



PUBLICIS GROUPE

REPORT OF THE SUPERVISORY BOARD

The Company had a wonderful year in 2011, both in terms of figures and events.

Nonetheless, the economic situation is hardly favorable, while our outlook has become less clear.

However, adversity has never held the Group back, on the contrary. It heightens its fighting spirit, and reflects once again the way in which the Group was able to react to the adverse environment in 2011, where our performance exceeded forecasts, and was in line with the best in the sector.

In this context, I am especially pleased that Maurice Lévy has accepted to remain in his position at the head of the Group, at my express request. No company has ever had a better captain, and it is reassuring to know that he is at the helm during an extremely difficult period for the French, European and global economies.

His broad experience, both in terms of integrating acquired companies and navigating through stormy weather, is essential for our company, and it is in the knowledge that he will be able to steer us safely to harbor that the Supervisory Board has renewed its trust in him.

That trust of course includes Publicis' men and women.

In 2011, our teams once again showed their determination to hold a steady course and to move forward. Their conquering spirit has never been as strong, and our results are consistent with the energy that has been expended!

On behalf of the Supervisory Board, and on a personal level, I would like to congratulate and thank them for their efforts and the quality of their commitment.

When I take stock of how much our Group has changed in the past few years, I am always surprised by the speed and continuity of its transformation. What daring was required to lead the company to where it operates today!

We will need such daring again in the coming years, although we must not throw caution to the winds. At a time when economists are predicting a bleak outlook, especially for 2012, we are preparing to sail close to the wind, with the most thorough and safest management possible.

We have undoubtedly ensured that we are prepared to face the coming years.

And we will continue to adapt our profile in order to support changes in a world where everything - economic, social, political, global and local issues – is now linked.

We remain faithful to our strategy, which confirms its pertinence every year, and will pursue it while investing to shore up the future. We have spread our net very wide in order to seize new opportunities.

The quality and strength of our balance sheet allows us to do so. Having resources at hand in order to continue the transformation and expansion of the Group is a fundamental advantage during a downturn.

Equally essential are our values, our steady performance, our legendary caution, as well as our employees' fighting spirit and their creative and commercial talents, which are recognized and appreciated worldwide.

These have always been the pillars of Publicis and also its engines; the strength of their moorings has proved their worth and enables us to face the future with confidence.

In March 2012, the Supervisory Board reviewed its work, examining a summary of said work and drawing conclusions therefrom.

Four specialized committees, that is, the Appointment Committee, the Compensation Committee, the Audit Committee and the Strategy and Risk Committee help the Supervisory Board to carry out its duties for the purpose of improving corporate governance within the Group.

The Strategy and Risk Committee, which was created in 2011, reviewed risk mapping within the Group and proposed measures to the Supervisory Board that could be taken to further limit risk.

The Appointment Committee reviewed the composition of the Management Board. The terms of office of all Management Board members expired on December 31, 2011. The Appointment Committee proposed to the Supervisory Board the renewal of the terms of office of all Management Board members and the Supervisory Board accepted these proposals.

At the beginning of 2012, [the Appointment Committee] made recommendations about the composition of the Supervisory Board, after the resignations of Messrs. Tadashi Ishii and Takashima Tatsuyoshi, and the expiry of the terms of office of Mrs. Elisabeth Badinter and Mr. Henri-Calixte Suaudeau at this general shareholders' meeting. The Supervisory Board accepted these recommendations.

We therefore ask you to renew these two terms of office for a period of six years that will expire at the conclusion of the ordinary general shareholders' meeting convened to vote on the financial statements for fiscal year 2017.

The Compensation Committee reviewed the contracts and collaboration agreements of the Management Board members due to the renewal of their terms of office and made the corresponding recommendations to the Supervisory Board, which confirmed or reviewed said contracts or agreements. The statutory auditors will submit to you their special report on these agreements and benefits that are referred to in Article L 225-90-1 of the French Commercial Code (*Code de commerce*).

The Supervisory Board also examined the recommendations of the Compensation Committee on the compensation of Management Board members.

The principles and rules adopted by the Supervisory Board to set compensation and benefits of all kinds granted to corporate officers are contained in the reference document for fiscal year 2011.

The Supervisory Board examined the opinion issued by the Audit Committee on the adoption of the financial statements and more generally, on internal control procedures.

In accordance with Article L 225-68 of the French Commercial Code, the Management Board submitted the annual financial statements, the consolidated financial statements and its report to the Supervisory Board. After receiving all the information it considered appropriate, the Supervisory Board does not have any particular comments to make about these documents.

In the Supervisory Board's capacity as representatives of the shareholders, the Supervisory Board accepts the Management Board's proposal to maintain the dividend at €0.70 per share, like last year, representing a distribution rate of 23.6%.

Pursuant to Article L. 225-86 du of the French Commercial Code, the Supervisory Board authorized, during fiscal year 2011, a syndicated credit agreement, known as the 'Club Deal', entered into in particular with BNP Paribas and Société Générale, of which Mrs. Hélène Ploix and Mr. Michel Cicurel are directors respectively. They are also members of the Company's Supervisory Board. In February 2012, the Supervisory Board authorized the acquisition of 18,000,000 shares owned by Dentsu, a shareholder having more than 10% of the voting rights, by Publicis Group SA and 10,759,813 of these shares were immediately cancelled.

In accordance with the terms of Article L. 225-88 of the French Commercial Code, the parties involved in these agreements did not take part in the vote on these decisions by the Board.

The statutory auditors will submit to you their special report on these regulated agreements.

The Supervisory Board has informed the Management Board of its agreement to its proposals asking the shareholders' meeting to grant it authorizations.

The Supervisory Board therefore asks you to approve the resolutions that are put to you.

The Supervisory Board