HAVAS

2011 Annual report

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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 "the 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 2011 financial period make no comments.

The report of the Statutory Auditors on the statutory accounts for the financial period ended December 31, 2011 contains no comments.

The report of the Statutory Auditors on the consolidated financial statements for the financial period ended December 31, 2011 contains no comments.

The report of the Statutory Auditors on their limited examination of the summary consolidated half-yearly financial statements closed on June 30, 2011 contains no comments.

Historical financial information is included for reference in the annual report for the financial period ended December 31, 2011, viz.

(i) the consolidated financial statements and corresponding auditors' report presented on pages 47 to 91 and the statutory accounts and corresponding auditors' report presented on pages 93 to 110 of the annual report for the financial period ended December 31, 2010 registered with the *Autorité des Marchés Financiers* (AMF) on April 4, 2011, under number D.11-0230;

(ii) the consolidated financial statements and corresponding auditors' report presented on pages 53 to 97 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;

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, 2011, contains an observation related to amendments and changes in accounting principles detailed in note 5.1.4.1. to the consolidated financial statements.

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."

Hervé Philippe
Directeur Général Délégué
on March, 30, 2012

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 – 92300 Levallois-Perret

– BEAS
7-9, Villa Houssay – 92534 Neuilly-sur-Seine Cedex
represented by Mr. Pierre Victor

The terms of office of the Statutory Auditors and of the Alternate Statutory Auditors will expire at the Shareholders' Meeting to be held on May 10, 2012, which will decide on the renewal of their terms of office.

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, 2009, 2010 and 2011 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 2009 and 2010.

Consolidated income statement data *(in euro million)*	**2011**	2010	2009
Revenue	1,645	1,558	1,441
Income from operations[(1)]	220	204	183
Operating income[(1)]	197	184	153
Net income, Group share	120	110	92
Per share data *(in euro)*			
Earnings per share, basic and diluted	0.28	0.26	0.21
Dividend	0.11*	0.1	0.08

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

(1) Interest cost on pension obligations amounted to –€1.8 million in both 2011 and 2010, and –€1.9 million in 2009. This type of charge was previously included in "Compensation" but from 2011 onwards, it is reported under "Other financial expenses". 2010 and 2009 charges have been restated accordingly.

Consolidated balance sheet data *(in euro million)*	**2011**	2010	2009
Goodwill	1,559	1,494	1,416
Total current assets	2,923	2,988	2,681
Total assets	4,861	4,694	4,307
Total equity	1,306	1,203	1,087
Total financial liabilities	817	874	865
Number of existing capital shares	431,080,011	430,522,736	429,873,590

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, 2011, 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 copyright 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, the Court of Cassation, in a ruling handed down on March 1, 2011, quashed the decision of the Paris Court of Appeal of January 14, 2010. The case has been referred to the Paris Court of Appeal and is now pending;
   - the principle of Mr. de Pouzilhac's eligibility for supplementary pension entitlements established on behalf of company managers of EUROCOM. Havas took its case to Paris Court of Appeal, which ruled that there were no grounds for appeal.

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

2. Alain Cayzac terminated his employment contract, considering that circumstances allowed him to invoke the conscience clause.

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

   Mr. Cayzac referred his case to the conciliation tribunal *(Conseil des Prud'hommes)* of Nanterre.

   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. Following a request from Mr. Cayzac for the stay of proceedings to be revoked, the conciliation tribunal is expected to rule on his request, and on the substance of the case, in April 2012.

   The total indemnities, damages and social charges that have been claimed or could be claimed from the Company amount to the sum of €2.5 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, 2011.

Other Financial risks

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.

Furthermore, in view of the sovereign debt crisis in certain European countries, the discount rate on these cash flows may increase significantly, entailing a risk that, even in the event of satisfactory future cash flows, impairment of goodwill on acquisitions might be required should the situation persist.

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. His resignation from the position of Chief Executive Officer of Havas SA in 2011 does not affect clauses tied to a significant change in the shareholding of Media Planning Group SA.

These clauses 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 €11.3 million.

Risks related 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 primarily the 2010 and 2011 actual data, and the 2012 forecasted figures, for commitments undertaken prior to 2010. For those completed from January 1, 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, 2011.

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 €2.8 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

To January 27, 2012

2, allée de Longchamp – 92150 Suresnes, France

From January 27, 2012

29-30, quai de Dion-Bouton – 92800 Puteaux, 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 and 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 five 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 Productions.

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).

2011. In March 2011, the Board of Directors named David Jones Chief Executive Officer of Havas following the resignation of Fernando Rodès Vilà. Alfonso Rodès Vilà was named Deputy Chief Executive Officer and Yannick Bolloré and Stéphane Fouks were named Vice-Presidents of the Group.

The Arnold micronetwork continued to expand within Havas Worldwide: Arnold Amsterdam was created to serve as the global hub for its client Volvo; Arnold Furnace was launched in Sydney and Melbourne to serve global clients and a new office was opened in China in September. Arnold also strengthened its UK presence by merging with Euro RSCG KLP.

The BETC London agency opened its doors in May, headed by Matthew Charlton (ex Modernistas) and Neil Dawson (ex DDB).

Havas pursued its policy of acquisitions and startups with the acquisition of Siren-Communication, a boutique Singapore-based PR agency; a strategic agreement with Chinese healthcare communication agency MedMed; the launch of multicultural marketing agency Totality; startups Camp+King and Socialistic, a US specialized social media and social technology agency; and the acquisition of the Australian agency Host and its sister agency One Green Bean. MPG launched its mobile brand Mobext in Asia, starting with China, Indonesia and the Philippines. Mobext currently operates in eight markets around the world.

The Group acquired a new headquarters building in Puteaux in 2011, and the removal took place in January 2012.

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 2011, the Group spent a total of some €13 million on investments including acquisition costs (corresponding to four acquisitions), compared with some €8 million in 2010 (five acquisitions) and some €5 million in 2009 (four acquisitions). The Group also acquired a new headquarters building at a cost of some €159 million including acquisition costs. 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;
- Experiential, design marketing;
- Sports 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, the Arnold Worldwide micronetwork and a number of agencies with a strong local identity: H and W&Cie in France, Cake in the United Kingdom and the United States, Data Communiqué and Adrenaline in the United States.

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]

Following a return to growth in 2010, the global advertising market was expected to grow by 3.7% by the end of 2011 and forecasters broadly predict slightly higher levels of growth for 2012 and 2013, suggesting that the advertising market is picking up again. According to Zenith Optimedia, which slightly raised its forecasts for 2012 (versus its release dated December 5, 2011), expected growth is 4.8% for 2012 and 5.3% for 2013. Increased spending by big companies and the reduced risk of eurozone collapse, according to the Economist Intelligence Unit, are encouraging signs, but prudence is still advisable. Again according to Zenith Optimedia, despite a challenging economic environment, four-yearly events (the Olympics, Euro 2012, presidential elections in the US and elsewhere) and a recovering Japanese economy should stimulate global growth in 2012 by USD 7 billion (1.6%).

Zenith Optimedia estimated global advertising expenditure of USD 467 billion for 2011, broken down as follows:

Geographical breakdown by major region[1]

	2011	2012	2012/2011 Change
North America	35,3%	34,9%	3,6%
Western Europe	21,8%	21,2%	1,5%
Central & Eastern Europe	5,4%	5,5%	6,5%
Asia-Pacific	26,5%	27,2%	7,4%
Latin America	7,6%	7,9%	9,2%
Rest of World	3,3%	3,4%	5,3%
Total	**100,0%**	**100,0%**	**4,8%**

Forecast market growth in 2012 in North America (3.6%) is expected to be only half that of the Central/Western Europe and Asia Pacific zones (between 6 and 8%). Latin America is the most dynamic region as confidence grows that its strong economic growth (9.2%) will be maintained, whereas in Western Europe the threat of the short-term deterioration of the eurozone persists and growth is forecast to be no more than 1.5%. North America, Western Europe and Japan represent two thirds of the world market but China is now the third-largest advertising market in the world, and is catching up quickly with Japan.

By media[1]

	2011	2012	2012/2011 Change
Press	29,2%	27,3%	– 2,0%
Television	39,9%	40,1%	5,4%
Radio	7,1%	7,0%	2,4%
Cinema	0,5%	0,5%	6,8%
Outdoor	6,8%	6,8%	4,9%
Internet	16,4%	18,2%	16,3%
Total	**100,0%**	**100,0%**	**4,8%**

Advertising spending should stabilize or slightly increase in all media with the exception of newspapers and magazines. Growth will continue to be led by Internet (+16.3%) ahead of television (+5.4%) which still has the largest share of the global advertising market at 40%, followed by newspapers and magazines (30%) and Internet approximately 20%. Internet continues to grow thanks to the explosive growth in social media advertising and online video, making Internet the biggest contributor to new spending on the global market.

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 paragraph 6.1.1).

Havas on its market

Havas ranks 6th worldwide among the major communications groups with 2011 revenue of €1,645 million (source: press releases by main competitors reporting 2011 results). Its main competitors are WPP, Omnicom, Interpublic, Publicis, Dentsu and Aegis.

Havas' markets are distributed as follows:

(as a percentage of 2011 revenue)	
France	21%
Continental Europe (excluding France and UK)	21%
United Kingdom	11%
North America	32%
Asia-Pacific	6%
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%.

(1) All the market data shown in this section are taken from the Zenith Optimedia press release of December 5, 2011.

6.1.3. Strategy

David Jones, Global CEO of Havas, who replaced Fernando Rodés in March 2011, has established a strategic plan for the Group for the 2012-2015 period.

This plan is based on nine main points:

Havas' new mission

To be the world's best company at connecting BRANDS with PEOPLE using CREATIVITY, MEDIA and TECHNOLOGY.

External growth

The Group now has one of the most solid financial positions within its industry and will pursue a patient, rigorous and differentiated acquisition strategy that maximizes shareholder value. The priority will be to acquire agencies which set themselves apart with an innovative forward-looking approach, capable of anticipating client needs at this revolutionary time for the world of media and communications.

Reinforced integration

To strengthen Havas' integration, the Group's structure is going to be simplified and will be made up of two networks: Havas Advertising and Havas Media. The Euro RSCG brand will disappear as of September 1st, 2012 when Euro RSCG Worldwide will be rebranded Havas Worldwide.

Digitalisation

Havas will continue to focus on digital in order to confirm its leadership position. To align perception with the reality of its digital strength, Havas is creating the "Havas Digital" umbrella brand in order to regroup all its digital entities under what will purely be a brand name, not an operational division. Havas will continue its original strategy of placing digital at the core of all its creative and media agencies in the world. Without having made any major digital acquistions, Havas has become the group with the highest level of digital integration.

Development of global brands

Developing and winning global brands remains a priority for Havas. This approach led to Euro RSCG being ranked n°1 agency by AdAge as measured by total number of global accounts for the past five years and Havas Media being ranked n°3. Havas aims to keep and further increase this position by placing creativity and innovation at the centre of its commercial strategy.

Creative-Media Integration

Several measures will be undertaken to strengthen the Creative-Media integration: the rationalization of the Group's structure and the use of its brands, the promotion of joint entities, an increase in shared platforms, co-location and "incentive" models.

The Paris based creative and media agencies have been regrouped in Havas's new HQ in Puteaux and this initiative will be repeated in New York over the next few months as well as in the other main countries where the Group is present.

Structural and operational efficiency

To maximize operational efficiencies between divisions, a number of measures have been put in place by the Group in France such as the rationalization of the holding companies, a cost reduction policy and real estate synergies. These measures will continue and will be extended to the Group's other key markets.

Talent

Some of the world's best talent joined the Group in 2011. The pursuit of top talent will remain a priority for Havas and an innovative plan has been created so as to continue to attract the best.

Social responsibility

The Group will continue to put social responsability at the heart of all its activities and follow its strategy which encourages agencies to use creativity to bring about positive change.

Havas Media carried out its "Meaningful Brands" study for the 4th year in a row. Havas is the first group to offer a structured and detailed global analysis that can connect brands with our quality of life and wellbeing.

Havas delivers its own commitment to CSR with the One Young World summit, a non-profit organization, created in 2010. This event provides brilliant young people with a global platform through which to effect positive change and took place for the second time last September, welcoming 1,300 delegates from 170 countries in Zurich. The 3rd event will take place in Pittsburg (USA) in October 2012.

The creation of Social Business Idea™ is also proof of the Group's commitment to social responsibility.

The Group also demonstrated its commitment to society at large in 2011 through some one hundred pro bono campaigns on behalf of non-profit associations and NGOs and this will continue in 2012.

Implementing this strategic plan will create value for Havas shareholders as it improves its operating performance, for clients who will benefit from a highly innovative offer and for employees who will be able to evolve in a dynamic, stimulating and entrepreneurial environment.

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 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	32%
Asia-Pacific	6%
Latin America	9%

Group revenue by business unit

2011 Group revenue by business unit:

Havas Worldwide	66%
of which Euro RSCG Worldwide	*57%*
Havas Media	34%

6.2.2. Havas Worldwide

Havas Worldwide is made up of the Euro RSCG network, the Arnold Worldwide micronetwork as well as the agencies W&Cie, Leg, HPS, The Hours, Cake, Data Communiqué, Adrénaline, Havas Design+, Fuel, All Blacks, Field Research, Conran, The Maitland Consultancy, Sharpe Blackmore, Abernathy MacGregor, Groupe Vale, Z+ Comunicacao, Stareast Communications, EHS 4D, The Red Agency, Dream Studios, All Response Media,Socialistic, Totality, Camp + King, Porda, Host, One Green Bean, Project House, Congruent Media, MedMed, Eightytwenty/4D, Strat Farm…

2011 was another strong year for Havas Worldwide. Both of its networks – Euro RSCG and Arnold Worldwide – had great success, fuelled by the "digital at the core" model.

Havas Worldwide is committed to getting its clients to the Future First. To do this, the network believes it must focus on three key areas: its model and the integration of digital at the core; its ability to influence consumer behavior as a global network; and, a focus on attracting and retaining the best talent in the industry.

The Model and Digital/Social at the Core

Havas Worldwide has brought digital into the core of all of its agencies, and can justifiably claim to be one of the industry leaders in the social media space:

- Socialistic, a content and technology studio which creates apps and products for mobile, social media, distribution and community engagement was launched in New York;
- Arnold launched a social media lab;
- Euro RSCG London launched The Cupola Lab, offering clients state-of-the art social listening and the ability to respond instantly to comments across all social media channels;
- Euro RSCG pioneered the first ever YouTube masthead with augmented reality for Volvo, helped Peugeot create its first-ever customer service support via Twitter and helped Dos Equis become the first beer brand ever to get over one million "likes" on Facebook;
- The continued social media strategy on Evian has enabled "Rollerbabies", which set the Guinness World Record for most-viewed commercial content in history, to hit nearly 200 million YouTube views this year;
- The network is now a global or social media AOR for over 50 companies and brands including Peugeot, IBM, Unilever, Tesco, Volvo, Dos Equis, Pernod Ricard, EDF, Reckitt Benckiser, Sanofi, Sony, Sony Playstation, Groupon, Evian, Barilla, Disney, Orange, Sears, GSK, easyJet, SAP, Diageo, Microsoft, Citibank, Danone, Claro, Air France, Pfizer, Canal+, Lacoste, Motorola, Charles Schwab, Ben & Jerry's, Havaianas, Method, Yahoo!, Western Union, Jacob's Creek, and Kraft Foods;
- David Jones, Global CEO Havas, was asked to be part of the Facebook Client Council – as the only holding company CEO on the council, alongside global marketers like Diageo, Coca Cola and Unilever – advising Facebook on how to leverage their platform for brands and advertising.

The Global Network

Euro RSCG was recognized for outstanding creativity early in the year with the world's most-awarded television commercial of 2010 for Canal+, confirmed by the Gunn report, and followed that with a string of new business successes, with global business from Dell, Unilever's Dove Deodorants & VO5, Sony PlayStation, Sanofi Aventis, Durex, Pernod Ricard, Pfizer, Johnson & Johnson & Coty.

Consumers continue to demand that companies stand for more than results, and Havas Worldwide is working with every single agency in its network to ensure that while they grow clients' businesses they also use their creativity to help have a positive effect on the major issues facing our world. This is what Euro RSCG believes will continue to set it apart from others and help get its clients to the Future First. In 2011, the network once again led the way in thought leadership around sustainability and social responsibility in business by putting those values at the core of its business. It created and trademarked the Social Business IdeaTM and launched it in Who Cares Wins: Why good business is better business, a book that was endorsed by Prime Minister David Cameron, Unilever CEO Paul Polman, Heineken CEO Jean-François van Boxmeer, Facebook's Global COO Sheryl Sandberg and Archbishop Desmond Tutu, amongst others. Euro RSCG also held the second One Young World event in Zurich. This year 250 companies, including Accenture, Barclays, Google, HP, Puma, PWC and Unilever, selected and sent their best young people. Over 1,300 delegates from over 170 countries – the most countries at any event outside of the Olympics – addressed and engaged with 40 amazing counsellors who gave their time for free. It was the first event to be entirely live-streamed on Facebook, and it created one of Twitter's top global trends.

Talent

Over the past year, Havas Worldwide has focused a great amount of attention and investment in building a top caliber, diversified team of people. Attracting and retaining the best in the industry continues to be a key goal for both its networks – Euro RSCG and Arnold Worldwide.

This year, some of the best talent available anywhere in the world has been hired: Guy Hayward, Neil Dawson and Matthew Charlton at BETC London; Lee Garfinkel and Tom Morton at Euro RSCG New York; Matt Howell, Dave Dugan and Elliot Seaborn at Arnold Worldwide; and Alasdair Graham as the new Global Executive Creative Director on the Reckitt Benckiser account. Claire Adams has been brought in as Head of Social and Director of Euro RSCG's Cupola Lab in London; Michael Olaye from U-Dox as Technical Director; Piyush Pankaj as Head of Search, and Andre Moreira, Albion's Creative Director, as Head of Art. Elsewhere Colleen DeCourcy, the ex-Global Chief Digital Officer at TBWA, was hired to launch Socialistic, and Justin Crawford, from Organic, to be the Executive Creative Director; Allyson Witherspoon as Global Brand Director on Volvo in New York; Jason Jercinovic as President of Euro RSCG 4D New York from RG/A, where he ran Nike; and Christian Johansen from Ogilvy New York as Managing Director of Euro RSCG 4D Amsterdam.

Additionally, as part of a continued focus on talent, Arnold Worldwide and the 4A's partnered on the largest talent management survey ever conducted in the industry, kicking off Arnold's commitment to lead an industry-wide movement for talent management reform. As part of Havas Worldwide's ongoing dedication to talent, Andrew Benett, Global Chief Executive Officer of Arnold Worldwide and Global Chief Strategy Officer of Havas Worldwide hosted and moderated a Talent seminar at the Cannes Lions International Festival of Creativity with five leaders from the world's best talent destinations, including Citigroup, Heineken, McKinsey & Company, Spencer Stuart and Unilever.

Key talent has also been brought on board through recent acquisitions. For example adding Host - Australia's largest and best independent advertising agency and Porda – China's number-one corporate and financial PR agency – to the APAC team. In San Francisco Havas Worldwide backed Camp + King a stunning new start up and acquired the Irish shop eightytwenty, who have since been named lead global digital and BTL agency for Heineken's Strongbow.

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 2011, under the leadership of Global CEO Andrew Benett, Arnold experienced big revenue gains and several new business wins, including The Boston Bruins, Carbonite, Al Gore's Climate Reality Project, Dell's Small-to-Medium Business Division, a unit of Carnival Cruise Lines and seven new Sanofi brands. In addition, Volvo expanded its relationship with Arnold by awarding the agency lead global creative duties, plus agency of record relationships in two new markets (China and the U.K.).

In addition, Arnold bolstered its executive management team worldwide by appointing a Global Chief Digital Officer, Global Chief Commercial Officer and Global Chief Talent Officer, among several other key hires across its global management team.

This success contributed to Ad Age awarding Arnold one of its top honors, a spot on the Agency A-List, recognizing the top 10 agencies of the year. The previous year, Ad Age chose Arnold as its "Comeback Agency of the Year," which is the first time in Ad Age's history that the "Comeback" agency made the A-List the following year.

Arnold's philosophy is rooted in the idea that "Great Work Works" and the agency 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, Dell, Fidelity Investments, The Hershey Company, McDonald's, New Balance, Ocean Spray, Progressive, Sanofi-Aventis and Volvo. Its micronetwork is comprised of 16 offices in 15 countries across five continents. Its growth strategy includes building a presence in creative hubs and key business markets, including Boston, New York, Washington DC, Toronto, London, Amsterdam, Prague, Melbourne, Milan, Madrid, Moscow, Lisbon, Sydney, Sao Paulo and Shanghai.

6.2.3 Havas Media

Havas Media is made up of the MPG, Arena Media, Havas Digital, Havas Sports & Entertainment as well as the following brands: Media Contacts, Arena, Quantum, Lattitud, iglue, Mobext, n², Archibald Ingall Stretton, Cake, Havas Event, Havas Productinos, Havas Hospitality, MPG International, Proximia.

Many forecasted that 2011 would see the start of the global economic recovery, but as the year progressed, the economic environment quickly deteriorated, especially in Western Europe and in the US. Despite this, Havas Media presented a set of robust results, with double digit growth on the top line and an improvement in profitability. All regions contributed to this performance, especially in LATAM (led by Mexico), Asia Pacific (notably in China), NEC regions and Germany, as well as North America, France and Spain.

These results are a direct reflection of everybody's immense effort, hard work and dedication. They also offer proof that Havas Media's investment and expansion strategy is working well.

In 2011 Havas Media continued to invest in three key areas:

- developing market insight with a focus in helping its clients and their brands to build more meaningful relationships;
- investing in its product through new initiatives, especially in the digital area;
- strengthening its international network.

A new "Meaningful" mindset and a new set of services

Brands and the companies behind them are being looked at differently. During Havas Media's research this year it found a growing disconnect between brands and consumers – with the majority of people not caring if 70% of brands ceased to exist and only 20% of brands having a positive impact on our sense of wellbeing and quality of life – it's clear that the lenses through which we view consumers and branding communications has to radically change.

With this in mind, the single most important project to influence Havas Media's vision and the services it offers has been the launch of Meaningful Brands. After 4 years of investment and innovation, Havas Media is the first group to offer a structured and detailed global analysis that can connect brands with our quality of life and wellbeing.

Meaningful Brands and the selection of bespoke brand solutions and tools attached to it, enables companies to close this disconnect and focus on business and communications strategies that help people improve their lives. This project has challenged traditional definitions of brand value and there has already been evidence that its launch marks the start of a much needed step change for the communiications industry.

The Meaningful Brands project has caught the imagination of trusted academics, marketers and the media. The biggest impact for the group however has been the impact of the new vision of its teams and the translation of this more meaningful mindset into actionable communications strategies on both a global and local scale.

As part of this, the Havas Media Labs team has continued to shape the vision of the group and contribute to the industry's thought leadership using social media platforms such as YouTube and Twitter, as well as an internal education and events programme. The Lab's work has received much attention this year notably via Umair Haque, Havas Media Labs Director who has published two critically acclaimed books, The New Capitalist Manifesto and Betterness published via Harvard Business Review. Umair Haque was also awarded a place on the prestigious Thinkers50 list in December.

To support this vision Havas Media has also continued to reinforce its Corporate Social Responsibility activity as a group.

Three main projects in development are:

- An international engagement survey among the teams
- A CSR informative and collaborative intranet where all employees are invited to participate in projects' suggestion and development
- A partnership with the United Nations World Food Programme, supported by a corporate matching pledge from the senior management team, to promote their special media based WeFeedBack fundraising initiative. This project will actively involve and encourage collaboration of Havas Media teams on a global scale to help fight hunger. The partnership also incorporates our Meaningful Brands research and analysis giving the United Nations World Food Programme access to invaluable insights and tools to help them leverage corporate support and build awareness.

Leading insight and product development, especially in digital

Havas Media's digital product continued to increase its level of sophistication and complexity with the development of the product offering for mobile. During 2011 the network developed, managed and measured several digital, mobile and social media campaigns. As an illustration of its innovative capabilities, mobile specialist Mobext, now present in 13 markets, was recently was recognised as the best mobile agency in the US (MOBI Awards).

With Havas Digital's operations footprint in place, this past year the network chose to push its product development and also invest in training to enhance the corresponding capabilities of its teams to use these products. The training includes certifications in Search, Artemis™ (Havas Media's data management platform), as well as a full catalogue of training on Havas Media Competencies (Communications, Personal Improvement, Teamwork, Leadership, etc.). Globally teams completed over 2,948 hours of training and 260 employees earned search certifications.

Along with this base development, Havas Media furthered its product leadership in data capabilities by enhancing its industry leading tool, Artemis™ by adding social variables into the algorithms. This gives the ability to link social sentiment of brands to other online and conversion metrics.

Havas Media's aim is to help marketers understand the contribution of Social Media to their overall strategy in order to maximize Social Media channel's contribution to their overall marketing efforts across Digital, Social and Offline media.

With a focus on developing leading insight, Havas Digital is closely working with top Business Schools: HBS, LBS, MIT & Kellogg working on data & analytics marketing research. The MIT and LBS have issued a working paper about remarketing and targeting based on Havas Digital's Artemis' data platform.

A reinforced international network

The appointment of Jorge Irizar as Director of Havas Media International will help the network to further develop its service to global and international clients by coordinating the efforts of theinternational service hubs. The new structure will improve service to clients, reinforce new business efforts and achieve a better profitability in services.

Now that Havas Media has demonstrated it can handle a global client as complex as Hyundai Kia, it is focused and structured to continue pursuing and pitching for new business, presenting its insight and providing new solutions. The appointment of a global Havas Media International CEO signals the importance of coordinating all global hubs for better new business efforts.

Havas Media now has an important portfolio of global and international clients. In the latest Advertising Age report* "The Dots: Global Accounts Multinational Agency network assignments, MPG appears ranked as third global media agency with more global clients.

These clients now include AXA Insurance, Danone, Puig, Air France, Coca Cola: Massimo Dutti, Megablocks (Megabrands), Philips, Tayrona, Santander, Adidas, BBVA, Citröen, Peugeot, EDF, KIA, Hyundai, LVMH, Orange, Procter & Gamble and SONY.

The Results speak for themselves

This focus on vision and insight, digital services and international capabilities has undoubtedly helped Havas Media move forward. The network closed 2011 with its best awards year ever.

Across the globe its agencies have been praised with 12 Agency of the Year Awards: Cake, Arena Media Mexico, Arena Media Portugal, Arena Media Spain (twice), Havas Media Belgium, Media Contacts Philippines, Media Contacts Spain, Mobext US, MPG Mexico (twice) and for the third year in a row, MPG US. At the Cannes Lions Advertising Festival, Havas Media brought home a record breaking 9 Lions. In most cases all these wins were the result of collaboration of all the brands and people within our four networks MPG, Arena Media, Havas Digital and Havas

* «The Dots: Global Accounts Multinational Agency network assignments »

Sports & Entertainment. These outstanding successes are a testament to the Havas Media teams' innovation and creativity, proof of its excellent product and a reflection of its dedication to deliver effective, market leading campaigns.

6.3. Exceptional events

None.

6.4. Dependence of the Company on patents or licenses, industrial, commercial or financial 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

Based on press releases by main competitors reporting 2011 results, Havas ranks in sixth place among major consulting groups worldwide, as mentioned in paragraph 6.1.2. on page 10.

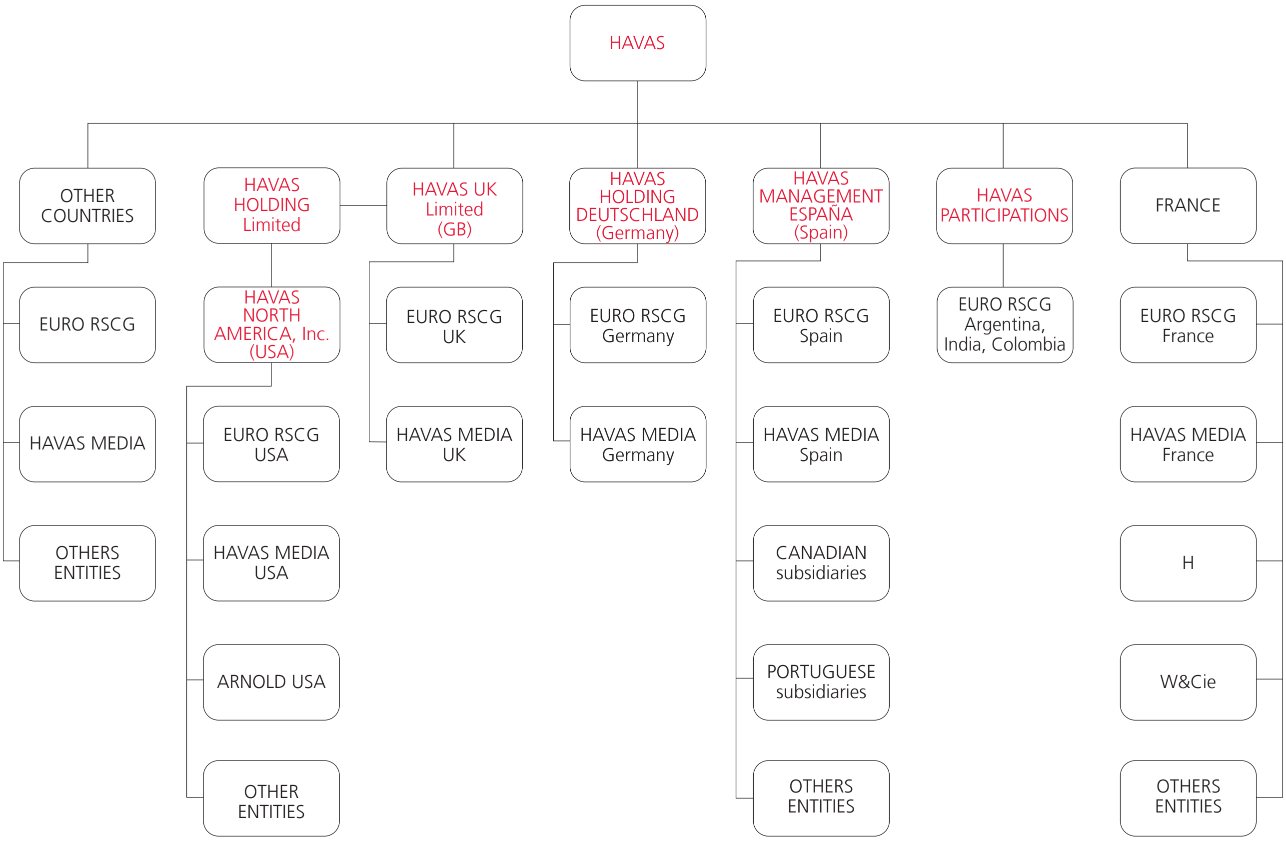
7. Organization chart

7.1. Organization chart

Legal structure as at December 31, 2011

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 that 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 123 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 2011, amounting to €43.2 million compared with €29.9 million for 2010, were composed essentially of services invoiced to subsidiaries and royalties on trademarks.

Rent and rental charges invoiced to subsidiaries amounted in 2011 to €12.9 million compared with €11.4 million in 2010; other costs recharged to subsidiaries amounted to €11.3 million in 2011, as against €11.7 million in 2010.

7.2. List of key subsidiaries

This list includes subsidiaries that meet at least one of the three 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%
EURO RSCG NEW YORK, INC.	USA	100%
HAVAS WORLDWIDE	USA	100%

7.3. Real estate

At December 31, 2011, the Group owned real estate reported in the balance sheet at a net carrying value of €165 million. The main asset, acquired in October 2011, consists of the new Havas headquarters at 29-30 quai de Dion Bouton, in Puteaux. The property, consisting of two adjacent buildings, comprises some 23,000 m^2 of office space, occupied by Havas SA and the Group's French subsidiaries.

The remainder of the Group's property consists mainly of fixtures and installations.

The Group generally 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 expiring date
Havas SA, former headquarters	France, Suresnes	21,261	02/21/2003	02/20/2012
Arnold Worldwide Partners	USA, Boston	13,510	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	7,846	06/2005	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 29 cities in the United States and 16 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: the Group's Corporate Social Responsability Policy

Havas has the same obligations as any other organization to evaluate its contribution to and take responsibility for the direct and indirect impacts of its operations and businesses.

In 2009, the Havas Group set out a Corporate Social Responsibility policy that bears witness to its awareness and readiness to stand by its commitment to compliance with and implementation of the 10 principles of the Global Compact, to which the Group subscribed in 2003.

The Group has set out four best efforts commitments. These commitments are short- and medium-term objectives that are prerequisites to operational deployment of its Corporate Social Responsibility (CSR) policy.

The four best efforts commitments

Of the four best efforts commitments set out, all have been undertaken and the first two have been fulfilled.

1. Introduction of a network of "CSR" correspondents(1)

At December 31, 2011, the CSR network consisted of 103 correspondents in some 50 countries, covering 100% 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.

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

- **reporting protocol:** the document sets out the challenges posed by CSR reporting, describes the respective roles and responsibilities of administrators and users and the organization of reporting campaigns. It has been circulated to all those concerned and archived as a core component of the CSR solution;
- **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:** 113 business groups, representing 371 legal entities covering 100% 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 and is largely identical to that of previous years. 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(2) law and to GRI(3) 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. The controls were further reinforced this year by incorporating acceptance thresholds and mandatory entry of justifications. Data are consolidated by the Sustainable Development and Human Resources departments 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. below).

3. Involving suppliers in our progress approach

The Group is establishing its approach to responsible purchasing. The Group is committed to steering its agencies as effectively as possible towards suppliers embracing a responsible approach.

Some of the Group's central suppliers have been made aware of the Group's CSR approach thanks to CSR reporting, much of it sourced from our purchasing data. The process of raising Group Purchasing Center awareness of the issues continues, as does the introduction of environmental, social or ethical criteria into the choice of products purchased.

One of the main steps taken by the Group in 2011 was the introduction of a sustainable development clause in its supplier contracts, including compliance with national and international labor standards.

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 proceeding in agencies. The fourth best efforts commitment will be one of the pillars of Group CSR policy in 2012, in France in particular.

In 2011, 16 agencies ("business groups") representing 27% 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 training courses), others set up blogs or newsletters or volunteered for sustainable development projects. A total of 518 employees received training in this area on at least one occasion in 2011, and over 500 hours of training in sustainable development and responsible communication were provided over the year.

The group has set itself six commitments to progress that act as guidelines for all its businesses, wherever it operates, whether in France or abroad.

THE HAVAS GROUP'S SIX PROGRESS COMMITMENTS

1. To reduce the environmental impact 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.

A number of quantitative and qualitative objectives derive from these six commitments serving as a framework for the Group's CSR Policy to 2015. They are intended to reduce the impact of our activities on the environment, social and society issues.

(1) Corporate Social Responsibility.
(2) New Economic Regulations law.
(3) GRI: Global Reporting Initiative.

8.1. Environment

8.1.1. Environmental policy: reducing the environmental impact of our activity

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 included biodiversity or environmental criteria among its performance criteria.

a) Monitoring and reducing 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 non-financial 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 2011 will be disclosed in a forthcoming Group CSR Policy 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 99% of Group headcount, purchases of office paper amounted to 488 metric tons, the equivalent of 33 kg per employee.

Average paper consumption per employee was reduced by 35%, achieving the reduction target in a single year. A new target volume will be set to improve further on this performance.

Recycled and/or certified (FSC or PEFC) paper represented an average of 63% of the Group's office paper consumption (81% in France). At present, 34 business groups, representing 31% of Group headcount, currently purchase nothing but certified or recycled paper.

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

The Group's initial objective was to reduce its waste generation by 10% between 2010 and 2013.

In 2011, over a perimeter representing 96% of Group headcount, our total waste (all types of waste included) amounted to 1,876 metric tons, equivalent to 132 kg per employee. This represents a reduction in waste per employee of 12% between 2010 and 2011. Once again, the Group met its reduction target in a single year and will thus need to reconsider its ability to set more ambitious targets.

Selective waste sorting is becoming more widespread and now covers almost 85% of Group headcount. Most of the waste sorted is paper (for 85% of Group headcount) but waste electrical and electronic equipment (WEEE) is also sorted and recycled over a scope representing 79% of Group headcount.

8.1.2. Environmental policy: reducing the environmental impact of our communication campaigns

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 2011, 30 such proposals were presented to clients. Most concerned experiential and media campaigns, but some related to broadcast campaigns.

At the same time, agencies are gradually building environmental criteria into their choices of service providers and resources deployed. In 2011, seven business groups built environmental criteria into their campaign proposals, for example by incorporating the principles of eco-design. These seven business groups included 63 action programs in the design stage of their communication campaigns proposals.

Some agencies use internal tools designed to reduce the environmental impact of their campaigns (carbon calculator, charter, internal committee, etc.).

8.1.3. Environmental information

The following indicators were collected and consolidated at Group level using a new information system introduced in 2010. Ratios per employee were calculated on the basis of headcount at December 31, 2011, as reported by the system.

Depending on the response rates achieved, the scope to which these indicators correspond may vary and so will be specified for each indicator concerned. The scope of responses is wider than it was last year, reflecting greater participation by agencies.

Environmental indicators	Unit	2010	**2011**	Scope (*% Group headcount*)	NRE[3] L. 225-102-1	GRI[4]	GC[5]
Direct environmental impacts							
Water							
Water consumption	m^3	205,078	167,071	95%	148.3.1	EN8	
Water consumption/employee	m^3	15.9	12	95%	148.3.1	EN8	
Energy							
Total electricity consumption	MWh	39,935	36,527	94%	148.3.1	EN4	
Electricity consumption/employee	kWh	3,135	2,618	94%	148.3.1	EN4	
Electricity as% of energy consumption	%	87	84	94%	148.3.1	EN4	
Headcount of entities purchasing RE[1] as% of total Group headcount	%	7.3	14	100%	148.3.1	EN6	GC8
Air							
CO_2 emissions	metric tonnes CO_2	n.c.[2]	n.c.	100%	148.3.1	EN16	
CO_2 emissions/employee	kg. CO_2 eq	n.c.	n.c.	100%	148.3.1	EN16	
Materials consumption							
Office paper consumption	metric tonnes	735	488	99%	148.3.1	EN1	
Office paper consumption/employee	kg	56	33	99%	148.3.1	EN1	
Certified/recycled paper as % of total office paper consumption	%	59	63	99%	148.3.1	EN2	GC8
Waste							
Total waste	metric tonnes	1,925	1,876	96%	148.3.1	EN22	
Waste/employee	kg	150	132	96%	148.3.1	EN22	
Business groups implementing selective paper sorting	n	75	85	100% (113 "business groups")	148.3.1	EN22	GC8
Headcount of entities implementing selective paper sorting as % of total Group headcount	%	77	85	100%	148.3.1	EN22	GC8
Employee training/awareness							
Employees receiving sustainable development and/or responsible communication training	n	84	518	100%	148.3.6		GC8
Environmental impacts of communication campaigns implemented on behalf of clients							
Environmental impact measurement proposals included in client recommendations	n	42	30	100%		EN26	GC8
Eco-designed action programs	n	63	63	100%		EN26	GC8

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

8.2. Society issues

8.2.1. Promoting transparency and ethics in our businesses

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

8.2.2. Promoting a communication model more conducive to sustainable development

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 2011, 45 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 implementation of proprietary tools to assess these impacts (three business groups), creation of databases of suppliers engaged in environmental initiatives (three 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 2011, 23 campaigns were produced after consultation with client-company stakeholders (mainly NGOs).

Havas Media repeated its Sustainable Futures survey in 2011. 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.

d) 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 (38 business groups, representing 50% of Group headcount, provided financial support to some 150 organizations in 2011), but also through corporate volunteerism.

In 2011, 28 business groups (representing 42% of Group headcount) offered pro bono services to non-profit and humanitarian organizations, resulting in 109 campaigns accounting for close on 2,125 man-hours.

For further information on our Corporate Social responsibility approach, visit our website:

www.havas.com/havas-dyn/fr/engagements-responsabilitesociale.1.html

8.3. Human resources

8.3.1. Headcount structure

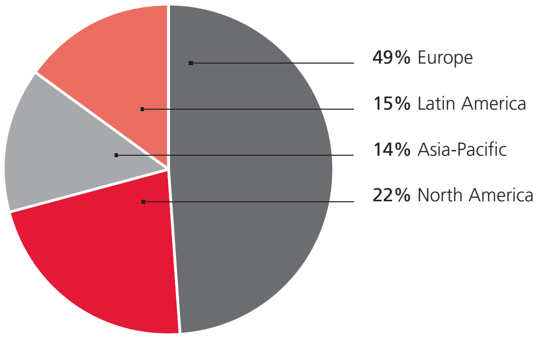
The Havas Group employed 15,186 people at December 13, 2011, in 374 consolidated companies based in some 50 countries.

Headcount was 6% higher than at December 31, 2010, due to the improving economic climate.

In France, the Group employs 2,816 people in 50 companies.

Employees – Distribution by continent

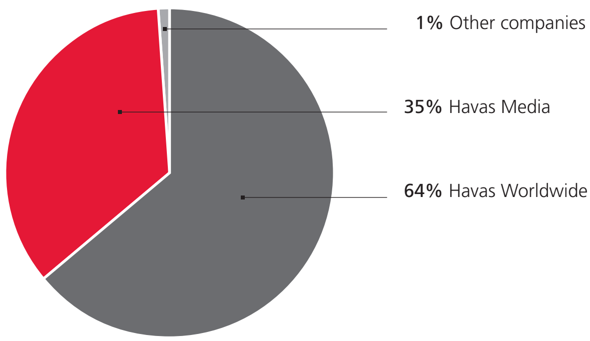
Europe	49%
North America	22%
Asia-Pacific	14%
Latin America	15%



The Group's geographic structure remained in line with 2010. 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

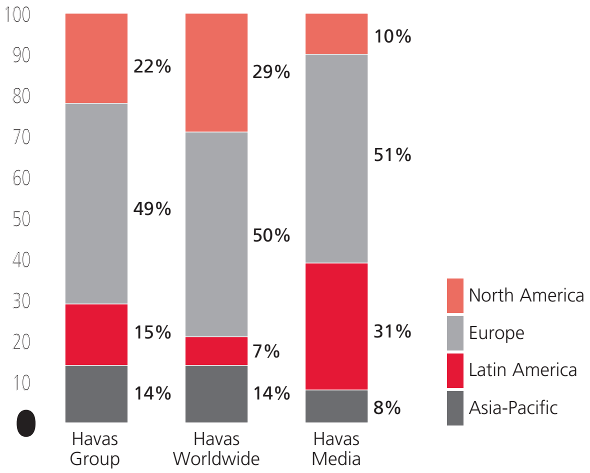
Havas Worldwide	64%
Havas Media	35%
Other companies	1%



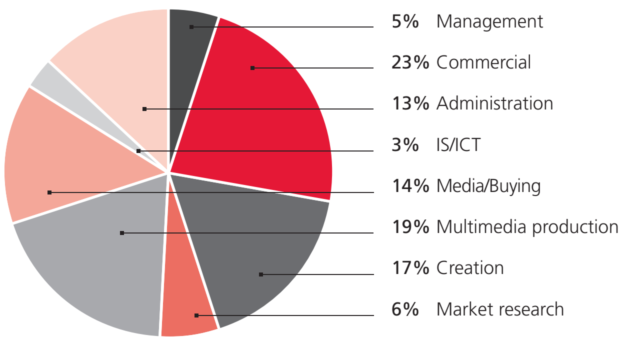
The Havas Worldwide network represents two thirds of the Group's global headcount and Havas Media accounts for the remaining third.

Employees – Distribution by continent and by network

Distribution by continent and by network	Havas Group	Havas Worldwide	Havas Media
Europe	49%	50%	51%
North America	22%	29%	10%
Asia-Pacific	14%	14%	8%
Latin America	15%	7%	31%



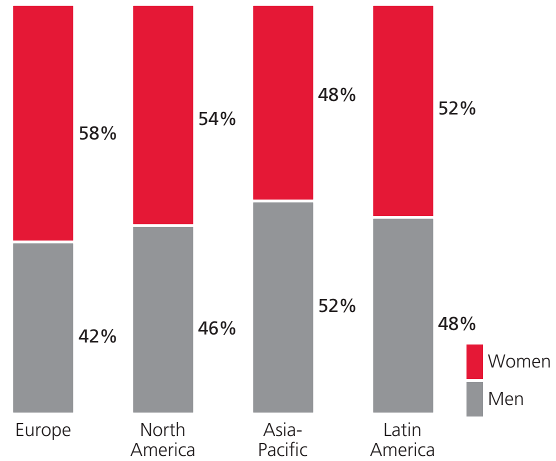
Employees – Distribution by occupation



Three occupational sectors account for some 60% of Group headcount: commercial, multimedia production and creation.

Employees – Distribution by gender and by continent

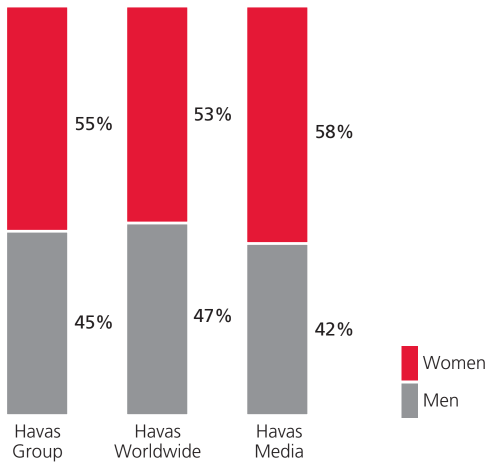
	Men	Women
Europe	42%	58%
North America	46%	54%
Asia-Pacific	52%	48%
Latin America	48%	52%



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

Employees – Distribution by gender and by network

	Men	Women
Havas Group	45%	55%
Havas Worldwide	47%	53%
Havas Media	42%	58%

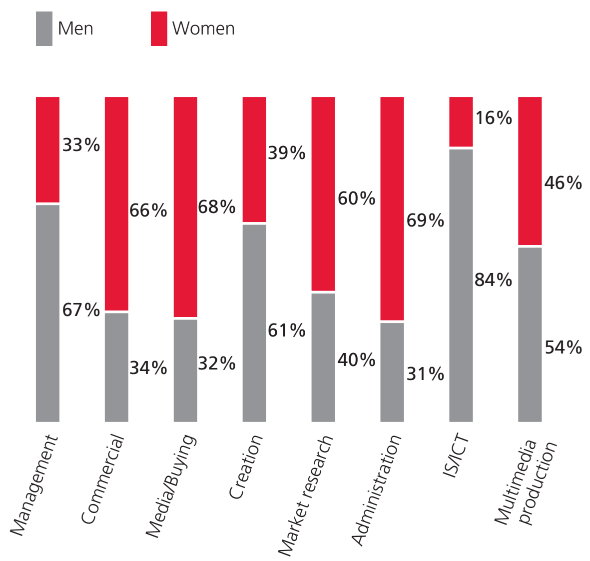


Women account for 55% of Group headcount.

There was a slight increase (1%) in the percentage of men making up headcount in 2011 over 2010 (45% instead of 44%), both for Havas Worldwide (47% instead of 46%) and Havas Media (42% instead of 41%).

Gender distribution by occupation

	Men	Women
Management	67%	33%
Commercial	34%	66%
Media/Buying	32%	68%
Creation	61%	39%
Market research	40%	60%
Administration	31%	69%
IS/ICT	84%	16%
Multimedia production	54%	46%



Gender distribution by occupation has remained stable over a number of years.

Women are more numerous in the Administration (69%), Media/Buying (68%) and Commercial (66%) fields.

Men are heavily represented in IS/ICT (84%), Management (67%) and Creation (61%).

Average age by continent

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

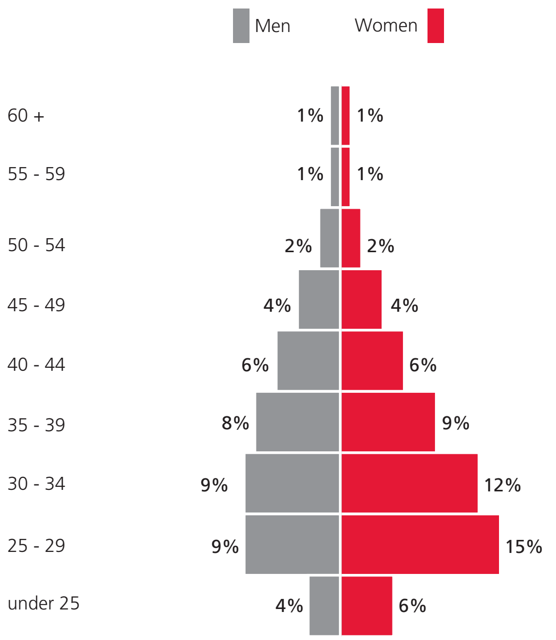
The average age of employees is higher in Europe and North America than in Asia-Pacific and Latin America.

Average age by network

	Men	Women	Average age
Havas Group	36	34	35
Havas Worldwide	36	35	36
Havas Media	33	32	33

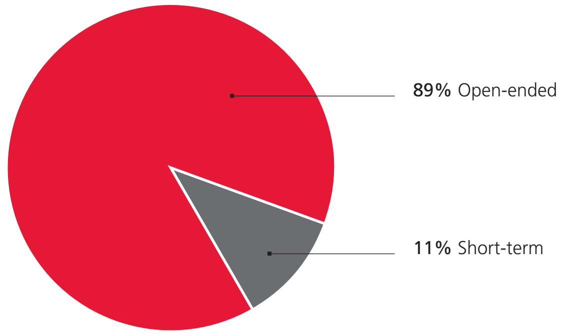
The average age of Group employees is 35, unchanged from 2010.

Age pyramid



The Group age pyramid shows a substantial proportion of employees aged between 25 and 34 (45% of all employees, compared with 47% in 2010).

Distribution of employment contracts

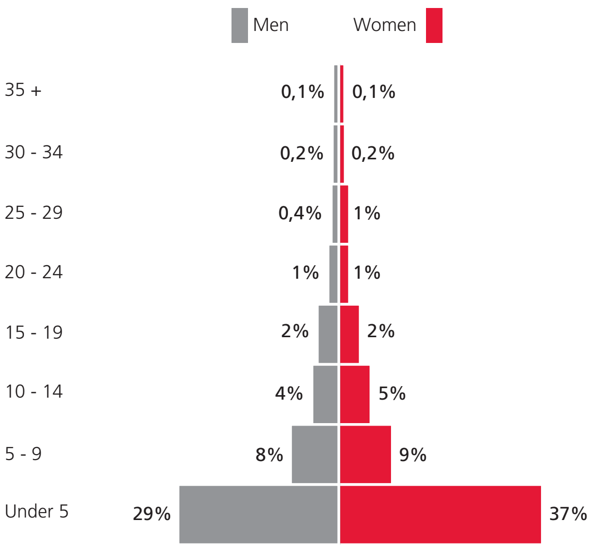


As in previous years, only limited use is made of short-term contracts (11% of employees): this rate is unchanged from 2010.

Average length of service by gender

	Men	Women	Total
Havas Group	4	4	4

Length of service pyramid



Group employee training

	Men	Women	Total
Number of Group employees receiving training	3,006	3,847	6,853
As a proportion of total employees	44%	56%	46%

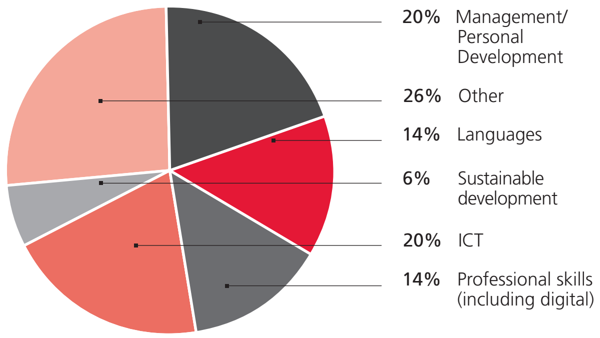
In 2011, 46% of Group employees received training on at least one occasion, compared with 45% in 2010.

The number of employees receiving training also increased by over 6%. Average length of training was 15 hours, compared with 11 hours in 2010 (+36%).

Training by continent

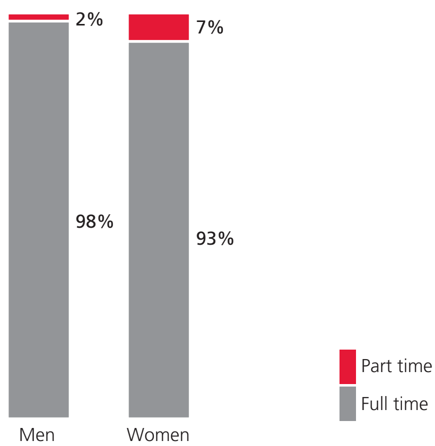
Europe	A total of 76,270 training hours for 3,479 employees, representing 48% of employees in Europe. Courses concentrated mainly on management and personal development, professional skills and languages.
North America	A total of 9,621 training hours for 1,622 employees, representing 50% of employees in North America. Courses concentrated mainly on professional skills and management.
Latin America	6,385 training hours for 1,058 employees, representing 46% of employees in Latin America. Courses concentrated mainly on digital professional skills, management and languages.
Asia-Pacific	13,836 training hours for a total of 694 employees, representing 34% of employees in Asia-Pacific. Courses concentrated mainly on management and professional skills.

Distribution of training subjects for the Group



Distribution of working time

	Men	Women
Full time	98%	93%
Part time	2%	7%



In 2011, only 2% of men worked part time.

New recruits on open-ended contracts – Group

	Men	Women	Total
Havas Group	1,573	2,013	3,586

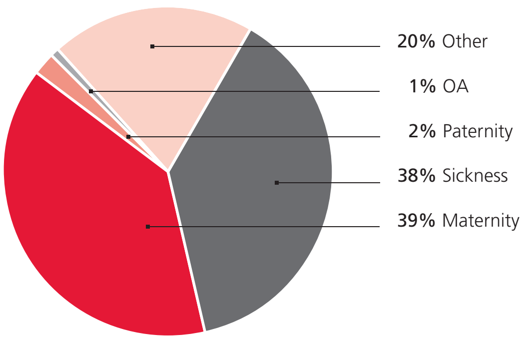
Reason for departure on open-ended contracts – Group

	Resignation	End of contract	Retirement	Other	Total
Havas Group	2,834	724	26	277	3,861

Recruitment and departures on short-term contract

Recruitment on short-term contract	1,150
Departures on short-term contract	482

Distribution of absenteeism – Group



As was the case in 2010, the level of absenteeism was very low at just over 3% of Group headcount.

Most absences were due to sick leave and maternity leave.

The level of occupational accidents is very low.

Employees – Expatriate employees in the Group

The Group employs very few expatriate employees.

Employees – Professional interview

Across the Group, managers have been made aware of and received training in the conduct of professional interviews, a policy that has borne fruit.

8.3.2. Human resources policy

Disability: where are we?

The Havas Group has set itself an objective of promoting diversity through the professional integration of disabled employees.

Three key routes to achieving this objective have been identified:

- raising the awareness of all Group entities regarding the professional integration of disabled people;
- recruiting disabled employees;
- developing outsourcing with companies employing disabled workers in sheltered employment.

In France, the Group has devoted considerable efforts to developing a disability policy; in 2011, this commitment was enshrined in the signing of a partnership agreement with French disability agency Agefiph on March 28, 2011. Implementation of the agreement will be the responsibility of members of the Group's Disability Steering Committee. At the same time, a network of key partners made up of members of the Human Resources Department, managers, employee representative organizations and key employees has been set up. Any employee is welcome to become a disability key employee and play an active part in implementing the Group's disability policy and in acting as a spokesperson for the disabled.

In France in 2011, Havas organized workshops to introduce disabled people to the world of communications and advertising:

- on October 20: the "EMI *(Explorations des Métiers Insolites)*" organized in conjunction with Arpejeh, an agency working with young disabled people, enabled seven high school students from the *Institut National des Jeunes Sourds* (national institute for young deaf) to go behind the scenes and see a communication campaign in the making at the Euro RSCG C&O agency;
- on November 17: Havas invited two disabled people in search of employment/internship to a one-day "1 day, one occupation in action" event organized in conjunction with Agefiph, for first-hand experience of work in the communications and advertising fields.

  The event was part of national disabled employment week in France (November 14 to 20), a campaign that was strongly supported by Havas.

  The week also resulted in the production of a cover supplement on the Group's disability policy for a regional daily newspaper, copies of which were circulated to all Havas employees on Tuesday 15 November.

Training sessions were held throughout the year to raise awareness of disability. Most of these sessions were held at sheltered workshops. The 58 employees who attended the sessions were introduced to the work done (buffets, floral arrangements or packaging work) by the sheltered workshops (ESATs, in French) concerned.

To develop collaboration with sheltered workshops, a guide to purchasing from the sheltered sector was designed and distributed to all disability correspondents.

In another initiative, Group employees were invited to meet the French Handibasket (disabled basketball) to watch a training session and meet the players. The awareness-raising morning ended with an introduction to the sport and a Handibasket challenge match.

Havas is also keen to forge partnerships from which to create a pool of potential candidates:

- the Group has entered into special partnerships with disabled associations (Arpejeh, Tremplin Entreprises, Club Être and AFIJ) to promote apprenticeships and direct recruitment.
- Havas attended the Handicafé event organized by the *École Polytechnique*, the Open Forum at ESSEC business school and the recruitment days organized by Tremplin Entreprise, and has also approached several schools to propose partnerships and offer internships with the Group.

All those involved in recruitment have also been issued with a "Sourcing Guide" to assist them in recruiting disabled employees.

As a result of these initiatives in 2011, six new employees were recruited on short-term and open-ended contracts, three young people obtained alternate work/study placements and ten internships were awarded.

As a result, the percentage of disabled employees in the Group increased by over 42%. This includes the six employees recognized as disabled in the course of 2011.

Lastly, a guide to Agefiph grants available to maintain disabled employees in work was issued to the disability correspondents to assist them in their task of providing support to employees with special needs. Havas Group companies also decided to introduce a disability services voucher, CESU Handicap *(Chèque Emploi Service Universel)*, to employ occasional assistance to help disabled employees cope with the demands of everyday life. Disabled employees (or employees with a disabled spouse or child) will receive €600 of vouchers per year and per person, 60% funded by their employer.

In the USA, companies are required by law to make their premises accessible to the disabled and to tailor work positions to the needs of disabled employees (physical installations and working conditions). Havas Worldwide elected to include a section on non-discrimination against disabled employees in its Human Resources charter.

Discrimination against disabled employees is also against the law in the United Kingdom. Companies are required by law to make their premises accessible and to offer job adaptation and flexibility measures to adapt the working environment to the needs of the disabled employee.

Forward planning of jobs and skills (GPEC)

Havas chose to introduce a responsible forward planning of jobs and skills (GPEC) policy, signing an agreement to this effect with the representative unions on July 8, 2009. The policy is intended to ensure that Group employees possess the necessary skills, to develop employment, to improve quality of service and to reconcile the Group's necessary growth with employee aspirations regarding career progression.

When the agreement was reached, the signatories elected to set up a GPEC Monitoring Committee to oversee implementation.

In the interests of creating a constructive approach, the signatories opted to implement and use the jobs, skills and employment forward planning tools available within Havas in France.

With the aid of consultants, those responsible for GPEC identified and examined Group occupations in order to create a common reference base for all subsidiaries.

This reference base was then used to analyze occupations and identify those that could be considered sensitive.

These sensitive occupations, defined in the agreement, represent some 10% of total headcount. They fall into one of three categories, by trend:

- occupations "under pressure": occupations where skills are scarce (difficult to recruit).
- "developing" occupations: occupations requiring new skills.
- occupations in "slowdown": occupations that are tending to disappear or whose numbers risk declining in the medium term.

Special attention is focused on these occupations, for which forward planning systems have been defined.

Several issues common to all Group entities were selected for priority treatment in 2011:

- training;
- the role of management in the GPEC process;
- the development and deployment of a network of training experts/ volunteer tutors;
- updating professional interview documents and closer monitoring of their processing.

All of these GPEC initiatives will be pursued in 2012. A report on the first three yeas of implementation of the GPEC agreement will be drawn up and new measures envisaged.

Social welfare protection

The Group is currently working on the deployment of a more homogeneous policy in terms of social welfare protection.

At the end of 2011, a questionnaire on the different aspects of health and welfare insurance was sent to all Group entities. This initial information-gathering phase will be followed in 2012 by analysis and the formulation of an action plan.

A number of findings have already emerged from the information gathered thus far:

- in France, employees enjoy high standards of health and welfare cover.

  Overall reimbursement of medical expenses represents almost 96% of outlay. In the wake of these good results, improvements to cover were introduced, particularly in areas such as osteopathy, acupuncture, chiropractics and optical aids (contact lenses). The amount of the flat-rate reimbursement for medical check-ups was increased and a new category of cover for chronic diseases was created.

  Welfare cover and premiums remained unchanged, despite the impact of the November 2010 pension reforms and changes in the way daily sickness benefit is calculated. This made it possible to maintain a high level of death benefit and allowances for the education of surviving children, as well as maintaining a good level of resources in the event of long-term incapacity and disability;
- in the USA, medical insurance has been made mandatory but employers are not obliged by law to provide medical insurance for their employees. Some Havas entities based in the USA have nonetheless placed the social welfare protection of their employees in the hands of a US firm specializing in employee medical insurance;
- in the United Kingdom, the National Health Service provides health cover for all UK residents. Some companies nonetheless offer supplementary private medical insurance and life insurance covering death and disability (partially);
- Spain, too, has a national public health system providing social welfare protection for employees.

The Group has chosen to harmonize repatriation insurance cover for all expatriate employees and those travelling overseas on business. Cover is now provided by a single insurer specialized in international assistance.

Vocational training

Communications is a fast-changing world, and talents must keep pace, which is why Havas has decided to focus on vocational training. In order to meet market demands and improve performance, the Group has set three priorities:

- enhancing employee competencies;
- reinforcing diversity;
- retaining top talents.

Continuing the pattern of 2010, all the Group's French entities maintained their investment in skills-based training, mainly designed to develop and enhance employees' digital skills.

In addition to training employees in the use of new technical tools or maintaining software skills on the production side, 2011 also saw the deployment of bespoke skills development modules for both creative and commercial teams. As part of the Group's strategy of developing "digital inside", these training sessions were largely devised and run by expert consultants from within the Group, sometimes with the assistance of external consultants to enable the modules to be deployed across the Group as a whole.

This highly positive experience helped to encourage the development of expert involvement and internal training, a process that will continue apace over the course of 2012 to provide the best possible response to employees' needs and encourage the transmission of the Group's knowledge and knowhow. This intention was also underlined in the conclusions to the joint report drawn up by the Havas GPEC Monitoring Committee.

The Group also continued to invest heavily in language courses, for both groups and individuals, for professional purposes, mostly in English, to continue developing business opportunities in Europe and around the world, and in support of the mobility policy Havas intends to continue implementing in 2012.

Committed as ever to supporting its employees in their career development, the Group continued to provide training in acquiring and perfecting managerial skills, whether in developing leadership skills or in the fundamentals of staff management designed to improve individual and collective performance. Since 2011, the Group has also built into all its management training the underlying principles of its human resources policy, including forward planning of jobs and skills and the professional integration of disabled employees.

The Group also continued to develop professional training in the rest of the world in 2011.

In the United Kingdom, training is above all a means of meeting employees' needs and responding more effectively to client demands. The Group's UK subsidiaries generally rely on external training providers, and are thus able to offer their employees a wide range of training options, with technical and customer service training being the priorities.

Group entities in the USA focus particularly on training their employees in awareness of recruitment discrimination and harassment. Training on theses issues was provided to a large number of employees in 2011.

Human resources at Havas SA

Headcount at December 31, 2011

At December 31, 2011, Havas SA employed 123 people, 39 more than in 2010. The increase is due primarily to the merger of the Havas/Euro RSCG holding companies on June 1, 2011.

Recruitment in 2011

Havas SA recruited 5 employees on open-ended contracts in 2011 and 8 on short-term contracts, including three young people on alternate work/study schemes (professionalization and apprenticeship).

Departures in 2011

A total of 22 employees left Havas SA in 2011, including 8 on short-term contracts.

- Resignation 6
- End of short-term contract 8
- Other 8

Employee turnover (number of departures as a percentage of average headcount) was 13%.

Gender parity

Havas SA employs 72 women (59% of total headcount) and 51 men (41% of total headcount).

76% of employees have executive status, 24% are non-executive.

Employees – Distribution by gender/status

	Men	Women	Total
Executive	44	49	93
Non-executive	7	23	30
Total	51	72	123

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.

Nine of the 123 employees (7% of total headcount) are employed on a part-time basis.

Average age

The average age of Havas SA employees is 45 years:

- 47 for men;
- 43 for women.

Average length of service

Average length of service for Havas SA employees is 12.73 years:

- 12 for men;
- 13 for women.

Absenteeism and causes

The rate of absenteeism (days absent as a proportion of days worked) is 1.76%.

The **distribution of absences** by cause in 2011 was as follows:

- sick leave 45.7%
- maternity/paternity leave 41.2%
- collective agreement 9.3%
- occupational accident 3.8%

Compensation

Gross annual compensation of Havas SA employees in 2011 was €19,751,564.

Training

The number of training hours delivered in 2011 was 1,503 for 54 employees, representing almost 44% of the Company's headcount.

The main subjects of training delivered were:

- upskilling in professional techniques;
- development of language skills;
- interpersonal communication and stress management.

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 2011:

- 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 integration of the disabled

Havas SA has for many years been committed to providing and maintaining employment and access for the disabled. In 2011, following the signature of a partnership agreement with Agefiph, the Company took the following further steps:

- recruitment (one short-term contract, one intern and several temporary employees);
- training for employee representative bodies, disability correspondents, managers;
- use of the sheltered work sector (hire of training venues, document printing, meal trays, etc.);
- registration of employees as disabled.

The Company achieved a disability employment rate of 8.11% of total headcount in 2011, in excess of its minimum legal requirement.

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	**2011**	2010	2009	NRE[3] L. 225-102-1	GRI[4]	GC[5]
Employee headcount						
Headcount at December 31	15,186	14,299	13,737	148.2.1	LA1	
% headcount on open-ended contract	89%	89%	90%	148.2.1	LA1	
% headcount men	45%	44%	45%	148.2.1	LA1/LA13	
% headcount women	55%	56%	55%	148.2.1/3	LA1/LA13	GC3
% headcount women on Management Committees	31%	31%	21%	148.2.3	LA13	GC3
% headcount under 30	34%	32%	32%		LA13	
% headcount 30 to 49	57%	59%	60%		LA13	
% headcount 50 and over	9%	9%	8%		LA13	
% headcount non-executive (France)[1]	32%	32%	33%	148.2.1	LA1	
% headcount executive (France)[1]	68%	68%	67%	148.2.1	LA1	
Recruitment and departures						
Total number of recruitments	4,736	3,996	2,915	148.2.1	LA2	
of which recruitment on open-ended contract	3,586	2,948	2,102	148.2.1	LA2	
Total number of departures	4,343	3,844	3,901	148.2.1	LA2	
of which dismissals	724	766	1,569	148.2.1	LA2	
Overtime						
Total number of overtime hours (France)	2,752	2,982	5,674	148.2.1		
External and temporary staff						
Temporary staff and freelances	498.07	456.39	n.c	148.2.1	LA1	
Organization and length of working time, absenteeism						
Annual working hours of a full-time employee	1,918	1,918	n.c	148.2.2		
% headcount in full-time work	95%	95%	93%	148.2.2	LA1	
% headcount in part-time work	5%	5%	7%	148.2.2	LA1	
Number of employees with at least one day's absence	9,872	7,799	5,749	148.2.2	LA7	
Total absences (days)	126,149	109,583	n.c	148.2.1	LA7	
of which sick leave	38%	44%	44%	148.2.2	LA7	
of which maternity/paternity leave	41%	42%	40%	148.2.2	LA7	
Absenteeism rate[2]	3%	3%	3%	148.2.2	LA7	
Compensation, employer's contributions, employee profit-sharing (France)						
Average gross annual compensation	€45,540	€44,286	n.c	148.2.3	LA14	
Employer's contribution rate *(in%)*	49%	48%	48%	148.2.3		
Sums paid in respect of employee profit-sharing *(in euros)* (France)	€5,720,412	€6,308,515	€5,799,249	148.2.3		
Employee relations and collective agreements						
Number of collective agreements signed	64	328	n.c	148.2.4	LA4	GC3
of which agreements on compensation	51	276	n.c	148.2.4	LA4	GC3
of which agreements on health and working conditions	6	5	n.c	148.2.4	LA4/LA9	GC3
of which agreements on social dialogue	4	1	n.c	148.2.4	LA4	GC3
Working conditions, health and safety						
Number of occupational accidents	61	233	n.c	148.2.2	LA7	
Total working days lost due to occupational accidents	850	1,063	n.c	148.2.2	LA7	
% headcount sitting on joint Health & Safety Committees	1%	2%	n.c	148.2.5	LA6	
Number of employees trained in first aid, health or safety	1,358	903	n.c	148.2.5	LA8	

Indicators	2011	2010	2009	NRE[3] L. 225-102-1	GRI[4]	GC[5]
Training						
Number of participants in training programs	6,853	6,446	7,027	148.2.6	LA10	
% headcount receiving training on at least one occasion	46%	45%	51%	148.2.6	LA10	
% men of total headcount receiving training	44%	41%	40%	148.2.1	LA1/LA13	
% women of total headcount receiving training	56%	59%	60%	148.2.1/3	LA1/LA13	GC3
Total number of training hours delivered	106,111	71,764	104,331	148.2.6	LA10	
Average number of training hours/participant	15	11	14	148.2.6	LA10	
Career development						
% headcount benefiting from annual appraisal interviews	51%	50%	41%		LA12	
Number of short-term contracts converted to open-ended contracts	106	372	n.c	148.2.1	LA1	
Professional integration and disability						
Disabled headcount at December 31	61	57	n.c	148.2.7	LA13	GC6
of which recruitments during the year	9	20	n.c	148,2,7	LA13	GC6
Amount of purchases from sheltered workshops (France)	€41,754	€51,693	n.c	148.2.7		GC6
Social benefits (France)						
Budget for social and cultural benefits (including Works Council running costs) *(in euros)*	€1,960,853	€1,757,542	€1,605,097	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 x number of days worked per year).

(3) NRE: New Economic Regulations law.

(4) GRI: Global Reporting Initiative.

(5) GC: Global Compact.

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, 2011, 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, 2011" of this annual report.

Consolidated income statement under IFRS

(in euro million)	2011	2010	2009
Revenue	**1,645**	**1,558**	**1,441**
Compensation[1]	(1,002)	(961)	(888)
Other expenses and income from operations	(424)	(393)	(371)
Share of profit of associates	1		1
Income from operations	**220**	**204**	**183**
Other operating expense	(31)	(20)	(31)
Other operating income	8		1
Operating income	**197**	**184**	**153**
Interest income	16	9	8
Cost of debt	(42)	(37)	(26)
Other financial expenses[1]	(5)	(5)	(3)
Net financial expense	**(31)**	**(33)**	**(21)**
Income of fully consolidated companies before tax	**166**	**151**	**132**
Income tax expense	(38)	(36)	(34)
Net income of fully consolidated companies	**128**	**115**	**98**
Minority interests	(8)	(5)	(6)
Net income, Group share	**120**	**110**	**92**

(1) Interest cost on pension obligations amounted to €–1.8 million in both 2011 and 2010, and €–1.9 million in 2009. This type of charge was previously included in "Compensation" but from 2011 onwards, it is reported under "Other financial expenses". 2010 and 2009 charges have been restated accordingly.

Revenue

2011/2010

Group revenue for 2011 was €1,645.4 million, an increase of 5.6% on an unadjusted basis over 2010. Over the course of the year, the euro appreciated against the US dollar and the British pound, resulting in a negative exchange rate impact on revenue of €29.2 million in 2011.

Digital businesses continued to account for a growing portion of the Group's activity, thanks to continued pursuit of the strategy of integrating digital at the heart of all our businesses and agencies around the world. With no significant acquisition made over the year, digital and social media businesses now account for 23% of Group revenue.

Organic growth[(1)] for 2011 was +5.9%, sustained thanks to strong performances from all businesses across all the regions.

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.

Revenue by region

	2011	2010	2009
France	21%	21%	23%
Europe (excluding France and UK)	21%	21%	23%
United Kingdom	11%	11%	11%
North America	32%	33%	32%
Asia-Pacific	6%	5%	5%
Latin America	9%	9%	6%
Total	**100%**	**100%**	**100%**

All the Group's regions progressed in 2011, with organic growth rates ranging from +1.0% in France to +21.4% in Latin America. Europe as a whole performed less successfully than North America, Asia-Pacific and, above all, Latin America, but growth across the Group as a whole was excellent.

North America, Europe (excluding France and UK) and France were once again the Group's three most important regions in terms of revenue, as they were 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.

Compensation

2011/2010

Compensation amounted to €–1,002.4 million in 2011, compared to €–961.1 million in 2010, an increase of 4.3%. The "Compensation/ Revenue" ratio for 2011 was 60.9%, down from 61.7% in 2010.

2010/2009

Compensation amounted to €–961.1 million in 2010, compared to €–887.6 million in 2009, an increase of 8.3%. The "Compensation/ Revenue" ratio was 61.7% 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.

Other expenses and income from operations

2011/2010

Other expenses and income from operations amounted to €–423.7 million in 2011, compared to €–393.0 million in 2010. The "Other expenses and income from operations/Revenue" ratio in 2011 was 25.8%, largely unchanged from its 2010 figure of 25.2%.

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.

Other operating expenses and income

This line item included mainly:

- goodwill impairment charge of €–3.0 million in 2011, compared to €–2.9 million in 2010, and €–3.0 million in 2009;
- securities acquisition costs of €–0.4 million in 2011 and 2010;
- provisions for premises of €–3.8 million in 2011, compared to €–2.9 million in 2010, and €–3.0 million in 2009;
- provisions for restructuring, adjustment to structure size, and commercial risks for a total amount of €–23.6 million in 2011, compared to €–13.5 million in 2010, and €–24.9 million in 2009;
- downward revisions of earn-out obligations by a total amount of €6.1 million in 2011;
- a write-back of €1.5 million on a provision for risk in 2011.

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

2011/2010

Net financial expense fell from €–33.0 million in 2010 to €–31.1 million in 2011, a reduction of €1.9 million, thanks to interest income from term deposits and negotiable certificates of deposit.

2010/2009

Net financial expense amounted to €–33.0 million in 2010, an increase of €–12.6 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.

Other income statement line items

2011/2010/2009

Income tax expense amounted to €–38.0 million in 2011, €–36.3 million in 2010 and €–34.1 million in 2009, representing a tax rate of 23%, 24% and 26% respectively.

(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.

10. Liquidity and capital resources

As at December 31, 2011, cash and cash equivalents amounted to €780.5 million, compared to €960.7 million as at December 31, 2010. 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, 2011, net debt amounted to €37.3 million, compared to net cash and cash equivalents of €87.1 million as at December 31, 2010, a drop in the cash level of €124.4 million. This was due primarily to the €159 million real estate investment made by Havas in 2011.

Net cash provided by operating activities

The consolidated statement of cash flows shows net cash provided by operating activities of €188.5 million compared to €159.4 million in 2010. The positive change in working capital of €5.7 million observed in 2011 was mainly due to the increase in accounts payable.

Net cash used in investment activities

Cash used for investments amounted to €253.3 million in 2011, compared to €53.1 million in 2010.

These figures primarily reflect:

- an increase in expenditure on tangible and intangible assets of €168.7 million between 2011 and 2010, of which €159 million correspond to the acquisition of the Havas headquarters in Puteaux;
- an increase in expenditure on equity investments of €6.1 million over 2010, partially reflecting the acquisition of a controlling stake in Host and One Green Bean in Australia;
- a higher level of loans granted and advances for a total amount of €2.8 million;
- and:
- a reduction of €4.5 million in repayment of loans and financial liabilities.

Net cash used by financing activities

Cash used by financing activities amounted to €–136.6 million in 2011 resulting from several major operations as follows:

- a capital increase of €2.1 million;
- issue of borrowings for €30.3 million of which €15.0 million were commercial paper;
- repayment of borrowings for €–9.7 million;
- amortization of the 2006 OBSAAR for €–90 million;
- net interest paid of €–21.7 million;
- payment of dividends to Havas shareholders and minority shareholders in subsidiaries for a total amount of €–47.5 million.

Financial debt

As at December 31, 2011, gross financial debt amounted to €817.8 million, a reduction of €55.8 million compared to December 31, 2010. Financial debt consisted of:

- bonds at fair value of €350.9 million, issued in 2009 (€352.3 million as at December 31, 2010);
- bonds with associated callable subscription and/or acquisition warrants (OBSAARs) issued in December 2006 and February 2008 for a total amount of €274.5 million (€360.6 million as at December 31, 2010);
- bank borrowings of €34.3 million (€24.8 million as at December 31, 2010);
- earn-out obligations of €14.8 million (€28.7 million as at December 31, 2010);
- buy-out obligations of €73.6 million (€45.4 million as at December 31, 2010);
- bank overdrafts of €6.4 million (€7.0 million as at December 31, 2010);
- commercial paper of €50.0 issued (€35.0 million as at December 31, 2010);
- other financial debts of €13.3 million (€19.8 million as at December 31, 2010).

As at December 31, 2011, the financial debt breakdown by currency was as follows: 84.8% in euro, 0.2% in US dollar, 1.2% in British pound and 13.8% in other currencies, compared to 87.5% in euro, 0.3% in US dollar, 4.5% in British pound and 7.7% in other currencies as at December 31, 2010.

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 5.2.13.2 "Bonds" to the consolidated financial statements.

The cumulative fair value of this debt and associated interest swap agreement amounted to €350.9 million and €352.3 million on the balance sheet as at December 31, 2011 and 2010 respectively.

OBSAARs

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, Crédit Agricole CIB, BNP Paribas and Société Générale, also represented by bonds with associated callable subscription and/or acquisition warrants (OBSAARs).

The characteristics of the OBSAAR s and the details of their issuance are described in note 5.2.13.3 "OBSAARs" to the consolidated financial statements.

Taking into account the amortization of the 2006 OBSAARs for €90 million in November 2011, the financial debt of the 2006 OBSAARs and 2008 OBSAARs on the balance sheet liabilities as at December 31, 2011 amounted to €177.1 million and €97.4 million respectively, compared to €264.3 million and €96.3 million as at December 31, 2010.

Bank borrowings

As at December 31, 2011, the Group drew down a total amount of €34.3 million of credit lines. €29.2 million were located in Asia, and €4.4 million in Latin America. Bank borrowings are short-term. Interest rates were based on reference rates plus a spread.

These short-term borrowings were not subject to financial covenants since Havas SA has undertaken to cover their repayment.

As at December 31, 2011, Havas SA had confirmed credit lines granted by eight leading banks totalling €416.0 million of which €40.0 million will be available until November 2012, €100.0 million until December 2013 and €276.0 million until September 30, 2016. The applicable interest rate is Euribor + spread. These credit lines are subject to financial covenants similar to those applicable to the OBSAARs (see note 5.2.13.3).

Confirmed credit lines unused are detailed in note 5.2.13.5 "Bank borrowings" to the consolidated financial statements.

As at December 31, 2011, Havas has a total of €446.4 million in confirmed credit lines unused, of which €376.0 million are medium-term. Havas also has €186.2 million in non-confirmed credit lines available.

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, 2011, commercial paper was issued for €50.0 million, maturing in January 2012.

In addition to this commercial paper, the other financial debts line item also includes borrowing interest accrued for €3.4 million, of which €3.0 million relates to the bond issue, the fair value of an interest swap of €7.1 million hedging the 2006 OBSAARs, the total fair value of exchange rate swaps of €0.8 million and other financial debts of €1.7 million.

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 primarily the 2010 and 2011 actual data, and the 2012 forecasted figures, for commitments undertaken prior to 2010. For those completed from January 1, 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, 2011.

The estimated date of payment is when agreements can be exercised, or 2012 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.

Earn-out obligations were estimated at €14.8 million as at December 31, 2011, compared to €28.7 million as at December 31, 2010. The decrease in earn-out obligations of €13.9 million between 2010 and 2011 is due mainly to payments totaling €18.5 million, new obligations amounting to €7.7 million and downward revisions of €3.4 million to existing commitments.

Buy-out obligations amounted to €73.6 million as at December 31, 2011, compared to €45.4 million as at December 31, 2010. The increase in buy-out obligations between 2010 and 2011 was mainly due to the write-back of provisions of €2.4 million further to payments made in 2011, new buy-out agreements of €29.0 million and an upward revision to existing obligations of €1.6 million.

As at December 31, 2011, buy-out obligations were estimated at €25.6 million in Australia, €8.4 million in Brazil, €5.0 million in Italy, €2.5 million in Mexico, €6.8 million in the UK, €8.8 million in Hong Kong, €10.1 million in France, €1.8 million in Turkey, and the remaining amount in other countries.

Bank overdrafts

Bank overdrafts amounted to €6.4 million at the end of 2011, compared to €7.0 million at the end of 2010.

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, 2011, 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, 2011.

Pension and post-employment benefits

Pension commitments and other post-employment benefits provided by the Group are detailed in notes 5.1.4.25 "Employee benefits" and 5.2.15 "Pension and post-employment benefits" to the consolidated financial statements.

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

(in euro million)	Total 12/31/09	Total 12/31/10	**Total 12/31/11**	2012	2013	2014	2015	2016	After 2016
Recognized									
Bonds and OBSAAR s	720	720	626	89	121	382	34		
Bank borrowings	22	25	34	34					
Other financial debts (excluding accrued interest and fair value of swaps)	43	37	52	52					
Stock option plans	5	0	0						
Earn-out obligations	21	29	15	4	4	5	1	1	
Buy-out obligations	40	45	73	18	5	3	8	6	33
Off balance sheet									
Operating leases	243	220	224	67	47	40	25	16	29
Indemnities for conscience clauses	16	10	11	11					
Total	**1,110**	**1,086**	**1,035**	**275**	**177**	**430**	**68**	**23**	**62**

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. His resignation from the position of Chief Executive Officer of Havas SA in 2011 does not affect clauses tied to a significant change in the shareholding of MEDIA PLANNING GROUP SA.

These clauses remain valid for 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 €11.3 million.

Breakdown of other commitments as at December 31, 2011 by maturity

(in euro million)	Total 12/31/09	Total 12/31/10	**Total 12/31/11**	2012	2013	2014	2015	2016	After 2016 or unknown
Investing activity commitments given									
Warranty for businesses disposed	50	18	0						
of majority interests buy-out		7	15				11		4
Total	**50**	**25**	**15**	**0**	**0**	**0**	**11**	**0**	**4**
Operating activity commitments given									
Security for media space buying	7	13	11	10	1				
Other commitments	16	14	29	2	8	1			18
Total	**23**	**27**	**40**	**12**	**9**	**1**	**0**	**0**	**18**
Financing activity commitments received									
Confirmed credit lines unused	258	339	446	70	100			276	
Total	**258**	**339**	**446**	**70**	**100**	**0**	**0**	**276**	**0**

Security for media space buying

In certain countries, 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, 2011, all such warranties had expired.

Majority interest buy-out commitment

Havas has a stake of 5.89% in a non-consolidated Dutch holding company that 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, 2011, the discounted value of this commitment amounted to €14.5 million, compared to €7.4 million as at December 31, 2010.

Other commitments

In connection with the defined benefit pension schemes of two UK subsidiaries, Havas undertook to make additional provisions for a maximum total of €20.4 million in the event of any shortfall in the pension fund assets. As at December 31, 2011, the sum of €2.6 million was provided for, compared to €9.8 million as at December 31, 2010 and €3.0 million as at December 31, 2009.

In addition, Havas provides security for the fulfillment of certain operations undertaken by its subsidiaries for a total amount of €11.3 million as at December 31, 2011.

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.

The commitments given by Havas to permit its UK subsidiaries to use automated payment services do not constitute financial security given to the banks by Havas. They consist of letters of comfort for the benefit of Havas subsidiaries. The amounts reported in 2010 and 2009, of €86.3 million and €83.7 million respectively, are not included in the above table.

Confirmed credit lines unused

The confirmed credit lines unused have been granted by leading banks. They are detailed in note 5.2.13.5 "Bank borrowings" to the consolidated financial statements for the year ended December 31, 2011.

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, 2011.

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 2011 with a satisfactory performance.

All the Group's regions reported growth in 2011 and growth remained sustained in the second half of the year despite a more challenging economic environment.

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 substantial cash, and 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.

Mr. Vincent Bolloré serves as non-executive Chairman of the Board of Directors. Mr. Fernando Rodés Vilã 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. Hervé 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	60	Chairman of the Board of Directors	Tour Bolloré, 31-32, quai de Dion-Bouton – 92800 Puteaux	2005	2014
Mr. David Jones	45	Havas Chief Executive Officer, not a director, and Global Chief Executive Officer Havas	29-30, quai de Dion-Bouton 92800 Puteaux	2011	2014
Mrs. Mercedes Erra	57	Chief Executive and founder BETC Euro RSCG, Executive President Havas Worldwide	85-87, rue du Faubourg-Saint-Martin – 75010 Paris	2011	2014
Bolloré represented by Mr. Cédric de Bailliencourt	42	Chief Financial Officer Bolloré Group	Tour Bolloré, 31-32, quai de Dion-Bouton – 92800 Puteaux	2005	2014
Mr. Yannick Bolloré	32	Vice-President Havas, CEO Bolloré Média and Chairman H2O Productions	Tour Bolloré, 31-32, quai de Dion-Bouton – 92800 Puteaux	2010	2013
Mr. Yves Cannac	77	Chairman of three think tanks *"Cercle de la Réforme"*, *"France Qualité Publique"*, and *"Renouveau Civil"*, Chairman of the Policy Board of the Solidarité-Défense association	19, rue Pauline-Borghèse 92200 Neuilly-sur-Seine	2008	2014
Financière de Longchamp represented by Mr. Hervé Philippe	53	*Directeur Général Délégué* and Chief Financial Officer Havas	29-30, quai de Dion-Bouton 92800 Puteaux	2008	2014
Mr. Pierre Godé	67	Vice-President LVMH Moët-Hennessy-Louis Vuitton	22, avenue Montaigne 75008 Paris	2008	2014
Mr. Pierre Lescure	66	CEO Annarose Productions	38, rue Guynemer – 75006 Paris	1994	2013
Longchamp Participations represented by Mr. Jean de Yturbe	65	Chief Development Officer Havas	29-30, quai de Dion-Bouton 92800 Puteaux	2008	2014
Mr. Leopoldo Rodés Castañe	76	Chairman of the Board Media Planning Group	Escoles Pies 118 – 08017 Barcelona (Spain)	2001	2013
Mr. Jacques Séguéla	78	Vice-President, Chief Creative Officer and Chief Communication Officer Havas	29-30, quai de Dion-Bouton 92800 Puteaux	1992	2014
Mr. Patrick Soulard	60	CEO Unicredit France	117, Avenue des Champs-Élysées – 75008 Paris	1999	2013
Mr. Antoine Veil	85	Chairman AV Consultants	10, rue de Rome – 75008 Paris	2008	2014

* Full details of all other corporate positions held by each of the Directors are set out in an appendix to this annual report.

Changes in the terms of office of corporate officers in the 2011 financial period

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.

Mr. Antoine Bernheim's term of office as a Director ended at the close of the Shareholders' Meeting of May 10, 2011.

The Combined Shareholders' Meeting of May 10, 2011:

- appointed Mrs. Mercedes Erra 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 2013 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 2013 financial period, the terms of office of Messrs. Vincent Bolloré, Antoine Veil, Jacques Séguéla, Pierre Godé and Yves Cannac and the terms of office of Bolloré, Financière de Longchamp and Longchamp Participations represented respectively by Messrs. Cédric de Bailliencourt, Hervé Philippe and Jean de Yturbe.

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. David Jones

Chief Executive Officer since March 8, 2011.

Born and educated in the North West of England, David Jones gained two business degrees, from *Reutlingen Fachhochschule* (in Germany) and Middlesex Business School.

After spells at BDH/TBWA, Lowe and J. Walter Thompson, David Jones became the youngest board director of AMV BBDO in London and, in 1998, aged 32, he moved to Sydney to run Euro RSCG Australia, where he launched Euro RSCG's first digital agency. He returned to the United Kingdom in 2002 to run Euro RSCG's top 20 global brands and to become Global Brand Director of Reckitt Benckiser. In 2004, he was named Chief Executive Officer of Euro RSCG New York and in 2005 Global Chief Executive Officer of the Euro RSCG Worldwide network.

He injected new energy into the agency, which resulted in an unprecedented renaissance and new business dynamic thanks to wins such as Reckitt Benckiser, Charles Schwab, Heineken, ExxonMobil, NYSE, Kraft, Unilever, Jaguar, GlaxoSmithKline and Merck.

A year later, in 2006, the network was named Global Agency of the Year by *Advertising Age* and Advertising Network of the Year by *Campaign* magazine. In January 2009, he was named Chief Executive Officer of Havas Worldwide. From 2007 to 2010, David Jones led a Euro RSCG team advising David Cameron. Euro RSCG's creative work helped define the battle lines with Gordon Brown on the need for deficit reduction. David Jones also created the *Tck Tck Tck Time for Climate Justice* campaign designed at the request of Kofi Annan for the 2009 Copenhagen Summit (over 17 million supporters, by far the biggest climate action campaign of that year) and co-founded *One Young World*, a global forum for young leaders of tomorrow, which had its inaugural summit in London in February 2010 and its second summit in Zurich in September 2011. The third summit will be held in Pittsburgh in October 2012.

David Jones, 45, is married with four young children. He has lived and worked in the United Kingdom, Germany, France, Australia and the United States.

Mr. Yannick Bolloré

Director since May 11, 2010 and Vice-President since March 2011.

A graduate of the University of Paris IX Dauphine, Yannick Bolloré is the CEO of Bolloré Média and Direct Star and Chairman of H2O Productions.

In 2002, he founded film production company WY Productions (Hell; 24 Mesures). He joined the Bolloré group in July 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 packed with 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* freesheets, the Bolloré Intermédia advertising network and opinion pollster CSA. In 2010, he acquired the Virgin 17 television channel from Lagardère. Renamed Direct Star, the channel was launched on September 1 with Yannick Bolloré as its Chief Executive Officer, and made Bolloré Media into France's third largest broadcasting group in terms of audience.

In September 2011, he announced plans for the sale of the television channels to the Canal+ Group. The deal, if approved by the broadcasting authorities, will be paid in stock in Vivendi, the parent of the Canal+ Group.

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.).

Yannick Bolloré has been a director of Bolloré Participations since 1998 and of Bolloré since 2009. He was also appointed a director of Havas in May 2010 and Vice-President of Havas in March 2011.

Mr. Cédric de Bailliencourt

Permanent representative of Bolloré, Director since June 2005.

Since 2002, Mr. de Bailliencourt has served as 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 SpA 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. He is also Executive Chairman of Assicurazioni Generali SpA, a director of its main subsidiaries and Deputy Chairman of Alleanza Toro SpA 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. 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 (1969-1972), 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), as well as the Policy Board of the *Solidarité-Défense association*.

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.

Mrs. Mercedes Erra

Director since May 10, 2011.

Mercedes Erra was born in Catalonia and arrived in France at the age of six. She is a graduate of HEC and the University of Paris Sorbonne (Master's and Professor of Humanities). She founded the agency that is now BETC Euro RSCG, which in fifteen years became France's leading agency, named best creative agency of the year by *CB News* for the thirteenth time in 16 years. Named agency of the year in press *(Grand Prix APPM)* and *Grand Prix* for outdoor in 2010, it was also the most awarded French agency at the Cannes 2010 festival and ranked 2nd most creative agency in the world (*Gunn Report*, January 2011).

Mercedes Erra specializes in the construction and management of global brands, and founded BETC Consulting and BETC Consumer Intelligence, units oriented towards consumer and brand expertise. She has contributed to major strategic shifts by the brands she works with (health for Danone, youth for Evian, Air France's vision – "making the sky the best place on earth").

Mercedes Erra is Honorary President of the HEC Association and also teaches a post-graduate course (MPhil on Marketing and Corporate Communication) at the University of Paris II Assas. She is personally committed to the Women's Forum for the Economy and Society, of which she is a founder member, and to UNICEF and the ELLE Foundation. She is also an active member of the French Committee of Human Rights Watch and a permanent member of the French Commission on the Image of Women in the Media. She is a member of the board of the Force Femmes association (since 2005) and President of the Board of the *Cité Nationale de Histoire de l'Immigration* in Paris (since 2010). In 2011, she was also appointed a director of Accor, France Télévision and Société de la Tour Eiffel.

The mother of five children, she was made a *Chevalier de l'Ordre National de la Légion d'Honneur* in 2002, became an *Officier de l'Ordre National du Mérite* in 2005 and was raised to the rank of *Officier de l'Ordre National de la Légion d'Honneur* in 2012.

Mr. Pierre Godé

Director since May 29, 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 from 1973 to 1980 and Nice from 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 and a Vice-President of LVMH since 2009, Chairman of Financière Jean Goujon SA since 1994, of Financière Agache SA since 1997, a director and CEO of Arnault et Associés since 1986, a director of the Maeght Foundation, a member of the *Collège de l'Autorité de la Concurrence* (competition authority) and an Executive Member of the Institut Montaigne think-tank.

Publication: *Volontés et manifestations tacites* (1973) and numerous articles in legal reviews.

Decoration: *Officier 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 Group.

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

Mr. Hervé Philippe

Directeur Général Délégué since May 11, 2010, permanent representative of Financière de Longchamp since 2008 (and formerly permanent representative of Havas Participations, director from September 2006 to May 2008) and member of the Corporate Governance Committee.

Hervé Philippe graduated from the *Institut d'Etudes 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 November 2005, he was appointed Chief Financial Officer of the Havas group. In May 2010, he was appointed *Directeur Général Délégué* of Havas SA.

Mr. Hervé Philippe is a *Chevalier de l'Ordre National du Mérite*.

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. 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 served as Chief Executive Officer of Havas SA from March 10, 2006 to March 8, 2011.

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. 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'Etudes 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. From 1999 to 2009, he was Directeur Général Délégué of Société Générale Corporate and Investment Banking (SGCIB). He was Managing Director of Bryan Garnier & Co. and is currently CEO of Unicredit France.

Mr. Antoine Veil

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

Antoine Veil is a graduate of the *Institut d'Etudes 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 and member of the Corporate Governance Committee.

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. Leopoldo Rodés Castañe, Director. Mr. Alfonso Rodés Vilà, Deputy Chief Executive Officer with effect from March 8, 2011, is also the son of Mr. Leopoldo Rodés Castañe and the brother of Mr. Fernando Rodés Vilà.

Mr. Yannick Bolloré, Vice-President and Director of the Company, is the son 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. Yannick Bolloré;
- 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.

(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.

15.2. 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 plan 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 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.

15.3. Directors' fees

The Board of Directors decided to distribute directors' fees for 2011 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 2010 and 2011 (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	
	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**
Vincent Bolloré	N/A	N/A	N/A	N/A	4,000	4,000	N/A	N/A	4,000	4,000
David Jones *	N/A	840,694	N/A	840,694			N/A	11,948	N/A	1,693,336
Fernando Rodés Vilà **	900,000	174,217	450,000	1,050,000			18,393	4,093	1,368,393	1,228,310
Hervé Philippe	280,000	280,000	140,000	140,000			4,885	4,885	424,885	424,885
Sub-total	**1,180,000**	**1,294,911**	**590,000**	**2,030,694**	**4,000**	**4,000**	**23,278**	**20,926**	**1,797,278**	**3,350,531**
Non-executive corporate officers	Fixed compensation		Variable compensation		Havas directors' fees		Fringe benefits		Total	
	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**
Jacques Séguéla	900,000	900,000	150,000	150,000			6,004	6,004	1,056,004	1,056,004
Léopoldo Rodés Castañe	900,000	900,000	150,000	200,000			73,096	90,122	1,123,096	1,190,122
Mercedes Erra	N/A	900,000	N/A	450,000			N/A	10,056	N/A	1,360,056
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	140,178	N/A	N/A	N/A	3,000	N/A	0	N/A	143,178
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	**2,050,000**	**3,090,178**	**800,000**	**1,300,000**	**41,000**	**37,000**	**86,739**	**113,821**	**2,977,739**	**4,540,999**
Total	**3,230,000**	**4,385,089**	**1,390,000**	**3,330,694**	**45,000**	**41,000**	**110,017**	**134,747**	**4,775,017**	**7,891,530**

* Fixed compensation of USD1,170,000 at an average exchange rate for 2011 of 1 € = USD/€: 1.391708.

** Term of office ended on 03/08/2011.

*** Yannick Bolloré with effect from 06/01/2011.

Amounts due *(in euros)*

Executive corporate officers	Fixed compensation		Variable compensation		Havas directors' fees		Fringe benefits		Total	
	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**
Vincent Bolloré	N/A	N/A	N/A	N/A	4,000	4,000	N/A	N/A	4,000	4,000
David Jones *	N/A	840,694	N/A	700,578			N/A	11,948	N/A	1,553,220
Fernando Rodés Vilà **	900,000	174,217	900,000	150,000			18,393	4,093	1,818,393	328,310
Hervé Philippe	280,000	280,000	140,000	220,000			4,885	4,885	424,885	504,885
Sub-total	**1,180,000**	**1,294,911**	**1,040,000**	**1,070,578**	**4,000**	**4,000**	**23,278**	**20,926**	**2,247,278**	**2,390,415**
Non-executive corporate officers	Fixed compensation		Variable compensation		Havas directors' fees		Fringe benefits		Total	
	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**
Jacques Séguéla	900,000	900,000	150,000	150,000			6,004	6,004	1,056,004	906,004
Léopoldo Rodés Castañe	900,000	900,000	200,000	200,000			73,096	90,122	1,123,096	1,190,122
Mercedes Erra	N/A	900,000	N/A	750,000			N/A	10,056	N/A	1,660,056
Jean de Yturbe	250,000	250,000	500,000	417,000			7,639	7,639	757,639	674,639
Antoine Bernheim	N/A	N/A	N/A	N/A	1,000	0	N/A	N/A	1,000	0
Yannick Bolloré ***	N/A	116,712	N/A	83,288	3,000	3,000	N/A	0	3,000	203,000
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	5,000	7,000	N/A	N/A	5,000	7,000
Pierre Lescure	N/A	N/A	N/A	N/A	4,000	3,000	N/A	N/A	4,000	3,000
Patrick Soulard	N/A	N/A	N/A	N/A	8,000	8,000	N/A	N/A	8,000	8,000
Antoine Veil	N/A	N/A	N/A	N/A	8,000	7,000	N/A	N/A	8,000	7,000
Sub-total	**2,050,000**	**3,066,712**	**850,000**	**1,450,288**	**37,000**	**36,000**	**86,739**	**113,821**	**3,023,739**	**4,666,821**
Total	**3,230,000**	**4,361,623**	**1,890,000**	**2,520,866**	**41,000**	**40,000**	**110,017**	**134,747**	**5,271,017**	**7,057,236**

* Fixed compensation of USD1,170,000 at an average exchange rate for 2011 of 1 € = USD/€: 1.391708.
** Term of office ended on 03/08/2011.
*** Yannick Bolloré with effect from 06/01/2011.

Stock subscription or purchase options granted by the issuer and by any Group company over the 2011 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
D. Jones	None	None	None	None	None	None

Stock subscription or purchase options exercised over the 2011 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
D. Jones	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

David Jones

David Jones has an employment contract governed by US law, entered into on January 1, 2007 with Euro RSCG Worldwide-LLC, which remains in force for the duration of his term of office as Chief Executive Officer.

This contract contains a severance clause providing for the payment, under certain specific circumstances, of twelve months' basic compensation.

David Jones has the use of a company vehicle and is provided with life insurance cover in addition to the standard cover provided by the company.

Mercedes Erra

Mercedes Erra is Executive Chairman Euro RSCG Worldwide.

In the event of dismissal other than for serious professional misconduct, Mercedes Erra is entitled to an indemnity (including statutory severance entitlement) representing the amount of compensation received from the company over the past twelve months.

Mercedes Erra has the use of a company vehicle.

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.

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 was suspended for the duration of his term of office as Chief Executive Officer. During that term, Mr. Fernando Rodés Vilà received 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 due or likely to be due in respect of his resignation as Chief Executive Officer of Havas SA.

During his term of office, Fernando Rodés Vilà had the use of a chauffeur-driven company vehicle.

The terms of his service agreement are set out in section 19 of this annual report.

Leopoldo Rodés Castañe

In the event of the termination of his employment contract with Media Planning Group executed on January 20, 2001, Léopoldo Rodés Castañe 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 health and social welfare 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 serious professional misconduct, Jean de Yturbe is entitled to receive an indemnity (including statutory severance entitlement) corresponding to half his total gross compensation 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

(in euro)	2010	**2011**
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	N/A	N/A
Valuation of performance shares granted during the financial period	N/A	N/A
Total	**4,000**	**4,000**

(in euro)	2010	**2011**
David Jones		
Compensation due for the financial period (set out in 15.4)	N/A	1,553,220*
Valuation of options granted during the financial period	N/A	N/A
Valuation of performance shares granted during the financial period	N/A	N/A
Total	**N/A**	**1,553,220 ***

* Total compensation of USD2,161,629 at an average exchange rate 2011 1 € = USD/€: 1.391708.

(in euro)	2010	**2011**
Fernando Rodés Vilà		
Compensation due for the financial period (set out in 15.4)	1,818,393	328,310
Valuation of options granted during the financial period	N/A	N/A
Valuation of performance shares granted during the financial period	N/A	N/A
Total	**1,818,393**	**328,310**

(in euro)	2010	**2011**
Hervé Philippe		
Compensation due for the financial period (set out in 15.4)	424,885	504,885
Valuation of options granted during the financial period	N/A	N/A
Valuation of performance shares granted during the financial period	N/A	N/A
Total	**424,885**	**504,885**

Executive corporate officers		Employment contract Yes	Employment contract No	Supplementary pension Yes	Supplementary pension No	Benefits in the event of termination or change of functions Yes	Benefits in the event of termination or change of functions No	Compensation for a non-competition clause during the financial period Yes	Compensation for a non-competition clause during the financial period No
Vincent Bolloré Chairman of the Board of Directors Term began: 2005 Term ends: 2014			X		X		X		X
Fernando Rodés Vilà Chief Executive Officer Term began: 2006 Term ends: March 8, 2011	Contract under Spanish law suspended to March 8, 2011								
David Jones Chief Executive Officer Term began: March 8, 2011 Term ends: 2014	Contract under US law				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* from May 11, 2010, 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. of this annual report.

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 2011, with all members in attendance.

The main subjects addressed by the Committee were as follows:

- at its first meeting, the Committee examined the 2010 consolidated financial statements for the Group and the 2010 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 2011;
- 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. Senior management presented to the Audit Committee the proposal to acquire the "Le Madone" building in Puteaux, accompanied by an estimate of the financial impacts of the operation.

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 2011, 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 2011 financial period, and made the following remarks:

On the work of the Board of Directors for the 2011 financial period

With effect from the Shareholders' Meeting of May 11, 2010, the Board of Directors is made up of 13 members, of whom three are independent. At that Shareholders' Meeting, a woman Director was appointed to replace a Director whose term of office had come to an end.

Except in extraordinary circumstances, Directors are given reasonable notice of forthcoming meetings. Furthermore, a timetable of Board meetings is established each year for the year ahead.

The number of Board meetings (four in 2011) and their frequency and spacing throughout the year are satisfactory, as is attendance by Directors (83.10% in 2011).

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 three Board Committees 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. Shareholding and stock options

17.1. Shareholdings and stock options of directors and executive officers

	Number of outstanding stock options at 12/31/11*	Number of shares held at 12/31/11*	Number of BSAARs acquired in 2007	Number of BSAARs acquired in 2008	Total number of BSAARs acquired at 12/31/11*
RODÉS VILÀ Fernando	1,000,000	571,849	1,000,000	352,941	1,352,941
SÉGUÉLA Jacques	727,293	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
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			
GODÉ 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			
JONES David	850,000	0	1,264,705	0	1,264,705
ERRA Mercedes	450,000	43,992	1,264,705	1,676,471	2,941,176
Total	**4,877,293**	**21,482,481**	**7,006,717**	**4,691,176**	**11,697,893**

* 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, of the lapse on December 1, 2009 of subscription options allocated on December 1, 2004, of the lapse on December 11, 2009 of subscription options allocated on December 12, 2002, of the lapse on March 24, 2010 of part of the subscription options allocated on March 24, 2003, of the lapse on December 10, 2010 of subscription options allocated on December 10, 2003.

At the date of filing this annual report, only the plans of March 24, 2003, with an exercise price of €2.37, of July 4, 2003, with an exercise price of €3.59, and of October 27, 2006, with an exercise price of €3.72, were 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 *Autorité des Marchés Financiers*, 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 2011, 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, 2011, the number of shares held by employees through the fund invested in Havas shares totaled 227,088, 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 2011 financial period.

No subscription or purchase option was granted to Havas corporate officers during the 2011 financial period.

- Statement of subscription and purchase options exercised by Havas corporate officers during the 2011 financial period: no subscription or purchase option was exercised by Havas corporate officers during the 2011 financial period.

Statement of subscription and purchase options granted to and exercised by the top ten non-director employees receiving the highest grants in 2011

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 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	NA
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)	450,000	3.72000	450,000

- 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, 2011, 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

	Situation at 12/31/11			Situation at 12/31/10			Situation at 12/31/09		
	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(1)	141,564,953	32.84	32.84	141,564,953	32.88	32.88	141,564,953	32.93	32.93
Companies controlled by the family of Leopoldo Rodés Castañe and Fernando Rodés Vilà	9,393,984	2.18	2.18	9,393,984	2.18	2.18	9,393,984	2.19	2.19
Board of Directors and executives(2)	1,041,565	0.24	0.24	1,000,593	0.23	0.23	999,593	0.23	0.23
Employees(3)	227,088	0.05	0.05	221,850	0.05	0.05	220,860	0.05	0.05
Treasury stock(4)	0	0	0	0	0	0	0	0	0
Other shareholders owning over 5% of the capital: UBS AG (since December 2, 2011)	26,720,856	6.20	6.20	–	–	–	–	–	–
Public	252,131,565	58.49	58.49	278,341,356	64.65	64.65	277,694,200	64.60	64.60
Total	**431,080,011**	**100.0**	**100.0**	**430,522,736**	**100.0**	**100.0**	**429,873,590**	**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, at December 31, 2011, 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, 2011)

Threshold crossed by	Crossing of statutory threshold declared	Date of crossing	% of capital	% of voting rights
Dimensional Fund Advisors LP	2% of capital and increased voting rights	March 17, 2011	2.44%	2.36%
UBS Investment Bank, Wealth Management and Corporate Centre	2% of capital and increased voting rights	April 12, 2011	2.02%	2.02%
Amundi Group SA	2%, 4% and 5% of capital and increased voting rights	May 5, 2011	5.05%	5.05%
Amundi Group SA	7% of capital and increased voting rights	May 9, 2011	7.95%	7.95%
Amundi Group SA	6% of capital and reduced voting rights	May 12, 2011	4.08%	4.08%
UBS AG	6% of capital and increased voting rights	May 12, 2011	6.51%	6.51%
Amundi Group SA	4% and 2% of capital and reduced voting rights	May 16, 2011	1.27%	1.27%
UBS AG	4% and 6% of capital and reduced voting rights	May 17, 2011	3.83%	3.83%
UBS Investment Bank, Wealth Management and Corporate Centre	2% of capital and increased voting rights	June 2, 2011	3.31%	3.31%
UBS AG	4% and 6% of capital and increased voting rights	December 2, 2011	6.20%	6.20%

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

The table below summarizes all the related party transactions carried out in 2009, 2010 and 2011:

(in euro million)	**2011**	2010	2009
Accounts receivable	**4.0**	**0.6**	**0.5**
of which Rodés	2.7	0.2	0.2
of which Bolloré	1.3	0.4	0.3
Accounts payable(1)	**3.0**	**3.3**	**3.8**
of which Rodés	2.4	3.1	3.6
of which Bolloré	0.5	0.2	0.2
other	0.1		
Operating income	**7.7**	**2.6**	**1.0**
of which Rodés	0.5		
of which Bolloré	7.2	2.6	1.0
Operating expenses	**(15.7)**	**(12.9)**	**(5.2)**
of which Rodés	(13.1)	(11.8)	(5.1)
of which Bolloré	(2.3)	(1.1)	(0.1)
other	(0.3)		

(1) Media space buying payables, where Havas operates as agent, have no impact on results and are not included in the above table. They represent a total amount of €0.5 million at December 31, 2011, €9.9 million at December 31, 2010 and €7.5 million at December 31, 2009.

MEDIA PLANNING GROUP and its subsidiaries have entered into transactions with members of the family of Alfonso Rodés Vilà, Deputy Chief Executive Officer of Havas, and with his father Leopoldo Rodés Castañe, a Director of Havas SA and Chairman of MEDIA PLANNING GROUP, or with companies they control. These 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 an operating expense of approximately €13.1 million, €11.8 million and €5.1 million in 2011, 2010 and 2009 respectively, and operating income of approximately €0.5 million in 2011.

At December 31, 2011, the total amount of future rent in respect of rental of the Barcelona premises mentioned above was €2.6 million. The lease is due to expire in 2015.

During the Board of Directors meeting on March 8, 2011, Mr. Fernando Rodés tendered his resignation as Chief Executive Officer of Havas and as a member of the Board of Directors. He expressed his desire to give a new direction to his personal and family entrepreneurial activities while maintaining a close association with the development of the Group in the Iberian area and Latin America.

In view of his crucial role in media activities, Havas was keen to secure his continued services in this area. To this end, Havas Management España entered into a service agreement with Mr. Fernando Rodés Vilà on July 28, 2011, for five years commencing on August 31, 2011. In order to maintain and develop Havas' businesses, particularly in the Iberian area and Latin America, this agreement provides for non-guaranteed monthly fees of €166,667 and profit-sharing of 12.5% based on the increment value of media activity over five years in these same regions, capped at the sum of €24 million less 12.5% of the dividends paid to Havas by the holding company of these regions. Havas Management España is entitled to terminate this agreement in the event of failure by Mr. Fernando Rodés Vilà to fulfill his obligations.

In addition, a non-compete clause was signed for a three-year-period, providing for an annual indemnity of €666,666.

In addition, certain subsidiaries of the Group have rendered services in connection with advertising to Bolloré Group's subsidiaries, representing an operating expense of approximately €2.3 million, €1.1 million and €0.1 million in 2011, 2010 and 2009 respectively, and operating income of approximately €7.2 million, €2.6 million and €1.0 million in 2011, 2010 and 2009 respectively.

All of these transactions were carried out at market value.

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 47 to 91 of the annual report for the financial period ended December 31, 2010 registered with the *Autorité des Marchés Financiers* (AMF) on April 4, 2011, under number D.11-0230;
- the consolidated financial statements and corresponding auditors' report presented on pages 53 to 97 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;

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. Pro forma financial information

NA.

20.3.

Consolidated financial statements for the year ended December 31, 2011

1. CONSOLIDATED BALANCE SHEET for the year ended December 31, 2011

ASSETS

(in euro million)	Notes	**12/31/11 Net**	12/31/10 Net	12/31/09 Net
Non-current assets				
Goodwill	5.2.2	1,559	1,494	1,416
Other intangible assets	5.2.3	41	34	28
Property and equipment	5.2.4	228	69	77
Equity investments	5.2.5	3	2	2
Financial assets available for sale	5.2.7	7	9	10
Deferred tax assets	5.2.18	91	87	80
Other non-current financial assets	5.2.8	9	11	13
Total non-current assets		**1,938**	**1,706**	**1,626**
Current assets				
Inventories and work in progress		35	37	30
Accounts receivable	5.2.9	1,517	1,415	1,229
Current tax receivables		15	16	43
Other receivables	5.2.9	557	542	452
Other current financial assets	5.2.8	19	17	14
Cash and cash equivalents	5.2.10	780	961	913
Total current assets		**2,923**	**2,988**	**2,681**
Total assets		**4,861**	**4,694**	**4,307**

Equity and liabilities

(in euro million)	Notes	12/31/11 Net	12/31/10 Net	12/31/09 Net
Shareholders' equity		**1,302**	**1,200**	**1,085**
Capital		172	172	172
Share premium account		1,469	1,468	1,466
Option components of compound instruments	5.2.13	18	18	206
Retained earnings		(330)	(420)	(675)
Currency translation adjustments		(27)	(38)	(84)
Minority interests		**4**	**3**	**2**
Total equity		**1,306**	**1,203**	**1,087**
Non-current liabilities				
Long-term borrowings	5.2.13	537	623	704
Earn-out and minority interest buy-out obligations	5.2.12	66	41	25
Long-term provisions, pension and post-employment benefits	5.2.14-5.2.15	64	71	54
Deferred tax liabilities	5.2.18	11	9	4
Other non-current liabilities		2	3	2
Total non-current liabilities		**680**	**747**	**789**
Current liabilities				
Current maturities of long-term borrowings	5.2.13	186	170	83
Bank overdrafts	5.2.13	6	7	18
Earn-out and minority interest buy-out obligations	5.2.12	22	33	35
Provisions	5.2.14	38	39	42
Accounts payable		1,478	1,402	1,214
Tax payables		14	12	41
Other payables	5.2.19	1,126	1,073	984
Other current liabilities		5	8	14
Total current liabilities		**2,875**	**2,744**	**2,431**
Total equity and liabilities		**4,861**	**4,694**	**4,307**

2. CONSOLIDATED INCOME STATEMENT for the year ended December 31, 2011

(in euro million)	Notes	**2011**	2010	2009
Revenue	**5.2.23**	**1,645**	**1,558**	**1,441**
Compensation[(1)]	5.2.20	(1,002)	(961)	(888)
Other expenses and income from operations	5.2.21	(424)	(393)	(371)
Share of profit of associates[(2)]	5.2.23	1		1
Income from operations	**5.2.23**	**220**	**204**	**183**
Other operating expenses	5.2.22-5.2.23	(31)	(20)	(31)
Other operating income	5.2.22-5.2.23	8		1
Operating income		**197**	**184**	**153**
Interest income		16	9	8
Cost of debt		(42)	(37)	(26)
Other financial expenses[(1)]		(5)	(5)	(3)
Net financial expense	**5.2.24**	**(31)**	**(33)**	**(21)**
Income of consolidated companies before tax		**166**	**151**	**132**
Income tax expense	5.2.18	(38)	(36)	(34)
Net income		**128**	**115**	**98**
Minority interests		(8)	(5)	(6)
Net income, Group share		**120**	**110**	**92**
Earnings per share *(in euro)*	**5.2.25**			
Basic and diluted		0.28	0.26	0.21

(1) Interest cost on pension obligations amounted to €-1.8 million in both 2011 and 2010, and €-1.9 million in 2009. This type of charge was previously included in "Compensation" but from 2011 onwards, it is reported under "Other financial expenses". 2010 and 2009 charges have been restated accordingly.

(2) Share of profit of associates is presented as an item of "Income from operations", reflecting results reported to the Chief Operating Decision Maker of Havas.

2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended December 31, 2011

(in euro million)	**2011**	2010	2009
Net income	**128**	**115**	**98**
Net income accounted for against goodwill[(1)]	(7)	(4)	(6)
Actuarial gains (losses) recognized in equity[(2)]	9	(15)	(3)
Deferred tax relating to actuarial gains and losses	(2)	3	1
Total items that will not be reclassified to profit or loss	**0**	**(16)**	**(8)**
Changes in the fair value of financial assets available for sale	(2)		2
Net gains (losses) on cash flow hedges	5	2	(5)
Currency translation adjustments relating to foreign operations[(3)]	12	46	(3)
Total items that may be reclassified subsequently to profit or loss	**15**	**48**	**(6)**
Total comprehensive income	**143**	**147**	**84**
Group share	142	146	83
Minority interests	1	1	1

(1) The share in net income of minority interests that are under buy-out commitments undertaken by the Group prior to January 1, 2010, the application date of IFRS 3R, is posted to goodwill, otherwise to consolidated equity, Group share.

(2) Net of tax, actuarial gains amounted to €6.8 million in 2011 against losses of €–12.2 million in 2010 and €–1.7 million in 2009.

(3) In 2011, the US dollar and the British pound continued the trend of 2010, earning €16.4 million and €3.9 million respectively. In contrast, the Brazilian real, the Mexican peso and the Polish zloty decreased by €–2.1 million, €–2.8 million and €–3.0 million respectively.

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.

3. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY for the year ended December 31, 2011

		Group share										
(in euro million)	Number of shares in thousands	Capital [1]	Share premium account	Retained earnings and net income	Transactions between shareholders [4]	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 01/01/09	**429,869**	**172**	**1,466**	**(730)**	**0**	**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)	(3)	84		84
Other				(1)						(1)		(1)
Shareholders' equity as at 12/31/09	**429,874**	**172**	**1,466**	**(650)**	**0**	**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)	46	146	1	147
Changes in ownership interests				1						1		1
Other [3]				187		(188)		1		0		0
Shareholders' equity as at 12/31/10	**430,523**	**172**	**1,468**	**(386)**	**0**	**18**	**(13)**	**(21)**	**(38)**	**1,200**	**3**	**1,203**
Dividends distributed [2]				(43)						(43)	(1)	(44)
Stock options	557		2							2		2
Recognized income and expenses				120			3	7	12	142	1	143
Changes in ownership interests					1					1	1	2
Shareholders' equity as at 12/31/11	**431,080**	**172**	**1,470**	**(309)**	**1**	**18**	**(10)**	**(14)**	**(26)**	**1,302**	**4**	**1,306**

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

(2) The Havas SA dividend per share paid on May 17, 2011 was €0.10 compared to €0.08 paid on May 18, 2010 and €0.04 paid on June 10, 2009. 2012 dividend per share proposed to the Annual Shareholders' Meeting is €0.11.

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

(4) Havas has applied IFRS 3R since January 1, 2010.

4. CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended December 31, 2011

(in euro million)	Notes	**2011**	2010	2009
Operating activities				
Consolidated net income:				
Group share		120	110	92
Minority interests		8	5	6
Elimination of non-cash items:				
Amortization, depreciation and impairment		38	39	24
Changes in deferred taxes		(4)	4	17
(Gains)/losses on disposal of fixed assets		1	2	3
Share of (profit) loss of associates, net of dividends				
Stock-based compensation - Equity settled plans			1	7
Accrued interest				3
Other operations		(2)	4	3
Cash flow after net cost of debt		**161**	**165**	**155**
Net cost of debt, excluding accrued interest		22	24	12
Cash flow before net cost of debt		**183**	**189**	**167**
Changes in accounts receivable		(92)	(111)	45
Changes in accounts payable		71	47	38
Changes in advances from clients		(13)	7	12
Changes in other receivables and payables		40	27	(57)
Net cash provided by operating activities		**189**	**159**	**205**
Investing activities				
Purchase of fixed assets		**(241)**	**(63)**	**(41)**
Intangible and tangible		(200)	(32)	(24)
Subsidiaries		(33)	(26)	(14)
Loans granted		(8)	(5)	(3)
Proceeds from sale and repayment of fixed assets		**6**	**10**	**4**
Intangible and tangible		1	1	
Subsidiaries		5		
Repayment of loans granted			9	4
Net cash used in investing activities		**(235)**	**(53)**	**(37)**
Financing activities				
Dividends paid to Havas shareholders		(43)	(34)	(17)
Dividends paid to minority interests		(5)	(6)	(7)
Proceeds from issuance of stock		2	2	
Proceeds from issuance of bonds				347
Repayment of bonds		(90)		(456)
Proceeds from borrowings		30	48	49
Repayment of borrowings		(10)	(52)	(57)
Net interest paid		(22)	(24)	(12)
Net cash used in financing activities		**(138)**	**(66)**	**(153)**
Effect of exchange rate changes on net cash		4	19	2
Net increase (decrease) in net cash		**(180)**	**59**	**17**
Net cash at opening	**5.2.10**	**954**	**895**	**878**
Net cash at closing	**5.2.10**	**774**	**954**	**895**
Income tax paid		(30)	(24)	(29)

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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, 2011 under IFRS is the responsibility of the Board of Directors. These statements were approved by the Board at its meeting on February 29, 2012.

They will also be submitted for approval by Havas' shareholders at the Annual Shareholders' Meeting on May 10, 2012. 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, 2011 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 2010 and 2009 consolidated financial statements have also been prepared in accordance with the same accounting principles and rules.

5.1.4. Accounting methods and principles

5.1.4.1. Changes in accounting principles

The following amendments came into force on January 1, 2011:

- Amendment to IAS 32 "Classification of Rights Issues";
- IAS 24 revised "Related Party Disclosures";
- Amendments to IFRIC 14 "Prepayments of a Minimum Funding Requirement";
- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments";
- IAS 34 "Interim Financial Reporting"; and
- Improvements to IFRS – May 2010.

The definition of related parties has been modified in IAS 24 revised to provide a more consistent approach for the identification of transactions. Amounts committed in respect of identified transactions at end of period are also to be disclosed.

Improvements made to IAS 34 recommend the description of significant transactions and events occurring in the interim period, and their impact on the financial statements.

The application of these amendments produces no effect on the Group's financial statements.

5.1.4.2. Optional application of standards, amendments and interpretations in 2011

In compliance with the recommendations of the French Financial Markets Authority (*Autorité des Marchés Financiers*), the Havas Group has early applied the following amendments:

- Amendment to IFRS 7 "Disclosures – Transfers of Financial Assets",
- Amendment to IAS 1 "Presentation of Other Comprehensive Income (OCI)".

Their application has no effect on the consolidated financial statements.

5.1.4.3. New standards, amendments and interpretations published by the IASB

The following standards, amendments and interpretations have been issued by IASB, but have not been yet endorsed by the European Union as at December 31, 2011. The Group has therefore not applied them at this date.

The first two items were published in 2010, and the other in the course of 2011.

1. IFRS 9 "Financial Instruments – Phase 1: Classification and Measurement";
2. Amendment to IAS 12 "Deferred Tax – Recovery of Underlying Assets";
3. IFRS 10 "Consolidated Financial Statements";
4. IFRS 11 "Joint Arrangements";
5. IFRS 12 "Disclosure of Interests in Other Entities";
6. IFRS 13 "Fair Value Measurement";
7. IAS 27 revised "Separate Financial Statements";
8. IAS 28 revised "Investments in Associates and Joint Ventures";
9. Amendments to IAS 19 "Employee Benefits";
10. Amendments to IAS 32 "Offsetting Financial Assets and Financial Liabilities".

The application date of these new standards, amendments and interpretations is expected to be January 1, 2013, except for the amendments to IAS 12 and IAS 32, and to IFRS 9.These requirements will come into force on January 1, 2012, January 1, 2014 and January 1, 2015 respectively, subject to their endorsement by the European Union.

The Group is assessing their possible impact on the consolidated financial statements.

5.1.4.4. 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.

5.1.4.5. 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.

5.1.4.6. 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.

5.1.4.7. 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.

5.1.4.8. 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.

5.1.4.9. 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 5.1.4.14.

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.

5.1.4.10. Minority interests buy-out commitments

Buy-out commitments undertaken prior to January 1, 2010, the application date of IFRS 3R and IAS 27R 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*).

5.1.4.11. 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.

5.1.4.12. 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.

5.1.4.13. 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
• Façade and roof	16
• Interior fittings	15
• Plant and equipment	3-13
• Other	
– IT equipment	3-5
– furniture	7-10
– fixtures and fittings	10

5.1.4.14. 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.

5.1.4.15. 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.

5.1.4.16. 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”.

5.1.4.17. 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.

5.1.4.18. 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, the Group makes its judgment based upon its experience, an aging analysis of accounts receivable and the financial situation of the debtors. Provisions for doubtful receivables are recognized accordingly.

5.1.4.19. 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".

5.1.4.20. 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.

5.1.4.21. 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.

5.1.4.22. Current liabilities/Non-current liabilities

Liabilities expected to be settled in the Group's normal operating cycle or within 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".

5.1.4.23. 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.

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 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 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".

5.1.4.24. 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 5.1.4.25.

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.

5.1.4.25. 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.

5.1.4.26. 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 commitment.

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 undertaken 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.

5.1.4.27. 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.

5.1.4.28. 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.

5.1.4.29. 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.

5.1.4.30. 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.

5.1.4.31. 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.

5.1.4.32. Other operating expenses and income

Pursuant to paragraph 5.5.4 of French national institute of accounting (CNC) Recommendation N° 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.

5.1.4.33. 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 bonds, and gains or losses in trading financial assets.

5.1.4.34. 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 chief operating decision maker is the Chief Executive Officer of Havas.

5.1.4.35. 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 stock.

Diluted earnings per share are calculated by using the "treasury stock" method. Stock options, subscription options and equivalents and convertible bonds are taken into account as the following:

- 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, 2011

5.2.1. Scope of consolidation

No significant change in the scope of consolidation occurred in the 2009, 2010 and 2011 financial years. The change in the number of companies included in the scope of consolidation is the following:

	2011	2010	2009
Number of companies as at 01/01	**360**	**351**	**342**
Acquisitions(1)	6	5	9
Disposals		(1)	
Other operations (mergers, spin-offs, etc.)	8	5	
Number of companies as at 12/31	**374**	**360**	**351**

(1) In the first half of 2011, Havas acquired a 51% stake in a small Indian agency, named Fortis.
In the second half of 2011, Havas also simultaneously purchased a 51% stake in Host, a group made up of three agencies, and in sister company One Green Bean, both in Australia.

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.

5.2.2 Goodwill

Changes in goodwill in 2009, 2010 and 2011 are the following:

(in euro million)	2011	2010	2009
Value at 01/01	**1,494**	**1,416**	**1,411**
Acquisitions of companies(1)	45	29	3
Buy-out adjustments(2)	1	7	
Earn-out adjustments(2)	2	3	3
Adjustments to goodwill estimates	3		
Impairment charge	(3)	(3)	(3)
Currency translation adjustments(3)	17	42	2
Value at 12/31	**1,559**	**1,494**	**1,416**

(1) In the first half of 2011, Havas acquired a 51% stake in a small Indian agency, named Fortis. Related goodwill was provisionally estimated at €0.3 million as at December 31, 2011, taking into account the buy-out commitment effect. In addition, Euro RSCG 4D Matrix Private Limited (formerly ACMIC), a 71%-owned Indian subsidiary was consolidated for the first time in 2011, generating a goodwill temporarily estimated at €0.2 million.

In the second half of 2011, Havas simultaneously acquired a 51% stake in Host, a group made up of three creative and brand incubator agencies, and in sister company One Green Bean, a public relations agency, both based in Sydney, Australia. Total goodwill was provisionally evaluated at €19.4 million as at December 31, 2011. Additional goodwill of €24.2 million has been recorded in connection with the 49% minority interests buy-out commitments. These buy-out commitments have been accounted for according to the method described in notes 5.1.4.9 and 5.1.4.10.

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. As a result, Havas has accounted for additional goodwill for €10.8 million and €0.9 million respectively.

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.

(2) Commitments undertaken prior to January 1, 2010.

(3) In 2011, the currency translation adjustments were made up of €13.0 million relating to the US dollar, €5.0 million to the British pound, €2.3 million to the Australian dollar, and €-2.3 million to the Brazilian real.

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.

The Group has carried out a goodwill impairment test on all of its cash generating units (CGUs) or groups of CGUs. 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.

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 2011, this rate was established with an activity beta of 1.0, an average stock market risk premium dependent on the country concerned (4.5% for France), a risk-free interest rate of 3.26%, and a gearing of 20%.

For 2011, the WACC used was in a range between 7.5% and 17.5% depending on the location of the CGU, compared to a range between 7.1% and 8.8% for 2010, and between 7.47% and 9.17% for 2009.

In 2011, the country risk premium of certain euro-zone countries increased markedly. The use of very high country risk premiums for the evaluation of future cash flows tends to perpetuate to infinity what is a temporary and exceptional situation. The Havas Group consulted an independent expert, in whose opinion the exceptional situation of certain European countries such as Spain, Portugal, Italy, Greece, etc. should normalize in the more or less long term. The Group therefore applied differentiated WACCs per period, within a range up to 17.5%.

As a result of impairment tests, Havas recognized a total goodwill impairment charge of €3.0 million, €2.9 million and €3.0 million in 2011, 2010 and 2009 respectively.

Assuming no change in all the other assumptions for the calculation, an increase in WACC of 50 basis points would require an additional impairment charge of €3.3 in 2011.

CGUs that represent individually more than 7% of the total goodwill on the balance sheet are the following:

(in euro million)	**12/31/11**	**%**	12/31/10	%	12/31/09	%
Total in the balance sheet	**1,559**		**1,494**		**1,416**	
of which:						
• Spain*	512	33%	512	34%	512	36%
• USA	363	23%	352	24%	325	23%
• France	153	10%	153	10%	148	10%

* A CGU is made up of entities under the same management.

5.2.3. Other intangible assets

(in euro million)	Software, patents, trademarks and similar rights	Other	Total
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**
Acquisitions	11	6	17
Disposals, write-downs	(1)	(1)	(2)
Changes in scope of consolidation	2		2
Currency translation adjustments	1		1
Gross value at 12/31/11	**77**	**27**	**104**
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)**
Amortization	(9)	(2)	(11)
Disposals, write-downs	1	1	2
Changes in scope of consolidation	(1)		(1)
Currency translation adjustments	(1)		(1)
Cumulative amortization at 12/31/11	**(47)**	**(16)**	**(63)**
Net value at 12/31/11	**30**	**11**	**41**

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[1]	Plant and equipment	Other[2]	Total
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**
Acquisitions	102	31	52	185
Disposals, write-downs		(4)	(17)	(21)
Changes in scope of consolidation			2	2
Currency translation adjustments		1	2	3
Gross value at 12/31/11	**136**	**85**	**233**	**454**
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)**
Amortization	(3)	(4)	(19)	(26)
Disposals, write-downs		4	15	19
Changes in scope of consolidation			(1)	(1)
Currency translation adjustments			(2)	(2)
Cumulative amortization at 12/31/11	**(24)**	**(44)**	**(158)**	**(226)**
Net value at 12/03/11	**112**	**41**	**75**	**228**

(1) On October 20, 2011, Havas acquired from the company UBS Real Estate Kapitalanlagegesellchaft MBH the "Le Madone" building located in Puteaux (France), for a cost of €158.8 million of which €101.2 million is included in "Land, buildings", €26.8 million in "Plant and equipment", and €30.8 million in "Other". Havas has made the building its new headquarters. This real estate has been accounted for by component according to the requirements of standard IAS 16.

(2) As at December 31, 2011, other fixed assets included in particular interior fittings for €46.7 million, and IT hardware for €10.3 million, in net value.

5.2.5. Equity investments

According to accounting principles, the Group exercises non-controlling significant influence over five operating 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 €2.8 million as at December 31, 2011 compared to €2.3 million as at both December 31, 2010 and 2009, the bulk of which is located in the United Kingdom.

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 not material in 2009, 2010 or 2011.

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, and in entities that have been deconsolidated due to lack of activity. Total amount was €7.6 million as at December 31, 2011, of which €1.9 million represented the market value of a listed security. This market value amounted to €3.5 million and €2.9 million as at December 31, 2010 and 2009, respectively. The depreciation of €1.6 million in 2011 was recognized in equity. Fluctuations observed in 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)	**12/31/11**	12/31/10	12/31/09
Non-current financial assets	**9**	**11**	**13**
Loans, deposits	1	1	1
Receivables from disposals of assets	7	8	10
Other	1	2	2
Current financial assets	**19**	**17**	**14**
Loans, deposits	4	4	5
Receivables from disposals of assets	1	3	2
Other	14	10	7
Total	**28**	**28**	**27**

Breakdown of non-current assets as at December 31, 2011 by maturity

(in euro million)	Total	2013	2014	2015	2016	After 2016
Loans, deposits	1					1
Receivables from disposals of assets	7	2	5			
Other	1		1			
Total	**9**	**2**	**6**	**0**	**0**	**1**

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)	**12/31/11**	12/31/10	12/31/09
Accounts receivable			
Gross value	1,536	1,434	1,252
Depreciation	(19)	(19)	(23)
Net	**1,517**	**1,415**	**1,229**
Other receivables			
Advances to suppliers	22	16	16
Credit notes due	79	84	5
Other receivables	426	416	406
Prepaid expenses	31	28	26
Gross value	**558**	**544**	**453**
Depreciation	(1)	(2)	(1)
Net	**557**	**542**	**452**

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
2009	(20)	(5)	1		1	(23)
2010	(23)	(4)	8	1	(1)	(19)
2011	(19)	(5)	3	1	1	(19)

Breakdown of receivables by age

(in euro million)	Total	Not due yet and not depreciated	Due and not depreciated <30 days	30-60 days	61-90 days	91-180 days	181-365 days	>365 days
Accounts receivable								
2009	1,229	994	144	45	17	21	5	3
2010	1,415	1,167	155	56	17	9	5	6
2011	1,517	1,177	209	61	30	28	7	5
Other receivables(1)								
2009	406	322	39	9	16	5	7	8
2010	416	353	34	11	4	2	1	11
2011	426	324	67	18	7	1	3	6

(1) Total receivables due for more than 365 days of €6.1 million, €10.6 and €7.8 million as at December 31, 2011, 2010 and 2009 respectively included receivables in connection with media space buying for €4.6 million, €10.4 million and €6.6 million as at December 31, 2011, 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)	**12/31/11**	12/31/10	12/31/09
Cash	550	568	276
Short-term financial investments	230	393	637
Cash and cash equivalents	**780**	**961**	**913**
Bank overdrafts	(6)	(7)	(18)
Net cash and cash equivalents	**774**	**954**	**895**

Cash mainly includes sight deposits and term deposits at leading banks. Term deposits for which the initial duration is greater than 3 months are associated with an exit option at any time without risk of loss in capital, and without penalty in the event of exit at the end of a quarter. In the event of early exit, the expected yield would be identical to the yield of the previous quarter.

As at December 31, 2011, financial investments included monetary investments of €75.3 million, and negotiable certificates of deposit of €155.0 million. These monetary investments can be converted into cash at any time, without risk of capital loss or penalty.

Net cash shown in the consolidated statement of cash flows includes cash and cash equivalents net of bank overdrafts.

5.2.11. Treasury stock

Since January 2007, Havas has not owned any treasury stock.

5.2.12. Earn-out and buy-out obligations

As indicated in notes 5.1.4.26 and 5.1.4.27, 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)	**12/31/11**	12/31/10	12/31/09
Earn-out obligations	15	29	21
Buy-out obligations	73	45	39
Total	**88**	**74**	**60**

The decrease of €13.9 million in earn-out obligations between 2010 and 2011 mainly resulted from payments for a total amount of €18.5 million, new arrangements of €7.7 million, and downward revisions to existing commitments of €3.4 million.

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 increase in buy-out obligations between 2010 and 2011 was mainly due to the write-back of provisions of €2.4 million further to payments made in 2011, upward revisions to existing obligations of €1.6 million, and new buy-out agreements of €29.0 million.

The increase 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, 2011, buy-out obligations were estimated at €25.6 million in Australia, €8.4 million in Brazil, €5.0 million in Italy, €2.5 million in Mexico, €6.8 million in the UK, €8.8 million in Hong Kong, €10.1 million in France, €1.8 million in Turkey, and the remaining amount in other countries.

As at December 31, 2010, they were estimated at €7.0 million in Brazil, €1.6 million in Spain, €4.3 million 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.

As at December 31, 2009, they were estimated at €4.6 million in Brazil, €1.6 million in Spain, €4.8 million 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 5.1.4.26) are presented in "Other current liabilities" for a total amount of €3.3 million as at December 31, 2010 and 2009. As at December 31, 2011, they were not material.

5.2.13. Financial debt

5.2.13.1. Net debt/(cash and cash equivalents) summary

(in euro million)	**12/31/11**	12/31/10	12/31/09
Bonds	351	352	347
Bonds with associated warrants (OBSAAR)	275	361	357
Bank borrowings	34	25	22
Other financial debts	63	55	61
Borrowings and financial debts	**723**	**793**	**787**
Bank overdrafts	6	7	18
Earn-out obligations	15	29	21
Buy-out obligations	73	45	39
Total financial liabilities	**817**	**874**	**865**
Cash and cash equivalents	(780)	(961)	(913)
Net debt/(cash and cash equivalents)	**37**	**(87)**	**(48)**

5.2.13.2. 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 bonds issued in 2009	7,000
Number of outstanding bonds as at December 31, 2011	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 €350.9 million, €352.3 million and €347.4 million on the balance sheet as at December 31, 2011, 2010 and 2009, respectively.

5.2.13.3. 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 December 31, 2010	10,000	27,000
Changes in 2011	0	(9,000)
Number of outstanding bonds as at December 31, 2011	10,000	18,000

(1) At each "Interest payment date" except December 1, 2012 and 2013, Havas SA 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 SA, 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 SA 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 SA 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.

Further to the repayment of the first tranche on December 1, 2011, the financial debt of the OBSAAR 2006 recorded on the balance sheet liabilities amounted to €177.1 million as at December 31, 2011, compared to €264.3 million and €261.4 million as at December 31, 2010 and 2009 respectively.

On February 8, 2008, Havas SA entered into a borrowing arrangement for €100.0 million with Banque Fédérative du Crédit Mutuel, Natixis, Crédit Agricole CIB, 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 SA 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;
- Crédit Agricole CIB 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 €97.4 million, €96.3 million and €95.3 million as at December 31, 2011, 2010 and 2009 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 2011.

The definitions of the terms used are the following:

- "Adjusted EBITDA" means, on the basis of Havas' consolidated financial statements 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 Havas' consolidated financial statements 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 Havas' consolidated financial statements, 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 Havas' consolidated financial statements drawn up in compliance with IFRSs.

5.2.13.4. Breakdown of OCEANE and OBSAAR by component

As indicated in note 5.1.4.23, 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, 2011, 2010 and 2009.

	12/31/11		12/31/10		12/31/09		
(in euro million)	**2006 OBSAAR**	**2008 OBSAAR**	2006 OBSAAR	2008 OBSAAR	OCEANE(1)	2006 OBSAAR	2008 OBSAAR
Option component	14	4	14	4	188	14	4
Total in equity	**14**	**4**	**14**	**4**	**188**	**14**	**4**
Long-term borrowings							
• non-current	88	98	174	97		262	95
• current	89		90				
Total in borrowings	**177**	**98**	**264**	**97**	**0**	**262**	**95**

(1) In 2010, the "Option" component of OCEANEs that were redeemed was reclassified to "Retained earnings".

5.2.13.5. Bank borrowings

As at December 31, 2011, the Group drew down a total amount of €34.3 million of credit lines. €29.2 million were located in Asia, and €4.4 million in Latin America. These short-term borrowings were not subject to financial covenants since Havas SA has undertaken to cover the repayment.

As at December 31, 2011, Havas SA had confirmed credit lines granted by eight leading banks totaling €416.0 million of which €40.0 million will be available until November 2012, €100.0 million until December 2013 and €276.0 million until September 30, 2016. The applicable interest rate is Euribor + spread. These credit lines are subject to financial covenants similar to those applicable to the OBSAARs (see note 5.2.13.3).

As at December 31, 2011, Havas has a total of €446.4 million in confirmed credit lines unused, of which €376.0 million are medium-term. Havas also has €186.2 million in unconfirmed credit lines available.

5.2.13.6. 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, 2011, commercial paper was issued for €50.0 million, maturing in January 2012.

In addition to this commercial paper, the other financial debts line item also includes borrowing interest accrued for €3.4 million, of which €3.0 million relates to the bond issue, the fair value of an interest swap of €7.1 million hedging the 2006 OBSAARs, the total fair value of exchange rate swaps of €0.8 million and other financial debts of €1.7 million.

5.2.13.7. Breakdown of long-term borrowings and financial debts as at December 31, 2011 by maturity

(in euro million)	Total	2012	2013	2014	2015	2016	After 2016
Bonds and bonds with associated warrants (OBSAAR)	626	89	121	382	34		
Bank borrowings	34	34					
Other financial debts	63	63					
Total	**723**	**186**	**121**	**382**	**34**	**0**	**0**
Portion due in less than 1 year	(186)	(186)					
Total of long-term borrowings	**537**	**0**	**121**	**382**	**34**	**0**	**0**

5.2.13.8. Interest rates on long-term borrowings and financial debts

As at December 31, 2011

Breakdown by currency and type of interest rate	Interest rate	Maturity	*In euro million*
EUR (Bonds, see note 5.2.13.2)	5.5%(2)	2014	351
EUR (2006 OBSAAR, see note 5.2.13.3)	3 month Euribor –0.02%(1)	2012-2013	89
EUR (2008 OBSAAR, see note 5.2.13.3)	3 month Euribor +0.06%	2013-2014-2015	97
Non-current			**537**
EUR (2006 OBSAAR, see note 5.2.13.3)	3 month Euribor –0.02%(1)	2012	89
EUR (France, commercial paper)	1 month Euribor + spread	2012	50
CNY (China)	Floating rate (FR)	2012	18
COP (Colombia)	FR	2012	3
HKD (Hong Kong)	FR	2012	6
THB (Thailand)	FR	2012	3
Other	FR	2012	4
Other financial debts	–		10
Accrued interest	–		3
Current			**186**
Total borrowings and financial debts			**723**

(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 2006 OBSAAR.

(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, 2010

Breakdown by currency and type of interest rate	Interest rate	Maturity	*In euro million*
EUR (Bonds, see note 5.2.13.2)	5.5%[(2)]	2014	352
EUR (2006 OBSAAR, see note 5.2.13.3)	3 month Euribor –0.02%[(1)]	2012-2013	174
EUR (2008 OBSAAR, see note 5.2.13.3)	3 month Euribor +0.06%	2013-2014-2015	97
Non-current			**623**
EUR (2006 OBSAAR, see note 5.2.13.3)	3 month Euribor –0.02%[(1)]	2011	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 2006 OBSAAR.
(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 5.2.13.2)	5.5%[(2)]	2014	347
EUR (2006 OBSAAR, see note 5.2.13.3)	3 month Euribor –0.02%[(1)]	2011-2012-2013	262
EUR (2008 OBSAAR, see note 5.2.13.3)	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 2006 OBSAAR.
(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.

5.2.14. Provisions

The table below summarizes changes in provisions in 2010 and 2011:

	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
12/31/09	**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**
Increase in provisions	4	5	1	10	9	3	12	22
Reversal of used provisions		(4)	(4)	(8)	(5)	(6)	(11)	(19)
Reversal of unused provisions		(1)	(1)	(2)	(2)	(3)	(5)	(7)
Currency translation adjustments and other		(8)	1	(7)		3	3	(4)
12/31/11	**13**	**45**	**6**	**64**	**18**	**20**	**38**	**102**

(1) Actuarial gains before tax recognized in equity amounted to €8.5 million as at December 31, 2011 against losses of €15.0 million and €2.4 million as at December 31, 2010 and 2009 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, 2011, the related leases had residual lives of up to two years. As at December 31, 2011, vacant premises have been provided for mainly in the United Kingdom for €2.1 million and in the United States for €2.9 million.

(3) As at December 31, 2011, litigations in connection with current operations have been provided for €9.0 million. Litigations with the personnel have been recognized for €9.4 million of which €1.1 million was an old provision relating to litigations with Havas' former managers.

(4) The other provisions are related to restructuring, commercial risks and personnel risks.

(5) A tax reserve of €4.3 million was recognized in 2011 for the US zone compared to €4.7 million in 2010.

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 2012 are estimated at €2.2 million.

Provision is calculated on an individual basis taking into account turnover, rate of compensation increase, and a discount rate of 4.54% for 2011, 4.84% for 2010 and 5.32% for 2009.

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 2011 as for 2010.

The discount rates used, including inflation, were 4.6% for 2011 as for 2010, and 5.0% for 2009.

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 before said date. 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, 2011.

Contributions paid relating to the defined contribution schemes amounted to €21.6 million in 2011, €19.9 million in 2010 and €19.6 million in 2009. Expected contributions for 2012 are estimated at approximately €21.9 million, stable compared to those in 2011.

Amounts recognized in the financial statements

(in euro million)	Defined benefit pension plans			Medical care[1]		
Assumptions	**2011**	**2010**	**2009**	**2011**	**2010**	**2009**
Discount rate including inflation	4.54%	4.84%	5.32%			
Expected rate of return on plan assets	5.36%	5.52%	5.89%			
Change in benefit obligation	**2011**	**2010**	**2009**	**2011**	**2010**	**2009**
Projected benefit obligation at beginning of period	**(139)**	**(113)**	**(95)**	**(5)**	**(5)**	**(4)**
Service cost	(3)	(3)	(2)			
Interest cost	(7)	(6)	(6)			
Employee contributions						
Amendments/Curtailments/Settlements						
Acquisitions/disposals		(1)	(6)			
Curtailments/settlements		1				
Actuarial (losses) and gains	4	(19)	(5)			
Benefits paid	4	5	5			
Other (currency translation adjustments)	(3)	(3)	(4)			(1)
Projected benefit obligation at end of period	**(144)**	**(139)**	**(113)**	**(5)**	**(5)**	**(5)**
Change in plan assets	**2011**	**2010**	**2009**	**2011**	**2010**	**2009**
Fair value of plan assets at beginning of period	**92**	**79**	**62**			
Expected return on plan assets	5	5	4			
Company contributions	3	5	5			
Employee contributions						
Acquisitions/disposals			4			
Curtailments/settlements	(1)					
Benefits paid	(3)	(4)	(4)			
Actuarial (losses) and gains	5	4	4			
Other (currency translation adjustments)	3	3	4			
Fair value of plan assets at end of period	**104**	**92**	**79**			
Funded status	**2011**	**2010**	**2009**	**2011**	**2010**	**2009**
Unfunded projected benefit obligation	(31)	(31)	(26)	(5)	(5)	(5)
Funded projected benefit obligation	(113)	(108)	(87)			
Fair value of plan assets	104	92	79			
Net amount recognized	**(40)**	**(47)**	**(34)**	**(5)**	**(5)**	**(5)**
Net periodic benefit cost	**2011**	**2010**	**2009**	**2011**	**2010**	**2009**
Service cost	3	3	2			
Interest cost	7	6	6			
Expected return on plan assets	(5)	(5)	(4)			
Curtailment/liquidation impact						
Net periodic benefit cost	**5**	**4**	**4**			

(1) Long-service bonuses of €0.4 million are included in the 2011 and 2010 figures.

Pension obligations and post-employment benefits, and provisions for medical care and long-service bonuses were accounted for at €39.8 million and €5.2 million respectively as at December 31, 2011, €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, in "Long-term provisions, pension and post-employment benefits" (see note 5.2.14). These expenses are recorded under "Compensation" in the income statement.

Actuarial gains and losses before tax have been recognized in equity for €-8.7 million, €15.0 million and €2.4 million as at December 31, 2011, 2010 and 2009 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
As at 12/31/11					
France	(35)		4	4.60%	3.45%
United Kingdom	(93)	90		4.70%	0.00%
Puerto Rico	(7)	5		4.75%	3.00%
Other	(14)	9	1	2.00%-7.50%	1.50%-6.00%
Total	**(149)**	**104**	**5**		
As at 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**		
As at 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**		

Change in net amount accrued

	12/31/11		12/31/10		12/31/09	
(in euro million)	**Defined benefit pension plan**	**Medical care(1)**	Defined benefit pension plan	Medical care(1)	Defined benefit pension plan	Medical care
Net amount accrued for at beginning of period (provision)	(47)	(5)	(34)	(5)	(33)	(4)
Charge recognized in the income statement	(5)		(4)		(4)	
Actuarial gains and (losses) posted to equity	9		(15)		(2)	
Benefits and contributions paid	3		6		7	
Other					(2)	(1)
Net amount accrued for at end of period (provision)	**(40)**	**(5)**	**(47)**	**(5)**	**(34)**	**(5)**

(1) Long-service bonuses of €0.4 million are included in the 2011 and 2010 figures.

Actuarial gains and (losses) recognized in equity

(in euro million)	**12/31/11**	12/31/10	12/31/09
Difference between the expected and the actual return on plan assets			
In value	4	4	4
In %	4.4%	4.3%	4.9%
Experience actuarial gains and (losses) on plan liabilities in value	2	0	5
In % of present value of plan liabilities	1.4%	0.0%	4.8%
Assumed actuarial gains and (losses) on plan liabilities in value	3	(19)	(11)
Actuarial gains and (losses) recognized in equity	**9**	**(15)**	**(2)**

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 2012 charge
Projected benefit obligation as at 12/31/11	(149)	
Discount rate		
–50 basis points	(14)	0.1
+50 basis points	12	(0.1)
Fair value of plan assets		
Effect of 10% decrease	ns(1)	0.5
Effect of 10% increase	ns(1)	(0.5)

(1) Not significant.

Breakdown of plan assets by category

	12/31/11		12/31/10		12/31/09	
Categories	**% of assets**	**Expected return on plan assets**	% of assets	Expected return on plan assets	% of assets	Expected return on plan assets
Securities	42.36%	6.00%	42.66%	6.98%	41.13%	6.88%
Bonds	40.45%	3.17%	43.53%	3.90%	45.51%	3.99%
Property	0.11%	6.00%	0.67%	5.46%	1.20%	3.47%
Cash						
Other	17.08%	4.16%	13.14%	4.72%	12.16%	4.78%
Total	**100.00%**	**4.50%**	**100.00%**	**5.36%**	**100.00%**	**5.52%**

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 or assets.

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 5.1.4.28.

	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%	4.60%	3.22-4%	3.75%	3.75%	4.50%
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 euro	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 euro as at December 31, 2010[3]	2.37	3.59	3.90	3.97	4.08	3.85	3.72	4.35
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**
Cancelled					(6,322,671)		(20,000)	
Exercised	(2,275)						(555,000)	
Number of outstanding options as at 12/31/11	**473,517**	**224,479**	**280,092**	**421,426**	**5,116**	**2,120,000**	**18,871,000**	**1,548,000**
Exercise price in euro as at December 31, 2011[3]	2.37	3.59	3.90	3.97	4.08	3.85	3.72	4.35

(1) 10 years for French residents.
(2) 8 years for French residents.
(3) Exercise prices have been adjusted following the distribution of dividends and the capital increase in 2004.
(4) 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:

	12/31/11		12/31/10		12/31/09	
	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	**30,843,576**	**3.82**	**33,125,626**	**3.80**	**37,208,093**	**4.01**
Exercised	(557,275)	3.71	(649,146)	2.59	(4,267)	2.37
Cancelled	(6,342,671)	4.08	(1,632,904)	3.75	(4,078,200)	5.79
Number of outstanding options at end of period	**23,943,630**	**3.75**	**30,843,576**	**3.82**	**33,125,626**	**3.80**
Number of exercisable options at end of period	**23,943,630**	**3.75**	**30,843,576**	**3.82**	**31,547,626**	**3.76**
Weighted unit fair value of options granted in the period		3.75				

Stock option plan expense

(in euro million)	**2011**	2010	2009
Equity settled stock option plan expense	0	(1)	(7)
Cash settled stock option plan expense			2
Total	**0**	**(1)**	**(5)**

Cash settled plan obligations were not material as at December 31, 2011 and 2010, whereas they amounted to €5.0 million as at December 31, 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 expense amounted to €0.7 million in 2010 and €1.3 million in 2009.

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 €0.3 million in 2011, €0.4 million in 2010, and €0.3 million in 2009.

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 December 31, 2010	**13,157,214**	**36,085,716**
Repurchase	(78,849)	
Number of outstanding BSAARs as at December 31, 2011	**13,078,365**	**36,085,716**

5.2.18. Deferred taxes

Main components of income tax expense

(in euro million)	**2011**	2010	2009
Current tax expense	38	28	25
Deferred tax expense		8	9
Total income tax expense	**38**	**36**	**34**

Reconciliation between theoretical and actual income tax expense

(in euro million)	**2011**	2010	2009
Income of consolidated companies before tax(1)	165	151	131
Theoretical income tax rate	36.10%	34.43%	34.43%
Theoretical income tax expense	60	52	45
Effect of permanent additions and deductions	6	7	2
Change in unrecognized deferred tax assets	(27)	(26)	(15)
Difference between French and foreign tax rates	(1)	3	2
Actual income tax expense	**38**	**36**	**34**

(1) Excluding share of profit of associates.

Breakdown of deferred taxes by nature

(in euro million)	**12/31/11**	12/31/10	12/31/09
Deferred tax assets	**567**	**609**	**636**
Tax losses carried forward	480	512	558
Temporary differences	87	97	78
• post-employment benefits	14	16	11
• amortization	12	24	21
• provisions and other	61	57	46
Deferred tax liabilities	**91**	**59**	**48**
• deductible goodwill amortization	51	44	36
• OCEANE/OBSAAR		2	3
• other	40	13	9
Unrecognized deferred tax assets	**(396)**	**(472)**	**(512)**
Net deferred tax on the balance sheet	**80**	**78**	**76**

Schedule of tax losses carried forward

(in euro million)	**12/31/11**	12/31/10	12/31/09
Y+1	85	48	35
Y+2	32	45	37
Y+3	24	59	42
Y+4	28	65	51
Y+5	24	68	58
Thereafter	1,241	1,217	1,433
Total	**1,434**	**1,502**	**1,656**

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, 2011, deferred tax assets of €396.4 million were not recognized of which €347.2 million were located in France and €4.9 million in Germany, compared to €471.5 million as at December 31, 2010 of which €388.3 million were located in France, €7.6 million in the United States and €7.2 million in Germany, and €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.

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: these 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. The corrective Finance Act 2011 has limited the utilization of tax losses brought forward to €1 million, plus 60% of the excess in taxable income beyond this threshold.

In 2011, the recognition of all US subsidiaries' tax losses lessened the effect of restrictions introduced by this new law.

5.2.19. Other payables

(in euro million)	**12/31/11**	12/31/10	12/31/09
Advances from clients	106	116	103
Personnel payables and social contributions	95	153	140
Client payables	99	100	77
Tax payables	65	66	77
Other	717	612	568
Deferred income	44	26	19
Total	**1,126**	**1,073**	**984**

5.2.20. Compensation

(in euro million)	**2011**	2010	2009
Personnel costs	(1,002)	(960)	(883)
Stock option charges		(1)	(5)
Total	**(1,002)**	**(961)**	**(888)**

The corrective social security financing law no. 2011-894 of July 28, 2011 for 2011 was published in the French official bulletin of July 29, 2011. Article 1 introduces a profit-sharing bonus for employees. By agreement with the social partners, a gross bonus of €300 was paid to each employee of French subsidiaries.

Interest cost on pension obligations amounted to €–1.8 million in 2010 and €-1.9 million in 2009. These amounts have been reclassified to "Other financial expenses", as well as the charge of €–1.8 million in 2011.

5.2.21. Other expenses and income

(in euro million)	**2011**	2010	2009
Expenses	**(441)**	**(409)**	**(383)**
Amortization and depreciation	(37)	(36)	(36)
Other expenses	(404)	(373)	(347)
Income	**17**	**16**	**12**
Other income	17	16	12
Total	**(424)**	**(393)**	**(371)**

5.2.22. Other operating expenses and income

(in euro million)	**2011**	2010	2009
Other operating expenses	**(31)**	**(20)**	**(31)**
Goodwill impairment charge	(3)	(3)	(3)
Acquisition-related costs		(1)	
Premises	(4)	(3)	(3)
Restructuring and risk in operations	(24)	(13)	(25)
Other operating income	**8**	**0**	**1**
Adjustments to earn-out obligations	6		
Write-back of provision for risk	2		
Net capital gains on disposal of fixed assets			1
Total	**(23)**	**(20)**	**(30)**

In 2011, in a climate of continuing economic and financial crisis, restructuring costs and unusual commercial risks amounted to €23.6 million, of which €18.2 million related to continued restructuring measures and the settlement of certain longstanding litigations. A goodwill impairment charge of €3.0 million was recognized, based on a WACC of 7.5%. In addition, the move to new headquarters in Puteaux generated costs of €3.9 million.

"Other operating income" includes downward revisions of €6.1 million in earn-out obligations on the acquisition of securities, in accordance with IFRS 3R.

In 2010, further restructuring and adjustments made to the Group's structures coupled with unusual commercial risks generated a total cost of €13.5 million, a significant reduction on the equivalent figure of €24.9 million in 2009. 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.

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 also recorded a total goodwill impairment charge of €3.0 million, based on a WACC of 8.15%.

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 operating segments have been constant over the three comparative periods.

2011

(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	344	341	183	521	258	(2)	1,645
Revenue from transactions with other segments	4					(4)	0
Total Revenue	**348**	**341**	**183**	**521**	**258**	**(6)**	**1,645**
Income from operations	**46**	**34**	**20**	**79**	**41**		**220**
Other operating expenses and income	(7)	(9)		(2)	(5)		(23)
Share of profit of associates			1				1
Amortization and depreciation	(8)	(10)	(3)	(12)	(4)		(37)
Consolidated balance sheet line items							
Assets							
Goodwill	268	532	173	434	152		1,559
Other intangible and tangible assets	180	35	9	31	14	0	269
Equity investments			2	1			3
Other operating assets	513	790	163	330	430	(117)	2,109
Liabilities							
Earn-out and minority interest buy-out obligations	34	8	5	2	41	(1)	89
Pensions and post-employment benefits	34	6	3		2		45
Other operating liabilities	860	727	235	518	416	(116)	2,640
Investments							
Other intangible and tangible assets[(1)]	170	15	1	10	6		202

(1) The consolidated statement of cash flows shows net investments of €200 million. The difference of €2 million represents current year investments payable in 2012.

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	**41**	**43**	**20**	**72**	**28**		**204**
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	7	10		2		53
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 represented 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	**27**	**54**	**21**	**66**	**15**		**183**
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 yet paid as at December 31, 2009.

5.2.24. Net financial expense

The table below details 2009, 2010, and 2011 net financial expense:

(in euro million)	**2011**	2010	2009
Interest income	**16**	**9**	**8**
Cost of debt	**(42)**	**(37)**	**(26)**
• Bonds	(18)	(15)	(2)
• Bonds with associated warrants (OBSAAR)	(15)	(15)	(16)
• Other	(9)	(7)	(8)
Other financial expenses and income	**(5)**	**(5)**	**(3)**
Interest cost on pension obligations	(2)	(2)	(2)
Exchange gains and (losses)	(1)	(1)	
Restructuring provision discount adjustment	(1)	(1)	(1)
Other	(1)	(1)	
Net financial expense	**(31)**	**(33)**	**(21)**

Interest cost on pension obligations amounted to €-1.8 million in both 2011 and 2010, and €-1.9 million in 2009. This type of charge was previously included in "Compensation" but from 2011 onwards, it is reported under "Other financial expenses". 2010 and 2009 charges have been restated accordingly.

5.2.25. Earnings per share

	2011	2010	2009
Net income, Group share, in euro million	120	110	92
Number of weighted outstanding shares, in thousands	431,003	430,325	429,870
Net income, Group share, basic earnings per share, in euro	**0.28**	**0.26**	**0.21**
Impact of dilutive instruments			
Number of options, in thousands	143	202	
Stock option plan of March 2003	143	202	
Net income adjusted to dilutive instrument impact, Group share, in euro million	120	110	92
Diluted number of shares, in thousands	431,146	430,527	429,870
Net income, Group share, diluted earnings per share, in euro	**0.28**	**0.26**	**0.21**

The outstanding number of subscription or purchase options amounted to 73,107,711, 80,086,506 and 84,269,673 as at December 31, 2011, 2010 and 2009 respectively.

No dilutive instruments had an exercise price lower than the average market price of Havas' ordinary shares in 2009. As a result, basic and diluted earnings per share were identical.

Only 143,436 and 202,471 stock share equivalents as at December 31, 2011 and 2009 respectively have been taken into account for the calculation of diluted earnings per share, since the remaining options are out of the money.

No significant transactions on Havas stock shares have been recorded after the balance sheet date.

5.2.26. Related party transactions

The table below summarizes all related party transactions carried out in 2009, 2010 and 2011:

(in euro million)	**2011**	2010	2009
Accounts receivable	**4.0**	**0.6**	**0.5**
of which Rodés	*2.7*	*0.2*	*0.2*
of which Bolloré	*1.3*	*0.4*	*0.3*
Accounts payable(1)	**3.0**	**3.3**	**3.8**
of which Rodés	*2.4*	*3.1*	*3.6*
of which Bolloré	*0.5*	*0.2*	*0.2*
Other	*0.1*		
Operating income	**7.7**	**2.6**	**1.0**
of which Rodés	*0.5*		
of which Bolloré	*7.2*	*2.6*	*1.0*
Operating expenses	**(15.7)**	**(12.9)**	**(5.2)**
of which Rodés	*(13.1)*	*(11.8)*	*(5.1)*
of which Bolloré	*(2.3)*	*(1.1)*	*(0.1)*
Other	*(0.3)*		

(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 €0.5 million, €9.9 million and €7.5 million as at December 31, 2011, 2010 and 2009 respectively.

Media Planning Group and its subsidiaries have entered into transactions with members of the family of Alfonso Rodés Vilà, Deputy Chief Executive Officer of Havas, and with his father Leopoldo Rodés Castañe, a Director of Havas SA and Chairman of Media Planning Group, or with companies they control. These 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 an operating expense of approximately €13.1 million, €11.8 million and €5.1 million in 2011, 2010 and 2009 respectively, and operating income of approximately €0.5 million in 2011.

At December 31, 2011, the total amount of future rent in respect of rental of the Barcelona premises mentioned above was €2.6 million. The lease is due to expire in 2015.

During the Board of Directors meeting on March 8, 2011, Mr. Fernando Rodés tendered his resignation as Chief Executive Officer of Havas and as a member of the Board of Directors. He expressed his desire to give a new direction to his personal and family entrepreneurial activities while maintaining a close association with the development of the Group in the Iberian area and Latin America.

In view of his crucial role in media activities, Havas was keen to secure his continued services in this area. To this end, Havas Management España entered into a service agreement with Mr. Fernando Rodés Vilà on July 28, 2011, for five years commencing on August 31, 2011. In order to maintain and develop Havas' businesses, particularly in the Iberian area and Latin America, this agreement provides for non-guaranteed monthly fees of €166,667 and profit-sharing of 12.5% based on the increment value of media activity over five years in these same regions, capped at the sum of €24 million less 12.5% of the dividends paid to Havas by the holding company of these regions. Havas Management España is entitled to terminate this agreement in the event of failure by Mr. Fernando Rodés Vilà to fulfill his obligations.

In addition, a non-compete clause was signed for a three-year period, providing for an annual indemnity of €666,666.

Certain subsidiaries of the Group have rendered services in connection with advertising to Bolloré Group subsidiaries, representing an operating expense of approximately €2.3 million, €1.1 million and €0.1 million in 2011, 2010 and 2009 respectively, and operating income of approximately €7.2 million, €2.6 million and €1.0 million in 20011, 2010 and 2009 respectively.

All of these transactions were carried out at market value.

Remunerations of directors

(in euro million)	**2011**	2010	2009
Total remunerations including fringe benefits	7	6	5
Share-based payments			1
Total Charges	**7**	**6**	**6**
Cumulative pension and post-employment benefits at end of period	2	2	2
Number of options	13,972,245	11,938,926	12,143,926
of which 2006 BSAARs	*6,006,717*	*4,477,307*	*4,582,307*
of which 2008 BSAARs	*4,338,235*	*3,014,705*	*3,114,705*
Options granted or BSAARs acquired during the financial year	0	0	0

5.2.27. Contractual obligations and off balance sheet commitments

The Group undertook no significant commitments in 2011.

Security

As at December 31, 2011, no pledge was granted by Havas as warranty.

Breakdown of contractual obligations as at December 31, 2011 by maturity

(in euro million)	Total 12/31/09	Total 12/31/10	Total 12/31/11	2012	2013	2014	2015	2016	After 2016
Recognized									
Bonds and OBSAARs	720	720	626	89	121	382	34		
Bank borrowings	22	25	34	34					
Other financial debts (excluding accrued interest and fair value of swaps)	43	37	52	52					
Stock option plans(1)	5	0	0						
Earn-out obligations(2)	21	29	15	4	4	5	1	1	
Buy-out obligations(3)	40	45	73	18	5	3	8	6	33
Off balance sheet									
Operating leases(8)	243	220	224	67	47	40	25	16	29
Indemnities for conscience clauses(9)	16	10	11	11					
Total	**1,110**	**1,086**	**1,035**	**275**	**177**	**430**	**68**	**23**	**62**

NB: Pension and post-employment benefit obligations are detailed in note 5.2.15.

Breakdown of other commitments as at December 31, 2011 by maturity

(in euro million)	Total 12/31/09	Total 12/31/10	Total 12/31/11	2012	2013	2014	2015	2016	After 2016 or unknown
Investing activity commitments given									
Warranty for businesses disposed of(7)	50	18	0						
Majority interests buy-out(10)		7	15				11		4
Total	**50**	**25**	**15**	**0**	**0**	**0**	**11**	**0**	**4**
Operating activity commitments given									
Security for media space buying(4)	7	13	11	10	1				
Other commitments(5)	16	14	29	2	8	1			18
Total	**23**	**27**	**40**	**12**	**9**	**1**	**0**	**0**	**18**
Financing activity commitments received									
Confirmed credit lines unused(6)	258	339	446	70	100			276	
Total	**258**	**339**	**446**	**70**	**100**	**0**	**0**	**276**	**0**

(1) As indicated in note 5.1.4.28, 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 5.1.4.27, 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, entered into on market terms, 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 "2012".

(4) In certain countries, media space buying operations carried out by agencies may be secured by Havas, if required by local practices.

(5) In connection with the defined benefit schemes of two UK subsidiaries, Havas undertook to make additional provisions for a maximum total of €20.4 million in the event of any shortfall in the pension fund assets. As at December 31, 2011, €2.6 million was provided for compared to €9.8 million and €3.0 million as at December 31, 2010 and 2009 respectively.

In addition, Havas secures for the fulfillment of certain operations undertaken by its subsidiaries or a total amount of €11.3 million as at December 31, 2011.

The commitments given by Havas to permit its UK subsidiaries to use automated payment services do not constitute financial security given to the banks by Havas. They consist of letters of comfort for the benefit of Havas subsidiaries. The amounts reported in 2010 and 2009, of €86.3 million and €83.7 million respectively, are not included in the above table.

(6) As at December 31, 2011, total unused credit lines that have been confirmed by banks amounted to €446.4 million of which €376.0 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 €186.2 million, 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, 2011, all such warranties had expired.

(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. His resignation from the position of Chief Executive Officer of Havas SA in 2011 does not affect clauses tied to a significant change in the shareholding of Media Planning Group SA. These clauses remain valid for 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 €11.3 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, 2011, the discounted value of this commitment amounted to €14.5 million compared to €7.4 million as at December 31, 2010.

(11) Indemnities for departure (see section 18.4 "Agreement that can lead to a change of control")

Indemnities for departure would be due by the Group only if the contract of employment was terminated by the employer, except in cases of serious professional misconduct. About fifty managers in the Group would benefit from the indemnities. Total indemnities could amount to €20.9 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:

Financial instruments *(in euro million)*	**2011**		2010		2009	
	Net book value	**Fair market value**	Net book value	Fair market value	Net book value	Fair market value
Financial assets						
Cash and cash equivalents	780	780	961	961	913	913
Accounts receivable(1)	1,517	1,517	1,415	1,415	1,229	1,229
Other receivables(1)	557	557	542	542	452	452
Other current financial assets(1)	19	19	17	17	14	14
Financial assets available for sale(2)	7	7	9	9	10	10
Other non-current financial assets	9	9	11	11	13	13
Financial liabilities						
Bank overdrafts	6	6	7	7	18	18
Accounts payable(1)	1,478	1,478	1,402	1,402	1,214	1,214
Other payables(1)	1,126	1,126	1,073	1,073	984	984
Other current liabilities(1)	5	5	8	8	14	14
Current maturities of long-term borrowings (<1 year)	186	186	170	170	83	83
Long-term borrowings(3)	537	537	623	623	704	704
Other non-current liabilities	2	2	3	3	2	2

(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 million issued in November 2009 are listed on the Luxembourg stock market. No transactions on the stock market came to the knowledge of Havas. As a result, the carrying value of this borrowing is shown as equal to its market value.

Havas was not aware of any transfers of financial assets without transferring full risks as at December 31, 2011.

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 an initial amount of €270 million against a net interest rate at 3.803% over the duration of the OBSAARs, this amount been reduced down to €180 million further to the repayment of the first tranche;
- 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 € million)*	Fair market value *(in € million)*	Maturity
12/31/11			
Interest rate swaps			
EUR	180	(7)	2012-2013
EUR	350	3	2012
Total		**(4)**	
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)**	

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, 2011 by maturity is as follows:

Contractual values *(in euro million)*	**Total as at 12/31/11**	<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	180	90	90	
Net liabilities (assets) bearing fixed interest rate after hedges	**180**	**90**	**90**	**0**
Floating interest rate				
OBSAARs 2006	180	90	90	
OBSAARs 2008	100		100	
Commercial paper	50	50		
Bank borrowings	34	34		
Bank overdrafts	6	6		
Other financial liabilities	2	2		
Cash and cash equivalents	(780)	(780)		
Net liabilities (assets) bearing floating interest rate before hedges	**(408)**	**(598)**	**190**	**0**
Effect of the swap hedging bonds	350		350	
Effect of the swap hedging OBSAARs 2006	(180)	(90)	(90)	
Net liabilities (assets) bearing floating interest rate after hedges	**(238)**	**(688)**	**450**	**0**

Net assets in contractual value at variable interest rate after hedges amounted to €238 million. A change of 100 basis points would produce an impact of €2.4 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 €6.9 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 Executive Committee.

Liquidity risk

As at December 31, 2010, Havas had cash and cash equivalents of €780.5 million of which €550.2 million was made up of credit balances at banks, and €230.3 million of 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 €186.2 million, confirmed mid-term credit lines for a total amount of €446.4 million, including €276.0 million maturing in 2016, and a plan to issue commercial paper for a total amount of €300.0 million of which €50.0 million was issued as at December 31, 2011.

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.

Centralizing the bulk of cash balances held by key countries enables Havas 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 €197.0 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, 2011 amounted to €602.6 million.

This amount includes, in particular, the OBSAARs which are subject to financial covenants as defined in note 5.2.13.3.

As at December 31, 2011, 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 2 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 2011, 38.8% of Group revenue was in euros, 30.5% in US dollars and 10.7% in British pounds, while 31.6% of income from operations was in euros, 34.4% in US dollars, and 9.3% 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 2011, the euro declined against the US dollar and the British pound. Currency translation adjustments impacted positively on Group share of consolidated equity for a total amount of €16.4 million and €3.9 million respectively. In contrast, the euro appreciated against the Brazilian real, the Mexican peso and the Polish zloty, for negative impacts of €–2.1 million, €–2.8 million and €–3.0 million respectively.

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 simple instruments ("plain vanilla" 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, 2011, 2010 and 2009:

12/31/11

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
ILS	EUR	3.6	0.8	(0.0)	2013
ILS	EUR	0.4	0.1	(0.0)	2012
EUR	USD	193.3	250.1	3.1	2012
AUD	EUR	13.0	10.2	(0.5)	2012
CAD	EUR	2.4	1.8	(0.0)	2013
CAD	EUR	4.5	3.4	(0.1)	2012
PLN	EUR	3.0	0.7	0.1	2012
PLN	GBP	0.9	0.2	0.0	2012
GBP	USD	1.2	1.9	0.1	2012
GBP	EUR	1.3	1.5	(0.0)	2012
GBP	CAD	0.0	0.1	0.0	2012
GBP	MXN	0.0	0.5	(0.0)	2012
GBP	CZK	0.0	1.0	(0.0)	2012
GBP	HUF	0.0	5.7	(0.0)	2012
GBP	AED	0.1	0.7	0.0	2012
GBP	JPY	0.2	20.1	0.0	2012
GBP	ZAR	0.1	1.5	(0.0)	2012
GBP	AUD	0.2	0.3	0.0	2012
CHF	EUR	0.0	0.0	(0.0)	2012
EUR	GBP	0.2	0.1	0.0	2012
EUR	CHF	0.2	0.2	0.0	2012
EUR	HUF	0.0	11.5	(0.0)	2012
EUR	NOK	0.4	2.8	0.0	2012
EUR	PLN	1.0	4.3	(0.1)	2012
EUR	SEK	0.1	1.0	0.0	2012
USD	HRK	0.2	1.2	(0.0)	2012
USD	KZT	0.0	1.0	(0.0)	2012
USD	RUB	0.2	7.5	(0.0)	2012
USD	TRY	0.8	1.9	(0.0)	2012
TRY	USD	1.0	0.4	(0.0)	2012
USD	ZAR	0.5	5.2	0.0	2012

12/31/10

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

12/31/09

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	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

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, 2011 by main currency:

(in euro million)	Total	Euro	US dollar	British pound	Other
Assets	4,861	2,937	744	358	822
Liabilities	3,555	2,240	495	224	596
Net assets before hedges	1,306	697	249	134	226
Currency swaps	0	(177)	193	(3)	(13)
Net assets after hedges	**1,306**	**520**	**442**	**131**	**213**

Capital management

The objective of Havas is to maintain a reasonable level of "Net debt/Total consolidated equity" ratio.

(in euro million)	**2011**	2010	2009
Net debt – (Net cash and cash equivalents)	37	(87)	(48)
Total consolidated equity	1,306	1,203	1,087
Net debt – (Net cash and cash equivalents)/Total consolidated equity ratio	**2.8%**	**–7.2%**	**–4.4%**

Havas SA has not entered into any liquidity agreement intended to ensure liquidity in the market for treasury stock.

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, the Court of Cassation, in a ruling handed down on March 1, 2011, quashed the decision of the Paris Court of Appeal of January 14, 2010. The case has been referred to the Paris Court of Appeal and is now pending;
- the principle of Mr. de Pouzilhac's eligibility for supplementary pension entitlements established on behalf of company managers of Eurocom. Havas took its case to Paris Court of Appeal, which ruled that there were no grounds for appeal.

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

2. Alain Cayzac terminated his employment contract, considering that circumstances allowed him to invoke the conscience clause.

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

Mr. Cayzac referred his case to the conciliation tribunal *(Conseil des Prud'hommes)* of Nanterre.

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. Following a request from Mr. Cayzac for the stay of proceedings to be revoked, the conciliation tribunal is expected to rule on his request, and on the substance of the case, in April 2012.

The total indemnities, damages and social charges that have been claimed or could be claimed from the Company amount to the sum of €2.5 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.

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 owed by the French Treasury.

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 2011, the Administrative Court had not yet reached any decision.

Further to the tax inspection for 2002 to 2005, the French Tax Authority notified corrections to taxable results for those years 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 2011. Since these adjustments related solely to a portion of the Group's tax loss carried forward, no provision for risk has been provided for in Havas financial statements.

Further to the tax inspection of Havas SA for 2008 and 2010, the French Tax Authority notified an increase in the compensation base subject to payroll tax.

Havas SA recognized a provision for risk and expenses of €645 thousand.

Risk in connection with Dentsu

Following cancellation of the arbitral award of 2000, which rejected Dentsu's application for reimbursement of the price of the sale by Havas of Belgian company Eurocom International Brussels, Dentsu brought further arbitral proceedings in June 2011. The Belgian court of arbitration is expected to make a ruling in 2012.

5.2.31. Consolidation scope as at December 31, 2011

	% Holding	% Control
EUROPE		
GERMANY		
EURO RSCG GMBH	100	100
EURO RSCG ABC GMBH	100	100
EURO RSCG ABC AGENTUR FUR KOMMUNNIKATION 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
PROVIDENCE	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 ESPAÑA, S.A.	100	100
EVENTO ORIGINAL DE COMUNICACION, S.A.	100	100
ASCI DIRECT, S.A.	90	90
ARNOLD4D, S.L.	100	100
HAVAS DESIGN PLUS	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

	% Holding	% Control
MEDIA CONTACT, S.A.	100	100
METRICS IN MARKETING, S.A.	100	100
ARCHIBALD INGALL STRETTON, 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.	100	100
PROXIMIA HAVAS, S.L.	100	100
LATTITUD MEDIA, S.L.	100	100
IGLUE MEDIA, S.L.	100	100
WONDERLAND HAVAS, 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 & ASSOCIÉS (MFA)	71	71
LEG	100	100
H	100	100
H4B ALL BLACKS	100	100
146 & CIE	100	100
THE HOURS PUBLISHING	100	100
THE HOURS FRANCE	100	100
HAVAS EVENT	88	100
AFFIPERF	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	59	59
EURO RSCG RH	98	100
W ONE	59	100
EURO RSCG RUSSIA HOLDINGS S.A.S.	100	100
RUSSIA COMMUNICATION	51	51
HAVAS 04	100	100
HAVAS 05	100	100
HAVAS 06	100	100
HAVAS 08	100	100

	% Holding	% Control
UMT	100	100
HAVAS SPORTS ENTERTAINMENT	100	100
L'ÉVÉNEMENTIEL FRANCE	99	99
HAVAS ÉDITION	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 PÔLE RESSOURCES HUMAINES	93	93
HAVAS FINANCES SERVICES (HFS)	100	100
HAVAS 10	58	58
OPCI DE LA SEINE ET DE L'OURCQ	100	100
HAVAS IMMOBILIER	100	100
HAVAS PARTICIPATIONS	100	100
FINANCIÈRE DE LONGCHAMP	100	100
LONGCHAMP PARTICIPATIONS	100	100
RITA	100	100
HAVAS IT	100	100
GREECE		
EURO RSCG ATHENS A.E.	95	95
COMMUNICATION GROUP FUEL ATHENS ADVERTISING S.A.	95	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	41	51
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	100	100
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

	% Holding	% Control
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
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	100	100
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

	% Holding	% Control
THE EDGE GLOBAL EVENT LIMITED	100	100
EURO RSCG LONDON LIMITED	100	100
THE MAITLAND CONSULTANCY LIMITED	100	100
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
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
CAKE MEDIA LTD	75	100
CAKE GROUP LIMITED	75	75
BETC LONDON LIMITED	79	79
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 HOLDINGS LIMITED	100	100
HAVAS SHARED SERVICES LIMITED	100	100
HAVAS CANADA HOLDINGS LIMITED	100	100
SWITZERLAND		
EURAD AG	100	100
EURO RSCG LIFE 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
EURO RSCG LATINO, INC	99	99
EURO RSCG MAGNET, INC	100	100

	% Holding	% Control
EURO RSCG WORLDWIDE, LLC	100	100
EURO RSCG NEW YORK, INC	100	100
CHINOOK HOLDINGS, INC	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	63	63
THE HOURS ENTERTAINMENT, INC	100	100
THE HOURS USA	100	100
WASHINGTON PRINTING, LLC	100	100
ARENA MIAMI, 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
CAMP + KING, LLC (equity method)	25	25
AUDREY, LLC	100	100
SOCIAL CRAFT, LLC	51	51
MEDIA PLANNING GROUP USA, LLC	100	100
MEDIA PLANNING INTERNATIONAL CORPORATION	100	100
MEDIA CONTACTS CORPORATION	100	100
HM INFINITUM, LLC	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.	70	70
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
ARNOLD FURNACE PTY LTD	100	100
THE RED AGENCY PTY LTD	100	100
EURO RSCG AUSTRALIA PTY LTD	100	100
HOST CONSULTY PTY LTD	51	51
ARCADE PTY LTD	51	100
RAINY DAY INDUSTRIES PTY LTD	46	90
OGB HOLDINGS PTY LTD	51	51
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
SHENZHEN PORDA PR. CO., LTD	51	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
PORDA INTERNATIONAL (FINANCE) PR C., LTD	51	51
VISIONNAL ROADSHOW COMPANY LIMITED HKD COMPANY	51	100
INDIA		
EURO RSCG ADVERTISING PRIVATE LIMITED	100	100
MPG INDIA PRIVATE LIMITED	100	100
EURO RSCG 4D MATRIX PRIVATE LTD	62	71
FORTIS	51	51
INDONESIA		
PT ADIWARA KRIDA	86	86
PT.MPG INDONESIA	100	100
JAPAN		
EURO RSCG PARTNERSHIP JAPAN LTD	100	100
MALAYSIA		
EURO RSCG PARTNERSHIP (M) SDN BHD	94	94
EPIC-OMNILINK INTEGRATED SDN BHD	100	100
EURO RSCG MINDA SDN BHD	51	51

	% Holding	% Control
PHILIPPINES		
EURO RSCG PHILIPPINES INC (equity method)	30	30
AGATEP ASSOCIATES INC (equity method)	30	30
MEDIA CONTACTS PHILIPPINES	50	50
SINGAPORE		
EURO RSCG SIREN PTE LTD	51	51
STAREAST COMMUNICATIONS PTE LTD	100	100
EURO RSCG (S) PTE LTD	100	100
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	100	100
DIRECT IMPACT CO. LIMITED	100	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 COMUNICAÇÕES LTDA	100	100
EURO RSCG FUEL COMUNICAÇÕES LTDA	100	100
EURO RSCG LIFE COMUNICAÇÕES S.A.	51	51
EURO RSCG RIO COMUNICAÇÕES LTDA	100	100
MEDIA CONTACT BRAZIL LTDA	100	100
IGLUE SERVICOS DE MARKETING LTDA	75	75
Z+ COMUNICAÇÃO LTDA	70	70
HVS PARTICIPAÇÕES LTDA	100	100
LATTITUD BRAZIL COMMUNIÇÃO LTDA	99	99
HAVAS SPORTS & ENTERTAINMENT BRASIL LTDA	100	100
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

	% Holding	% Control
ARENA CHILE S.A.	80	99
HAVAS 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
MEDIA ADVISORS LTDA	80	100
ARENA COMMUNICATION COLOMBIA S.A.	76	95
REAL PERFORMANCE MEDIA S.A.S.	100	100
COSTA RICA		
RED STAR DIGITAL CR LIMITADA	100	100
MEXICO		
EURO RSCG BEKER SA DE CV	100	100
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

	% Holding	% Control
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
ARENA MEDIA SA DE CV	79	98
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	58	100
AZURAGLO (PTY) LIMITED	58	100
HAVAS SPORTS SOUTH AFRICA	100	100

5.2.32. Auditors' fees recognized by the Group

	Constantin Associés[1]				AEG Finances				Other				Total			
	(in euro million)		%		*(in euro million)*		%		*(in euro million)*		%		*(in euro million)*		%	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
Audit																
Auditing, certification, review of individual and consolidated accounts																
• Issuer	0.5	0.4			0.4	0.4							0.9	0.8		
• Fully consolidated subsidiaries	2.8	3.1			0.1	0.1			0.8	0.7			3.7	3.9		
Additional assignment																
• Issuer	0.1	0.1											0.1	0.1		
• Fully consolidated subsidiaries		0.2												0.2		
Sub-total	**3.4**	**3.8**	**89%**	**95%**	**0.5**	**0.5**	**100%**	**100%**	**0.8**	**0.7**	**80%**	**78%**	**4.7**	**5.0**	**89%**	**93%**
Other services																
Legal, tax, employment related matters	0.2	0.1							0.1	0.2			0.3	0.3		
Other	0.2	0.1							0.1				0.3	0.1		
Sub-total	**0.4**	**0.2**	**11%**	**5%**					**0.2**	**0.2**	**20%**	**22%**	**0.6**	**0.4**	**11%**	**7%**
Total	**3.8**	**4.0**	**100%**	**100%**	**0.5**	**0.5**	**100%**	**100%**	**1.0**	**0.9**	**100%**	**100%**	**5.3**	**5.4**	**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

- **At the end of January 2012,**

  Havas SA moved to new headquarters at 29/30, quai de Dion-Bouton – 92800 Puteaux.

- **March 23, 2012,**

  Havas announces the filing of a draft share repurchase tender offer for its own shares ("OPRA") and a draft simplified offer for warrants to subscribe to and/or acquire redeemable shares issued in 2006 ("2006 BSAAR") ("OPAS"):

- **€253 million share repurchase tender offer targeting 51,729,602 shares (12% of the share capital):**

– **repurchase price of €4.90(1) per share, a premium of 28% to the volume weighted average over one month of the Havas share(2);**
– **accretive impact of 10.8% on 2011 eps(3);**
– **2011 net debt/EBITDA ratio post operation of 1.2x enabling the Company to pursue its organic and external growth and its dividend policy;**

- **Simplified offer targeting the 36,085,716 outstanding 2006 BSAAR:**

– **Simplified offer price of €0.40 per BSAAR.**

(1) Dividend of €0.11 for the 2011 financial year detached.
(2) Average adjusted by the detachment of the dividend.
(3) Assuming a take-up rate of 100%.

SHARE REPURCHASE TENDER OFFER

The Havas Board of Directors, having met on March 23, 2012, noted a gap between the Group's operating and financial performances and its stock-market valuation. The benefits of the strategic and financial actions undertaken since 2005 have resulted in Havas's net earnings Group share more than doubling (with net earnings, group share rising from €46 million on December 31, 2006 to €120 million on December 31, 2011), while over the same period, the Havas share price has only risen by 2.3%, which today means that its valuation multiples are discounted compared with other companies in the sector.

Noting also that these good performances have resulted in extremely moderate debt levels (net financial debt/EBITDA ratio of 0.1x on December 31, 2011 and a cash position of over €780 million), Havas's Board of Directors has decided a share repurchase tender offer targeting 51,729,602 shares at a unit price of €4.90 (dividend for the 2011 financial year detached), i.e. a total amount of €253 million. The repurchased shares will be cancelled.

This operation will:

- offer shareholders who wish to participate in the share repurchase offer the possibility of selling a part of their shares at a substantial premium of 28% to the one-month weighted average share price, in line with valuation figures calculated by the presenting banks of the share repurchase offer and the independent expert.
- lead to an increase in 2011 undiluted EPS, Group share of 10.8% (assuming a take-up rate of 100%); and
- help to optimise the Company's capital structure in a context of very low interest rates, without penalising either its capacity to pursue both organic and external growth, or its dividend policy (the net financial debt/EBITDA ratio on December 31, 2011 following the share repurchase tender offer and the simplified offer, assuming a take-up rate of 100%, will be 1.2x and 1.4x dividend for the 2011 financial year detached).

Accordingly, through this transaction, the Havas Board of Directors is seeking to affirm its confidence in the prospects of the Havas Group and in the strategy pursued over several years, which have resulted in outstanding operating performances and a robust financial position.

Mr. Vincent Bolloré, and the companies in the Bolloré group, which today hold 32.84% of Havas's share capital, have let it be known that they do not intend to tender their shares to the share repurchase offer. Under the terms of the exemption from filing a mandatory takeover, granted by the French Regulator *(Autorité des Marchés Financiers – "AMF")* on March 13, 2012, Mr. Vincent Bolloré and companies of the Bolloré Group have undertaken, at the request of the AMF, not to subsequently exceed the percentage ownership of Havas capital that will result from the cancellation of shares tendered to the share repurchase tender offer (37.32% of the capital and voting rights should the share repurchase tender offer be 100% successful), and not to influence the outcome of the vote on the resolution relating to the share repurchase tender offer, said resolution to be voted by the General Meeting of shareholders called on May 12, 2012.

SIMPLIFIED OFFER

The Board of Directors has decided to offer the holders of 2006 BSAAR, who so wish, the opportunity to sell their 2006 BSAAR at a price of €0.40 per 2006 BSAAR. Accordingly, holders of 2006 BSAAR will be offered liquidity for their securities which is something that the market is not currently providing in a satisfactory manner – limited number of quotation days (50 quotation days over the last six months) and limited trading volumes (average daily volume of €4,331 representing only 0.1% of the number of 2006 BSAAR outstanding on January 31, 2012). This very limited liquidity results in an inefficient valuation of the 2006 BSAAR, especially in view of the performance of the Havas share price. For Havas shareholders, the purchase and cancellation of the 2006 BSAAR have the advantage of eliminating the potential dilution attached to their exercise.

An independent expert opinion on the financial terms of the share repurchase tender offer and the simplified offer has been issued by Sorgem Evaluation, which has found them to be fair.

The share repurchase tender offer, the simplified offer and the draft offer document remain subject to the examination by the the AMF. The draft offer document is available on the websites of Havas (www.havas.com) and of the AMF (www.amf-france.org).

As an indication the offer period for both the share repurchase offer and the simplified offer would be expected to run from May 21, 2012 to June 11, 2012.

20.4. Statutory auditors' report on the consolidated financial statements

For the year ended December 31, 2011

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, 2011, 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 5.1.4.4 "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 2011, 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 €1,559 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 5.1.4.14 "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 €80 million, as described in notes 5.1.4.21 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 5.1.4.21 "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 March 27, 2012

The Statutory Auditors

AEG Finances	Constantin Associés
Jean-François Baloteaud	Jean-Paul Séguret

20.5.

Statutory accounts for the year ended December

BALANCE SHEET for the year ended december 31, 2011

ASSETS

(in euro thousand)	Notes	2011 Gross	2011 Amortization, depreciation and provisions	2011 Net	2010 Net	2009 Net
Intangible fixed assets		**617,237**	**5,621**	**611,616**	**562,037**	**562,113**
Tangible fixed assets						
Land						
Buildings		17,590	16,014	1,576	3,702	5,459
Equipment		53	44	9	10	13
Other		11,405	6,109	5,296	895	1,493
Sub-total		**29,048**	**22,167**	**6,881**	**4,607**	**6,965**
Investments(1)						
Investments in subsidiaries and affiliates	1 to 3	1,726,411	103,696	1,622,715	1,529,124	1,519,388
Receivables from related entities	1 to 4	604,202	51,108	553,094	537,453	580,338
Other long-term investments	1 to 4	18		18	18	18
Loans	1 to 4	2,082		2,082	1,807	495
Other	1 to 4	719	26	693	682	3,083
Sub-total		**2,333,432**	**154,830**	**2,178,602**	**2,069,084**	**2,103,322**
Total fixed assets		**2,979,717**	**182,618**	**2,797,099**	**2,635,728**	**2,672,400**
Advances to suppliers		**437**		**437**	**106**	**48**
Accounts receivable(2)						
Trade receivables		24,534		24,534	22,167	13,736
Other receivables		2,926		2,926	1,441	3,397
Sub-total	**5**	**27,897**	**0**	**27,897**	**23,714**	**17,181**
Other current assets(2)	**5**	**25,494**	**2**	**25,492**	**29,901**	**19,909**
Marketable securities	**6**	**222,743**		**222,743**	**387,158**	**631,853**
Cash	**7**	**373,213**		**373,213**	**349,694**	**42,392**
Prepaid expenses	**8**	**1,008**		**1,008**	**2,635**	**2,987**
Total current assets		**650,355**	**2**	**650,353**	**793,102**	**714,322**
Deferred charges	**8**	**1,878**		**1,878**	**2,519**	**3,403**
Currency translation adjustments		**131**		**131**	**107**	**117**
Total Actif		**3,632,081**	**182,620**	**3,449,461**	**3,431,456**	**3,390,242**
(1) Due within one year		532,032		532,032	532,419	583,835
(2) Due beyond one year			–	–	–	12

LIABILITIES

(in euro thousand)	Notes	2011	2010	2009
			Before appropriation	
Share capital		**172,432**	**172,209**	**171,949**
Share premium account		**1,469,424**	**1,467,576**	**1,466,152**
Reserves				
Legal reserves		17,221	17,195	17,195
Other reserves		333,484	333,484	295,843
Sub-total		**350,705**	**350,679**	**313,038**
Retained earnings		**11,154**		
Net income		**87,140**	**54,288**	**72,073**
Investment subsidies		**9,500**		
Regulatory provisions		**610**	**366**	**154**
Total shareholders' equity	**9**	**2,100,965**	**2,045,118**	**2,023,366**
Provisions for risks		**7,499**	**9,541**	**11,468**
Provisions for expenses		**6,627**	**4,430**	**4,777**
Total provisions for risks and expenses	**10**	**14,126**	**13,971**	**16,245**
Financial liabilities				
Other bonds		630,000	720,000	720,000
Bank borrowings(4)		55,038	38,024	43,496
Other borrowings and financial liabilities		562,477	538,999	514,479
Sub-total	**11**	**1,247,515**	**1,297,023**	**1,277,975**
Advances from customers				**6**
Current liabilities:				
Trade payables		20,519	10,049	17,176
Tax and social security liabilities		56,573	47,187	46,516
Liabilities on fixed assets		2,754	10,344	1,123
Other liabilities		6,157	7,052	7,715
Sub-total	**11**	**86,003**	**74,632**	**72,536**
Total liabilities(3)	**11**	**1,333,518**	**1,371,655**	**1,350,511**
Deferred income		**585**	**318**	**46**
Currency translation adjustments		**267**	**394**	**74**
Total liabilities and equity		**3,449,461**	**3,431,456**	**3,390,242**
(3) Due within one year		790,735	733,315	630,320
Due beyond one year		542,783	638,340	720,191
(4) Including bank overdrafts		2,032	17	489

INCOME STATEMENT for the year ended december 31, 2011

(in euro thousand)	Notes	2011	2010	2009
Revenue	**13**	**43,277**	**29,939**	**19,469**
Cost of sales		(11,308)	(4,408)	(9,777)
Gross income		**31,969**	**25,531**	**9,692**
Other operating income	**14**	**25,574**	**23,783**	**26,034**
General expenses		(24,794)	(17,106)	(23,585)
Tax		(4,088)	(2,676)	(2,510)
Compensation		(27,671)	(22,236)	(20,932)
Amortization and provisions		(8,273)	(3,226)	(3,237)
Other expenses		(319)	(374)	(155)
Total other operating expenses		**(65,145)**	**(45,618)**	**(50,419)**
I. Operating income		**(7,602)**	**3,696**	**(14,693)**
Profit		2,836	1,409	246
Loss				
II. Share of profit/(loss) on joint ventures	**15**	**2,836**	**1,409**	**246**
Dividends(1)		110,708	86,161	99,578
Interest income on other investments		113	31	17
Other interest income(1)		10,455	6,491	1,435
Reversals of provisions on investments and other financial charges		33,023	1,723	276
Exchange rate gains		46,484	26,046	15,184
Net profit on disposals of marketable securities		1,044	2,475	1,725
Total financial income		**201,827**	**122,927**	**118,215**
Amortization and provisions		(25,738)	(16,369)	(11,038)
Interest and expenses(2)		(45,084)	(35,973)	(21,319)
Exchange rate losses		(47,102)	(26,223)	(15,060)
Net expenses on disposals of marketable securities				
Total financial expenses		**(117,924)**	**(78,566)**	**(47,418)**
III. Net financial income	**16**	**83,903**	**44,361**	**70,797**
IV. Income before non-operating items and tax		**79,137**	**49,466**	**56,350**
Non-operating income on management operations		532	15	272
Non-operating income on capital operations		188	1	2,851
Reversals of non-operating provisions and expense transfers		7,441	10,482	3,392
Total non-operating income		**8,161**	**10,498**	**6,515**
Non-operating expenses on management operations		(1,667)	(5,140)	(29)
Non-operating expenses on capital operations		(45)	(5,720)	(1,938)
Amortization and provisions		(3,651)	(6,375)	(4,104)
Total non-operating expenses		**(5,363)**	**(17,235)**	**(6,071)**
V. Net non-operating income	**17**	**2,798**	**(6,737)**	**444**
Employee profit-sharing		(572)	(488)	(517)
Income tax	18	5,777	12,047	15,796
Net income/(loss)		**87,140**	**54,288**	**72,073**
(1) Including income relating to related entities		113,790	86,492	100,092
(2) Including interest relating to related entities		5,811	4,215	4,795

STATEMENT OF CASH FLOWS

(in euro thousand)	**2011**	2010	2009
Operating activities			
Net income	87,140	54,288	72,073
Elimination of non-cash items			
+ Amortization and provisions (net)	(2,809)	13,231	14,710
– Gains/(losses) on disposal of fixed assets	2	5,614	(1,212)
Operating cash flow	**84,333**	**73,133**	**85,571**
Changes in cash on operating activities(1)	30,762	(14,652)	1,543
Net cash provided/(used) by operating activities	**115,095**	**58,481**	**87,114**
Investing activities			
Purchase of fixed assets			
Intangible and tangible	(4,968)	(67)	(284)
Investments(2)	(210,944)	(29,052)	(103,978)
Sub-total	**(215,912)**	**(29,119)**	**(104,262)**
Proceeds from sales of fixed assets			
Intangible and tangible			
Investments(3)	53,974	45,628	23,993
Sub-total	**53,974**	**45,628**	**23,993**
Investment subsidy	9,500		
Changes in debts on fixed assets(4)	(7,709)	9,221	(2,843)
Changes in receivables from disposal of fixed assets	232	(122)	(58)
Deferred charges	(358)		
Cash flow of companies absorbed	1,042		
Net cash provided/(used) by investing activities	**(159,231)**	**25,608**	**(83,170)**
Financing activities			
Dividends paid	(43,108)	(34,432)	(17,195)
Share capital increases	2,071	1,684	10
Changes in debt(5)	(57,739)	11,738	44,747
Net cash provided/(used) by financing activities	**(98,776)**	**(21,010)**	**27,562**
Change in cash flow for the period	(142,912)	63,079	31,506
Net cash at opening	736,835	673,756	642,250
Net cash at closing	**593,923**	**736,835**	**673,756**

The main changes in line items in the statement of cash flows relate to:

(1) 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 the "Trade receivables" line item. The latter was accentuated by late billing of royalties on trademarks and holding company costs.
2011 financial period: The complete transfer of assts and liabilities (TUP) from Euro RSCG SA to Havas gave rise to a material change in WCR due mainly to:
– the "Receivables" line item, due to the increase in holding company costs billed;
– dividends received by Havas SA, and previously provisioned by Euro RSCG SA prior to the TUP.

(2) 2009 financial year:
– 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 year:
– Subscriptions to the capital of companies in France and Asia.
– Acquisition of a company in Asia.
– Recognition of earn-out commitments.
2011 financial year :
– Subscriptions to the capital of companies in France, Italy and Australia.
– Adjustment to the earn-out commitment on a subsidiary in Asia.
– Loans to subsidiaries, mainly in France and Asia.

(3) 2009 financial year: Reimbursement of deposits paid in 2008.
2010 financial year: Reimbursement of a loan by one of our subsidiaries.
2011 financial year:
– Reimbursement of a loan by one our subsidiaries in the UK.
– Balance of a fully provisioned advance, and capitalization of a loan made to French subsidiaries.

(4) 2011 financial year: Investment subsidy obtained by the Group on the acquisition of its new headquarters in Puteaux.

(5) 2010 and 2011 financial years: Change in payments under earn-out clauses on investments in subsidiaries and affiliates.

(6) 2009 financial year:
– 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.
2011 financial year:
– Issue of commercial paper for €50 million.
– Cash provided to Havas by subsidiaries in the cash pooling arrangement for €17 million.
Main reductions:
– Repayment at November 30, 2011 of the first tranche of the 2006 OBSAAR for €90 million.
– Repayment at the beginning of January 2011 of commercial paper for €35 million.

NOTES TO THE STATUTORY ACCOUNTS for the year ended december 31, 2011

All the amounts in these notes are in €000 (thousand) unless otherwise stated.

1. Significant events of the period

Through one of its subsidiaries, Havas acquired new headquarters in Puteaux.

On May 31, 2011, Euro RSCG SA made a complete transfer of its assets and liabilities (TUP) to Havas SA.

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 2011 statutory accounts were drawn up according to the same rules and principles as the 2010 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 Euro RSCG SA 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 Euro RSCG SA to Havas SA consist mainly of a portfolio of shareholdings in operational companies in the Havas Worldwide French network.

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 and 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 (earn-out) clauses 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 at the balance sheet date.

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	Movements	Value at end of period
Intangible fixed assets	563,382	12		53,843	617,237
Tangible fixed assets	23,694	4,956		398	29,048
Investments					
• Investments in subsidiaries and affiliates	1,638,083	143,312	2	(54,982)	1,726,411
• Accounts receivable	590,813	66,653	53,264		604,202
• Other	2,533	979	710	17	2,819
Total gross fixed assets	**2,818,505**	**215,912**	**53,976**	**(724)**	**2,979,717**

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 and from Euro RSCG to Havas SA on May 31, 2011 for €52 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, Italy and Australia and to the adjustment of an earn-out commitment on a subsidiary in Asia.

Receivables from related entities
Movements in this line item consist for the most part of advances to subsidiaries, reimbursements of loans made by subsidiaries over the financial period, the balance of a fully-provisioned receivable and the capitalization of a loan.

Note 2: Fixed asset amortization and depreciation

Change in amortization and depreciation

	Value at start of period	Increases	Reductions	Movements	Value at end of period
Intangible fixed assets	1,345	3,854		422	5,621
Tangible fixed assets	19,087	2,826		254	22,167
Investments					
• Investments in subsidiaries and affiliates	108,959	21,540	26,803		103,696
• Accounts receivable	53,360	3,858	6,110		51,108
• Other	26				26
Total amortization and provisions	**182,777**	**32,078**	**32,913**	**676**	**182,618**

Amortization of investments

Investments in subsidiaries and affiliates
At December 31, 2011, amortization of investments in subsidiaries and affiliates was €103,696 thousand, compared with €108,959 thousand at December 31, 2010.

Allowances of €21,540 thousand and recoveries of €26,803 thousand recognized in 2011 are a result of a reduction in the value in use of certain of our shareholdings.

Receivables from related entities
At December 31, 2011, the depreciation allowance on receivables from related entities of €51,108 thousand concerns mainly current accounts with companies no longer operational.

Note 3: Subsidiaries and investments at December 31, 2011

(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
I – Detailed information relating to subsidiaries whose gross book value exceeds 1% of Havas' share capital											
A – Subsidiaries											
French subsidiaries											
LEG	98	1,220	100%	3,218	3,218		154	24,164	1,198	1,514	440,988,343
EURO RSCG LIFE	703	–3,125	100%	4,331	4,331			10,000	–1,414		334,317,950
HA POLE RESSOURCES HUMAINES SA	137	7,497	93%	5,155	5,155			–	11		351,746,946
HAVAS SPORT ENTERTAINMENT	389	–4,994	100%	17,454	17,454		5,369	23,911	–3,894		413,743,741
EURO RSCG 360	20,000	19,981	100%	37,900	37,900			33,232	–1,429	13	493,483,311
HAVAS MEDIA FRANCE	5,261	2,291	100%	94,236	94,236		1,500	91,171	1,408	720	403,201,767
HAVAS PARTICIPATIONS	6,247	430	100%	6,247	6,247			–	–113		487,596,264
BETC EURO RSCG	11,919	20,730	100%	23,894	23,894		475	142,773	7,733		428,688,485
EURO RSCG 4D	9,891	1,040	100%	8,211	8,211			18,818	911		493,477,574
EURO RSCG C&O	139	6,416	99%	29,677	29,677			91,897	2,728		349,208,447
W&CIE SA	124	9,222	59%	7,873	7,873	1,156		27,071	1,580	412	414,344,770
HAVAS DIGITAL MEDIA	40	2,041	100%	38,000	38,000			5,967	–1,237		431,607,670
OPCI DE LA SEINE ET DE L'OURCQ	135,000		99%	133,500	133,500	23,994			–34		534,896,204
H	1,532	25,420	100%	36,996	36,996			53,285	1,499	313	421,788,647
	56,480	**88,169**		**446,692**	**446,692**	**25,150**	**7,498**	**522,289**	**8,981**	**2,972**	
Foreign subsidiaries											
HAVAS MANAGEMENT ESPAÑA	2,570	201,318	100%	261,172	261,172	233,427		59,444	3,882	25,000	
EURO RSCG MIDDLE EAST FZ LLC	1,350	936	50%	7,129	7,129			6,417	1,972	1,752	
HAVAS WORLDWIDE SOUTH PACIFIC PTY LTD	17,582	–4,631	100%	19,265	19,265	10,122		–	–83		
EURO RSCG (S) PTE LTD	1,256	–213	100%	4,473	4,473		1,130	5,787	–301		
EURO RSCG PARTNERSHIP (TAIWAN) LTD	306	532	97%	5,594	4,865		1,148	9,344	298	117	
EURO RSCG PARTNERSHIP (HONG KONG) LTD	13,121	–3,425	100%	13,796	9,748		7,591	9,049	–377		
PORDA INTERNATIONAL (FINANCE) PR COMPANY LTD	1	2,494	51%	9,446	9,446			10,751	1,042		
EURO RSCG PARTNERSHIP (M) SDN BHD	2,699	–3,407	94%	1,906	373		1,218	3,119	144		
EURO RSCG BRUSSELS SA	4,670	3,661	100%	11,549	11,549			24,457	699	1,282	
GO RSCG BV	6	–	100%	5,449	–			–	–		
EURO RSCG WORLDWIDE BV	54	3,243	100%	18,012	18,012	2,014		–	880		
EURO RSCG MILANO SRL	437	1,643	80%	9,016	9,016	302		15,057	1,238	1,203	
FUEL ITALIA SRL	10	201	100%	1,846	243			163	–12		
MPG ITALIE SRL	10	–1,183	100%	2,412	2,412		1,671	94,366	–1,391		
EURO RSCG LIFE ITALIE	207	–1,347	100%	2,396	2,396	3		3,599	–1,764		

(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
EURO RSCG ISTANBUL AS	73	231	89%	2,387	2,387			2,800	70		
EURO RSCG COPENHAGUE A/S	202	687	100%	15,958	1,819			2,758	195		
EURO RSCG OY	4,060	–5,686	100%	12,098	–	1,739		2,237	–446		
EURO RSCG ISRAEL LTD	42	–286	51%	4,441	1,996	813	808	1,819	535		
EURO RSCG BEKER SA DE CV	105	405	100%	3,223	3,223			3,598	32	581	
GRUPPO VALE EURO RSCG SA DE CV	922	3,623	73%	16,592	14,721			3,318	686		
LSSI LATIN SERVICES SUPPORT INTEGRATION SA DE CV	3	333	100%	2,252	2			–	93		
VICEVERSA EURO RSCG SA	461	–233	96%	3,614	1,228			879	94		
EURO RSCG, INC. (PUERTO RICO)	926	–2,714	100%	14,295	–			5,929	–399		
EURO RSCG BRAZIL COMMUNICACOES LTDA	9,635	2,727	100%	9,849	9,849			828 164 819	4,658		
HAVAS MEDIA PERU SAC	799	1,525	100%	2,005	2,005			10,826	915		
FUEL PUBLICIDADE LIMITADA	4,546	–2,236	100%	4,461	4,461			–	177		
EURO RSCG VIENNA GMBH	76	–1,185	92%	6,446	4,020	1,674		7,766	–1,796		
HAVAS HOLDING DEUTSCHLAND GMBH	1,561	31,915	100%	24,321	24,187		5,500	–	7,263		
HHP SP. ZO. O	1,368	2,613	100%	20,410	20,410			2,424	1,434	1,443	
EURO RSCG ABC GMBH	716	12,647	100%	16,666	16,666			968	1,492		
HAVAS UK LIMITED	272,595	239,992	100%	603,083	589,414	267,895	35,967	–	30,673	11,435	
	342,369	**484,180**		**1,135,562**	**1,056,487**	**517,989**	**55,861**	**451,694**	**51,903**	**42,813**	
B – Investments											
Foreign companies											
HAVAS HOLDING LIMITED	509,114	2,583	23%	119,206	102,508			–	34,061		
EURAD AG	247	1,578	42%	3,403	3,403			15,145	1,138	488	
	509,354	**4,161**		**122,609**	**105,911**	**–**	**–**	**15,145**	**35,199**	**488**	
II – Global figures relating to other subsidiaries and investments											
A – Subsidiaries											
French companies				**4,934**	**4,619**	**2,016**				**8,035**	
Foreign companies				**13,979**	**8,058**	**514**	**5,497**			**589**	
B – Investments											
French companies				**218**	**218**	**20**				**32,040**	
Foreign companies				**2,417**	**730**	**531**	**3,708**			**3**	
III – Global figures relating to other subsidiaries and investments I+II											
French subsidiaries				**451,626**	**451,311**	**27,166**	**7,498**			**11,007**	
Foreign subsidiaries				**1,149,541**	**1,064,545**	**518,503**	**61,358**			**43,402**	
Investments in French companies				**218**	**218**	**20**	**–**			**32,040**	
Investments in foreign companies				**125,026**	**106,641**	**531**	**3,708**			**491**	
TOTAL				**1,726,411**	**1,622,715**	**546,220**	**72,564**			**86,940**	

Note 4: Maturity of financial assets at December 31, 2011

	Gross amount	Due within 1 year	Due in over 1 year
Receivables from related entities	604,202	532,029	72,173
Loans	2,082	3	2,079
Other financial assets	737		737
Total	**607,021**	**532,032**	**74,989**

Current assets

Note 5: Maturity of receivables at December 31, 2011

	Gross amount	Due within 1 year	Due in over 1 year	Including income receivable
Accounts receivables	24,534	24,534		1,223
Other receivables	2,926	2,926		2,363
Other	25,494	25,494		2,942
Total	**52,954**	**52,954**	**0**	**6,528**

The "Other receivables" line item consists mainly of the sum of €20,852 thousand lent by Havas SA to subsidiaries as part of the cash-pooling arrangement.

Note 6: Marketable securities

The "Marketable securities" line item consists mainly of €67,287 thousand in standard monetary SICAV mutual funds and €155,000 thousand in negotiable debt securities.

Note 7: Cash

This line item consists of sight deposits of €145,565 thousand, mainly on interest-bearing current accounts, and term deposits for a total of €227,038 thousand with leading banks. Term deposits for which the initial duration is greater than three months are associated with an exit option at any time without risk of loss in capital, and without penalty in the event of exit at the end of a quarter. In the event of early exit, the expected yield would be identical to the yield of the previous quarter.

Note 8: Prepaid and deferred charges

Prepaid charges of €1,008 thousand consist mainly of rents.

Deferred charges consist mainly of costs associated with the issue of the 2006/2013 OBSAAR for €404 thousand and those associated with the 2008/2015 OBSAAR for €521 thousand, as well as the bond repayment premium of €593 thousand relating to bonds issued in November 2009.

Liabilities

Note 9: Change in shareholders' equity

	Value at start of period	2010 net income allocation	Capital increase	Dividends	Other	Value at end of period
Capital	172,209		223			172,432
Share premium account	866,354		1,848			868,202
Conversion premium	275,064					275,064
Merger and acquisition	326,158					326,158
Legal reserve	17,195	26				17,221
Other reserves	333,484	43,108		(43,108)		333,484
Retained earnings	0	11,154				11,154
Net income	54,288	(54,288)			87,140	87,140
Investment subsidy					9,500	9,500
Regulatory provisions	366				244	610
Total shareholders' equity	**2,045,118**	**0**	**2,071**	**(43,108)**	**96,884**	**2,100,965**

At December 31, 2011, the shareholders' equity was made up of 431,080,011 shares with a nominal value of €0.40.

- Capital increases resulted from the exercise of 557,275 subscription options.
- The net dividend of €0.10 per share paid on May 17, 2011 for €43,108 thousand was accounted for under the "Other reserves" line item.

At December 31, 2011, 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	23,943,630	from 2.37 to 4.35	23,943,630
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	13,078,365	NA	13,078,365
Total potential shares				**73,107,711**

Havas SA obtained an investment subsidy of €9,500 thousand on the acquisition of its new headquarters in Puteaux.

Note 10: Change in provisions for risks and charges

			Reductions, recoveries			
Positions and line item movements	Provisions at start of period	Increases: allowances for the period	Amounts utilized during the period	Amounts not utilized and recovered during the period	Movements	Provisions at end of period
Provisions for risks:						
• Provision for exchange rate losses	107	128	107		3	131
• Other provisions for risks	9,434	3,407	2,906	4,532	1,965	7,368
Sub-total	**9,541**	**3,535**	**3,013**	**4,532**	**1,968**	**7,499**
Provisions for expense:						
• Provision for pensions, post-employment benefits	4,430	801	7		1,403	6,627
Sub-total	**4,430**	**801**	**7**	**0**	**1,403**	**6,627**
Total	**13,971**	**4,336**	**3,020**	**4,532**	**3,371**	**14,126**

Provisions for risks

Provisions for risks relate primarily to litigations still in progress with former Group executives or employees, to certain costs linked to internal reorganizations and to the removal of the headquarters to Puteaux, as well as a risk linked to a tax inspection currently under way. Further to the tax inspection of Havas SA for the financial years 2008 to 2010, the French Tax Authority notified an increase in the compensation base subject to payroll tax. Havas SA recognized a provision for risk and expenses of €645 thousand.

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 €6,627 thousand at December 31, 2011, recognized under "Provisions for expenses". An allowance of €801 thousand and a recovery of €7 thousand were recognized in the 2011 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 €8,702 thousand. The difference between this amount and the provision recognized, the sum of €2,075 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 €1,403 thousand if it became payable in 2012. 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, 2011.

Note 11: Financial liabilities

Change in financial liabilities

	Value at start of period	Increases	Reductions	Movements	Value at end of period
Other bonds	–				–
• OBSAAR	370,000		90,000		280,000
• Bond issue of 11/2009	350,000				350,000
Bank borrowings	38,024	55,020	38,006		55,038
Other borrowings and financial liabilities	538,999	17,373	111	6,216	562,477
Total	**1,297,023**	**72,393**	**128,117**	**6,216**	**1,247,515**

OBSAARs

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 12/31/10	10,000	27,000
Changes in 2011	0	(9,000)
Number of outstanding bonds as at 12/31/11	10,000	18,000

(1) At each "Interest payment date" except December 1, 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 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 SA 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.

Following repayment of the first tranche on December 1, the financial liability on the balance sheet in respect of the 2006 OBSAAR stood at €180 million at December 31, 2011.

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 SA 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 2006 and 2008 OBSAAR 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 2011.

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 financial 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.

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 three years.

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, 2011, commercial paper was issued for €50.0 million, maturing on January 16 and 19, 2012.

Other financial liabilities also included interest accrued on bonds of €3 million and bank overdrafts of €2 million.

Bilateral credit lines

At December 31, 2011, Havas SA had confirmed bilateral credit lines with eight leading banks for a total of €416 million, of which €40 million matures in November 2012, €100 million in December 2013 and €276 million at September 30, 2016.

Other borrowings and financial liabilities

The "Other borrowings and financial liabilities" line item consists mainly of loans of €561 million made to Havas by its subsidiaries as part of the cash-pooling arrangement.

Debt by maturity

	Amounts on balance sheet	Due within 1 year	Due within 5 years	Due beyond 5 years	Including expense
Other bonds	630,000	90,000	540,000	–	–
Bank borrowings	55,038	55,038			3,012
Other borrowings and financial liabilities	562,477	561,423	1,054		516
Total	**1,247,515**	**706,461**	**541,054**	**–**	**3,528**

Current liabilities

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 2011, the Administrative Court had not yet reached a decision.

2. Tax inspections

Tax inspections of Havas and Havas International for the financial years 2002 to 2005

Further to tax inspections, the French Tax Authority notified corrections to taxable results from 2002 to 2005 for Havas SA and Havas International, aiming to reduce the Group's 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 2011.

These adjustments related to only a portion of the Group's tax loss carried forward. No provision for risk has been provided for in Havas financial statements.

Tax inspections of Havas for the financial years 2008 to 2010

Further to tax inspections of Havas SA for the financial years 2008 to 2010, the French Tax Authority notified an increase in the compensation base subject to payroll tax. Havas SA recognized a provision for risk and expenses of €645 thousand.

Maturity of current liabilities

	Amounts on balance sheet	Due within 1 year	Due within 5 years	Due beyond 5 years	Including expense
Trade payables	20,519	20,519	–	–	12,292
Tax and social security liabilities	56,573	56,573	–		10,397
Liabilities on fixed assets	2,754	1,025	1,729		
Other liabilities	6,157	6,157	–		1,965
Total	**86,003**	**84,274**	**1,729**	**–**	**24,654**

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

2011 revenue consists mainly of services billed to subsidiaries and royalties on trademarks.

Note 14: Other operating income

The "Other operating income" line item consists mainly of rent and rental charges billed for an amount of €12,993 thousand and expenses charged back to subsidiaries for an amount of €11,340 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

Net financial income of €83,909 thousand is made up as follows:

	Expenses	Income
Dividends		84,104
Interest income on loans to affiliates		26,604
Income from investments in subsidiaries and affiliates		**110,708**
Bonds	19,236	2,232
Commercial paper	575	6,458
Interest on cash pooling	5,811	551
OBSAAR interest and swaps	11,509	
Losses on loans to affiliates	7,138	
Interest on bank deposits		1,214
Other	815	
Other interest and expenses	**45,084**	**10,455**
Impairment of investments in subsidiaries and affiliates	21,540	26,803
Impairment of receivables from affiliates	3,858	6,110
Other	340	110
Amortization, provision and expense transfer allowances and recoveries	**25,738**	**33,023**
Exchange rate losses and gains	**47,102**	**46,484**
Other financial expenses and income		**1,157**
Financial expenses and income	**117,924**	**201,827**

Note 17: Non-operating income

Non-operating income of €2,798 thousand consists mainly of:

- internal structuring and removal costs;
- recoveries of provisions on commercial risks.

Note 18: Income tax

This line item largely consists of tax income on fiscal integration for the 2011 financial year of €10,452 thousand, plus income tax of 4,455 thousand pursuant to the provisions of the Amending Finance Law for 2011.

5. Other information

Note 19: Elements concerning related entities

Line items	Amounts
Investments in subsidiaries and affiliates(1)	1,622,714
Receivables from related entities(1)	553,074
Accounts receivable	23,817
Other receivables	23,831
Other borrowings and financial liabilities	560,071
Accounts payable	17,192
Other debt	3,457
Income from equity interests	110,708
Other financial income	3,082
Financial expenses	5,811

(1) Net amounts.

There are no material operations with related entities. No operation with related entities has been entered into on non-standard market terms.

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, 2010 and at December 31, 2011, 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	488	168	572	197	84	29
• Provision for post-employment benefits	4,430	1,525	6,627	2,282	2,197	756
• Currency-translation adjustments	2,397	825	(2,337)	(805)	(4,734)	(1,630)
• Other provisions not immediately deductible	11,852	4,081	25,713	8,853	13,861	4,772
• Other temporary reintegrations	0	0	0	0	0	0
• Tax loss carry forwards short term	1,144,677	394,112	1,124,927	387,312	(19,750)	(6,800)
Increases						
• Deduction of income on which taxation is deferred						
Total	**1,163,844**	**400,711**	**1,155 502**	**397,839**	**(8,342)**	**(2,872)**

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	15,688	1,671	7,157	6,860
Buy-out agreements(1)	24,517	1,228	5,062	18,227
Pension commitments (note10)	2,075			2,075
MT/LT credit lines not utilized(2)	416,000	40,000	100,000	276,000
Authorized bank overdrafts not utilized	74,839	74,839		
Total off balance sheet commitments	**533,119**	**117,738**	**112,219**	**303,162**

(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) At December 31, 2011, Havas SA had confirmed bilateral credit lines with eight leading banks for a total of €416 million, of which €40 million matures in November 2012, €100 million in December 2013 and €276 million at September 30, 2016.

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	45,551	1,548	18,443	25,560
Credit lines not utilized	175,106	111,723	0	63,383
Tax guarantees	667			667
Other bank borrowings	18,261	18,261		
Media buying	10,919	9,419	1,300	200
Other(1)	32,220	3,123	3,328	25,769
Total commitments given for subsidiaries	**282,724**	**144,074**	**23,071**	**115,579**

(1) Havas has guaranteed a shortfall in plan assets, valued at €20,352 thousand, in two pension funds relating to two UK subsidiaries.

Letters of comfort

(in euro thousand)		Due within 1 year	Due in 1 to 5 years	Due beyond 5 years
Cash pooling(1)	48,724			48,724
Total letters of comfort	**48,724**	**0**	**0**	**48,724**

(1) A letter of comfort for a total of €48,724 thousand was put in place to enable our UK subsidiaries to use automated payment services.

Commitments received

None.

Note 22: Directors' fees

(in euro thousand)	**2011**	2010
Total gross compensation for the financial period	7,057	5,679
Total gross compensation paid	7,892	5,183
Pension and post-employment benefits at 12/31	2,473	1,735
Number of options held at 12/31	13,972,245	11,938,926

No loans or guarantees were extended to directors.

Note 23: Staff

The distribution of average headcount in 2011 was as follows:

Categories	Numbert
Executives	84
Supervisory	15
Employees	12
Total	**111**

Note 24: Litigations with former executives or employees

1. Alain de Pouzilhac

A number of disputes are currently under way between the Company 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, the Court of Cassation, in a ruling handed down on March 1, 2011, quashed the decision of the Paris Court of Appeal of January 14, 2010. The case has been referred to the Paris Court of Appeal and is now pending;
- the principle of Mr. de Pouzilhac's eligibility for supplementary pension entitlements established on behalf of company managers of Eurocom. Havas took its case to Paris Court of Appeal, which ruled that there were no grounds for appeal.

None of these proceedings will have any material impact on the statutory accounts of Havas SA.

2. Alain Cayzac terminated his employment contract, considering that circumstances allowed him to invoke the conscience clause.

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. Following a request from Mr. Cayzac for the stay of proceedings to be revoked, the conciliation tribunal is expected to rule on his request, and on the substance of the case, in April 2012.

The total indemnities, damages and social charges that have been claimed or could be claimed from the Company amount to the sum of €2.5 million. After consulting its legal counsel on these cases, the Company has set aside provisions for litigation that it considers reasonable.

Furthermore, Havas SA 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.

Note 25: Risk in connection with Dentsu

Following cancellation of the arbitral award of 2000, which rejected Dentsu's application for reimbursement of the price of the sale by Havas of Belgian company Eurocom International Brussels, Dentsu brought further arbitral proceedings in June 2011. The Belgian court of arbitration is expected to make a ruling in 2012.

Note 26: 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 10,321 hours at December 31, 2011, for an estimated corresponding value of €94 thousand.

6. Events after the balance sheet date

- **At the end of January 2012,**

Havas SA moved to new headquarters at 29/30, quai de Dion-Bouton – 92800 Puteaux.

- **March 23, 2012,**

Havas announces the filing of a draft share repurchase tender offer for its own shares ("OPRA") and a draft simplified offer for warrants to subscribe to and/or acquire redeemable shares issued in 2006 ("2006 BSAAR") ("OPAS"):

- **€253 million share repurchase tender offer targeting 51,729,602 shares (12% of the share capital):**

– **repurchase price of €4.90(1) per share, a premium of 28% to the volume weighted average over one month of the Havas share(2);**
– **accretive impact of 10.8% on 2011 eps(3);**
– **2011 net debt/EBITDA ratio post operation of 1.2x enabling the Company to pursue its organic and external growth and its dividend policy;**

- **Simplified offer targeting the 36,085,716 outstanding 2006 BSAAR:**

– **Simplified offer price of €0.40 per BSAAR.**

(1) Dividend of €0.11 for the 2011 financial year detached.
(2) Average adjusted by the detachment of the dividend.
(3) Assuming a take-up rate of 100%.

SHARE REPURCHASE TENDER OFFER

The Havas Board of Directors, having met on March 23, 2012, noted a gap between the Group's operating and financial performances and its stock-market valuation. The benefits of the strategic and financial actions undertaken since 2005 have resulted in Havas's net earnings Group share more than doubling (with net earnings, group share rising from €46 million on December 31, 2006 to €120 million on December 31, 2011), while over the same period, the Havas share price has only risen by 2.3%, which today means that its valuation multiples are discounted compared with other companies in the sector.

Noting also that these good performances have resulted in extremely moderate debt levels (net financial debt/EBITDA ratio of 0.1x on December 31, 2011 and a cash position of over €780 million), Havas's Board of Directors has decided a share repurchase tender offer targeting 51,729,602 shares at a unit price of €4.90 (dividend for the 2011 financial year detached), i.e. a total amount of €253 million. The repurchased shares will be cancelled.

This operation will:

- offer shareholders who wish to participate in the share repurchase offer the possibility of selling a part of their shares at a substantial premium of 28% to the one-month weighted average share price, in line with valuation figures calculated by the presenting banks of the share repurchase offer and the independent expert.
- lead to an increase in 2011 undiluted EPS, Group share of 10.8% (assuming a take-up rate of 100%); and
- help to optimise the Company's capital structure in a context of very low interest rates, without penalising either its capacity to pursue both organic and external growth, or its dividend policy (the net financial debt/EBITDA ratio on December 31, 2011 following the share repurchase tender offer and the simplified offer, assuming a take-up rate of 100%, will be 1.2x and 1.4x dividend for the 2011 financial year detached).

Accordingly, through this transaction, the Havas Board of Directors is seeking to affirm its confidence in the prospects of the Havas Group and in the strategy pursued over several years, which have resulted in outstanding operating performances and a robust financial position.

Mr. Vincent Bolloré, and the companies in the Bolloré group, which today hold 32.84% of Havas's share capital, have let it be known that they do not intend to tender their shares to the share repurchase offer. Under the terms of the exemption from filing a mandatory takeover, granted by the French Regulator *(Autorité des Marchés Financiers – "AMF")* on March 13, 2012, Mr. Vincent Bolloré and companies of the Bolloré Group have undertaken, at the request of the AMF, not to subsequently exceed the percentage ownership of Havas capital that will result from the cancellation of shares tendered to the share repurchase tender offer (37.32% of the capital and voting rights should the share repurchase tender offer be 100% successful), and not to influence the outcome of the vote on the resolution relating to the share repurchase tender offer, said resolution to be voted by the General Meeting of shareholders called on May 12, 2012.

SIMPLIFIED OFFER

The Board of Directors has decided to offer the holders of 2006 BSAAR, who so wish, the opportunity to sell their 2006 BSAAR at a price of €0.40 per 2006 BSAAR. Accordingly, holders of 2006 BSAAR will be offered liquidity for their securities which is something that the market is not currently providing in a satisfactory manner – limited number of quotation days (50 quotation days over the last six months) and limited trading volumes (average daily volume of €4,331 representing only 0.1% of the number of 2006 BSAAR outstanding on January 31, 2012). This very limited liquidity results in an inefficient valuation of the 2006 BSAAR, especially in view of the performance of the Havas share price. For Havas shareholders, the purchase and cancellation of the 2006 BSAAR have the advantage of eliminating the potential dilution attached to their exercise.

An independent expert opinion on the financial terms of the share repurchase tender offer and the simplified offer has been issued by Sorgem Evaluation, which has found them to be fair.

The share repurchase tender offer, the simplified offer and the draft offer document remain subject to the examination by the the AMF. The draft offer document is available on the websites of Havas (www.havas.com) and of the AMF (www.amf-france.org).

As an indication the offer period for both the share repurchase offer and the simplified offer would be expected to run from May 21, 2012 to June 11, 2012.

20.6. Statutory Auditors' report on the financial statements

For the year ended December 31, 2011

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, 2011, 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, 2011, and of the results of its operations for the year then ended in accordance with the French accounting principles.

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 €593 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 date 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 procedures and disclosures

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 March 27, 2012

The Statutory Auditors

AEG Finances
Jean-François Baloteaud

Constantin Associés
Jean-Paul Séguret

20.7. Financial data over the last five years

Nature of information	2007	2008	2009	2010	**2011**
Share capital at end of year					
Share capital *(in euro thousand)*	171,940	171,948	171,949	172,209	172,432
Number of shares	429,850,201	429,869,323	429,873,590	430,522,736	431,080,011
Maximum potential shares to be issued					
• on exercise of warrants	41,936,287	37,208,093	33,125,626	30,843,576	23,943,630
• on convertible bonds	48,389,622	47,173,693	0	0	0
2. Earnings for the financial period *(in euro thousand)*					
Revenue net of tax	19,115	24,291	19,469	29,939	43,277
Income before tax, depreciation, amortization, provisions and employee profit-sharing	99,444	19,748	71,505	55,959	79,126
Income tax	(15,069)	(18,255)	(15,796)	(12,047)	(5,777)
Net income	159,369	54,573	72,073	54,288	87,140
Distributed income	17,285	17,195	34,432	45,982	50,053
3. Earnings per share *(in euro thousand)*					
Provisions and employee profit-sharing	0.27	0.09	0.20	0.16	0.20
Net income	0.37	0.13	0.17	0.13	0.20
Dividend per share	0.04	0.04	0.08	0.10	0.11(1)
4. Staff					
Number of employees	88	85	89	91	111
Wages and salaries *(in euro thousand)*	16,765	17,513	15,310	16,299	19,330
Employee benefits paid for the financial period *(in euro thousand)*	5,678	6,276	5,622	5,937	8,341

(1) Proposed at the next shareholders' Meeting.

20.8. Directors' report on the Havas SA financial statements for the year ended December 31, 2011

Net income for the financial period

In 2011, net income includes the expenses and income of Havas SA plus the operations of Euro RSCG SA for the last seven months of 2011, after Euro RSCG SA merged with Havas SA through the complete transfer of its assets and liabilities (TUP) on May 31, 2011.

In 2011, Havas SA reported net income of €87,140 thousand, made up of an operating loss of €7,602 thousand, net financial income of €83,903 thousand, non-operating income of €2,798 thousand and tax income of €5,777 thousand.

Net financial income of €83,903 thousand consists mainly of:

- interest income on loans to affiliated companies of €26,604 thousand;
- dividend income of €84,104 thousand;
- investment income of €7,672 thousand;
- a charge of €42,301 thousand representing mainly coupon payments on OBSAARs and the bond issued on November 4, 2009, plus a net charge of €5,260 thousand representing interest on the cash-pooling arrangement and a loss on non-recoverable loans to affiliates of €7,138 thousand, of which €6,110 thousand is fully provisioned;
- recoveries of provisions for impairment of investments in subsidiaries and affiliates and receivables from related entities net of allowances of €7,515 thousand.

Non-operating income of €2,798 thousand is due mainly to recoveries of provisions net of allowances arising from internal restructuring costs, provision allowances for the removal to new headquarters in Puteaux and recoveries of provisions for commercial risks.

Acquisition of equity interests

Significant acquisitions of equity interests were made in companies in France, Italy and Australia, and an adjustment was made to an earn-out commitment on a subsidiary in Asia.

Balance at December 31, 2011 of supplier debts by maturity

	Suppliers		Suppliers of intangible and tangible fixed assets		Total	
	2011	2010	**2011**	2010	**2011**	2010
Debts due at closing[1]	1,205	113	6	22	1,211	135
Disputed debts[2]	1,145	1,115	0	2	1,145	1,117
Due dates:						
January 2012	5,315	4,947	579	4	5,894	4,951
February 2012	435	425	64		499	425
March 2012	245	25	0		245	25
Total	**8,345**	**6,625**	**649**	**28**	**8,994**	**6,653**

(1) Of which:		
– management fees	404	22
– other Group debts	401	
– holdbacks	117	
(2) Of which disputes arising from the Havas 2005 shareholders' Meeting	1,097	1,097

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 February 29, 2012 decided to propose to the forthcoming Annual Shareholders' Meeting the payment of a dividend of €0.11 per share for the 2011 financial period, compared with €0.10 for 2010.

The total amount of dividend distributed for the 2011 financial period will therefore be €50 million, compared with €43 million for 2010.

The dividend will be paid on May 18, 2012.

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)	**2011**	2010	2009
High	4.17	4.10	3.08
Low	2.53	2.81	1.29
Price at December 31	**3.18**	**3.89**	**2.79**
Number of shares issued at December 31 *(in thousand)*	431,080	430,523	429,874
Market capitalization at December 13 *(in euro million)*	1,371	1,675	1,200
	IFRS principles	IFRS principles	IFRS principles
Net income before amortization of goodwill, Group share	0.28	0.26	0.22
Net income, Group share	0.28	0.26	0.21
P/E ratio at December 31	11.5x	15.2x	13.1x
Net dividend	**0.11**[1]	**0.10**	**0.08**
Total dividend	0.11	0.10	0.08
Net yield at December 31 *(in %)*	3.5%	2.6%	2.9%

(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, 2010, the share capital stood at €172,209,094.40, divided into 430,522,736 shares with a nominal value of €0.40 each. There is only one class of shares, all fully paid up.

At March 8, 2011, the share capital was reported at €172,338,417.60, divided into 430,846,044 shares with a nominal value of €0.40.

At December 31, 2011, the share capital was €172,432,004.40, divided into 431,080,011 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 (OBSAARs). 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 9, 2012.

Description of the program authorized by the 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 was 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, 2012.

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 €0.40 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 nominal 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 operation affecting 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 10, 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, this clause was not intended to apply to companies in the Bolloré Group.

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. The BSAARs were admitted for trading on the Eurolist market of Euronext Paris SA on February 8, 2012 (ISIN code FR 0010562058). With effect from this date, and barring exceptions, the BSAARs will be freely tradable until February 8, 2015. 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, 2011, the Company bought back and cancelled 702,368 BSAARs on the departure of some beneficiaries. As a result, exercise of the warrants may give rise to the issue of 13,078,365 shares which, at December 31, 2011, represent 3.03% 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 5.2.13.3).

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	***7,215,540***	***4,894,999***
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*
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*
David JONES	*1,264,705*	*0*
Mercedes ERRA	*1,264,705*	*1,676,471*
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, 2011	0	0
Total number of BSAAR warrants repurchased at December 31, 2011	5,899,284	702,368
Number of BSAAR warrants outstanding at the end of the 2011 financial period	36,085,716	13,078,365

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	***246,448***	***334,169***	***20,460***	***337,139***
of which corporate officers mentioned in section 14.1 granted options				
Fernando RODÉS VILÀ	–	–	–	–
Jacques SÉGUÉLA	*227,293*	–	–	–
Vincent BOLLORÉ	–	–	–	–
Leopoldo RODÉS CASTAÑE	–	–	–	–
Jean de YTURBE (representing LONGCHAMP PARTICIPATIONS)	–	–	–	–
Hervé PHILIPPE (representing FINANCIÈRE DE LONGCHAMP)	–	–	–	–
David JONES	–	–	–	–
Mercedes ERRA	*19,155*	–	*20 460*	–
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, 2011	1,478,997	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, 2011	473,517	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	**–**	***400,000***	***4,250,000***	**–**
of which corporate officers mentioned in section 14.1 granted options				
Fernando RODÉS VILÀ	–	–	*1,000,000*	–
Jacques SÉGUÉLA	–	–	*500,000*	–
Vincent BOLLORÉ	–	–	*1,000,000*	–
Leopoldo RODÉS CASTAÑE	–	–	*500,000*	–
Jean de YTURBE (representing LONGCHAMP PARTICIPATIONS)	–	–	*250,000*	–
Hervé PHILIPPE (representing FINANCIÈRE DE LONGCHAMP)	–	–	*100,000*	–
David JONES	–	*400,000*	*450,000*	–
Mercedes ERRA	–	–	*450,000*	–
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, 2011	0	0	663,000	0
Number of shares over which options were cancelled or terminated as at December 31	10,321,051	80,000	2,966,000	192,000
Number of options outstanding at December 31, 2011	5,116	2,120,000	18,871,000	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, 2011, 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
Authorization by the Shareholders' Meeting of May 11, 2010	12,898,101	0	12,898,101
Situation at December 31, 2011	**12,898,101**	**0**	**12,898,101**

Potential dilution related to the exercise of share subscription plans and warrants

The exercise of (i) all 23,943,630 share subscription options granted, (ii) all 12,898,101 share subscription options currently authorized but not granted and (iii) all 49,164,081 BSAARs outstanding would lead to the creation of a total of 86,005,812 new shares, taking the share capital from 431,080,011 shares at December 31, 2011 to 517,085,823 shares, representing a maximum potential dilution of 16.63%.

If, however, the price of the Company share does not exceed €3.82 (market price on the day of the 2011 accounts closing), certain options granted and the BSAARs would not be exercised; this would lead to the creation of 32,467,097 new shares, taking the share capital to 463,547,108 actions, representing a maximum potential dilution of 7% according to this assumption.

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			
31/12/2006					**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**
2011	Exercise of stock options	557,275	222,910	1,847,082			
	Bond conversions		0	0			
12/31/2011					**431,080,011**	**172,432,004**	**1,469,423,571**

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 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.

As at December 31, 2011, Havas SA had confirmed bilateral credit lines granted by eight leading banks totaling €416.0 million. Six of these lines, representing a total of €266 million, contain a mandatory early repayment clause in the event of a change of control. The terms of these "change of control" clauses may be similar to those included in bond contracts or, alternatively, may be defined in pursu-ance of article L. 233-3 of the French Commercial Code. Under no circumstances are these clauses intended to apply to companies in the Bolloré Group.

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 29/30, quai de Dion-Bouton, 92800 Puteaux, France.

25. Recent events

25.1. 2011 Results - Press release of March 1st, 2012

Revenue: €1,645 million for full year 2011

- **Organic growth +5.9%**
- **16% of revenue from fast growing markets in Latin America and Asia-Pacific**
- **Digital and social media increase to 23% of revenue**

Income from operations of €220 million in 2011, up from €204 million in 2010, an increase of +8%

- **Income from operations margin up 30 basis points to 13.4%**

Net Income, Group share up 9% to €120 million in 2011

Earnings per share (basic and diluted) up 8% to €0.28 in 2011

Net debt: €37 million at December 31, 2011, compared to a net cash position of €87 million at December 31, 2010

Net New Business strong at €1.4 billion

Dividend proposed*: €0.11 per share, an increase of 10%

David Jones, Havas CEO said: "It was another strong year for Havas driven by aggressive growth in digital, double digit results in emerging markets and the growth from our major global accounts. At the same time, we were successful in reducing costs in 2011 and generated an increase in margins as a result. Our New Business performance and pipeline remain solid as we move into 2012."

The Board of Directors, meeting on February 29, 2012, approved the annual accounts for the 2011 financial year.

(in euro million)	**2011**	2010	2011/2010
Revenue	1,645	1,558	+5.6%
Organic growth	5.9%	3.5%	
Income from operations	220	204	+8%
Income from operations margin (%)	13.4%	13.1%	+30 bps
Net income, Group share	120	110	+9%
Net income, Group share as revenue %	7.3%	7.1%	
Net debt at December 31	37	–87	
Dividend* in cents (€)	11	10	10%

* 2011 dividend proposed at the General Shareholders' Meeting of Thursday, May 10, 2012.

The consolidated financial statements have been audited. The Statutory Auditors will issue their report after their verification of the directors' report.

25.1.1 Revenue

Group revenue for 2011 was €1,645 million, an increase of 5.6% over 2010 on an unadjusted basis.

Organic growth was +5.9% over the full year 2011. Revenue for the fourth quarter of 2011 was €492 million, representing organic growth of +5.4%. This sustained growth, at both the annual and the quarterly level, was driven by strong performances from all businesses and regions.

Over the year, the euro appreciated in value against the US dollar and GB pound, producing a negative exchange rate impact on revenue of €29 million for the full year 2011.

Digital and social media grew rapidly and once again increased their contribution to the Company's overall revenue, as the Group pursued its strategy of putting these businesses at the core of all its activities and agencies around the world. With no significant acquisitions made over the course of the year in these areas, digital and social media now make up 23% of total Group revenue.

The geographic distribution of revenue for the 2011 financial year was as follows:

(in euro million)	Revenue					*(in %)* Organic growth				
	Q1 2011	Q2 2011	Q3 2011	Q4 2011	**2011**	Q1 2011	Q2 2011	Q3 2011	Q4 2011	**2011**
Europe	190	216	195	263	864	3.8%	–0.9%	1.8%	3.6%	2.1%
of which										
• France	75	87	76	102	340	4.9%	–0.9%	–0.8%	1.4%	1.0%
• United Kingdom	43	43	45	49	180	2.4%	–2.3%	3.7%	5.8%	2.4%
• Rest of Europe	72	86	74	112	344	3.5%	–0.7%	3.6%	4.8%	3.0%
North America	125	127	126	142	520	7.2%	9.0%	8.2%	3.5%	6.8%
Rest of world	47	61	66	87	261	19.5%	18.0%	18.7%	13.1%	16.5%
of which										
• Asia-Pacific	19	23	26	35	103	10.3%	8.4%	14.6%	7%	9.8%
• Latin America	28	38	40	52	158	24.6%	24.6%	21.5%	17.5%	21.4%
Total	**362**	**404**	**387**	**492**	**1,645**	**6.8%**	**4.5%**	**7.3%**	**5.4%**	**5.9%**

Europe

Europe posted organic growth of 3.6% for the fourth quarter of 2011, fuelled by media, digital and traditional advertising. This reflects positive results and a return to growth in France, strong four quarter results in the UK and significant contributions from Germany, Italy and Poland in the rest of Europe.

North America

North America outperformed market forecasts with full-year growth of 6.8%, despite a slightly softer pace in the fourth quarter of 2011. Performance in North America was primarily driven by strong results at Arnold and the media businesses and double-digit growth at several local agencies.

Rest of world

Asia-Pacific reported growth of 9.8% for full-year 2011 and 7.0% for the fourth quarter. The region's two main growth engines were China and Australia. Latin America maintained double-digit growth over the full year, thanks to excellent performances from all businesses across the entire region.

25.1.2. Results

Income from operations was €220 million in 2011, up from €204 million in 2010. This resulted in an **income from operations margin of 13.4%** of 2011 revenue, compared with 13.1% in 2010. This increase of +30 basis points on income from operations margin was driven by continued strict cost control, including a reduction in compensation from 61.7% in 2010 to 60.9% in 2011. Non-recurrent costs associated with restructuring and reorganization, which continued into 2011 in some regions, and with removal costs and limited goodwill impairment, resulted in operating income of €197 million in 2011, compared with €184 million in 2010. The operating margin increased from 11.8% in 2010 to 12% in 2011.

Driven by higher operating profitability, **Net income, Group share** rose to **€120 million in 2011**, an increase of +9% over 2010. **Earnings per share** also rose to €0.28 in 2011 compared with €0.26 in 2010, an increase of 8%.

25.1.3. Financial structure

Net debt stood at €37 million at December 31, 2011, compared with a net cash position of €87 million at December 31, 2010. This was due principally to the acquisition of the new headquarters building in Puteaux, which represented an investment of €159 million funded from cash flow.

Average net debt[(2)] over the full year in 2011 was €74 million, compared with €75 million in 2010.

Total consolidated equity increased by €103 million to €1.3 billion at December 31, 2011, giving a net debt/total consolidated equity ratio of virtually zero.

25.1.4. Dividend and General Shareholders' Meeting

The Board of Directors has decided to propose a dividend of €0.11, an increase of 10% over the dividend distributed in 2010, at the next Shareholders' Meeting.

The Havas SA Shareholders' Meeting will be convened on Thursday, May 10, 2012.

Q1 2012 revenue will be published on Friday, May 11, 2012.

25.1.5. Net New Business

Net New Business won in 2011 amounted to €1.4 billion.

Among the most significant wins over the year:

Havas Worldwide

We won the global digital business for Unilever's Dove deodorant portfolio. We also extended our Unilever global digital roster presence into Asia – now working with five brands across Euro RSCG Asia including winning the regional digital agency of record for Fair & Lovely (led by Euro RSCG India), Dove Deo, Radiant/Rin in emerging markets and Citra and Vaseline across SEA. Euro RSCG in London won the social media account for Unilever's V05 brand, and Euro RSCG in Mexico won the digital business for the Unilever brand Ades.

Sony: Euro RSCG Chicago won America's Sony PlayStation Network and PS+ business e-mail, digital, social, mobile and experiential; ER Copenhagen won the TTL Sony business for the Nordic countries; Cake was named Social Media agency of record for UK business, ER Spain won the launch of the Sony tablet in Spain; and Arnold4D won Sony Ericsson business in Spain.

Volvo: EHS 4D won the centralization of Volvo's DM/eDM campaign across 17 EU markets and the development of a bimonthly eNewsletter program across 12 markets.

Coty: Euro RSCG WW PR won Coty global corporate communications messaging and outreach.

IBIS: BETC Euro RSCG won the global creative and digital account for IBIS. BETC Digital won the new reservation portal for the Ibis hotel chain across 53 countries.

PRO-EUROPE: we were awarded the pan-European account for the European Recycling trademark.

Pernod Ricard: Euro RSCG London won the advertising account for Pernod Ricard's global portfolio of standard vodka brands, namely, Wyborowa, Wyborowa International and Oddka, in a competitive pitch against a number of rival Pernod Ricard roster agencies. Euro RSCG São Paulo won the Teacher's whiskey advertising business. Project House in Turkey won the Ballantine's digital account; Euro RSCG Belgium won Havana Club digital; social media and experiential duties and Euro RSCG Tokyo won the Pernod Ricard champagne brands in Japan. ER C&O was awarded Pernod Ricard's digital account – including social media, website and mobile apps.

Sanofi: Euro RSCG further extended the partnership with our number 1 client Sanofi, with BETC Euro RSCG responsible for the global BGM devices division.

Reckitt Benckiser: Euro RSCG Worldwide PR was selected to handle the account for Reckitt Benckiser's 2011 acquisition of Durex. Euro RSCG India won the Paras healthcare business that includes over five brands (another recent RB acquisition) and ER Singapore was appointed to the digital launch of Dettol in Singapore and Malaysia.

Van Cleef & Arpels: BETC Luxe won the pitch for global advertising business.

Freescale: ER San Francisco appointed agency of record for global Freescale business – joint pitch with MPG.

Groupon: Euro RSCG Chicago won Groupon Now digital.

Deezer: Euro RSCG WW PR won the global Deezer music platform corporate communications and social media account.

New York Life: Euro RSCG New York was appointed creative agency of record for NY Life.

Cockburn's: BETC London has won its first retained account since it launched in May with its capture of the global advertising relaunch for the port brand Cockburn's. The agency picked up the business without a pitch, and will roll out an integrated campaign to promote Cockburn's across the brand's key markets of the UK, Western Europe and the US.

Georgia-Pacific: ER San Francisco won Georgia-Pacific's North American Consumer Products sustainability account.

Air Mauritius: Air Mauritius global website redesign, e-marketing and social media.

Metro Cash & Carry: we were appointed the global agency of record for Metro Cash & Carry, the international self-service wholesaler. The win was led jointly by Euro RSCG Germany and Euro RSCG Czech Republic.

Arnold

Boston Bruins: (2011 Stanley Cup Champions) Agency of Record, US.

Carbonite: (Online Backup Service) Agency of Record, US.

The Climate Reality Project: (former Vice President Al Gore's initiative) pro bono effort, US.

Dell: (Small-to-Medium Business Division) Global Agency of Record.

P&O Cruise Lines: (a division of Carnival Cruise Lines) Agency of Record, UK.

Sanofi Aventis: seven pharma brands won: **Lantus®, Lixisenatide, Apidra®, BGStar®, Aubagio, Lemtrada, Multiple Sclerosis franchise, US.**

Tribe Hummus/Veggie Patch: Agency of Record, US.

Havas Media

Global

Philips was won by MPG & Media Contacts in North America, France, Latin America and Southern Europe.

Air France awarded its global account to Havas Media International.

At a global level Turismo de Mexico was won by MPG with Media Contacts and Escada was won by MPG.

Liebeskind: global off and online account, through MPG & Media Contacts.

Nissan, Coca-Cola and Powerade will work with Havas Sports & Entertainment on several global assignments.

Regional

Belcorp and Nextel were won by MPG LATAM.

INSEAD was won by Havas Media International for APAC.

Haier chose Havas Media International for its European account.

Megabrands: MPG Spain, France, UK, Portugal, Germany, Belgium, Italy.

Medwins: MPG / Media Contacts UK, Media Contacts Spain.

Polska – Polish Tourism Organization: Arena Media Poland; Arena Media UK, Havas Media France.

Local

In Spain, Partido Popular (Arena Media), Freixenet, Maxxium, Port Aventura (MPG).

In the US, Clarins (MPG USA).

In China, KIA and Nature's Bounty (MPG China).

Havas Media France won Credit Agricole.

Arena Media UK won the off and online account for Eurostar, and Havas Sports & Entertainment won a European assignment on this account.

MPG/MC UK won Lacoste for the UK plus global coordination.

Axa was won by MPG/MC in UK, UAE, Spain, Poland and Japan.

Danone: MPG Mexico and Turkey.

Mars was won by MPG Portugal and Havas Media France.

Volvo, RJ Reynolds and Yellow Tail – MPG USA.

Pure digital and social media wins

Media Contacts won the account of Net-A-Porter.com in Europe and Asia.

Havas Media International won the search account for Clarins for Europe.

Mexico Tourism was won by Havas Digital Global.

In the UK, Cake became Sony Brand's social media and experiential agency.

In Spain, Iberostar digital communication (iGlue), ICO (MPG/MC), Mapfre (MC), Verti (iGlue Spain).

Barceló was won by Media Contacts USA, Media Contacts Spain and Media Contacts Mexico.

Panasonic, *The Economist,* NPD Group: Havas Digital USA.

25.1.6. Highlights of 2011

The Arnold micronetwork expands within Havas Worldwide

Spurred by growth in global new business and client development on an international scale, **Arnold Worldwide** opened new offices in **Shanghai** and **Costa Rica**. These new openings are part of the Group's ambitious growth strategy for Arnold Worldwide, to make it the most competitive, creative and profitable micronetwork in the world. In May last year, Arnold launched **Arnold Furnace in Sydney** and **Melbourne** to serve global clients such as Progressive Insurance and Carnival Cruise Lines. These followed on from Arnold's earlier creation of **Arnold Amsterdam** to serve as the global hub for its client Volvo. Arnold also strengthened its UK presence by merging with Euro RSCG KLP.

BETC expands within RSCG

The **BETC London** agency opened its doors last May, headed by Matthew Charlton (ex-Modernista!) and Neil Dawson (ex-DDB). The start-up is already showing its mettle, capturing accounts for Cockburn's port, the election campaign for London Mayor candidate Ken Livingstone, the Association of Chief Police Officers, Ibis Hotels, Cow & Gate and Warburtons Bread, for whom the agency created the Warburtons Facebook Toastcard app (to send friends a cheering slice of virtual Warburtons toast).

BETC has set its sights on opening up in the US, Brazil and Asia.

Acquisitions and specialist start-ups

- Havas acquired a majority stake in **Siren-Communication**, since renamed **Euro RSCG Siren**, a boutique Singapore-based PR agency specializing in social media, digital PR and content generation.
- Havas strengthened its leadership in healthcare communication via a strategic alliance with one of China's largest agencies in the sector: **Medmed**.
- In September 2011, Havas launched **multicultural marketing** agency **Totality**, a full-service creative, strategic and media agency dedicated to the Hispanic, Afro-American and LGBT markets.
- Havas acquired Australian agency **Host** and its sister agency **One Green Bean** in July last year, as part of long-term plans to strengthen its Asia Pacific operations. Prior to the acquisition, Host was Australia's largest independent agency, positioned at the intersection of creativity and digital in the region. As part of moves to develop the brand, Havas opened a Host subsidiary in Singapore.
- In April 2011, Havas acquired integrated agency **Strategy Farm**, now renamed Euro RSCG Worldwide Strat Farm. The agency specializes in high-level strategic positioning, digital, social media and CRM.
- Havas took a majority stake in **Socialistic**, the American specialized social media and social technology agency led by Colleen DeCourcy, formerly head of digital at TBWA. Socialistic now works with the other Havas agencies.
- Havas launched start-up **Camp + King** in February. This new kind of agency, run by Jamie King and Roger Camp, aims to create ideas and content that influence conversations with consumers in a multichannel way.
- **Euro RSCG Worldwide PR** formed the New York-based **Health Buzz Group** to offer its targeted buzz generation services to the pharmaceutical and wellness sectors worldwide.
- **BETC** launched **BETC Content**, a new agency positioning itself "at the intersection of editorial expertise and entertainment".
- Following its merger with Euro RSCG Apex, London agency **Maitland** set up a new public relations arm named **Maitland Political.**
- In partnership with sister agency Cake, **Havas Sports & Entertainment** set up a new sports PR division in the UK, based on experiential marketing and social media.
- In France, **Havas Digital** launched **Socialyse**, its new social media brand.
- **MPG** launched its mobile marketing brand **Mobext** in Asia, starting with China, Indonesia and the Philippines. Mobext currently operates in eight markets around the world.

- **MPG Media Contacts** launched dedicated creative unit **Branded** in the UK, providing in-house production capability that includes digital ad production, video apps and product placement strategy.
- **WebNarrative**, the London digital design and build agency, has joined **MPG Media Contacts**.
- Irish digital agency **eightytwenty/interactive** has joined Havas Worldwide's global digital network 4D and will now be known as **eightytwenty/4D**. The agency's clients include Bank of Ireland, Toyota, *The Irish Times,* Munster Rugby and Unilever.
- In the wake of strong growth and performances, **Euro RSCG Life 4D** opened in London. Other offices are scheduled to open in Brazil shortly and in Asia-Pacific in early 2012.
- **Havas Media Spain** launched public relations and communications agency **Havas Media PR**.

Havas recognized as a key player in digital

- **MOBEXT** (Havas Media) was named **best mobile agency** at the **Digiday Mobi Awards**.
- **David Jones** was the only CEO of a holding company to be invited by Facebook to be part of its Facebook Client Council created to advise the social network on advertising.
- **BLiNQ Media**, the world leader in technological innovation for Facebook advertising and the only pure-play media and technology company with official access to Facebook APIs, signed a partnership agreement with Havas Digital.

Havas has attracted recognized digital talents including:

- **Matt Howell, Sebastian Gard** and **Bob Goodman**. The former Modernista! team joined Arnold as Global Chief Digital Officer, Director Social Media and Director of User Experience Arnold.
- **Elliot Seaborn**, ex-Digitas, is now Executive Director of Arnold.
- **Andrew Althersonn**, ex-Digitas, joined Havas Digital North America as its President.
- **Dave Dugan**, ex-President of BzzAgent joined Arnold as Global Commercial Officer.
- **Justin Crawford**, ex-Organic, became Executive Creative Director of Socialistic.
- **Jason Jercinovic**, ex-R/GA, became President of Euro RSCG 4D New York.
- **Claire Adams**, formerly with Social Fuel, is now heading The Cupola Lab, Euro RSCG London's Social Media unit in the UK.
- **Colleen DeCourcy**, ex-Chief Digital Officer of TBWA, is the founder and head of Socialistic.
- **Kim Bartkowski**: ex-Digitas, is now Digital Creative Director of Arnold WW New York.
- **Allyson Witherspoon**: ex-KBSP/Kirshenbaum Bond Senecal & Partners where she handled the BMW USA account and, prior to that, account executive on the Mercedes Benz USA account at Merkley & Partners, joined Euro RSCG New York as Global Digital Brand Director.
- **Bob Macintosh**: joined Host Sydney as Digital Creative Director.
- **Christian Johansen**: ex-Ogilvy New York, joined Euro RSCG 4D Amsterdam as Chief Executive Officer.
- **Michael Olaye**: formerly director of The Creative Partnership, is Technical Director of Euro RSCG London.
- **Angela Wei**: ex-Time Inc., joined Arnold New York as Chief Digital Office.
- **David Graham**: Head of Digital Strategy at Havas Digital in the UK.

Awards and accolades

Awards

At the 58th International Advertising Festival in Cannes, the Group carried off a total of 23 Lions: 6 Gold Lions, 9 Silver Lions and 8 Bronze Lions; double the tally of 2009 and 2 more than in 2010. The Group also collected numerous awards at events such as the Clio Awards, the Andy Awards, the One Shows, the New York ADC & LIAA Awards, the D&AD Awards, the Global Media Festival and the Internationalist Awards for Media Innovation.

The most awarded campaigns of 2011 were: **Heineken – DosXX** by Euro RSCG New York (the continuation of the Most Interesting Man in the World campaign) in film and radio; **Reckitt Benckiser – Shieldtox** Naturgard 'Frog/Chameleon' by Euro RSCG Bangkok in print; **Amnesty International 'Mugshots'** by Fuel Lisbon in print; **Monoprix – Non au Quotidien Quotidien by Havas** City in design; **Polish Cancer Federation** in media and direct by Euro RSCG Warsaw; **Reckitt Benckiser - Vanish Napisan Crystal White 'Sponsor the White House'** by Euro RSCG Sydney; **Legacy for Truth** by Arnold Boston in film.

Citroën DS5 Twitterace (Euro RSCG Amsterdam) featured in the AdAge/Book of Tens Top 10 Social Media Campaigns of the Year.

Several of BETC Euro RSCG's campaigns for **Canal +** also won a slew of awards, in particular the film **"L'Ours"**, ranked 5th in Best Work 2011 for Creativity (AdAge).

The **Roller Babies campaign (Evian-Danone** by BETC Euro RSCG) continued its success in 2011, taking 5th place in the Viral Video Charts/Top Creative campaigns 2011 compiled by AdAge and Visible Measure.

The most awarded media campaigns were: **Fidelity Investments "Follow the Green line"** by MPG in the US; **Mars/Pedigree "My Ideal Dog"** by Havas Media in the US and Latin America; **Nike Mexico City Cup** by MPG/Media Contacts/Havas Sports in Mexico; **CoppaFeel! Boob Hijack** by AIS London; **Sparkassen "Giro sucht Hero"** by MPG Germany; **Fnac "yovivoenfnac"** by Arena Media Spain; **The West End Partnership "Get Lost in the West End"** by Cake London.

Accolades

MPG US was named **Media Agency of the Year** by Media Post for the third year in succession.

The Holmes Report named **Abernathy MacGregor Group** as **Financial Agency of the Year** and **Cake Group** as **Consumer Consultancy of the Year.**

Media Contacts Spain was named **Best Digital Media Agency** at the *Interactiva Magazine* Awards for the 8th year in succession. At the Premios a la Eficacia, **Arena Media Spain** was named **Media Agency of the Year** and at the Premios a Eficacia de Comunicaçao, **Arena Media Portuga**l was also named **Agency of the Year.**

Euro RSCG Sensors was named **Most Awarded Agency of the Year** at the Golden Clip Awards and **Poland's largest international PR agency** by the Polish Public Relations Consultancies Association. **Euro RSCG Worldwide PR** was named **Agency of the Year** at the Golden Bridge Business Awards.

RECMA ranked **MPG France number one in terms of revenue and quality.**

Euro RSCG 4D and **Euro RSCG Marketing House** were named **Agencies of the Year** in the MMP Report.

Media Monitor magazine named **Euro RSCG Portugal** as **Advertising Agency of the Year.**

MPG Mexico was named **Agency of the Year** for the second year in succession by Merca 2.0.

At the Araw Awards, **Media Contacts Philippines** was named **Agency of the Year** as were **MPG Mexico** and **Arena Media** at the Eagle Awards.

Havas and social responsibility

Addressing the issue of Corporate Social Responsibility lies at the very heart of the Group's businesses and strategy.

- In terms of direct environmental impacts, the Group exceeded all its targets in 2011. Paper consumption per employee fell by 35% in 2011, hitting the Group's 2015 target four years ahead of schedule. Waste production per employee fell by 12%, once again reaching the final target in just one year. Water and energy consumption were also reduced.
- The Group took a major step forward in 2011 by including a sustainable development clause in all its supplier contracts, as well as incorporating "responsible" criteria into its purchasing procedures.
- In France, Havas has committed itself to developing a Disability policy now enshrined in a partnership agreement signed with French disability

agency Agefiph on March 28, 2011. The year was also marked by an increase in the employment rate of disabled people of almost 30% for France.

- Havas pioneered the non-profit One Young World global platform described by CNN as the "junior Davos". One Young World gives the world's brilliant young people a platform to effect positive change.
- The second One Young World summit was held in Zurich, Switzerland, in September 2011 and attracted close on 1,300 delegates from 170 countries – no other event gathers representatives from more countries except the Olympic Games. For more information: http://www.oneyoungworld.com.

The creation of the Social Business Idea™ also bears witness to Group strategy on societal issues. The concept, set out in a book entitled by *Who Cares Wins: Why Good Business is Better Business* by David Jones, lies at the nexus of social responsibility and social media and explains why doing well and doing good are no longer seen as mutually exclusive.

Havas Media's "Meaningful Brands" study is in its fourth year of development. Havas is the only group to offer a structured and detailed global analysis that can connect brands with consumer quality of life and wellbeing.

The Group also demonstrated its commitment to society at large in 2011 through some one hundred pro bono campaigns on behalf of non-profit associations and NGOs.

25.2 Filing of a draft share repurchase tender offer for its own shares ("OPRA") and a draft simplified offer ("OPAS") Press Release of March 23, 2012

Havas announces the filing of a draft share repurchase tender offer for its own shares ("opra") and a draft simplified offer for warrants to subscribe to and/or acquire redeemable shares issued in 2006 ("2006 bsaar") ("opas").

- **€253 million share repurchase tender offer targeting 51,729,602 shares (12% of the share capital):**
- **repurchase price of €4.90(1) per share, a premium of 28% to the volume weighted average over one month of the havas share(2);**
- **accretive impact of 10.8% on 2011 eps(3);**
- **2011 net debt/EBITDA ratio post operation of 1.2x enabling the Company to pursue its organic and external growth and its dividend policy;**
- **Simplified offer targeting the 36,085,716 outstanding 2006 BSAAR:**
- **simplified offer price of €0.40 per BSAAR.**

(1) Dividend of €0.11 for the 2011 financial year detached.
(2) Average adjusted by the detachment of the dividend.
(3) Assuming a take-up rate of 100%.

25.2.1. SHARE REPURCHASE TENDER OFFER

The Havas Board of Directors, having met on March 23, 2012, noted a gap between the Group's operating and financial performances and its stock-market valuation. The benefits of the strategic and financial actions undertaken since 2005 have resulted in Havas's net earnings Group share more than doubling (with net earnings, group share rising from €46 million on December 31, 2006 to €120 million on December 31, 2011), while over the same period, the Havas share price has only risen by 2.3%, which today means that its valuation multiples are discounted compared with other companies in the sector.

Noting also that these good performances have resulted in extremely moderate debt levels (net financial debt/EBITDA ratio of 0.1x on December 31, 2011 and a cash position of over €780 million), Havas's Board of Directors has decided a share repurchase tender offer targeting 51,729,602 shares at a unit price of €4.90 (dividend for the 2011 financial year detached), i.e. a total amount of €253 million. The repurchased shares will be cancelled.

This operation will:

- offer shareholders who wish to participate in the share repurchase offer the possibility of selling a part of their shares at a substantial premium of 28% to the one-month weighted average share price, in line with valuation figures calculated by the presenting banks of the share repurchase offer and the independent expert.
- lead to an increase in 2011 undiluted EPS, Group share of 10.8% (assuming a take-up rate of 100%); and
- help to optimise the Company's capital structure in a context of very low interest rates, without penalising either its capacity to pursue both organic and external growth, or its dividend policy (the net financial debt/EBITDA ratio on December 31, 2011 following the share repurchase tender offer and the simplified offer, assuming a take-up rate of 100%, will be 1.2x and 1.4x dividend for the 2011 financial year detached).

Accordingly, through this transaction, the Havas Board of Directors is seeking to affirm its confidence in the prospects of the Havas Group and in the strategy pursued over several years, which have resulted in outstanding operating performances and a robust financial position.

Mr. Vincent Bolloré, and the companies in the Bolloré group, which today hold 32.84% of Havas's share capital, have let it be known that they do not intend to tender their shares to the share repurchase offer. Under the terms of the exemption from filing a mandatory takeover, granted by the French Regulator *(Autorité des Marchés Financers – "AMF")* on March 13, 2012, Mr. Vincent Bolloré and companies of the Bolloré group have undertaken, at the request of the AMF, not to subsequently exceed the percentage ownership of Havas capital that will result from the cancellation of shares tendered to the share repurchase tender offer (37.32% of the capital and voting rights should the share repurchase tender offer be 100% successful), and not to influence the outcome of the vote on the resolution relating to the share repurchase tender offer, said resolution to be voted by the General Meeting of shareholders called on May 12, 2012.

25.2.2. SIMPLIFIED OFFER

The Board of Directors has decided to offer the holders of 2006 BSAAR, who so wish, the opportunity to sell their 2006 BSAAR at a price of €0.40 per 2006 BSAAR. Accordingly, holders of 2006 BSAAR will be offered liquidity for their securities which is something that the market is not currently providing in a satisfactory manner – limited number of quotation days (50 quotation days over the last six months) and limited trading volumes (average daily volume of €4,331 representing only 0.1% of the number of 2006 BSAAR outstanding on January 31, 2012). This very limited liquidity results in an inefficient valuation of the 2006 BSAAR, especially in view of the performance of the Havas share price. For Havas shareholders, the purchase and cancellation of the 2006 BSAAR have the advantage of eliminating the potential dilution attached to their exercise.

An independent expert opinion on the financial terms of the share repurchase tender offer and the simplified offer has been issued by Sorgem Evaluation, which has found them to be fair.

The share repurchase tender offer, the simplified offer and the draft offer document remain subject to the examination by the the AMF. The draft offer document is available on the websites of Havas (www.havas.com) and of the AMF (www.amf-france.org).

As an indication the offer period for both the share repurchase offer and the simplified offer would be expected to run from May 21, 2012 to June 11, 2012.

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
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, Appendix No 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
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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 February 29, 2012.

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, 2011, the Company is governed by a Board of Directors composed of 13 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.

Mr. David Jones was appointed Chief Executive Officer, not a Director, on March 8, 2011.

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 appointed Mrs. Mercedes Erra as a 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.

The Annual Shareholders' Meeting of June 3, 2009 appointed Mrs. Véronique Morali as an independent director. The Annual Shareholders' Meeting of May 29, 2008 had previously appointed Messrs. Pierre Godé and Yves Cannac as independent directors.

Following the resignation of Mrs. Véronique Morali as a director on December 21, 2009 for professional reasons, at December 31, 2011, 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 2011, with an average attendance rate of 83.10%. 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 2011 financial period, the Board dealt with the following major issues:

- resignation of Mr. Fernando Rodés Vilà as Chief Executive Officer and Director;
  - appointment of Mr. David Jones as Chie Executive Officer, not a Director,
  - renewal of the appointment of Mr. Hervé Philippe as *Directeur Général Délégué*,
  - renewal of the term of office of the Chairman of the Board of Directors,
  - approval of the 2010 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;
  - Company policy on gender and pay equality,
  - answers to a written question put by a shareholder at the Annual Shareholders' Meeting of May 10, 2011,
  - real estate operations (leasing and acquisition) concerning the "Le Madone" building in Puteaux,
  - transfer of Havas headquarters to Puteaux,
  - simplification of legal structures by the dissolution of the Euro RSCG holding company,
- approval of the half-year financial statements at June 30, 2011;
- interim accounts;
- execution of loan agreements.

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. Group senior management presented the Audit Committee with details of the planned acquisition of the "Le Madone" building in Puteaux (92800), at 29/30, quai de Dion-Bouton, with an estimate of the financial impacts.

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 2011, 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 2011 financial period, and made the following remarks:

On the work of the Board of Directors for the 2011 financial period

The Board of Directors is made up of 13 members, of whom three are independent (with effect from the Annual Shareholders' Meeting of May 10, 2011). At that same Meeting, a woman Director was appointed to replace a Director whose term of office had expired.

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 2011) and their frequency and spacing throughout the year are satisfactory, as is attendance by Directors; the average attendance rate over the 2011 financial period was 83.10%.

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 the senior management 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;
- execution and optimization of operations with a view to meeting the objectives set by Group management;
- 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.

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 identification, analysis and management system

5.3.3.1. Risk identification

In the absence of any formalized process of centralized risk identification and management, each agency manager is expected to be particularly vigilant in identifying areas of risk, in particular those relating to the specific nature of the agency's businesses, to local practices and to the economic environment.

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.

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

Once identified, risks are analyzed in detail and their potential consequences examined and assessed to provide a complete overview of their impacts.

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. When fraud is detected, the necessary measures are taken without delay to limit the consequences, and the fraud is analyzed in detail, generally with the assistance of external consultants. The Audit Committee is given detailed information and kept informed of all developments: causes, measurement of consequences and actions taken, and is especially vigilant regards the penalties applied.

A formal questionnaire is completed by each Business Unit in order to centralize all information on known litigations and risks.

5.3.3.3 Risk management

Once informed, senior management (and the General Counsel in particular) ensure that, after assessment of the risk, agency managers manage the risk and take the steps necessary to ensure prevention of or protection against the risk concerned.

This decentralization of risk management optimizes the responsiveness and efficiency needed to analyze and manage risk.

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. In the course of the 2011 financial period, the Weekly Finance Committee became a Management Committee, meeting bi-monthly.

The members of the Management Committee are:

- Mr. Vincent Bolloré;
- Mr. David Jones;
- Mr. Yannick Bolloré;
- Mr. Alfonso Rodés Vilà;
- Mr. Jorge Ustrell;
- Mr. Stéphane Fouks;
- Mr. Hervé Philippe;
- Mr. François Laroze;
- Mr. Jean-Marc Antoni;
- Mr. Michel Dobkine.

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.

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 2011, 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 2011 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 modified in the course of the year to take into account new requests from senior management. Assignments scheduled but not performed were carried over to the 2012 audit plan. All reports on the assignments completed in 2011 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 2011, 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 Management 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 circulated to senior management and reviewed at bi-monthly meetings of the Management 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 2011, the Group pursued its aims of constant improvement of internal control at both central and local levels.

At central level, the scope of key information reporting has been extended to provide closer monitoring of changes in local situations and thus detect any anomalies or unusual situations, in particular as regards agencies' cash movements. An audit assignment not scheduled in the 2011 audit plan was conducted following this reinforcement of internal control over cash at the central level.

At local level, the Group continued the initiative begun in 2010 to strengthened local internal control resources 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.

2. STATUTORY AUDITORS' REPORT

Statutory Auditors' report, prepared in accordance with article L. 225-235 of the French company law (Code de commerce) on the report prepared by the Chairman of the Board of Directors of the Company.

For the year ended December 31, 2011

This is a free translation into English of the statutory auditors' report issued in French prepared in accordance with article L.225-235 of French company law on the report prepared by the Chairman of the Board of Directors on the internal control and risk management procedures relating to the preparation and processing of accounting and financial information issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction and construed in accordance with French law and the relevant professional standards applicable in France.

To the shareholders,

In our capacity as Statutory Auditors of Havas and in accordance with article L. 225-235 of French company law *(Code de commerce)*, we hereby report on the report prepared by the Chairman of your Company in accordance with article L.225-37 (limited liability company with a Board of Directors) of French company law *(Code de commerce)* for the year ended December 31, 2011.

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 containing the other disclosures required by article L. 225-37 (limited liability company with a Board of Directors) of French company law *(Code de commerce)*, particularly in terms of corporate governance.

It is our responsibility:

- to report to you on the information contained 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; and
- to attest that this report contains the other disclosures required by article L. 225-37 of French company law (Code de commerce), it being specified that we are not responsible for verifying the fairness of these disclosures.

We conducted our work in accordance with professional standards applicable in France.

Information on the internal control and risk management procedures relating to the preparation and processing of accounting and financial 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 consisted mainly 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 the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and the existing documentation;
- determining if any significant 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 engagement are properly disclosed in the Chairman's report.

On the basis of our work, we have nothing to report on the information in respect of the company's internal control and risk management procedures relating to the preparation and processing of accounting and financial information contained in the report prepared by the Chairman of the Board in accordance with article L. 225-37 of French company law *(Code de commerce)*.

Other disclosures

We hereby attest that the Chairman's report includes the other disclosures required by article L.225-37 of French company law *(Code de commerce)*.

Paris and Neuilly-sur-Seine, on March 27, 2012

The Statutory Auditors

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 2011 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 €60,394.71. 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, 2011 show a profit of €87,139,884.57.

After allocation to the legal reserve of €22,291.00, i.e. below the authorized maximum of one-tenth of the share capital, the distributable profit for the year stands at €87,117,593.57.

The Board of Directors proposes that a dividend of 11 cents of a euro (€0.11) be paid per share, representing a total payment of €50,052,600.51, on the basis of (i) share capital composed of 431,080,011 shares at December 31, 2011, and (ii) a maximum number of 23,943,630 shares to be created by possible exercise of existing stock options between January 1, 2012 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 18, 2012.

Pursuant to article 158-3.2° of the French General Tax Code, all dividends paid (amounting to a total of €50,052,600.51) 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
2008	429,869,323	0.04
2009	429,873,590	0.08
2010	431,077,736	0.10

Directors' fees (resolution 4)

The fourth resolution invites shareholders to set the aggregate amount of directors' fees for 2012.

The Board proposes to maintain the amount of directors' fees at the maximum of €180,000, identical to the amount set for 2011.

Approval of related party agreements under article L. 225-38 of the French Commercial Code (resolution 5)

The fifth resolution proposes the approval of agreements falling within the scope of article L. 225-38 of the French Commercial Code and entered into during the 2011 financial period.

No such related party agreements were authorized or signed during the financial year ended December 31, 2011. Shareholders will therefore be invited to approve the terms of the Special Report of the Auditors annexed to the Annual Report for 2011.

Renewal of the terms of office of the Statutory Auditors and Alternate Statutory Auditors (resolutions 6 and 7)

The sixth and seventh resolutions propose the renewal of the terms of office of the two Statutory Auditors and the two Alternate Statutory Auditors, all of which expire at the close of this Shareholders' Meeting.

Shareholders are therefore invited to approve the renewal of the terms of office of Constantin Associés and AEG Finances as Statutory Auditors and of Cisane and IGEC as Alternate Statutory Auditors, for a period of six financial years, until the close of the annual Shareholders' Meeting reviewing the financial statements for the period ending December 31, 2017.

The French regulator (*Autorité des Marchés Financers* – "AMF") has been informed of these proposed renewals and has made no comment.

Capital increase (resolutions 8 to 10)

The financial authorizations previously granted to the Board of Directors to increase the Company's share capital (not including capital increases for the benefit of employees) expire in July 2012. The Board of Directors deems it indispensable to have at its disposal the means to provide, on the best terms and conditions, for any future funding or external growth requirements the Company may have.

The Board of Directors therefore proposes that the capital increase authorizations, with preferential subscription rights and by incorporation of reserves, be renewed and that the Company be authorized to increase its capital by up to 10% in order to compensate contributions in securities, should the case arise.

The upholding of preferential subscription rights in the main authorization requested would enable the rights of existing shareholders to be preserved.

A capital increase by incorporation of reserves would not dilute existing shareholdings.

The authorization to increase the capital by up to 10% through the contribution of securities would furnish the Company with the means to acquire ad hoc and targeted holdings.

The Board of Directors proposes that the maximum nominal amount of money issues be set at €70 million, potentially representing 175 million shares (*i.e.* approximately 40.6% of the existing capital). This limit would be an aggregate ceiling applying to capital increase authorizations with preferential subscription rights maintained, by incorporation of profits, reserves or share premiums, and to the resolutions below relating to employee share ownership.

With regard to issues of securities granting access to a portion of the share capital, with preferential subscription rights, the maximum aggregate nominal amount of the debt component shall be limited to €400 million.

The authorizations are requested for a period of twenty-six months.

Employee share ownership (resolutions 11 and 12)

The eleventh 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 18) to this effect was approved by the Shareholders' Meeting of May 10, 2011, for a period of 26 months., i.e. until July 10, 2013. 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 twelfth resolution proposes that the Shareholders' Meeting renew the resolution (resolution 19) adopted by the Shareholders' Meeting of May 10, 2011, 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.

Each of the two authorizations requested would be limited to a maximum of 3% of the share capital, bearing in mind that this ceiling would have a double limitation: on the one hand, by a maximum aggregate amount of 3% in respect of both authorizations, and, on the other hand, by the fact that this 3% ceiling would be deductible from the €70 million maximum aggregate amount provided under the resolution authorizing a share capital increase with preferential subscription rights.

Share repurchase tender offer (resolution 13)

The thirteenth resolution proposes that the Shareholders' Meeting authorize a share repurchase tender offer enabling the Board to acquire Company shares for cancellation with a view to a capital reduction.

The operation would enable the Company to offer shareholders who wish to participate in the share repurchase offer the possibility of selling a part of their shares at a substantial premium of 28% over market price, to increase 2011 undiluted earnings per share, Group share, by 10.8% and to optimize the Company's financial structure without penalizing either its capacity to pursue both organic and external growth, or its dividend policy.

Through this transaction, the Board of Directors is seeking to affirm its confidence in the prospects of the Havas Group and in the strategy pursued over several years, which has resulted in outstanding operating performances and a robust financial position.

The main characteristics of the proposed share repurchase tender offer would be as follows:

- the share repurchase tender offer would be carried out at a unit price of €4.90 per share;
- it would target a maximum of 51,729,602 Company shares, representing 12% of the share capital, a maximum total amount of €253 million;
- assuming a take-up rate of 100%, the ensuing capital reduction would be a maximum of €20,691,840.80.

An independent expert opinion on the financial terms of the share repurchase tender offer has been issued by Sorgem Evaluation (reproduced in note 3 of the draft offer document), which has found them to be fair.

The repurchase price offered by Havas includes a premium of 28% to the volume weighted average over one month of the Havas share, average adjusted by detachment of the dividend, which will be paid on May 18, 2012.

Mr. Vincent Bolloré and the companies in the Bolloré group, which today hold 32.84% of Havas' share capital, have let it be known that they do not intend to tender their shares to the share repurchase offer.

Under the terms of the exemption from filing a mandatory takeover, granted by the French regulator (*Autorité des Marchés Financers* – "AMF") on March 13, 2012, Mr. Vincent Bolloré and companies of the Bolloré group have undertaken, at the request of the AMF, not to subsequently exceed the percentage ownership of Havas capital that will result from the cancellation of shares tendered to the share repurchase tender offer, and not to influence the outcome of the vote on the resolution relating to the share repurchase tender offer, said resolution to be voted by the General Meeting of shareholders called on May 10, 2012.

The Board of Directors, meeting on March 23, 2012, pronounced in favor of the draft offer, deeming it to be in the interests of the Company, its shareholders and employees, and recommended to shareholders that they tender their shares to the tender repurchase offer.

The share repurchase tender offer and the draft offer document were filed with the AMF on March 23, 2012.

Ratification of the transfer of the Company's headquarters (resolution 14)

Following the Company's removal to Puteaux (92800) – 29/30 Quai de Dion-Bouton on January 27, 2012, the fourteenth resolution proposes that the Shareholders' Meeting ratify the decision taken by the Board of Directors to transfer the Company's headquarters to this new address.

Power for formalities (resolution 15)

The fifteenth resolution grants powers to carry out all the formalities required by law.

4. TEXT OF THE RESOLUTIONS

First resolution

(Review and approval of statutory accounts for the 2011 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, 2011, 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 €60,394.71.

Second resolution

(Review and approval of consolidated financial statements for the 2011 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, 2011, 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 €87,117,593.57 made up as follows:

Profit for the year	€87,139,884.57
• allocation to the legal reserve	€22,291.00
to be allocated as follows:	
• dividend (€0.11 per share) on the basis of share capital composed of 431,080,011 shares at December 31, 2011	€47,418,801.21
• estimated dividend (€0.11 per share) on the basis of the issue of a maximum of 23,943,630 shares following the exercise of stock options	€2,633,799.30
• The balance to "Retained earnings"	€37,064,993.06

The dividend will be paid on May 18, 2012.

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 (euro per share)
2008	429,869,323	0.04
2009	429,873,590	0.08
2010	431,077,736	0.10

Fourth resolution

(Setting of directors' fees for 2012)

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 2012 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, notes that no such related party agreements were authorized or signed during the financial year ended December 31, 2011.

Sixth resolution

(Renewal of the terms of office of the Statutory Auditors and Alternate Statutory Auditors)

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 terms of office of Constantin Associés as Statutory Auditor and of Cisane as Alternate Statutory Auditor, expire at the close of this Shareholders' Meeting and decides to renew the respective terms of office for a period of six financial years, until the close of the Annual Shareholders' Meeting reviewing the financial statements for the period ending December 31, 2017.

Seventh resolution

(Renewal of the terms of office of the Statutory Auditors and Alternate Statutory Auditors)

After considering the Board of Directors' report, the Shareholders' Meeting, acting with the quorum and majority requirements for ordinary meetings, notes that the terms of office of AEG Finances as Statutory Auditor and of IGEC as Alternate Statutory Auditor, expire at the close of this Shareholders' Meeting and decides to renew the respective terms of office for a period of six financial years, until the close of the Annual Shareholders' Meeting reviewing the financial statements for the period ending December 31, 2017.

Eighth resolution

(Delegation of authority to the Board of Directors to increase the share capital, through the issue, with preferential subscription rights maintained, of shares and/or securities granting access to a portion of the Company's share capital, and to issue securities granting entitlement to the attribution of debt instruments)

After considering the Board of Directors' report and the Statutory Auditors' special report, and in compliance with the provisions of articles L. 225.129 et *seq.* and articles L. 228-91 et *seq.* of the French Commercial Code, and in particular article L. 225-129-2 of said Code, the Shareholders' Meeting, acting with the quorum and majority requirements for extraordinary meetings:

1) delegates authority to the Board of Directors, which may sub-delegate as provided by law, to increase the share capital, on one or more occasions, in the French or foreign and/or international markets, in the proportions and at the times it deems appropriate, whether in euros or any other currency or in a monetary unit established in reference to other currencies, through the issuance, with preferential subscription rights of shareholders maintained, of shares or securities granting access to a portion of the Company's share capital (whether new or existing shares) or securities granting entitlement to debt instruments, issued free or for a consideration, it being stipulated that these shares or other securities may be subscribed in exchange for payment or by compensation of debt;

2) decides that any issuance of preference shares and securities giving access to preference shares is expressly excluded;

3) delegates authority to the Board of Directors, which may sub-delegate as provided by law, to issue securities granting access to a portion of the share capital of companies of which it directly or indirectly owns over half the capital;

4) decides to set the following limits on the amounts of capital increases authorized should the Board of Directors decide to avail itself of this delegation of authority:

   – the maximum nominal amount of immediate or future capital increases in pursuance of the present delegation of authority is set at €70 million, it being stipulated that the maximum aggregate nominal amount of capital increases that may be carried out under the terms hereof and under those of resolutions 9, 11 and 12 herein is set at €70 million,

   – to these ceilings will be added, if needs be, the nominal amount of additional shares to be issued, if any, in accordance with the legal and regulatory provisions in force and, where applicable, with contractual arrangements for other adjustments, in order to preserve the entitlements of holders of securities or other rights granting access to a portion of the share capital;

5) decides that, in the event of debt instruments being issued under this delegation of authority, the maximum aggregate nominal amount of the debt instruments issued in pursuance hereof shall not exceed €400 million or counter-value thereof at the date of issue, this amount to be increased, where applicable, by any redemption premium above the par value;

6) should the Board of Directors use this delegation of authority:

   – decides that the issue(s) shall be preferentially reserved for shareholders who subscribe, by way of full entitlement, in proportion to the full number of shares held by them,

   – decides that the Board of Directors shall have the possibility of instituting a right to subscribe subject to a reduction of entitlement,

   – notes that this delegation of authority automatically entails shareholders waiving their preferential rights to subscribe to the shares to which the securities grant immediate or future entitlement, to the benefit of holders of securities issued in respect of this resolution and granting access to a portion of the Company's share capital,

   – decides that, if the capital increase is not fully subscribed by virtue of full entitlement and, if needs be, by reducible entitlement, the Board of Directors may have recourse to one and/or other of the following options, under the conditions set forth by law and in the order it deems appropriate:

   – limit the capital increase to the amount effectively subscribed provided the latter reaches at least three-quarters of the capital increase decided,

   – distribute without restriction all or part of the shares or securities (in the case of securities granting access to a portion of the share capital) if the issue decided has not been fully subscribed,

   – offer the public all or part of the unsubscribed shares or securities (in the case of securities granting access to a portion of the share capital) in the French or foreign and/or international markets,

   – decides that the Company's equity warrant issues can be carried out by subscription, but also by free issue to the holders of long-standing shares, it being stipulated that the Board of Directors shall have the option of deciding that attribution rights forming fractions will not be negotiable and that the corresponding entitlements shall be sold;

7) decides that the present delegation of authority shall henceforth cancel and replace, to the extent unused, any previous authorization granted hitherto for the same purpose;

8) 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 twenty-six months from the date of this Shareholders' Meeting.

Ninth resolution

(Delegation of authority to the Board of Directors to increase the share capital by the incorporation of premiums, reserves, profits or other)

After considering the report of the Board of Directors, the Shareholders' Meeting, acting with the quorum and majority requirements for ordinary meetings, and in compliance with the provisions of article L. 225-130 of the French Commercial Code:

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 incorporation of premiums, reserves, profits or other that can be legally and statutorily capitalized, through the issuance of free shares or by raising the par value of existing shares or by a combination of the two aforesaid procedures. The maximum nominal amount of the capital increases that may be carried out in this manner shall not exceed €70 million, it being specified that this amount would be deductible from the maximum aggregate amount set forth in paragraph 4 of the eighth resolution before this Shareholders' Meeting;

2) decides that rights forming fractions will not be negotiable and that the corresponding shares shall be sold, with proceeds from the sale being allocated to the holders of rights in accordance with legal and regulatory provisions;

3) decides that the present delegation of authority shall henceforth cancel and replace, to the extent unused, any authorization granted hitherto for the same purpose;

4) 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 twenty-six months from the date of this Shareholders' Meeting.

Tenth resolution

(Delegation of powers to the Board of Directors to increase the share capital, by up to 10%, to compensate contributions in kind in the form of equity or securities granting access to a portion of the share capital)

After considering the report of the Board of Directors, the Shareholders' Meeting, acting with the quorum and majority requirements for extraordinary meetings, and in compliance with the provisions of articles L. 225-129 et *seq.* of the French Commercial Code, and in particular with article L. 225-147, sixth paragraph, of said Code:

1) delegates all powers to the Board of Directors, which may sub-delegate as provided by law, to increase the Company's share capital, by a maximum of 10% of said share capital, at any time, said percentage to be applied to the share capital adjusted to allow for operations that may affect said share capital subsequent to this Shareholders' Meeting, for the purposes of, and on the basis of the report of the Auditor assessing contributions in kind, compensating contributions in kind made to the Company and comprised of shares or securities granting access to a portion of the share capital, when the provisions of article L. 225-148 of the French Commercial Code are inapplicable;
2) thus grants all powers to the Board of Directors to determine the terms and conditions of the issue, to approve the assessment of the contributions and the granting, where applicable, of special advantages, to reduce, if the contributors agree, the assessed value of the contributions or compensation of the special advantages, to determine the number of securities to be issued and the date from which dividend rights shall vest, register the completion of the capital increase and amend the bylaws accordingly, and more generally to take all and any measures required and enter into all and any agreements for this purpose;
3) decides that the present delegation of authority shall henceforth cancel and replace, to the extent unused, any authorization granted hitherto for the same purpose;
4) 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 twenty-six months from the date of this Shareholders' Meeting.

Eleventh 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 of 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. 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 €70 million specified in paragraph 4 of the eighth resolution of this Shareholders' Meeting, 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 and in the twelfth 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, and notes that this delegation of authority automatically entails shareholders waiving their preferential rights to subscribe to the shares to which the securities grant immediate or future entitlement, to the benefit of holders of securities issued in respect of this resolution and granting immediate or future access to a portion of the Company's share capital;
4) decides that the issue price of the 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 abovementioned 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 arrange to attribute, to the abovementioned 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 counter-value, 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, the issue price, 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 stock exchanges 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 necessary declarations to the appropriate authorities 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 earlier authorization granted by the Shareholders' Meeting of May 10, 2011, under resolution 18, 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.

Twelfth 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 €70 million specified in paragraph 4 of the eighth resolution of this Shareholders' Meeting, 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 eleventh 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 the present 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 regulator (*Autorité des Marchés Financiers* – "AMF"), for the purposes of a capital increase carried out in pursuance of the eleventh 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) notes that this delegation of authority automatically entails shareholders waiving their preferential rights to subscribe to the shares to which the securities grant immediate or future entitlement, to the benefit of holders of securities issued in respect of this resolution and granting access to a portion of the Company's share capital;

5) 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;

6) 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;

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 10, 2011, under resolution 19, for the same purpose;

8) 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.

Thirteenth resolution

(Reduction of the share capital by a maximum nominal amount of €20,691,40.80 by means of a share repurchase tender offer for a maximum of 51,729,602 Company shares, followed by cancellation of the shares purchased)

After considering the Board of Directors' report and the Statutory Auditors' special report, and in compliance with the provisions of articles L. 225-204 and L. 225-207 of the French Commercial Code, the Shareholders' Meeting, acting with the quorum and majority requirements for extraordinary meetings:

1) authorizes the Board of Directors to acquire a maximum number of 51,729,602 Company shares with a view to their cancellation, resulting in a reduction in the share capital of a maximum nominal amount of €20,691,840.80, representing 12% of the Company's share capital;

2) to this end, authorizes the Board of Directors to make a share repurchase tender offer to all shareholders targeting a maximum number of 51,729,602 Company shares. The tender offer is to be made in accordance with the legal and regulatory provisions in force and subject to confirmation of the exemption from filing a mandatory takeover granted by the French regulator (*Autorité des Marchés Financers* - "AMF");

3) sets a unit price of €4.90 per share repurchased from shareholders under the share repurchase tender offer, representing a maximum nominal amount of €20,691,840.80 for the operation;

4) decides that the repurchased shares shall be cancelled at the date of repurchase, in accordance with the legal and regulatory provisions in force, along with all their associated rights including the entitlement to dividend for the current financial year;

5) delegates all powers to the Board of Directors, which may sub-delegate as provided by law, to carry out the abovementioned operations and in particular to:

- put into effect the share repurchase tender offer on the terms set out above,
- in the light of the results of the share repurchase tender offer and within a maximum of one month of the share repurchase tender offer closing, (i) determine the final amount of the capital reduction and (ii) in accordance with the provisions of article R. 225-155 of the French Commercial Code, if the number of shares tendered exceeds the maximum nominal amount of the capital reduction, effect a proportional reduction in the number of shares presented by each shareholder tendering shares or reduce the share capital corresponding to the volume of shares repurchased by cancelling them and (iii) record the final completion of the corresponding capital reduction,
- allocate the difference between the repurchase value of shares acquired under the share repurchase tender offer and the par value of the shares cancelled to the "Share premium account", or to "Reserves" or more generally to any premiums or reserves available,
- in the event of objections by creditors, take all appropriate measures, establish any security or execute any court decision ordering the establishment of security or the payment of sums due,
- amend the bylaws accordingly,
- carry out all formalities relating to the share repurchase tender offer, the repurchase of shares and the reduction in the share capital,
- and generally do whatever may be necessary, take all necessary steps and carry out all formalities pertinent to this authorization.

Fourteenth resolution

(Ratification of the transfer of the Company's headquarters)

The Shareholders' Meeting, acting with the quorum and majority requirements for ordinary meetings, ratifies the decision taken by the Board of Directors on August 30, 2011 to transfer the Company's headquarters to Puteaux (92800) – 29/30, Quai de Dion-Bouton.

Fifteenth 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

Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2011

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.

Agreements and commitments submitted to the General Assembly

Agreements and commitments authorized during the last fiscal year

In accordance with article L. 225-38 of the French Commercial Code *(Code de commerce)*, we have not been advised of agreements or commitments authorized during the last fiscal year and submitted to the General Assembly.

Agreements and commitments already approved by the General Assembly

Agreements and commitments approved during prior periods and continued during the last fiscal year

In accordance with article R. 225-30 of the French Commercial Code *(Code de commerce)*, we have been advised that the following agreement, already approved during prior periods and approved by the General Meeting, is continued during the last fiscal year.

Service agreement to develop, manage and promote the Euro RSCG network in order to enhance the value of the Euro RSCG brand provided to Havas by Euro RSCG Worldwide for total fees of €1,585,866.40 paid in the year ended December 31, 2011, due for the year ended December 31, 2010.

Company officer concerned: Mr. Hervé Philippe

Paris and Neuilly-sur-Seine, March 27, 2012

The Statutory Auditors

AEG Finances	Constantin Associés
Jean-François Baloteaud	Jean-Paul Séguret

6. AUTHORIZATIONS REGARDING SHARE CAPITAL INCREASES[(1)]

			Amount authorized			Amount used			Amount available		
Nature of authorizations	Date of Shareholders' Meeting	Period of authorization	Capital *in euro*	Capital in number of shares	Debt securities *in euro*	Capital *in euro*	Capital in number of shares	Debt securities *in euro*	Capital *in euro*	Capital in number of shares	Debt securities *in euro*
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	05/10/10	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.* 5,170,152.53	12,925,381		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)	05/10/11	18 months	3% at date of shareholders' meeting *i.e.* 5,170,152.53	12,925,381		0	0		5,159,240.72	12,898,101	
Ceiling on authorizations related to the Company savings scheme (4 and 5)	**05/10/10**		**5,170,152.53**	**12,925,381**					**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. LIST OF INFORMATION PUBLISHED OR MADE PUBLIC DURING THE LAST TWELVE MONTHS (FROM FEBRUARY 1, 2011 TO MARCH 29, 2012)

	Consultation method (Internet link or place of consultation)
Press releases	**www.havas.com**
2010 Results (03/08/2011)	
Registration of the 2011 Annual Report (04/04/2011)	
Terms of provision or consultation of documents and information relating to the Annual Shareholders' Meeting of May 10, 2011 (04/18/2011)	
Q1 2011 Revenue (04/27/2011)	
Annual Shareholders' Meeting (05/10/2011)	
Havas acquires host, Australia's top independent creative agency (07/20/2011)	
2011 First Half Results (08/30/2011)	
Arnold Worldwide opens Shanghai office (09/09/2011)	
Havas launches multicultural marketing agency "Totality" (10/06/2011)	
Q3 2011 Revenue (10/27/2011)	
Havas strengthens healthcare leadership with MedMed China deal (11/10/2011)	
Havas takes a majority stake in Singapore-based PR agency Siren-Communication (11/22/2011)	
2011 Results (03/01/2011)	
Havas announces the filing of a draft share repurchase tender offer (03/23/2012)	
Press release on the filing of a draft share repurchase tender offer (03/23/2012)	
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 relating to the Annual Shareholders' Meeting of May 10, 2011 (04/18/2011)	
Statement of fees paid to Statutory Auditors (04/04/2011)	
Statutory Auditors' review report on the 2010 interim financial information (08/30/2011)	
Condensed consolidated financial statements for the interim period ended June 30, 2011 (08/30/2011)	
Report on the activity of the first half of 2011 (08/30/2011)	
Declaration by the person responsible for the half-yearly financial report (08/30/2011)	
Publications in *BALO* (official gazette)	**www.journal-officiel.gouv.fr**
Advance notice of Annual Shareholders' Meeting of May 10, 2011 (04/01/2011)	
Notice of Annual Shareholders' Meeting of May 10, 2011 (04/18/2011)	
Publication of statutory accounts and consolidated financial statements for the financial year ended December 31, 2010 (05/16/2011)	
Publications in *Les Petites Affiches* (bulletin of public notices)	
Notice of Annual Shareholders' Meeting of May 10, 2011 (04/18/2011)	
Publication of Havas' share capital increase (03/14/2012)	
Information lodged with the Office of the Clerk of the Commercial Court of Nanterre	
Resignation of a Chief Executive Officer also a Director/Appointment of a Chief Executive Officer/Share capital increase (certificate of deposit of 05/09/2011)	
Non-renewal of a Director's term of office and appointment of a Director/Amendment of bylaws for compliance purposes (certificate of deposit 07/25/2011)	
Deposit of 2011 statutory accounts and consolidated financial statements (certificate of deposit of 07/26/2011)	
Transfer of headquarters (certificate of deposit 02/02/2012)	

	Consultation method (Internet link or place of consultation)
Monthly declarations of voting rights	**www.havas.com**
Dated 02/09/2011	**www.amf-france.org**
Dated 03/09/2011	
Dated 04/11/2011	
Dated 05/11/2011	
Dated 06/14/2011	
Dated 07/06/2011	
Dated 08/10/2011	
Dated 09/08/2011	
Dated 10/07/2011	
Dated 11/09/2011	
Dated 12/15/2011	
Dated 01/09/2012	
Dated 02/13/2012	
Dated 03/07/2012	
Declarations of market capitalization	**www.amf-france.org**
Dated 02/24/2011	
Dated 03/02/2012	
Information note	**www.havas.com**
Draft information note filed with the AMF on March 23, 2012	**www.amf-france.org**
Annual report	**www.havas.com**
2010 Annual Report – AMF visa No. D. 11-0230 of April 4, 2011	**www.amf-france.org**

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

Functions and positions held in French companies

- Director of Havas Media France.

Functions and positions held in foreign companies

None.

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 and Sofibol;
- Director of BatScap, Bolloré, Bolloré Participations, Direct 8, Matin Plus, Direct Soir, Financière Moncey, Financière de l'Odet, Financière V, Omnium Bolloré, Sofibol 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 and Compagnie des Tramways de Rouen;
- Permanent representative of Bolloré on the Board of Bolloré Média;
- Permanent representative of Bolloré Participations on the Supervisory Board of Compagnie du Cambodge;
- Permanent representative of Bolloré on the Board of Fred & Farid Paris and Fred & Farid Group.

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 Group, Champ de Mars Investissement, Financière Nord Sumatra, Plantations des Terres Rouges, SDV Gabon and Bolloré Africa Logistics Senegal (previously known as 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 (previously known as Saga Cameroun), SAFA Cameroun and SDV Congo;
- Vice-President of Generali, Société des Caoutchoucs du Grand Bereby (SOGB) and Bereby Finances;
- Director of Centrages, Socfinaf (previously known as Intercultures), Liberian Agricultural Company (LAC), Mediobanca, Plantations Nord Sumatra Limited, Socfin (previously known as Socfinal), Socfinasia, Socfinco, Socfindo, Société de Gestion pour le Caoutchouc et les Oléagineux (Sogescol), Socfin KCD and Generali;
- Permanent representative of Bolloré Participations on the Boards of Bereby Finance, Palmeraies du Cameroun (Palmcam), Société Camerounaise de Palmeraies (Socapalm) and Société des Caoutchoucs du Grand Bereby (SOGB);
- Co-manager of Brabanta.

Other positions previously held outside the Group

Positions held in 2010

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 and 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 and Compagnie des Tramways de Rouen;
- Permanent representative of Bolloré on the Board of Bolloré Média;
- Permanent representative of Bolloré Participations on the Supervisory Board of Compagnie du Cambodge;
- Permanent representative of Bolloré on the Board of Fred & Farid Paris.

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 Group, Champ de Mars Investissement, Financière Nord Sumatra, Plantations des Terres Rouges, SDV Gabon, Bolloré Africa Logistics Senegal (previously known as 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 (previously known as Saga Cameroun), SAFA Cameroun and 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 and 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.

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 and 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 and IER;

- Permanent representative of Bolloré on the Board of Bolloré Média;
- Permanent representative of Bolloré Participations on the Supervisory Board of Compagnie du Cambodge;
- Permanent representative of Bolloré on the Board of Fred & Farid Paris.

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 Group, Centrages, Champ de Mars Investissement, Financière Nord Sumatra, Intercultures, Financière Privée, Liberian Agricultural Company (LAC), Mediobanca, Plantations Nord Sumatra Limited, Plantations des Terres Rouges, SDV Gabon, SDV Senegal, Socfinaf Company Ltd, Socfinal, Socfinasia, Socfinco, Socfindo, Société de Gestion pour le Caoutchouc et les Oléagineux (Sogescol) and 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);
- 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 and VEPB;
- Chief Executive Officer of Omnium Bolloré, Financière V and 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 and IER;
- Permanent representative of Bolloré Participations on the Supervisory Board of Compagnie du Cambodge;
- Permanent representative of Bolloré on the Board of Fred & Farid Paris;
- Permanent representative of Havas on the Board of Médiamétrie.

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 Group, 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) and 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, Palmeraies du Cameroun, 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) and Direct Soir;
- Chairman of Bolloré Production;
- Chief Executive Officer of Omnium Bolloré, Financière V and 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 and 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 and IER;
- Permanent representative of Bolloré Participations on the Supervisory Board of Compagnie du Cambodge;
- Permanent representative of Bolloré on the Board of FFL Paris;
- Permanent representative of Havas on the Board of Médiamétrie.

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 Group, Centrages, Compagnie Internationale de Cultures, 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 Company Ltd., Socfinal, Socfinasia, Socfinco, Socfindo, Socfininter and 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.

David Jones

Havas Chief Executive Officer, not a Director, since May 10, 2011.

Other positions within the Group

Functions and positions held in French companies

- Member of the Supervisory Board of BETC Euro RSCG;
- Permanent representative of Havas on the Board of W&Cie.

Functions and positions held in foreign companies

- President, Chief Executive Officer and Manager of Euro RSCG Worldwide LLC;
- Chairman, Chief Executive Officer, President and Director of Havas Worldwide Inc.;
- President of Havas North America Inc.;
- Director of the Abernathy MacGregor Group Inc., Euro RSCG Healthview Inc., Euro RSCG New York Inc., Hours Entertainment Inc., Euro RSCG Luxe Ltd, Havas Worldwide South Pacific Pty Ltd, Arnold Australia Pty Ltd, Foxtrot Echo Productions Pty Ltd, The Red Agency Pty Ltd, Opalway Pty Ltd, Euro RSCG Australia Pty Ltd, One Green Bean Pty Ltd (since July 20, 2011), Host Consult Pty Ltd (since July 20, 2011), Arcade Pty Ltd (since July 20, 2011) and Rainy Day Industries Pty Ltd (since July 20, 2011);
- Manager of Euro RSCG Direct Response LLC and SocialCraft LLC.

Other positions outside the Group

Functions and positions held in French companies

- Advisor to the Leoni Sceti Group (since November 23, 2011).

Functions and positions held in foreign companies

- None.

Other positions previously held outside the Group

Positions held in 2010

Functions and positions held in French companies

None.

Functions and positions held in foreign companies

None.

Positions held in 2009

Functions and positions held in French companies

None.

Functions and positions held in foreign companies

None.

Positions held in 2008

Functions and positions held in French companies

None.

Functions and positions held in foreign companies

None.

Positions held in 2007

Functions and positions held in French companies

None.

Functions and positions held in foreign companies

None.

Fernando Rodés Vilà

Director of Havas from January 2001 to March 2011and Chief Executive Officer of Havas from March 2006 to March 2011

Other positions within the Group

Functions and positions held in French companies

- Permanent representative of Havas (until March 8, 2011) to W&Cie, Euro RSCG, Providence and Euro RSCG Life.

Functions and positions held in foreign companies

- Deputy Chairman of Media Planning Group SA and Proximia Balears SL;
- Director of Havas Worldwide Inc. (USA), Havas Sports Culture & Communication (Beijing) Co. Ltd.,
- Chairman, CEO and President of Havas Worldwide Inc (USA);
- Manager of Media Planning Group USA LLC and Washington Printing LLC;
- Member of the Board of Havas Sports SA de CV (Mexico);
- *Consejero Delegado* of Havas Management España SL;
- Director of Havas Tunisie.

Other positions outside the Group

Functions and positions held in French companies

None.

Functions and positions held in foreign companies

- 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 2010

Functions and positions held in French companies

None.

Functions and positions held in foreign companies

- Chairman of Neometrics Creafutur;
- Director of ISP & Others;
- Patron of Fundacio Natura;
- Director and Chairman of the Sustainable Development Committee of Acciona.

Positions held in 2009

Functions and positions held in French companies

None.

Functions and positions held in foreign companies

- Chairman of Neometrics Creafutur;
- Director of ISP & Others;
- Patron of Fundacio Natura;
- Director and Chairman of the Sustainable Development Committee of Acciona.

Positions held in 2008

Functions and positions held in French companies

None.

Functions and positions held in foreign companies

- Chairman of Neometrics Creafutur;
- Director of ISP & Others;
- Director and Chairman of the Sustainable Development Committee of Acciona.

Positions held in 2007

Functions and positions held in French companies

None.

Functions and positions held in foreign companies

- Chairman of Neometrics Creafutur;
- Director of ISP & Others.

Antoine Bernheim

Director of Havas from March 10, 2008 to May 10, 2011.

Other positions within the Group

Functions and positions held in French companies

None.

Functions and positions held in foreign companies

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 and 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 and Europacorp;
- Member of the Supervisory Board of Eurazeo, Le Monde SA and Société Éditrice 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 Generali Deutschland Holding AG, Banca della Svizzera Italiana – BSI, Generali España 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 2010

Functions and positions held in French companies

- Vice-President and Director of Bolloré, LVMH Moët–Hennessy–Louis Vuitton, LVMH Fashion Group and 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 and Europacorp;
- Member of the Supervisory Board of Eurazeo, Le Monde SA and Société Éditrice du Monde;
- 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 Generali Deutschland Holding AG, Banca della Svizzera Italiana – BSI, Generali España 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 2009

Functions and positions held in French companies

- Vice-President and Director of Bolloré, LVMH Moët Hennessy Louis Vuitton, LVMH Fashion Group and LVMH Finance;
- Vice-President and member of the Supervisory Board of Financière Jean Goujon;
- Director of Christian Dior, Ciments Français, Generali France and 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 AG, Banca della Svizzera Italiana – BSI, Generali España 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 2008

Functions and positions held in French companies

- Vice-President and Director of Bolloré, LVMH Moët–Hennessy–Louis Vuitton, LVMH Fashion Group and LVMH Finance;
- Vice-President and member of the Supervisory Board of Financière Jean Goujon;
- Director of Christian Dior, Ciments Français, Generali France and 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 España 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

- Vice-President and Director of Bolloré, LVMH Moët–Hennessy–Louis Vuitton, LVMH Fashion Group and LVMH Finance;
- Vice-President and member of the Supervisory Board of Financière Jean Goujon;

- Director of Christian Dior, Ciments Français, Generali France and 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 España 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.

Yannick Bolloré

Director of Havas since May 11, 2010.

Other positions within the Group

Functions and positions held in French companies

- Director of Havas Media France;
- Permanent representative of Havas on the Board of Médiamétrie;
- Chairman of H2O Productions.

Functions and positions held in foreign companies

None.

Other positions outside the Group

Functions and positions held in French companies

- Chief Executive Officer of Bolloré Média;
- Chairman of Direct Productions;
- Director of Bolloré, Bolloré Média, Bolloré Participations, Direct 8, Direct Star, Financière V, Omnium Bolloré and Sofibol;
- Permanent representative of Socfrance on the Board of Financière de l'Odet, and of Bolloré Média on the Board of CSA TOM Holding;
- Member of the Executive Board of JC Decaux Bolloré Holding.

Functions and positions held in foreign companies

None.

Other positions previously held outside the Group

Positions held in 2010

Functions and positions held in French companies

- Chief Executive Officer of Bolloré Média and Direct Star;
- Chairman of Direct Productions;
- Director of Bolloré, Bolloré Média, Bolloré Participations, Direct 8, Direct Star, 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

None.

Positions held in 2009

Functions and positions held in French companies

- Chief Executive Officer of Bolloré Média and Direct 8;
- Chairman of Direct Productions;
- Director of Bolloré, Bolloré Média, Bolloré Participations, Direct 8, 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 Hôtels and Loisirs Hôtels 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 Hôtels and Loisirs Hôtels Casamance.

Positions held in 2007

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 Hôtels and Loisirs Hôtels Casamance.

Bolloré

Director of Havas since June 2005, represented by Cédric de Bailliencourt

Other positions within the Group

Functions and positions held in French companies

- Director of W&Cie.

Functions and positions held in foreign companies

None.

Other positions outside the Group

Functions and positions held in French companies

- Chairman of Compagnie Saint-Gabriel;
- Director of Bolloré Média, Direct Soir, Société Française de Donges Metz (SFDM), Société de Culture des Tabacs et Plantations Industrielles, Financière Moncey, Financière de Cézembre, MP 42, Transisud, BatScap, Fred & Farid Paris, Fred & Farid Group and CSA TMO Holding;
- Member of the Supervisory Board of 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 2010

Functions and positions held in French companies

- Chairman of Compagnie Saint-Gabriel;
- Director of Bolloré Média, Direct Soir, Société Française de Donges Metz (SFDM), Société de Culture des Tabacs et Plantations Industrielles, Financière Moncey, Euromedia France (previously known as Société Française de Production), Direct 8, Financière de Cézembre, MP 42, 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. and SDV Mauritanie SA.

Positions held in 2009

- Chairman of Compagnie Saint-Gabriel;
- Director of Bolloré Média, Direct Soir, IER, Société Française de Donges Metz (SFDM), Société de Culture des Tabacs et Plantations Industrielles, Financière Moncey, Euromedia France (previously known as Société Française de Production), Direct 8, Financière de Cézembre, MP 42, 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 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 (previously known as FFL Paris) ;
- 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 Direct Soir, IER, Video Communication France, Société Française de Production, Société Française de Donges Metz (SFDM), Société de Culture des Tabacs et Plantations Industrielles, Financière Moncey, Transisud, Financière de Cézembre, MP42, Direct 8, BatScap, Saga and FFL Paris ;
- Member of the Supervisory Board of CSA TMO Holding and Vallourec.

Functions and positions held in foreign companies

- Director of S.E.T.V.

Cédric de Bailliencourt

Permanent representative of Bolloré on the Board of Havas since June 2005

Other positions within the Group

Functions and positions held in French companies

None.

Functions and positions held in foreign companies

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 Board of Compagnie du Cambodge;
- 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 Kerdévot, Financière d'Ouessant, Financière de Loctudy, Financière du Perguet, Financière de Sainte-Marine, Financière de Pont-Aven, Imperial Mediterranean and Omnium Bolloré;
- Manager of Socarfi, Financière du Loch and 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 and 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 Bolloré on the Supervisory Board of Vallourec;
- 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 Plantations des Terres Rouges, PTR Finances and SFA;
- 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, SFA, Sorebol and Technifin;
- Permanent representative of Pargefi Helios Iberica Luxembourg on the Board of Participaciones y gestion financiera SA;
- Permanent representative of Bolloré Participations on the Boards of Nord Sumatra Investissements, Socfinasia, Socfinaf (previously known as Intercultures), Socfinde, Terrasia, Socfin (previously known as Socfinal), Induservices SA, Centrages, Immobilière de la Pépinière, Socfinco, Sogescol and Agro Products Investment Company.

Other positions previously held outside the Group

Positions held in 2010

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 Tréguennec, 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 and Omnium Bolloré;
- Manager of Socarfi, Financière du Loch and 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 and 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 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, Dumbarton Invest, Latham Invest, Financière du Champ de Mars, Forestière Équatoriale, BB Groupe, PTR Finances, Plantations des Terres Rouges, SFA, Sorebol and Technifin;
- Permanent representative of Pargefi Helios Iberica Luxembourg on the Board of Participaciones y gestion financiera SA;
- Permanent representative of Bolloré Participations on the Boards of Plantations des Terres Rouges, Nord Sumatra Investissements, Socfinasia, Intercultures, Socfinde, Terrasia, Socfinal, Induservices SA, Centrages, Immobilière de la Pépinière, Socfinco, Sogescol and Agro Products Investment Company.

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 and Omnium Bolloré;
- Manager of Socarfi, Financière du Loch and Compagnie de Malestroit;
- Director of Bolloré, Bolloré Participations, Compagnie des Tramways de Rouen, Financière V, Financière Moncey, Omnium Bolloré, Saga, Sofibol, Société Industrielle et Financière de l'Artois, Financière de l'Odet and 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 known as Carlyle Investissements), Champ de Mars Investissement, Financière Nord Sumatra, Cormoran Participations, Dumbarton Invest, Latham Invest, Financière du Champ de Mars, Forestière Équatoriale, BB Group, PTR Finances, Peachtree Invest, Renwick Invest, SFA, Sorebol, Swann Investissements and Technifin;
- Permanent representative of Bolloré Participations on the Boards of Plantations des Terres Rouges, Nord Sumatra Investissements, Socfinasia, Intercultures, Socfinde, Terrasia, Socfinal, Induservices SA, Centrages, Immobilière de la Pépinière, Socfinco, Sogescol and Agro Products Investment Company.

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 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 (since December 6,2007);
- 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 known as Bolloré Médias Investissements), Financière de Pont-Aven, Imperial Mediterranean and Omnium Bolloré;
- Manager of Socarfi, Financière du Loch and 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 and 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;
- Permanent representative 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 Group, PTR Finances, Peachtree Invest, Renwick Invest, Sorebol, Swann Investissements and Technifin;
- Permanent representative of Bolloré Participations on the Boards of Plantations des Terres Rouges, Nord Sumatra Investissements, Socfinasia, Intercultures, Socfinde, Terrasia, Socfinal, Induservices SA, Centrages, Immobilière de la Pépinière, Socfinco, Sogescol and Agro Products Investment Company.

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 and 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 and Omnium Bolloré;
- Manager of Socarfi, Financière du Loch and 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 and 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;
- Permanent representative 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).

Yves Cannac

Director of Havas from May 29, 2008

Other positions within the Group

Functions and positions held in French companies

None.

Functions and positions held in foreign companies

None.

Other positions outside the Group

Functions and positions held in French companies

None.

Functions and positions held in foreign companies

None.

Other positions previously held outside the Group

Positions held in 2010

Functions and positions held in French companies

- Member of the Supervisory Board of management consultancy firms Solving International and Solving Efeso.

Functions and positions held in foreign companies

None.

Positions held in 2009

Functions and positions held in French companies

- Member of the Supervisory Board of management consultancy firms Solving International and Solving Efeso.

Functions and positions held in foreign companies

None.

Positions held in 2008

Functions and positions held in French companies

- Member of the Supervisory Board of management consultancy firms Solving International and Solving Efeso.

Functions and positions held in foreign companies

None.

Positions held in 2007

Functions and positions held in French companies

- Member of the Supervisory Board of management consultancy firms Solving International;
- Director of AGF.

Functions and positions held in foreign companies

None.

Mercedes Erra

Director of Havas from May 10, 2011

Other positions within the Group

Functions and positions held in French companies

- Executive President of Euro RSCG (to May 29, 2011);
- President of Euro RSCG 4D;
- Chief Executive Officer of BETC Euro RSCG;
- Member of the Board of BETC Euro RSCG;
- Director of Euro RSCG C & O.

Functions and positions held in foreign companies

- Director of BETC London Ltd. (since May 19, 2011).

Other positions outside the Group

Functions and positions held in French companies

- Director of Accor (since February 22, 2011), of Société de la Tour Eiffel (since May 18, 2011) and of France Télévisions (since November 23, 2011).

Functions and positions held in foreign companies

None.

Other positions previously held outside the Group

Positions held in 2010

Functions and positions held in French companies

None.

Functions and positions held in foreign companies

None.

Positions held in 2009

Functions and positions held in French companies

None.

Functions and positions held in foreign companies

None.

Positions held in 2008

Functions and positions held in French companies

None.

Functions and positions held in foreign companies

None.

Positions held in 2007

Functions and positions held in French companies

None.

Functions and positions held in foreign companies

None.

Longchamp Participations

Director of Havas since May 29, 2008, represented by Jean de Yturbe

Other positions within the Group

Functions and positions held in French companies

None.

Functions and positions held in foreign companies

None.

Other positions outside the Group

Functions and positions held in French companies

None.

Functions and positions held in foreign companies

None.

Other positions previously held

Positions held in 2010

Functions and positions held in French companies

None.

Functions and positions held in foreign companies

None.

Positions held in 2009

Functions and positions held in French companies

None.

Functions and positions held in foreign companies

None.

Positions held in 2008 (first financial period of the company)

Functions and positions held in French companies

None.

Functions and positions held in foreign companies

None.

Jean de Yturbe

Permanent Representative of Longchamp Participations on the Board of Havas since 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 and Providence.

Functions and positions held in foreign companies

- Director of RSMB Television Research Limited.

Other positions outside the Group

Functions and positions held in French companies

None.

Functions and positions held in foreign companies

None.

Other positions previously held outside the Group

Positions held in 2010

Functions and positions held in French companies

None.

Functions and positions held in foreign companies

None.

Positions held in 2009

Functions and positions held in French companies

None.

Functions and positions held in foreign companies

None.

Positions held in 2008

Functions and positions held in French companies

None.

Functions and positions held in foreign companies

None.

Positions held in 2007

Functions and positions held in French companies

None.

Functions and positions held in foreign companies

None.

Financière de Longchamp

Director of Havas since May 29, 2008, represented by Hervé Philippe

Other positions within the Group

Functions and positions held in French companies

None.

Functions and positions held in foreign companies

None.

Other positions outside the Group

Functions and positions held in French companies

None.

Functions and positions held in foreign companies

None.

Other positions previously held

Positions held in 2010

Functions and positions held in French companies

None.

Functions and positions held in foreign companies

None.

Positions held in 2009

Functions and positions held in French companies

None.

Functions and positions held in foreign companies

None.

Positions held in 2008 (first financial period of the company)

Functions and positions held in French companies

None.

Functions and positions held in foreign companies

None.

Hervé Philippe

Directeur Général Délégué of Havas since May 11, 2010, permanent representative of Financière de Longchamp on the Board of Havas since May 29, 2008, and Chief Financial Officer of the Havas Group since November 28, 2005.

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 09 (since September 2, 2011), Havas 11 (since October 21, 2011), Havas 12 (since October 21, 2011), Havas Participations and Financière de Longchamp;
- Director of Euro RSCG (to May 29, 2011), Euro RSCG Life and W&Cie;
- Co-Manager of Havas Finances Services, Manager of Havas IT;
- Permanent representative of Havas on the Board of *HA Pôle Ressources Humaines*.

Functions and positions held in foreign companies

- Chairman of the Board of Directors of Havas Management España SL (Spain) (to December 31, 2011);
- 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) and Havas Middle East FZ (United Arab Emirates, since November 28, 2011);
- Manager of Havas Management Portugal Unipessoal Lda. (Portugal), Washington Printing LLC (USA) and Euro RSCG Worldwide LLC (USA).

Other positions outside the Group

Functions and positions held in French companies

- Director of Harvest, Sifraba and Jean Bal.

Functions and positions held in foreign companies

None.

Other positions previously held outside the Group

Positions held in 2010

Functions and positions held in French companies

- Director of Harvest, Sifraba and Jean Bal.

Functions and positions held in foreign companies

None.

Positions held in 2009

Functions and positions held in French companies

- Director of Harvest, Sifraba and Jean Bal.

Functions and positions held in foreign companies

None.

Positions held in 2008

Functions and positions held in French companies

- Director of Harvest, Sifraba and Jean Bal.

Functions and positions held in foreign companies

None.

Positions held in 2007

Functions and positions held in French companies

- Director of Harvest, Sifraba and Jean Bal.

Functions and positions held in foreign companies

None.

Pierre Godé

Director of Havas since May 29, 2008.

Other positions within the Group

Functions and positions held in French companies

None.

Functions and positions held in foreign companies

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 and 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 and SA du Château d'Yquem;
- Manager and legal representative of Financière Agache within Sevrilux SNC;
- Permanent representative of LVMH Fashion Group on the Board of the Association du Musée Louis Vuitton;
- 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 2010

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 and 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;
- Manager and legal representative of Financière Agache within Sevrilux SNC;
- Permanent representative of LVMH Fashion Group on the Board of the Association du Musée Louis Vuitton;
- 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 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 and 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;
- Manager and legal representative of Financière Agache within Sevrilux SNC;
- Permanent representative of LVMH Fashion Group on the Board of the Association du Musée Louis Vuitton;
- 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 and 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;
- Manager and legal representative of Financière Agache within Sevrilux SNC;
- Permanent representative of LVMH Fashion Group on the Board of the Association du Musée Louis Vuitton;
- 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 and 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;
- Manager and legal representative of Financière Agache within Sevrilux SNC;
- Permanent representative of LVMH Fashion Group on the Board of the Association du Musée Louis Vuitton;
- 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

Functions and positions held in French companies

None.

Functions and positions held in foreign companies

None.

Other positions outside the Group

Functions and positions held in French companies

- Chairman and Chief Executive Officer of Annarose Productions;
- Member of the Supervisory Board of Lagardère SA and Le Monde SA.

Functions and positions held in foreign companies

- Chief Executive Officer of We Never Sleep;
- Director of Kudelski SA and Prisa TV (Spain).

Other positions previously held outside the Group

Positions held in 2010

Functions and positions held in French companies

- Chairman and Chief Executive Officer of Annarose Productions;
- Member of the Supervisory Board of Lagardère SA and Le Monde SA.

Functions and positions held in foreign companies

- Chief Executive Officer of We Never Sleep;
- Director of Thomson, Kudelski SA.

Positions held in 2009

Functions and positions held in French companies

- Chairman and Chief Executive Officer of Annarose Productions;
- Director of Thomson SA;
- Member of the Supervisory Board of Lagardère SA and Le Monde SA.

Functions and positions held in foreign companies

- Chief Executive Officer of We Never Sleep;
- Director of Thomson, Kudelski SA.

Positions held in 2008

Functions and positions held in French companies

- Chairman and Chief Executive Officer of Annarose Productions;
- Director of Thomson SA;
- Member of the Supervisory Board of Lagardère SA and Le Monde SA.

Functions and positions held in foreign companies

- Chief Executive Officer of We Never Sleep;
- Director of Thomson, Kudelski SA.

Positions held in 2007

Functions and positions held in French companies

- Chairman and Chief Executive Officer of Annarose Productions;
- Director of Thomson SA;
- Member of the Supervisory Board of Lagardère SA and Le Monde SA.

Functions and positions held in foreign companies

- Chief Executive Officer of We Never Sleep;
- Director of Thomson, Kudelski SA.

Leopoldo Rodés Castañe

Director of Havas since May 2001.

Other positions within the Group

Functions and positions held in French companies

None.

Functions and positions held in foreign companies

- Chairman of Media Planning Group SA (Spain);
- Manager of Media Planning Group LLC (USA).

Other positions outside the Group

Functions and positions held in French companies

None.

Functions and positions held in foreign companies

- Chairman of Mutua Asepeyo, of Fundació Museu d'Art Contemporani de Barcelona, of Universitat Ramon Llull, of Fundació d'Estudis i Recerca Oncollogica (FERO) and of Fundación Arte y Mecenazgo;
- Director of Prisa TV, Abertis Infraestructuras SA, Caixa d'Estalvis I Pensions de Barcelona, Caixabank, Christie's International Europe and GF Inbursa (Mexico).

Other positions previously held outside the Group

Positions held in 2010

Functions and positions held in French companies

None.

Functions and positions held in foreign companies

- Chairman of Mutua Asepeyo, of Fundació Museu d'Art Contemporani de Barcelona, of Universitat Ramon Llull, of Fundació d'Estudis i Recerca Oncollogica (FERO) and of Fundación Arte y Mecenazgo;
- Director of Prisa TV (previously known as Sogecable SA), Abertis Infraestructuras SA, Caixa d'Estalvis I Pensions de Barcelona, Caixa Bank, Christie's International Europe and GF Inbursa (Mexico).

Positions held in 2009

Functions and positions held in French companies

None.

Functions and positions held in foreign companies

- Chairman of Mutua Asepeyo, of Fundació Museu d'Art Contemporani de Barcelona, of Universitat Ramon Llull and of Fundació d'Estudis i Recerca Oncollogica (FERO);
- Director of Sogecable SA, Abertis Infraestructuras SA, Caixa d'Estalvis I Pensions de Barcelona, Criteria Caixa Corp., Christie's International Europe and GF Inbursa (Mexico).

Positions held in 2008

Functions and positions held in French companies

None.

Functions and positions held in foreign companies

- Chairman of Mutua Asepeyo;
- Director of Sogecable SA, Abertis Infraestructuras SA, Caixa d'Estalvis I Pensions de Barcelona, Christie's International Europe and GF Inbursa (Mexico).

Positions held in 2007

- Chairman of Mutua Asepeyo and Universitat Ramon Llull;
- Director of Sogecable SA, Abertis Infraestructuras SA, Caixa d'Estalvis I Pensions de Barcelona and Christie's International Europe.

Jacques Séguéla

Director of Havas since June 1992.

Other positions within the Group

Functions and positions held in French companies

- Director of Euro RSCG, (to May 29, 2011);
- Permanent representative of Euro RSCG (to May 29, 2011).

Functions and positions held in foreign companies

None.

Other positions outside the Group

Functions and positions held in French companies

- Director of Compagnie du Monde.

Functions and positions held in foreign companies

None.

Other positions previously held outside the Group

Positions held in 2010

Functions and positions held in French companies

- Director of Compagnie du Monde.

Functions and positions held in foreign companies

None.

Positions held in 2009

Functions and positions held in French companies

- Director of Compagnie du Monde.

Functions and positions held in foreign companies

None.

Positions held in 2008

Functions and positions held in French companies

- Director of Compagnie du Monde.

Functions and positions held in foreign companies

None.

Positions held in 2007

Functions and positions held in French companies

- Director of Compagnie du Monde.

Functions and positions held in foreign companies

None.

Patrick Soulard

Director of Havas since December 1999.

Other positions within the Group

Functions and positions held in French companies

None.

Functions and positions held in foreign companies

None.

Other positions outside the Group

Functions and positions held in French companies

- Director of Financière et Foncière de Participation (FFP).

Functions and positions held in foreign companies

None.

Other positions previously held outside the Group

Positions held in 2010

Functions and positions held in French companies

- Director of Financière et Foncière de Participation (FFP).

Functions and positions held in foreign companies

None.

Positions held in 2009

Functions and positions held in French companies

- Director of Financière et Foncière de Participation (FFP), Geneval, SG Securities Asia, Boursorama and Coface.

Functions and positions held in foreign companies

None.

Positions held in 2008

Functions and positions held in French companies

- Director of Financière et Foncière de Participation (FFP), Geneval, SG Securities Asia, Boursorama and Coface.

Functions and positions held in foreign companies

None.

Positions held in 2007

Functions and positions held in French companies

- Director of Financière et Foncière de Participation (FFP), Geneval, SG Securities Asia, Boursorama and Coface.

Functions and positions held in foreign companies

None.

Antoine Veil

Director of Havas since March 10, 2008.

Other positions within the Group

Functions and positions held in French companies

None.

Functions and positions held in foreign companies

None.

Other positions outside the Group

Functions and positions held in French companies

- Chairman and Chief Executive Officer of A.V. Consultants;
- Director of CS Communications et Systèmes (to May 13, 2012).

Functions and positions held in foreign companies

None.

Other positions previously held outside the Group

Positions held in 2010

Functions and positions held in French companies

- Chairman and Chief Executive Officer of A.V. Consultants;
- Member of the Supervisory Board of Banque Robeco;
- Director of CS Communications et Systèmes and Saga (to August 31, 2010).

Functions and positions held in foreign companies

None.

Positions held in 2009

Functions and positions held in French companies

- Chairman and Chief Executive Officer of A.V. Consultants;
- Member of the Supervisory Board of Banque Robeco;
- Director of CS Communications et Systèmes and Saga.

Functions and positions held in foreign companies

None.

Positions held in 2008

Functions and positions held in French companies

- Chairman and Chief Executive Officer of A.V. Consultants;
- Member of the Supervisory Board of Banque Robeco;
- Director of CS Communications et Systèmes and Saga.

Functions and positions held in foreign companies

None.

Positions held in 2007

Functions and positions held in French companies

- Chairman and Chief Executive Officer of A.V. Consultants;
- Chairman of Leumi France;
- Member of the Supervisory Board of Banque Robeco;
- Director of Axa Europe Actions, CS Communications et Systèmes and Saga.

Functions and positions held in foreign companies

None.

Incorporated in France with limited liability and issue capital of €172,431,094.40
29/30, quai de Dion-Bouton – 92800 Puteaux – France
Registered in Nanterre – France RCS 335 480 265

This annual report (*document de référence*) was filed with the *Autorité des Marchés Financiers* on March 30, 2012 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, 2011, viz. (i) the consolidated financial statements and corresponding auditors' report presented on pages 47 to 91 as well as the statutory accounts and the corresponding auditors' report represented on pages 93 to 110 of the annual report for the financial period ended December 31, 2010 registered with the AMF on April 4, 2011, under number D.11-0230, (ii) the consolidated financial statements and corresponding auditors' report presented on pages 53 to 97 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.

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