. This corresponds to the basic rate of 33.33%, plus a social contribution of 3.3%.

Note 21: Contractual obligations and off balance sheet commitments

Commitments given

Breakdown of off balance sheet commitments by maturity

(in euro thousand)		Due within 1 year	Due in 1 to 5 years	Due beyond 5 years
Operating leases	11,104	9,534	1,570	
Buy-out agreements(1)	25,904	6,573	9,150	10,181
Pension commitments (note 10)	3,074			3,074
MT/LT credit lines not utilized(2)	290,000		290,000	
Authorized bank overdrafts not utilized	76,218	76,218		
Total off balance sheet commitments	**406,300**	**92,325**	**300,720**	**13,255**

(1) The Company has entered into agreements with minority interests of consolidated companies granting them put options to be exercised at certain times in the future on market terms (buy-out agreements). Following the complete transfer of assets and liabilities from Havas International to Havas, the latter has assumed all the former's buy-out commitments.

(2) The amount of €290 million in bilateral credit lines at December 31, 2010, will be reduced to €240 million at end 2011 and to €125 million at end 2012, until the maturity date at December 31, 2013.

Breakdown of contractual obligations recognized on the balance sheet by maturity:

(in euro thousand)		Due within 1 year	Due in 1 to 5 years	Due beyond 5 years
Other bonds	720,000	90,000	630,000	
"Earn-out" commitments	10,211	2,377	7,834	
Total contractual obligations recognized in the balance sheet	**730,211**	**92,377**	**637,834**	**0**

Securities and guarantees granted

(in euro thousand)		Due within 1 year	Due in 1 to 5 years	Due beyond 5 years
Rents on behalf of subsidiaries	50,879	1,652	26,523	22,704
Credit lines not utilized	187,641	75,609	4,184	107,848
Other bank borrowings	31,205	31,205		
Media buying	13,068	12,817	251	
Other bank borrowings(1)	24,415		1,550	22,865
Total commitments given for subsidiaries	**307,208**	**121,283**	**32,508**	**153,417**

(1) Havas has guaranteed a shortfall in plan assets valued at €19,749 thousand in two pension funds relating to two UK subsidiaries.

Commitments given to subsidiaries

(in euro thousand)		Due within 1 year	Due in 1 to 5 years	Due beyond 5 years
Cash pooling[1]	86,337			86,337
Total commitments given to subsidiaries	**86,337**	**0**	**0**	**86,337**

(1) A commitment for a total of €86,337 thousand was given to UK banks to allow Havas' UK subsidiaries to use automated payment services.

Commitments received

None.

Note 22: Directors' fees

(in euro thousand)	**2010**	2009
Total gross compensation for the financial period	5,679	5,141
Total gross compensation paid	5,183	7,044
Pension and post-employment benefits at 12/31	1,735	2,493
Number of options held at 12/31	11,938,926	12,143,926

No loans or guarantees were extended to directors.

Note 23: Staff

The distribution of average headcount in 2010 was as follows:

Categories	Number
Executives	63
Supervisory	13
Employees	15
Total	**91**

Note 24: Litigations with former executives or employees

1. Alain de Pouzilhac

A number of disputes are currently under way between the Group and Mr. Alain de Pouzilhac. These relate principally to:

- Cancellation of agreements entered into between the Company and Mr. de Pouzilhac: following the appeal entered by Havas, in a ruling handed down on March 1, 2011, the Court of Cassation quashed the decision of the Paris Court of Appeal of January 14, 2010. The case will now return to the Paris Court of Appeal.
- The principle of Mr. de Pouzilhac's eligibility for supplementary pension entitlements established on behalf of company managers of Eurocom. This case is currently pending before the Paris Court of Appeal.

None of these proceedings will have any material impact on the consolidated financial statements of the Havas Group.

2. Agnès Audier and Alain Cayzac both terminated their employment contract, considering that circumstances allowed them to invoke their conscience clauses.

The Company, on the other hand, considered that they had resigned and refused to pay the compensation claimed.

Both referred their case to the conciliation tribunal *(Conseil des Prud'hommes)* of Nanterre.

- In the case of Mrs. Agnès Audier, the case was closed by a ruling of the Court of Cassation handed down on January 26, 2011. Although the Court granted only a small part of the applications made by Havas SA, Mrs. Agnès Audier was nonetheless required to repay the Company the sum of €20,000.
- Concerning Mr. Alain Cayzac, in view of the criminal procedures under way and of the shareholders' vote against his proposed compensation for 2005, the conciliation tribunal and subsequently the Versailles Court of Appeal decided there were grounds for ordering a stay of proceedings.

  The total indemnities, damages and social charges that have been claimed or could be claimed from the Company amount to the sum of € 2.2 million. After consulting its legal counsel on these cases, the Company has set aside provisions for litigation that it considers reasonable.

Furthermore, the Group lodged a complaint in 2007 with the Public Prosecutor *(Procureur de la République)* in Nanterre regarding facts that had recently come to light and that may prove to be criminal in nature. The Company does not believe that this complaint is likely to have negative financial consequences for the Havas Group.

Note 25: Employee access to training

As part of the individual entitlement to training *(droit individuel à la formation)* instituted by French law No. 2004-391 of March 4, 2004 concerning lifelong vocational training, the volume of training hours accrued in respect of this entitlement and not exercised was 5,828 hours at December 31, 2010, for an estimated corresponding value of €53 thousand.

6. Events after the balance sheet date

The evolution in Havas management as announced by press release on March 8, 2011 is the following:

"During today's Board of Directors meeting, Mr. Fernando Rodés expressed his desire to give a new direction to his personal and family entrepreneurial activities. He will remain associated in the development of the Group in the Iberian area and Latin America. He has therefore submitted his resignation as CEO of Havas and as a member of the Board of Directors.

The Board thanked Mr. Rodés for all that he has achieved at the head of the Group over the past five years during which Havas returned to a healthy financial structure and renewed stability. The Board is pleased to know that Havas can continue to count on his expertise in the future and has named him Vice Chairman.

To replace Fernando Rodés, the Board of Directors decided to appoint David Jones as the new Chief Executive Officer of Havas, Hervé Philippe remaining *Directeur Général Délégué*.

Alfonso Rodés was named Deputy Chief Executive Officer and will remain CEO of Havas Media.

Yannick Bolloré and Stéphane Fouks were named Vice Presidents of the Group."

At the meeting, the Board of Directors also decided on a complete transfer of assets and liabilities (TUP) from Euro RSCG SA to Havas, to take place during the first half of 2011.

20.6. Statutory Auditors' report on the financial statements

For the year ended December 31, 2010

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking users. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended December 31, 2010, on:

- the audit of the accompanying financial statements of Havas;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2010, and of the results of its operations for the year then ended in accordance with the accounting rules and principles applicable in France.

II. Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code (Code de Commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- Your Company recorded a merger loss "mali technique de confusion" for an amount of € 541 million as an intangible asset. The methods for allocation of this merger loss are described in the paragraph entitled *Immobilisations incorporelles et corporelles* of Part II of the notes to the accounts regarding the accounting principles, rules and methods. As part of our assessment of the accounting principles applied by your Company, we examined the methods for allocation and ensured that the notes to the financial statements provide appropriate information.
- At each year end, the Company systematically tests the valuation of merger loss and equity investment in comparison with the value in use of the related subsidiaries in accordance with the valuation methodology described in the paragraph entitled *Immobilisations financières* of Part II of the notes to the accounts regarding the accounting principles, rules and methods. On the basis of the information provided, our work consisted of examining the data and assessing the assumptions used for the valuation of these values in use.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed, which is expressed in the first part of this report.

III. Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L.225-102-1 of the French Commercial Code (Code de Commerce) relating to remunerations and benefits received by the Directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your Company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the Shareholders and holders of the voting rights has been properly disclosed in the management report.

Paris and Neuilly-sur-Seine, on April 4, 2011

The Statutory Auditors

French original signed by

AEG FINANCES	CONSTANTIN ASSOCIÉS
Jean-François BALOTEAUD	Jean Paul SÉGURET

20.7. Financial data over the last five years

Nature of information	2006	2007	2008	2009	**2010**
1. Share capital at end of year					
Share capital *(in euro thousand)*	171,812	171,940	171,948	171,949	172,209
Number of shares	429,531,170	429,850,201	429,869,323	429,873,590	430,522,736
Maximum potential shares to be issued					
• on exercise of warrants	46,020,264	41,936,287	37,208,093	33,125,626	30,843,576
• on convertible bonds	48,389,622	48,389,622	47,173,693	0	0
2. Earnings for the financial period *(in euro thousand)*					
Revenue net of tax	17,187	19,115	24,291	19,469	29,939
Income before tax, depreciation, amortization, provisions and employee profit-sharing	40,663	99,444	19,748	71,505	55,959
Income tax	(17,462)	(15,069)	(18,255)	(15,796)	(12,047)
Net income	49,887	159,369	54,573	72,073	54,288
Distributed income	12,892	17,285	17,195	34,432	45,982
3. Earnings per share *(in euro)*					
Income after tax, before depreciation, amortization, provisions and employee profit-sharing	0.14	0.27	0.09	0.20	0.16
Net income	0.12	0.37	0.13	0.17	0.13
Dividend per share	0.03	0.04	0.04	0.08	0.10(1)
4. Staff					
Number of employees	93	88	85	89	91
Wages & salaries *(in euro thousand)*	10,530	16,765	17,513	15,310	16,299
Employee benefits paid for the financial period *(in euro thousand)*	4,137	5,678	6,276	5,622	5,937

(1) Proposed at the next Shareholders' Meeting.

20.8. Directors' report on the Havas SA financial statements for the year ended December 31, 2010

Report on the statutory accounts

Net income for the financial period

In 2010, Havas reported net income of €54,288 thousand, made up of operating income of €3,696 thousand, net financial income of €44,361 thousand, a non-operating loss of €6,737 thousand and tax income of €12,047 thousand.

Net financial income of €44,361 thousand consists mainly of:

- interest income on loans to affiliated companies for €26,736 thousand;
- dividend income for €59,426 thousand;
- a charge of €22,052 thousand representing coupon payments on OBSAARs and the bond issued on November 4, 2009, plus a charge of €4,216 thousand representing interest on the cash pooling arrangement;
- provision allowances for depreciation of investments in subsidiaries and affiliates and receivables from affiliates net of recoveries for €14,448 thousand.

The non-operating loss of €6,737 thousand is due mainly to net capital losses on disposals of investments in subsidiaries and affiliates, recoveries of provisions relating to internal restructuring costs and allowances for commercial risks.

Acquisition of equity interests

A significant acquisition of a 51% equity interest in a company in Asia was made in the 2010 financial period. Reductions consist mainly of disposals of investments in subsidiaries and affiliates in order to simplify the Group's legal structure.

Balance at December 31, 2010 of supplier debts by maturity

	Suppliers		Suppliers of intangible and tangible fixed assets		Total	
(in euro thousand)	**2010**	2009	**2010**	2009	**2010**	2009
Debts due at closing	113	1,046	22		135	1,046
Disputed debts	1,115	1,104	2	2	1,117	1,106
Due dates:						
January 2011	4,947	5,005	4	56	4,951	5,061
February 2011	425	4,639		47	425	4,686
March 2011	25	311			25	311
Total	**6,625**	**12,105**	**28**	**105**	**6,653**	**12,210**

Presentation of resolutions

Resolutions are presented in an appendix to this annual report.

20.9. Dividend policy

The Board of Directors at its meeting of March 8, 2011, decided to propose to the forthcoming Annual Shareholders' Meeting the payment of a dividend of €0.10 per share for the 2010 financial period, compared with €0.08 for 2009.

The total amount of dividend distributed for the 2010 financial period will therefore be €46 million, compared with €34.4 million for 2009.

The dividend will be paid on May 17, 2011.

The table showing the total amount of dividends and the dividend per share is presented in this annual report, after the statutory accounts of Havas SA.

The table below shows the key figures of dividend policy over the past three periods.

Per share data for the past three financial periods

(in euros)	**2010**	2009	2008
High	4.10	3.08	3.41
Low	2.81	1.29	1.26
Price at December 31	**3.89**	**2.79**	**1.47**
Number of shares issued at December 31 *(in thousand)*	430,523	429,874	429,869
Market capitalization at December 31 *(in euro million)*	1,675	1,200	632
	IFRS	IFRS	IFRS
Net income before amortization of goodwill, Group share	0.26	0.22	0.25
Net income, Group share	0.26	0.21	0.24
P/E ration at December 31	15.2x	13.1x	6.1x
Net dividend	**0.10**(1)	**0.08**(1)	**0.04**
Total dividend	0.10	0.08	0.04
Net yield at December 31 *(in %)*	2.6%	2.9%	2.7%

(1) Proposed to the forthcoming Shareholders' Meeting.

20.10. Material change in the commercial or financial position of Havas

None.

21. Additional information

21.1. Share capital of the Company

21.1.1. Total share capital subscribed

At December 31, 2009 the share capital stood at €171,949,436, divided into 429,873,590 shares with a nominal value of €0.40 each. There is only one class of shares, all fully paid up.

At March 23, 2010, the share capital was reported at €171,974,690.80, divided into 429,936,727 shares with a nominal value of €0.40.

At December 31, 2010, the share capital was €172,209,094.40, divided into 430,522,736 shares with a nominal value of €0.40 each.

21.1.2. Non-equity securities

The Company has issued bonds with redeemable equity warrants attached (OBSAAR). Information regarding these OBSAARs is given in the following paragraph.

In November 2009, Havas SA made a bond issue of €350 million maturing at November 4, 2014. These bonds (ISIN code FR0010820217) with a nominal value of €50,000 were issued and listed as of November 4, 2009, on the Luxembourg Stock Market.

The characteristics of this bond issue are set out in the notes to the consolidated financial statements (note 5.2.13.3).

21.1.3. Number, carrying amount and nominal value of shares held by the Company, in its name or by its subsidiaries

As of January 12, 2007, the Company no longer holds any of its own shares.

The Company currently has an authorization to carry out buybacks of its own shares, which expires on November 10, 2011. A proposal to renew this authorization to buy back shares in accordance with the provisions of articles L.225-209 of the French Commercial Code will be submitted to the forthcoming Shareholders' Meeting.

Description of the program submitted for authorization by the forthcoming Combined Shareholders' Meeting of May 10, 2011

1. Distribution by purpose of securities held and positions open on derivative products

Havas owns no treasury shares and has no open position on derivative products.

2. Purposes of the share buyback programs

- To reduce the Company's share capital by cancelling shares;
- To honor obligations relating to share option allocations or other share allocations to Company employees or officers or to an affiliate;
- To tender shares on the exercise of rights attached to securities granting access to a portion of the share capital;
- To tender shares in settlement or exchange as part of external growth operations, up to a maximum of 5% of the share capital;
- To ensure the liquidity or activity of the market for the Company's shares through the intermediary of an investment services provider, acting under the terms of a liquidity agreement compliant with a code of practice recognized by the French financial markets authority (AMF); and
- To implement any market practice that may be recognized in law or by the French financial markets authority (AMF) in future.

3. Maximum proportion of share capital, maximum number and characteristics of shares

The Board of Directors would be authorized by the Combined Shareholders' Meeting of May 10, 2011, to acquire through the share buyback program a maximum of 40,000,000 shares, representing approximately 9.3% of the share capital of the Company at February 28, 2011.

Pursuant to article L.225-210 of the French Commercial Code, the maximum number of its shares Havas may hold at any time shall not exceed 10% of the share capital of the Company at the date considered.

The shares eligible for purchase are the ordinary shares at a nominal value of €0.04 listed on Euronext Paris (compartment A, ISIN code: FR0000121881, mnemonic code: HAV).

4. Maximum unit purchase price authorized

The maximum purchase price is set at €5 per share (excluding acquisition costs). In the event of a capital increase by the incorporation of premiums, reserves and profits, giving rise to either an increase in the par value of the share or the creation and free allocation of shares, or in the event of a share split or reverse split, or any other impact on the Company's capital, the Board of Directors may adjust the aforesaid purchase price to allow for the impact of these operations on the value of the share.

5. Duration of the share buyback program

The share buyback program would last 18 months from the Combined Shareholders' Meeting of May 1011, 2011, *i.e.* to November 9, 2012.

21.1.4. Amount of convertible or exchangeable securities or securities with warrants, with an indication of the conditions and procedures governing conversion, exchange or subscription

OBSAAR – BSAAR

OBSAAR – BSAAR 2006

At its meeting of October 27, 2006 and by virtue of the powers granted to it by the Shareholders' Meeting of June 12, 2006, the Board of the Directors decided to issue 27,000 bonds with associated callable subscription and/or acquisition warrants (OBSAARs), each with a nominal value of €10,000, making a total nominal amount of €270 million. Each bond comes with 1,555 warrants (BSAARs) attached. These warrants were offered to and taken up by Group executives and officers in categories determined by the Board of Directors. The sale price of the BSAAR is €0.34 and the exercise price €4.30. One BSAAR entitles the holder to receive one new or existing share, at the Company's discretion. The BSAARs are exercisable for a period of three years as from the fourth anniversary date of their issue. Application for admission of the BSAARs for trading on the Euronext Paris SA Eurolist market will be made with effect from December 1, 2010 (ISIN code FR0010355644). With effect from this date, and barring exceptions, the BSAARs will be freely tradable until December 1, 2013. A Bondholders' Meeting was held on January 15, 2009, to clarify the content of clause number 4.1.8.1.3.2 of the issue prospectus, indicating, that, in accordance with the initial spirit of the agreement, that this clause was not intended to apply to companies in the Bolloré Group.

On December 31, 2010, the Company bought back and cancelled 5,899,284 BSAARs on the departure of some beneficiaries (prior to December 1, 2010). As a result, at the date of this annual report, exercise of the warrants may give rise to the issue of 36,085,716 shares.

The characteristics of the OBSAAR bonds and BSAAR warrants are described in the notes to the consolidated financial statements (note 5.2.13.4.).

OBSAAR – BSAAR 2008

At its meeting of January 8, 2008 and by virtue of the powers granted to it by the Extraordinary Shareholders' Meeting of January 8, 2008, the Board of Directors decided to issue 10,000 bonds with associated callable subscription and/or acquisition warrants (OBSAARs), each with a nominal value of €10,000, making a total nominal amount of €100 million. Each bond comes with 1,500 warrants (BSAARs) attached. These warrants were offered to and will be taken up on March 31, 2008, by Group executives and officers in categories determined by the Extraordinary Shareholders' Meeting of January 8, 2008. The sale price of the BSAAR is €0.34 and the exercise price €3.85. One BSAAR entitles the holder to receive one new or existing share, at the Company's discretion. The BSAARs are exercisable as from the date of their admission for trading on the Euronext Paris market up to the 7th anniversary of their date of issue. Application for admission of the BSAARs for trading on the Euronext Paris market will be made with effect from February 8, 2012. With effect from this date, and barring exceptions, the BSAARs will be freely tradable. A Bondholders' Meeting was held on January 15, 2009, to clarify the content of clause number 4.1.8.1.3.2 of the issue prospectus, indicating, that, in accordance with the initial spirit of the agreement, that this clause was not intended to apply to companies in the Bolloré Group.

On December 31, 2010, the Company bought back and cancelled 623,519 BSAARs on the departure of some beneficiaries. As a result, exercise of the warrants may give rise to the issue of 13,157,214 shares which, at December 31, 2010, represent 3.11% of the share capital and voting rights.

The characteristics of the OBSAAR bonds and BSAAR warrants are described in the notes to the consolidated financial statements (note 5.2.13.4).

History of callable subscription and/or acquisition warrants (BSAARs) granted to the corporate officers mentioned in section 14.1

	Allocation of February 2007	Allocation of March 2008
Date of Shareholders' Meeting	06/12/2006	01/08/2008
Date of Board of Directors meeting	10/27/2006	01/08/2008
Total number of BSAAR warrants granted	41,968,106	13,780,733
Total number of BSAAR warrants granted to corporate officers	***4,686,130***	***3,218,528***
of which corporate officers mentioned in section 14.1 granted options		
Fernando RODÉS VILÀ	*1,000,000*	*352,941*
Jacques SÉGUÉLA	*1,000,000*	*1,470,588*
Vincent BOLLORÉ	*1,000,000*	*352,941*
Ed ESKANDARIAN	*105,000*	*100,000*
Leopoldo RODÉS CASTAÑE	*1,000,000*	*294,118*
Jean de YTURBE (representing LONGCHAMP PARTICIPATIONS)	*172,673*	*117,647*
Hervé PHILIPPE (representing FINANCIÈRE DE LONGCHAMP)	*304,634*	*205,882*
Cédric de BAILLIENCOURT (representing BOLLORÉ)	*0*	*220,588*
Date of sale of BSAAR warrants	02/19/2007	03/31/2008
Exercise period	from 12/01/2010 to 12/01/2013	from 02/08/2012 to 02/08/2015
BSAAR warrant selling price	0.34	0.34
BSAAR warrant exercise price	4.30	3.85
Number of shares subscribed or purchased at December 31, 2010	0	0
Total number of BSAAR warrants repurchased at December 31, 2010	5,899,284	623,519
Number of BSAAR warrants outstanding at the end of the 2010 financial period	36,085,716	13,157,214

Callable subscription and/or acquisition warrants (BSAARs) granted to and exercised by the 10 non-director employees receiving the highest grants

Callable subscription and/or purchase warrants (BSAARs) granted to and exercised by the 10 non-director employees receiving the highest grants	Total number of BSAAR warrants granted/ exercised	Average weighted unit price	February 2007 plan	March 2008 plan
BSAAR warrants granted during the financial period by the issuer and any company within the scope of warrant allocation, to the ten employees of the issuer and any company within the scope of warrant allocation to whom the highest number of warrants is granted (aggregate information)	0	NA	0	0
BSAAR warrants in the issuer and companies referred to above exercised during the financial period by the ten employees of the issuer and any of the aforesaid companies with the highest number of warrants issued or subscribed (aggregate information)	0	NA	0	0

21.1.5. Information about and terms of any acquisition and/or obligation right attached to authorized but unissued capital or any undertaking to increase the capital

None.

21.1.6. Information pertaining to share subscription or purchase options

Options to subscribe for or purchase shares at December 31, 2010.

History of the options to subscribe for or purchase Havas SA shares granted to the corporate officers mentioned in section 14.1

	Plan 03/24/2003	Plan 07/04/2003	Plan 12/10/2003	Plan 05/26/2004
Date of Shareholders' Meeting	05/22/2001	05/23/2002	05/23/2002	05/23/2002
Date of Board of Directors meeting	03/24/2003	07/04/2003	12/10/2003	05/26/2004
Total number of shares over which options granted(1), including grants to:	3,014,251	351,006	1,681,621	421,426
Total corporate officers	***227,293***	***334,169***	**-**	***337,139***
of which corporate officers mentioned in section 14.1 granted options				
Fernando RODÉS VILÀ	-	-	-	-
Jacques SÉGUÉLA	*227,293*	-	-	-
Vincent BOLLORÉ	-	-	-	-
Ed ESKANDARIAN	-	-	-	-
Leopoldo RODÉS CASTAÑE	-	-	-	-
Jean de YTURBE (representing LONGCHAMP PARTICIPATIONS)	-	-	-	-
Hervé PHILIPPE (representing FINANCIÈRE DE LONGCHAMP)	-	-	-	-
Exercisable date	03/24/2004	07/04/2004	12/10/2004	05/26/2005
Expiration date	03/24/2010(3)	07/04/2013	12/10/2010(6)	05/26/2014
Exercise price per share	2.37	3.59	3.9	3.97
Discount	0%	0%	0%	0%
Vesting rules	(2)	(4)	(5)	(7)
Number of shares subscribed at December 31, 2010	1,476,722	109,690	94,799	0
Number of shares over which options were cancelled or terminated as at December 31	1,061,737	16,837	1,306,730	0
Number of options outstanding at December 31, 2010	475,792	224,479	280,092	421,426

	Plan 12/01/2004	Plan 07/20/2006	Plan 10/27/2006	Plan 06/11/2007
Date of Shareholders' Meeting	05/23/2002	05/21/2003	06/12/2006	06/12/2007
Date of Board of Directors meeting	12/01/2004	07/20/2006	10/27/2006	06/11/2007
Total number of shares over which options granted(1), including grants to:	10,326,167	2,200,000	22,500,000	1,740,000
Total corporate officers	***2,296,341***	**-**	***3,350,000***	**-**
of which corporate officers mentioned in section 14.1 granted options				
Fernando RODÉS VILÀ	*306,925*	-	*1,000,000*	-
Jacques SÉGUÉLA	*255,771*	-	*500,000*	-
Vincent BOLLORÉ	-	-	*1,000,000*	-
Ed ESKANDARIAN	*306,925*	-	-	-
Leopoldo RODÉS CASTAÑE	-	-	*500,000*	-
Jean de YTURBE (representing LONGCHAMP PARTICIPATIONS)	-	-	*250,000*	-
Hervé PHILIPPE (representing FINANCIÈRE DE LONGCHAMP)	-	-	*100,000*	-
Exercisable date	12/01/2004	07/21/2009	10/28/2009	06/12/2010
Expiration date	(8)	07/20/2013(10)	10/27/2013(11)	06/11/2014(12)
Exercise price per share	4.08	3.85	3.72	4.35
Discount	0%	0%	0%	0%

	Plan 12/01/2004	Plan 07/20/2006	Plan 10/27/2006	Plan 06/11/2007
Vesting rules	(9)			
Number of shares subscribed at December 31, 2010	0	0	108,000	0
Number of shares over which options were cancelled or terminated as at December 31	3,998,380	80,000	2,946,000	192,000
Number of options outstanding at December 31, 2010	6,327,787	2,120,000	19,446,000	1,548,000

(1) The number of stock options and their exercise prices were adjusted as a result of the distribution of reserves at the time of the 2005 dividend payment on June 14, 2006.
(2) 1,004,750 of these options became exercisable on March 24, 2004; a further 1,004,750 on March 24, 2005 and all options became exercisable on March 24, 2006 (after repricing).
(3) For French residents, expiration on March 24, 2013.
(4) 117,001 of these options became exercisable on July 4, 2004; a further 222,780 on June 23, 2005, 5,612 on July 4, 2005, and all the options became exercisable on July 4, 2006.
(5) 560,540 of these options became exercisable on December 10, 2004; a further 560,540 on December 10, 2005 and all the options became exercisable on December 10, 2006.
(6) For French residents: expiration on December 10, 2013.
(7) 140,475 of these options became exercisable on May 26, 2005; a further 140,475 on May 26, 2006 and all the options became exercisable on May 26, 2007.
(8) Plan A: expires on December 1, 2011 – Plan B: expires on December 1, 2009 – Plan C: expires on December 1, 2014.
(9) Plan A: 5,005,527 of these options became exercisable on December 1, 2004, a further 358,079 on June 23, 2005 and another 2,323,724 on December 1, 2005; all the options became exercisable on December 1, 2006.
Plan B: 306,926 options exercisable in full on December 2, 2008.
Plan C: 2,728 of these options became exercisable on December 1, 2004; a further 2,728 on December 1, 2005 and all the options became exercisable on December 1, 2006.
(10) For French residents: expiration on July 20, 2014.
(11) For French residents: expiration on October 27, 2014.
(12) For French residents: expiration on June 11, 2015.

Havas SA share subscription or purchase options authorized but not granted

The Combined Shareholders' Meeting of May 11, 2010 authorized the Board of Directors to grant employees or officers of the Company and its subsidiaries options to subscribe for or purchase shares in the Company, up to a maximum of 3% of the share capital the Company at the date of the meeting.

This authorization was granted to the Board of Directors for a period of 38 months. As a result, at December 31, 2010, there were 12,898,101 options authorized.

Number of options authorized and not granted

	Number of options authorized by Shareholders' Meetings	**Number of options granted in 2010**	Balance of options authorized but not granted
Lapse at August 12, 2009 of options authorized by the Shareholders' Meeting of June 12, 2006 but not granted	(5,815,873)	0	(5,815,873)
Position at December 31, 2009	**0**	**0**	**0**
Authorization by the Shareholders' Meeting of May 11, 20100	12,898,101	0	12,898,101
Position at December 31, 2010	**12,898,101**	**0**	**12,898,101**

Potential dilution related to the exercise of share subscription plans and warrants

The exercise of all options and the conversion of all convertible bonds would lead to the creation of 12,898,101 new shares, taking the share capital from 430,522,736 shares at December 31, 2010 to 443,420,837 shares, representing a maximum potential dilution of 3%.

21.1.7. History of the share capital for the period covered by the historical financial information, highlighting any changes

Date	Description	Number of shares	Capital in euro	Share premium account in euro	Number of shares	Capital in euro	Share premium account in euro
12/31/2000					**266,496,567**	**106,598,627**	**2,551,908,751**
2001	MPG contribution	28,800,000	11,520,000	430,480,000			
	Snyder CIRCLE.COM exchange	2,130,673	852,269	25,906,787			
	Bond conversions	199,800	79,920	1,750,371			
	Exercise of stock options	480,805	192,322	1,804,249			
	Exchange following exercise of SNC Snyder options	1,224,507	489,803	24,526,875			
	Exercise of warrants	4,987,960	1,995,184	43,453,576			
12/31/2001					**304,320,312**	**121,728,125**	**3,079,830,609**
2002	Allocation of 2001 earnings			(1,226,820,029)			
	Dividend for 2001 financial period			(69,911,827)			
	Bond conversions	163	65	1,425			
	Exercise of stock options	880,949	352,379	2,794,123			
	Exchange following exercise of SNC Snyder options	17,604	7,042	352,608			
12/31/2002					**305,219,028**	**122,087,611**	**1,786,246,909**
2003	Bond conversions	1,953	781	25,112			
	Exercise of stock options	970,940	388,376	3,582,768			
	Exchange following exercise of SNC Snyder options	4,738	1,896	94,902			
12/31/2003					**306,196,659**	**122,478,664**	**1,789,949,691**
2004	Allocation of 2003 earnings			(587,409,735)			
	Dividend for 2003 financial period			(14,796,000)			
	Bond conversions	1,061	424	9,676			
	Exercise of stock options	105,228	42,091	230,157			
	Exchange following exercise of SNC Snyder options	16,088	6,435	322,243			
	Capital increase (subscription)	122,513,404	49,005,362	339,278,794			
12/31/2004					**428,832,440**	**171,532,976**	**1,527,584,826**
2005	Allocation of 2004 earnings			(7,742,921)			
	Dividend for 2004 financial period			(29,784,395)			
	Bond conversions	3,341	1,336	61,624			
	Exercise of stock options	342,232	136,893	894,097			
	Exchange following exercise of SNC Snyder options	2,857	1,143	57,226			
12/31/2005					**429,180,870**	**171,672,348**	**1,491,070,097**
2006	Allocation of 2005 earnings			(13,591,664)			
	Dividend for 2005 financial period			(12,773,905)			
	Exercise of stock options	350,300	140,120	711,619			
12/31/2006					**429,531,170**	**171,812,468**	**1,465,416,148**
2007	Exercise of stock options	319,031	127,612	688,848			
12/31/2007					**429,850,201**	**171,940,080**	**1,466,104,996**
2008	Exercise of stock options	19,007	7,603	37,444			
	Bond conversions	115	46	1,026			
12/31/2008					**429,869,323**	**171,947,729**	**1,466,143,465**
2009	Exercise of stock options	4,267	1,707	8,406			
	Bond conversions	0	0	0			
12/31/2009					**429,873,590**	**171,949,436**	**1,466,151,871**
2010	Exercise of stock options	649,146	259,658	1,424,618			
	Bond conversions		0	0			
12/31/2010					**430,522,736**	**172,209,094**	**1,467,576,489**

21.1.8. Agreements entered into by the Company that are subject to modification or termination in the event of a change of control

The Company has made two issues of bonds with associated callable subscription and/or acquisition warrants (OBSAARs). Each of these issues (for details please refer to the sections entitled "Notes to the consolidated financial statements" and "Share Capital of the Company") contains an early redemption clause in the event of a change of control. Change of control is defined as the settlement/delivery of a public tender following which one or more parties acting in isolation or in concert acquire(s) over 50% of the capital or voting rights of the issuer. (Prospectus filed November 27, 2006 under visa 06-437 and prospectus filed on January 10, 2008 under visa 08-003 § 4.1.8.1.3.2 on page 19). A Bondholders' Meeting was held on January 15, 2009, to clarify the content of clause number 4.1.8.1.3.2 of the issue prospectus, indicating, that, in accordance with the initial spirit of the agreement, that this clause was not intended to apply to companies in the Bolloré Group.

In December 2007, Havas SA entered into three credit line agreements with three leading banks for a total amount of €180 million. These three agreements contain a clause stipulating mandatory early repayment linked to a significant change in the capital ownership of Havas SA (for information on these credit lines, refer to section 10 "Liquidity and capital resources" of this annual report). In July 2008, a further credit line agreement of €30 million was entered into with a leading European bank. This agreement also contains a clause stipulating mandatory early repayment linked to a significant change in the capital ownership of Havas SA. The terms of these "change of control" clauses are similar to those included in bond contracts.

In November 2009, Havas SA issued a bond for a nominal amount of €350 million which contains, as do other Havas bond issues, an early redemption clause in the event of change of control. Change of control is defined as the settlement/delivery of a public tender following which one or more physical or legal entities not part of the Bolloré Group, acting in isolation or in concert, acquire(s) over 50% of the capital or voting rights of the issuer.

21.2. Memorandum and bylaws

21.2.1. Corporate purpose (article 2 of the bylaws)

The Company's purpose in France and all other countries is to conduct the following activities:

- advertising and communication in all forms;
- provision of services;
- any production, sales and distribution activities;
- the acquisition, construction, refurbishment and sale of real estate of all forms;
- the acquisition of interests in any companies or business ventures.

21.2.2. Summary of provisions of the Company's bylaws, charter or rules relating to members of the administrative and management bodies

The provisions relating to administrative and management bodies are to be found in Section III of the bylaws. The main provisions of this section are as follows:

The Board of Directors is comprised of three to eighteen members unless otherwise specified by law. Directors are appointed for a term of three years, renewable.

When the number of directors over the age of 80 represents over one third of all serving directors, the eldest of the directors is deemed to have resigned from office; the term of office of the resigning director ends at its scheduled expiry date.

The Board of Directors defines the Company's business strategy and ensures its implementation.

The Board of Directors appoints a Chairman, a natural person, from among its members to organize and supervise the Board's work.

The senior management of the Company is conducted either by the Chairman of the Board or by a Chief Executive Officer, a natural person, appointed by the Board of Directors.

The Chief Executive Officer is vested with the broadest powers to act in the Company's name and represents the Company in its dealings with third parties.

On the proposal of the Chief Executive Officer, the Board of Directors may appoint one to five Executive Vice-President(s) *(Directeurs Généraux Délégués)*.

The Board of Directors may also appoint one or more Vice-Chairmen. The eldest Vice-Chairman acts as chairman of the Board of Directors in the absence of the Chairman. In the absence of a Vice-Chairman, the Board elects one of its members to chair the meeting.

21.2.3. Rights, preferences and restrictions applicable to shares

In addition to the right to attend and vote at Shareholders' Meetings, each share entitles the holder to a proportional share in the Company's assets in the event of liquidation or partition. It also entitles the holder to a share of annual profits or liquidation surplus in accordance with the proportion of share capital it represents, taking into account, if applicable, how far the share is amortized or fully paid up.

The Company's bylaws provide for only a single class of shares and do not provide for shares with double voting rights or any limitation of voting rights, other than those required by law.

The provisions of the bylaws governing voting rights (article 25 of the bylaws) are as follows:

"At all Shareholders' Meetings, both annual and extraordinary, the quorum is calculated on the basis of all shares representing the share capital, less shares subscribed for, purchased or accepted as pledges by the Company.

The right to vote is, without limitation other than as stipulated by law, proportional to the portion of capital represented by each share, and each share entitles the holder to one vote.

The voting right attached to the share belongs to the beneficiary owner at ordinary Shareholders' Meetings and to the bare owner at extraordinary Shareholders' Meetings.

Co-owners of joint shares are represented at Shareholders' Meetings.

The voting right of pledged shares is exercised by the owner."

21.2.4. Actions required to change shareholders' rights

Shareholders' rights are governed by law. In particular, an extraordinary Shareholders' Meeting is required to amend the bylaws, and any increase in the liabilities of shareholders requires the agreement of all the shareholders.

In this regard, the Company's bylaws do not include stipulations that are more restrictive than those required by law.

21.2.5. Convening of Shareholders' Meetings and conditions for admission

Shareholders' Meetings are convened and deliberate under the conditions laid down by law:

Convening: Shareholders' Meetings, whether ordinary or extraordinary, are convened by the Board of Directors. Failing which, they may also be convened:

- by the Statutory Auditors;
- by a court-appointed agent at the request of: any interested party, or the Works Council in the event of an emergency, or one or more shareholders holding at least 5% of the Company's share capital, or an association of shareholders satisfying the requirements fixed by law;

- by shareholders holding a majority of outstanding shares or voting rights following a public tender or exchange offer or the sale of a controlling block of the Company's shares.

After fulfilling the formalities laid down by current regulations, Shareholders' Meetings are convened by a notice containing the information required by such regulations. This notice of meeting is published in an official gazette for the local administrative department in which the Company is registered, and also in the French *Bulletin des annonces légales obligatoires* (BALO).

Furthermore, pursuant to article R.225-73-1 of the French Commercial Code, the notice of meeting published in the BALO is also published on the Company's website (www.havas.com).

Registered shareholders who have held shares for more than one month before the date of publication of notice of meeting are also convened by regular mail unless they have requested in due time to be convened, at their own expense, by registered mail.

Attendance at Shareholders' Meetings

Participation in Shareholders' Meetings is subject to registration of the securities in the name of the shareholder or the listed intermediary for his or her account pursuant to the seventh clause of article L.228-1 of the French Commercial Code, as of midnight (Paris time) of the third business day preceding the Shareholders' Meeting, either in registered share accounts maintained by the Company, or in bearer share accounts maintained by an approved intermediary. The recording or registering of securities in bearer accounts maintained by an approved intermediary is attested by a shareholding certificate delivered by the intermediary.

In accordance with articles L.225-106 *et seq.* of the French Commercial Code, any shareholder with the right to attend Shareholders' Meetings may grant proxies to another shareholder, to a spouse or partner with whom the shareholder has entered into a civil marriage *(pacte civil de solidarité)* or to any other natural or legal person of the shareholder's choice. The proxy and any withdrawal thereof must be notified in writing to the Company, it being stipulated that said notice and any withdrawal of proxy may be made by e-mail to the following address: ct-mandataires-assemblees-havas@caceis.com.

Any shareholder may also exercise a postal vote as permitted by law.

21.2.6. Bylaw, charter or rules that may delay, defer or prevent a change of control

The Company has not adopted any provisions in its bylaws or rules that have an effect of delaying, deferring, or preventing a change of control.

21.2.7. Provisions of bylaws, charter or rules governing the threshold above which shareholder ownership must be divulged

Article 11 of the bylaws establishes the statutory ownership thresholds:

Pursuant to articles L.233-7 and following of the French Commercial Code, any natural or legal person, acting alone or in concert, who comes to own a percentage above or below the threshold provided by the articles must inform the Company of the number of shares owned within five market trading days of crossing the threshold. The person concerned must also inform the *Autorité des marchés financiers* in accordance with the conditions laid down in the said articles.

Pursuant to the conditions and limits provided by the French Commercial Code, any shareholder failing to comply with this legal requirement of notification shall be stripped of the voting rights attached to shares exceeding the relevant threshold.

Furthermore, any person who holds or comes to own at least 2% of the capital or voting rights, directly or indirectly through companies which the person controls under the meaning of article L.233-3 of the French Commercial Code, must within fifteen days of crossing the threshold declare to the Company the total number of shares owned, by registered mail with return receipt sent to the Company's headquarters.

A declaration must also be made if ownership falls below this threshold, and must be repeated, under the conditions set forth above, each time a shareholder's ownership exceeds or falls below the 2% threshold.

Pursuant to the conditions and limits provided by the French Commercial Code, any shareholder failing to comply with the legal requirement of notification set out in the two preceding paragraphs shall be stripped of the voting rights attached to shares exceeding the relevant threshold, at the request of one or more shareholders holding at least 5% of the share capital.

21.2.8. Conditions of bylaws, charter or rules that are more stringent than required by the law on changes in share capital

The provisions of the bylaws governing changes in the Company's share capital are those required by law.

22. Material agreements

The Company and the Group have not entered into any material agreements other than those presented in the notes to the financial statements.

23. Third-party information, statements by experts and declarations of interest

The Company has no third-party information, statements by experts or declarations of interest to disclose in this annual report other than the Statutory Auditors' reports included herein.

24. Documents on display

Documents on display on the Company's Internet website and at the registered office.

The following documents are available on the Company's website (www.havas.com): this reference document filed as an annual report with the AMF (www.amf-france.org); the financial press releases; the bylaws plus historical financial information and certain information on the organization and activities of the Company and its subsidiaries.

Certain information subject to mandatory public disclosure is also presented on the website of the AMF (www.amf-france.org).

In addition, the bylaws, financial statements and reports available to shareholders may be consulted at the Company's registered office at 2, allée de Longchamp, 92150 Suresnes, France.

25. Press release of March 8, 2011

Suresnes, March 8, 2011

2010 RESULTS

Record results:

Income from operations in excess of €200 million

Income from operations margin 13% (+50 basis points)

Net income, Group share of €110 million (+20%)

- **Significant increase in revenue: €1,558 million**
  - **+8.1% real growth for the full year**
  - **Organic growth: +4.9% in Q4 and +3.5% for the full year**
- **Net new business (1): €1.9 billion, +46%**
- **Income from operations up: €202 million**
  - **Income from operations margin 13%, up by +50 basis points**
- **Net income, Group share: €110 million, an increase of +20%**
- **Net cash position: €87 million at December 31, 2010 compared with €48 million at December 31, 2009 and net debt of €79 million at December 31, 2008**
- **Dividend proposed*: 10 cents (€) per share for 2010, +25%**

The Board of Directors, meeting on March 8, 2011, approved the annual accounts for the 2010 financial year.

(in euro million)	**2010**	2009	2010/2009
Revenue	1,558	1,441	+8.1%
Organic growth	+3.5%	-7.9%	
Income from operations	202	180	+12%
Income from operations margin *(in %)*	13.0%	12.5%	+50 bps
Net income, Group share	110	92	+20%
Net income, Group share as revenue *(in %)*	7.1%	6.4%	
Net cash position at December 31	87	48	
Dividend* in cents *(euro)*	10	8	+25%

* 2010 dividend proposed at the General Shareholders' Meeting of Tuesday May 10, 2011.

1. Revenue

Group revenue for 2010 was €1,558 million, which represents a gross increase of 8.1% over 2009.

The Euro weakened against all the major currencies in the course of 2010, resulting in a positive exchange rate impact on revenue of €55 million, including an impact of €21 million in Q4 2010.

Digital businesses continue to make a steadily increasing contribution to Group revenue. Despite no significant acquisition over the year, digital's share of revenue in 2010 was more than double that of 2006 at almost 19% of total Group revenue, in the line with the target set by the Group in 2009.

Organic growth was +3.5% over the full year 2010. Revenue for the fourth quarter of 2010 was €461 million for organic growth of +4.9%, confirming progress as compared to the first three quarters of 2010.

The geographic distribution of revenue for the 2010 financial year was as follows:

	Organic growth (*in %*)				Revenue (*in euro million*)			
Havas	**Q4 2010**	Q4 2009	**Year 2010**	Year 2009	**Q4 2010**	Q4 2009	**Year 2010**	Year 2009
Europe	+1.2%	-7.3%	-0.7%	-8.6%	252	243	839	828
North America	+6.1%	-0.7%	+5.4%	-7.5%	137	118	509	458
Rest of world	+17.8%	+4.0%	+18.7%	-4.8%	72	54	210	155
of which								
• Asia-Pacific	+9.6%	-1.3%	+5.9%	-14.2%	26	20	76	63
• Latin America	+22.9%	+6.4%	+27.4%	+1.1%	47	34	134	93
Total	**+4.9%**	**-4.4%**	**+3.5%**	**-7.9%**	**461**	**415**	**1,558**	**1,441**

Europe

Europe reported positive organic growth of +1.2% in the 4th quarter, thanks to strong performances from all businesses, confirming the trend of the first three quarters (Q3 = +0.7%, Q2 = -2.2%, Q1 = -3.0%).

North America

Capitalizing on new accounts won in previous quarters and on strong performances in digital, advertising, healthcare communication and media, North America continues to drive the Group's growth.

Rest of world

Q4 2010 performance in Asia Pacific was driven particularly by strong growth in China. Latin America confirmed double-digit growth over the year as a whole, thanks to an excellent performance from all our businesses across the region, and especially in Brazil.

2. Results

Income from operations totaled **€202 million in 2010,** compared with €180 million in 2009, giving an income from operations margin of **13.0%** for 2010, compared with 12.5% in 2009. This increase of +50 basis points in margin on income from operations is the result of continued tight cost control. Non-recurrent structuring costs, which continued into 2010 in some regions, and limited goodwill impairment resulted in operating income of €182 million in 2010, compared with €150 million in 2009. The operating margin increased by +130 basis points from 10.4% in 2009 to 11.7% in 2010.

Driven by higher operating profitability and a reduced tax rate, **Net income, Group share** rose sharply to **€110 million in 2010,** an increase of +20% over 2009. **Earnings per share** also rose, by approximately +20% to 26 cents (€) in 2010, compared to 21 cents (€) in 2009.

3. Financial structure

The Group further reinforced its financial structure in 2010, generating a high level of cash thanks to the Group's strong results and constant attention to cash management:

- the net cash position at December 31, 2010 was €87 million, up from €48 million at December 31, 2009;
- average net debt(2) over the full year 2010 was €75 million, a 49% reduction on 2009;
- the maturity of net financial debt stood at over three years.

4. Evolution in Group management

During today's Board of Directors meeting Mr. Fernando Rodés expressed his desire to give a new direction to his personal and family entrepreneurial activities. He will remain associated in the development of the Group in the Iberian area and Latin America. He has therefore submitted his resignation as CEO of Havas and as a member of the Board of Directors.

The Board thanked Mr. Rodés for all that he has achieved at the head of the Group over the past five years during which Havas returned to a healthy financial structure and renewed stability. The Board is pleased to know that Havas can continue to count on his expertise in the future and has named him Vice Chairman.

To replace Fernando Rodés, the Board of Directors decided to appoint David Jones as the new Chief Executive Officer of Havas, Hervé Philippe remaining *Directeur Général Délégué.*

Alfonso Rodés was named Deputy Chief Executive Officer and will remain CEO of Havas Media.

Yannick Bolloré and Stéphane Fouks were named Vice Presidents of the Group.

5. Dividend and General Shareholders' Meeting

In view of the Group's satisfactory results and improved financial structure, the Board of Directors has decided to propose that the dividend be increased by 25% to 10 cents (€) at the next Shareholders' Meeting.

The Havas S.A. Shareholders' Meeting will be convened on Tuesday, May 10, 2011.

Q1 2011 revenue will be published by Friday, May 13, 2011.

6. Net New Business (1)

Net new business (1) in 2010 was €1.9 billion, the Group's strongest performance since 2006 and an increase of +46% on 2009. **According to the Nomura report*, Havas retains its No.1 ranking in terms of Net new business wins as a proportion of revenue for the full year 2010.**

Among the most significant wins over the year:

Havas Worldwide:

Durex and Scholl – Reckitt Benckiser global business (Euro RSCG)

Credit Suisse global business, for recruitment advertising (Euro RSCG)

Orange global business, for recruitment advertising (Euro RSCG C&O)

Décathlon (BETC Euro RSCG) internationally, excluding the US

Yahoo! (Euro RSCG 4D) global business for the FIFA World Cup

FNAC (BETC Design) for the redesign of the global brand identity

Australian Wool Innovation (Woolmark) global business (Euro RSCG London and Euro RSCG Sydney)

Brancott Estate Wines (Pernod Ricard) global business (Euro RSCG Sydney)

Granini (Euro RSCG Germany) and Playtex (Leg) pan-European business

Comet (Euro RSCG London) for the UK

Lidl (Young Euro RSCG) for Ireland

Nike (Leg) for France

Endesa, Claritin and Toshiba (Euro RSCG) for Spain

BUPA (Euro RSCG) for Saudi Arabia

Revlon (Euro RSCG Corporate Communications Middle East) PR business

Groupon CRM business in the US (Euro RSCG Chicago)

Panasonic, Mike's Hard Lemonade, CVS, Alberto Culver and New Balance (Arnold) for the US

Ricard, Pages Jaunes and 3 Suisses for France (BETC Euro RSCG)

Pizza Hut in Brazil (Euro RSCG São Paulo) and Hong Kong (Euro RSCG Hong Kong)

Rio Light for Brazil (Euro RSCG Rio)

Sanquan, Bohi and Balabala (Euro RSCG Shanghai), as well as Vicutu and Dong-E E-Jiao (Euro RSCG Beijing) in China

Baskin Robbins for India (Euro RSCG)

Tunisie Telecom (Havas Tunisia)

Peugeot appointed Euro RSCG its agency of reference for Peugeot for China and South Africa

Key strategic wins in digital included:

Unilever appointed Euro RSCG 4D as its global digital agency

Chivas (Pernod Ricard) global business (Euro RSCG London)

Heineken and Heineken Light for the US (Euro RSCG New York)

All social networks activities for Havaianas for the US (Cake)

Volvo Commercial Enterprise (EHS 4D) pan-European business

* Source: "New Business Scorecard" report from Nomura dated January 18, 2011.

AMD (Euro RSCG Singapore) for the entire Asia-Pacific region

Barclays (EHS 4D) for Direct Marketing and CRM in the UK

Heinz, Panasonic, Peugeot and Moet & Chandon (Euro RSCG 4D Poland)

Ambev (Euro RSCG 4D Colombia) in the Dominican Republic

Master Kong Biscuits, HP Printing and Imaging and leading cartoon channel Kaku TV (Euro RSCG Beijing and Euro RSCG Shanghai) for China

Sprint (Euro RSCG Chicago) for mobile marketing in the US

Peter JA Stuart and Clearasil (Euro RSCG 4D South Africa)

Havas Media:

Turespaña global business (MPG)

Australian Wool Innovation global business (MPG International)

Turkish Culture and Tourism Office and Austrian Tourist Office for Europe (MPG International)

Sab Miller for Peru (MPG Peru)

Kia (MPG Shanghai) for China

Gallina Blanca for Spain (Arena Media Spain)

Resorts World Sentosa for seven markets in Asia Pacific (MPG Singapore)

Red Driving School (Arena Media UK) for the UK

Liverpool and Lala (MPG Mexico), Merck and Alpura (Arena Mexico) for Mexico

Huntington Bank and Panasonic for the US (MPG USA)

Brother for Europe (MPG)

Chiquita for Europe (MPG)

Alain Afflelou for Spain, Portugal and France (MPG)

3 Suisses for France (Havas Media France)

Adif, Spanair in Spain (MPG Spain)

Crédit Agricole and Che Banca (MPG Italy) for Italy

Louis Vuitton for the FIFA World Cup and Yahoo! (Havas Sports & Entertainment Global)

Numico Nutricia (Danone) for the Netherlands (MPG Holland)

Strategic wins in digital include:

IG Group for 10 European markets (MPG and Media Contacts)

Yahoo! for Brazil (Media Contacts Brazil)

INQ Mobile for India, Italy, the UK, Canada and Singapore (MPG and Media Contacts)

Smart Technologies for Canada (Media Contacts Canada)

KLM for the Netherlands (Media Contacts Holland)

First Choice for the UK (Media Contacts UK)

LAN Airlines and Penalty for Brazil (Lattitud Brazil)

Pizza Express and AOL for the UK (AIS UK)

Pirelli and VISA for Brazil (Media Contacts Brazil)

Fundación Mapfre for Spain (Media Contacts Spain)

7. Awards

- The most awarded film in the world
- The most viewed film in the world
- The 2nd most creative agency in the world
- Our best year at Cannes: 21 Lions (3 Gold, 11 Silver, 7 Bronze)
- Euro RSCG in the top 10 of the most awarded networks
- MPG USA: Media agency of the year – *Mediapost*
- MPG MEXICO: Media agency of the year – *Festival of Media, Merca 2.0 & NEO Magazine*

Creative

2010 was one of the best creative years ever for the Group. Agencies scooped numerous awards at festivals all over the world throughout 2010.

The Group carried off 21 Lions – 3 Gold, 11 Silver and 7 Bronze – at the 57th Cannes International Festival of Advertising, double the score in 2009 and 2008. The Group collected further honors at the Clio Awards, the Andy Awards, the One Show, the Internationalist Awards for Media Innovation, the DMA awards and the Effies, to name but a few.

The film *"Le Placard"* (Canal+ by BETC Euro RSCG) scored an outstanding success. The *Gunn Report* (an annual publication detailing the most successful print and television advertising campaigns of the year in terms of major advertising awards) ranks *"Le Placard"* **as the most awarded film worldwide in 2010,** the first time a French spot has topped this category. The report also ranks **BETC Euro RSCG as the second most awarded agency** for 2010.

The **Roller Babies** campaign (for Evian-Danone by BETC Euro RSCG) continued its phenomenal success in 2010: the results for what is undoubtedly the most masterly viral advertisement ever produced speak for themselves:

- Number 1 on YouTube;
- Number 1 on the Viral Video Chart;
- 61.4 million views;
- Over 54,000 comments and tweets;
- Over 440,000 fans on Facebook,

and have entered the *Guinness Book of Records*.

Performance

Euro RSCG Life was singled out as **All-Star Network of the Year** by magazine *Medical Marketing & Media* and was named *Adweek's* first-ever Healthcare Agency of the Year.

Euro RSCG Worldwide was named **Agency of the Year 2010** in the "Direct" category by *BtoB Magazine,* while Advertising Age ranked Euro RSCG Worldwide as **the world's largest agency by global accounts** for the fifth year in a row.

Euro RSCG 4D was named **Agency of the Year** by *Marketing Magazine* and **Euro RSCG C&O** as **Integrated Agency of the Year** at the *Agences de l'Année Grands Prix.*

Press Magazine in Poland ranked **Euro RSCG Sensors** as the third PR agency in Poland.

The *RECMA Network Diagnostics* report ranked **MPG leading agency** on 4 of the 20 biggest markets (France, Spain, Mexico and Argentina). MPG is recognized as **the most competitive agency** and the most successful in terms of new business wins on the American continent and in the five biggest European markets.

International marketing magazine *M&M* awarded its **"Collaborator of the Year" prize** to **Havas Media** for its collaborative service to clients and its outstanding responsiveness in media relations.

MPG US was named **Media Agency of the Year** by *Media Post* for the second year running.

Havas Digital Chile was voted **Digital Agency of the Year** by *IAB Chile,* also for the second year in succession. **MPG Mexico** was named **Agency of the Year** by both Merca *2.0 Magazine* and *Neo Magazine.* At the Valencia Festival of Media Awards, MPG Mexico was also acclaimed as **best Media Agency of the Year.**

Annex 1: Financial information

Key figures for the last 4 years

(in euro million)	2007	2008	2009	**2010**	Variance 2010/2009
Revenue	**1,532**	**1,568**	**1,441**	**1,558**	**+8.1%**
Organic growth *(in %)*	+7.1%	+4.7%	-7.9%	+3.5%	
Income from operations	**169**	**188**	**180**	**202**	**+12%**
Income from operations margin *(in %)*	11.0%	12.0%	12.5%	13.0%	
Operating income	**168**	**189**	**150**	**182**	**+21%**
Net financial expense	**-39**	**-33**	**-19**	**-31**	**+63%**
Income tax expense	-39	-44	-34	-36	
Share of profit of associates	1		1		
Net income of fully consolidated companies	**91**	**112**	**98**	**115**	**+17%**
Minority interests	-8	-8	-6	-5	
Net income, Group share	**83**	**104**	**92**	**110**	**+20%**
Net income, Group share as revenue *(in %)*	5.4%	6.6%	6.4%	7.1%	
Earnings per share *(in euro)*	**0.19**	**0.24**	**0.21**	**0.26**	**+24%**

(in euro million)	At December 31, 2007	At December 31, 2008	At December 31, 2009	At December 31, 2010	Variation 12/31/2010 *vs* 12/31/2009
Total consolidated equity	**978**	**1,015**	**1,087**	**1,203**	**+11%**
Net cash and cash equivalents (net debt)	**-226**	**-79**	**+48**	**+87**	**+81%**
Net cash (net debt) / Total consolidated equity	**-0.23**	**-0.08**	**+0.04**	**+0.07**	
Net cash (net debt) / EBITDA	**-1.1x**	**-0.3x**	**+0.2x**	**+0.4X**	
Average net debt	**389**	**295**	**147**	**75**	**(49%)**

About Havas

Havas (Euronext Paris: HAV.PA) is a global advertising and communications services group. Headquartered in Paris, Havas operates through its two Business Units, Havas Worldwide and Havas Media, in order to optimize synergies and further reinforce Havas' position as the most integrated of all of the major holding companies. Havas Worldwide incorporates the Euro RSCG Worldwide network as well as agencies with strong local identities: Arnold in the USA and the UK, H and W&Cie in France… Havas Media incorporates the MPG, Arena Media, Havas Sports & Entertainment and Havas Digital networks. A multicultural and decentralized Group, Havas is present in more than 75 countries through its networks of agencies and contractual affiliations. The Group offers a broad range of communications services, including traditional advertising, direct marketing, media planning and buying, corporate communications, sales promotion, design, human resources, sports marketing, multimedia interactive communications and public relations. Havas employs approximately 14,000 people. Further information about Havas is available on the Company's website: www.havas.com.

Forward-Looking Information

This document contains certain forward-looking statements which speak only as of the date on which they are made. Forward looking statements relate to projections, anticipated events or trends, future plans and strategies, and reflect Havas' current views about future events. They are therefore subject to inherent risks and uncertainties that may cause Havas' actual results to differ materially from those expressed in any forward-looking statement. Factors that could cause actual results to differ materially from expected results include changes in the global economic environment or in the business environment, and in factors such as competition and market regulation. For more information regarding risk factors relevant to Havas, please see Havas' filings with the AMF *(Autorité des marchés financiers)* (documents in French) and, up to October 2006, with the US Securities and Exchange Commission (documents in English only). Havas does not intend, and disclaims any duty or obligation, to update or revise any forward-looking statements contained in this document to reflect new information, future events or otherwise.

(1) Net New Business

Net new business represents the estimated annual advertising budgets for new business wins (which includes new clients, clients retained after a competitive review, and new product or brand expansions for existing clients) less the estimated annual advertising budgets for lost accounts. Havas' management uses net new business as a measurement of the effectiveness of its client development and retention efforts. Net new business is not an accurate predictor of future revenues, since what constitutes new business or lost business is subject to differing judgments, the amounts associated with individual business wins and losses depend on estimated client budgets, clients may not spend as much as they budget, the timing of budgeted expenditures is uncertain, and the amount of budgeted expenditures that translate into revenues depends on the nature of the expenditures and the applicable fee structures. In addition, Havas' guidelines for determining the amount of new business wins and lost business may differ from those employed by other companies.

(2) Average Net Debt (quarterly, by semester or annually)

Average Net Debt (quarterly, by semester or annually) is calculated for the four main countries (France, USA, UK and Spain), as the difference between structured gross debt (OCEANE, OBSAAR, credit lines, etc.) and cash at bank and in hand measured on a daily basis. For the other countries, net debt is the debt accounted for at the end of the previous quarter.

Other definitions

Organic growth is calculated by comparing revenue for the current financial period against revenue for the previous financial period adjusted as follows:

- revenue for the previous financial period is recalculated using the exchange rates for the current financial period;
- to this resulting revenue is added the revenue of companies acquired between January 1 of the previous financial period and the acquisition date for the period in which these companies were not as yet consolidated;
- revenue for the previous financial period is also adjusted for the consolidated revenue of companies disposed of or closed down between January 1 of the previous financial period and the date of disposal or closure.

Organic growth calculated by this method is therefore adjusted for variations in exchange rate against the euro, and for variations in the scope of consolidation.

Income from operations corresponds to revenue after deduction of compensation and other operating income and expenses from operations.

Operating income is equivalent to income from operations after deduction of individually significant items of "other operating expenses and income" of an unusual or infrequent nature.

26. Information on the management's report to the Company and correspondence table between the management's report and the Havas Annual report

This Annual Report includes all the components of the management's report on the Company as required under the terms of article L.232-1, II and article R.225-102 of the French Commercial Code.

The following table presents the components of the management's report required for this purpose.

Correspondence table between the management's report and the Havas Annual Report

Elements contained in the report of the Board of Directors to be submitted to the Shareholders' Meeting pursuant to articles L.232-1-II and R.225-102 of the French Commercial Code	Annual Report sections containing the corresponding information
Company situation and business activity during the financial period	6.1, 7.1
Net income	3, 20.8
Progress made or difficulties encountered	6.2
R&D activities	11
Foreseeable changes in the Company's situation and outlook	12
Important events that occurred between the financial period closing date and the date of the report	25, Note 5.2.33 CFS*, Note 6 SA**
Body chosen for the general management of the Company (if the form of management has been changed)	NA
Objective and exhaustive analysis of changes in the business, net income and financial position of the Company (in particular the debt position) and non-financial performance indicators (particularly environmental, human resources)	9.8
Description of the main risks and uncertainties facing the Company	4, Note 5.2.29 and 5.2.30 CFS*
Indications on the Company's use of financial instruments when this is pertinent to the evaluation of its assets, liabilities, financial position and its profits and losses	
Information on the risks incurred from changes in interest rates, exchange rates or stock market prices	4.3, Note 5.2.29 CFS*, Note 11 SA**
List of corporate offices or functions held by the Company's officers	Appendix No.8
Report on the status of employee (and, where appropriate, management) profit-sharing, on transactions carried out in respect of options to purchase or subscribe for shares reserved for salaried employees and managers	15.4, 17.2 to 17.4, Note 5.2.16 CFS*
Decision made by the Board of Directors in the event of grant of share subscription or purchase options or allocation of free shares to managers	NA
Indications provided for in article L.225-211 of the French Commercial Code in the event of acquisition of shares for allocation to employees	NA
Business activity of Company subsidiaries	6.2
Acquisition of significant shareholdings in companies headquartered in France	20.8
Disposals of shares carried out in order to stabilize intragroup shareholdings	NA
Information on the distribution of the Company's share capital	18
Transactions carried out by the Company's majority-owned subsidiaries or share subscriptions pursuant to share purchase options	17.4
Amount of dividends distributed in the last three financial periods and amounts eligible for tax reduction	20.9, Appendix Nos.3 and 4
Compensation and benefits of all corporate officers	15, Note 21 SA**
Amendments made to the methods of presentation of annual accounts	NA
Injunctions or monetary sanctions for anti-competitive practices	NA
Information on the manner in which the Company takes into account the social and environmental consequences of its business activity	8
Indications provided for by article L.225-211 of the French Commercial Code in the event of transactions carried out by the Company in its own shares	NA
Factors used to calculate and results of the adjustment to conversion amount and conditions for subscription or exercise of equity securities or share subscription or purchase options	21.1
Transactions carried out by managers and those closely linked to managers on their shares	17.2

Elements contained in the report of the Board of Directors to be submitted to the Shareholders' Meeting pursuant to articles L.232-1-II and R.225-102 of the French Commercial Code	Annual Report sections containing the corresponding information
Indications provided for in article L.225-100-3 of the French Commercial Code on factors likely to have an impact in the event of a public tender:	
• Structure of the Company's share capital	21.1, 18.3
• Statutory restrictions on the exercise of voting rights and on the transfer of shares or agreement clauses brought to the Company's attention pursuant to article L.233-11 of the French Commercial Code	21.2, 14.2.3
• Direct or indirect holdings in the share capital of which the Company is aware by virtue of articles L.233-7 and L.233.12 of the French Commercial Code	18.3
• Holders of securities conferring special rights of control and a description thereof	NA
• Control mechanisms provided for employee share ownership plans, shareholder agreements of which the Company is aware and which might entail restrictions on the transfer of shares and the exercise of voting rights (shareholder pact)	18.4, 21.2
• Rules applicable to the appointment and replacement of members of the Board of Directors and amendments to the bylaws	21.2
• Powers of the Board of Directors, in particular the issue and buyback of shares	21.1.3
• Agreements entered into by the Company likely to be modified or terminated in the event of a change of control	21.1.8
• Agreements providing for indemnities payable to members of the Board of Directors or employees should they resign or be dismissed without due cause or if their employment is terminated as a result of a public tender	18.4
Information on payment terms	20.8
Table of the Company's net income over the last five financial periods	20.7
Table and report on authorizations regarding share capital increases	Appendix No.6
Report of the Chairman of the Board of Directors	Appendix No.1
Grounds for draft resolutions	Appendix No.3

* Notes to the consolidated financial statements.

** Notes to the statutory accounts.

27. Table of correspondence with the headings of Annex I to Commission regulation (EC) No.809/2004

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2.2.	Resignation, removal or non-reappointment of auditors	2
3.	**SELECTED FINANCIAL INFORMATION "KEY FIGURES"**	
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4.	**RISK FACTORS**	**4**
5.	**INFORMATION ABOUT THE ISSUER**	**Note 5.2.29 CFS***
5.1.	History and development of the issuer	5.1
5.1.1.	Legal and commercial name of the issuer	5.1.1
5.1.2.	Place of registration and registration number of the issuer	5.1.2
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5.1.4.	Domicile, legal form and legislation under which the issuer operates	5.1.4
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* Notes to the consolidated financial statements.

** Notes to the statutory accounts.

List of appendices

1. REPORT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

Report of the Chairman of the Board of Directors on the membership of the Board and the application of the principle of balanced representation of women and men on Boards of Directors, on the conditions of preparation and organization of the work of the Board of Directors, on procedures for internal control and risk management procedures implemented by Havas and on the restrictions placed by the Board on the powers of the Chief Executive Officer, pursuant to article L.225-37 of the French Commercial Code.

This report was prepared with the support of the Finance Department, the Internal Audit Department and the Legal Department of Havas SA.

In preparing this report pursuant to article L.225-37 of the French Commercial Code, Havas aligns itself with the AFEP/MEDEF code of corporate governance for listed companies published in December 2008, a consolidated version of the AFEP/MEDEF report of October 2003 and the recommendations of January 2007 and October 2008 regarding the compensation of executive corporate officers of listed companies.

This code maybe consulted on the MEDEF website: www.medef.fr.

Havas also aligns itself with the report of the AMF working group chaired by Mr. O. Poupart-Lafarge.

The information referred to in article L.225-100-3 of the French Commercial Code relating to the structure of the Company's share capital and factors which could have an impact in the event of a public tender are shown in the annual report in the sections indicated in the correspondence table, under the heading "Factors likely to have an impact in the event of a public tender".

In accordance with article L.225-37 paragraph 10 of the French Commercial Code, this report by the Chairman was approved by the Board of Directors at its meeting on March 8, 2011.

1. Membership of the Board and application of the principle of balanced representation of women and men on the Board – Conditions of preparation and organization of the work of the Board of Directors

Composition of the Board

At December 31, 2010, the Company is governed by a Board of Directors composed of 14 members. Directors are appointed for a period of three years, renewable.

The Board of Directors does not include any director elected by employees or any observer *(Censeur).*

The Board of Directors considers that Mr. Pierre Godé, Mr. Yves Cannac and Mr. Patrick Soulard meet the criteria of independence as defined by the code of corporate governance published in December 2008.

Since July 12, 2005, the functions of Chairman of the Board of Directors have been separated from those of Chief Executive Officer and exercised by two different people.

The current Chairman of the Board became a Director on June 9, 2005, and was appointed Chairman of the Board of Directors on July 12, 2005.

Mr. Hervé Philippe was appointed *Directeur Général Délégué* on May 11, 2010.

Principle of balanced representation of women and men on the Board

The law passed on January 27, 2011 on the balanced representation of women and men on Boards of directors and on professional equality requires a minimum of 20% of the membership of Boards of Directors (including permanent representatives) to be women, as from the close of the first Shareholders' Meeting after January 1, 2014, and 40% women (including permanent representatives), as from the close of the first Shareholders' Meeting after January 1, 2017.

Furthermore, Boards made up exclusively of male members on the date the law comes into force will be required to appoint a woman as a director at the next Shareholders' Meeting convened to appoint members of the Board.

In the light of this legislation, the Board of Directors will propose to the forthcoming Shareholders' Meeting of Havas the appointment of a woman director.

Over time, the Board of Directors will gradually propose the appointment of other woman directors at forthcoming Shareholders' Meeting of Havas.

Independence of directors

The AFEP/MEDEF code recommends that at least half of the members of the Board of Directors be independent. In the light of this recommendation, the Board of Directors may gradually propose that Havas shareholders appoint new independent directors as directors' terms of office expire.

Following the resignation of Mrs. Véronique Morali as a director on December 21, 2009 for professional reasons, at December 31, 2010, the Board of Directors includes three independent directors, Messrs. Pierre Godé, Yves Cannac and Patrick Soulard, all of whom meet the criteria of independence as defined by the code of corporate governance published in December 2008.

Internal rules of the Board

The Board of Directors has adopted internal rules that make it possible to attend Board meetings by videoconference or telecommunication.

Meetings of the Board

The Board of Directors met on four occasions in 2010, with an average attendance rate of 80.35%. Meetings are convened on an average of eight days' notice, but extraordinary meetings may be convened at shorter notice.

Main issues

In the course of the four meetings held over the 2010 financial period, the Board dealt with the following major issues:

- approval of the 2009 financial statements;
- convening and preparation of the Annual Shareholders' Meeting;
- renewal of the powers given to the Chief Executive Officer to grant securities and warranties in the name of the Company;
- assessment of the status of independent Director;
- evaluation of the work of the Board;
- approval of the half-year financial statements at June 30, 2010;
- interim accounts;
- execution of loan agreements;
- regulated agreements;
- appointment of a *Directeur Général Délégué.*

Audit Committee

The Audit Committee was created by the Board of Directors on May 29, 2008.

Membership of the Audit Committee

With effect from May 29, 2008, the Audit Committee consists of Mr. Patrick Soulard, Chairman, and Mr. Antoine Veil, member, and included Mrs. Véronique Morali from August 31 to December 21, 2009.

Role of the Audit Committee

The Audit Committee assists the Board of Directors in fulfilling its responsibility for oversight of the accuracy and integrity of the consolidated financial statements and of the quality of internal controls and the financial information disclosed to shareholders and the public. The Committee formulates recommendations, proposals, conclusions and comments to the Board of Directors in the following fields:

- oversight of the pertinence and consistency of the accounting principles followed by the Company, and the transparency of their implementation;
- oversight of the existence, adequacy and application of the Company's internal control and audit procedures and, where appropriate, its risk management procedures;
- examination and monitoring of the legal oversight of the statutory accounts and consolidated financial statements prior to their submission to the Board of Directors;
- analysis of variations in scope, debt and interest rate or exchange rate hedging;
- examination and monitoring of the independence of external auditors;
- examination of the conclusions and recommendations of the external auditors;
- oversight of material agreements entered into by a Group company and any material agreements between one or more Group companies and an external company or companies of which a Company director is also the Chief Executive or principal shareholder;
- assessment of any conflicts of interest concerning a Director, and recommendation of measures designed to prevent or remedy such conflicts of interest;
- oversight of the preparation and quality of financial information disclosed to shareholders and the public.

The Committee may also be consulted directly by the Chairman of the Board of Directors, by the Chief Executive Officer or, where appropriate, by the *Directeur Général Délégué,* to advise on the appointment or renewal of the statutory and contract auditors.

The Committee gives an opinion on the auditors' fees.

The Committee may make recommendations to management on the priorities and general guidelines of internal audit.

Work of the Audit Committee

The Committee met twice in 2010, with all members in attendance.

The main subjects addressed by the Committee were as follows:

- at its first meeting, the Committee examined the 2009 consolidated financial statements for the Group and the 2009 statutory accounts for Havas SA after discussions with the Statutory Auditors in the absence of the Chief Executive Officer and the Chief Financial Officer. The Committee heard the report of the Statutory Auditors on their work and a report from the Head of Internal Audit on the progress of internal audit work and risk analysis carried out since the Committee's last meeting, and on work scheduled for 2010;
- at its second meeting, the Committee examined the half-year consolidated financial statements for the Group and the half-year statutory accounts for Havas SA after discussions with the Statutory Auditors in the absence of the Chief Executive Officer and the Chief Financial Officer. The Committee heard a report from the Head of Internal Audit on the progress of internal audit work and risk analysis carried out since the Committee's last meeting and on any problems encountered. The Group Finance Department gave the Audit Committee a progress report on the updating of Group procedures. Finally, the Group Finance Department presented the recently published AMF report on Audit Committees.

Compensation Committee

The Compensation Committee was created by the Board of Directors on May 29, 2008.

Membership of the Compensation Committee

In accordance with its regulations, the Compensation Committee is made up of a minimum of two Directors, at least one of whom must be an independent Director and have real experience of management and of human resources.

With effect from May 29, 2008, the Compensation Committee consists of Mr. Pierre Godé, Chairman, and Mr. Yves Cannac, member, and included Mrs. Véronique Morali from August 31 to December 21, 2009.

All the members of the Committee are independent. They have no function within Havas other than that of Director and receive no compensation other than the Directors' fees paid in respect of their functions as Directors.

Role of the Compensation Committee

The Committee's main responsibilities are to make recommendations, proposals, conclusions and comments to the Board of Directors and to assist the Board in the following fields:

- determination of the total amount of Directors' fees to be proposed to the Shareholders' Meeting and the distribution of those fees amongst the members of the Board of Directors;
- determination of the fixed and variable compensation of the Chairman of the Board of Directors, of the Chief Executive Officer and Executive Vice Presidents of the Company and, more generally, of the members of Executive Committees of the Business Units and subsidiaries;
- determination of the fixed and variable compensation of the members of the Company's Executive Committee;
- determination of the fixed and variable compensation of senior executives of the Company's main subsidiaries for any overall package in excess of a certain amount;
- examination of all other forms of compensation, in particular fringe benefits and special provisions, including severance indemnities and post-employment benefits granted to all those corporate officers mentioned in the previous two paragraphs;
- general policy governing the allocation of stock subscription or purchase options, free shares and any other form of equity-based incentive.

Work of the Compensation Committee

The Committee met twice in 2010, with all its members in attendance.

At its first meeting, the Committee concentrated on examining the rules for the distribution of fees paid to Directors and on the fixed and variable compensation of executive directors and senior executives of the Group.

At its second meeting, the Committee continued its examination of the compensation of executive directors and senior executives of the Group.

Corporate Governance Committee

The Corporate Governance Committee was created on March 2, 2009.

Membership of the Corporate Governance Committee

The Committee consists of two members, Messrs. Hervé Philippe and Jean de Yturbe.

Role of the Corporate Governance Committee

The Committee's main responsibilities are to evaluate the work of the Board of Directors. This object of this evaluation, which appears on the agenda of at least one Board Meeting a year for discussion, is to review and discuss the Board's operating methods and Directors' contributions, and thereby improve the operations and effectiveness of the Board of Directors.

Work of the Corporate Governance Committee

The Committee carried out an evaluation of the Board and its Committees, the Audit Committee and the Compensation Committee, for the 2010 financial period, and made the following remarks:

On the work of the Board of Directors for the 2010 financial period

The Board of Directors is made up of 14 members, of whom three are independent (with effect from the Shareholders' Meeting of May 11, 2010).

Except in extraordinary circumstances, Directors are given reasonable notice of forthcoming meetings and a timetable of Board meetings is established each year for the year ahead.

The number of Board meetings (four in 2010) and their frequency and spacing throughout the year are satisfactory, as is attendance by Directors; the average attendance rate over the 2010 financial period was 80.35%.

Directors are provided with all the information necessary and are granted sufficient time to study documents and comment on the minutes of the previous Board meeting.

The length of meetings is considered adequate to address the agenda and allow for the necessary deliberations, which the Committee also considers to be effective and of high quality.

The subjects addressed by the Board of Directors appear to be appropriate to its responsibilities.

Meeting procedures are satisfactory and member participation is good.

Lastly, implementation of Board decisions appears to be satisfactory.

On the work of the Board Committees

There are three Board Committees:

- Audit Committee;
- Compensation Committee;
- Corporate Governance Committee.

The roles and responsibilities of the Committees are governed by regulations.

The Committees may, if they see fit, call on experts outside the Group.

The attendance and involvement of members of the Board Committees, both the Audit Committee and the Compensation Committee, is excellent, with full attendance at all meetings to date.

The Committees meet sufficiently in advance of Board meetings. The Audit Committee, for example, met prior to the Board meetings held to approve the annual and half-yearly financial statements.

The Committees are accountable to the Board of Directors for their activities and submit a formal report, which is published in the annual report.

2. Restrictions to the powers of Chief Executive Officer of Havas SA

Senior management requires prior approval by the Board of Directors for the following decisions by Havas:

- purchase, sale or contribution of real estate, businesses or equity interests;
- execution or transfer of finance leases for the acquisition of fixed assets;
- creation of subsidiaries;
- new borrowings other than overdrafts and short-term loans;
- granting of loans;
- and generally any transactions involving the acquisition or transfer of title to assets, where the value of the assets concerned by any of the above transactions exceeds €23 million.

Other investments that do not require such prior approval are subject to the approval of the Weekly Finance Committee, and must be reported to the Board of Directors on a regular basis.

3. Compensation and benefits of Company executives

Structure of short-term compensation packages

The compensation of executive officers comprises a fixed salary and an annual bonus.

Criteria for the calculation of the bonus vary according to the functions of the beneficiary. They may be financial and/or based on a more qualitative approach. Moreover, these criteria may concern either group results or those of the executive's unit, depending on his/her scope of responsibility.

The financial criteria are linked mainly to indicators such as EBIT[1], organic growth[2], net results and development of new business[3].

The non-financial criteria are based on a qualitative assessment of the beneficiary's performance in fields such as the implementation and promotion of synergies within the group, furthering the group's reputation in France and abroad, broadening the group's skills to new forms of communication, the search for new talent, etc.

Long-term loyalty and incentive programs

In October 2006, the Company implemented a stock option subscription plan in which the exercise of 50% of the options awarded is conditional on performance, both of the Group and of the Business Unit to which the beneficiaries belong. Furthermore, exercise of all options is conditional on the presence in the Company of the beneficiaries at the time of exercise. A supplementary plan was adopted by the Board of Directors on June 11, 2007.

The Company also carried out two issues of bonds with associated callable subscription and/or acquisition warrants (OBSAARs). The callable subscription and/or acquisition warrants (BSAARs) were detached from the bonds and sold to some 350 Group senior managers and executives, requiring the beneficiaries to make an investment. Change in the value of the BSAAR is linked to that of the Havas share. The investment, funded by beneficiaries from their own resources (approximately €20 million), is not guaranteed and therefore carries an element of risk. (For more information on these programs, refer to sections "20.3 Consolidated financial statements" and "21.1 Share capital of the Company" in the annual report.)

An initial issue of BSAARs was decided by the Board of Directors at its meeting on October 26, 2006. The 2006 BSAARs will be listed and freely tradable as from December 1, 2010 to December 1, 2013.

A second issue was decided by the Board of Directors at its meeting on January 8, 2008. The 2008 BSAARs will be listed and freely tradable as from February 8, 2012 and until February 8, 2015.

Detailed information on the compensation received by directors is given in section 15 "Compensation and benefits of Company executives" of this annual report.

4. Shareholder attendance at Shareholders' Meetings

Information relating to the conditions on which shareholders are entitled to attend Shareholders' Meetings is provided in articles 22 to 29 of Title V of the Company bylaws.

5. Organization of Internal Control in the Havas Group

The Group initially developed a formal, documented internal control system based on internationally-recognized methodology derived from the recommendations of the COSO (Committee of Sponsoring Organizations of the Treadway Commission) initiative, in order to comply with the obligations imposed by the US Sarbanes Oxley Act to which the Group was then subject.

Since the voluntary suspension of its SEC registration on October 10, 2006, the Group has decided, in consultation with its Statutory Auditors, to develop its objectives for the assessment of its internal control procedures within the framework of French obligations under the French Financial Security Act of 2003 and the recommendations of the reference framework developed under the auspices of the *Autorité des marchés financiers* (AMF). This reference framework is now the only framework used by the Group in developing its internal control with the aim of constant improvement.

The Group's Management Policies and Principles are set out in a manual available on an intranet site open to all Group employees. The manual contains the body of rules applicable to the organization, the delegation of powers and the procedures in force between Havas and its Business Units and subsidiaries.

This annual report was drawn up in accordance with the latest recommendations from the AMF.

5.1. Definition and objectives of internal control

Internal Control is a process implemented by the Board of Directors, management and other personnel of a business entity, designed to provide reasonable assurance regarding the achievement of the following objectives:

- compliance with applicable laws and regulations;
- proper execution of internal procedures to ensure control of operations and to safeguard the Company's assets;
- reliability of financial and accounting information and internal and external management information used and disclosed by the Company to faithfully reflect the activities and position of the Company;
- execution and optimization of operations with a view to meeting the objectives set by Group management.

5.2. Scope of internal control

The elements described in this report are applicable to companies fully integrated into the Group scope of consolidation: this includes Havas SA and its subsidiaries.

Subsidiaries have drawn up their own internal control procedures, adapting them to specific local circumstances but based on the rules and principles set out in the manual of Group principles and policies, thereby ensuring the homogeneity of procedures and of internal control in force throughout the network.

5.3. Key components of internal control

5.3.1. Organization

5.3.1.1. Code of ethics

The Group updated its Code of Ethics and its guide to internal procedures in 2010, to provide a better response to the expectations of its stakeholders and to enable its ethical principles to contribute fully to its policy of Corporate Social Responsibility. The values and principles set out in the code should guide all employees, whatever their occupation, level of responsibility and region, in their everyday professional practices. It sets out the Group's principles and responsibilities with regard to its stakeholders: employees, clients, suppliers, competitors, shareholders and financial markets, society and the environment.

(1) EBIT: EBIT is defined as net income before net financial expense and tax.
(2) Organic growth is calculated by comparing revenue for the current financial period against revenue for the previous financial period adjusted as follows:
- revenue for the previous financial period is recalculated using the exchange rates for the current financial period;
- to this resulting revenue is added the revenue of companies acquired between January 1 of the previous financial period and the acquisition date for the period in which these companies were not as yet consolidated;
- revenue for the previous financial period is also adjusted for the consolidated revenue of companies disposed of or closed down between January 1 of the previous financial period and the date of disposal or closure.

Organic growth calculated by this method is therefore adjusted for variations in exchange rate against the euro, and for variations in the scope of consolidation.
(3) New business: new business corresponds to the gross margin on new customers acquired.

5.3.1.2. Certification of subsidiary accounts by entity operational and financial managers

To ensure the quality of the financial statements submitted at the end of each financial period, the Havas Group has, as in previous years, established a procedure whereby the senior operational and financial managers at each management level – agency, country, region or Business Unit – are required to certify to the Chief Executive Officer and Chief Financial Officer of Havas that the financial information submitted by their company to the consolidation department is complete, true and fair, and to certify also that all significant weaknesses in internal control that have come to their knowledge have been duly reported.

5.3.1.3. Responsibilities and powers

The Group's Management Policies and Principles manual defines the rules and limits applicable to delegations of powers granted to Business Unit and subsidiary managers and specifies those transactions which remain under the exclusive control of Havas: these include Company acquisitions and divestments, material investments, the signature of real estate leases, financing, etc.

Formal matrices detailing the separation of responsibilities, particularly as regards the issue of payment means and financial commitments, have been introduced in the Group's agencies.

5.3.1.4. Procedures and operating methods

The principles underlying Group internal control set out the operating methods and controls to be carried out in order to ensure the effectiveness and efficiency of operations, the reliability of financial reporting to management and the optimum use of resources, whilst also safeguarding the Company's assets and preventing fraud.

These procedures include:

- narratives and/or flowcharts;
- risk matrices and key controls on the reliability of financial and accounting information;
- a risk management matrix for information systems;
- formalized delegations of authority and separation of responsibilities.

5.3.1.5. Human resources management

Executive recruitment is subject to line management authorization at regional manager, Business Unit manager or Havas senior management level, depending on the reporting levels concerned. The purpose of this authorization procedure is to ensure that the experience and competencies of the executive recruits are compatible with the Group's needs and likely to optimize the achievement of Group objectives. The compensation schemes in place are intended to provide incentives to senior managers to achieve these objectives.

Employee recruitment procedures are formally established by each entity in accordance with the general principles established by the Group. Recruitment is subject to formal approval at the appropriate management level, in accordance with the delegations of authority in place.

An annual employee appraisal procedure, carried out by line managers, is managed centrally by the Group Human Resources Department.

5.3.2. Dissemination of pertinent information enabling the exercise of responsibilities

5.3.2.1. Information systems

All Group companies access the same IT system managed at corporate level by Havas SA. This system acts as a single vehicle and unified point of control for most financial and operational information: budgets, monthly reporting, quarterly, half-yearly and annual consolidation.

In addition to financial information accessible to all interested parties in accordance with their role and responsibilities, the Group has also set up operational databases relating to the market, the competition and clients, existing or potential.

The objective of these databases, access to which is determined by function, need and line management level, is to provide Group managers with the resources needed to perform their tasks under the best possible conditions.

In 2010, Havas introduced a new centralized reporting system for non-financial indicators, which is used to consolidate data relating to the Group's social and environmental responsibility.

5.3.2.2. Accounting principles

The process by which financial, accounting and management information is prepared relies on Group-wide circulation of consolidation instructions and the Group Policies manual, and on the uniform structure of the headings used in the Group chart of accounts for all budget, management reporting or consolidation cycles.

5.3.3. Risk analysis and management system

5.3.3.1. Risk identification

Operational risks are monitored directly by agency managers who are required, in accordance with Group policy, to notify their reporting entity in order for the appropriate risk management measures to be taken. This decentralization of risk management optimizes the responsiveness and efficiency needed to analyze and manage risk.

Risks of fraud are invariably present, and even more so in times of economic crisis; particular attention is paid to preventing the risks of fraud, and also to detecting it as early as possible.

Material risks and litigations are the subject of regular reporting to the Group's General Counsel. A specific procedure setting out the role and responsibilities of all concerned is included in the Group Policies and Principles manual.

5.3.3.2. Risk analysis and management

Central legal departments at both Group and Business Unit level are also notified to ensure optimized risk management.

A formal questionnaire is completed by each Business Unit in order to centralize all information on known litigations and risks.

5.3.3.3. Risks relating to the advertising industry sector

By the nature of its activity, the Group is faced with specific risks directly related to the nature of its activities; these risks are set out in Section 4 "Risk Factors" of this annual report. Special procedures are in place to cover certain of these risks as effectively as possible, in particular those relating to infringement of intellectual property rights and compliance with the rights and regulations specific to each country in which the Group operates. These risks are covered by special procedures involving systematic vetting of advertising material produced and used. Group and subsidiary legal departments are responsible for assisting operational teams in order to avoid situations potentially presenting risks of this nature, particularly in the case of international clients.

Other risks are more difficult to prevent in being inherent in the nature of the advertising and communications industry, in particular the rapidly changing and intensely competitive nature of the market.

5.3.4. Monitoring activities

Internal control is the responsibility of all, but operational and financial management have particular responsibility for its introduction and for ensuring that, at every level, it is updated and geared towards the main objectives of Group internal control, which cover a much broader field than the mere reliability of the quantitative information used and disseminated by the Group.

Internal Audit is responsible for ensuring that the necessary controls are in place, and that they are both appropriate to the risks encountered and effective.

5.3.4.1. Audit Committee

Information on the Audit Committee is to be found in part I of this document.

5.3.4.2. Weekly Finance Committee and corporate center functions

The Weekly Finance Committee was created in January 2007 and is responsible for examining all financial matters, in particular financial investments, business and company startups or joint ventures.

The members of the Weekly Finance Committee are:

- Mr. Vincent Bolloré;
- Mr. Fernando Rodés (until 03/08/2011);
- Mr. Jorge Ustrell;
- Mr. Stéphane Fouks;
- Mr. Jean de Yturbe;
- Mr. Hervé Philippe;
- Mr. Richard Pace;
- Mrs. Esther Gaide;
- Mr. Jean-Marc Antoni;
- Mr. Michel Dobkine;
- Mr. Jacques Rossi.

In recent years, Havas has launched a number of cross-functional projects relating to corporate center functions, and the process continues: functions include cash pooling, purchasing and legal affairs, in order to optimize operations and control information flows in these specific areas. The systems in place operate satisfactorily.

5.3.4.3. Entity management

The Group's business operations are organized on a comparable basis in each region, at every level: a Chief Executive Officer (CEO) and a Chief Financial Officer (CFO) directly responsible to their line management for their Business Unit. Business Unit CEOs report hierarchically to the Chief Executive Officer of Havas and Business Unit CFOs report functionally to the CFO of the Havas Group.

Within each Business Unit and entity, the CEO and CFO apply the guidelines decided by their line management, in accordance with the decisions of the Board of Directors, and organize control of operations by the implementation of procedures compliant with Group Management Policies and Principles. The CEO and CFO are also responsible for ensuring that these procedures operate effectively.

Each CFO is responsible for ensuring that the internal control procedures of the entity for which he or she is responsible operate effectively and are kept up to date. The CFO's direct line management is responsible for ensuring that this is the case.

5.3.4.4. Group Internal Audit

In 2009, under the responsibility of the Group Chief Financial Officer, Internal Audit continued to perform its mission of monitoring the effectiveness and efficiency of Internal Control systems in place.

Audit assignments pursue three key objectives: information on the agency's activity and the local market, analysis of management objectives, of the risks incurred and the measures taken to prevent or deal with any such risks as required, and a review of internal control. The audit reports cover each of these three issues and also contain all the recommendations on improving internal controls considered necessary on the basis of audit finding. A detailed action plan for implementation of these recommendations is drawn up by the business unit audited, and submitted to Internal Audit, which is responsible for ensuring its effective implementation.

The agencies audited were selected on the basis of a list of key themes reflecting the main risks identified by Internal Audit, using quantified analyses of historic trends and/or specific financial situations. The 2010 audit plan was proposed to, discussed and approved by the Finance Department in consultation with the operational management of the Business Units, before being presented to the Audit Committee.

The audit plan was completed in full and all reports on 2010 assignments have been published. Copies of the reports have been forwarded to agency operational and financial managers, to their line management and to the Group Finance Department. Internal Audit submits regular progress reports on the audit plan and summaries of significant points to meetings of the Audit Committee.

5.3.5. Monitoring of the internal control system

Permanent monitoring of the internal control system is carried out at three levels: each CFO, in agreement with the CEO, has the primary responsibility for ensuring that internal control at the entity for which the CFO is responsible functions satisfactorily and is kept up to date. At the higher levels (country or region), the senior financial manager is responsible for the effectiveness and reliability of operations, which are regularly reviewed by the Finance Department of each network. This financial monitoring is intended to provide the constant vigilance needed to detect and deal with problems rapidly, in particular problems arising from a failing in internal control.

In 2010, Internal Audit pursued its objective of extending its geographic coverage of medium-sized agencies never previously audited. The audit plan also covered agencies that recently joined the Group, as well as major Business Units that require more regular controls.

5.4. Key processes for accounting and financial information

5.4.1. Consolidation

The Havas consolidation department organizes and manages the central consolidation of financial statements for all Group subsidiaries. This centralized process guarantees the harmonization and consistency of documents incorporated into the Group's consolidated financial statements. Each reporting package is directly consolidated after having been reviewed or audited by the external auditors.

Havas policy is that companies representing approximately 90% of total Group revenue are submitted to a full audit or limited review at year-end.

The data generated by the statutory consolidation process is systematically reconciled with management reporting data. This reconciliation is much simplified by the use of a single IT reporting system.

Since 2005, the Havas Group has prepared its consolidated financial statements in accordance with the IFRS international financial reporting standards.

5.4.2. Budgeting and management reporting

Havas organizes the budgeting and reporting processes, which are checked at Business Unit level and consolidated at Group level. These processes are a key component of the Group's Internal Control system, providing Group senior management and Business Units with invaluable tools for monitoring and steering subsidiaries' operations.

Subsidiaries systematically analyze actual/budget and initial budget/revised budget gaps. These analyses are then reviewed by region and Business Unit CFOs, then by the Group Controller, and are examined monthly by the Weekly Finance Committee.

5.4.3. Administrative back-offices

In several countries in which it has a significant presence, the Group has launched initiatives to create shared service centers (back-offices), primarily to provide accounting and payroll services for local subsidiaries. As well as helping to reduce costs and make activities more flexible, this organization ensures the application of uniform systems and procedures and leads to improved internal control as regards the preparation of accounting and financial information.

5.4.4. Cash, finance, liquidity

The Group Financing and Treasury Department oversees the process of reporting and analysis of the Group's cash positions and net debt, including (i) daily monitoring of the Group's cash position and net debt measured daily on the basis of the cash positions of subsidiaries in countries included in the centralized cash pooling arrangement (France, USA, United Kingdom, Spain, Germany, Belgium, Portugal and the Netherlands) and monthly in the other countries, (ii) weekly monitoring by the Weekly Finance Committee of changes in net debt for the Group and its main subsidiaries, of investments by Havas and the level of use of credit lines in the main countries and (iii) monthly analysis of the average cash positions of the main subsidiaries.

The Group Financing and Treasury Department also acts as the center for all financing requests from Group subsidiaries, provides regular monitoring of the use of such financing lines and assists Havas senior management in the management of the Group's medium and long-term debt and its financial risks.

As part of the process of preparing Group consolidated financial statements, all notes to the consolidated financial statements relating to cash, finance and liquidity are reviewed and approved by the Group Financing and Treasury Department.

5.4.5. Monitoring off balance sheet commitments

Havas keeps a centralized record of all securities and guarantees granted and carries out a specific reporting process to update and monitor earn-out and buy-out commitments, in conjunction with the region and headquarters Chief Financial Officers responsible for the entities concerned.

Other commitments given and received are reported in the consolidation packages.

5.4.6. Litigations

Litigations are the subject of regular reporting by Business Unit Legal Departments to the Group's General Counsel. In addition to this regular reporting, a summary of all known, current or potential litigations is reported to the Group in the course of preparing the annual report. The Group's General Counsel informs Group senior management of the status of the main cases of litigation in progress.

Conclusion

In 2010, in addition to updating the documentation on its procedures and rules of internal control, the Group also introduced new reporting tools to facilitate the exchange of information and controls at every level: agencies, countries, regions, networks and Group.

A self-assessment questionnaire on internal control has been added to Group procedures, to help agencies identify key points in internal control and provide an objective and standardized means of measuring the position of their Business Unit, using a new tool common to all subsidiaries.

Local internal control resources have also been strengthened by the creation of new functions, under the supervision of the country Chief Financial Officer, to assess the pertinence and effectiveness of internal controls within each agency in a given zone. The analyses and controls will focus on compliance with Group rules, placing special emphasis on sensitive points and areas of risk specific to the nature of the business activity or environment.

As part of this process, those with local responsibility will be required to supplement or specify Group procedures as necessary, so as to adapt them as closely as possible to specific existing local conditions and constraints in order to deal effectively with identified and potential risks.

Implementation of the process is under way, beginning with the major countries in which the Group operates through a number of subsidiaries.

2. STATUTORY AUDITORS' REPORT

Statutory Auditors' report, prepared in accordance with article L.225-235 of the French Commercial Code (Code de Commerce) on the report prepared by the Chairman of the Board of Directors of the Company

For the year ended December 31, 2010

This is a free translation into English of the Statutory Auditors' report prepared pursant to article L.225-235 of the Commercial Code on the report of the Chairman of the Board of Directors that is issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of Havas and in accordance with article L.225-235 of the French Commercial Code (Code de Commerce), we hereby report to you on the report prepared by the Chairman of your Company in accordance with article L.225-37 of the French Commercial Code (Code de Commerce) for the year ended December 31, 2010.

It is the Chairman's responsibility to prepare and submit to the Board of Directors for approval, a report on the internal control and risk management procedures implemented by the Company and providing the other information required by article L.225-37 of the French Commercial Code (Code de Commerce), in particular relating to corporate governance.

It is our responsibility:

- to report to you on the information set out in the Chairman's report on internal control and risk management procedures relating to the preparation and processing of financial and accounting information; and
- to attest that the report sets out the other information required by article L.225-37 of the French Commercial Code (Code de Commerce), it being specified that it is not our responsibility to assess the fairness of this information.

We conducted our work in accordance with professional standards applicable in France.

Information concerning the internal control and risk management procedures relating to the preparation and processing of financial and accounting information

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures mainly consisted in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and of the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our work are properly disclosed in the Chairman's report.

On the basis of our work, we have no matters to report on the information given on internal control and risk management procedures relating to the preparation and processing of accounting and financial information set out in the report prepared by the Chairman of the Board in accordance with article L.225-37 of the French Commercial Code (Code de Commerce).

Other information

We attest that the Chairman's report sets out the other information required by article L.225-37 of the French Commercial Code (Code de Commerce).

Paris and Neuilly-sur-Seine, on April 4, 2011

The Statutory Auditors

French original signed by

AEG FINANCES
Jean-François BALOTEAUD

CONSTANTIN ASSOCIÉS
Jean Paul SÉGURET

3. SUMMARY OF THE RESOLUTIONS

Presentation of the statement of the grounds for the resolutions prepared by the Board of Directors and submitted to shareholders for voting:

Approval of Financial statements, appropriation of earnings and dividend (resolutions 1, 2 and 3)

The **first and second resolutions** pertain to the approval of the statutory accounts and consolidated financial statements for the 2010 financial period as well as the Board of Directors' report on these financial statements. In addition, in accordance with applicable law, shareholders will be asked to approve the expenses and charges referred to in article 39-4 of the French General Tax Code which amounted to €48,202. These expenses and charges correspond to the non-deductible tax portion of the depreciation of vehicles.

The **third resolution** pertains to the appropriation of earnings for the year.

The statutory accounts for the year ended December 31, 2010, show a profit of €54,287,860.26.

After allocation to the legal reserve of €25,965.84, *i.e.* below the authorized maximum of one-tenth of the share capital, the distributable profit for the year stands at €54,261,894.42.

The Board of Directors proposes that a dividend of 10 cents of a euro (€0.10) be paid per share, representing a total payment of €45,981,831.20, on the basis of (i) share capital composed of 430,522,736 shares at December 31, 2010, and (ii) a maximum number of 29,295,576 shares to be created by possible exercise of existing stock options between January 1, 2011 and the date of the Shareholders' Meeting.

Should the number of shares actually issued following the exercise of options be lower than the maximum number forecast when setting the total dividend payable, the sum representing dividends not paid will be allocated to "Retained earnings".

The balance of distributable profit will be allocated to "Retained earnings".

This dividend will be paid on May 17, 2011.

Pursuant to article 158-3.2° of the French General Tax Code, all dividends paid (amounting to a total of €45,981,831.20) would be eligible for the 40% tax basis reduction for the calculation of personal income tax to be paid by individual shareholders.

Financial period	Number of shares remunerated	Dividend paid *(in euro per share)*
2007	429,869,208	0.04
2008	429,869,323	0.04
2009	429,873,590	0.08

Directors' fees (resolution 4)

The **fourth resolution** invites shareholders to set the aggregate amount of directors' fees for 2011.

The Board proposes to increase the amount of directors' fees to a maximum of €180,000.

Approval of related-party agreements under article L.225-38 of the French Commercial Code (resolutions 5 and 6)

The **fifth and sixth resolutions** propose the approval of agreements falling within the scope of article L.225-38 of the French Commercial Code and entered into during the 2010 financial period.

The fifth resolution pertains to the agreements entered into on the right of withdrawal and on purchase and sale options on shares in W&Cie entered into between Bolloré and Havas as part of the merger between W&Cie and @Just. These agreements were entered into on the merger of W&Cie and @Just which took place on December 31, 2010, with Bolloré becoming a minority shareholder in W&Cie, a Havas subsidiary, by virtue of the merger.

The sixth resolution pertains both to the termination, with effect from January 1, 2010, of the service provision agreement entered into between Havas and Euro RSCG on December 4, 1988, and to the termination with effect from January 1, 2011, of the service provision agreement entered into between Havas and Euro RSCG Worldwide on December 4, 1988. These agreements were terminated on the occasion of a redefinition of the Group's transfer pricing policy.

Directors' terms of office (resolutions 7 to 15)

The **seventh resolution** proposes the reappointment of Mr. Vincent Bolloré as director for a further three-year term of office to expire after the Annual Shareholders' Meeting reviewing the financial statements for the period ending December 31, 2013.

The **eighth resolution** proposes the appointment of Mrs. Mercedes Erra as director for a three-year term of office to expire after the Annual Shareholders' Meeting reviewing the financial statements for the period ending December 31, 2013.

The **ninth resolution** proposes the reappointment of Mr. Antoine Veil as director for a further three-year term of office to expire after the Annual Shareholders' Meeting reviewing the financial statements for the period ending December 31, 2013.

The **tenth resolution** proposes the reappointment of Mr. Jacques Séguéla as director for a further three-year term of office to expire after the Annual Shareholders' Meeting reviewing the financial statements for the period ending December 31, 2013.

The **eleventh resolution** proposes the reappointment of Mr. Pierre Godé as director for a further three-year term of office to expire after the Annual Shareholders' Meeting reviewing the financial statements for the period ending December 31, 2013.

The **twelfth resolution** proposes the reappointment of Mr. Yves Cannac as director for a further three-year term of office to expire after the Annual Shareholders' Meeting reviewing the financial statements for the period ending December 31, 2013.

The **thirteenth resolution** proposes the reappointment of Bolloré as director for a further three-year term of office to expire after the Annual Shareholders' Meeting reviewing the financial statements for the period ending December 31, 2013.

The **fourteenth resolution** proposes the reappointment of Longchamp Participations as director for a further three-year term of office to expire after the Annual Shareholders' Meeting reviewing the financial statements for the period ending December 31, 2013.

The **fifteenth resolution** proposes the reappointment of Société Financière de Longchamp as director for a further three-year term of office to expire after the Annual Shareholders' Meeting reviewing the financial statements for the period ending December 31, 2013.

The Board of Directors will thus comprise fourteen members.

Information on the composition of the Board of Directors and on its members is available in section 14 of the annual report. Information relating to candidates for appointment as directors is given in this notice of meeting.

Authorization to the Board of Directors to acquire Company shares (resolutions 16 and 17)

The **sixteenth resolution** proposes that the Shareholders' Meeting authorize a share buyback program. This authorization is requested for a maximum period of eighteen months from the date of this Shareholders' Meeting, *i.e.* to November 9, 2012.

This authorization would enable the Board to acquire up to 40 million Company shares, representing 9.3% of the share capital.

The share buyback program could be implemented for the following purposes:

1) to reduce the Company's share capital by cancelling shares;
2) to honor obligations relating to share option allocations or other share allocations to Company employees or officers or to an affiliate;
3) to tender shares on the exercise of rights attached to securities granting access to a portion of the share capital;
4) to tender shares in settlement or exchange as part of external growth operations, up to a maximum of 5% of the share capital;
5) to ensure the liquidity or activity of the market for the Company's shares through the intermediary of an investment services provider, acting under the terms of a liquidity agreement compliant with a code of practice recognized by the French Financial markets authority (AMF); and
6) to implement any market practice that may be recognized in law or by the French financial markets authority (AMF) in future.

The maximum purchase price is set at €5 per share.

A description of the share buyback program is given in paragraph 21.1.3 of the Company's annual report for 2010 and contains all necessary further information regarding this program.

With a possible view to cancellation of the shares so purchased, the **seventeenth resolution** proposes that the Shareholders' Meeting authorize the Board, where appropriate and for the same period, to cancel any or all of the shares so purchased and so reduce the share capital by the corresponding amount, up to a maximum of 10% of the share capital in any period of 24 months.

Employee share ownership (resolutions 18 and 19)

The **eighteenth resolution** proposes that the Shareholders' Meeting authorize the Board of Directors to increase the share capital for the benefit of employees contributing to a Company savings scheme. A resolution (resolution 17) to this effect was approved by the Shareholders' Meeting of May 11, 2010, for a period of 26 months., *i.e.* until July 11, 2012. Since a resolution is also being put to this Shareholders' Meeting to authorize a capital increase, however, the relevant regulations require that a resolution be put to the Shareholders' Meeting to authorize an increase in share capital for the benefit of employees contributing to a Company savings scheme. This new authorization would also be for a period of 26 months and would terminate the existing authorization.

The **nineteenth resolution** proposes that the Shareholders' Meeting renew the 18th resolution adopted by the Shareholders' Meeting of May 11, 2010, pertaining to a capital increase reserved for a category of beneficiaries (employees residing in countries in which employee share ownership programs cannot be set up, or in countries where taxation is less favorable).

This authorization would be renewed for a period of eighteen months.

Amendments to the bylaws (resolutions 20 and 21)

The **twentieth and twenty first resolutions** are intended to bring Havas bylaws into compliance with legal and regulatory provisions recently adopted.

The resolutions therefore propose that the bylaws be amended to comply with legal and regulatory provisions concerning (i) the right to be represented by the person of one's choice, (ii) the right to request items be entered on the agenda and (iii) the right of electronic communication.

Power for formalities (resolution 22)

Resolution 22 grants powers to execute all the formalities required by law.

4. TEXT OF THE RESOLUTIONS

First resolution

(Review and approval of statutory accounts for the 2010 financial period)

The Shareholders' Meeting, acting with the quorum and majority requirements for ordinary meetings, after considering the report prepared by the Board of Directors for the financial year ended December 31, 2010, as well as the Statutory Auditors' general report on the execution of its mandate to verify and audit accounts, approves the Board of Directors' report and the statutory accounts for the period, as presented, in addition to all the transactions related thereto.

The Shareholders' Meeting, in application of article 223 *quarter* of the French General Tax Code, also approves the expenses and fees referred to in article 39-4 of the said Code, which amount to a total of €48,202 and which, given the negative tax result, have reduced the loss to be carried forward by the same amount.

Second resolution

(Review and approval of consolidated financial statements for the 2010 financial period)

The Shareholders' Meeting, acting with the quorum and majority requirements for ordinary meetings, after considering the report prepared by the Board of Directors for the financial year ended December 31, 2010, as well as the Statutory Auditors' general report on the execution of its mandate to verify and audit accounts, approves the Board of Directors' report as well as the consolidated financial statements for this year, as presented, in addition to all the transactions related thereto.

Third resolution

(Appropriation of earnings for the year)

The Shareholders' Meeting notes the existence of distributable profit of €54,261,894.42 made up as follows:

Profit for the year	€54,287,860.26
• Allocation to the legal reserve	€25,965.84

to be allocated as follows:

• Dividend (€0.10 per share) on the basis of share capital composed of 430,522,736 shares at December 31, 2010	€43,052,273.60
• Estimated dividend (€0.10 per share) on the basis of the issue – between January 1, 2011 and the date of the Annual Shareholders' Meeting – of a maximum of 29,295,576 shares following the exercise of stock options	€2,929,557.60
• The balance to "Retained earnings"	€8,280,063.22

The dividend will be paid on May 17, 2011.

Any variance between the actual number of shares issued as a result of options exercised and the estimated total number of shares, as specified above, will be the subject of an adjustment under "Retained earnings".

Pursuant to article 158-3.2° of the French General Tax Code, all dividends paid would be eligible for the 40% tax basis reduction for the calculation of personal income tax to be paid by individual shareholders.

Actual dividend paid for each of the previous three financial periods was as follows:

Financial period	Number of shares remunerated	Dividend paid *(in euro per share)*
2007	429,869,208	0.04
2008	429,869,323	0.04
2009	429,873,590	0.08

Fourth resolution

(Setting of directors' fees for 2011)

After considering the report of the Board of Directors, the Shareholders' Meeting, acting with the quorum and majority requirements for ordinary meetings, sets at €180,000 the maximum total fees payable to the Board of Directors for the 2011 financial period.

The Shareholders' Meeting grants full powers to the Board of Directors to distribute all or part of this sum to its members as the Board sees fit.

Fifth resolution

(Approval of related-party agreements as provided for in article L.225-38 of the French Commercial Code)

After considering the Statutory Auditors' special report on related party agreements as provided for in article L.225-38 of the French Commercial Code, the Shareholders' Meeting, acting with the quorum and majority requirements for ordinary meetings, approves the agreements entered into on the right of withdrawal and on purchase and sale options on shares in W&Cie entered into between Bolloré and Havas as part of the merger between W&Cie and @Just.

Sixth resolution

(Approval of related-party agreements as provided for in article L.225-38 of the French Commercial Code)

After considering the Statutory Auditors' special report on related party agreements as provided for in article L.225-38 of the French Commercial Code, the Shareholders' Meeting, acting with the quorum and majority requirements for ordinary meetings, approves both the termination, with effect from January 1, 2010, of the service provision agreement entered into between Havas and Euro RSCG on December 4, 1988, and the termination with effect from January 1, 2011, of the service provision agreement entered into between Havas and Euro RSCG Worldwide on December 4, 1988.

Seventh resolution

(Re-election of Mr. Vincent Bolloré as a director)

After considering the report of the Board of Directors, the Shareholders' Meeting, acting with the quorum and majority requirements for ordinary meetings, notes that the term of office as a director of Mr. Vincent Bolloré expires at the close of the present meeting and decides to renew his term of office for a further three years, *i.e.* until the close of the Annual Shareholders' Meeting convened to approve the financial statements for 2013.

Eighth resolution

(Appointment of Mrs. Mercedes Erra as a director)

After considering the report of the Board of Directors, the Shareholders' Meeting, acting with the quorum and majority requirements for ordinary meetings, decides to appoint Mrs. Mercedes Erra as a director for a term of office of three years, *i.e.* until the close of the Annual Shareholders' Meeting convened to approve the financial statements for 2013.

Ninth resolution

(Re-election of Mr. Antoine Veil as a director)

After considering the report of the Board of Directors, the Shareholders' Meeting, acting with the quorum and majority requirements for ordinary meetings, notes that the term of office as a director of Mr. Antoine Veil expires at the close of the present meeting and decides to renew his term of office for a further three years, *i.e.* until the close of the Annual Shareholders' Meeting convened to approve the financial statements for 2013.

Tenth resolution

(Re-election of Mr. Jacques Séguéla as a director)

After considering the report of the Board of Directors, the Shareholders' Meeting, acting with the quorum and majority requirements for ordinary meetings, notes that the term of office as a director of Mr. Jacques Séguéla expires at the close of the present meeting and decides to renew his term of office for a further three years, *i.e.* until the close of the Annual Shareholders' Meeting convened to approve the financial statements for 2013.

Eleventh resolution

(Re-election of Mr. Pierre Godé as a director)

After considering the report of the Board of Directors, the Shareholders' Meeting, acting with the quorum and majority requirements for ordinary meetings, notes that the term of office as a director of Mr. Pierre Godé expires at the close of the present meeting and decides to renew his term of office for a further three years, *i.e.* until the close of the Annual Shareholders' Meeting convened to approve the financial statements for 2013.

Twelfth resolution

(Re-election of Mr. Yves Cannac as a director)

After considering the report of the Board of Directors, the Shareholders' Meeting, acting with the quorum and majority requirements for ordinary meetings, notes that the term of office as a director of Mr. Yves Cannac expires at the close of the present meeting and decides to renew his term of office for a further three years, *i.e.* until the close of the Annual Shareholders' Meeting convened to approve the financial statements for 2013.

Thirteenth resolution

(Re-election of Bolloré as a director)

After considering the report of the Board of Directors, the Shareholders' Meeting, acting with the quorum and majority requirements for ordinary meetings, notes that the term of office as a director of Bolloré expires at the close of the present meeting and decides to renew his term of office for a further three years, *i.e.* until the close of the Annual Shareholders' Meeting convened to approve the financial statements for 2013.

Fourteenth resolution

(Re-election of Longchamp Participations as a director)

After considering the report of the Board of Directors, the Shareholders' Meeting, acting with the quorum and majority requirements for ordinary meetings, notes that the term of office as a director of Longchamp Participations expires at the close of the present meeting and decides to renew his term of office for a further three years, *i.e.* until the close of the Annual Shareholders' Meeting convened to approve the financial statements for 2013.

Fifteenth resolution

(Re-election of Financière de Longchamp as a director)

After considering the report of the Board of Directors, the Shareholders' Meeting, acting with the quorum and majority requirements for ordinary meetings, notes that the term of office as a director of Financière de Longchamp expires at the close of the present meeting and decides to renew his term of office for a further three years, *i.e.* until the close of the Annual Shareholders' Meeting convened to approve the financial statements for 2013.

Sixteenth resolution

(Authorization for the Board of Directors to acquire Company shares)

After considering the report of the Board of Directors, the Shareholders' Meeting, acting with the quorum and majority requirements for ordinary meetings, authorizes the Board of Directors to acquire Company shares in compliance with the provisions of articles L.225-209 *et seq.* of the French Commercial Code for the following purposes:

1) to reduce the Company's share capital by cancelling shares;
2) to honor obligations relating to share option allocations or other share allocations to Company employees or officers or to an affiliate;
3) to tender shares on the exercise of rights attached to securities granting access to a portion of the share capital;
4) to tender shares in settlement or exchange as part of external growth operations, up to a maximum of 5% of the share capital;
5) to ensure the liquidity or activity of the market for the Company's shares through the intermediary of an investment services provider, acting under the terms of a liquidity agreement compliant with a code of practice recognized by the French Financial markets authority (AMF); and
6) to implement any market practice that may be recognized in law or by the French financial markets authority (AMF) in future.

The acquisition, sale, transfer and exchange of these shares may be carried out, in one or more transactions, by any means and at any time, on a market (regulated or otherwise), on a Multilateral Trading Facility (MTF), *via* a systematic internalizer or over the counter, in particular by the acquisition or sale of blocks of shares, or by recourse to financial derivatives and warrants, in accordance with current legislation. The entire buyback program may be carried out through the negotiation of blocks of shares.

The maximum purchase price is set at €5 per share (excluding acquisition costs). In the event of a capital increase by the incorporation of premiums, reserves and profits, giving rise to either an increase in the par value of the share or the creation and free allocation of shares, or in the event of a share split or reverse split, or any other impact on the Company's capital, the Board of Directors may adjust the aforesaid purchase price to allow for the impact of these operations on the value of the share.

Under the terms of this authorization, the Board of Directors may acquire up to 40 million Company shares, representing 9.3% of the present share capital.

This authorization may be used in respect of all Treasury stock.

The Shareholders' Meeting grants full powers to the Board of Directors, which may sub-delegate as provided by law, to implement this authorization, except when the Company shares are the subject of a public offering, and in particular to place any stock market or off-market orders, allocate or re-allocate shares acquired to the various purposes in view, enter into any agreement with a particular view to the keeping of registers of share purchases and sales, draw up any information document, make all declarations to the French financial markets authority (AMF) and any other authority that might replace it, complete all formalities and generally do whatever may be necessary.

The Shareholders' Meeting also grants full powers to the Board of Directors, should the law or the French financial markets authority (AMF) extend or add to the purposes for which share buyback programs are authorized, to inform the public, on the legal and regulatory conditions applicable, of any changes to the program as regards changes of purpose.

The delegation of authority hereby conferred upon the Board of Directors shall be valid for a period of eighteen months from the date of this Shareholders' Meeting and terminates the previous share buyback authorization given by the Shareholders' Meeting of May 11, 2010, under resolution 11.

Seventeenth resolution

(Authorization for the Board of Directors to reduce the share capital by the cancellation of shares previously acquired as part of a share buyback program)

After considering the Board of Directors' report and the Statutory Auditors' special report, and in compliance with the provisions of articles L.225-209 *et seq.* of the French Commercial Code, the Shareholders' Meeting, acting with the quorum and majority requirements for extraordinary meetings delegates authority to the Board of Directors to:

1) reduce the share capital on one or more occasions by all or part of the shares acquired through the share buyback program, up to a maximum of 10% of the share capital in any period of 24 months; and
2) to charge the difference between the buyback value and par value of shares purchased to premiums and reserves available.

The Shareholders' Meeting grants full powers to the Board of Directors, which may sub-delegate as provided by law, to determine the terms and conditions of any such capital decrease(s), amend the articles of incorporation accordingly, make all declarations, in particular to the French financial markets authority (AMF) and any other authority that might replace it, carry out all formalities and generally do whatever may be necessary.

The delegation of authority hereby conferred upon the Board of Directors shall be valid for a period of eighteen months from the date of this Shareholders' Meeting and terminates the previous authorization for the same purpose given by the Shareholders' Meeting of May 11, 2010, under resolution 12.

Eighteenth resolution

(Delegation of authority to the Board of Directors to increase the share capital for the benefit of members of a Company savings scheme)

After considering the Board of Directors' report and the Statutory Auditors' special report, and in compliance with the provisions of articles L.3332-1 *et seq.* of the French Labor Code and articles L.225-138-1 and L.225.129-6 of the French Commercial Code, the Shareholders' Meeting, acting with the quorum and majority requirements for extraordinary meetings:

1) delegates authority to the Board of Directors to increase the share capital, on one or more occasions, in the proportions and at the times it deems appropriate, by a number of shares representing no more than 3% of the Company's share capital at the date of this Shareholders' Meeting, by issuing shares or any other securities granting immediate or future access to a portion of the share capital, reserved for members contributing to a Company savings scheme within the Havas Group, whether the parent company or French or foreign entities related to Havas under the terms set forth in article L.225-180 of the French Commercial Code and article L.3344-1 of the French Labor Code;
2) decides (i) that the total nominal amount of the shares that may be issued in pursuance of this resolution shall be deducted from the aggregate nominal ceiling of €100 million specified in paragraph 4 of the thirteenth resolution adopted by the Shareholders' Meeting of May 11, 2010, and (ii) that the maximum numbers of shares set in this resolution for a capital increase for the benefit of members of a Company savings scheme as defined below and in the 18th resolution to increase the capital for the benefit of categories of beneficiaries, shall not be cumulative and shall not exceed a total number of shares representing 3% of the Company's share capital at the date of this Shareholders' Meeting;
3) decides to cancel shareholders' preferential subscription rights with regard to new shares to be issued or other securities granting access to a portion of the share capital, and with regard to the securities to which these securities would give entitlement, issued in pursuance of this resolution in favor of members of a Company savings scheme, as defined in paragraph 1;
4) decides that the issue price of the new shares or securities granting access to a portion of the share capital shall be determined in accordance with the provisions of article L.3332-19 of the French Labor Code and shall be at least 80% of the reference price (as defined herein below); however, the Shareholders' Meeting expressly authorizes the Board of Directors, should it see fit, to reduce or eliminate the above-mentioned discounts within the legal and regulatory limits, in order to make allowances for, among others, the legal, accounting, fiscal and social regimes that may be in force in the beneficiaries' countries of residence; for the purposes hereof, the reference price shall be the average of the Company's listed share price on the Euronext market over the twenty days of trading preceding the date on which the Board decides to set the first date of subscription for members of a Company savings scheme;
5) decides, in pursuance of article L.3332-21 of the French Labor Code, that the Board of Directors may decide to grant the above-mentioned beneficiaries free shares, existing or to be issued, or other securities granting access to a portion of the share capital, existing or to be issued, as the employer's contribution and/or as discount, as the case may be, provided their countervalue, calculated at the subscription price, does not exceed the thresholds set forth in article L.3332-11 of the French Labor Code;

6) decides that the Board of Directors shall have all powers to use this delegation of authority, which may be sub-delegated as provided and within the limits stipulated below, notably to:

- determine the characteristics of the other securities granting access to a portion of the Company's share capital within the legal and regulatory provisions in force,
- determine the terms and conditions for the issues to be made in pursuance of this delegation of authority,
- decide that subscriptions may be made either directly or through a corporate mutual fund (*"fonds commun de placement d'entreprise"*) or other structures or entities authorized by the legal or regulatory provisions in force,
- determine the amount offered for subscription and the dates for the opening and closing of subscriptions, dates from which dividend rights shall vest, the terms and conditions of payment of the shares and other securities granting access to a portion of the Company's share capital, apply to have the newly-created securities listed on a stock exchange wherever the Board of Directors may see fit,
- record the completion of the capital increases for the number of shares effectively subscribed, carry out, either directly or through an agent, all transactions and formalities relating to the share capital increase, amend the bylaws accordingly and, on its own initiative, charge the costs arising from the capital increase against the corresponding share premium and levy from said amount the sums necessary to bring the legal reserve up to one-tenth of the new share capital after the capital increase, make all declarations to the appropriate authorities, carry out all formalities and generally do whatever may be necessary.

7) decides that the present delegation of authority shall henceforth cancel and replace, to the extent unused, the previous authorization granted by the Shareholders' Meeting of May 11, 2010 under resolution 17, for the same purpose.

The delegation of authority hereby conferred upon the Board of Directors shall be valid for a period of twenty-six months from the date of this Shareholders' Meeting.

Nineteenth resolution

(Delegation of authority to the Board of Directors to increase the share capital for the benefit of categories of beneficiaries)

After considering the Board of Directors' report and the Statutory Auditors' special report, and in compliance with the provisions of articles L.225-129 to L.225-129-2 and L.225-138 of the French Commercial Code, the Shareholders' Meeting, acting with the quorum and majority requirements for extraordinary meetings:

1) delegates authority to the Board of Directors to increase the Company's share capital, on one or more occasions, in the proportions and at the time(s) it deems appropriate, by a number of shares representing no more than 3% of the Company's share capital at the date of this Shareholders' Meeting, by issuing shares or any other securities granting immediate or future access to a portion of the share capital, such issue being reserved for persons having the characteristics of one or more of the categories defined below;

2) decides (i) that the total nominal amount of the shares that may be issued in pursuance of this resolution shall be deducted from the aggregate nominal ceiling of €100 million specified in paragraph 4 of the thirteenth resolution adopted by the Shareholders' Meeting of May 10, 2010, and (ii) that the maximum numbers of shares set in this resolution for a capital increase for the benefit of the categories of beneficiaries defined below and by the 18th resolution to increase the capital for the benefit of members of a Company savings scheme, shall not be cumulative and shall not exceed a total number of shares representing 3% of the Company's share capital at the date of this Shareholders' Meeting;

3) decides to cancel shareholders' preferential subscription rights to shares or other securities granting access to a portion of the share capital, and to the securities to which said securities would grant entitlement, that would be issued in pursuance of the present resolution and to reserve the right to subscribe to the categories of beneficiaries with the following characteristics: (i) employees and officers of Havas Group companies having relations with the Company as set forth in article L.225-180 of the French Commercial Code and in article L.3344-1 of the French Labor Code and having their headquarters outside of France; (ii) and /or open-ended mutual funds ("OPCVMs") or other employee share ownership entities, whether they have the status of legal entities or otherwise, invested in securities of the Company whose unit account holders or shareholders are persons referred to in sub-section (i) of this paragraph; and/or (iii) any financial institution (or subsidiary of such an institution) (a) having set up, at the Company's request, a leverage type scheme for the benefit of the employees of the French companies in the Havas Group *via* a corporate mutual fund ("FCPE"), having obtained prior approval from the French financial markets authority ("AMF"), for the purposes of a capital increase carried out in pursuance of the 18th resolution of the present Shareholders' Meeting, (b) directly or indirectly offering persons referred to under (i), who do not have the benefit of the above-mentioned leverage type scheme, an economic profile comparable to that available to the employees of the French companies in the Havas Group, and (c) insofar as the subscribing of the Company's shares by this financial institution would enable the persons referred to in (i) to benefit from share ownership or savings solutions having such a profile;

4) decides that the unit issue price of the shares or securities to be issued in pursuance of this resolution shall be set by the Board of Directors on the basis of the Company's share price on the regulated Euronext Paris market; this issue price shall be equal to the average of the Company's listed share price on the Euronext market over the twenty days of trading preceding the day the issue price is set by the Board, though said average can be discounted by a percentage of up to 20% to be determined by the Board of Directors notably in view of foreign legal, regulatory and fiscal provisions in force;

5) decides that the Board of Directors shall have all powers, as provided by law and within the limits set forth above, and the option of sub-delegating said powers, to use this delegation of authority, notably to:

- set the date and price of the shares to be issued in pursuance of this resolution as well as the terms and conditions of the issue, including the date, which may be retroactive, from which dividend rights shall be vested in respect of said shares to be issued,
- draw up the list of persons to benefit from the cancellation of preferential subscription rights from among the categories defined above, and the number of shares each person may subscribe,
- determine the characteristics of the other securities granting access to a portion of the Company's share capital in accordance with the legal and regulatory provisions in force,
- take all measures, if needs be, to ensure the shares issued in pursuance of the present resolution can be traded on the regulated Euronext Paris equity market,
- record the completion of the capital increase, carry out, either directly or through an agent, all transactions and formalities relating to the share capital increase and, on its own initiative, charge the costs arising from the capital increase against the corresponding share premium, and amend the bylaws accordingly and carry out all necessary formalities;

6) decides that the present delegation of authority shall henceforth cancel and replace, to the extent unused, the previous authorization granted by the Shareholders' Meeting of May 11, 2010, under resolution 18, for the same purpose;

7) resolves that, should the Board of Directors use the delegation of authority granted herein, said Board shall, in pursuance of the legal and regulatory provisions in force, be accountable to the next ordinary Shareholders' Meeting for the use it will have made of said authority granted herein.

The delegation of authority hereby conferred upon the Board of Directors shall be valid for a period of eighteen months from the date of this Shareholders' Meeting.

Twentieth resolution

(Amendment to article 22 "Nature and convening" of the bylaws)

After considering the Board of Directors' report, the Shareholders' Meeting, acting with the quorum and majority requirements for extraordinary meetings, decides to bring the first two paragraphs of section IV of article 22 and the first paragraph of section V of the same article of the bylaws into compliance with the new legal provisions and in consequence to amend article 22 as follows:

Article 22: Nature and convening

The first two paragraphs of section IV are replaced by the following:

IV – Any shareholder with the right to attend Shareholders' Meetings may be represented under the conditions provided for in law.

The first paragraph of section V is completed as follows:

V – When a Shareholders' Meeting has been convened, shareholders may request that the Company send the various documents and information required under the said regulations to the address indicated by the shareholder; they may also take cognizance of the documents referred to in the regulations at the Company's registered office (or at the site of its administrative management) or on the Company's website.

Twenty-first resolution

(Amendment to article 23 "Agenda" of the bylaws)

After considering the Board of Directors' report, the Shareholders' Meeting, acting with the quorum and majority requirements for extraordinary meetings, decides to bring paragraph 2 of article 23 of the bylaws into compliance with the new legal provisions and in consequence to amend the said paragraph as follows:

Article 23: Agenda

2nd paragraph

However, one or more shareholders representing at least the percentage of share capital set by current regulations or an association of shareholders meeting the conditions laid down in law may, subject to observing the procedure established for the purpose, request than an item or resolution(s) be entered on the agenda, accompanying their request as necessary by a brief statement of the grounds for the request; the resolutions are entered on the agenda of the Shareholders' Meeting and subject to its vote.

Twenty-second resolution

(Powers for formalities)

The Shareholders' Meeting, acting with the quorum and majority requirements for extraordinary meetings, hereby grants full powers to the bearer of the original or an extract or copy of the minutes of the deliberations of such meeting to carry out all formalities required by law and applicable regulations in effect.

5. STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS WITH RELATED PARTIES

For the year ended December 31, 2010

This is a free translation into English of the Statutory Auditors' special report on regulated agreements and commitments issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements and commitments reported on are only those provided by the French Commercial Code and that the report does not apply to those related party agreements described in IAS 24 or other equivalent accounting standards.

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby report to you on regulated agreements and commitments with related parties.

The terms of our engagement do not require us to identify such agreements or commitments, if any, but to inform you, based on information provided to us, of the principal terms and conditions of those agreements and commitments brought to our attention, without expressing an opinion on their usefulness or appropriateness. It is your responsibility, pursuant to article R.225-31 of the French Commercial Code (Code de Commerce), to assess the interest involved in respect of the conclusion of these agreements and commitments for the purpose of approving them.

We are also required, as necessary, to communicate to you information required by article R.225-31 of the French Commercial Code (Code de Commerce), relating to the application of agreements and commitments entered into prior to the financial period, as approved by the General Assembly.

We conducted our procedures in accordance with professional standards applicable in France. These standards require that we agree the information provided to us with the underlying documents.

1. Agreements and commitments submitted to the General Assembly

In accordance with article L.225-40 of the French Commercial Code (Code de Commerce), we have been advised of the agreements and commitments that have been previously authorised by the Board of Directors.

Agreements regarding the shares in W&CIE:

As a consequence of the merger of @JUST and W&CIE on 31 December 2010, Bolloré has become a minority shareholder in W&CIE, a subsidiary of the Havas Group. In this context, Havas has granted to Bolloré a right of retraction as well as purchase and sale options on shares on W&CIE.

This agreement was authorized by the Board on 31 August 2010.

Company officers concerned: Vincent Bolloré, Antoine Bernheim, Yannick Bolloré and Cédric de Bailliencourt.

Termination of services agreements between Havas and the Euro RSCG and Euro RSCG Worldwide:

Due to the revision of the Havas group transfer pricing policy, agreements dated 4 December 1998 between Havas and Euro RSCG and Euro RSCG Worldwide, regarding the development and operation of the Euro RSCG brand, have been terminated with effect from 1 January 2010 and 1 January 2011 respectively.

This agreement was authorized by the Board on 3 December 2010.

Company officers concerned: Fernando Rodés Vilà, Jacques Séguéla and Hervé Philippe.

2. Agreements and commitments already approved by the General Assembly

Services to develop, manage and promote the Euro RSCG network in order to enhance the value of the Euro RSCG brand

- Services rendered to EURO RSCG SA for total fees of €2,073,589.41 paid in 2010, due from the precedent year.

  Company officers concerned: Fernando Rodés Vilà, Jacques Séguéla and Hervé Philippe.

- Services rendered to EURO RSCG Worldwide Inc for total fees of €3,598,484.36 paid for the year ended 31 December 2010.

  Company officer concerned: Hervé Philippe.

Paris and Neuilly-sur-Seine, on 4 April 2011

The Statutory Auditors

French original signed by

AEG FINANCES	CONSTANTIN ASSOCIÉS
Jean-François BALOTEAUD	Jean Paul SÉGURET

6. AUTHORIZATIONS REGARDING SHARE CAPITAL INCREASES[1]

Nature of authorizations	Date of Shareholders' Meeting	Period of authorization	Amount authorized			Amount used			Amount available		
			Capital *in euros*	Capital in number of shares	Debt securities *in euros*	Capital *in euro*	Capital in number of shares	Debt securities *in euro*	Capital *in euros*	Capital in number of shares	Debt securities *in euros*
1. Capital increase with PSR	05/11/10	26 months	100,000,000	250,000,000	500,000,000	0	0	0	100,000,000	250,000,000	500,000,000
2. Capital increase without PSR as part of a public exchange offer	05/11/10	26 months	100,000,000	250,000,000	500,000,000	0	0	0	100,000,000	250,000 000	500,000,000
3. Capital increase: capitalization of premium, reserves, profit or others	05/11/10	26 months	100,000,000	250,000,000	500,000,000	0	0	0	100,000,000	250,000,000	500,000,000
4. Capital increase limited to members of a Company savings scheme	05/11/10	26 months	3% at date of shareholders' meeting *i.e.* 5,159,240.72	12,898,101		0	0		5,159,240.72	12,898,101	
5. Capital increase for the benefit of a category of beneficiaries (as part of a Company savings scheme)	05/11/10	18 months	3% at date of shareholders' meeting *i.e.* 5,159,240.72	12,898,101		0	0		5,159,240.72	12,898,101	
Ceiling on authorizations related to the Company savings scheme (4 and 5)	**05/11/10**		**5,159,240.72**	**12 898,101**					**5,159,240.72**	**12,898,101**	
Ceiling on capital increases (with and without PSR)	**05/11/10**		**100,000,000**	**250,000,000**	**500,000,000**	**0**	**0**	**0**	**100,000,000**	**250,000,000**	**500,000,000**
6. Capital increase in consideration of contributions in kind in respect of securities giving access to the capital	05/11/10	26 months	10% of the capital			0	0		10% of the capital		

(1) At the date of filing of this annual report.

7. INFORMATION PUBLISHED OR MADE PUBLIC DURING THE LAST 12 MONTHS

List of information published or made public during the last 12 months (from February 1, 2010 to February 28, 2011)	Consultation method (Internet link or place of consultation)
Press releases	**www.havas.com**
Strong recovery in organic growth in Q4 2009: -4.4% (02/09/2010)	
Creation of Havas Italy (02/17/2010)	
2009 Results (03/23/2010)	
Registration of the 2010 annual report (04/16/2010)	
Q1 2010 revenue: Havas returns to growth (04/19/2010)	
2010 Combined Shareholders' Meeting (05/11/2010)	
2010 First Half Results (08/31/2010)	
Havas announces its revenues for the first nine months of 2010 (10/18/2010)	
Havas consolidates leading position in global financial PR with the acquisition of top Hong Kong agency Porda (12/08/2010)	
Publications by a professional intermediary	**www.havas.com**
Terms of provision or consultation of documents and information referred to in article R.225-83 of the French Commercial Code (05/03/2010)	
Statement of fees paid to Statutory Auditors (06/08/2010)	
Statutory Auditors' review report on the 2010 interim financial information (08/31/2010)	
Condensed consolidated financial statements for the interim period ended June 30, 2010 (08/31/2010)	
Report on the activity of the first half of 2010 (08/31/2010)	
Declaration by the person responsible for the half-yearly financial report (08/31/2010)	
Publications in *BALO* (official gazette)	**www.journal-officiel.gouv.fr**
Advance notice of Annual Shareholders' Meeting of May 11, 2010 (04/02/2010)	
Notice of Annual Shareholders' Meeting of May 11, 2010 (04/23/2010)	
Publication of statutory accounts and consolidated financial statements for the financial year ended December 31, 2009 (05/19/2010)	
Publications in *Les Petites Affiches* (bulletin of public notices)	
Notice of Annual Shareholders' Meeting of May 11, 2010 (04/23/2010)	
Information lodged with the Office of the Clerk of the Commercial Court of Nanterre	
Share capital increase/resignation of a Director (certificate of deposit of 06/07/2010)	
Deposit of 2010 statutory accounts and consolidated financial statements (certificate of deposit of 07/06/2010)	
Appointment of a *Directeur Général Délégué*/non-renewal of a Director's term of office/appointment of a Director/appointment of an alternate Statutory Auditor (certificates of deposit of 06/29/2010)	
Monthly declarations of voting rights	**www.havas.com** **www.amf-france.org**
Dated 02/09/2010	
Dated 03/08/2010	
Dated 04/12/2010	
Dated 05/20/2010	
Dated 06/08/2010	
Dated 07/02/2010	
Dated 08/27/2010	
Dated 09/16/2010	
Dated 10/04/2010	
Dated 11/09/2010	
Dated 12/15/2010	
Dated 01/10/2011	
Dated 02/09/2011	
Annual report	**www.amf-france.org** **www.havas.com**
2009 Annual report – AMF visa No. D. 10-0278 of 04/16/2010	

8. OTHER CORPORATE POSITIONS HELD BY COMPANY OFFICERS

Vincent Bolloré

Director of Havas since June 2005 and Chairman of the Board of Directors of Havas since July 2005

Other positions within the Group

- Chairman of the Board of Directors of Havas Media France.

Other positions outside the Group

Functions and positions held in French companies

- Chairman and Chief Executive Officer of Bolloré and Bolloré Participations;
- Chairman of the Board of Directors (separate function) of Financière de l'Odet;
- Chairman of VEPB;
- Chief Executive Officer of Omnium Bolloré, Financière V, Sofibol;
- Director of BatScap, Bolloré, Bolloré Participations, Direct 8, Matin Plus, Direct Soir, Financière Moncey, Financière de l'Odet, Financière V, Omnium Bolloré, Sofibol, VEPB and Natixis;
- Permanent representative of Bolloré Participations on the Boards of Société Anonyme Forestière et Agricole (SAFA), Société des Chemins de Fer et Tramways du Var et du Gard, Société Industrielle et Financière de l'Artois, Société Bordelaise Africaine, Compagnie des Tramways de Rouen;
- Permanent representative of Bolloré on the Board of Bolloré Media;
- Permanent representative of Bolloré Participations on the Supervisory Board of Compagnie du Cambodge;
- Permanent representative of Bolloré on the Board of Fred & Farid.

Functions and positions held in foreign companies

- Chairman of Champ de Mars Investissement, Financière Nord Sumatra, Nord Sumatra Investissements and Financière du Champ de Mars;
- Director of BB Groupe, Champ de Mars Investissement, Financière Nord Sumatra, Plantations des Terres Rouges, SDV Gabon, Bolloré Africa Logistics Senegal (previously SDV Sénégal);
- Deputy Director of Nord Sumatra Investissements and Financière du Champ de Mars;
- Permanent representative of Bolloré Participations on the Boards of Bolloré Africa Logistics Cameroun, SAFA Cameroun, SDV Congo;
- Vice-President of Generali, Société des Caoutchoucs du Grand Bereby (SOGB) and Bereby Finances;
- Director of Centrages, Intercultures, Liberian Agricultural Company (LAC), Mediobanca, Plantations Nord Sumatra Limited, Socfinal, Socfinasia, Socfinco, Socfindo, Société de Gestion pour le Caoutchouc et les Oléagineux (Sogescol), Socfin KCD, Generali;
- Permanent representative of Bolloré Participations on the Boards of Bereby Finance, Palmeraies du Cameroun (Palmcam), Société Camerounaise de Palmeraies (Socapalm), Société des Palmeraies de la Ferme Suisse and Société des Caoutchoucs du Grand Bereby (SOGB);
- Co-manager of Brabanta.

Other positions previously held outside the Group

Positions held in 2009

Functions and positions held in French companies

- Chairman and Chief Executive Officer of Bolloré and Bolloré Participations;
- Chairman of the Board of Directors (separate function) of Financière de l'Odet;
- Chairman of VEPB;
- Chief Executive Officer of Omnium Bolloré, Financière V, Sofibol;
- Director of BatScap, Bolloré, Direct 8, Matin Plus, Direct Soir, Financière Moncey, Financière de l'Odet, Financière V, Omnium Bolloré, Sofibol, VEPB and Natixis;
- Permanent representative of Bolloré Participations on the Boards of Société Anonyme Forestière et Agricole (SAFA), Société des Chemins de Fer et Tramways du Var et du Gard, Société Industrielle et Financière de l'Artois, Société Bordelaise Africaine, Compagnie des Tramways de Rouen, IER;
- Permanent representative of Bolloré on the Board of Bolloré Media;
- Permanent representative of Bolloré Participations on the Supervisory Board of Compagnie du Cambodge;
- Permanent representative of Bolloré on the Board of Fred & Farid.

Functions and positions held in foreign companies

- Chairman of Champ de Mars Investissement, Financière Nord Sumatra, Nord Sumatra Investissements and Financière du Champ de Mars;
- Director of BB Groupe, Champ de Mars Investissement, Financière Nord Sumatra, Plantations des Terres Rouges, SDV Gabon, SDV Senegal;
- Deputy Director of Nord Sumatra Investissements and Financière du Champ de Mars;
- Permanent representative of Bolloré Participations on the Boards of SDV Cameroun, SAFA Cameroun, SDV Congo;
- Vice-President of Société des Caoutchoucs du Grand Bereby (SOGB) and Bereby Finances;
- Director of Centrages, Intercultures, Liberian Agricultural Company (LAC), Mediobanca, Plantations Nord Sumatra Limited, Plantations des Terres Rouges, Red Land Roses, Socfinaf Cy Ltd, Socfinal, Socfinasia, Socfinco, Socfindo, Société de Gestion pour le Caoutchouc et les Oléagineux (Sogescol), Socfin KCD;
- Permanent representative of Bolloré Participations on the Boards of Bereby Finance, Palmeraies du Cameroun (Palmcam), Société Camerounaise de Palmeraies (Socapalm), Société des Palmeraies de la Ferme Suisse and Société des Caoutchoucs du Grand Bereby (SOGB);
- Manager of Huilerie de Mapangu Sprl;
- Co-manager of Brabanta.

Positions held in 2008

Functions and positions held in French companies

- Chairman and Chief Executive Officer of Bolloré and Bolloré Participations;
- Chairman of the Board of Directors (separate function) of Financière de l'Odet;
- Chairman of Bolloré Production, VEPB;
- Chief Executive Officer of Omnium Bolloré, Financière V, Sofibol;
- Director of BatScap, Bolloré, Bolloré Participations, Direct 8 (previously known as Bolloré Média), Compagnie des Glénans, Matin Plus (previously known as Compagnie de Bangor), Direct Soir, Financière Moncey, Financière de l'Odet, Financière V, Omnium Bolloré, Sofibol and VEPB;
- Member of the Supervisory Board of Natixis;
- Permanent representative of Bolloré Participations on the Boards of Société Anonyme Forestière et Agricole (SAFA), Société des Chemins de Fer et Tramways du Var et du Gard, Société Industrielle et Financière de l'Artois, Société Bordelaise Africaine, Compagnie des Tramways de Rouen, IER;
- Permanent representative of Bolloré Participations on the Supervisory Board of Compagnie du Cambodge;

- Permanent representative of Bolloré on the Board of Fred & Farid;
- Permanent representative of Havas on the Board of Mediametrie.

Functions and positions held in foreign companies

- Chairman of Champ de Mars Investissement, Financière Nord Sumatra, Nord Sumatra Investissements and Financière du Champ de Mars;
- Vice-President of Société des Caoutchoucs du Grand Bereby (SOGB) and Bereby Finances;
- Director of BB Groupe, Centrages, Champ de Mars Investissement, Financière Nord Sumatra, Intercultures, Financière Privée, Liberian Agricultural Company (LAC), Mediobanca, Plantations Nord Sumatra Limited, Plantations des Terres Rouges, Red Land Roses, SDV Gabon, SDV Sénégal, Socfinaf Cy Ltd, Socfinal, Socfinasia, Socfinco, Socfindo, Société de Gestion pour le Caoutchouc et les Oléagineux (Sogescol), Socfin KCD;
- Deputy Director of Nord Sumatra Investissements and Financière du Champ de Mars;
- Permanent representative of Bolloré Participations on the Boards of Bereby Finance, SDV Cameroun, SDV Congo, SAFA Cameroun, Société Camerounaise de Palmeraies, Société des Palmeraies de la Ferme Suisse and Société des Caoutchoucs du Grand Bereby (SOGB);
- Manager of Huilerie de Mapangu Sprl.

Positions held in 2007

Functions and positions held in French companies

- Chairman and Chief Executive Officer of Bolloré and Bolloré Participations;
- Chairman of the Board of Directors (separate function) of Financière de l'Odet, Direct 8 (previously known as Bolloré Média), Matin Plus (previously known as Compagnie de Bangor), Direct Soir;
- Chairman of Bolloré Production;
- Chief Executive Officer of Omnium Bolloré, Financière V, Sofibol;
- Director of BatScap, Bolloré, Bolloré Participations, Direct 8 (previously known as Bolloré Média), Compagnie des Glénans, Matin Plus (previously known as Compagnie de Bangor), Direct Soir, Financière Moncey, Financière de l'Odet, Financière V, Omnium Bolloré, Sofibol;
- Member of the Supervisory Boards of Natixis and Vallourec (to March 5, 2007);
- Permanent representative of Bolloré Participations on the Boards of Société Anonyme Forestière et Agricole (SAFA), Société des Chemins de Fer et Tramways du Var et du Gard, Société Industrielle et Financière de l'Artois, Société Bordelaise Africaine, Compagnie des Tramways de Rouen, IER;
- Permanent representative of Bolloré Participations on the Supervisory Board of Compagnie du Cambodge;
- Permanent representative of Bolloré on the Board of F.F.L. Paris;
- Permanent representative of Havas on the Board of Mediametrie.

Functions and positions held in foreign companies

- Chairman of Plantations des Terres Rouges;
- Deputy Chairman of Nord Sumatra Investissements;
- Vice-President of Société des Caoutchoucs du Grand Bereby (SOGB) and Bereby Finances;
- Director of BB Groupe, Centrages, Compagnie Internationale de Cultures, Financière Privée, Liberian Agricultural Company (LAC), Mediobanca, Plantations Nord Sumatra Limited, Plantations des Terres Rouges, Red Land Roses, SDV Gabon, SDV Sénégal, Financière du Champ de Mars (previously known as Socfin), Socfinaf, Socfinal, Socfinasia, Socfinco, Socfindo, Socfininter, Société de Gestion pour le Caoutchouc et les Oléagineux (Sogescol);
- Deputy Director of Nord Sumatra Investissements;
- Permanent representative of Bolloré Participations on the Boards of SDV Cameroun and SDV Congo.

Positions held in 2006

Functions and positions held in French companies

- Chairman and Chief Executive Officer of Bolloré (previously known as Bolloré Investissement) and Bolloré Participations;
- Chairman of the Board of Directors (separate function) of Financière de l'Odet, Bolloré Média, Compagnie de Bangor and Direct Soir;
- Chairman of Bolloré Production;
- Chief Executive Officer of Omnium Bolloré, Financière V, Sofibol;
- Director of BatScap, Bolloré (previously known as Bolloré Investissement), Bolloré Participations, Bolloré Média, Compagnie des Glénans, Compagnie de Bangor, Direct Soir, Financière Moncey, Financière de l'Odet, Financière V, Omnium Bolloré and Sofibol;
- Member of the Supervisory Boards of Natixis and Vallourec;
- Permanent representative of Bolloré Participations on the Boards of Société Anonyme Forestière et Agricole (SAFA), Société des Chemins de Fer et Tramways du Var et du Gard, Société Industrielle et Financière de l'Artois, Société Bordelaise Africaine, de la Compagnie des Tramways de Rouen, IER;
- Permanent representative of Bolloré Participations on the Supervisory Board of Compagnie du Cambodge.

Functions and positions held in foreign companies

- Chairman of Plantations des Terres Rouges;
- Deputy Chairman of Nord Sumatra Investissements;
- Vice-President of Société des Caoutchoucs du Grand Bereby (SOGB) and Bereby Finances;
- Director of BB Groupe, Centrages, Compagnie Internationale de Cultures, Financière Privée, Liberian Agricultural Company (LAC), Mediobanca, Plantations Nord Sumatra Limited, Plantations des Terres Rouges, Red Land Roses, SDV Gabon, SDV Sénégal, Socfin, Socfinaf, Socfinal, Socfinasia, Socfinco, Socfindo, Socfininter, Société de Gestion pour le Caoutchouc et les Oléagineux (Sogescol);
- Deputy Director of Nord Sumatra Investissements;
- Permanent representative of Bolloré Participations on the Boards of SDV Cameroun and SDV Congo.

Fernando Rodés Vilà

Director of Havas since January 2001 and Chief Executive Officer of Havas since March 2006

Other positions within the Group

- Director of Havas Media France, LNE, Proximia Balears SL;
- Deputy Chairman of Media Planning Group Spain;
- Director of Havas Worldwide Inc. (USA), Havas Sports Culture & Communication (Beijing) Co. Ltd., Washington Printing LLC;
- Chairman, CEO and President of Havas Worldwide Inc (USA);
- Manager of Media Planning Group USA LLC, Washington Printing LLC;
- Member of the Board of Havas Sports SA de CV (Mexico);
- Consejero Delegado: Havas Management Espana SL;
- Permanent representative of Havas to W&Cie, Euro RSCG, Providence and Euro RSCG Life.

Other positions outside the Group

- Chairman of Neometrics Creafutur;
- Director of ISP & Others, Fundacio Natura;
- Director and Chairman of the Sustainable Development Committee of Acciona.

Other positions previously held outside the Group

Positions held in 2009

- Chairman of Neometrics Creafutur;
- Director of ISP & Others, Fundacio Natura;
- Director and Chairman of the Sustainable Development Committee of Acciona.

Positions held in 2008

- Chairman of Neometrics Creafutur;
- Director of ISP & Others, Fundacio Natura.

Positions held in 2007

- Chairman of Neometrics Analytics SL, Creafutur;
- Director of ISP & Others, Fundacio Natura.

Positions held in 2006

None.

Antoine Bernheim

Director of Havas since March 10, 2008

Other positions within the Group

None.

Other positions outside the Group

Functions and positions held in French companies

- Vice-President and Director of Bolloré, LVMH Moët Hennessy Louis Vuitton, LVMH Fashion Group, LVMH Finance;
- Vice-President and member of the Supervisory Board of Financière Jean Goujon;
- Director of Christian Dior, Ciments Français, Generali France, Christian Dior Couture, EUROPACORP;
- Member of the Supervisory Board of Eurazeo, Le Monde SA and Société Editrice du Monde;
- Chief Executive Officer of SFGI.

Functions and positions held in foreign companies

- Honorary Chairman and Director of Assicurazioni Generali S.p.A.;
- Vice-Chairman of Alleanza Assicurazioni S.p.A.;
- Director of AMB Generali Deutschland Holding AG, Banca della Svizzera Italiana – BSI, Generali Espana Holding SA, Compagnie Monégasque de Banque, Generali Holding Vienna AG, Graafschap Holland and LVMH Inc;
- Director of Mediobanca;
- Vice-President of the Supervisory Board of Intesa Sanpaolo.

Other positions previously held outside the Group

Positions held in 2009

Functions and positions held in French companies

- Vice-President and Director of Bolloré, LVMH Moët Hennessy Louis Vuitton, LVMH Fashion Group, LVMH Finance;
- Vice-President and member of the Supervisory Board of Financière Jean Goujon;
- Director of Christian Dior, Ciments Français, Generali France, Christian Dior Couture;
- Member of the Supervisory Board of Eurazeo;
- Chief Executive Officer of SFGI.

Functions and positions held in foreign companies

- Chairman and Director of Assicurazioni Generali S.p.A.;
- Vice-Chairman of Alleanza Assicurazioni S.p.A.;
- Director of AMB Generali Deutschland Holding AG, Banca della Svizzera Italiana – BSI, Generali Espana Holding SA, Compagnie Monégasque de Banque, Generali Holding Vienna AG, Graafschap Holland and LVMH Inc;
- Director of Mediobanca;
- Vice-President of the Supervisory Board of Intesa Sanpaolo.

Positions held in 2008

Functions and positions held in French companies

- Vice-President and Director of Bolloré, LVMH Moët Hennessy Louis Vuitton, LVMH Fashion Group, LVMH Finance;
- Vice-President and member of the Supervisory Board of Financière Jean Goujon;
- Director of Christian Dior, Ciments Français, Generali France, Christian Dior Couture;
- Member of the Supervisory Board of Eurazeo;
- Chief Executive Officer of SFGI.

Functions and positions held in foreign companies

- Chairman and Director of Assicurazioni Generali S.p.A.;
- Vice-Chairman of Alleanza Assicurazioni S.p.A.;
- Director of AMB Generali Holding AG, Banca della Svizzera Italiana – BSI, Generali Espana Holding SA, Compagnie Monégasque de Banque, Generali Holding Vienna AG, Graafschap Holland and LVMH Inc;
- Member of the Supervisory Board of Mediobanca;
- Vice-President of the Supervisory Board of Intesa Sanpaolo.

Positions held in 2007

Functions and positions held in French companies

Functions and positions held in foreign companies

- Chairman and Director of Assicurazioni Generali S.p.A.;
- Vice-Chairman of Alleanza Assicurazioni S.p.A.;
- Director of AMB Generali Holding AG, Banca della Svizzera Italiana – BSI, Generali Espana Holding SA, Compagnie Monégasque de Banque, Generali Holding Vienna AG, Graafschap Holland and LVMH Inc.;

- Member of the Supervisory Board of Mediobanca;
- Vice-President of the Supervisory Board of Intesa Sanpaolo.

Positions held in 2006

Functions and positions held in French companies

- Vice-President and Director of Bolloré, LVMH Moët Hennessy Louis Vuitton, LVMH Fashion Group, LVMH Finance;
- Vice-President and member of the Supervisory Board of Financière Jean Goujon;
- Senior partner, Partena;
- Director of Bolloré, Christian Dior, Ciments Français, Generali France, Christian Dior Couture;
- Member of the Supervisory Board of Eurazeo;
- Chief Executive Officer of SFGI.

Functions and positions held in foreign companies

- Chairman and Director of Assicurazioni Generali S.p.A.;
- Vice-Chairman of Alleanza Assicurazioni S.p.A.;
- Director of AMB Generali Holding AG, Banca della Svizzera Italiana – BSI, Generali Espana Holding SA, Compagnie Monégasque de Banque, Generali Holding Vienna AG, Graafschap Holland, Intesa S.p.A., Mediobanca.

Yannick Bolloré

Director of Havas since May 11, 2010

Other positions within the Group

- Director of Havas Media France since May 25, 2010;
- Permanent representative of Havas on the Board of Médiamétrie;
- Chairman of H2O Productions since January 25, 2010.

Other positions outside the Group

Functions and positions held in French companies

- Chairman and Chief Executive Officer of Bolloré Media and Direct Star;
- Chairman of Direct Productions;
- Director of Bolloré, Bolloré Media, Bolloré Participations, Direct 8, Direct Star, Financière V, Omnium Bolloré, Sofibol;
- Permanent representative of Socfrance on the Board of Financière de l'Odet.

Functions and positions held in foreign companies

None.

Other positions previously held outside the Group

Positions held in 2009

Functions and positions held in French companies

- Chairman and Chief Executive Officer of Bolloré Media and Direct Star;
- Chairman of Direct Productions;
- Director of Bolloré, Bolloré Media, Bolloré Participations, Direct 8, Direct Star, Financière V, Omnium Bolloré, Sofibol;
- Permanent representative of Socfrance on the Board of Financière de l'Odet.

Functions and positions held in foreign companies

- Director of Senegal Hotels and Loisirs Hotels Casamance.

Positions held in 2008

Functions and positions held in French companies

- Chief Executive Officer of Direct 8;
- Director of Bolloré Participations, Financière V, Omnium Bolloré and Sofibol;
- Permanent representative of Socfrance on the Board of Financière de l'Odet.

Functions and positions held in foreign companies

- Director of Senegal Hotels and Loisirs Hotels Casamance.

Positions held in 2007

Functions and positions held in French companies

- Director of Programs of Direct 8;
- Director of Bolloré Participations, Financière V, Omnium Bolloré and Sofibol;
- Permanent representative of Socfrance on the Board of Financière de l'Odet.

Functions and positions held in foreign companies

- Director of Senegal Hotels and Loisirs Hotels Casamance.

Positions held in 2006

Functions and positions held in French companies

- Director of Programs of Direct 8;
- Director of Bolloré Participations, Financière V, Omnium Bolloré and Sofibol;
- Permanent representative of Socfrance on the Board of Financière de l'Odet.

Functions and positions held in foreign companies

- Director of Senegal Hotels and Loisirs Hotels Casamance.

Bolloré

Director of Havas since June 2005, represented by Cédric de Bailliencourt

Other positions within the Group

None.

Other positions outside the Group

Functions and positions held in French companies

- Chairman of Compagnie Saint-Gabriel;
- Director of Bolloré Media, Direct Soir, IER to April 16, 2010, Société Française de Donges Metz (SFDM), Société de Culture des Tabacs et Plantations Industrielles, Financière Moncey, Euroemedia France (previously Société Française de Production), Direct 8, Financière de Cézembre, MP 42, Transisud, BatScap, Fred & Farid;
- Member of the Supervisory Board of CSA TMO Holding and Vallourec.

Functions and positions held in foreign companies

- Director of S.E.T.V. and SDV Mauritanie SA.

Other positions previously held outside the Group

Positions held in 2009

- Chairman of Compagnie Saint-Gabriel;
- Director of Bolloré Media, Direct Soir, IER, Société Française de Donges Metz (SFDM), Société de Culture des Tabacs et Plantations Industrielles, Financière Moncey, Euroemedia France (previously Société Française de Production), Direct 8, Financière de Cézembre, MP 42, Saga, Transisud, BatScap, Fred & Farid;
- Member of the Supervisory Board of CSA TMO Holding and Vallourec.

Functions and positions held in foreign companies

- Director of S.E.T.V.

Positions held in 2008

Functions and positions held in French companies

- Chairman of Compagnie Saint-Gabriel;
- Director of Direct Soir, IER, Société Française de Donges Metz (SFDM), Société de Culture des Tabacs et Plantations Industrielles, Financière Moncey, Société Française de Production, Direct 8, Financière de Cézembre, MP42, Saga, Transisud, Batscap and Fred & Farid.
- Member of the Supervisory Board of CSA TMO Holding and Vallourec.

Functions and positions held in foreign companies

- Director of S.E.T.V.

Positions held in 2007

Functions and positions held in French companies

- Chairman of Compagnie Saint-Gabriel;
- Director of BatScap, Direct 8, Financière de Cézembre, Financière Moncey, MP42, Société Française de Donges Metz (SFDM), Saga, Société de Culture des Tabacs et Plantations Industrielles, Société Française de Production, Transisud, Video Communication France, Direct Soir, IER and F.F. Paris.

Functions and positions held in foreign companies

- Director of S.E.T.V.

Positions held in 2006

Functions and positions held in French companies

- Chairman of Compagnie Saint-Gabriel;
- Director of Bolloré Media, Euro Media Television, Financière de Cézembre, Financière Moncey, MP 42, SFDM, SAGA, Société de Culture des Tabacs et Plantations Industrielles, Société Française de Production, Video Communication France, Direct Soir, and IER.

Functions and positions held in foreign companies

- Director of Comarine (Morocco).

Cédric de Bailliencourt

Permanent representative of Bolloré on the Board of Havas since June 2005

Other positions within the Group

None.

Other positions outside the Group

Functions and positions held in French companies

- Vice-Chairman and Chief Executive Officer of Financière de l'Odet;
- Vice-Chairman and Chief Executive Officer of Bolloré;
- Chairman of the Boards of Compagnie des Tramways de Rouen, Financière Moncey, Société des Chemins de Fer et Tramways du Var et du Gard and Société Industrielle et Financière de l'Artois;
- Chairman of Sofibol, Compagnie de Benodet, Compagnie de Treguennec, Compagnie de Cornouaille, Compagnie de Guénolé, Compagnie de Guilvinec, Compagnie de Pleuven, Financière V, Financière de Beg Meil, Financière de Bréhat, Financière de Quiberon, Financière d'Ouessant, Financière de Loctudy, Financière du Perguet, Financière de Sainte-Marine, Financière de Pont-Aven, Imperial Mediterranean, Omnium Bolloré;
- Manager of Socarfi, Financière du Loch, Compagnie de Malestroit;
- Director of Bolloré, Bolloré Participations, Compagnie des Tramways de Rouen, Financière V, Financière Moncey, Omnium Bolloré, Sofibol, Société Industrielle et Financière de l'Artois, Financière de l'Odet, Société des Chemins de Fer et Tramways du Var et du Gard;
- Member of the Board of Compagnie du Cambodge;
- Permanent representative of Bolloré on the Boards of BatScap and Socotab, of Financière V on the Board of Société Anonyme Forestière et Agricole (SAFA);
- Permanent representative of Compagnie du Cambodge on the Supervisory Board of Banque Jean-Philippe Hottinguer & Cie.

Functions and positions held in foreign companies

- Chairman of the Board of Financière de Kéréon and Plantations des Terres Rouges;
- Deputy Director of Financière de Kéréon;
- Director of African Investment Company, Champ de Mars Investissement, Financière Nord Sumatra, Cormoran Participations, Financière du Champ de Mars, Forestière Équatoriale, BB Groupe, PTR Finances, Plantations des Terres Rouges, S.F.A, Sorebol and Technifin;
- Permanent representative of Pargefi Helios Iberica Luxembourg on the Board of Pargefi SA;
- Permanent representative of Bolloré Participations on the Boards of Nord Sumatra Investissements, Socfinasia, Intercultures, Socfinde, Terrasia, Socfinal, Induservices SA, Centrages, Immobilière de la Pépinière, Socfinco, Sogescol, Agro Products Investment Company.

Other positions previously held outside the Group

Positions held in 2009

Functions and positions held in foreign companies

- Vice-Chairman and Chief Executive Officer of Financière de l'Odet;
- Vice-Chairman and Chief Executive Officer of Bolloré;
- Chairman of the Boards of Compagnie des Tramways de Rouen, Financière Moncey and Société des Chemins de Fer et Tramways du Var et du Gard;
- Chairman and Chief Executive Officer of Société Industrielle et Financière de l'Artois;
- Chairman of Sofibol, Compagnie de Cornouaille, Compagnie de Guénolé, Compagnie de Guilvinec, Compagnie de Pleuven, Financière V, Financière de Beg Meil, Financière de Bréhat, Financière de Quiberon, Financière d'Ouessant, Financière de Loctudy, Financière du Perguet, Financière de Sainte-Marine, Financière de Pont-Aven, Imperial Mediterranean, Omnium Bolloré;

- Manager of Socarfi, Financière du Loch, Compagnie de Malestroit;
- Director of Bolloré, Bolloré Participations, Compagnie des Tramways de Rouen, Financière V, Financière Moncey, Omnium Bolloré, Sofibol, Société Industrielle et Financière de l'Artois, Financière de l'Odet, Société des Chemins de Fer et Tramways du Var et du Gard;
- Permanent representative of Bolloré on the Boards of BatScap and Socotab, of Financière V on the Board of Société Anonyme Forestière et Agricole (SAFA);
- Permanent representative of Compagnie du Cambodge on the Supervisory Board of Banque Jean-Philippe Hottinguer & Cie.

Functions and positions held in foreign companies

- Chairman of the Board of Financière de Kéréon;
- Deputy Director of Financière de Kéréon;
- Director of African Investment Company, Arlington Investissements, Elycar Investissements (previously Carlyle Investissements), Champ de Mars Investissement, Financière Nord Sumatra, Cormoran Participations, Dumbarton Invest, Latham Invest, Financière du Champ de Mars, Forestière Équatoriale, BB Groupe, PTR Finances, Peachtree Invest, Renwick Invest, S.F.A, Sorebol, Swann Investissements and Technifin;
- Permanent representative of Bolloré Participations on the Boards of Plantations des Terres Rouges, Nord Sumatra Investissements;
- Permanent representative of Bolloré Participations on the Boards of Socfinasia, Intercultures, Socfinde, Terrasia, Socfinal, Induservices SA, Centrages, Immobilière de la Pépinière, Socfinco, Sogescol, Agro Products Investment, Red Land Roses.

Positions held in 2008

Functions and positions held in French companies

- Vice-Chairman and Chief Executive Officer of Financière de l'Odet;
- Vice-Chairman and Chief Executive Officer of Bolloré;
- Chairman of the Boards of Compagnie des Tramways de Rouen, Financière Moncey et de la Société des Chemins de Fer et Tramways du Var et du Gard;
- Chairman and Chief Executive Officer of Société Industrielle et Financière de l'Artois;
- Chairman of Sofibol, Compagnie de Cornouaille, Compagnie de Guénolé, Compagnie de Guilvinec, Financière V, Financière de Beg Meil, Financière de Bréhat, Financière de Quiberon, Financière d'Ouessant, Financière de Loctudy, Financière du Perguet, Financière de Sainte-Marine (previously Bolloré Médias Investissement), Financière de Pont-Aven, Imperial Mediterranean, Omnium Bolloré;
- Manager of Socarfi, Financière du Loch, Compagnie de Malestroit;
- Director of Bolloré, Bolloré Participations, Compagnie des Tramways de Rouen, Financière V, Financière Moncey, Omnium Bolloré, Sofibol, Société Industrielle et Financière de l'Artois, Financière de l'Odet, Société des Chemins de Fer et Tramways du Var et du Gard;
- Permanent representative of Bolloré Participations on the Board of Compagnie des Glénans; of Bolloré on the Boards of BatScap and Socotab, of Financière V on the Board of Société Anonyme Forestière et Agricole (SAFA), of Compagnie du Cambodge on the Supervisory Board of Banque Jean-Philippe Hottinguer & Cie.

Functions and positions held in foreign companies

- Director of African Investment Company, Arlington Investissements, Carlyle Investissements, Champ de Mars Investissement, Financière Nord Sumatra, Cormoran Participations, Dumbarton Invest, Latham Invest, Financière du Champ de Mars, Forestière Équatoriale, BB Groupe, PTR Finances, Peachtree Invest, Renwick Invest, S.F.A., Sorebol, Swann Investissements and Technifin;
- Permanent representative of Bolloré Participations on the Boards of Socfinasia, Intercultures, Socfinde, Terrasia, Socfinal, Induservices SA, Centrages, Immobilière de la Pépinière, Socfinco, Sogescol, Nord Sumatra Investissements, Agro Products Investment, Red Land Roses.

Positions held in 2007

Functions and positions held in French companies

- Vice-Chairman and Chief Executive Officer of Financière de l'Odet;
- Vice-Chairman and Chief Executive Officer of Bolloré;
- Chairman of the Boards of Compagnie des Tramways de Rouen, Financière Moncey et de la Société des Chemins de Fer et Tramways du Var et du Gard (since December 6, 2007);
- Chairman and Chief Executive Officer of Société Industrielle et Financière de l'Artois (since December 6, 2007);
- Chairman of Sofibol, Compagnie de Guénolé, Compagnie de Guilvinec, Financière V, Financière de Beg Meil, Financière de Bréhat, Financière de Quiberon, Financière d'Ouessant, Financière de Loctudy, Financière du Perguet, Financière de Pont-Aven, Imperial Mediterranean, Omnium Bolloré;
- Manager of Socarfi, Financière du Loch, Compagnie de Malestroit;
- Director of Bolloré, Bolloré Participations, Compagnie des Tramways de Rouen, Financière V, Financière Moncey, Omnium Bolloré, Sofibol, Société Industrielle et Financière de l'Artois, Financière de l'Odet, Société des Chemins de Fer et Tramways du Var et du Gard;
- Permanent representative of Bolloré Participations on the Board of Compagnie des Glénans; of Bolloré on the Boards of BatScap and Socotab; of Financière V on the Board of Société Anonyme Forestière et Agricole (SAFA); of Plantations des Terres Rouges on the Board of Compagnie du Cambodge; of PTR Finances on the Board of Castelway, of Compagnie du Cambodge on the Supervisory Board of Banque Jean-Philippe Hottinguer & Cie.

Functions and positions held in foreign companies

- Director of African Investment Company, Arlington Investissements, Carlyle Investissements, Cormoran Participations, Dumbarton Invest, Latham Invest, Forestière Équatoriale, BB Groupe, PTR Finances, Peachtree Invest, Renwick Invest, Sorebol, Swann Investissements and Technifin;
- Permanent representative of Sofimap on the Board of Société Havraise Africaine de Négoce (Shan).

Positions held in 2006

Functions and positions held in French companies

- Vice-Chairman and Chief Executive Officer of Financière de l'Odet;
- Vice-Chairman and Chief Executive Officer of Bolloré;
- Chairman of Sofibol, Compagnie de Guénolé, Compagnie de Guilvinec, Compagnie de Locmaria, Financière V, Financière de Beg Meil, Financière de Bréhat, Financière de Quiberon, Financière d'Ouessant, Financière de Loctudy, Financière du Perguet, Financière de Pont Aven, Imperial Mediterranean, Omnium Bolloré;
- Manager of Socarfi, Financière du Loch, Compagnie de Malestroit;
- Director of Bolloré, Bolloré Participations, Financière V, Omnium Bolloré, Sofibol, Financière de l'Odet, Société des Chemins de Fer et Tramways du Var et du Gard;
- Permanent representative of Bolloré Participations on the Board of Compagnie des Glénans; of Bolloré on the Boards of BatScap and Socotab; of Financière V on the Board of Société Anonyme Forestière et Agricole (SAFA); of Plantations des Terres Rouges on the Board of Compagnie du Cambodge; of PTR Finances on the Board of Castelway; of Compagnie du Cambodge on the Supervisory Board of HR Banque.

Functions and positions held in foreign companies

- Director of African Investment Company, Arlington Investissements, Carlyle Investissements, Cormoran Participations, Dumbarton Invest, Latham Invest, Forestière Équatoriale, BB Groupe, PTR Finances, Peachtree Invest, Renwick Invest, Sorebol, Swann Investissements and Technifin;
- Permanent representative of Sofimap on the Board of Société Havraise Africaine de Négoce (Shan).

Yves Cannac

Director of Havas from March 10, 2008

Other positions within the Group

None.

Other positions outside the Group

None.

Other positions previously held outside the Group

- Member of the Supervisory Board of management consultancy firms Solving International and Solving Efeso.

Positions held in 2009

- Member of the Supervisory Board of management consultancy firm Solving International.

Positions held in 2008

- Member of the Supervisory Board of management consultancy firm Solving International.

Positions held in 2007

- Member of the Supervisory Board of management consultancy firm Solving International;
- Director of AGF.

Positions held in 2006

- Member of the Supervisory Board of management consultancy firm Solving International;
- Director of Société Générale and AGF.

Ed Eskandarian

Director of Havas from September 2000 to May 2010

Other positions within the Group

- Chairman of Arnold Worldwide LLC. (USA);
- Board Member of Arnold Worldwide Italy SRL.

Other positions outside the Group

- Director of Get Well Network (United States);
- Board of Trustees of Dana-Farber Cancer Institute;
- Board of Trustees, University of Richmond;
- Board Member, Engine (UK);
- Fireman Capital Partners (USA);
- Governor's Appointee, Board of Directors of Children's Trust Fund.

Other positions previously held outside the Group

Positions held in 2009

- Director of Get Well Network (United States);
- Board of Trustees of Dana-Farber Cancer Institute;
- Board of Trustees, University of Richmond;
- Board Member, Engine (UK);
- Fireman Capital Partners (USA);
- Governor's Appointee, Board of Directors of Children's Trust Fund.

Positions held in 2008

- Director of Get Well Network (USA);
- Board of Trustees of Dana-Farber Cancer Institute; University of Richmond;
- Governor's Appointee, Board of Directors of Children's Trust Fund.

Positions held in 2007

- Director of Get Well Network (USA);
- Director of Sports Loyalty Systems, Inc. (USA);
- Board of Trustees of Dana-Farber Cancer Institute; University of Richmond;
- Board of Overseers of Boston Symphony Orchestra;
- Governor's Appointee, Board of Directors of Children's Trust;
- Fund.

Positions held in 2006

- Director of Get Well Network (USA);
- Director of Sports Loyalty Systems, Inc. (USA);
- Board of Trustees of Dana-Farber Cancer Institute; University of Richmond;
- Board of Overseers of Boston Symphony Orchestra;
- Governor's Appointee, Board of Directors of Children's Trust Fund.

Longchamp Participations

Director of Havas since May 29, 2008, represented by Jean de YTURBE

Other positions within the Group

None.

Other positions outside the Group

None.

Other positions previously held

Positions held in 2009

- Director of Havas.

Positions held in 2008 (first financial period of the company)

- Director of Havas.

Jean de Yturbe

Permanent Representative of Longchamp Participations on the Board of Havas to May 29, 2008, and Chief Development Officer of Havas

Other positions within the Group

Functions and positions held in French companies

- Chairman and Chief Executive Officer of Providence;
- Chairman of Longchamp Participations;
- Director of Euro RSCG Life.

Functions and positions held in foreign companies

- Director of RSMB Television Research Limited.

Other positions outside the Group

None.

Other positions previously held outside the Group

Positions held in 2009

None.

Positions held in 2008

None.

Positions held in 2007

None.

Positions held in 2006

None.

Financière de Longchamp

Director of Havas since May 29, 2008, represented by Hervé Philippe

Other positions within the Group

None.

Other positions outside the Group

None.

Other positions previously held

Positions held in 2009

- Director of Havas.

Positions held in 2008 (first financial period of the company)

- Director of Havas.

Hervé Philippe

Directeur Général Délégué of Havas since May 11, 2010, permanent representative of Financière de Longchamp on he Board of Havas since May 29, 2008, and Chief Financial Officer of the Havas Group

Other positions within the Group

Functions and positions held in French companies

- Chairman of the Board of Directors and Director of LNE;
- Chairman of Havas 04, Havas 08, Havas Participations, Financière de Longchamp;
- Director of Euro RSCG, Euro RSCG Life, W&Cie;
- Manager of Havas Finances Services, Havas IT;
- Permanent representative of Havas at HA Pôle Ressources Humaines and at Financière de Longchamp.

Functions and positions held in foreign companies

- Chairman of the Board of Directors of Havas Management España SL (Spain);
- Director of GR.PO.S.A. (Belgium), HR Gardens SA (Belgium), HR Gardens Belgium SA (Belgium) and EMDS Group (Belgium);
- Chairman of Field Research Corporation (USA);
- Senior Vice-President of Havas Worldwide Inc. (USA);
- Executive Vice-President of Havas North America Inc. (USA);
- Director of Havas Worldwide Inc. (USA), Havas North America Inc. (USA);
- Manager of Havas Management Portugal, Unipessoal Lda. (Portugal), Washington Printing LLC (USA), Euro RSCG Worldwide (USA).

Other positions outside the Group

- Director of Harvest, Sifraba, Jean Bal.

Other positions previously held outside the Group

Positions held in 2009

- Director of Harvest, Sifraba, Jean Bal.

Positions held in 2008

- Director of Harvest, Sifraba, Jean Bal.

Positions held in 2007

- Director of Harvest, Sifraba, Jean Bal.

Positions held in 2006

- Member of the Supervisory Board of NRJ Group (to June 2006);
- Director of Harvest, Sifraba, Jean BAL, Eurofog (to December 2006).

Pierre Godé

Director of Havas since March 10, 2008

Other positions within the Group

None.

Other positions outside the Group

Functions and positions held in French companies

- Vice-President and Director of LVMH Moët-Hennessy-Louis Vuitton SA;
- Chairman and Chief Executive Officer of Financière Agache SA, Raspail Investissements SA;
- Chief Executive Officer of Groupe Arnault France SAS;
- Chairman of Financière Jean Goujon SAS;
- Director of Christian Dior SA, Christian Dior Couture SA, Société Civile du Cheval Blanc, SA du Château d'Yquem;
- Legal representative of Financière Agache;
- Permanent representative of LVMH Fashion Group on the Board of the Association du Musée Louis Vuitton;
- Manager of Sevrilux SNC;
- Member of the Executive Committee of Sofidiv SAS;
- Member of the Supervisory Board of Semyrhamis SAS.

Functions and positions held in foreign companies

- Director of LVMH Moët-Hennessy-Louis Vuitton Inc. (USA), Sofidiv UK Limited (UK) and LVMH Publica (Belgium).

Other positions previously held outside the Group

Positions held in 2009

Functions and positions held in French companies

- Vice-President and Director of LVMH Moët-Hennessy-Louis Vuitton SA;
- Chairman and Chief Executive Officer of Financière Agache SA, Raspail Investissements SA;
- Chief Executive Officer of Groupe Arnault France SAS;
- Chairman of Financière Jean Goujon SAS;
- Director of Christian Dior SA, Christian Dior Couture SA, Société Civile du Cheval Blanc, SA du Château d'Yquem;
- Member of the Board of Louis Vuitton Fashion Group;
- Legal representative of Financière Agache;
- Permanent representative of LVMH Fashion Group on the Board of the Association du Musée Louis Vuitton;
- Manager of Sevrilux SNC;
- Member of the Executive Committee of Sofidiv SAS;
- Member of the Supervisory Board of Semyrhamis SAS.

Functions and positions held in foreign companies

- Director of LVMH Moët-Hennessy-Louis Vuitton Inc. (USA), Sofidiv UK Limited (UK) and LVMH Publica (Belgium).

Positions held in 2008

Functions and positions held in French companies

- Vice-President and Director of LVMH Moët-Hennessy-Louis Vuitton SA;
- Chairman and Chief Executive Officer of Financière Agache SA, Raspail Investissements SA;
- Chief Executive Officer of Groupe Arnault France SAS;
- Chairman of Financière Jean Goujon SAS;
- Director of Christian Dior SA, Christian Dior Couture SA, Société Civile du Cheval Blanc, SA du Château d'Yquem;
- Legal representative of Financière Agache;
- Permanent representative of LVMH Fashion Group on the Board of the Association du Musée Louis Vuitton;
- Manager of Sevrilux SNC;
- Member of the Executive Committee of Sofidiv SAS;
- Member of the Supervisory Board of Semyrhamis SAS.

Functions and positions held in foreign companies

Director of LVMH Moët-Hennessy-Louis Vuitton Inc. (USA), Sofidiv UK Limited (UK) and LVMH Publica (Belgium).

Positions held in 2007

Functions and positions held in French companies

- Vice-President and Director of LVMH Moët-Hennessy-Louis Vuitton SA;
- Chairman and Chief Executive Officer of Financière Agache SA, Raspail Investissements SA;
- Chief Executive Officer of Groupe Arnault France SAS;
- Chairman of Financière Jean Goujon SAS;
- Director of Christian Dior SA, Christian Dior Couture SA, LVMH Moët-Hennessy-Louis Vuitton SA, Société Civile du Cheval Blanc, SA du Château d'Yquem;
- Legal representative of Financière Agache;
- Permanent representative of LVMH Fashion Group on the Board of the Association du Musée Louis Vuitton;
- Manager of Sevrilux SNC;
- Member of the Executive Committee of Sofidiv SAS;
- Member of the Supervisory Board of Semyrhamis SAS.

Functions and positions held in foreign companies

- Director of LVMH Moët-Hennessy-Louis Vuitton Inc. (USA), Sofidiv UK Limited (UK) and LVMH Publica (Belgium).

Positions held in 2006

Functions and positions held in French companies

- Vice-President and Director of LVMH Moët-Hennessy-Louis Vuitton SA;
- Chairman and Chief Executive Officer of Financière Agache SA, Raspail Investissements SA;
- Chief Executive Officer of Groupe Arnault France SAS;
- Chairman of Financière Jean Goujon SAS;
- Director of Christian Dior SA, Christian Dior Couture SA, LVMH Moët-Hennessy-Louis Vuitton SA, Société Civile du Cheval Blanc, SA du Château d'Yquem;
- Legal representative of Financière Agache;
- Permanent representative of LVMH Fashion Group on the Board of the Association du Musée Louis Vuitton;
- Manager of Sevrilux SNC;
- Member of the Executive Committee of Sofidiv SAS;
- Member of the Supervisory Board of Semyrhamis SAS.

Functions and positions held in foreign companies

- Director of LVMH Moët-Hennessy-Louis Vuitton Inc. (USA), Sofidiv UK Limited (UK) and LVMH Publica (Belgium).

Pierre Lescure

Director of Havas since June 1994

Other positions within the Group

None.

Other positions outside the Group

- Chairman and Chief Executive Officer of Anna Rose Production;
- Chief Executive Officer of We Never Sleep;
- Director of Thomson, Kudelski SA;
- Member of the Supervisory Board of Lagardère SA, Le Monde.

Other positions previously held outside the Group

Positions held in 2009

- Chairman and Chief Executive Officer of Anna Rose Production;
- Chief Executive Officer of We Never Sleep;
- Director of Thomson, Kudelski SA;
- Member of the Supervisory Board of Lagardère SA, Le Monde.

Positions held in 2008

- Chairman and Chief Executive Officer of Anna Rose Production;
- Chief Executive Officer of We Never Sleep;
- Director of Thomson, Kudelski SA;
- Member of the Supervisory Board of Lagardère SA, Le Monde.

Positions held in 2007

- Chairman and Chief Executive Officer of Anna Rose Production;
- Chief Executive Officer of We Never Sleep;
- Director of Thomson, Kudelski SA;
- Member of the Supervisory Board of Lagardère SA, Le Monde.

Positions held in 2006

- Chairman and Chief Executive Officer of Anna Rose Production;
- Chief Executive Officer of We Never Sleep;
- Director of Thomson, Kudelski SA;
- Member of the Supervisory Board of Lagardère SA, Le Monde.

Leopoldo Rodés Castañe

Director of Havas since May 2001

Other positions within the Group

- Chairman of Media Planning Group SA (Spain);
- Manager of Media Planning Group Llc. (USA).

Other positions outside the Group

- Chairman of Mutua Asepeyo, of Fundacio Museu d'Art Contemporani, of Universitat Ramon Llull, and of Fundacio d'Estudis i Recerca Oncollogica (FERO) and of the Arte y Mecenazgo Foundation;
- Director of Sogecable SA; Abertis Infraestructuras SA, La Caixa, Criteria Caixa Corp, Christie's International Europe, GF Inbursa (Mexico).

Other positions previously held outside the Group

Positions held in 2009

- Chairman of Mutua Asepeyo, of Fundacio Museu d'Art Contemporani, of Universitat Ramon Llull, and of Fundacio d'Estudis i Recerca Oncollogica (FERO);
- Director of Sogecable SA; Abertis Infraestructuras SA, La Caixa, Criteria Caixa Corp, Christie's International Europe, GF Inbursa (Mexico).

Positions held in 2008

- Chairman of Mutua Asepeyo;
- Director of Sogecable SA, Abertis Infraestructuras SA, La Caixa, Christie's International Europe GF Inbursa (Mexico).

Positions held in 2007

- Chairman of Mutua Asepeyo, Universitat Ramon Llull;
- Director of Sogecable SA, Abertis Infraestructuras SA, La Caixa, Christie's International Europe.

Positions held in 2006

- Chairman of Mutua Asepeyo, Universitat Ramon Llull;
- Director of Sogecable SA, Abertis Infraestructuras SA, La Caixa, Christie's International Europe.

Jacques Séguéla

Director of Havas since June 1992

Other positions within the Group

- Director of Euro RSCG, Arnold Worldwide Spain;
- Permanent representative of Euro RSCG.

Other positions outside the Group

- Director of Compagnie du Monde.

Other positions previously held outside the Group

Positions held in 2009

- Director of Compagnie du Monde.

Positions held in 2008

- Director of Compagnie du Monde.

Positions held in 2007

- Director of Compagnie du Monde.

Positions held in 2006

- Director of Compagnie du Monde.

Patrick Soulard

Director of Havas since December 1999

Other positions within the Group

None.

Other positions outside the Group

- Director of Financière et Foncière de Participation (FFP);

Other positions previously held outside the Group

Positions held in 2009

- Director of Financière et Foncière de Participation (FFP); Geneval; SG Securities Asia, Boursorama, Coface.

Positions held in 2008

- Director of Financière et Foncière de Participation (FFP); Geneval; SG Securities Asia, Boursorama, Coface.

Positions held in 2007

- Director of Financière et Foncière de Participation (FFP); Geneval; SG Securities Asia, Boursorama, Coface.

Positions held in 2006

- Director of Financière et Foncière de Participation (FFP); Geneval; SG Securities Asia, Boursorama.

Antoine Veil

Director of Havas since March 10, 2008

Other positions within the Group

None.

Other positions outside the Group

- Chairman and Chief Executive Officer of A.V. Consultants;
- Member of the Supervisory Board of Banque Robeco;
- Director of CS Communications et Systèmes;
- Director of Saga to August 31, 2010.

Other positions previously held outside the Group

Positions held in 2009

- Chairman and Chief Executive Officer of A.V. Consultants;
- Member of the Supervisory Board of Banque Robeco;
- Director of CS Communications et Systèmes, Saga.

Positions held in 2008

- Chairman and Chief Executive Officer of A.V. Consultants;
- Member of the Supervisory Board of Banque Robeco;
- Director of CS Communications et Systèmes, Saga.

Positions held in 2007

- Chairman and Chief Executive Officer of A.V. Consultants;
- Chairman of Leumi France;
- Member of the Supervisory Board of Banque Robeco;
- Director of CS Communications et Systèmes, Saga.

Positions held in 2006

- Chairman and Chief Executive Officer of A.V. Consultants;
- Chairman of Leumi France;
- Director of Axa Europe Actions, CS Communications et Systèmes, Saga;
- Member of the Supervisory Board of Banque Robeco.

HAVAS

Incorporated in France with limited liability and issue capital of €172,338,417.60
2, allée de Longchamp – 92150 Suresnes
Registered in Nanterre – France RCS 335 480 265

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AUTORITÉ DES MARCHÉS FINANCIERS
AMF

This annual report *(document de référence)* was filed with the *Autorité des Marchés Financiers* April 4, 2011 in accordance with article 212-13 of the General Regulations of the *Autorité des Marchés Financiers*. It may be used in connection with a financial transaction if supplemented by a prospectus *(note d'opération)* approved by the *Autorité des Marchés Financiers*. This document was drawn up by the issuer, and engages the liability of the signatories thereto.

Historical financial information is included for reference in the annual report for the financial period ended December 31, 2010, viz. (i) the consolidated financial statements and corresponding auditors' report presented on pages 53 to 97 as well as the statutory accounts and the corresponding auditors' report represented on pages 99 to 117 of the annual report for the financial period ended December 31, 2009 registered with the AMF on April 16, 2010, under number D.10-0278, (ii) the consolidated financial statements and corresponding auditors' report presented on pages 44 to 86 of the annual report for the financial period ended December 31, 2008 registered with the *Autorité des Marchés Financiers* (AMF) on April 30, 2009 under number D 09-0372.

2 allée de Longchamp – 92281 Suresnes Cedex
Tel.: +33 (0)1 58 47 90 00 – Fax: +33 (0)1 58 47 90 38
www.havas.com