PUBLICIS GROUPE

SUPERVISORY BOARD’S REPORT

2006 ended with good financial performance but also marked the start of a review of our strategic orientations, particularly in the digital sector. Changes in the media landscape and consumer behavior require us to anticipate our clients’ expectations if we are to constantly improve the way we meet their needs and unrelentingly sharpen our competitiveness.
2007 began with the Digitas acquisition process, the first outcome of the strategy review we conducted back in 2006. By late January, Publicis Groupe was able to announce that its takeover bid had been successful. As is now traditional with Publicis Groupe, the integration of Digitas proved a success. We are very pleased with this acquisition whose success extends far beyond mere economic figures. This positive stride forward has encouraged the group to pursue its policy of developing an increasingly rich range of digital services and to include these in the group’s unique broader offering.
2007 was also a year in which the group expanded into large emerging economies through acquisitions in China and India that bolstered the position of Publicis Groupe in the world’s most active economic regions.
These undertakings helped rebalance the group’s business portfolio which now places greater emphasis on the SAMS, specialized agencies and marketing services, and substantially expanded its digital activities. Likewise, in pursuance of our global strategy, our geographical coverage was reinforced in the high-growth countries where new consumers are to be found. These are the countries that will drive our future growth.
Finally, no mean feat on the part of the group, in a year when the world economy was hit by a crisis in the financial markets, Publicis Groupe once again posted outstanding financial performance. Against this difficult economic backdrop, the Management Board worked assiduously on productivity gains, fostered and managed the group’s transformation while ensuring the group continued to hire the many new talented people required. Over a year ahead of schedule, we have now reached and even exceeded all the objectives announced in 2004 for 2008.

I would therefore like to extend very warm thanks to all Publicis Groupe employees and officers working alongside the Chairman of the Management Board. I would like everyone to know that their efforts and input are acknowledged. Publicis Groupe’ ability to progress and adapt to an increasingly complex world and its eagerness to be true to its past reinforce the complete confidence we have in the group.
The Management Board, which has been largely renewed with the arrivals of Jean-Yves Naouri and David Kenny, will be driving the group’s growth through this period of economic turmoil and deep transformation of our business.
The Supervisory Board would like to express its deep gratitude to Claudine Bienaimé and Bertrand Siguier for their invaluable services to the group over a very long period. Their talent and dedication can be held up as examples to everyone in the group.

We met five times in 2007. The attendance rate was 91% and meetings lasted four hours on average.

You will recall that, on June 4, 2007, the Annual General Meeting of shareholders ratified an amendment to the company's by-laws to enable us to determine, every year, which transactions falling under article 12 of the by-laws should be submitted to the Supervisory Board for prior approval. We thus decided that the purchase or sale of real estate, the acquisition or disposal of entities valued at over 5% of our shareholders' equity, and all borrowings, bond or share issues exceeding that same proportion of our equity, should all be submitted to the Supervisory Board for prior approval.

The Board's three specialized committees (Nominations, Compensation and Audit) help it conduct its business while improving the group's corporate governance.

For instance, the Nominations Committee comprehensively reviewed the issue of the composition of the Management Board whose members' terms of office all expired on December 31, 2007. The committee met several of the group's senior executives and selected potential candidates. When this process had been completed, the committee proposed, at the Supervisory Board meeting of December 4, 2007, renewed terms of office for the three members of the Management Board (Chairman Maurice Lévy, Jack Klues and Kevin Roberts) and the appointment of two new members (Jean-Yves Naouri and David Kenny) to replace the two members stepping down for retirement (Claudine Bienaimé and Bertrand Siguier). The Supervisory Board followed the committee's recommendations.

Furthermore, in early 2008, we received the Nominations Committee's recommendations regarding the renewal of Supervisory Board members whose terms of office will expire at this year's Annual General Meeting.

The Supervisory Board heard the Compensations Committee's recommendations concerning the compensation of the members of the Management Board. The principles and rules established by the Supervisory Board regarding compensations and benefits of all kinds granted to the company's officers have been set forth in the 2007 management report.

In early 2008, the Compensations Committee examined the contracts and cooperation agreements of the Management Board members for compliance with the so-called TEPA law (French law promoting work, employment and purchasing power) of August 21, 2007. It subsequently submitted its recommendations to the Supervisory Board which had the necessary amendments made to the above-mentioned contracts and agreements.

The Supervisory Board heard the Audit Committee's report on and approval of the closing of the accounts and, more generally, its report on the group's internal control procedures.

In February 2007, the Supervisory Board reviewed its own work, of which it examined a synopsis and drew the necessary conclusions.

In compliance with article L 225-68 of the French code of commerce relating to commercial companies, the balance sheets, parent company and consolidated financial statements and Management Board's report were all submitted to the Supervisory Board. We have no observations to make concerning these documents and consider we received all the information deemed necessary.

As representatives of the shareholders, we approve the management Board's proposition to increase the dividend to 0.60 € per share (of 0.40 € nominal value) compared with 0.50 € last year.

The terms of office of Tateo Mataki, Yutaka Narita, Michel David-Weil and Michel Halperin will expire at the end of the forthcoming Annual General Meeting of shareholders. We propose that Tateo Mataki and Michel Halperin be renewed as members of the Supervisory Board for a six-year period ending at our ordinary AGM convened to approve the accounts for financial 2013. Furthermore, we propose that you appoint Claudine Bienaimé and Tatsuyoshi Takashima as new members of the Supervisory Board, also for a period of six years. Claudine Bienaimé was a member of the Management Board of Publicis Groupe SA up to December 31, 2007, and Tatsuyoshi Takashima has been Chairman and Chief Operating Officer of Dentsu Inc. since June 2007.

We have approved the Management Board's resolutions and requests for authorizations that have been put before the shareholders.

We invite you to approve the resolutions put before the Combined General Meeting (ordinary and extraordinary meetings).

The Supervisory Board