UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2008

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number: 1-6686

THE INTERPUBLIC GROUP OF COMPANIES, INC.
(Exact name of registrant as specified in its charter)

Delaware	**13-1024020**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1114 Avenue of the Americas, New York, New York 10036
(Address of principal executive offices) (Zip Code)

(212) 704-1200
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer (Do not check if a smaller reporting company) ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

The number of shares of the registrant's common stock outstanding as of July 18, 2008 was 476,471,942.

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INFORMATION REGARDING FORWARD-LOOKING DISCLOSURE

This quarterly report on Form 10-Q contains forward-looking statements and when used in this discussion and the financial statements, the words "expect(s)", "will", "may", "could", and similar expressions are intended to identify forward-looking statements. Statements in this report that are not historical facts, including statements about management's beliefs and expectations, constitute forward-looking statements. These statements are based on current plans, estimates and projections, and are subject to change based on a number of factors, including those outlined under Item 1A, Risk Factors, in our most recent annual report on Form 10-K. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.

Forward-looking statements involve inherent risks and uncertainties. A number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. Such factors include, but are not limited to, the following:

- our ability to attract new clients and retain existing clients;
- our ability to retain and attract key employees;
- risks associated with assumptions we make in connection with our critical accounting estimates;
- potential adverse effects if we are required to recognize impairment charges or other adverse accounting-related developments;
- risks associated with the effects of global, national and regional economic and political conditions, including fluctuations in economic growth rates, interest rates and currency exchange rates; and
- developments from changes in the regulatory and legal environment for advertising and marketing and communications services companies around the world.

Investors should carefully consider these factors and the additional risk factors outlined in more detail under Item 1A, Risk Factors, in our 2007 Annual Report on Form 10-K.

PART I — FINANCIAL INFORMATION

Item 1. ***Financial Statements***

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in Millions, Except Per Share Amounts)
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
REVENUE	$1,835.7	$1,652.7	$3,320.9	$3,011.8
OPERATING EXPENSES:				
Salaries and related expenses	1,103.2	1,009.7	2,168.0	1,998.5
Office and general expenses	527.8	502.6	1,002.8	997.7
Restructuring and other reorganization-related charges (reversals)	4.1	(5.2)	7.3	(5.8)
Total operating expenses	1,635.1	1,507.1	3,178.1	2,990.4
OPERATING INCOME	200.6	145.6	142.8	21.4
EXPENSES AND OTHER INCOME:				
Interest expense	(53.0)	(56.9)	(110.7)	(111.9)
Interest income	23.0	28.1	51.7	56.6
Other income	6.3	8.0	4.9	6.5
Total (expenses) and other income	(23.7)	(20.8)	(54.1)	(48.8)
Income (loss) before income taxes	176.9	124.8	88.7	(27.4)
Provision for (benefit of) income taxes	79.1	(11.4)	55.4	(37.1)
Income of consolidated companies	97.8	136.2	33.3	9.7
Income applicable to minority interests, net of tax	(3.2)	(2.4)	(2.6)	(2.0)
Equity in net income of unconsolidated affiliates, net of tax	0.5	3.2	1.6	3.4
NET INCOME	95.1	137.0	32.3	11.1
Dividends on preferred stock	6.9	6.9	13.8	13.8
Allocation to participating securities	0.1	8.6	0.3	—
NET INCOME (LOSS) APPLICABLE TO COMMON STOCKHOLDERS	$ 88.1	$ 121.5	$ 18.2	$ (2.7)
Earnings (loss) per share of common stock:				
Basic	$ 0.19	$ 0.27	$ 0.04	$ (0.01)
Diluted	$ 0.17	$ 0.24	$ 0.04	$ (0.01)
Weighted-average number of common shares outstanding:				
Basic	460.5	457.3	459.9	456.7
Diluted	516.0	541.3	498.3	456.7

The accompanying notes are an integral part of these financial statements.

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts in Millions)
(Unaudited)

	June 30, 2008	December 31, 2007
ASSETS:		
Cash and cash equivalents	$ 1,831.0	$ 2,014.9
Marketable securities	25.0	22.5
Accounts receivable, net of allowance of $54.6 and $61.8	3,899.3	4,132.7
Expenditures billable to clients	1,325.6	1,210.6
Other current assets	343.2	305.1
Total current assets	7,424.1	7,685.8
Furniture, equipment and leasehold improvements, net of accumulated depreciation of $1,123.4 and $1,089.0	598.6	620.0
Deferred income taxes	491.8	479.9
Goodwill	3,272.6	3,231.6
Other assets	419.9	440.8
TOTAL ASSETS	$12,207.0	$ 12,458.1
LIABILITIES:		
Accounts payable	$ 4,138.4	$ 4,124.3
Accrued liabilities	2,550.6	2,691.2
Short-term debt	91.8	305.1
Total current liabilities	6,780.8	7,120.6
Long-term debt	2,045.8	2,044.1
Deferred compensation and employee benefits	545.8	553.5
Other non-current liabilities	412.0	407.7
TOTAL LIABILITIES	9,784.4	10,125.9
Commitments and contingencies (Note 12)		
STOCKHOLDERS' EQUITY:		
Preferred stock	525.0	525.0
Common stock	46.3	45.9
Additional paid-in capital	2,656.5	2,635.0
Accumulated deficit	(708.8)	(741.1)
Accumulated other comprehensive loss, net of tax	(82.4)	(118.6)
	2,436.6	2,346.2
Less: Treasury stock	(14.0)	(14.0)
TOTAL STOCKHOLDERS' EQUITY	2,422.6	2,332.2
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$12,207.0	$ 12,458.1

The accompanying notes are an integral part of these financial statements.

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Millions)
(Unaudited)

	Six months ended June 30,	
	2008	**2007**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 32.3	$ 11.1
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization of fixed assets and intangible assets	86.3	83.9
(Reversal of) provision for bad debt	(0.4)	5.2
Amortization of restricted stock and other non-cash compensation	43.0	32.7
Amortization of bond discounts and deferred financing costs	13.7	15.6
Deferred income tax benefit	(6.5)	(65.7)
(Gains) losses on sales of businesses and investments	(3.6)	8.3
Income applicable to minority interests, net of tax	2.6	2.0
Other	11.2	(7.8)
Change in assets and liabilities, net of acquisitions and dispositions:		
Accounts receivable	347.3	147.8
Expenditures billable to clients	(100.8)	(38.9)
Prepaid expenses and other current assets	(29.6)	(16.0)
Accounts payable	(98.5)	(214.1)
Accrued liabilities	(176.0)	(294.4)
Other non-current assets and liabilities	(9.1)	(8.4)
Net cash provided by (used in) operating activities	111.9	(338.7)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisitions, including deferred payments, net of cash acquired	(26.3)	(80.3)
Capital expenditures	(58.8)	(66.5)
Sales and maturities of short-term marketable securities	2.3	317.5
Purchases of short-term marketable securities	(5.4)	(575.8)
Proceeds from sales of businesses and investments, net of cash sold	7.0	27.3
Purchases of investments	(4.3)	(15.6)
Other investing activities	0.8	4.3
Net cash used in investing activities	(84.7)	(389.1)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of 4.50% Convertible Senior Notes	(190.8)	—
Net (decrease) increase in short-term bank borrowings	(18.4)	7.1
Distributions to minority interests	(7.9)	(10.4)
Preferred stock dividends	(13.8)	(13.8)
Other financing activities	(8.1)	0.6
Net cash used in financing activities	(239.0)	(16.5)
Effect of exchange rate changes on cash and cash equivalents	27.9	9.1
Net decrease in cash and cash equivalents	(183.9)	(735.2)
Cash and cash equivalents at beginning of year	2,014.9	1,955.7
Cash and cash equivalents at end of period	$1,831.0	$1,220.5

The accompanying notes are an integral part of these financial statements.

Note 1: Basis of Presentation

The unaudited Consolidated Financial Statements have been prepared by The Interpublic Group of Companies, Inc. (together with its subsidiaries, the "Company", "Interpublic", "we", "us" or "our") in accordance with accounting principles generally accepted in the United States of America and pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC" or the "Commission") for reporting interim financial information on Form 10-Q. Accordingly, they do not include certain information and disclosures required for complete financial statements. These financial results should be read in conjunction with our 2007 Annual Report on Form 10-K.

In the opinion of management, these unaudited Consolidated Financial Statements include all adjustments of a normal and recurring nature necessary for a fair statement of the information for each period contained therein. Certain reclassifications have been made to prior periods to conform to the current period presentation. The consolidated results for interim periods are not necessarily indicative of results for the full year, as historically our consolidated revenue is higher in the second half of the year than in the first half.

Note 2: Financings and Related Transactions

Credit Agreement

In July 2008 we entered into a $335.0 Three-Year Credit Agreement (the "2008 Credit Agreement"). The 2008 Credit Agreement is a revolving facility, under which amounts borrowed by us or any of our subsidiaries designated under the 2008 Credit Agreement may be repaid and reborrowed, subject to an aggregate lending limit of $335.0 or the equivalent in other currencies, and the aggregate available amount of letters of credit outstanding may decrease or increase, subject to a limit on letters of credit of $200.0 or the equivalent in other currencies. The terms of the 2008 Credit Agreement allow us to increase the aggregate lending commitment to a maximum amount of $485.0 if lenders agree to the additional commitments. Our obligations under the Credit Agreement are unsecured. The 2008 Credit Agreement will expire on July 18, 2011.

We will pay interest on any outstanding advances under the 2008 Credit Agreement at (i) the base rate (as defined in the 2008 Credit Agreement) plus an applicable margin of 1.00% or (ii) the Eurocurrency rate (as defined in the 2008 Credit Agreement) plus an applicable margin of 2.00%. We will pay letter of credit fees on the average daily aggregate available amount of all letters of credit outstanding from time to time at an annual rate of 2.00% and fronting fees on the aggregate available amount of all letters of credit outstanding from time to time at an annual rate of 0.25%. We will also pay a facility fee at an annual rate of 1.00% on the aggregate lending commitment under the 2008 Credit Agreement. The interest rate on advances, the letter of credit fee and the facility fee are subject to a 0.25 percentage point reduction depending on our leverage ratio (as defined in the 2008 Credit Agreement).

The 2008 Credit Agreement includes covenants that, among other things, (i) limit our liens and the liens of our consolidated subsidiaries, (ii) restrict our payments for cash capital expenditures, acquisitions, common stock dividends, share repurchases and certain other purposes, and (iii) limit subsidiary debt. The 2008 Credit Agreement also contains financial covenants that require us to maintain, on a consolidated basis as of the end of each fiscal quarter beginning with the quarter ending September 30, 2008, (i) an interest coverage ratio (EBITDA to net interest expense plus cash dividends on convertible preferred stock) for the four quarters then ended of not less than 4.50 to 1, (ii) a leverage ratio (debt as of such date to EBITDA for the four quarters then ended) of not greater than 3.50 to 1 through December 31, 2008, 3.25 to 1 through December 31, 2009 and 3.00 to 1 thereafter, and (iii) minimum EBITDA for the four quarters then ended of not less than $600.0. The terms used in these ratios, including EBITDA, are subject to specific definitions set forth in the 2008 Credit Agreement. Under the definition in the 2008 Credit Agreement, EBITDA means operating income or loss plus depreciation expense, amortization expense, and other non-cash charges in an amount not to exceed $75.0 in any period of four fiscal quarters.

Interest Rate Swap

In June 2008 we entered into an interest rate swap agreement related to our 7.25% Senior Unsecured Notes due 2011 (the "7.25% Notes"). This swap agreement economically converts $125.0 notional amount of our $500.0 7.25% Notes from fixed rate to floating rate debt. The interest rate swap agreement is effective June 25, 2008 with a maturity of August 15, 2011, coinciding with the maturity of the 7.25% Notes. We pay a variable interest rate based upon the 6-month U.S. LIBOR rate plus a fixed spread and receive a fixed interest rate of 7.25%. The variable interest rate reset dates and the interest payments occur semi-annually on August 15 and February 15. We account for the interest rate swap agreement as a fair value hedge, and changes in the value of the swap should offset changes in the value of the $125.0 fixed rate debt attributable to changes in the U.S. LIBOR rate.

(Amounts in Millions, Except Per Share Amounts)

4.50% Convertible Senior Notes

In March 2008, holders of approximately $191.0 in aggregate principal amount of our 4.50% Convertible Senior Notes due 2023 (the "4.50% Notes") exercised their put option that required us to repurchase their 4.50% Notes for cash, pursuant to the terms of the 4.50% Notes. The purchase price was 100% of the principal amount, which we paid from existing cash on hand. We can redeem the remaining 4.50% Notes (approximately $9.0 as of June 30, 2008) for cash on or after September 15, 2009.

Note 3: Fair Value Measurements

Effective January 1, 2008, we adopted SFAS No. 157, *Fair Value Measurements* ("SFAS 157"), which defines fair value, establishes a framework for measuring fair value and expands required disclosures about fair value measurements. Under the standard, fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the reporting entity transacts. The standard clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the asset or liability. The impact of adopting SFAS 157 as of January 1, 2008 was not material to our Consolidated Financial Statements.

FSP FAS 157-1, *Application of FASB Statement No. 157 to FASB Statement No. 13 and Other Accounting Pronouncements That Address Fair Value Measurements for Purposes of Lease Classification or Measurement under Statement 13*, removed leasing transactions accounted for under SFAS No. 13, *Accounting for Leases*, and related guidance from the scope of SFAS 157. FSP FAS 157-2, *Effective Date of FASB Statement No. 157* deferred the effective date of SFAS 157 for the Company in relation to all nonfinancial assets and nonfinancial liabilities to January 1, 2009.

SFAS 157 establishes a fair value hierarchy which requires us to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. We primarily apply the market approach for recurring fair value measurements. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following table presents information about our assets and liabilities measured at fair value on a recurring basis as of June 30, 2008 and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value.

	Level 1	Level 2	Level 3
Assets			
Cash equivalents	$965.8	$ —	$ —
Short-term marketable securities	18.3	—	6.7
Long-term investments	13.9	—	—
Foreign currency derivatives	—	—	3.1
Interest Rate Swap	—	0.4	—
Liabilities			
Minority interest put obligation	$ —	$ —	$21.1

(Amounts in Millions, Except Per Share Amounts)

The following tables present additional information about assets and liabilities measured at fair value on a recurring basis and for which we utilize Level 3 inputs to determine fair value.

Three months ended June 30, 2008

	Balance as of March 31, 2008	Realized losses included in net income	Unrealized gains included in other comprehensive income	Balance as of June 30, 2008
Assets				
Auction rate securities	$ 5.9	$ —	$ 0.8	$ 6.7
Foreign currency derivatives	3.3	0.2	—	3.1
Liabilities				
Minority interest put obligation	$ 19.7	$ 1.4	$ —	$ 21.1

Six months ended June 30, 2008

	Balance as of January 1, 2008	Realized losses included in net income	Balance as of June 30, 2008
Assets			
Auction rate securities	$ 6.7	$ —	$ 6.7
Foreign currency derivatives	3.1	—	3.1
Liabilities			
Minority interest put obligation	$ 18.8	$ 2.3	$ 21.1

Realized losses included in net income for foreign currency derivatives and a minority interest put obligation are reported as a component of other expense and interest expense, respectively.

Note 4: Supplementary Data

Accrued Liabilities

	June 30, 2008	December 31, 2007
Media and production expenses	$1,965.0	$ 1,943.5
Salaries, benefits and related expenses	350.3	471.9
Office and related expenses	78.0	90.9
Professional fees	23.2	27.7
Restructuring and other reorganization-related	13.6	30.1
Interest	32.0	33.8
Other	88.5	93.3
Total	$2,550.6	$ 2,691.2

2004 Restatement Liabilities

	June 30, 2008	December 31, 2007
Vendor discounts and credits	$ 160.6	$ 165.5
Internal investigations (includes asset reserves)	7.4	8.2
International compensation arrangements	10.2	10.9
Total	$ 178.2	$ 184.6

(Amounts in Millions, Except Per Share Amounts)

As part of the restatement set forth in our 2004 Annual Report on Form 10-K filed in September 2005 (the "2004 Restatement"), we recognized liabilities related to vendor discounts and credits where we had a contractual or legal obligation to rebate such amounts to our clients or vendors. For the six months ended June 30, 2008, we satisfied $1.2 of these liabilities through cash payments and reductions of certain client receivables. Further reductions of these liabilities as a result of favorable settlements with clients and the release of liabilities due to the lapse of the respective statutes of limitations were partially offset by foreign currency effects. Also, as part of the 2004 Restatement, we recognized liabilities related to internal investigations and international compensation arrangements.

Restructuring and Other Reorganization-Related Charges (Reversals)

Restructuring and other reorganization-related charges of $4.1 and $7.3 for the three and six months ended June 30, 2008, respectively, primarily relate to the restructuring program announced at Lowe Worldwide ("Lowe") during the third quarter of 2007. In addition, the charges for the three months ended June 30, 2008 relate to the realignment of our global media operations. See Note 11 for a discussion regarding the creation of our new management entity, Mediabrands. Net charges primarily consist of leasehold amortization and additional severance expense. Payments during the quarter related to the 2007 program were approximately $2.0. The total liability balance as of June 30, 2008 for our restructuring programs is $18.9, of which $3.4, $8.0 and $7.5 relate to the 2007, 2003 and 2001 programs, respectively.

Other Income

Results of operations for the three and six months ended June 30, 2008 and 2007 include certain items which are either non-recurring or are not directly associated with our revenue producing operations. These items are included in the other income line in the Consolidated Statements of Operations.

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Gains (losses) on sales of businesses and investments	$ 3.1	$ (7.3)	$ 3.6	$ (8.3)
Vendor discounts and credit adjustments	3.2	9.8	10.3	8.0
Litigation settlement	—	—	(12.0)	—
Other income	—	5.5	3.0	6.8
Total	$ 6.3	$ 8.0	$ 4.9	$ 6.5

Sale of businesses and investments — We recognized a gain of approximately $3.0 during the three months ended June 30, 2008, from the sale of businesses within Draftfcb, Mediabrands and Lowe.

During the three months ended June 30, 2007, we sold several businesses within Draftfcb and Lowe for a loss of approximately $10.0, partially offset by the sale of our remaining ownership interests in two agencies for a gain of $2.8.

Vendor discounts and credit adjustments — We are in the process of settling our liabilities related to vendor discounts and credits primarily established as part of the 2004 Restatement. These adjustments reflect the reversal of certain liabilities as a result of settlements with clients and vendors or where the statute of limitations has lapsed.

Litigation settlement — During May 2008, the SEC concluded their investigation that began in 2002 into our financial reporting practices resulting in a settlement charge of $12.0. See Note 12 for additional information.

Note 5: Acquisitions

The majority of our acquisitions include an initial payment at the time of closing and provide for additional contingent purchase price payments over a specified time. Contingent purchase price payments are recorded within the financial statements as an increase to goodwill and other intangible assets once the terms and conditions of the contingent acquisition obligations have been met and the consideration is determinable and distributable, or expensed as compensation in our Consolidated Statements of Operations based on the acquisition agreement and the terms and conditions of employment for the former owners of the acquired businesses.

(Amounts in Millions, Except Per Share Amounts)

During the six months ended June 30, 2008, we completed five acquisitions, of which the most significant were: a) the remaining interests in an entertainment-marketing agency in North America in which we previously held a 40% interest, and b) a digital advertising and communications agency in the United Kingdom. Total cash paid for these acquisitions at closing was $15.2, and we have accrued an additional $5.5 for known deferred payments.

For companies acquired during the first half of 2008, we made estimates of the fair values of the assets and liabilities for consolidation. The purchase price in excess of the estimated fair value of the tangible net assets acquired was allocated to goodwill and identifiable intangible assets. These acquisitions do not have significant amounts of tangible assets, therefore a substantial portion of the total consideration has been allocated to goodwill and identifiable intangible assets (approximately $19.2). All acquisitions during the first half of 2008 are included in the IAN operating segment. Pro forma information, as required by Statement of Financial Accounting Standards ("SFAS") No. 141, *Business Combinations*, related to these acquisitions is not presented because the impact of these acquisitions, either individually or in the aggregate, on the Company's consolidated results of operations is not significant.

Subsequent to June 30, 2008, we completed four acquisitions, of which the most significant were: a) a marketing services agency in France, b) a 51% interest in a digital marketing agency in North America, and c) an additional 31.1% interest in a full-service advertising agency in the Middle East in which we previously held a 19.9% interest. Total cash paid for these acquisitions at closing was approximately $86.0.

During the six months ended June 30, 2007, we completed three acquisitions: a) a full-service advertising agency in Latin America, b) Reprise Media, which is a full-service search engine marketing firm in North America, and c) the remaining interests in a full-service advertising agency in India in which we previously held a 49% interest. Total cash paid at closing for these acquisitions was $80.2.

Details of cash paid for current and prior years' acquisitions are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Cash paid for current year acquisitions	$ 8.7	$ 74.3	$ 15.2	$ 80.2
Cash paid for prior year acquisitions:				
Cost of investment	1.4	4.3	12.0	11.9
Compensation expense — related payments	—	1.4	—	1.4
Less: cash acquired	(0.4)	(11.8)	(0.9)	(11.8)
Total cash paid for acquisitions	$ 9.7	$ 68.2	$ 26.3	$ 81.7

(Amounts in Millions, Except Per Share Amounts)

Note 6: Employee Benefits

We have a defined benefit plan which covers substantially all regular U.S. employees employed through March 31, 1998. In addition, some of our agencies have additional domestic plans. These plans are closed to new participants. We also have numerous plans outside of the U.S., some of which are funded, while others provide payments at the time of retirement or termination under applicable labor laws or agreements. Some of our domestic and foreign subsidiaries also provide postretirement health benefits to eligible employees and their dependents. Additionally, some of our domestic subsidiaries provide postretirement life insurance to eligible employees. The components of net periodic cost for our pension plans and postretirement benefit plans are as follows:

	Domestic pension plans		Foreign pension plans		Postretirement benefit plans	
Three months ended June 30,	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
Service cost	$ —	$ —	$ 4.4	$ 4.6	$ 0.2	$ 0.2
Interest cost	2.2	2.0	7.1	5.9	0.9	0.9
Expected return on plan assets	(2.6)	(2.6)	(6.2)	(6.1)	—	—
Amortization of:						
Transition obligation	—	—	—	—	0.1	—
Prior service cost (credit)	—	—	0.1	0.2	(0.1)	—
Unrecognized actuarial losses	1.7	2.2	0.1	0.8	0.2	0.1
Curtailment gain	—	—	(0.3)	—	—	—
Net periodic cost	$ 1.3	$ 1.6	$ 5.2	$ 5.4	$ 1.3	$ 1.2

	Domestic pension plans		Foreign pension plans		Postretirement benefit plans	
Six months ended June 30,	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
Service cost	$ —	$ —	$ 8.3	$ 8.1	$ 0.3	$ 0.3
Interest cost	4.2	4.1	14.1	12.0	1.8	1.8
Expected return on plan assets	(5.2)	(5.1)	(12.5)	(12.0)	—	—
Amortization of:						
Transition obligation	—	—	—	—	0.1	—
Prior service cost (credit)	—	—	0.2	0.3	(0.1)	—
Unrecognized actuarial losses	2.9	3.4	0.3	1.6	0.5	0.4
Curtailment gain	—	—	(0.3)	—	—	—
Net periodic cost	$ 1.9	$ 2.4	$ 10.1	$ 10.0	$ 2.6	$ 2.5

During the three and six months ended June 30, 2008, we made contributions of $8.6 and $16.2, respectively, to our foreign pension plans. For the remainder of 2008, we expect to contribute approximately $12.5 to our foreign pension plans. In anticipation of changes required by the Pension Protection Act of 2006, we expect to contribute up to $2.3 for our domestic pension plans during 2008. During the three and six months ended June 30, 2008, we did not make any contributions to our domestic pension plans.

(Amounts in Millions, Except Per Share Amounts)

Note 7: Stock-Based Compensation

During the six months ended June 30, 2008 we granted the following stock-based compensation awards under our 2006 Performance Incentive Plan:

	Six months ended June 30, 2008	
	Awards	Weighted-Average Grant-Date Fair Value (per award)
Stock Options	2.4	$ 3.92
Stock-Settled Awards	6.0	$ 9.67
Cash-Settled Awards	1.2	$ 9.83
Performance-Based Awards	3.3	$ 10.02
Total Stock-Based Compensation Awards	12.9	

Stock options are granted with the exercise price equal to the fair market value of our common stock on the grant date, are generally exercisable between two and four years from the grant date and expire ten years from the grant date (or earlier in the case of certain terminations of employment).

Stock-settled awards include restricted stock and restricted stock units ("RSUs") expected to be settled with our common stock and generally vest over three years. RSUs that are expected to be settled in stock and restricted stock are amortized over the vesting period based on the grant date fair value of awards.

Cash-settled awards include RSUs expected to be settled in cash and generally vest over three years. We adjust our fair value measurement for RSUs that are expected to be settled in cash quarterly based on our share price, and we amortize stock-based compensation expense over the vesting periods based upon the quarterly-adjusted fair value.

Performance-based awards are a form of stock-based compensation in which the number of shares or units ultimately received by the participant depends on Company and/or individual performance against specific performance targets and can be settled in cash or shares. The awards generally vest over a three-year period subject to the participant's continuing employment and the achievement of certain performance objectives. We amortize stock-based compensation expense for the estimated number of performance-based awards that we expect to vest over the vesting period using the grant-date fair value of the shares, except for the cash-settled performance-based-awards, which we amortize using the quarterly-adjusted fair value.

See Note 14 to the consolidated financial statements in our 2007 Annual Report on Form 10-K for additional information regarding general terms and methods of valuation for stock options, stock-settled awards, cash-settled awards and performance-based awards.

Note 8: Comprehensive Income

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Net Income	$ 95.1	$ 137.0	$ 32.3	$ 11.1
Foreign currency translation adjustment	(6.7)	25.0	39.8	38.7
Adjustments to pension and other postretirement plans, net of tax	(2.2)	1.4	(1.8)	1.2
Net unrealized holding gains (losses) on securities, net of tax	1.4	1.6	(1.8)	0.9
Total	$ 87.6	$ 165.0	$ 68.5	$ 51.9

(Amounts in Millions, Except Per Share Amounts)

Note 9: Earnings (Loss) Per Share

Earnings (loss) per basic common share equals net income (loss) applicable to common stockholders divided by the weighted average number of common shares outstanding for the applicable period. Diluted earnings (loss) per share equals net income (loss) applicable to common stockholders adjusted to exclude, if dilutive, preferred stock dividends, allocation to participating securities and interest expense related to potentially dilutive securities divided by the weighted average number of common shares outstanding, plus any additional common shares that would have been outstanding if potentially dilutive shares had been issued. The following sets forth basic and diluted earnings (loss) per common share applicable to common stock.

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Net Income	$ 95.1	$ 137.0	$ 32.3	$ 11.1
Less: Preferred stock dividends	6.9	6.9	13.8	13.8
Allocation to participating securities[1]	0.1	8.6	0.3	—
Net income (loss) applicable to common stockholders — basic	$ 88.1	$ 121.5	$ 18.2	$ (2.7)
Add: Effect of dilutive securities				
Interest on 4.25% Convertible Senior Notes	0.4	0.3	0.7	—
Interest on 4.75% Convertible Senior Notes	1.0	—	—	—
Series B Preferred Stock Dividends	—	6.9	—	—
Net income (loss) applicable to common stockholders — diluted	$ 89.5	$ 128.7	$ 18.9	$ (2.7)
Weighted-average number of common shares outstanding — basic	460.5	457.3	459.9	456.7
Effect of dilutive securities:				
Restricted stock and stock options	7.2	7.5	6.2	—
Capped warrants	—	5.3	—	—
Uncapped warrants	—	0.6	—	—
4.25% Convertible Senior Notes	32.2	32.2	32.2	—
4.75% Convertible Senior Notes	16.1	—	—	—
Series B Preferred Stock	—	38.4	—	—
Weighted-average number of common shares outstanding — diluted	516.0	541.3	498.3	456.7
Earnings (loss) per share — basic	$ 0.19	$ 0.27	$ 0.04	$ (0.01)
Earnings (loss) per share — diluted	$ 0.17	$ 0.24	$ 0.04	$ (0.01)

1 Pursuant to Emerging Issues Task Force (“EITF”) Issue No. 03-6, “*Participating Securities and the Two-Class Method Under FASB Statement No. 128*” (“EITF 03-6”), net income for purposes of calculating basic earnings per share is adjusted based on an earnings allocation formula that attributes earnings to participating securities and common stock according to dividends declared and participation rights in undistributed earnings. Our participating securities consist of the 4.50% Convertible Senior Notes. See Note 2 for information related to the repurchase of a portion of the 4.50% Convertible Senior Notes. Our participating securities have no impact on our net loss applicable to common stockholders for the six months ended June 30, 2007 since these securities do not participate in our net loss.

Basic and diluted shares outstanding and loss per share are equal for the six months ended June 30, 2007 because our potentially dilutive securities are antidilutive as a result of the net loss applicable to common stockholders in the period.

(Amounts in Millions, Except Per Share Amounts)

The following table presents the potential shares excluded from diluted earnings (loss) per share because the effect of including these potential shares would be antidilutive.

	Three months ended June 30, 2008	Three months ended June 30, 2007	Six months ended June 30, 2008	Six months ended June 30, 2007
Stock options and non-vested restricted stock awards	—	—	—	7.3
Capped warrants	—	—	—	5.8
Uncapped warrants	—	—	—	1.6
4.75% Convertible Senior Notes	—	—	16.1	—
4.25% Convertible Senior Notes	—	—	—	32.2
4.50% Convertible Senior Notes	0.7	32.2	7.1	32.2
Series B Cumulative Convertible Perpetual Preferred Stock	38.4	—	38.4	38.4
Total	39.1	32.2	61.6	117.5
Securities excluded from the diluted earnings (loss) per share calculation because the exercise price was greater than the average market price:				
Stock options[1]	25.5	20.9	25.6	18.3
Warrants[2]	67.9	—	67.9	—

1 These options are outstanding at the end of the respective periods. In any period in which the exercise price is less than the average market price, these options have the potential to be dilutive and application of the treasury stock method would reduce this amount.

2 The potential dilutive impact of the warrants is based upon the difference between the market price of one share of our common stock and the stated exercise prices of the warrants.

There were an additional 2.6 of outstanding stock options to purchase common shares for both the three and six months ended June 30, 2008 with exercise prices less than the average market price for the respective period. However, these options are not included in the table above presenting the potential shares excluded from diluted earnings (loss) per share due to the application of the treasury stock method and the rules related to stock-based compensation arrangements.

Note 10: Taxes

For the three and six months ended June 30, 2008, the difference between the effective tax rate and the statutory rate of 35% is primarily due to state and local taxes, losses in certain foreign locations where we receive no tax benefit due to 100% valuation allowances and, for six months ended June 30, 2008, the SEC settlement provision for which we receive no tax benefit. The difference was also due to the release of valuation allowances during the three months ended June 30, 2008, in jurisdictions where we believe it is now more likely than not that we will realize our deferred tax assets. In addition, 2007 was favorably impacted by net reversals of tax reserves, primarily related to previously unrecognized tax benefits related to various items of income and expense, including approximately $80.0 for certain worthless securities deductions associated with investments in consolidated subsidiaries, which was a result of the completion of the tax examination.

With respect to all tax years open to examination by U.S. Federal and various state, local, and non-U.S. tax authorities, we currently anticipate that the total unrecognized tax benefits will decrease by an amount between $35.0 and $45.0 in the next twelve months, a portion of which will affect the effective tax rate, primarily as a result of the settlement of tax examinations and the lapsing of statutes of limitation. This net decrease is related to various items of income and expense, including transfer pricing adjustments and adjustments related to the 2004 Restatement. For this purpose, we expect to complete our discussions with the IRS appeals division regarding the years 1997 through 2004 within the next twelve months.

In December 2007, the IRS commenced its examination for the years 2005 and 2006 tax years. In addition, we have various tax years under examination by tax authorities in various countries, such as the United Kingdom, and in various states, such as New York, in which we have significant business operations. It is not yet known whether these examinations will, in the aggregate, result in our paying additional taxes. We believe our tax reserves are adequate in relation to the potential for additional assessments in each of the jurisdictions in which we are subject to taxation. We regularly assess the likelihood of additional tax assessments in those jurisdictions and, if necessary, adjust our reserves as additional information or events require.

(Amounts in Millions, Except Per Share Amounts)

With limited exceptions, we are no longer subject to U.S. income tax audits for the years prior to 1997, state and local income tax audits for the years prior to 1999, or non-U.S. income tax audits for the years prior to 2000.

Note 11: Segment Information

On July 9, 2008 we announced the creation of a management entity called Mediabrands to oversee our media assets that are included in our Integrated Agency Networks ("IAN") segment. The new entity will provide oversight of operational efficiency and increased collaboration across our media units. Our global media networks, Initiative and Universal McCann, will continue to operate as independent entities, each aligned where appropriate with its respective full-service marketing network partner. The previously existing entities that comprise Mediabrands will remain in the IAN segment.

We have two reportable segments: IAN, which is comprised of Draftfcb, Lowe, McCann Worldgroup and Mediabrands, and Constituency Management Group ("CMG"), which is comprised of the bulk of our specialist marketing service offerings. We also report results for the Corporate and other group. Segment information is presented consistently with the basis described in our 2007 Annual Report on Form 10-K. Summarized financial information concerning our reportable segments is shown in the following table.

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Revenue:				
IAN	$ 1,538.7	$ 1,379.4	$2,779.8	$2,510.6
CMG	297.0	273.3	541.1	501.2
Total	$ 1,835.7	$ 1,652.7	$3,320.9	$3,011.8
Segment operating income:				
IAN	$ 220.6	$ 168.3	$ 200.8	$ 103.5
CMG	25.5	18.6	32.2	17.2
Corporate and other	(41.4)	(46.5)	(82.9)	(105.1)
Total	204.7	140.4	150.1	15.6
Restructuring and other reorganization-related (charges) reversals	(4.1)	5.2	(7.3)	5.8
Interest expense	(53.0)	(56.9)	(110.7)	(111.9)
Interest income	23.0	28.1	51.7	56.6
Other income	6.3	8.0	4.9	6.5
Income (loss) before income taxes	$ 176.9	$ 124.8	$ 88.7	$ (27.4)
Depreciation and amortization of fixed assets and intangible assets:				
IAN	$ 32.3	$ 29.9	$ 64.7	$ 61.1
CMG	4.4	4.5	8.4	9.2
Corporate and other	6.5	6.5	13.2	13.6
Total	$ 43.2	$ 40.9	$ 86.3	$ 83.9
Capital expenditures:				
IAN	$ 23.6	$ 33.9	$ 48.7	$ 53.6
CMG	2.0	1.8	6.4	3.8
Corporate and other	1.3	2.8	3.7	9.1
Total	$ 26.9	$ 38.5	$ 58.8	$ 66.5

	June 30, 2008	December 31, 2007
IAN	$10,126.9	$ 10,195.2
CMG	1,027.0	961.2
Corporate and other	1,053.1	1,301.7
Total	$12,207.0	$ 12,458.1

Note 12: Commitments and Contingencies

SEC Investigation

In May 2008, we reached a settlement with the SEC concluding the investigation that began in 2002 into our financial reporting practices. The SEC filed a complaint on May 1, 2008 in the United States District Court for the Southern District of New York charging Interpublic and our subsidiary McCann-Erickson Worldwide Inc., or McCann, with violations of the federal securities laws. The charges under the antifraud provisions of the federal securities laws relate to intercompany accounting practices at McCann that were addressed in our restatement of 1997 to 2002 results first announced in August 2002 and that were also the subject of a class action under the federal securities laws that we settled in 2004. The charges relating to violations of the disclosure, internal controls and books and records provisions of the federal securities laws also relate to the restatement we presented in our Annual Report on Form 10-K for the year ended December 31, 2004 and the restatement of the first three quarters of 2005 that we made in our 2005 Annual Report on Form 10-K, as well as the restatement we first announced in August 2002. Without admitting or denying the allegations, Interpublic and McCann agreed to an injunction against violating the applicable provisions of the federal securities laws, and McCann agreed to pay a $12.0 civil penalty and disgorgement of one dollar.

Other Legal Matters

We are or have been involved in other legal and administrative proceedings of various types. While any litigation contains an element of uncertainty, we do not believe that the outcome of such proceedings or claims will have a material adverse effect on our financial condition.

Guarantees

As discussed in our 2007 Annual Report on Form 10-K, we have contingent obligations under guarantees of certain obligations of our subsidiaries relating principally to credit facilities, guarantees of certain media payables and operating leases of certain subsidiaries. As of June 30, 2008 there have been no material changes to these guarantees.

Note 13: Recent Accounting Standards

In May 2008, the FASB issued FASB Staff Position (FSP) APB 14-1, *Accounting for Convertible Debt That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)* (“FSP 14-1”). FSP 14-1 will be effective for financial statements issued for fiscal years beginning after December 15, 2008. The FSP includes guidance that convertible debt instruments that may be settled in cash upon conversion should be separated between the liability and equity components, with each component being accounted for in a manner that will reflect the entity’s nonconvertible debt borrowing rate when interest costs are recognized in subsequent periods. However, because our existing convertible debt instruments are settled only in stock upon maturity, this guidance will not apply, and as a result will not have an impact on our Consolidated Financial Statements.

In December 2007, the FASB issued SFAS No. 141 (revised), *Business Combinations* (“SFAS 141R”), which replaces SFAS No. 141, *Business Combinations.* Under the standard, an acquiring entity is required to record assets acquired and liabilities assumed in a business combination at fair value on the date of acquisition. Earn-out payments and other forms of contingent consideration are also required to be recorded at fair value on the acquisition date. The standard also requires fair value measurements to be used when recording non-controlling interests and contingent liabilities. In addition, the standard requires all costs associated with the business combination, including restructuring costs, to be expensed as incurred. For the Company, SFAS 141R is effective prospectively for business combinations having an acquisition date on or after January 1, 2009, with the exception of the accounting for valuation allowances on deferred taxes and acquired contingencies. SFAS 141R amends SFAS 109 such that adjustments made to valuation allowances on deferred taxes and acquired tax contingencies associated with acquisitions that closed prior to January 1, 2009 would also apply the provisions of SFAS 141R. We are currently evaluating the potential impact of SFAS 141R on our Consolidated Financial Statements.

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements* ("SFAS 160"), which amends ARB No. 51, *Consolidated Financial Statements*. This standard requires a noncontrolling interest in a subsidiary to be reported as equity on the consolidated financial statements separate from the parent's equity. The standard also requires transactions that do not impact a parent's controlling ownership and do not result in the deconsolidation of the subsidiary to be recorded as equity transactions, while those transactions that do result in a change in ownership and a deconsolidation of the subsidiary to be recorded in net income (loss) with the gain or loss measured at fair value. For the Company, SFAS 160 is effective January 1, 2009 and should be applied prospectively with the exception of the presentation and disclosure requirements which shall be applied retrospectively for all periods presented. We are currently evaluating the potential impact of SFAS 160 on our Consolidated Financial Statements.

Item 2. *Management's Discussion and Analysis of Financial Condition and Results of Operations*

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to help you understand The Interpublic Group of Companies, Inc. and subsidiaries (the "Company", "Interpublic", "we", "us" or "our"). MD&A should be read in conjunction with our unaudited Consolidated Financial Statements and the accompanying notes included in this report and in the 2007 Annual Report on Form 10-K, as well as our reports on Form 8-K and other SEC filings. Our MD&A includes the following sections:

EXECUTIVE SUMMARY provides an overview of our results of operations.

RESULTS OF OPERATIONS provides an analysis of the consolidated and segment results of operations for the periods presented.

LIQUIDITY AND CAPITAL RESOURCES provides an overview of our cash flows, funding requirements, financing and sources of funds.

CRITICAL ACCOUNTING ESTIMATES provides an update to the discussion of our accounting policies that require critical judgment, assumptions and estimates in our 2007 Annual Report on Form 10-K.

RECENT ACCOUNTING STANDARDS, by reference to Note 13 to the unaudited Consolidated Financial Statements, provides a discussion of accounting standards that we have not yet been required to implement, but which may affect us in the future.

EXECUTIVE SUMMARY

We are one of the world's premier advertising and marketing services companies. Our agency brands deliver custom marketing solutions to many of the world's largest marketers. Our companies cover the spectrum of marketing disciplines and specialties, from consumer advertising and direct marketing to mobile and search engine marketing. Major global brands include Draftfcb, FutureBrand, GolinHarris International, Initiative, Jack Morton Worldwide, Lowe Worldwide ("Lowe"), MAGNA Global, McCann Erickson, Momentum, MRM, Octagon, Universal McCann and Weber Shandwick. Leading domestic brands include Campbell-Ewald, Carmichael Lynch, Deutsch, Hill Holliday, Mullen and The Martin Agency.

We are in the third year of our turnaround plan. During the first two years of this plan we strengthened our leadership teams throughout the Company, strategically realigned certain key operating units, enhanced our liquidity and financial flexibility, remediated all of our material weaknesses within our internal control structure and significantly improved financial performance. In the third year of this plan, we continue to execute on our objective of improving our organic revenue growth and operating margins, with our ultimate objective to be competitive with our industry peer group on both measures. Key components of this strategy are our continued focus on talent and tools, cost control, utilization of resources and regular refinement of our professional offerings so that they can meet their clients' needs and our commercial objectives.

For the remainder of 2008 and beyond, we expect to continue to make investments in talent and to expand in high-growth advertising and marketing disciplines, especially digital, and in high-growth markets around the world. Technology has accelerated the pace of change of consumer media habits, including the variety and capabilities of media in use. In this evolving environment, we are constantly taking advantage of opportunities to improve service to our clients. We are integrating advertising and marketing campaigns across multiple media platforms, increasing the accountability of client marketing programs and building digital expertise across all disciplines.

As part of our long-term business strategy and to strengthen our competitive position in the marketplace, we continue to evaluate strategic opportunities to grow through acquisition and investment. We select companies with quality management teams and outstanding capabilities that will enhance our service offerings to our existing clients, increase our presence in high-growth markets and/or enhance our ability to attract new clients. We are interested in companies that will complement the service of our existing agencies or allow us to provide new services to our clients.

In the past, the growth of our businesses has been affected by economic conditions in the markets in which they operate. At mid-year, there is general concern about slowing in the U.S. economy and certain markets abroad. While the effects of the economic conditions in the future are not predictable, we believe our global presence, breadth and diversity of our service offerings and enhanced expense management capabilities position us well in a slower economic climate, but there can be no assurance of how an economic downturn will affect us.

We analyze period-to-period changes in our operating performance by determining the portion of the change that is attributable to foreign currency rates and the change attributable to the net effect of acquisitions and divestitures, with the remainder considered the organic change. For purposes of analyzing this change, acquisitions and divestitures are treated as if they occurred on the first day of the quarter during which the transaction occurred.

On July 9, 2008 we announced the creation of a management entity called Mediabrands to oversee our media assets that are included in our Integrated Agency Networks ("IAN") segment. The new entity will provide oversight to ensure operational efficiency and increased collaboration across our media units. Our global media networks, Initiative and Universal McCann, will continue to operate as independent entities, each aligned where appropriate with its respective full-service marketing network partner. Mediabrands will remain in the IAN segment. The financial results for these units are analyzed together in MD&A for the three and six months ended June 30, 2008 and 2007.

Although the U.S. Dollar is our reporting currency, a substantial portion of our revenues is generated in foreign currencies. Therefore, our reported results are affected by fluctuations in the currencies in which we conduct our international businesses. We do not use derivative financial instruments to manage this risk. As a result, both positive and negative currency fluctuations against the U.S. Dollar will continue to affect our results of operations. Foreign currency variations resulted in increases of approximately 4.0% in revenues, salaries and related expenses and office and general expenses in both the three and six months ended June 30, 2008 compared to the respective prior-year periods. The weakening of the U.S. Dollar against the currencies of many countries in which we operate contributed to higher revenues and operating expenses. During the three and six months ended June 30, 2008, the U.S. Dollar was generally weaker against the Euro, Brazilian Real, Canadian Dollar and Japanese Yen compared to the respective prior-year periods. The average value of the Euro, in which a considerable amount of our international operations are conducted, strengthened approximately 16.0% and 15.0% against the U.S. Dollar during the three and six months ended June 30, 2008, respectively, compared to the similar prior-year periods.

Second Quarter and First Half of 2008 Highlights

- Total revenue increased 11.1% and 10.3% for the three and six months ended June 30, 2008, respectively. The organic revenue increase was 6.3% and 5.8% for the three and six months ended June 30, 2008, respectively.
- Operating margin was 10.9% and 4.3% for the three and six months ended June 30, 2008, compared to 8.8% and 0.7% for the three and six months ended June 30, 2007. Salaries and related expenses as a percentage of revenue was 60.1% and 65.3% for the three and six months ended June 30, 2008, compared with 61.1% and 66.4% for the three and six months ended June 30, 2007. Office and general expenses as a percentage of revenue was 28.8% and 30.2% for the three and six months ended June 30, 2008, compared with 30.4% and 33.1% for the three and six months ended June 30, 2007.
- Total salaries and related expenses increased 9.3% and 8.5% for the three and six months ended June 30, 2008, respectively. The organic increase was 4.4% and 3.9% for the three and six months ended June 30, 2008, respectively.
- Total office and general expenses increased 5.0% and 0.5% for the three and six months ended June 30, 2008, respectively. The organic increase was 1.3% for the three months ended June 30, 2008 and the organic decrease was 2.7% for the six months ended June 30, 2008.
- Diluted earnings (loss) per share was $0.17 and $0.24 for the three months ended June 30, 2008 and 2007, respectively, and $0.04 and ($0.01) for the six months ended June 30, 2008 and 2007, respectively.

(Amounts in Millions, Except Per Share Amounts)

- Cash, cash equivalents and marketable securities decreased by $181.4 during the first half of 2008.
- In May 2008, the Securities Exchange Commission ("SEC") concluded its investigation that began in 2002 into our financial reporting practices, resulting in a settlement charge in other income of $12.0 for the six months ended June 30, 2008.

RESULTS OF OPERATIONS

Consolidated Results of Operations — Three and Six Months Ended June 30, 2008 compared to Three and Six Months Ended June 30, 2007

REVENUE

		Components of change				Change	
	Three months ended June 30, 2007	Foreign currency	Net acquisitions/ divestitures	Organic	Three months ended June 30, 2008	Organic	Total
Consolidated	$ 1,652.7	$ 67.6	$ 10.6	$104.8	$ 1,835.7	6.3%	11.1%
Domestic	957.1	—	2.8	31.1	991.0	3.2%	3.5%
International	695.6	67.6	7.8	73.7	844.7	10.6%	21.4%
United Kingdom	142.9	(0.6)	2.6	16.5	161.4	11.5%	12.9%
Continental Europe	263.2	42.4	(3.6)	11.1	313.1	4.2%	19.0%
Asia Pacific	139.3	12.4	10.8	19.1	181.6	13.7%	30.4%
Latin America	73.6	9.4	(0.7)	11.1	93.4	15.1%	26.9%
Other	76.6	4.0	(1.3)	15.9	95.2	20.8%	24.3%

During the second quarter of 2008 our revenue increased by $183.0, primarily consisting of organic revenue growth of $104.8 and a favorable foreign currency rate impact of $67.6. The domestic organic revenue growth was primarily driven by expanding business with existing clients and winning new clients in advertising and public relations. The international organic revenue increase occurred throughout all regions, driven by net client wins and increased client spending. The increase in the United Kingdom is primarily due to net client wins in the events marketing businesses. The Asia Pacific region increase was primarily in China and Australia as a result of net client wins and higher spending from existing clients in our events marketing and media businesses. The increases in Continental Europe and Latin America were primarily due to higher spending from existing clients and net client wins. Other international revenue increased primarily due to higher revenue from clients where we act as a principal. When we act as a principal we record the gross amount billed to the client as revenue and the related costs incurred as pass-through costs in office and general expenses.

Our revenue is subject to fluctuations related to seasonal spending from our clients. Most of our expenses are recognized ratably throughout the year and are less seasonal than revenue. Our revenue is typically lowest in the first quarter and highest in the fourth quarter. This reflects the seasonal holiday spending of our clients, incentives earned at year-end on various contracts and project work completed that is typically recognized during the fourth quarter.

		Components of change				Change	
	Six months ended June 30, 2007	Foreign currency	Net acquisitions/ divestitures	Organic	Six months ended June 30, 2008	Organic	Total
Consolidated	$ 3,011.8	$ 119.4	$ 15.1	$174.6	$ 3,320.9	5.8%	10.3%
Domestic	1,763.4	—	3.5	73.2	1,840.1	4.2%	4.3%
International	1,248.4	119.4	11.6	101.4	1,480.8	8.1%	18.6%
United Kingdom	277.4	0.8	5.8	21.4	305.4	7.7%	10.1%
Continental Europe	469.7	70.7	(10.8)	18.5	548.1	3.9%	16.7%
Asia Pacific	235.0	21.9	21.3	30.6	308.8	13.0%	31.4%
Latin America	129.6	16.5	(2.8)	15.1	158.4	11.7%	22.2%
Other	136.7	9.5	(1.9)	15.8	160.1	11.6%	17.1%

(Amounts in Millions, Except Per Share Amounts)

During the first half of 2008 our revenue increased by $309.1, primarily consisting of organic revenue growth of $174.6 and a favorable foreign currency rate impact of $119.4. Domestic organic growth was driven by factors similar to those noted above for the second quarter of 2008. The international organic increase occurred throughout all regions, driven by higher revenue from existing clients in the Asia Pacific region, primarily in China and Australia, and increases in spending by existing clients in Continental Europe, primarily in Spain, Hungary and Turkey. Additionally, the organic increase for the United Kingdom and other international revenue was driven by factors similar to those noted above for the second quarter of 2008.

Refer to the segment discussion later in this MD&A for information on changes in revenue by segment.

OPERATING EXPENSES

	Three months ended June 30,				Six months ended June 30,			
	2008		2007		2008		2007	
	$	% of Revenue	$	% of Revenue	$	% of Revenue	$	% of Revenue
Salaries and related expenses	$1,103.2	60.1%	$1,009.7	61.1%	$2,168.0	65.3%	$1,998.5	66.4%
Office and general expenses	527.8	28.8%	502.6	30.4%	1,002.8	30.2%	997.7	33.1%
Restructuring and other reorganization-related charges (reversals)	4.1		(5.2)		7.3		(5.8)	
Total operating expenses	$1,635.1		$1,507.1		$3,178.1		$2,990.4	
Operating income	$ 200.6	10.9%	$ 145.6	8.8%	$ 142.8	4.3%	$ 21.4	0.7%

Total operating expenses decreased as a percentage of revenues, and operating income as a percentage of revenue increased in the second quarter and first half of 2008 from the comparable 2007 periods, to 10.9% from 8.8%, and to 4.3% from 0.7%, respectively. We consider the change in operating expenses as a percentage of revenue to be key performance metrics. As our revenue is typically seasonal over the course of the year, we believe that the year-over-year comparisons of operating expense leverage are the appropriate comparable metrics.

Our staff cost ratio, defined as salaries and related expenses as a percentage of revenue, declined to 60.1% from 61.1% in the second quarter, and to 65.3% from 66.4% in the first half of 2008, from the comparable prior-year periods. The improvement was driven by better utilization of base salaries, benefits and tax expenses. Our office and general expense ratio, defined as office and general expenses as a percentage of revenue, declined to 28.8% from 30.4% in the second quarter, and to 30.2% from 33.1% in the first half of 2008, from the comparable prior year periods. The improvement was primarily driven by key expense categories including occupancy, professional fees, travel and entertainment, office supplies and telecommunications.

Salaries and Related Expenses

		Components of change				Change	
	2007	Foreign currency	Net acquisitions/ divestitures	Organic	2008	Organic	Total
Three months ended June 30,	$1,009.7	$ 41.3	$ 8.1	$ 44.1	$1,103.2	4.4%	9.3%
Six months ended June 30,	1,998.5	79.3	12.1	78.1	2,168.0	3.9%	8.5%

(Amounts in Millions, Except Per Share Amounts)

The following table details our salary and related expenses as a percentage of consolidated revenue.

	Three months ended June 30,		Six months ended June 30,	
	2008	**2007**	**2008**	**2007**
Base salaries, benefits and tax	50.0%	51.0%	54.7%	55.8%
Incentive expense	3.9%	2.7%	3.9%	3.2%
Severance expense	0.6%	1.0%	0.7%	0.9%
Temporary help	3.2%	3.5%	3.4%	3.7%
All other salaries and related expenses	2.4%	2.9%	2.6%	2.8%

Salaries and related expenses in the second quarter of 2008 increased by $93.5 compared to the second quarter of 2007, primarily consisting of an organic increase of $44.1 and an adverse foreign currency rate impact of $41.3. The organic increase was primarily to support business growth resulting in higher base salaries, benefits and temporary help of $31.6, predominantly at our largest networks. The increase in incentives awards of $24.4 is attributable to both stock-based compensation awards and bonus awards. Stock-based compensation awards include stock options, stock-settled awards, cash-settled awards and performance-based awards. Expense for stock-based compensation awards increased due to changes in our assumptions, including higher actual forfeitures as compared to estimates associated with the vesting of certain stock awards in 2007 as compared to 2008. In addition, expense for bonus awards increased due to higher projected operating performance in 2008. Partially offsetting this increase was a reduction in severance expense.

Salaries and related expenses in the first half of 2008 increased by $169.5 compared to the first half of 2007, primarily consisting of an organic increase of $78.1 and an adverse foreign currency rate impact of $79.3. The organic increase was primarily due to higher base salaries, benefits and temporary help of $57.6 as well as higher incentive awards of $28.2 due to factors similar to those noted above for the second quarter of 2008.

Changes in our incentive awards mix can impact future period expense as bonus awards are expensed during the year they are earned and long-term incentive stock awards are expensed over the performance period, generally three years. Other factors impacting long-term incentive awards are the actual number of awards vesting and the change in our stock price. Additionally, changes can occur based on projected results and could impact trends between various periods in the future.

Office and General Expenses

		Components of change				Change	
	2007	**Foreign currency**	**Net acquisitions/ divestitures**	**Organic**	**2008**	**Organic**	**Total**
Three months ended June 30,	$502.6	$ 18.8	$ (0.3)	$ 6.7	$ 527.8	1.3%	5.0%
Six months ended June 30,	997.7	38.0	(6.3)	(26.6)	1,002.8	(2.7%)	0.5%

The following table details our office and general expenses as a percentage of consolidated revenue. All other office and general expenses includes production expenses, depreciation and amortization, bad debt expense, foreign currency gains (losses) and other expenses.

	Three months ended June 30,		Six months ended June 30,	
	2008	**2007**	**2008**	**2007**
Professional fees	1.7%	2.0%	2.1%	2.9%
Occupancy expense (excluding depreciation and amortization)	7.1%	7.9%	7.9%	8.6%
Travel & entertainment, office supplies and telecom	4.3%	4.7%	4.6%	4.9%
All other office and general expenses	15.7%	15.8%	15.6%	16.7%

(Amounts in Millions, Except Per Share Amounts)

Office and general expenses in the second quarter of 2008 increased by $25.2 compared to the second quarter of 2007, primarily consisting of an adverse foreign currency rate impact of $18.8 and an organic increase of $6.7. The organic increase was primarily due to higher production expenses for pass-through costs related to certain projects and increased business with clients where we act as a principal during the second quarter of 2008, partially offset by lower occupancy costs and professional fees.

Office and general expenses in the first half of 2008 increased slightly compared to the first half of 2007, primarily consisting of an adverse foreign currency rate impact of $38.0 partially offset by an organic decrease of $26.6. The organic decrease was due to lower professional fees, decreased occupancy costs and higher foreign exchange gains on certain balance sheet items. This was partially offset by higher production expenses for factors similar to those noted above for the second quarter of 2008.

The organic decrease in professional fees was $3.1 and $21.3 during the three and six months ended June 30, 2008, respectively, compared to the corresponding periods of 2007. Improvements in our financial systems, back-office processes and internal controls we made throughout 2007, and reduced legal consultations, primarily as a result of the SEC concluding its investigation into our financial reporting practices, contributed to our decline in professional fees.

Production expenses can be a significant component of our office and general expenses and can vary significantly between periods depending upon the timing of completion of certain projects where we act as principal. The timing of production expenses could impact trends between various periods in the future.

Restructuring and Other Reorganization-Related Charges (Reversals)

Restructuring and other reorganization-related charges of $4.1 and $7.3 for the three and six months ended June 30, 2008, respectively, primarily relate to the restructuring program announced at Lowe during the third quarter of 2007. In addition, the charges for three months ended June 30, 2008 relate to the realignment of our global media operations. See Note 11 in the unaudited Consolidated Financial Statements for the discussion regarding Mediabrands. Net charges primarily consist of leasehold amortization and additional severance expense. Payments during the quarter related to the 2007 program were approximately $2.0. The total liability balance as of June 30, 2008 for our restructuring programs is $18.9, of which $3.4, $8.0 and $7.5 relate to the 2007, 2003 and 2001 programs, respectively.

EXPENSES AND OTHER INCOME

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Cash interest on debt obligations	$ (46.3)	$ (48.2)	$ (97.0)	$ (96.0)
Non-cash amortization	(6.7)	(8.7)	(13.7)	(15.9)
Interest expense	(53.0)	(56.9)	(110.7)	(111.9)
Interest income	23.0	28.1	51.7	56.6
Net interest expense	(30.0)	(28.8)	(59.0)	(55.3)
Other income	6.3	8.0	4.9	6.5
Total	$ (23.7)	$ (20.8)	$ (54.1)	$ (48.8)

Net Interest Expense

The increase in net interest expense during the second quarter of 2008 is primarily attributable to lower interest rates in the U.S., partially offset by reductions in interest expense associated with the repurchase of the majority of the 4.50% Convertible Senior Notes and a lower interest rate paid on the Floating Rate Notes. The increase in net interest expense in the first half of 2008 is primarily attributable to lower interest rates in the U.S. partially offset by an increase in interest income generated by some of our international agencies.

(Amounts in Millions, Except Per Share Amounts)

Other Income

Results of operations for the three and six months ended June 30, 2008 and 2007 include certain items which are either non-recurring or are not directly associated with our revenue producing operations. These items are included in the other income line in the Consolidated Statements of Operations.

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Gains (losses) on sales of businesses and investments	$ 3.1	$ (7.3)	$ 3.6	$ (8.3)
Vendor discounts and credit adjustments	3.2	9.8	10.3	8.0
Litigation settlement	—	—	(12.0)	—
Other income	—	5.5	3.0	6.8
Total	$ 6.3	$ 8.0	$ 4.9	$ 6.5

Sale of businesses and investments — We recognized a gain of approximately $3.0 during the three months ended June 30, 2008, from the sale of businesses within Draftfcb, Mediabrands and Lowe.

During the three months ended June 30, 2007, we sold several businesses within Draftfcb and Lowe for a loss of approximately $10.0, partially offset by the sale of our remaining ownership interests in two agencies for a gain of $2.8.

Vendor discounts and credit adjustments — We are in the process of settling our liabilities related to vendor discounts and credits primarily established as part of the 2004 Restatement. These adjustments reflect the reversal of certain liabilities as a result of settlements with clients and vendors or where the statute of limitations has lapsed.

Litigation settlement — During May 2008, the SEC concluded its investigation that began in 2002 into our financial reporting practices, resulting in a settlement charge of $12.0. See Note 12 to our unaudited Consolidated Financial Statements for additional information.

INCOME TAXES

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Income (loss) before income taxes	$ 176.9	$ 124.8	$ 88.7	$ (27.4)
Provision for (benefit of) income taxes — continuing operations	$ 79.1	$ (11.4)	$ 55.4	$ (37.1)

Our tax rates are affected by many factors, including our worldwide earnings from various countries, disposition activity, changes in legislation and tax characteristics of our income. Specifically, for the three and six months ended June 30, 2008, the difference between the effective tax rate and the statutory rate of 35% is primarily due to state and local taxes, losses incurred in certain non-U.S. jurisdictions that receive no corresponding tax benefit and, for the six months ended June 30, 2008, the SEC settlement provision for which we receive no tax benefit. The difference was also due to the release of valuation allowances during the three months ended June 30, 2008, in jurisdictions where we believe it is now more likely than not that we will realize our deferred tax assets.

For the three and six months ended June 30, 2007, the difference between the effective tax rate and the statutory rate of 35% was due primarily to state and local taxes and losses incurred in certain non-U.S. jurisdictions that receive no benefit. In addition, 2007 was favorably impacted by net reversals of tax reserves, primarily related to previously unrecognized tax benefits related to various items of income and expense, including approximately $80.0 for certain worthless securities deductions associated with investments in consolidated subsidiaries, which was a result of the completion of the tax examination.

(Amounts in Millions, Except Per Share Amounts)

EARNINGS (LOSS) PER SHARE

For the second quarter of 2008, net income was $95.1 and net income applicable to common shareholders was $88.1, or $0.19 per basic share and $0.17 per diluted share, compared to $137.0 of net income and net income applicable to common shareholders of $121.5, or $0.27 per basic share and $0.24 per diluted share a year earlier.

For the first half of 2008, net income was $32.3 and net income applicable to common shareholders was $18.2, or $0.04 per basic and diluted share, compared to $11.1 of net income and net loss applicable to common shareholders of $(2.7), or $(0.01) per basic and diluted share a year earlier.

Segment Results of Operations — Three and Six Months Ended June 30, 2008 compared to Three and Six Months Ended June 30, 2007

As discussed in Note 11 to the unaudited Consolidated Financial Statements, we have two reportable segments as of June 30, 2008: IAN and CMG. We also report results for the Corporate and other group.

IAN

REVENUE

		Components of change				Change	
	Three months ended June 30, 2007	Foreign currency	Net acquisitions/ divestitures	Organic	Three months ended June 30, 2008	Organic	Total
Consolidated	$ 1,379.4	$ 61.9	$ 13.1	$ 84.3	$ 1,538.7	6.1%	11.5%
Domestic	771.8	—	2.8	26.5	801.1	3.4%	3.8%
International	607.6	61.9	10.3	57.8	737.6	9.5%	21.4%

During the second quarter of 2008 our revenue increased by $159.3, primarily consisting of organic revenue growth of $84.3 and a favorable foreign currency rate impact of $61.9. The domestic organic increase was primarily a result of higher revenue from existing clients and net client wins. The international organic increase was primarily driven by an increase in revenue at Mediabrands, due to higher client spending and net client wins throughout Continental Europe and the Asia Pacific region, primarily Australia, where we recorded an incentive award in 2008, and at Draftfcb, due to higher spending from existing clients where we act as principal, partially offset by client losses and decreased client spending in a country in Continental Europe. Additionally, McCann's revenue increased due to higher spending from existing clients throughout most international regions.

		Components of change				Change	
	Six months ended June 30, 2007	Foreign currency	Net acquisitions/ divestitures	Organic	Six months ended June 30, 2008	Organic	Total
Consolidated	$ 2,510.6	$ 108.5	$ 24.0	$136.7	$ 2,779.8	5.4%	10.7%
Domestic	1,428.8	—	3.5	61.0	1,493.3	4.3%	4.5%
International	1,081.8	108.5	20.5	75.7	1,286.5	7.0%	18.9%

During the first half of 2008 our revenue increased by $269.2, primarily consisting of organic growth of $136.7 and a favorable foreign currency rate impact of $108.5. The domestic organic increase was primarily a result of higher revenue from existing clients and net client wins. The international organic increase was due to increases at Mediabrands and Draftfcb by factors similar to those noted above for the second quarter of 2008. Revenue at Draftfcb also increased due to client spending throughout Latin America and Asia Pacific regions.

(Amounts in Millions, Except Per Share Amounts)

SEGMENT OPERATING INCOME

	Three months ended June 30, 2008	Three months ended June 30, 2007	Change	Six months ended June 30, 2008	Six months ended June 30, 2007	Change
Segment operating income	$ 220.6	$ 168.3	31.1%	$ 200.8	$ 103.5	94.0%
Operating margin	14.3%	12.2%		7.2%	4.1%	

Operating income increased during the second quarter of 2008 due to an increase in revenue of $159.3, partially offset by increases in salaries and related expenses of $84.9 and office and general expenses of $22.1. Higher salaries and related expenses were due to an increase in base salaries, benefits, and temporary help of $70.4 to support growth, primarily at McCann, as well as higher incentive-related expenses. Office and general expenses increased primarily due to higher production expenses, primarily at Draftfcb.

Operating income increased during the first half of 2008 due to an increase in revenue of $269.2, partially offset by increases in salaries and related expenses of $155.5 and office and general expenses of $16.4. Salaries and related expenses increased primarily due to factors similar to those noted above for the second quarter of 2008.

CMG

REVENUE

	Three months ended June 30, 2007	Components of change: Foreign currency	Components of change: Net acquisitions/ divestitures	Components of change: Organic	Three months ended June 30, 2008	Change: Organic	Change: Total
Consolidated	$ 273.3	$ 5.7	$ (2.5)	$ 20.5	$ 297.0	7.5%	8.7%
Domestic	185.3	—	—	4.6	189.9	2.5%	2.5%
International	88.0	5.7	(2.5)	15.9	107.1	18.1%	21.7%

During the second quarter of 2008 our revenue increased by $23.7, primarily consisting of organic revenue growth of $20.5. The domestic organic revenue increase was primarily due to net client wins in the public relations business. The international organic revenue increase was largely related to the events marketing business due to net client wins in the United Kingdom and the completion of several projects with existing clients during the quarter where we act as principal throughout the Asia Pacific region, in particular Australia and China. Revenues in the events marketing business can fluctuate due to timing of completed projects, as revenue is typically recognized when the project is complete.

	Six months ended June 30, 2007	Components of change: Foreign currency	Components of change: Net acquisitions/ divestitures	Components of change: Organic	Six months ended June 30, 2008	Change: Organic	Change: Total
Consolidated	$ 501.2	$ 10.9	$ (8.9)	$ 37.9	$ 541.1	7.6%	8.0%
Domestic	334.6	—	—	12.2	346.8	3.6%	3.6%
International	166.6	10.9	(8.9)	25.7	194.3	15.4%	16.6%

During the first half of 2008 our revenue increased by $39.9, primarily consisting of organic revenue growth of $37.9 and was driven by factors similar to those noted above for the second quarter of 2008. In addition, the domestic organic revenue increase was due to expanding business with existing clients in the public relations business.

(Amounts in Millions, Except Per Share Amounts)

SEGMENT OPERATING INCOME

	Three months ended June 30,			Six months ended June 30,		
	2008	2007	Change	2008	2007	Change
Segment operating income	$ 25.5	$ 18.6	37.1%	$ 32.2	$ 17.2	87.2%
Operating margin	8.6%	6.8%		6.0%	3.4%	

Operating income increased during the second quarter of 2008 due to an increase in revenue of $23.7, partially offset by increases in salaries and related expenses of $9.9 and office and general expenses of $6.9. Salaries and related expenses increased primarily due to an increase in base salaries, benefits and temporary help of $8.0 related to the public relations business to support revenue growth. Office and general expenses increased primarily due to production expenses related to several projects with new and existing clients in the events marketing business.

Operating income increased during the first half of 2008 due to an increase in revenue of $39.9, partially offset by increases in salaries and related expenses of $20.5 and office and general expenses of $4.4. Salaries and related expenses increased primarily due to factors similar to those noted above for the second quarter of 2008.

CORPORATE AND OTHER

Certain corporate and other charges are reported as a separate line item within total segment operating income and include corporate office expenses and shared service center expenses, as well as certain other centrally managed expenses that are not fully allocated to operating divisions. Salaries and related expenses include salaries, long-term incentives, bonus, and other miscellaneous benefits for corporate office employees. Office and general expenses primarily include professional fees related to internal control compliance, financial statement audits, legal, information technology and other consulting services, which are engaged and managed through the corporate office. In addition, office and general expenses also include rental expense and depreciation of leasehold improvements for properties occupied by corporate office employees. A portion of these expenses are allocated to operating divisions based on a formula that uses the revenues of each of the operating units. Amounts allocated also include specific charges for information technology-related projects, which are allocated based on utilization.

Corporate and other expenses for the second quarter of 2008 decreased by $5.1 to $41.4, primarily due to reduced professional fees and salaries and related expenses, partially offset by lower amounts allocated to operating divisions. Lower professional fees were primarily due to reduced legal consultations associated with the resolution of our SEC investigation and other financial matters. The decrease in salaries and related expenses was due to reduced base salaries, benefits and temporary help related to lower headcount and reduced spending on temporary help related to the implementation of information technology-related projects. As a result, amounts allocated to operating divisions decreased. Partially offsetting the decrease in salaries and related expenses was an increase in incentive expense.

Corporate and other expenses for the first half of 2008 decreased by $22.2 to $82.9 compared to prior year for the same reasons as noted above for the second quarter of 2008. In addition, professional fees decreased due to improvements in our financial systems, back-office processes and internal controls we made throughout 2007.

(Amounts in Millions, Except Per Share Amounts)

LIQUIDITY AND CAPITAL RESOURCES

CASH FLOW OVERVIEW

	Six months ended June 30, 2008	Six months ended June 30, 2007
Net cash provided by (used in) operating activities	$ 111.9	$ (338.7)
Net cash used in investing activities	(84.7)	(389.1)
Net cash used in financing activities	(239.0)	(16.5)
Working capital usage (included in operating activities)	$ (57.6)	$ (415.6)

	June 30, 2008	December 31, 2007	June 30, 2007
Cash, cash equivalents and marketable securities	$1,856.0	$ 2,037.4	$1,480.7

Cash, cash equivalents and marketable securities decreased by $181.4 during the first half of 2008, primarily due to the repurchase of approximately $191.0 of our 4.50% Notes during March.

Operating Activities

Cash provided by operating activities reflects an improvement of $450.6 during the first half of 2008 as compared to the first half of 2007. The improvement is primarily due to a significant improvement in working capital of $358.0 and increased net income of $21.2.

Net cash provided by operating activities primarily consists of net income of $32.3, which includes net non-cash expense items of $146.3, partially offset by working capital usage of $57.6. Net non-cash expense items primarily include depreciation of fixed assets, the amortization of intangible assets, restricted stock awards, non-cash compensation, bond discounts and deferred financing costs, and deferred taxes.

Working capital reflects changes in accounts receivable, expenditures billable to clients, prepaid expenses and other current assets, accounts payable and accrued liabilities. In the first half of 2008 we used working capital of $57.6 compared to a use of working capital of $415.6 in the first half of 2007. This improvement is primarily due to growth in our businesses and improved working capital management at certain of our operating units, primarily in the U.S. This was partially offset by the payment of cash incentive awards and tax payments. Cash incentive awards are accrued throughout the year, but paid during the first quarter of the subsequent year.

The timing of media buying on behalf of our clients affects our working capital and operating cash flow. In most of our businesses, we collect funds from our clients that we use, on their behalf, to pay production costs and media costs. The amounts involved substantially exceed our revenues, and primarily affect the level of accounts receivable, expenditures billable to clients, accounts payable and accrued media and production liabilities. Our assets include both cash received and accounts receivable from clients for these pass-through arrangements, while our liabilities include amounts owed on behalf of clients to media and production suppliers. Generally, we pay production and media charges after we have received funds from our clients, and our risk from client nonpayment has historically not been significant. The seasonality of our revenue and cash also affect our working capital. Assuming a stable business environment, as certain of our business operations continue to strengthen, we believe annual working capital should continue to show improvement.

Investing Activities

Cash used in investing activities during the first half of 2008 primarily reflects capital expenditures and payments for acquisitions. Capital expenditures of $58.8 related to leasehold improvements, computer hardware and furniture and fixtures. Payments for acquisitions of $26.3 relate to new acquisitions and deferred payments on prior acquisitions.

Subsequent to June 30, 2008, we completed four acquisitions, of which the most significant were: a) a marketing services agency in France, b) a 51% interest in a digital marketing agency in North America, and c) an additional 31.1% interest in a full-service advertising agency in the Middle East in which we previously held a 19.9% interest. Total cash paid for these acquisitions at closing was approximately $86.0.

Financing Activities

In March 2008, holders of approximately $191.0 in aggregate principal amount of our 4.50% Notes due 2023 exercised their put option that required us to repurchase their 4.50% Notes. Payment for the purchased 4.50% Notes was made with available cash. In addition, cash used in financing activities during the first half of 2008 reflects dividend payments of $13.8 on our Series B Preferred Stock.

LIQUIDITY OUTLOOK

We expect our operating cash flow, cash and cash equivalents to be sufficient to meet our anticipated operating requirements at a minimum for the next twelve months. We believe that a conservative approach to liquidity is appropriate for our Company in view of the cash requirements resulting from, among other things, liabilities to our clients for vendor discounts and credits, the normal cash variability inherent in our operations, other unanticipated requirements and our funding requirements noted below. In addition, until our margins consistently improve in connection with our turnaround, cash generation from operations could be challenged in certain periods.

A reduction in our liquidity in future periods could lead us to seek new or additional sources of liquidity to fund our working capital needs. From time to time we evaluate market conditions and financing alternatives for opportunities to raise additional financing or otherwise improve our liquidity profile and enhance our financial flexibility. There can be no guarantee that we would be able to access new sources of liquidity on commercially reasonable terms, or at all.

Funding Requirements

Our most significant funding requirements include: our operations, non-cancelable operating lease obligations, acquisitions, capital expenditures, payments related to vendor discounts and credits, debt service, preferred stock dividends, contributions to pension and postretirement plans, and taxes.

- Acquisitions — We continue to evaluate strategic opportunities to grow and to increase our ownership interests in current investments, particularly in our digital and marketing services offerings and to expand our presence in high-growth markets.
- Payments related to vendor discounts and credits — Of the liabilities recognized as part of the 2004 Restatement, we estimate that we will pay approximately $65.0 related to vendor discounts and credits, internal investigations and international compensation arrangements over the next 12 months. As of June 30, 2008 our liability balance was $178.2.
- Debt Service — Our debt profile is primarily long-term, with maturities scheduled from 2009 to 2023. Our next scheduled debt maturity is $249.9 of our 5.40% Senior Unsecured Notes in the fourth quarter of 2009.

FINANCING AND SOURCES OF FUNDS

Substantially all of our operating cash flow is generated by our agencies. Our liquid assets are held primarily at the holding company level, and to a lesser extent at our largest subsidiaries.

Our principal credit facility is our $750.0 Three-Year Credit Agreement we entered into in June 2006 (the "2006 Credit Agreement"), which we can utilize for cash advances and for letters of credit in an aggregate amount not to exceed $750.0 outstanding at any time. The aggregate face amount of letters of credit may not exceed $600.0 at any time. As of June 30, 2008, the aggregate amount of outstanding letters of credit issued for our account under the 2006 Credit Agreement was

$182.9. Our obligations under the 2006 Credit Agreement are unsecured. This facility expires in June of 2009. We have not drawn on the 2006 Credit Agreement or our previous committed credit agreements since late 2003.

We also have uncommitted credit facilities with various banks that permit borrowings at variable interest rates. We use our uncommitted credit lines for working capital needs at some of our operations outside the U.S., and the amount outstanding as of June 30, 2008 was $87.7. We have guaranteed the repayment of some of these borrowings by our subsidiaries. If we lose access to these credit lines we would have to provide funding directly to some overseas operations. The weighted-average interest rate on this outstanding balance was approximately 5%.

In July 2008 we entered into a $335.0 Three-Year Credit Agreement (the "2008 Credit Agreement"). The 2008 Credit Agreement is a revolving facility, under which amounts borrowed by us or any of our subsidiaries designated under the 2008 Credit Agreement may be repaid and reborrowed, subject to an aggregate lending limit of $335.0 or the equivalent in other currencies, and the aggregate available amount of letters of credit outstanding may decrease or increase, subject to a limit on letters of credit of $200.0 or the equivalent in other currencies. The terms of the 2008 Credit Agreement allow us to increase the aggregate lending commitment to a maximum amount of $485.0 if lenders agree to the additional commitments. For further discussion of the terms of the 2008 Credit Agreement, including the covenants associated with it, please refer to Note 2 to our unaudited Consolidated Financial Statements.

We aggregate our net domestic cash position on a daily basis. Outside the U.S., we use cash pooling arrangements with banks to help manage our liquidity requirements. In these pooling arrangements, several Interpublic agencies agree with a single bank that the cash balances of any of the agencies with the bank will be subject to a full right of setoff against amounts the other agencies owe the bank, and the bank provides overdrafts as long as the net balance for all the agencies does not exceed an agreed-upon level. Typically each agency pays interest on outstanding overdrafts and receives interest on cash balances. Our Condensed Consolidated Balance Sheets reflect cash net of overdrafts for each pooling arrangement. As of June 30, 2008 a gross amount of $1,028.4 in cash was netted against an equal gross amount of overdrafts under pooling arrangements.

In June 2008 we entered into an interest rate swap agreement related to our 7.25% Senior Unsecured Notes due 2011 (the "7.25% Notes"). This swap agreement economically converts $125.0 notional amount of our $500.0 7.25% Notes from fixed rate to floating rate debt. Please refer to Note 2 to our unaudited Consolidated Financial Statements for additional information.

DEBT RATINGS

Our long-term debt credit ratings as of July 25, 2008 were Ba3 with positive outlook, B+ with positive outlook and BB+ with positive outlook, as reported by Moody's Investors Service, Standard & Poor's and Fitch Ratings, respectively. Our most recent upgrade to our credit ratings occurred on July 9, 2008 when Moody's Investors Service upgraded our outlook to positive from stable. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning credit rating agency. The rating of each credit rating agency should be evaluated independently of any other rating.

CRITICAL ACCOUNTING ESTIMATES

Our significant accounting policies are described in Note 1 to the Consolidated Financial Statements for the year ended December 31, 2007 included in our 2007 Annual Report on Form 10-K. As summarized in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, in our 2007 Annual Report on Form 10-K, we believe that certain of these policies are critical because they are important to the presentation of our financial condition and results of operations and they require management's most difficult, subjective or complex judgments, often as a result of the need to estimate the effect of matters that are inherently uncertain. These critical estimates relate to revenue recognition, stock-based compensation, income taxes, goodwill and other intangible assets, and pension and postretirement benefits. We base our estimates on historical experience and on other factors that we consider reasonable under the circumstances. Estimation methodologies are applied consistently from year to year, and there have been no significant changes in the application of critical accounting estimates since December 31, 2007. Actual results may differ from these estimates under different assumptions or conditions.

RECENT ACCOUNTING STANDARDS

Please refer to Note 13 to our unaudited Consolidated Financial Statements for a discussion of recent accounting standards that we have not yet been required to implement, but which may affect us in the future.

Item 3. *Quantitative and Qualitative Disclosures about Market Risk*

There has been no significant change in our exposure to market risk during the six months ended June 30, 2008. For a discussion of our exposure to market risk, refer to Item 7A, Quantitative and Qualitative Disclosures About Market Risk, in our 2007 Annual Report on Form 10-K.

Item 4. *Controls and Procedures*

Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of June 30, 2008, the Company's disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

Changes in internal control over financial reporting

There has been no change in internal control over financial reporting in the quarter ended June 30, 2008 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. *Legal Proceedings*

In May 2008, we reached a settlement with the SEC concluding the investigation that began in 2002 into our financial reporting practices. The SEC filed a complaint on May 1, 2008 in the United States District Court for the Southern District of New York charging Interpublic and our subsidiary McCann-Erickson Worldwide Inc., or McCann, with violations of the federal securities laws. The charges under the antifraud provisions of the federal securities laws relate to intercompany accounting practices at McCann that were addressed in our restatement of 1997 to 2002 results first announced in August 2002 and that were also the subject of a class action under the federal securities laws that we settled in 2004. The charges relating to violations of the disclosure, internal controls and books and records provisions of the federal securities laws also relate to the restatement we presented in our Annual Report on Form 10-K for the year ended December 31, 2004 and the restatement of the first three quarters of 2005 that we made in our 2005 Annual Report on Form 10-K, as well as the restatement we first announced in August 2002. Without admitting or denying the allegations, Interpublic and McCann agreed to an injunction against violating the applicable provisions of the federal securities laws, and McCann agreed to pay a $12 million civil penalty and disgorgement of one dollar.

Information about our other current legal proceedings is set forth in Note 12 to the unaudited Consolidated Financial Statements included in this report.

Item 1A. *Risk Factors*

In the second quarter of 2008, there have been no material changes in the risk factors we have previously disclosed in Item 1A, Risk Factors, in our 2007 Annual Report on Form 10-K, except that the SEC investigation referred to in the first risk factor in our 2007 Annual Report on Form 10-K has been settled. See, Item 1, Legal Proceedings in Part II of this report.

Item 2. *Unregistered Sales of Equity Securities and Use of Proceeds*

(c) The following table provides information regarding our purchases of our equity securities during the period from April 1, 2008 to June 30, 2008:

	Total Number of Shares (or Units) Purchased	Average Price Paid per Share (or Unit)[2]	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
April 1-30	9,245 shares	$ 8.38	—	—
May 1-31	925,835 shares	$ 9.91	—	—
June 1-30	29,530 shares	$ 9.85	—	—
Total[1]	964,610 shares	$ 9.89	—	—

(1) Consists of restricted shares of our common stock, par value $.10 per share, withheld under the terms of grants under employee stock-based compensation plans to offset tax withholding obligations that occurred upon vesting and release of restricted shares during each month of the second quarter of 2008 (the “Withheld Shares”).

(2) The average price per month of the Withheld Shares was calculated by dividing the aggregate value of the tax withholding obligations for each month by the aggregate number of shares of common stock withheld each month.

Working Capital Restrictions and Other Limitations on the Payment of Dividends

The 2008 Credit Agreement contains certain covenants that, among other things, and subject to certain exceptions, restrict us from making cash acquisitions, making capital expenditures, repurchasing our common stock and declaring or paying cash dividends on our common stock, in excess of an aggregate amount of $600.0 in any fiscal year. If we maintain a leverage ratio not greater than 2.75 to 1 at the end of any fiscal year, we may carry forward to the next fiscal year unused amounts of up to $200.0 of the $600.0. If our leverage ratio is greater than 2.75 to 1 at the end of any fiscal year, we may not carry forward unused amounts, and cash common stock dividends and net share repurchases not otherwise permitted will be restricted to $400.0 for the next fiscal year. In addition, the terms of our outstanding series of preferred stock do not permit us to pay dividends on our common stock unless all accumulated and unpaid dividends on our preferred stock have been or contemporaneously are declared and paid or provision for the payment thereof has been made.

Item 4. ***Submission of Matters to a Vote of Security Holders***

This item is answered in respect of the Annual Meeting of Stockholders held on May 22, 2008. At the meeting, the following number of votes were cast with respect to each proposal:

1. Proposal to approve management's nominees for director as follows:

NOMINEE	FOR	AGAINST	BROKER NONVOTES
Frank J. Borelli	410,961,475	11,379,899	0
Reginald K. Brack	309,112,362	113,229,012	0
Jocelyn Carter-Miller	410,111,257	12,230,117	0
Jill M. Considine	329,080,105	93,261,269	0
Richard A. Goldstein	388,003,906	34,337,468	0
H. John Greeniaus	330,234,519	92,106,855	0
Mary J. Steele Guilfoile	414,249,603	8,091,771	0
William T. Kerr	330,242,321	92,099,053	0
Michael I. Roth	411,267,660	11,073,714	0
David M. Thomas	412,452,536	9,888,838	0

2. Proposal to approve confirmation of the appointment of PricewaterhouseCoopers LLP as independent registered public accounting firm for fiscal year 2008:

FOR	AGAINST	ABSTAIN	BROKER NONVOTES
416,493,822	1,811,136	4,036,416	0

3. Shareholder proposal for special shareholder meetings:

FOR	AGAINST	ABSTAIN	BROKER NONVOTES
190,379,998	200,719,849	4,245,779	26,995,748

4. Shareholder proposal for advisory vote on executive compensation:

FOR	AGAINST	ABSTAIN	BROKER NONVOTES
131,199,353	249,877,974	14,268,299	26,995,748

Item 5. ***Other Information***

On July 24, 2008, the Board of Directors of the Company amended Section 2.02 of our Bylaws to provide that a special meeting of stockholders shall be called upon receipt of a written request from holders of shares representing no less than 25 percent of the outstanding shares of all classes of capital stock entitled to vote thereat. This provision previously required that such a meeting be called upon the written request of the shareholders entitled to vote not less than a majority of the votes entitled to be cast at a shareholder meeting.

The Board of Directors also amended Section 2.06 of the Bylaws to provide for measures to assure an orderly and efficient administration of any process for shareholder action by written consent in lieu of a meeting.

The foregoing is a summary of the amendments to the Bylaws and is qualified in its entirety by the amended Bylaws, a copy of which is included as Exhibit 3(ii) to this Form 10-Q and is incorporated by reference into this Item 5 in its entirety.

Item 6. *Exhibits*

Exhibit No.	Description
3(ii)	By-Laws of the Registrant, as amended and restated through July 24, 2008.
10.1	3-Year Credit Agreement, dated as of July 18, 2008, among The Interpublic Group of Companies, Inc. (“Interpublic”), the initial lenders named therein, Citibank, N.A., as administrative agent for the lenders, JP Morgan Chase Bank, N.A., as syndication agent, HSBC USA, National Association and ING Capital LLC, as co-documentation agents, and Citigroup Global Markets, Inc. and JP Morgan Securities Inc., as joint lead arrangers and joint bank managers, is incorporated by reference to Exhibit 10.1 to Interpublic’s Current Report on Form 8-K filed with the Securities and Exchange Commission on July 21, 2008.
10(iii)(A)(1)	Amendment, dated May 1, 2008, to an Employment Agreement, made as of July 13, 2004, between Interpublic and Michael Roth.
10(iii)(A)(2)	Amendment, dated May 1, 2008, to an Employment Agreement, made as of July 18, 2005, between Interpublic and Frank Mergenthaler
10(iii)(A)(3)	Amendment, dated May 1, 2008, to an Employment Agreement, made as of January 1, 2006, between Interpublic and Philippe Krakowsky.
10(iii)(A)(4)	Amendment, dated May 1, 2008, to an Employment Agreement, made as of July 6, 2004, between Interpublic and Timothy A. Sompolski.
12.1	Computation of Ratios of Earnings to Fixed Charges.
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended.
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended.
32	Certification of the Chief Executive Officer and the Chief Financial Officer furnished pursuant to 18 U.S.C. Section 1350 and Rule 13a-14(b) under the Securities Exchange Act of 1934, as amended.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE INTERPUBLIC GROUP OF COMPANIES, INC.

By /s/ MICHAEL I. ROTH
Michael I. Roth
Chairman and Chief Executive Officer

Date: July 30, 2008

By /s/ CHRISTOPHER F. CARROLL
Christopher F. Carroll
Senior Vice President, Controller and
Chief Accounting Officer
(Principal Accounting Officer)

Date: July 30, 2008

INDEX TO EXHIBITS

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Exhibit 3(ii)

BY-LAWS

of

THE INTERPUBLIC GROUP OF COMPANIES, INC.

Incorporated under the Laws of the
State of Delaware

As amended through July 24, 2008

Table of Contents

BY-LAWS
OF
THE INTERPUBLIC GROUP OF COMPANIES, INC.

ARTICLE 1

Offices

SECTION 1.01 *Registered Office.* The registered office of the Corporation is located in the City of Dover, County of Kent, State of Delaware.

SECTION 1.02 *Other Offices.* The Corporation may establish or discontinue such other offices, including its principal place of business, at such places within or without the State of Delaware as the Board of Directors may from time to time appoint or the business of the Corporation may warrant.

ARTICLE 2

Stockholders

SECTION 2.01 *Annual Meeting.* The annual meeting of stockholders shall be held on the third Tuesday of May in each year or at such other date as shall be determined by the Board of Directors. If any such day is a legal holiday, the annual meeting shall be held on the next succeeding business day. If the annual meeting is not held on the date designated therefor, the Board of Directors shall cause the meeting to be held as soon as feasible thereafter and any elections held or other business transacted at such meeting shall be valid as if held or transacted on the date designated for the annual meeting.

SECTION 2.02 *Special Meetings.* Special meetings of the holders of any class or of all classes of the Corporation's capital stock may be called at any time by the Board of Directors, and shall be called by the Chairman of the Board, the Co-Chairman of the Board or the Secretary upon the written request, stating the purposes of any such meeting, of a majority of the Board of Directors. Special meetings of the holders of all classes of the Corporation's capital stock entitled to vote thereat shall also be called by the Chairman of the Board, the Co-Chairman of the Board or the Secretary upon the written request, stating the purpose or purposes of any such meeting, of the holders of no less than 25% of the outstanding shares of all classes of capital stock entitled to vote thereat. Special meetings shall be called by means of a notice as provided for in Section 2.04 hereof.

SECTION 2.03 *Place of Meetings.* All meetings of the stockholders shall be held at such place within or without the State of Delaware as shall be designated by the Board of Directors.

SECTION 2.04 *Notice of Meetings.* Written notice of each meeting of the stockholders, stating the date, hour, place and purpose or purposes thereof, shall be given, personally or by mail, to each stockholder entitled to vote at the meeting not less than ten or more than sixty days before the date of meeting. If mailed, such notice shall be deposited in the United States mail, postage prepaid, directed to the stockholder at his address as it appears on the records of the Corporation.

SECTION 2.05 *Organization.* The Chairman of the Board or, in his absence, the Co-Chairman of the Board (or, in his absence, the Chief Executive Officer or, in his absence, an officer specified by the Board of Directors) shall be chairman at all meetings of stockholders at which he is present, and as such chairman shall call such meetings to order and preside thereat. If these persons shall be absent from any meeting of stockholders, any stockholder or the proxy of any stockholder entitled to vote at the meeting may call it to order, and a chairman to preside thereat shall be elected by a majority of those present and entitled to vote.

SECTION 2.06 *Record Date*. (a) In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. If no record date is fixed:

(i) The record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held.

(ii) The record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto, except that the record date for the determination of stockholders entitled to express consent to corporate action in writing without a meeting shall be determined in accordance with Section 2.06(b).

(b) The record date for determining stockholders entitled to express consent to corporate action in writing without a meeting shall be as fixed by the Board of Directors or as otherwise established under this Section 2.06(b). Any person seeking to have the stockholders authorize or take corporate action by written consent without a meeting shall, by written notice addressed to the Secretary of the Corporation and delivered to the Corporation and signed by a stockholder of record, request that a record date be fixed for such purpose. The written notice must contain the information set forth in Section 2.06(c). Following receipt of the notice, the Board of Directors shall have ten (10) days to determine the validity of the request, and if appropriate, adopt a resolution fixing the record date for such purpose. The record date for such purpose shall be no more than ten (10) days after the date upon which the resolution fixing the record date is adopted by the Board and shall not precede the date such resolution is adopted. If the Board fails within ten (10) days after the Corporation receives such notice to fix a record date for such purpose, the record date shall be the day on which the first written consent is delivered to the Corporation in the manner prescribed by applicable Delaware law; except that, if prior action by the Board of Directors is required under the provisions of Delaware law, the record date shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action.

(c) Any stockholder's notice required by Section 2.06(b) must describe the action that the stockholder proposes to take by consent. For each such proposal, every notice by a stockholder must state: (i)(A) as to each person, if any, whom the stockholder proposes to nominate for election or re-election or to elect as a director, all information relating to such person that would be required to be disclosed in a consent statement on Schedule 14A (or any successor provision) under the Securities and Exchange Act of 1934, as amended (the "Exchange Act") relating to solicitations of consents for the election of such person as a director as if such a consent statement were required, including such person's written consent to being named as a nominee and to serving as a director if elected, (B) the text of the proposal (including the text of any resolutions to be effected by consent and the language of any proposed amendment to the By-laws of the Corporation) (it being understood that any proposal to nominate or elect persons to the board shall be deemed a "proposal" for purposes of this Section 2.06), (C) the reasons for the proposal, (D) any material interest in the proposal held by the stockholder and any and all beneficial owner or owners, if any, on whose behalf the action is to be taken, and (E) any other information relating to the stockholder, such beneficial owner or owners, or the proposal that would be required to be disclosed in filings in connection with the solicitation of consents in favor of such proposal pursuant to Section 14 of the Exchange Act, and the rules and regulations promulgated thereunder (or any successor provision of the Exchange Act or the rules or regulations promulgated thereunder) as if such filings were required; and (ii) as to the stockholder giving the notice and the beneficial owner or owners, if any, on whose behalf the notice is given (A) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner or owners, (B) the class and number of shares of capital stock of the Corporation that are owned beneficially and of record by such stockholder and such beneficial owner or owners, (C) a description of all arrangements or understandings between such stockholder or such beneficial owner or owners, on the one hand, and any other person or persons, on the other hand, either regarding the proposed action by consent or regarding shares of capital stock of the Corporation, including any arrangement pursuant to any derivative instrument or arrangement that gives such stockholder or such beneficial owner or owners any direct or indirect pecuniary or economic interest in or voting control over any shares of capital stock of the Corporation, and (D) a representation as to whether the stockholder or any such beneficial owner or owners, if any, intends or is part of a group which intends to (1) deliver a proxy statement and/or consent solicitation statement to stockholders of at least the percentage of the Corporation's outstanding capital stock required to effect the action by consent either to solicit consents or to solicit proxies to execute consents, and/or (2) otherwise solicit proxies or consents from stockholders in support of the action to be taken by consent. The Corporation may require the stockholder requesting a record date for proposed stockholder action by consent to furnish additional information to the extent it may reasonably be required to determine the validity of the request for a record date.

SECTION 2.07 *List of Stockholders Entitled to Vote.* The Secretary shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be opened to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

SECTION 2.08 *Quorum.* Except as otherwise provided by law or by the Certificate of Incorporation, at any meeting of stockholders the presence, in person or by proxy, of the holders of a majority of the shares of stock of the Corporation entitled to vote at the meeting shall constitute a quorum for, and the votes of the holders of a majority of the shares so present shall be required for, the transaction of business. If a quorum is not present at any meeting of the stockholders, the holders of a majority of the shares of stock present in person or by proxy and entitled to vote may adjourn the meeting from time to time without notice, other than announcement at the meeting, until a quorum is present. At any such adjourned meeting at which a quorum is present any business may be transacted which might have been transacted at the meeting as originally called.

SECTION 2.09 *Adjourned Meeting.* Any meeting of stockholders, including a meeting at which a quorum is not present, may be adjourned to another time or place by the votes of the holders of a majority of the shares of stock of the Corporation present in person or by proxy and entitled to vote. Notice of the adjourned meeting need not be given if the time and place thereof are announced at the meeting at which the adjournment is taken, except that if the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

SECTION 2.10 *Order of Business.* The order of business at all meetings of stockholders shall be as determined by the chairman of the meeting.

SECTION 2.11 *Vote of Stockholders.* Except as otherwise provided by the Certificate of Incorporation, every stockholder of record, as determined pursuant to Section 2.06 hereof, shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of stock held by such stockholder on the record date. All elections of directors shall be by written ballot, but no vote on any other question upon which a vote of the stockholders may be taken need be by ballot unless the chairman of the meeting shall so decide or the holders of a majority of the shares of stock present in person or by proxy and entitled to participate in such vote shall so demand. In a vote by ballot each ballot shall state the number of shares voted and the name of the stockholder or proxy voting. Except as otherwise provided by law, by the Certificate of Incorporation or by Section 3.15 hereof, all elections of directors where the number of nominees exceeds the number of directors to be elected, i.e., “contested elections,” shall be decided by the vote of the holders of a plurality of the shares of stock present in person or by proxy at the meeting and entitled to vote, and all other questions shall be decided by the vote of the holders of a majority of the shares of stock present in person or by proxy at the meeting and entitled to vote on the question, including the election of directors where the number of nominees does not exceed the number of directors to be elected, i.e., an “uncontested election.” Incumbent directors running for reelection in an uncontested election who fail to receive the required vote shall, to the extent permitted by law, resign within 120 days after the election.

SECTION 2.12 *Proxies.* Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for him by proxy, but no such proxy shall be voted or acted upon after three years from its date unless the proxy provides for a longer period. A proxy acting for any stockholder shall be duly appointed by an instrument in writing subscribed by such stockholder.

ARTICLE 3

Board of Directors

SECTION 3.01 *Number.* The number of directors which shall constitute the whole Board shall be fixed from time to time by the stockholders or the Board of Directors. Such number shall be not less than three. Directors need not be stockholders.

SECTION 3.02 *Election and Term of Office.* Except as otherwise provided by law or by this Article 3 or by the Certificate of Incorporation, directors shall be elected at the annual meeting of stockholders and shall hold office until the next annual meeting of stockholders and until their successors are elected and qualify, or until they sooner die, resign or are removed as hereinafter provided.

SECTION 3.03 *General Powers.* The business, properties and affairs of the Corporation shall be managed by the Board of Directors.

SECTION 3.04 *Place of Meetings.* Meetings of the Board of Directors may be held at any place, within or without the State of Delaware.

SECTION 3.05 *Regular Meetings.* Regular meetings of the Board of Directors shall be held at such time as may be determined by resolution of the Board of Directors, and no notice shall be required for any regular meeting except as otherwise provided by Section 3.07 hereof.

SECTION 3.06 *Special Meetings.* Special meetings of the Board of Directors may be called at any time by the Chairman of the Board, the Co-Chairman of the Board, or the Chief Executive Officer, and shall be called by the Chairman of the Board, the Co-Chairman of the Board or the Secretary upon the request in writing of a majority of the directors stating the purpose or purposes of such meeting. Notices of special meetings shall be mailed to each director at his residence or usual place of business, or shall be sent to him at either of such places by telegraph or messenger or be communicated to him personally or by telephone, at least four days before the day on which the meeting is to be held. Notice of any meeting of the Board of Directors need not be given to any director if he shall be present at the meeting, unless his presence is solely for the purpose of asserting an objection that the calling or holding of such meeting is invalid by reason of some provision of law, the Certificate of Incorporation or these By-Laws. Any and all business transacted at any meeting of the Board of Directors, except business specified in the first sentence of Section 3.07 hereof, shall be fully effective without any notice of such meeting having been given, if all the members shall be present and participating therein.

SECTION 3.07 *Business that may be Transacted.* No action may be taken at any regular or special meeting of the Board of Directors to amend or repeal any provision of these By-Laws, or to change the number of directors which shall constitute the whole Board, unless notice of the proposed amendment, discontinuance, repeal or change is set forth in the notice of such meeting, whether or not notice of such meeting is otherwise required. Except as otherwise provided by law or by the Certificate of Incorporation, any and all other business may be transacted at any regular or special meeting of the Board of Directors, whether or not enumerated in the notice of the meeting when notice is required.

SECTION 3.08 *Organization.* The Board shall designate a Chairman of the Board and may designate a Co-Chairman of the Board. The board may designate other titles and responsibilities for members of the board in its discretion unless otherwise prohibited by law. The Chairman of the Board or, in his absence, the Co-Chairman of the Board shall preside at all meetings of the Board of Directors at which he is present. If the Chairman of the Board and the Co-Chairman of the Board shall be absent from any meeting of the Board of Directors, such meeting shall be presided over by such other member of the Board of Directors as specified by the members of the Board of Directors present. Except as otherwise provided by the Certificate of Incorporation, law or the governance guidelines as may be adopted from time to time by the Board of Directors, the roles of the Chairman of the Board or any other director and that of any officer position (including that of Chief Executive Officer) may be combined or separate.

SECTION 3.09 *Quorum and Adjournment.* At any meeting of the Board of Directors the presence of a majority of the whole Board, but not less than two directors, shall constitute a quorum for the transaction of business. Except as otherwise provided by law, by the Certificate of Incorporation or by these By-Laws, the vote of the majority of the directors present at any meeting at which a quorum is present shall be the act of the Board of Directors. If a quorum is not present at any meeting of the Board of Directors, the directors present may adjourn the meeting from time to time until a quorum is present. The Secretary shall give notice of each such adjournment to the absent directors.

SECTION 3.10 *Voting.* On any question on which the Board of Directors shall vote, the names of those voting and their votes shall be entered in the minutes of the meeting when any member of the Board so requests.

SECTION 3.11 *Compensation.* Unless otherwise restricted by the Certificate of Incorporation or law, the Board of Directors shall have the authority to fix compensation of directors, including annual retainers, meeting fees and equity compensation awards, in a manner consistent with the governance guidelines as the Board of Directors may adopt from time to time. Nothing herein contained shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

SECTION 3.12 *Action Without a Meeting.* Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board or such committee, as the case may be, consent thereto in writing and such writing or writings are filed with the minutes of proceedings of the Board or the committee.

SECTION 3.13 *Resignations.* Any director may resign at any time upon written notice to the Board of Directors, the Chairman of the Board, the Co-Chairman of the Board or to the Secretary of the Corporation. Such resignation shall take effect at the time specified therein or, if no such time is specified, upon the receipt thereof by the addressee. The acceptance of any such resignation shall not be necessary to make it effective.

SECTION 3.14 *Removal of Directors.* Any director may be removed at any time, either for or without cause, by action of the holders of record of a majority of the outstanding shares of voting capital stock of the Corporation. For proper cause, a director may also be removed at any time by the affirmative vote of at least two-thirds of the whole Board of Directors.

SECTION 3.15 *Filling of Vacancies.* Vacancies created by death, resignation, removal or disqualification and newly created directorships resulting from any increase in the authorized number of directors may be filled by the affirmative vote of a majority of the directors remaining in office, although less than a quorum, or by a sole remaining director, or by the affirmative vote of the holders of a majority of the stock of the Corporation entitled to vote and present and voting at any meeting of the stockholders at which a quorum is present. Each director so chosen shall hold office until the next annual meeting of stockholders and until his successor is elected and qualified or until his earlier resignation or removal. If one or more directors shall resign from the Board, effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective, and each director so chosen shall hold office as provided in this section in the filling of other vacancies.

ARTICLE 4

Committees

SECTION 4.01 *Appointment and Powers.* The Board of Directors may, by resolution passed by a majority of the whole Board, designate one or more committees, each committee to consist of two or more of the directors of the Corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. Any such committee, to the extent provided in such resolution, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; provided, however, that no committee shall have or may exercise any power which, by law or by any provision of the Certificate of Incorporation or these By-Laws, can be exercised only by the affirmative vote of a majority of the whole board. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors.

SECTION 4.02 *Procedural Rules.* The Board of Directors may, by resolution passed by a majority of the whole Board, specify rules for the conduct of any committee's proceedings. In the absence or in amplification of any such rules thus specified by the Board, each committee may adopt its own procedural rules.

SECTION 4.03 *Minutes.* Each committee shall keep regular minutes of its proceedings and report the same to the Board of Directors when required.

SECTION 4.04 *Removal.* Any director may be removed from any committee, either for or without cause, by the affirmative vote of a majority of the whole Board of Directors.

SECTION 4.05 *Vacancies.* Any vacancy among the appointed members of any committee may be filled by the affirmative vote of a majority of the whole Board of Directors.

ARTICLE 5

Officers

SECTION 5.01 *Designation.* The Board of Directors at any time and from time to time shall elect the corporate officers of the Corporation, which may include individuals with such titles, powers and duties as the Board of Directors shall designate in its discretion, unless otherwise prohibited by law. Except as otherwise provided by the Certificate of Incorporation, law or the governance guidelines as may be adopted from time to time by the Board of Directors, the roles of any member of the Board of Directors and any officer of the Corporation may be combined or separate. The designation of a director with a specific role on the Board with a title, such as Chairman of the Board, Co-Chairman of the Board, Vice-Chairman of the Board or Presiding Director of the Board, shall not make such director into an officer of the Corporation unless the Board of Directors also specifically designates such director's role and title as that of not only a director, but also an officer of the Corporation. The officer titles may include, without limitation, the following titles: Chairman, Co-Chairman, Vice-Chairman, Chief Executive Officer, President, Chief Operating Officer, Chief Financial Officer, Vice President (any of whom may be designated a Group Vice President, Executive Vice President or Senior Vice President), Secretary, Treasurer, and Controller. The Board of Directors from time to time may also appoint one or more Vice Presidents (any of whom may be designated a Staff Vice

President), Assistant Vice Presidents, Assistant Secretaries, Assistant Treasurers, Assistant Controllers and such other employees and agents as are desired. Unless otherwise provided by a resolution of the Board of Directors, such appointed employees shall not themselves perform any corporate management functions and shall not, in such capacities, be deemed corporate officers. Any officer may hold two or more offices, the duties of which can be consistently performed by the same person, unless otherwise forbidden by the Certificate of Incorporation or law.

SECTION 5.02 *Terms of Office; Vacancies.* So far as is practicable, all elected officers shall be elected at the organization meeting of the Board of Directors in each year. All officers shall hold office at the pleasure of the Board of Directors. If a vacancy shall occur in any office, the Board of Directors may elect a successor to fill such vacancy for the remainder of the term.

SECTION 5.03 *Resignations.* Any officer may resign at any time upon written notice to the Board of Directors, the Chairman of the Board, the Co-Chairman of the Board or the Secretary of the Corporation. Such resignation shall take effect at the time specified therein or, if no such time is specified, upon the receipt thereof by the addressee. The acceptance of any resignation shall not be necessary to make it effective.

SECTION 5.04 *Chief Executive Officer.* The Chief Executive Officer or such other officer or officers as specified by the Board of Directors, subject always to the control of the Board of Directors, shall see that all orders and resolutions of the Board of Directors and its committees are carried into effect and have such other duties as from time to time may be assigned to him by the Board of Directors.

SECTION 5.05 *Vice Presidents and Other Officers.* The Vice Presidents and other officers of the Corporation shall have such powers and perform such duties as may from time to time be assigned to them by the Board of Directors or by such other officers designated by the Board of Directors as having such power to assign.

SECTION 5.06 *The Secretary.* Unless otherwise provided by a resolution of the Board of Directors, the Secretary shall have the following powers and duties. He shall attend to the giving of notice of all meetings of stockholders and of the Board of Directors and committees thereof. He shall act as secretary at all meetings of stockholders and the Board of Directors and of all committees of the Board of Directors that shall designate him to so serve, and keep minutes of all proceedings at such meetings, as well as of the proceedings at all meetings of such other committees of the Board of Directors as shall designate him to so serve. He shall have charge of the corporate seal and shall have authority to attest any and all instruments or writings to which the same may be affixed. He shall keep and account for the stock ledger and all other books, documents, papers and records of the Corporation, except those for which some other officer or agent is properly accountable, and shall perform such other duties as generally pertain to the office of secretary of a corporation. The Assistant Secretaries in the order of their seniority shall, in the absence or disability of the Secretary, perform the duties and exercise the powers of that office, and shall perform such other duties as the Board of Directors may prescribe.

SECTION 5.07 *The Treasurer.* Unless otherwise provided by a resolution of the Board of Directors, the Treasurer shall have the following powers and duties. He shall attend to the care and custody of all the moneys, funds and securities of the Corporation and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys, and other valuable effects in the name and to the credit of the Corporation, in such depositories as may be designated by the Board of Directors. He shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the Chairman of the Board, the Chief Executive Officer, and the Board of Directors, at regular meetings of the Board of Directors, or whenever they may require it, an account of all his transactions as Treasurer and of the financial condition of the Corporation. He shall give the Corporation a bond if required by the Board of Directors, in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors, for the faithful performance of the duties of his office, and for the restoration to the Corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Corporation. The Assistant Treasurers in the order of their seniority shall, in the absence or disability of the Treasurer, perform the duties and exercise the powers of that office, and shall perform such other duties as the Board of Directors may prescribe.

SECTION 5.08 *Additional Powers and Duties.* In addition to the duties and powers expressly enumerated herein, the several officers of the Corporation shall perform such other duties and exercise such further powers as the Board of Directors may from time to time determine, or as may be assigned to them by any superior officer.

SECTION 5.09 *Compensation.* The compensation of all officers of the Corporation shall be fixed, from time to time, by or with the approval of the Board of Directors. The compensation of all other employees and agents of the Corporation shall be fixed by the Board of Directors or by such other person or persons as shall be designated by the Board of Directors.

ARTICLE 6

Indemnification

SECTION 6.01 *Actions other than those by or in the right of the Corporation.* The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

SECTION 6.02 *Actions by or in the right of the Corporation.* The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation. The foregoing sentence to the contrary notwithstanding, no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the Corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

SECTION 6.03 *Indemnification against Expenses.* To the extent that a director, officer, employee or agent of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Sections 6.01 or 6.02 hereof, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

SECTION 6.04 *Authorization.* Any indemnification under Section 6.01 or Section 6.02 hereof (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the present or former director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in Sections 6.01 and 6.02, and that he has reasonably cooperated with the Corporation in the conduct of such action, suit or proceeding. Such determination shall be made (a) by a majority vote of the directors who are not parties to such action, suit or proceeding, even though less than a quorum, or (b) by a committee of such directors designated by majority vote of such directors, even though less than a quorum, or (c) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion, or (d) by the stockholders.

SECTION 6.05 *Payment of Expenses in Advance of Final Disposition*. Expenses (including attorneys' fees) incurred by a present or former director, officer, employee or agent in defending any civil, criminal, administrative or investigative action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding, if the following conditions are met: (a) receipt of an undertaking by or on behalf of such present or former director, officer, employee or agent to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation as authorized in this Article 6 and (b) (1) in the case of a person who is a director or officer at the time of such authorization, such advancement of expenses (including attorneys' fees) is authorized (i) by a majority vote of the directors who are not parties to such action, suit or proceeding, even though less than a quorum, or (ii) by a committee of such directors designated by majority vote of such directors, even though less than a quorum, or (iii) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion, or (iv) by the stockholders; or (2) in the case of a person who is a former director or officer or a present or former employee or agent, such expenses (including attorneys' fees) are so paid upon such terms and conditions, if any, as the Corporation deems appropriate.

SECTION 6.06 *Non-Exclusivity.* The indemnification provided by this Article 6 shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any by-law, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

SECTION 6.07 *Application.* The provisions of this Article 6 shall not be construed to authorize indemnification in any case or for any liability or expense where such indemnification would not be lawful. They shall be applicable to claims, actions, suits and proceedings made or commenced after the adoption hereof, whether arising from acts or omissions to act occurring before or after the date of such adoption. If a person meets the requirements of this Article 6 with respect to some matters in a claim, action, suit or proceeding but not with respect to others, he shall be entitled to indemnification as to the former.

ARTICLE 7

Stock Certificates

SECTION 7.01 *Issuance of Certificates.* Unless otherwise forbidden by law, every holder of stock in the Corporation shall be entitled to have a certificate signed by, or in the name of the Corporation by, the Chairman of the Board, the Co-Chairman of the Board, the Treasurer, an Assistant Treasurer, the Secretary, an Assistant Secretary or such other officer specified by the Board of Directors, certifying the number of shares owned by him in the Corporation. If such certificate is countersigned (1) by a transfer agent other than the Corporation or its employee, or (2) by a registrar other than the Corporation or its employee, any other signature on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

SECTION 7.02 *Form of Certificates.* The certificates representing each class of the capital stock of the Corporation shall be in such form as shall be approved by the Board of Directors. They shall bear on their face appropriate legends conspicuously calling attention to the designations, preferences and rights, and the qualifications, limitations or restrictions thereof, of the class of stock in question, and to the restrictions on transfer and registration set forth in the Certificate of Incorporation. If a full statement of such designations, preferences, rights, qualifications, limitations and restrictions is not printed on the face or back of each certificate, the Corporation shall (and each certificate shall state that the Corporation will) furnish a copy of such full statement to any stockholder upon request and without charge. The acceptance of any stock certificate shall constitute assent to all applicable provisions of the Certificate of Incorporation and of these By-Laws whether or not the stockholder thus accepting the certificate shall have requested a copy of the full statement referred to in the preceding sentence.

SECTION 7.03 *Lost, Stolen or Destroyed Certificates.* The Board of Directors, or any officer or officers thereunto duly authorized by the Board of Directors, may authorize the issuance of a new certificate of stock in the place of any certificate theretofore issued by the Corporation, alleged to have been lost, stolen or destroyed, upon the making of an affidavit of such loss, theft or destruction by the owner thereof or his legal representative. The Board of Directors or the officer or officers thereunto duly authorized by the board may, in its, his or their discretion and as a condition precedent to the issuance of such new certificate, require such owner or legal representative to give the Corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate.

ARTICLE 8

Transfers of Stock

SECTION 8.01 *Registration of Transfers.* Except as otherwise provided (and subject to the limitations of ownership set forth) in the Certificate of Incorporation, shares of the capital stock of the Corporation shall be transferable on the books of the Corporation by the holder thereof in person or by his duly authorized attorney, upon surrender to the Corporation or its transfer agent of the duly endorsed certificate or certificates for such shares together with (a) stamps evidencing payment of any applicable stock transfer tax or a cash payment sufficient to reimburse the Corporation for payment of such tax, and (b) such guaranty or proof of the authenticity of the endorsement as the Corporation or its transfer agent may reasonably require.

SECTION 8.02 *Transfer Agents and Registrars.* The Board of Directors may, in its discretion, appoint banks or trust companies in such city or cities as the Board may deem advisable, from time to time, to act as transfer agents and registrars of any class or classes of the capital stock of the Corporation. Upon such appointments being made, no stock certificate shall be valid until countersigned by one of such transfer agents and registered by one of such registrars.

ARTICLE 9

Delegation of Authority

SECTION 9.01 *Officers' Duties.* In the event of the absence or disability of any officer of the Corporation for which a substitution is not prescribed in these By-Laws, or for any other reason it may deem sufficient, the Board of Directors may by the affirmative vote of a majority of the whole Board delegate all or any of the powers and duties of such officer for the time being to any other officer or to any director.

SECTION 9.02 *Negotiable Instruments.* All bills, notes, checks or other instruments for the payment of money shall be signed or countersigned by such officers or agents and in such manner as, from time to time, may be prescribed by resolution (whether general or special) of the Board of Directors, or as may be prescribed by any officer or officers thereunto duly authorized by the Board of Directors.

SECTION 9.03 *Voting Upon Stocks.* Unless otherwise ordered by the Board of Directors, the Chief Executive Officer or such other officer specified by the Board of Directors or the Chief Executive Officer shall have full power and authority on behalf of the Corporation to attend and to act and to vote at any meetings of stockholders of any corporation in which the Corporation may hold stock, and at any such meeting shall possess and may exercise any and all rights and powers incident to the ownership of such stock, and which, as the owner thereof, the Corporation might have possessed and exercised if present. The Board of Directors, by resolution, from time to time, may confer like powers upon any other person or persons.

SECTION 9.04 *Attorneys.* The Board of Directors may, from time to time, appoint one or more attorneys-in-fact to act for and in representation of the Corporation, either generally or specially, judicially or extra-judicially, and may delegate to any such attorney or attorneys-in-fact all or any powers which, in the judgment of the board, may be necessary, advisable, convenient or suitable for exercise in any country or jurisdiction in the administration or management of the business of the Corporation, or the defense or enforcement of its rights, even though such powers be herein provided or directed to be exercised by a designated officer of the Corporation, or by the Board of Directors. The act of the Board of Directors in conferring any such powers upon, or delegating the same to, any attorney-in-fact shall be conclusive evidence in favor of any third person of the right of the Board of Directors so to confer or delegate such powers; and the exercise by any attorney-in-fact of any powers so conferred or delegated shall in all respects be binding upon the Corporation.

ARTICLE 10

Miscellaneous

SECTION 10.01 *Seal.* The Board of Directors shall provide a suitable seal, containing the name of the Corporation, the year of its organization and the words “Corporate Seal, Delaware,” which seal shall be in the custody of the Secretary. If and when so directed by the Board of Directors a duplicate of the seal may be kept and be used by the Treasurer or by an Assistant Secretary or Assistant Treasurer.

SECTION 10.02 *Fiscal Year.* The fiscal year of the Corporation shall be the calendar year.

SECTION 10.03 *Inspection of Books.* The Board of Directors shall determine from time to time whether, when and under what conditions and regulations the accounts and books of the Corporation (except such as may by statute be specifically open to inspection) or any of them shall be open to the inspection of the stockholders, and the stockholders’ rights in this respect are and shall be restricted and limited accordingly.

SECTION 10.04 *Registered Stockholders.* The Corporation shall be entitled to treat the holder of record of any share or shares of stock as the holder in fact thereof, and accordingly shall not be bound to recognize any equitable or other claim to or interest in such share on the part of any other person, whether or not it shall have express or other notice thereof, save as expressly provided by the law of Delaware.

SECTION 10.05 *Waiver of Notice.* Whenever notice is required to be given under any provision of the General Corporation Law of Delaware, the Certificate of Incorporation or these By-Laws, a written waiver thereof signed by the person or persons entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting of stockholders shall constitute a waiver of notice of such meeting, except as otherwise provided by law. Neither the business to be transacted at nor the purpose of any regular or special meeting of the stockholders or the Board of Directors, except business specified in the first sentence of Section 3.07 or in Section 10.06 of these By-Laws, need be specified in any written waiver of notice.

SECTION 10.06 *Amendment.* Any provision of these By-Laws may be altered or repealed at any regular or special meeting of the stockholders or the Board of Directors if notice of the proposed alteration or repeal is set forth in the notice of such meeting, whether or not notice of such meeting is otherwise required.

AMENDMENT TO EMPLOYMENT AGREEMENT

AMENDMENT effective as of January 1, 2007, between THE INTERPUBLIC GROUP OF COMPANIES, INC. ("**Interpublic**") and MICHAEL ROTH ("**Executive**").

WITNESSETH:

WHEREAS, Interpublic and Executive are parties to an Employment Agreement made as of July 13, 2004, as amended by Supplemental Agreements made as of January 19, 2005, February 14, 2005, and September 12, 2007 (collectively, the "**Agreement**");

WHEREAS, as of January 1, 2007, Interpublic and Executive agreed that Executive's car and club allowances would be discontinued and that Executive's base salary would be increased by a corresponding amount as a result;

NOW, THEREFORE, in consideration of the mutual promises set forth herein and in the Agreement, the parties hereto, intending to be legally bound, hereby amend the Agreement effective January 1, 2007, as follows:

1. Incorporation by Reference. All provisions of the Agreement are hereby incorporated herein by reference and shall remain in full force and effect except to the extent that such provisions are expressly modified by the provisions of this Amendment.

2. Allowances. Sections 6.04 and 6.05 of the Agreement are hereby deleted in their entirety.

IN WITNESS WHEREOF, Interpublic, by its duly authorized officer, and Executive have caused this Amendment to the Agreement to be executed.

The Interpublic Group of Companies, Inc.	**Executive**
BY: /s/ Timothy Sompolski	/s/ Michael Roth
Timothy Sompolski Executive Vice President Chief Human Resources Officer	Michael Roth
DATE: 5/1/08	DATE: 3/19/08

AMENDMENT TO EMPLOYMENT AGREEMENT

AMENDMENT effective as of January 1, 2007, between THE INTERPUBLIC GROUP OF COMPANIES, INC. ("**Interpublic**") and FRANK MERGENTHALER ("**Executive**").

WITNESSETH:

WHEREAS, Interpublic and Executive are parties to an Employment Agreement made as of July 18, 2005, as amended on September 12, 2007 (collectively, the "**Agreement**");

WHEREAS, as of January 1, 2007, Interpublic and Executive agreed that Executive's car and club allowances would be discontinued and that Executive's base salary would be increased by a corresponding amount as a result;

NOW, THEREFORE, in consideration of the mutual promises set forth herein and in the Agreement, the parties hereto, intending to be legally bound, hereby amend the Agreement effective January 1, 2007, as follows:

1. Incorporation by Reference. All provisions of the Agreement are hereby incorporated herein by reference and shall remain in full force and effect except to the extent that such provisions are expressly modified by the provisions of this Amendment.

2. Allowances. Sections 6.04 and 6.05 of the Agreement are hereby deleted in their entirety.

IN WITNESS WHEREOF, Interpublic, by its duly authorized officer, and Executive have caused this Amendment to the Agreement to be executed.

The Interpublic Group of Companies, Inc.	**Executive**
BY: /s/ Timothy Sompolski Timothy Sompolski Executive Vice President, Chief Human Resources Officer	/s/ F. Mergenthaler Frank Mergenthaler
DATE: 5/1/08	DATE: 3/24/08

AMENDMENT TO EMPLOYMENT AGREEMENT

AMENDMENT effective as of January 1, 2007, between THE INTERPUBLIC GROUP OF COMPANIES, INC. ("**Interpublic**") and PHILIPPE KRAKOWSKY("**Executive**").

WITNESSETH:

WHEREAS, Interpublic and Executive are parties to an Employment Agreement made as of January 1, 2006 as amended on September 12, 2007 (collectively, the "**Agreement**");

WHEREAS, as of January 1, 2007, Interpublic and Executive agreed that Executive's car and club allowances would be discontinued and that Executive's base salary would be increased by a corresponding amount as a result;

NOW, THEREFORE, in consideration of the mutual promises set forth herein and in the Agreement, the parties hereto, intending to be legally bound, hereby amend the Agreement effective January 1, 2007, as follows:

1. Incorporation by Reference. All provisions of the Agreement are hereby incorporated herein by reference and shall remain in full force and effect except to the extent that such provisions are expressly modified by the provisions of this Amendment.

2. Allowances. Section 6.04 shall be amended in its entirety to read as follows: "Executive shall be reimbursed for actual parking expenses in New York City relating to business purposes, provided that Executive submits substantiation of such expenses in accordance with Interpublic's standard policies on or before the ninetieth (90^{th}) day of the calendar year next following the calendar year in which the applicable expense is incurred. Interpublic shall pay any reimbursement required by this Section 6.04 within thirty (30) days after it receives Executive's valid request for reimbursement." Section 6.05 of the Agreement is hereby deleted in its entirety.

3. Continuation of Benefits and Reimbursements. Section 7.01(iii)(b)(4) and Section 7.01(v) (a)(1) of the Agreement are hereby deleted in their entirety.

IN WITNESS WHEREOF, Interpublic, by its duly authorized officer, and Executive have caused this Amendment to the Agreement to be executed.

The Interpublic Group of Companies, Inc.		**Executive**	
BY:	/s/ Timothy Sompolski Timothy Sompolski Executive Vice President Chief Human Resources Officer		/s/ Philippe Krakowsky Philippe Krakowsky
DATE:	5/1/08	DATE:	April 2, 2008

AMENDMENT TO EMPLOYMENT AGREEMENT

AMENDMENT effective as of January 1, 2007, between THE INTERPUBLIC GROUP OF COMPANIES, INC. ("**Interpublic**") and TIMOTHY A. SOMPOLSKI ("**Executive**").

WITNESSETH:

WHEREAS, Interpublic and Executive are parties to an Employment Agreement made as of July 6, 2004, as amended on September 12, 2007 (collectively, the "**Agreement**");

WHEREAS, as of January 1, 2007, Interpublic and Executive agreed that Executive's car and club allowances would be discontinued and that Executive's base salary would be increased by a corresponding amount as a result;

NOW, THEREFORE, in consideration of the mutual promises set forth herein and in the Agreement, the parties hereto, intending to be legally bound, hereby amend the Agreement effective January 1, 2007, as follows:

1. Incorporation by Reference. All provisions of the Agreement are hereby incorporated herein by reference and shall remain in full force and effect except to the extent that such provisions are expressly modified by the provisions of this Amendment.

2. Allowances. Sections 6.04 and 6.05 of the Agreement are hereby deleted in their entirety.

IN WITNESS WHEREOF, Interpublic, by its duly authorized officer, and Executive have caused this Amendment to the Agreement to be executed.

The Interpublic Group of Companies, Inc.		**Executive**	
BY:	/s/ Nicholas J. Camera Nicholas J. Camera Senior Vice President, General Counsel and Secretary		/s/ Timothy A. Sompolski Timothy A. Sompolski
DATE:	5/1/08	DATE:	3/19/08

EXHIBIT 12.1

COMPUTATION OF RATIOS OF EARNINGS TO FIXED CHARGES
(Amounts in Millions, Except Ratios)

	Six months ended June 30, 2008	Years ended December 31, 2007	2006	2005	2004	2003
Earnings (loss) [1]						
Income (loss) from continuing operations before income taxes	$ 88.7	$235.7	$ (5.0)	$(186.6)	$(267.0)	$(372.8)
Fixed charges [1]						
Interest expense and other charges	$ 110.7	$236.7	$218.7	$ 181.9	$ 172.0	$ 206.6
Interest factor of net operating rents [2]	91.0	185.6	185.1	183.9	190.0	192.7
Total fixed charges	$ 201.7	$422.3	$403.8	$ 365.8	$ 362.0	$ 399.3
Earnings, as adjusted	$ 290.4	$658.0	$398.8	$ 179.2	$ 95.0	$ 26.5
Ratio of earnings to fixed charges [3]	1.4	1.6	N/A	N/A	N/A	N/A

(1) Earnings (loss) consist of income (loss) from continuing operations before income taxes, income (loss) applicable to minority interests and equity in net income of unconsolidated affiliates. Fixed charges consist of interest on indebtedness, amortization of debt discount, waiver and other amendment fees, debt issuance costs (all included in interest expense) and the portion of net rental expense deemed representative of the interest component (one-third).

(2) We have calculated the interest factor of net operating rent as one third of our operating rent, as this represents a reasonable approximation of the interest factor.

(3) We had a less than 1:1 ratio of earnings to fixed charges due to our loss in the years ended December 31, 2006, 2005, 2004 and 2003. To provide a 1:1 coverage ratio for the deficient periods, results as reported would have required additional earnings of $5.0, $186.6, $267.0 and $372.8 in the years ended December 31, 2006, 2005, 2004 and 2003, respectively.

EXHIBIT 31.1

CERTIFICATION

I, Michael I. Roth, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Interpublic Group of Companies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ *Michael I. Roth*
Michael I. Roth
Chairman and Chief Executive Officer

Date: July 30, 2008

EXHIBIT 31.2

CERTIFICATION

I, Frank Mergenthaler, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Interpublic Group of Companies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ *Frank Mergenthaler*
Frank Mergenthaler
Executive Vice President and
Chief Financial Officer

Date: July 30, 2008

EXHIBIT 32

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), each of the undersigned officers of The Interpublic Group of Companies, Inc. (the "Company"), does hereby certify, to such officer's knowledge, that:

The quarterly report on Form 10-Q for the quarter ended June 30, 2008 of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the quarterly report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ *Michael I. Roth*
Michael I. Roth
Chairman and Chief Executive Officer

Dated: July 30, 2008

/s/ *Frank Mergenthaler*
Frank Mergenthaler
Executive Vice President and
Chief Financial Officer

Dated: July 30, 2008