PUBLICIS GROUPE

REPORT OF THE SUPERVISORY BOARD

Message from Chair Supervisory Board

In an unfavorable economic context and during the course of a more complicated 2012 than expected, the quality of our teams came through once again to produce a remarkable performance.

Perseverance, creativity, initiative, valor… Their determination has enabled Publicis to keep pace and to continue with its cost-reduction measures. On behalf of the Supervisory Board, I wish to thank all of our staff for their dedication and hard work.

I also wish to extend my heartfelt thanks to Maurice Lévy.

This exceptional leader has shown boundless energy in defending the Group's interests on all fronts and in creating new development opportunities.

For years, he has set Publicis on a course towards growth, steering deftly clear of the rocks to guide the Group, ahead of the pack, along the most promising currents.

I am thinking in particular of our turn to digital advertising, which he managed to negotiate successfully from 2006 onwards, thanks to an audacious but invariably apt strategy of acquisitions and talent management.

The successful takeover of LBi and its merger with Digitas to create a single, global network dedicated solely to digital communication is the latest example of this. We are thus extending our lead in an industry undergoing strong, global and sustainable growth.

The purpose of this lead is first and foremost to better serve and better support our clients. After all, they are the ones who ultimately inspire us to act, to innovate and to dare. Their success and satisfaction has always been our compass, in calm and in rough waters.

"No compromise, no surrender!" Maurice Lévy has brought this message to our teams and our clients all over the world. In so doing, he has steadfastly kept to the conviction anchored in Publicis' values: the future is built in the present, in a spirit of trust and open dialog.

This vision is incarnated in the quality of Corporate Governance at Publicis. This has always been of utmost importance to the Group. A Compensation Committee separate from the Nominations Committee was formed very early on, and a Strategy and Risk Committee was created in early 2011.

Publicis has led the way in gender equality: its Supervisory Board comprises an equal number of women and men.

True to its trend-setting nature, in November 2012, the Supervisory Board decided to propose the application of the “say-on-pay” rule starting from the 2013 General Meeting, even before the measure became compulsory under French law.

Additional thought is being given to further increasing the Supervisory Board’s independence and to improving the representativeness of the countries in which the Group is investing for its future development.

As the Chairperson of the Supervisory Board of a Group that has been long renowned for its pioneering spirit, I am also proud of the progress Publicis continues to make in the field of Corporate Governance.

The current year promises to be tough. But as Publicis has often demonstrated, it is at its best when grappling with a challenge.

We should therefore sail through 2013 on an even keel and with a firm grip on our masts: the confidence of our shareholders and our customers, the soundness and richness of our operations, and above all, the motivation of the women and men who endeavor daily towards our success.

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At its meeting on February 13, 2013, the Supervisory Board assessed its work in 2012 by examining a summary of work performed and addressing lessons learned. The assessment was led by Mrs. Hélène Ploix, an independent member of the Supervisory Board, with the assistance of the Board's Secretary.

The Board's four committees—the Appointment Committee, the Compensation Committee, the Strategy and Risk Committee and the Audit Committee—assist the Supervisory Board in its work in the aim of continually improving corporate governance at Publicis.

In connection with its work on the management of the Group's main entities and the succession of the Chairman of the Management Board, all members of **the Appointment Committee** met five times, devoting three full sessions to meetings with Group executives. The Supervisory Board, along with the Appointment Committee, plans to take the time required to address the issues of management and leadership succession, which are important matters at any company but are of particular significance at Publicis, where only two executives have taken the Group's helm since the company was founded.

In addition to the **Compensation Committee's** "Say on Pay" work, during its various meetings in 2012 the Committee addressed matters relating to the compensation of the Chairman and members of the Management Board (fixed and variable components) and submitted decisions in this respect for the Supervisory Board’s approval.

The Strategy and Risk Committee examined an overview of the risks faced by the Group as well as the measures taken to limit those risks. The Committee undertook a detailed analysis of a few of the major risks faced by the Group, particularly those associated with its external growth policy and relations with key clients. It also addressed the main strategic options in terms of development and acquisitions.

The Audit Committee oversees the organization and implementation of Group audits, monitors the quality of internal control measures and verifies the truth and accuracy of the Group's financial statements. The Audit Committee presented the Supervisory Board with its opinion on the financial statements for the fiscal year ended December 31, 2012 and, more broadly, with regard to internal control procedures. The Committee also presented its opinion on the reappointment of external auditors.

In accordance with article L 225-68 of the French Commercial Code, the Management Board submitted the annual financial statements, consolidated financial statements and its management report to the Supervisory Board. Having received all of the information that we deem useful, we do not have any particular observations to make with regard to these documents.

In our capacity as members of the Supervisory Board, we have approved the Management Board's proposals to increase the dividend per share from 0.70 euros for last year to 0.90 euros (i.e. a 28.6% dividend increase and 24.5% payout ratio) and to grant each shareholder the possibility of receiving payment of the dividend either in cash or in new shares, at the shareholder's discretion.

The Supervisory Board was not aware of any new regulated agreements signed during the course of the year. The Group's auditors will present their special report on the agreements and commitments referred to in articles L.225-86 *et seq*. of the French Commercial Code, which in particular mentions that no new agreements were signed during the year ended December 31, 2012.

The Supervisory Board would like to express its sincere appreciation to Mr. Félix Rohatyn, whose term expires with this general shareholders' meeting, for his active participation in the Board's meetings and his devoted interest in the Board's work.

With the approval of the Appointment Committee, the Supervisory Board has decided to submit the nomination of Mr. Jean Charest to the general shareholders' meeting for approval.

The terms of office of Ernst & Young et Autres as principal statutory auditor and Auditex as alternate auditor have expired. At the Audit Committee's recommendation, we propose that they be reappointed for a term of six fiscal years.

At the Compensation Committee's recommendation, the Supervisory Board has decided to seek the shareholders' opinion on the compensation of the Chair of the Supervisory Board and the Chairman of the Management Board, the two executive officers of the Group whose compensation is tied solely to the exercise of their duties.

Finally, we have approved the Management Board's proposals relating to financial authorizations submitted for the approval of the general shareholders' meeting and the requests to amend the articles of incorporation and bylaws with a view to further enhancing corporate governance at Publicis, in particular through the proposal to reduce the term of office of future members of the Supervisory Board to four years.

Accordingly, we invite you to approve the resolutions submitted for your approval.

The Supervisory Board