
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, 2007
- 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
*(State or other jurisdiction of
incorporation or organization)*

13-1024020
*(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, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer

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 31, 2007 was 471,463,748.

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INFORMATION REGARDING FORWARD-LOOKING DISCLOSURE

This quarterly report on Form 10-Q contains 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 2006 Annual Report on Form 10-K and in this report. 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:

- risks arising from material weaknesses in our internal control over financial reporting, including material weaknesses in our control environment;
 - 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;
 - potential adverse developments in connection with the ongoing Securities and Exchange Commission ("SEC") investigation;
 - potential downgrades in the credit ratings of our securities;
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- 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 2006 Annual Report on Form 10-K and in this report.

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		Six Months Ended	
	June 30,		June 30,	
	2007	2006	2007	2006
REVENUE	\$ 1,652.7	\$ 1,532.9	\$ 3,011.8	\$ 2,859.9
OPERATING EXPENSES:				
Salaries and related expenses	1,009.7	945.1	1,998.5	1,895.8
Office and general expenses	502.6	504.6	997.7	1,040.1
Restructuring and other reorganization-related (reversals) charges	(5.2)	6.3	(5.8)	6.7
Total operating expenses	1,507.1	1,456.0	2,990.4	2,942.6
OPERATING INCOME (LOSS)	145.6	76.9	21.4	(82.7)
EXPENSES AND OTHER INCOME:				
Interest expense	(56.9)	(52.0)	(111.9)	(98.1)
Interest income	28.1	26.4	56.6	52.3
Other income	8.0	24.3	6.5	24.9
Total (expenses) and other income	(20.8)	(1.3)	(48.8)	(20.9)
Income (loss) before income taxes	124.8	75.6	(27.4)	(103.6)
(Benefit of) provision for income taxes	(11.4)	5.0	(37.1)	(3.8)
Income (loss) of consolidated companies	136.2	70.6	9.7	(99.8)
Income applicable to minority interests, net of tax	(2.4)	(6.2)	(2.0)	(6.0)
Equity in net income of unconsolidated affiliates, net of tax	3.2	1.3	3.4	1.3
NET INCOME (LOSS)	137.0	65.7	11.1	(104.5)
Dividends on preferred stock	6.9	11.9	13.8	23.8
Allocation to participating securities	8.6	9.6	—	—
NET INCOME (LOSS) APPLICABLE TO COMMON STOCKHOLDERS	\$ 121.5	\$ 44.2	\$ (2.7)	\$ (128.3)
Earnings (loss) per share of common stock:				
Basic	\$ 0.27	\$ 0.10	\$ (0.01)	\$ (0.30)
Diluted	\$ 0.24	\$ 0.10	\$ (0.01)	\$ (0.30)
Weighted-average number of common shares outstanding:				
Basic	457.3	426.6	456.7	426.3
Diluted	541.3	429.9	456.7	426.3

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, 2007	December 31, 2006
ASSETS:		
Cash and cash equivalents	\$ 1,220.5	\$ 1,955.7
Marketable securities	260.2	1.4
Accounts receivable, net of allowance of \$79.7 and \$81.3	3,881.2	3,934.9
Expenditures billable to clients	1,103.5	1,021.4
Other current assets	339.6	295.4
Total current assets	6,805.0	7,208.8
Land, buildings and equipment, net of accumulated depreciation of \$1,072.0 and \$1,017.0	618.8	624.0
Deferred income taxes	534.5	476.5
Goodwill	3,140.6	3,067.8
Other assets	467.2	487.0
TOTAL ASSETS	<u>\$11,566.1</u>	<u>\$11,864.1</u>
LIABILITIES:		
Accounts payable	\$ 4,010.4	\$ 4,124.1
Accrued liabilities	2,220.8	2,426.7
Short-term debt	490.3	82.9
Total current liabilities	6,721.5	6,633.7
Long-term debt	1,843.0	2,248.6
Deferred compensation and employee benefits	605.6	606.3
Other non-current liabilities	400.2	434.9
TOTAL LIABILITIES	<u>9,570.3</u>	<u>9,923.5</u>
Commitments and contingencies (Note 10)		
TOTAL STOCKHOLDERS' EQUITY	<u>1,995.8</u>	<u>1,940.6</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$11,566.1</u>	<u>\$11,864.1</u>

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,	
	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ 11.1	\$ (104.5)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization of fixed assets and intangible assets	83.9	85.1
Provision for bad debt	5.2	6.0
Amortization of restricted stock and other non-cash compensation	32.7	20.7
Amortization of bond discounts and deferred financing costs	15.6	10.9
Deferred income tax benefit	(65.7)	(68.8)
Gain on sales of investments	(1.8)	(23.4)
Income applicable to minority interests, net of tax	2.0	6.0
Other	2.3	9.2
Change in assets and liabilities, net of acquisitions and dispositions:		
Accounts receivable	147.8	405.4
Expenditures billable to clients	(38.9)	(129.5)
Prepaid expenses and other current assets	(16.0)	(30.5)
Accounts payable	(214.1)	(439.9)
Accrued liabilities	(294.4)	(303.3)
Other non-current assets and liabilities	(8.4)	45.2
Net cash used in operating activities	<u>(338.7)</u>	<u>(511.4)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisitions, including deferred payments, net of cash acquired	(80.3)	(10.2)
Capital expenditures	(66.5)	(40.5)
Maturities of short-term marketable securities	317.5	361.8
Purchases of short-term marketable securities	(575.8)	(690.4)
Proceeds from sales of businesses and fixed assets, net of cash sold	5.1	4.5
Proceeds from sales of investments	22.8	67.8
Purchases of investments	(15.6)	(23.7)
Other investing activities	3.7	—
Net cash used in investing activities	<u>(389.1)</u>	<u>(330.7)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase in short-term bank borrowings	7.1	1.8
Consent fees	—	(40.9)
Call spread transactions in connection with ELF Financing	—	(29.2)
Distributions to minority interests	(10.4)	(15.2)
Preferred stock dividends	(13.8)	(23.1)
Other financing activities	0.6	(2.3)
Net cash used in financing activities	<u>(16.5)</u>	<u>(108.9)</u>
Effect of exchange rate changes on cash and cash equivalents	9.1	10.7
Net decrease in cash and cash equivalents	<u>(735.2)</u>	<u>(940.3)</u>
Cash and cash equivalents at beginning of year	1,955.7	2,075.9
Cash and cash equivalents at end of period	<u>\$ 1,220.5</u>	<u>\$ 1,135.6</u>

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

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income (Loss)
(Amounts in Millions)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
NET INCOME (LOSS)	\$ 137.0	\$ 65.7	\$ 11.1	\$ (104.5)
Foreign currency translation adjustment	25.0	3.5	38.7	16.3
Adjustments to pension and other postretirement plans, net of tax	1.4	—	1.2	—
Net adjustment for minimum pension liability	—	0.2	—	0.2
Unrealized holding gains (losses) on securities, net of tax:				
Unrealized holding gain	2.2	—	2.2	6.5
Unrealized holding loss	—	(8.1)	—	(8.1)
Reclassification of gain to net earnings	(0.6)	(7.9)	(1.3)	(8.7)
Net unrealized holding gains (losses) on securities, net of tax	1.6	(16.0)	0.9	(10.3)
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>\$ 165.0</u>	<u>\$ 53.4</u>	<u>\$ 51.9</u>	<u>\$ (98.3)</u>

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

Notes to Consolidated Financial Statements
(Amounts in Millions, Except Per Share Amounts)
(Unaudited)

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") pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC" or the "Commission") and, in the opinion of management, include all adjustments of a normal and recurring nature necessary for a fair statement of the Consolidated Statements of Operations, Condensed Consolidated Balance Sheets, Consolidated Statements of Cash Flows and Consolidated Statements of Comprehensive Income (Loss) for each period presented. 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 lower in the first half of the year than in the second half. These financial results should be read in conjunction with our 2006 Annual Report on Form 10-K.

Starting with the first quarter of 2007 we have included our \$400.0 4.50% Convertible Senior Notes due 2023 in short-term debt because holders of this debt may require us to repurchase these Notes on March 15, 2008 for cash at par.

Note 2: Restructuring and Other Reorganization-Related (Reversals) Charges

The components of restructuring and other reorganization-related (reversals) charges are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
Other reorganization-related charges (reversals)	\$ —	\$ 6.3	\$ (0.2)	\$ 6.3
Restructuring (reversals) charges:				
Lease termination and other exit costs	(5.1)	—	(5.0)	0.4
Severance and termination costs	(0.1)	—	(0.6)	—
	(5.2)	—	(5.6)	0.4
Total	\$ (5.2)	\$ 6.3	\$ (5.8)	\$ 6.7

Restructuring (reversals) charges relate to the 2003 and 2001 restructuring programs. For the three and six months ended June 30, 2007, net reversals primarily consist of reversals due to the utilization of previously vacated property by an agency at Draftfcb and adjustments to estimates primarily relating to our severance and lease termination costs. Net restructuring reversals for the three months ended June 30, 2007 was comprised of net reversals of \$5.1 at Integrated Agency Networks ("IAN") and \$0.1 at Constituency Management Group ("CMG"). For the six months ended June 30, 2007, net restructuring reversals was comprised of \$4.9 at IAN and \$0.7 at CMG.

A rollforward of the remaining liability for the 2003 and 2001 restructuring program is as follows:

	2003 Program	2001 Program	Total
Liability at December 31, 2006	\$ 12.6	\$ 19.2	\$ 31.8
Net reversals and adjustments	(0.8)	(4.8)	(5.6)
Payments and other	(1.6)	(2.8)	(4.4)
Liability at June 30, 2007	\$ 10.2	\$ 11.6	\$ 21.8

Notes to Consolidated Financial Statements — (Continued)
(Amounts in Millions, Except Per Share Amounts)
(Unaudited)

Note 3: Acquisitions

During the six months ended June 30, 2007, we made 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 consideration for these acquisitions was \$80.2. There is a contingent purchase obligation for the remaining equity interests in Reprise Media, which is based on future financial performance. If the contingent obligation is met and consideration for these interests is determinable and distributable, we will record the fair value of this consideration as additional goodwill.

For companies acquired during the first half of 2007, 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 \$65.0). We are in the process of obtaining final third-party valuations for the intangible assets acquired in India, and adjustments could be made to the preliminary values assigned to the assets and liabilities acquired that would primarily be offset by a change in goodwill. All acquisitions during the first half of 2007 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.

During the three months ended June 30, 2007 and 2006, we made payments in the form of our common stock related to acquisitions initiated in prior years of \$0.3 and \$5.0, respectively. During the six months ended June 30, 2007 and 2006, we made payments in the form of our common stock related to acquisitions initiated in prior years of \$0.3 and \$5.1, respectively.

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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2007	2006	2007	2006
Cash paid for current year acquisitions	\$ 74.3	\$ —	\$ 80.2	\$ —
Cash paid for prior year acquisitions:				
Cost of investment	4.3	8.5	11.9	10.2
Compensation expense — related payments	1.4	2.6	1.4	2.7
Less: cash acquired	(11.8)	—	(11.8)	—
Total cash paid for acquisitions	<u>\$ 68.2</u>	<u>\$ 11.1</u>	<u>\$ 81.7</u>	<u>\$ 12.9</u>

Notes to Consolidated Financial Statements — (Continued)
(Amounts in Millions, Except Per Share Amounts)
(Unaudited)

Note 4: Supplementary Data

Accrued Liabilities

	<u>June 30, 2007</u>	<u>December 31, 2006</u>
Media and production expenses	\$1,667.9	\$1,690.7
Salaries, benefits and related expenses	324.5	460.6
Office and related expenses	74.9	99.2
Professional fees	23.2	46.1
Restructuring and other reorganization-related	13.7	18.0
Interest	34.7	30.0
Taxes	6.1	7.3
Other	75.8	74.8
Total	<u>\$2,220.8</u>	<u>\$2,426.7</u>

2004 Restatement Liabilities

As part of the restatement set forth in the 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. Reductions to these liabilities are primarily achieved through settlements with clients and vendors, but also may occur if the applicable statute of limitations has lapsed. For the six months ended June 30, 2007, we satisfied \$16.9 of these liabilities through cash payments of \$5.3 and reductions of certain client receivables of \$11.6. Also, as part of the 2004 Restatement, we recognized liabilities related to internal investigations and international compensation arrangements. A summary of these and the vendor discounts and credits liabilities, which are primarily included in accounts payable, is as follows:

	<u>June 30, 2007</u>	<u>December 31, 2006</u>
Vendor discounts and credits	\$189.6	\$211.2
Internal investigations (includes asset reserves)	16.5	19.5
International compensation arrangements	26.3	32.3
Total	<u>\$232.4</u>	<u>\$263.0</u>

Other Income

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
(Losses) gains on sales of businesses and investments	\$ (7.3)	\$ 19.8	\$ (8.3)	\$ 20.1
Vendor discounts and credit adjustments	9.8	3.8	8.0	3.8
Other income	5.5	0.7	6.8	1.0
Total	<u>\$ 8.0</u>	<u>\$ 24.3</u>	<u>\$ 6.5</u>	<u>\$ 24.9</u>

Notes to Consolidated Financial Statements — (Continued)
(Amounts in Millions, Except Per Share Amounts)
(Unaudited)

Sale of businesses and investments — During the three months ended June 30, 2007, we sold several businesses within Draftfcb and Lowe Worldwide 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.

During the three months ended June 30, 2006, we sold an investment located in Asia Pacific for a gain of \$18.4. In addition, during the six months ended June 30, 2006 we sold our remaining ownership interest in an agency within Lowe Worldwide, for a gain of \$2.5.

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.

Note 5: 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. Earnings (loss) per diluted common share reflects the assumed conversion of all dilutive securities.

Notes to Consolidated Financial Statements — (Continued)
(Amounts in Millions, Except Per Share Amounts)
(Unaudited)

The following sets forth basic and diluted earnings (loss) per common share applicable to common stock:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2007	2006	2007	2006
Net income (loss)	\$ 137.0	\$ 65.7	\$ 11.1	\$ (104.5)
Preferred stock dividends	6.9	11.9	13.8	23.8
Allocation to participating securities ^(a)	8.6	9.6	—	—
Net income (loss) applicable to common stockholders	\$ 121.5	\$ 44.2	\$ (2.7)	\$ (128.3)
Weighted-average number of common shares outstanding — basic	457.3	426.6	456.7	426.3
Earnings (loss) per share — basic	\$ 0.27	\$ 0.10	\$ (0.01)	\$ (0.30)
Net income (loss) applicable to common stockholders	\$ 121.5	\$ 44.2	\$ (2.7)	\$ (128.3)
Effect of dilutive securities:				
Interest on 4.25% Convertible Senior Notes	0.3	—	—	—
Series B Preferred Stock Dividends	6.9	—	—	—
Diluted net income (loss) applicable to common stockholders	\$ 128.7	\$ 44.2	\$ (2.7)	\$ (128.3)
Weighted-average number of common shares outstanding — basic	457.3	426.6	456.7	426.3
Effect of dilutive securities:				
Restricted stock and stock options	7.5	3.3	—	—
4.25% Convertible Senior Notes	32.2	—	—	—
Capped Warrants	5.3	—	—	—
Uncapped Warrants	0.6	—	—	—
Series B Preferred Stock	38.4	—	—	—
Weighted-average number of common shares outstanding — diluted	541.3	429.9	456.7	426.3
Earnings (loss) per share — diluted	\$ 0.24	\$ 0.10	\$ (0.01)	\$ (0.30)

(a) 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. For 2007, participating securities consist of the 4.50% Convertible Senior Notes and for 2006 participating securities consist of the 4.50% Convertible Senior Notes and the Series A Mandatory Convertible Preferred Stock. Our participating securities have no impact on our net loss applicable to common stockholders for the six months ended June 30, 2007 and 2006 as there are no earnings distributable to common stockholders after deducting preferred stock dividends.

Basic and diluted shares outstanding and loss per share are equal for the six months ended June 30, 2007 and 2006 because our potentially dilutive securities are antidilutive as a result of the net loss applicable to common stockholders in each period.

Notes to Consolidated Financial Statements — (Continued)
(Amounts in Millions, Except Per Share Amounts)
(Unaudited)

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		Six Months Ended	
	June 30,		June 30,	
	2007	2006	2007	2006
Stock Options and Non-vested Restricted Stock Awards	—	—	7.3	2.8
Capped Warrants	—	—	5.8	—
Uncapped Warrants	—	—	1.6	—
4.25% Convertible Senior Notes	—	—	32.2	—
4.50% Convertible Senior Notes	32.2	64.4	32.2	64.4
Series A Mandatory Convertible Preferred Stock	—	27.7	—	27.7
Series B Cumulative Convertible Perpetual Preferred Stock	—	38.4	38.4	38.4
Total	32.2	130.5	117.5	133.3
Securities excluded from the diluted earnings (loss) per share calculation because the exercise price was greater than the average market price:				
Stock Options(1)	20.9	34.4	18.3	34.4
Warrants(2)	—	12.8	—	6.4

(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 8.1 and 10.6 of outstanding stock options to purchase common shares for the three and six months ended June 30, 2007, respectively, 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 6: Taxes

For the three and six months ended June 30, 2007, the difference between the effective tax rate and the statutory rate of 35% is primarily due to state and local taxes, losses incurred in non-U.S. jurisdictions that receive no corresponding tax benefit and the recognition of previously unrecognized tax benefits. The improvement in the effective tax rate as compared to the six months ended June 30, 2006 is primarily attributable to the recognition of previously unrecognized tax benefits and a reduction in the losses incurred in non-U.S. jurisdictions that receive no benefit.

We adopted the provisions of Financial Accounting Standards Board ("FASB") Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*, ("FIN 48") on January 1, 2007. As a result of the implementation of FIN 48, we recorded a \$9.5 increase in the net liability for unrecognized tax positions, which was recorded as an adjustment to retained earnings effective January 1, 2007. The total amount of

Notes to Consolidated Financial Statements — (Continued)
(Amounts in Millions, Except Per Share Amounts)
(Unaudited)

unrecognized tax benefits at January 1, 2007 was \$271.8, including \$242.6 of tax benefits that, if recognized, would impact the effective tax rate and \$29.2 of tax benefits that, if recognized, would result in adjustments to other tax accounts, primarily deferred taxes. The total amount of accrued interest and penalties at January 1, 2007 was \$30.2. In accordance with our accounting policy, interest and penalties accrued on unrecognized tax benefits are classified as income taxes in the statement of operations. We have not elected to change this classification with the adoption of FIN 48.

The total unrecognized tax benefits at June 30, 2007 were \$185.4, including \$145.0 of tax benefits that, if recognized, would impact the effective tax rate. The gross amount of increases in unrecognized tax benefits during the three and six months ended June 30, 2007 was \$5.0 and \$18.2, respectively, primarily attributable to current-period international tax exposures. The gross amount of decreases in unrecognized tax benefits during the three and six months ended June 30, 2007 was \$102.6 and \$104.6, respectively, primarily attributable to settlements of prior-year tax examinations.

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 \$80.0 and \$90.0 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, restatement adjustments and thin capitalization adjustments. In 2006, the IRS completed its field audit of the years 1997 through 2002 and has proposed additions to our taxable income. We have appealed a number of these proposed additions and expect to complete our discussions with the IRS in the next twelve months.

On May 1, 2007, the IRS completed its examination of our 2003 and 2004 income tax returns and proposed a number of adjustments to our taxable income. We have appealed a number of these items. In addition, during the second quarter of 2007, there were 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 a tax examination.

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 have established tax reserves that we believe to be 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 adjust our reserves as additional information or events require.

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

Notes to Consolidated Financial Statements — (Continued)
(Amounts in Millions, Except Per Share Amounts)
(Unaudited)

Note 7: Employee Benefits

The components of net periodic cost for the domestic pension plans, the principal foreign pension plans and the postretirement benefit plans are as follows:

	Domestic Pension Plans		Foreign Pension Plans		Postretirement Benefit Plans	
	2007	2006	2007	2006	2007	2006
Three Months Ended June 30,						
Service cost	\$ —	\$ 0.2	\$ 4.6	\$ 4.3	\$0.2	\$ 0.2
Interest cost	2.0	2.2	5.9	5.5	0.9	1.0
Expected return on plan assets	(2.6)	(2.3)	(6.1)	(4.4)	—	—
Amortization of:						
Transition obligation	—	—	—	—	—	0.1
Prior service cost (credit)	—	—	0.2	—	—	(0.1)
Unrecognized actuarial losses	2.2	1.6	0.8	1.6	0.1	0.2
Net periodic cost	<u>\$ 1.6</u>	<u>\$ 1.7</u>	<u>\$ 5.4</u>	<u>\$ 7.0</u>	<u>\$1.2</u>	<u>\$ 1.4</u>
Six Months Ended June 30,						
Service cost	\$ —	\$ 0.4	\$ 8.1	\$ 8.4	\$0.3	\$ 0.3
Interest cost	4.1	4.4	12.0	10.9	1.8	2.0
Expected return on plan assets	(5.1)	(4.5)	(12.0)	(8.7)	—	—
Amortization of:						
Transition obligation	—	—	—	0.1	—	0.1
Prior service cost (credit)	—	—	0.3	—	—	(0.1)
Unrecognized actuarial losses	3.4	3.1	1.6	3.1	0.4	0.5
Net periodic cost	<u>\$ 2.4</u>	<u>\$ 3.4</u>	<u>\$ 10.0</u>	<u>\$ 13.8</u>	<u>\$2.5</u>	<u>\$ 2.8</u>

During the three and six months ended June 30, 2007, we made contributions of \$11.3 and \$16.6, respectively, to our foreign pension plans. For the remainder of 2007, we expect to contribute an additional \$12.0 to our foreign pension plans. We do not anticipate making contributions to our domestic pension plans.

Note 8: Stock-Based Compensation

During the six months ended June 30, 2007 we granted the following stock-based compensation awards under our 2006 performance incentive plan:

	Six Months Ended June 30, 2007	
	Awards	Weighted-Average Grant-Date Fair Value (per award)
Stock Options	2.5	\$ 4.90
Stock-Settled Awards	4.6	\$ 11.82
Cash-Settled Awards	0.8	\$ 11.70
Performance-Based Awards	2.9	\$ 11.71

Notes to Consolidated Financial Statements — (Continued)
(Amounts in Millions, Except Per Share Amounts)
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Stock-settled awards include restricted stock and restricted stock units (“RSUs”) expected to be settled in stock. Cash-settled awards include RSUs expected to be settled in cash. As of December 31, 2006, all of our RSUs granted were expected to be settled in cash. During the six months ended June 30, 2007, we granted RSUs that we expect to settle in stock in addition to RSUs that we expect to settle in cash. 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 related to these awards over the vesting period based upon the quarterly-adjusted fair value. 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 the awards.

See Note 14 to the consolidated financial statements in our 2006 Annual Report on Form 10-K for additional information regarding general terms and methods of valuation for stock options, restricted stock awards, performance-based awards, and restricted stock units.

The Interpublic Group of Companies Employee Stock Purchase Plan (2006) (the “2006 Plan”) became active April 1, 2007. Under the 2006 Plan, eligible employees may purchase our common stock through payroll deductions not exceeding 10% of their base compensation or 900 (actual amount) shares each offering period. The price an employee pays for a share of common stock under the 2006 Plan is 90% of the lesser of the average market price of a share on the first business day of the offering period or the average market price of a share on the last business day of the offering period of three months. An aggregate of 15.0 shares are reserved for issuance under the 2006 Plan, of which 0.1 shares were issued for the three months ended June 30, 2007. Total compensation expense associated with the issued shares was \$0.2 for the three months ended June 30, 2007.

Notes to Consolidated Financial Statements — (Continued)
(Amounts in Millions, Except Per Share Amounts)
(Unaudited)

Note 9: Segment Information

We have two reportable segments: IAN, which is comprised of Draftfcb, Lowe, McCann, our media services and our leading stand-alone agencies, and 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 2006 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,	
	2007	2006	2007	2006
Revenue:				
IAN	\$ 1,379.4	\$ 1,295.1	\$ 2,510.6	\$ 2,403.9
CMG	273.3	237.8	501.2	456.0
Total	<u>\$ 1,652.7</u>	<u>\$ 1,532.9</u>	<u>\$ 3,011.8</u>	<u>\$ 2,859.9</u>
Segment operating income (loss):				
IAN	\$ 168.3	\$ 119.5	\$ 103.5	\$ 46.8
CMG	18.6	12.4	17.2	16.6
Corporate and other	(46.5)	(48.7)	(105.1)	(139.4)
Total	<u>140.4</u>	<u>83.2</u>	<u>15.6</u>	<u>(76.0)</u>
Restructuring and other reorganization-related reversals (charges)	5.2	(6.3)	5.8	(6.7)
Interest expense	(56.9)	(52.0)	(111.9)	(98.1)
Interest income	28.1	26.4	56.6	52.3
Other income	8.0	24.3	6.5	24.9
Income (loss) before income taxes	<u>\$ 124.8</u>	<u>\$ 75.6</u>	<u>\$ (27.4)</u>	<u>\$ (103.6)</u>
Depreciation and amortization of fixed assets and tangible assets:				
IAN	\$ 29.9	\$ 30.6	\$ 61.1	\$ 61.7
CMG	4.5	4.7	9.2	9.7
Corporate and other	6.5	6.9	13.6	13.7
Total	<u>\$ 40.9</u>	<u>\$ 42.2</u>	<u>\$ 83.9</u>	<u>\$ 85.1</u>
Capital expenditures:				
IAN	\$ 33.9	\$ 15.7	\$ 53.6	\$ 29.1
CMG	1.8	2.3	3.8	4.1
Corporate and other	2.8	3.8	9.1	7.3
Total	<u>\$ 38.5</u>	<u>\$ 21.8</u>	<u>\$ 66.5</u>	<u>\$ 40.5</u>
	June 30,	December 31,		
	2007	2006		
Total assets:				
IAN	\$ 9,499.8	\$ 9,359.5		
CMG	949.8	908.3		
Corporate and other	1,116.5	1,596.3		
Total	<u>\$ 11,566.1</u>	<u>\$ 11,864.1</u>		

Notes to Consolidated Financial Statements — (Continued)
(Amounts in Millions, Except Per Share Amounts)
(Unaudited)

The following expenses are included in Corporate and other:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2007	2006	2007	2006
Salaries and related expenses	\$ 56.8	\$ 43.9	\$ 114.8	\$ 94.2
Professional fees	11.6	22.7	37.0	83.4
Rent, depreciation and amortization	17.0	16.8	34.3	32.1
Corporate insurance	4.7	5.2	10.7	10.1
Other	11.9	6.1	19.6	12.4
Expenses allocated to operating divisions	(55.5)	(46.0)	(111.3)	(92.8)
Total	<u>\$ 46.5</u>	<u>\$ 48.7</u>	<u>\$ 105.1</u>	<u>\$ 139.4</u>

Note 10: Commitments and Contingencies

SEC Investigation

The SEC opened a formal investigation in response to the restatement we first announced in August 2002, and the investigation expanded to encompass the 2004 Restatement. We have also responded to inquiries from the SEC staff concerning the restatement of the first three quarters of 2005 that we made in our 2005 Annual Report on Form 10-K. We continue to cooperate with the investigation. We expect that the investigation will result in monetary liability, but as settlement discussions have not yet commenced, we cannot reasonably estimate the amount, range of amounts or timing of a resolution. Accordingly, we have not yet established any provision relating to these matters.

The SEC staff has informed us that it intends to seek approval from the Commission to enter into settlement discussions with us and, failing a settlement, to commence an action charging the Company with various violations of the federal securities laws. In that connection, and as previously disclosed by the Company in a current report on Form 8-K filed June 14, 2007, the staff has sent the Company a "Wells notice," which invites us to make a responsive submission before the staff makes a final determination concerning its recommendation to the Commission. We expect to discuss settlement with the staff once the Commission authorizes the staff to engage in such discussions. We cannot at this time predict what the Commission will authorize or the outcome of any settlement negotiations.

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 2006 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, 2007 there have been no material changes to these guarantees.

Note 11: Recent Accounting Standards

In June 2007, the EITF ratified EITF Issue No. 06-11, *Accounting for Income Tax Benefits of Dividends on Share-Based Payment Awards* ("EITF 06-11"). Under EITF 06-11 a realized tax benefit from dividends or

Notes to Consolidated Financial Statements — (Continued)
(Amounts in Millions, Except Per Share Amounts)
(Unaudited)

dividend equivalents that are charged to retained earnings and paid to employees for equity classified non-vested equity shares, non-vested equity share units, and outstanding share options should be recognized as an increase to additional paid-in-capital. EITF 06-11 is effective, prospectively, for fiscal years beginning after December 15, 2007. We do not expect the adoption of EITF 06-11 to have a material impact on our Consolidated Financial Statements.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* (“SFAS No. 159”), which permits an entity to measure certain financial assets and financial liabilities at fair value. Under SFAS No. 159, entities that elect the fair value option will report unrealized gains and losses in earnings at each subsequent reporting date. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. We are currently evaluating the potential impact of SFAS No. 159 on our Consolidated Financial Statements.

In January 2007 we adopted FIN 48. See Note 6 for further information.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* (“SFAS No. 157”), which defines fair value, establishes a framework for measuring fair value in U.S. GAAP, and expands 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. In support of this principle, the standard establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data, for example, the reporting entity’s own data. Under the standard, fair value measurements would be separately disclosed by level within the fair value hierarchy. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007. We are currently evaluating the potential impact of SFAS No. 157 on our Consolidated Financial Statements.

The adoption of the following accounting pronouncements during 2007 did not have a material impact on our Consolidated Financial Statements:

- SFAS No. 155, *Accounting for Certain Hybrid Financial Instruments*
- EITF Issue No. 05-1, *Accounting for the Conversion of an Instrument That Becomes Convertible Upon the Issuer’s Exercise of a Call Option*
- EITF Issue No. 06-3, *How Taxes Collected from Customers and Remitted to Governmental Authorities Should be Presented in the Income Statement (That is, Gross versus Net Presentation)*
- EITF Issue No. 06-5, *Accounting for Purchases of Life Insurance — Determining the Amount That Could Be Realized in Accordance with FASB Technical Bulletin No. 85-4, Accounting for Purchases of Life Insurance*
- EITF Issue No. 06-6, *Debtor’s Accounting for a Modification (or Exchange) of Convertible Debt Instruments*

**Management's Discussion and Analysis of Financial Condition
and Results of Operations**
(Amounts in Millions, Except Per Share Amounts)
(Unaudited)

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 financial statements and the accompanying notes. Our MD&A includes the following sections:

EXECUTIVE SUMMARY provides an overview of our results of operations and liquidity.

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 and financing activities.

INTERNAL CONTROL OVER FINANCIAL REPORTING, by reference to our 2006 Annual Report on Form 10-K, provides a description of the status of our compliance with Section 404 of the Sarbanes-Oxley Act of 2002.

CRITICAL ACCOUNTING ESTIMATES provides an update to the discussion of our accounting policies that require critical judgment, assumptions and estimates in our 2006 Annual Report on Form 10-K.

RECENT ACCOUNTING STANDARDS, by reference to Note 11 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, as well as those accounting standards that have been adopted during 2007.

EXECUTIVE SUMMARY

We are one of the world's largest advertising and marketing services companies, comprised of communication agencies around the world that deliver custom marketing solutions on behalf of our clients. These agencies cover the spectrum of marketing disciplines and specialties, from traditional services such as consumer advertising and direct marketing, to emerging services such as mobile and search engine marketing. To meet the challenge of an increasingly complex consumer culture, we create customized marketing solutions for each of our clients. These solutions vary from project-based work between one agency and its client to long-term, fully-integrated campaigns involving several of our companies working on behalf of a client. Furthermore, our agencies cover all major markets geographically and can operate in a single region or align work globally across many markets.

Our strategy is focused on improving our organic revenue growth and operating income. We are working to achieve a level of organic revenue growth comparable to industry peers and double-digit operating margins by 2008. 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.

Although the U.S. Dollar is our functional currency for reporting purposes, a substantial portion of our revenues is generated in foreign currencies. Therefore, our reported results are affected by fluctuations in the currencies our international businesses are conducted in, principally the Euro and Pound Sterling. During the three and six months ended June 30, 2007, the U.S. Dollar was weaker against both of these currencies as

**Management's Discussion and Analysis of Financial Condition
and Results of Operations — (Continued)**
(Amounts in Millions, Except Per Share Amounts)
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compared to the respective periods in 2006. As a result, the net effect of foreign currency changes from the comparable prior-year periods was an increase in revenues and operating expenses in 2007.

As discussed in more detail in this MD&A:

- Total revenue increased 7.8% and 5.3% for the three and six months ended June 30, 2007, respectively.
- Organic revenue increase was 6.6% and 4.3% for the three and six months ended June 30, 2007, respectively, due to higher revenue from existing clients and net client wins.
- Operating margin was 8.8% and 0.7% for the three and six months ended June 30, 2007, compared to 5.0% and (2.9%) for the three and six months ended June 30, 2006. Salaries and related expenses as a percentage of revenue was 61.1% and 66.4% for the three and six months ended June 30, 2007, compared with 61.7% and 66.3% for the three and six months ended June 30, 2006. Office and general expenses as a percentage of revenue was 30.4% and 33.1% for the three and six months ended June 30, 2007, compared with 32.9% and 36.4% for the three and six months ended June 30, 2006.
- Operating expenses increased by \$51.1 and \$47.8 for the three and six months ended June 30, 2007, primarily due to higher salaries and related expenses.
- Total salaries and related expenses increased 6.8% and 5.4% for the three and six months ended June 30, 2007. The organic increase was 5.5% and 4.2% for the three and six months ended June 30, 2007.
- Total office and general expenses decreased 0.4% and 4.1% for the three and six months ended June 30, 2007. The organic decrease was 0.7% and 4.4% for the three and six months ended June 30, 2007.
- During the second quarter of 2007, there were 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, which was a result of the completion of a tax examination.

RESULTS OF OPERATIONS

Consolidated Results of Operations — Three and Six Months Ended June 30, 2007 compared to Three and Six Months Ended June 30, 2006

REVENUE

The components of the change in consolidated revenue for the second quarter of 2007 were as follows:

	Three Months Ended June 30, 2006	Components of Change			Three Months Ended June 30, 2007	Change	
		Foreign Currency	Net Acquisitions/ (Divestitures)	Organic		Organic	Total
Consolidated	\$1,532.9	40.6	(22.7)	101.9	\$1,652.7	6.6%	7.8%
Domestic	867.4	—	(3.4)	92.8	956.8	10.7%	10.3%
International	665.5	40.6	(19.3)	9.1	695.9	1.4%	4.6%
United Kingdom	138.5	12.6	(9.2)	1.0	142.9	0.7%	3.2%
Continental Europe	258.3	20.5	(5.5)	(10.1)	263.2	(3.9)%	1.9%
Latin America	70.8	3.6	(1.7)	0.9	73.6	1.3%	4.0%
Asia Pacific	120.5	4.4	(2.0)	16.4	139.3	13.6%	15.6%
Other	77.4	(0.5)	(0.9)	0.9	76.9	1.2%	(0.6)%

**Management's Discussion and Analysis of Financial Condition
and Results of Operations — (Continued)**
(Amounts in Millions, Except Per Share Amounts)
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During the second quarter of 2007, revenue increased \$119.8, or \$101.9 on an organic basis, due to domestic organic revenue growth and changes in foreign currency exchange rates at both the Integrated Agency Networks (“IAN”) and Constituency Management Group (“CMG”) segments. Domestic organic growth was primarily driven by expanding business with existing clients, winning new business in advertising, public relations and sports marketing disciplines, and the completion of several projects within the events marketing business. The international organic increase was driven by higher revenue from existing clients, primarily in the Asia Pacific region at IAN and CMG, partially offset by decreased spending from existing clients in Continental Europe.

The components of the change in consolidated revenue for the first half of 2007 were as follows:

	Six Months Ended June 30, 2006	Components of Change			Six Months Ended June 30, 2007	Change	
		Foreign Currency	Net Acquisitions/ (Divestitures)	Organic		Organic	Total
Consolidated	\$2,859.9	72.3	(43.4)	123.0	\$3,011.8	4.3%	5.3%
Domestic	1,642.9	—	(5.3)	125.2	1,762.8	7.6%	7.3%
International	1,217.0	72.3	(38.1)	(2.2)	1,249.0	(0.2)%	2.6%
United Kingdom	264.3	27.3	(20.4)	6.2	277.4	2.3%	5.0%
Continental Europe	465.0	37.6	(11.1)	(21.8)	469.7	(4.7)%	1.0%
Latin America	126.3	4.6	(1.8)	0.5	129.6	0.4%	2.6%
Asia Pacific	220.3	6.6	(3.5)	11.6	235.0	5.3%	6.7%
Other	141.1	(3.8)	(1.3)	1.3	137.3	0.9%	(2.7)%

During the first half of 2007, revenue increased \$151.9, or \$123.0 on an organic basis, due to domestic organic revenue growth and changes in foreign currency exchange rates at both IAN and CMG, partially offset by net divestitures, primarily at IAN. Domestic organic growth was driven by factors similar to those noted above for the second quarter of 2007. The international organic decrease was driven by lower revenue from existing clients, primarily in the Continental Europe region at IAN and CMG, partially offset by increases primarily related to higher revenue from existing clients in the Asia Pacific region at IAN.

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

**Management's Discussion and Analysis of Financial Condition
and Results of Operations — (Continued)**
(Amounts in Millions, Except Per Share Amounts)
(Unaudited)

OPERATING EXPENSES

	Three Months Ended June 30,				Six Months Ended June 30,			
	2007		2006		2007		2006	
	\$	% of Revenue	\$	% of Revenue	\$	% of Revenue	\$	% of Revenue
Salaries and related expenses	\$ 1,009.7	61.1%	\$ 945.1	61.7%	\$ 1,998.5	66.4%	\$ 1,895.8	66.3%
Office and general expenses	502.6	30.4%	504.6	32.9%	997.7	33.1%	1,040.1	36.4%
Restructuring and other reorganization-related (reversals) charges	(5.2)		6.3		(5.8)		6.7	
Total operating expenses	<u>\$ 1,507.1</u>		<u>\$ 1,456.0</u>		<u>\$ 2,990.4</u>		<u>\$ 2,942.6</u>	

Salaries and Related Expenses

	Components of Change						
	2006	Foreign Currency	Net Acquisitions/ (Divestitures)	Organic	2007	Change	
						Organic	Total
Three months ended June 30,	\$ 945.1	25.3	(13.1)	52.4	\$1,009.7	5.5%	6.8%
Six months ended June 30,	1,895.8	49.7	(25.8)	78.8	1,998.5	4.2%	5.4%

During the second quarter of 2007, salaries and related expenses increased \$64.6, or \$52.4 on an organic basis, primarily due to an increase in base salaries, benefits and temporary help of \$44.8 and an increase in cash bonus accruals and long-term incentive stock compensation expense of \$8.5. Changes in foreign currency rates impact our base salaries and benefits since a large portion of our workforce is located outside of the United States. Excluding the effect of foreign currency and net divestitures, base salaries, benefits and temporary help grew on an organic basis by approximately \$34.0 primarily to support growth in certain of our businesses and because of normal annual merit increases. Cash bonus accruals and long-term incentive stock compensation expense increased primarily due to improved operating performance in 2007 compared to 2006. Changes can occur in both short-term and long-term compensation awards based on projected results and could impact trends between various periods in the future.

During the first half of 2007, salaries and related expenses increased \$102.7, or \$78.8 on an organic basis, mostly for the same reasons as noted above for the second quarter. Base salaries, benefits and temporary help increased by \$72.4 and cash bonus accruals and long-term incentive stock compensation expense increased by \$25.8. Excluding the effect of foreign currency and net divestitures, base salaries, benefits and temporary help grew on an organic basis by approximately \$52.0. Long-term stock compensation incentive expense also increased due to the effect of equity-based awards granted in June 2006 and an accrual related to a one-time performance-based equity award granted in 2006 to certain executives that primarily affected the first quarter of 2007. This award is tied to our financial performance for the 2006-2008 period and the performance targets required for this award are significantly higher than for other grants under our current performance incentive plan.

**Management's Discussion and Analysis of Financial Condition
and Results of Operations — (Continued)**
(Amounts in Millions, Except Per Share Amounts)
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Office and General Expenses

	Components of Change				2007	Change	
	2006	Foreign Currency	Net Acquisitions/ (Divestitures)	Organic		Organic	Total
Three months ended June 30,	\$ 504.6	14.1	(12.8)	(3.3)	\$502.6	(0.7)%	(0.4)%
Six months ended June 30,	1,040.1	27.3	(24.4)	(45.3)	997.7	(4.4)%	(4.1)%

Office and general expenses for the second quarter of 2007 decreased slightly primarily due to net divestitures and continued reductions in professional fees, partially offset by an increase in production expenses and the net effect of foreign currency changes. The decrease in professional fees was mainly attributable to reduced costs associated with projects related to financial and compliance matters, including internal control compliance, legal consultation and certain accounting projects, primarily at Corporate. The increase in production expenses primarily related to the pass-through costs involved in the completion of several projects at CMG.

Office and general expenses for the first half of 2007 decreased for reasons similar to those noted above for the second quarter. We expect professional fees to continue to decrease in 2007 compared to 2006.

Restructuring and Other Reorganization-Related (Reversals) Charges

For the three and six months ended June 30, 2007, net reversals primarily consist of reversals due to the utilization of previously vacated property by an agency at Drafftcb and adjustments to estimates primarily relating to our severance and lease termination costs.

EXPENSES AND OTHER INCOME

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
Interest expense	\$ (56.9)	\$ (52.0)	\$ (111.9)	\$ (98.1)
Interest income	28.1	26.4	56.6	52.3
Other income	8.0	24.3	6.5	24.9
Total	<u>\$ (20.8)</u>	<u>\$ (1.3)</u>	<u>\$ (48.8)</u>	<u>\$ (20.9)</u>

The increase in net interest expense during the second quarter of 2007 is largely due to a rise in interest rates and an increase in short term debt balances at some of our operations outside the U.S. The increase in net interest expense in the first half of 2007 is due to both cash and non-cash items. The cash portion of the increase was largely due to a rise in interest rates and increased short term debt balances at some of our operations outside the U.S., partially offset by increased interest income. The non-cash portion is largely attributable to amortization of issuance costs and deferred warrant costs incurred as a result of the ELF Financing transaction completed in June 2006 partially offset by reductions in interest expense associated with our long-term debt as a result of our debt exchanges that took place in the fourth quarter of 2006.

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Other Income

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
(Losses) gains on sales of businesses and investments	\$ (7.3)	\$ 19.8	\$ (8.3)	\$ 20.1
Vendor discounts and credit adjustments	9.8	3.8	8.0	3.8
Other income	5.5	0.7	6.8	1.0
Total	<u>\$ 8.0</u>	<u>\$ 24.3</u>	<u>\$ 6.5</u>	<u>\$ 24.9</u>

Sale of businesses and investments — 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.

During the three months ended June 30, 2006, we sold an investment located in Asia Pacific for a gain of \$18.4. In addition, during the six months ended June 30, 2006 we sold our remaining ownership interest in an agency within Lowe Worldwide, for a gain of \$2.5.

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.

INCOME TAXES

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
Income (loss) before income taxes	\$ 124.8	\$ 75.6	\$ (27.4)	\$ (103.6)
(Benefit of) provision for income taxes	(11.4)	5.0	(37.1)	(3.8)

For the three and six months ended June 30, 2007, the difference between the effective tax rate and the statutory rate of 35% is primarily due to state and local taxes, losses incurred in non-U.S. jurisdictions that receive no corresponding tax benefit and the recognition of previously unrecognized tax benefits. During the second quarter of 2007, there were net reversals of tax reserves, primarily related to previously unrecognized tax benefits, including approximately \$80.0 for certain worthless securities deductions associated with investments in consolidated subsidiaries, which was a result of the completion of a tax examination. The improvement in the effective tax rate as compared to the six months ended June 30, 2006 is primarily attributable to the recognition of previously unrecognized tax benefits and a reduction in the losses incurred in non-U.S. jurisdictions that receive no benefit.

Segment Results of Operations — Three and Six Months Ended June 30, 2007 compared to Three and Six Months Ended June 30, 2006

As discussed in Note 9 to the unaudited Consolidated Financial Statements, we have two reportable segments as of June 30, 2007: IAN and CMG. We also report results for the Corporate and other group.

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IAN

REVENUE

	Three Months Ended June 30, 2006	Components of Change			Three Months Ended June 30, 2007	Change	
		Foreign Currency	Net Acquisitions/ (Divestitures)	Organic		Organic	Total
Consolidated	\$1,295.1	34.5	(17.1)	66.9	\$1,379.4	5.2%	6.5%
Domestic	715.4	—	(3.4)	59.5	771.5	8.3%	7.8%
International	579.7	34.5	(13.7)	7.4	607.9	1.3%	4.9%

The revenue increase in the second quarter of 2007 was a result of organic increases and changes in foreign currency exchange rates, partially offset by net divestitures, primarily from the sale of several businesses at Draftfcb in the current and prior year. The domestic increase was a result of higher revenue from existing clients and net client wins, primarily at McCann Worldgroup and Draftfcb, and at two of our independent agencies, Hill Holliday and Deutsch. International revenues increased as the second quarter of 2007 benefited from the favorable effect of changes in foreign currency exchange rates and an organic increase due to higher revenue from existing clients at Lowe Worldwide in the Asia Pacific region and at Draftfcb in the Latin America region. This increase was partially offset by net divestitures of businesses, primarily at Draftfcb, and a decrease in spending by existing clients in Europe, primarily at McCann Worldgroup.

	Six Months Ended June 30, 2006	Components of Change			Six Months Ended June 30, 2007	Change	
		Foreign Currency	Net Acquisitions/ (Divestitures)	Organic		Organic	Total
Consolidated	\$2,403.9	59.9	(31.5)	78.3	\$2,510.6	3.3%	4.4%
Domestic	1,351.1	—	(5.3)	82.4	1,428.2	6.1%	5.7%
International	1,052.8	59.9	(26.2)	(4.1)	1,082.4	(0.4)%	2.8%

The revenue increase in the first half of 2007 was a result of organic increases and changes in foreign currency exchange rates, partially offset by net divestitures, primarily from the sale of several businesses at Draftfcb in current and prior year. The domestic increase was mostly organic as a result of higher revenue from existing clients and net client wins, primarily at McCann Worldgroup and Hill Holliday, one of our independent agencies. International revenues increased as the first half of 2007 benefited from the favorable effect of changes in foreign currency exchange rates. This was partially offset by a decrease at Draftfcb related to net divestitures of businesses and lower client spending in Europe and at McCann Worldgroup related to lower client spending in Latin America.

SEGMENT OPERATING INCOME

	Three Months Ended June 30,			Six Months Ended June 30,		
	2007	2006	Change	2007	2006	Change
Segment operating income	\$ 168.3	\$ 119.5	40.8%	\$ 103.5	\$ 46.8	121.2%
Operating margin	12.2%	9.2%		4.1%	1.9%	

Operating income increased during the second quarter of 2007 due to an increase in revenue of \$84.3 and a slight decrease in office and general expenses, partially offset by an increase in salaries and related

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expenses. Higher salaries and related expenses were primarily due to the impact of changes in foreign currency exchange rates, increased base salaries to support growth and higher cash bonus accruals in the second quarter of 2007 compared to the second quarter of 2006, partially offset by net divestitures.

Operating income increased during the first half of 2007 due to an increase in revenue of \$106.7 and a decrease in office and general expenses, partially offset by an increase in salaries and related expenses. Salaries and related expenses increased due to factors similar to those noted above for the second quarter.

CMG

REVENUE

	Three Months Ended June 30, 2006	Components of Change			Three Months Ended June 30, 2007	Change		
		Foreign Currency	Net			Organic	Organic	Total
			Acquisitions/ (Divestitures)	Organic				
Consolidated	\$237.8	6.1	(5.6)	35.0	\$273.3	14.7%	14.9%	
Domestic	152.0	—	—	33.3	185.3	21.9%	21.9%	
International	85.8	6.1	(5.6)	1.7	88.0	2.0%	2.6%	

Revenue growth in the second quarter of 2007 was primarily a result of higher domestic revenue in the events marketing, public relations and sports marketing businesses. The domestic organic revenue increase was primarily due to the events marketing business completing several long-term projects during the quarter, and expanding business with existing clients in the public relations and sports marketing businesses. Revenues in the events marketing business can fluctuate due to the timing of completing long-term projects, as revenue is typically recognized when the project is complete. Furthermore, we generally act as principal for these projects and as such record the gross amount billed to the client as revenue and the related costs incurred as pass-through costs in office and general expenses. International revenues increased slightly primarily due to changes in foreign exchange rates and increased client spending across all disciplines in the Asia Pacific region, partially offset in Europe primarily due to project-based events that did not recur in the second quarter of 2007 and lower client spending. International revenues also declined due to a divestiture of a sports marketing business in 2006.

	Six Months Ended June 30, 2006	Components of Change			Six Months Ended June 30, 2007	Change		
		Foreign Currency	Net			Organic	Organic	Total
			Acquisitions/ (Divestitures)	Organic				
Consolidated	\$456.0	12.4	(11.9)	44.7	\$501.2	9.8%	9.9%	
Domestic	291.8	—	—	42.8	334.6	14.7%	14.7%	
International	164.2	12.4	(11.9)	1.9	166.6	1.2%	1.5%	

Revenue growth in the first half of 2007 was primarily a result of higher domestic revenue in the events marketing, public relations and sports marketing businesses. The domestic organic revenue increase was driven by factors similar to those noted above for the second quarter. International revenues increased slightly primarily due to changes in foreign exchange rates and increased revenue from existing clients in public relations in Europe, partially offset by project-based events that did not recur in the first half of 2007, primarily in Europe and Asia. International revenues were also negatively impacted by a divestiture of a sports marketing business in 2006.

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SEGMENT OPERATING INCOME

	Three Months Ended June 30,			Six Months Ended June 30,		
	2007	2006	Change	2007	2006	Change
Segment operating income	\$ 18.6	\$ 12.4	50.0%	\$ 17.2	\$ 16.6	3.6%
Operating margin	6.8%	5.2%		3.4%	3.6%	

Operating income for the second quarter of 2007 increased primarily as a result of an increase in revenues of \$35.5, partially offset by increases in office and general expenses and salaries and related expenses. Higher salaries and related expenses primarily related to the hiring of additional staff in the public relations businesses to support their revenue growth. Office and general expenses increased primarily due to production expenses related to the completion of several projects in the events marketing business.

Operating income for the first half of 2007 increased slightly primarily as a result of an increase in revenues of \$45.2, partially offset by increases in salaries and related expenses and office and general expenses. Salaries and related expenses and office and general expenses increased due to factors similar to those noted above for the second quarter.

CORPORATE AND OTHER

	Three Months Ended June 30,			Six Months Ended June 30,		
	2007	2006	Change	2007	2006	Change
Salaries and related expenses	\$ 56.8	\$ 43.9	29.4%	\$ 114.8	\$ 94.2	21.9%
Professional fees	11.6	22.7	(48.9)%	37.0	83.4	(55.6)%
Rent, depreciation and amortization	17.0	16.8	1.2%	34.3	32.1	6.9%
Corporate insurance	4.7	5.2	(9.6)%	10.7	10.1	5.9%
Other	11.9	6.1	95.1%	19.6	12.4	58.1%
Expenses allocated to operating divisions	(55.5)	(46.0)	20.7%	(111.3)	(92.8)	19.9%
Total	\$ 46.5	\$ 48.7	(4.5)%	\$ 105.1	\$ 139.4	(24.6)%

Corporate and other expenses for the second quarter of 2007 decreased compared to prior year primarily due to reduced professional fees and higher amounts allocated to operating divisions, partially offset by increased salaries and related expenses. Lower professional fees were primarily attributable to reduced costs associated with projects related to financial and compliance matters, including internal control compliance, legal consultation and certain accounting projects. Amounts allocated to operating divisions increased primarily due to the implementation of new information technology-related projects and the charging of shared service and technology expenses. Salaries and related expenses increased due to higher accruals for long-term incentive compensation and cash bonus awards and higher headcount due to the transfer of employees from the agency level to support our technology and regional corporate initiatives.

Corporate and other expenses for the first half of 2007 decreased compared to prior year for the same reasons as noted above for the second quarter. In addition, salaries and related expenses increased due to a one-time performance-based equity award granted in 2006 to a limited number of senior executives.

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LIQUIDITY AND CAPITAL RESOURCES**CASH FLOW OVERVIEW**

Cash, cash equivalents and marketable securities decreased by \$476.4 to \$1,480.7 during the first half of 2007 primarily due to working capital usage, which is seasonally typical. Of this change, marketable securities increased by \$258.8, primarily as a result of our net purchases of auction rate securities in the first half of 2007. A summary of our cash flow activities is as follows:

	Six Months Ended June 30,	
	2007	2006
Net cash used in operating activities	\$ (338.7)	\$ (511.4)
Net cash used in investing activities	(389.1)	(330.7)
Net cash used in financing activities	(16.5)	(108.9)

Operating Activities

During the first half of 2007, we used working capital of \$415.6. Working capital reflects changes in accounts receivable, expenditures billable to clients, prepaid expenses and other current assets, accounts payable and accrued liabilities. During the first half of 2007, reductions in accounts payable of \$214.1 and accrued liabilities of \$294.4 were partially offset by a reduction in accounts receivable of \$147.8. The reduction in accrued liabilities was primarily related to payment of cash incentive awards earned during 2006. While employee incentive awards are accrued throughout the year, they are 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 net income of \$11.1 during the first half of 2007 includes non-cash items that are not expected to generate cash or require the use of cash. Net non-cash expense items of \$74.2 primarily include the deferred income tax benefit, depreciation of fixed assets and the amortization of intangible assets, restricted stock awards and non-cash compensation.

Investing Activities

Cash used in investing activities during the first half of 2007 primarily reflects net purchases of short-term marketable securities, acquisitions and capital expenditures. Net purchases of marketable securities were from purchases of auction rate securities, which are classified as short-term marketable securities based upon our evaluation of the maturity dates associated with the underlying bonds. The cash flows attributable to short-term marketable securities vary from one period to another because of changes in the maturity profile of our treasury investments.

Payments for acquisitions relate to purchases of agencies and deferred payments on prior acquisitions. During the six months ended June 30, 2007, we made 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,

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and c) the remaining interests in a full-service advertising agency in India in which we previously held a 49% interest. Total cash consideration for these acquisitions was \$80.2. Subsequent to June 30, 2007, we acquired the remaining interests in another one of our businesses in India.

Capital expenditures of \$66.5 primarily related to leasehold improvements and computer hardware.

Financing Activities

Cash used in financing activities during the first half of 2007 primarily reflects dividend payments of \$13.8 on our Series B Preferred Stock and distributions to minority interests, partially offset by short-term borrowings.

LIQUIDITY OUTLOOK

We expect our cash and cash equivalents and marketable securities 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, high professional fees, liabilities to our clients for vendor discounts and credits, any potential penalties or fines that may have to be paid in connection with the ongoing SEC investigation, the normal cash variability inherent in our operations and other unanticipated requirements. 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 as a result of the above items or other business objectives 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, capital expenditures, payments related to vendor discounts and credits, debt service, preferred stock dividends, contributions to pension and postretirement plans, acquisitions and taxes.

On March 15, 2008 holders of our \$400.0 4.50% Convertible Senior Notes due 2023 may require us to repurchase these Notes for cash at par. The remainder of our debt profile is primarily long-term, with maturities scheduled from 2009 to 2023.

Of the liabilities recognized as part of the 2004 Restatement, we estimate that we will pay approximately \$100.0 related to vendor discounts and credits, internal investigations and international compensation arrangements over the next 12 months.

Our Series B Preferred Stock provides for a quarterly dividend of \$13.125 per share, or \$6.9. We have not paid any dividends on our common stock since December of 2002.

We continue to evaluate strategic opportunities to grow the business and increase our ownership interests in current investments, particularly to develop the digital and marketing services components of our business and to expand our presence in key markets, including Brazil, Russia, India and China.

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We have various tax years under examination in various countries in which we have significant business operations. We do not know whether these examinations will, in the aggregate, result in our paying additional income taxes, which we believe are adequately reserved for.

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.

In recent years, we have obtained long-term financing in the capital markets by issuing debt securities, convertible debt securities and convertible preferred stock. We have also used borrowing facilities to provide us with liquidity for working capital needs. In connection with the ELF Financing, we have two series of equity warrants outstanding and have entered into call spread transactions in connection with one of the series of equity warrants.

Credit Facilities

Our principal credit facility is our \$750.0 Three-Year Credit Agreement (the "Credit Agreement"), which we can utilize for cash advances and for letters of credit up to \$600.0. This is a revolving facility under which amounts borrowed may be repaid and borrowed again, and the aggregate available amount of letters of credit may decrease or increase, subject to the overall limit of \$750.0 and the \$600.0 limit on letters of credit. We have not drawn on the Credit Agreement or our previous committed credit agreements since late 2003.

In addition to the Credit Agreement, we 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 United States and the amount outstanding as of June 30, 2007 was \$90.0. 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 6%.

Letters of Credit

We are required from time to time to post letters of credit, primarily to support our commitments, or those of our subsidiaries, to purchase media placements, mostly in locations outside the United States, or to satisfy other obligations. These letters of credit are generally backed by letters of credit issued under the Credit Agreement. As of June 30, 2007, the aggregate amount of outstanding letters of credit issued for our account under the Credit Agreement was \$222.9. These letters of credit have historically not been drawn upon.

Cash Pooling

We aggregate our net domestic cash position on a daily basis. Outside the United States, 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 consolidated balance sheets reflect cash net of overdrafts for each pooling arrangement. As of June 30, 2007 a gross amount of approximately \$1,039.2 in cash was netted against an equal gross amount of overdrafts under pooling arrangements.

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CREDIT AGENCY RATINGS

Our long-term debt credit ratings as of June 30, 2007 were Ba3 with stable outlook, B with positive outlook and BB- with stable outlook, as reported by Moody's Investors Service, Standard & Poor's and Fitch Ratings, respectively. A downgrade in our credit ratings could adversely affect our ability to access capital and could result in more stringent covenants and higher interest rates under the terms of any new indebtedness.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Our internal control over financial reporting is described in detail in Management's Assessment of Internal Control Over Financial Reporting located in Item 8, Financial Statements and Supplementary Data, and in Item 9A, Controls and Procedures, in our 2006 Annual Report on Form 10-K.

CRITICAL ACCOUNTING ESTIMATES

Our significant accounting policies are described in Note 1 to the Consolidated Financial Statements for the year ended December 31, 2006 included in our 2006 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 2006 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. 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, 2006 except as noted below in regards to income taxes. Actual results may differ from these estimates under different assumptions or conditions.

On January 1, 2007 we adopted FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*, ("FIN 48") which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position that an entity takes or expects to take in a tax return. Additionally, FIN 48 provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The assessment of recognition and measurement requires critical estimates and the use of complex judgments. We evaluate our tax positions using a "more likely than not" recognition threshold and then we apply a measurement assessment to those positions that meet the recognition threshold.

RECENT ACCOUNTING STANDARDS

Please refer to Note 11 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, as well as those accounting standards that have been adopted during 2007.

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, 2007. For a discussion of our exposure to market risk, refer to Item 7A, Quantitative and Qualitative Disclosures About Market Risk, in our 2006 Annual Report on Form 10-K.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

We have carried out an evaluation under the supervision of, and with the participation of, our management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of June 30, 2007. We continue to have numerous material weaknesses in our internal control over financial reporting as noted in Management's Assessment of Internal Control over Financial Reporting located in Item 8, Financial Statements and Supplementary Data, in our 2006 Annual Report on Form 10-K. Based on an evaluation of these material weaknesses, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures are not effective to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported, within the time periods specified in the applicable rules and forms, and that it is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

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, 2007 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. We are continuing to implement the remedial actions outlined in Ongoing Remediation of Material Weaknesses in Internal Control over Financial Reporting as of December 31, 2006 located in Item 8, Financial Statements and Supplementary Data, in our 2006 Annual Report on Form 10-K.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

Information about our legal proceedings is set forth in Note 10 to the unaudited consolidated financial statements included in this report.

Item 1A. Risk Factors

In the second quarter of 2007, there have been no material changes in the risk factors we have previously disclosed. See Item 1A, Risk Factors, in our 2006 Annual Report on Form 10-K. The following risk factor has been updated to reflect recent communications with the SEC, as previously disclosed by the Company in a current report on Form 8-K filed June 14, 2007.

- *The ongoing SEC investigation regarding our accounting restatements could adversely affect us.*

The SEC opened a formal investigation in response to the restatement we first announced in August 2002, and the investigation expanded to encompass the 2004 Restatement. We have also responded to inquiries from the SEC staff concerning the restatement of the first three quarters of 2005 that we made in our 2005 Annual Report on Form 10-K. We continue to cooperate with the investigation. We expect that the investigation will result in monetary liability, but as settlement discussions have not yet commenced, we cannot reasonably estimate the amount, range of amounts or timing of a resolution. Accordingly, we have not yet established any provision relating to these matters.

The SEC staff has informed us that it intends to seek approval from the Commission to enter into settlement discussions with us and, failing a settlement, to commence an action charging the Company with various violations of the federal securities laws. In that connection, the staff has sent the Company a "Wells notice," which invites us to make a responsive submission before the staff makes a final determination concerning its recommendation to the Commission. We expect to discuss settlement with the staff once the Commission authorizes the staff to engage in such discussions. We cannot at this time predict what the Commission will authorize or the outcome of any settlement negotiations.

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

(a) During the second quarter of 2007, we engaged in one transaction, which is described below, in which we issued shares of our common stock, par value \$.10 per share, that were not registered under the Securities Act of 1933, as amended (the "Securities Act").

1. On June 6, 2007, we issued 24,639 shares of our common stock as part of a deferred payment of purchase price to five former shareholders of a company that one of our subsidiaries had acquired in the third quarter of 2001. The shares were valued at \$288,472 as of the date of issuance and were issued without registration in reliance on Section 4(2) of the Securities Act, based on the sophistication of the former shareholders of the acquired company. The former shareholders had access to all the documents filed by us with the SEC.

(c) The following table provides information regarding our purchases of our equity securities during the period from April 1, 2007 to June 30, 2007:

	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	3,158 shares	\$12.32	—	—
May 1-31	536,063 shares	\$11.68	—	—
June 1-30	31,876 shares	\$11.56	—	—
Total ⁽¹⁾	571,097 shares	\$11.67	—	—

(1) Consists of restricted shares of our common stock 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 2007 (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.

(d) 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 24, 2007. At the meeting, the following number of votes were cast with respect to each proposal:

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

NOMINEE	FOR	AGAINST	BROKER NONVOTES
Frank J. Borelli	393,442,059	15,361,469	0
Reginald K. Brack	357,812,663	50,990,865	0
Jill M. Considine	395,902,233	12,901,295	0
Richard A. Goldstein	380,917,319	27,886,209	0
H. John Greeniaus	371,894,043	36,909,485	0
William T. Kerr	376,773,486	32,030,042	0
Michael I. Roth	381,463,257	27,340,271	0
J. Phillip Samper	358,283,391	50,520,137	0
David M. Thomas	402,142,292	6,661,236	0

Proposal to approve confirmation of the appointment of PricewaterhouseCoopers LLP as independent registered public accounting firm for fiscal year 2007:

FOR	AGAINST	ABSTAIN	BROKER NONVOTES
385,305,317	21,072,822	2,425,389	0

Shareholder proposal for separation of the positions of Chairman and CEO of Interpublic:

FOR	AGAINST	ABSTAIN	BROKER NONVOTES
43,978,918	330,800,972	3,018,639	31,004,999

Shareholder proposal for special shareholder meetings:

<u>FOR</u>	<u>AGAINST</u>	<u>ABSTAIN</u>	<u>BROKER NONVOTES</u>
162,413,153	212,300,955	3,084,421	31,004,999

Item 6. Exhibits

<u>Exhibit No.</u>	<u>Description</u>
10(iii)(A)(1)	Interpublic Executive Severance Plan.
12.1	Computation of Ratios of Earnings to Fixed Charges.
12.2	Computation of Ratios of Earnings to Combined Fixed Charges and Preferred Stock Dividends.
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: August 7, 2007

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

Date: August 7, 2007

INDEX TO EXHIBITS

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INTERPUBLIC EXECUTIVE SEVERANCE PLAN

Effective June 1, 2007

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Article 1. INTRODUCTION

1.1. Establishment and Purpose.

This Executive Severance Plan (the "Plan") is established to provide severance and other welfare benefits for eligible executives of Interpublic and its Subsidiaries in the event that their employment is terminated either (a) by Interpublic or a Subsidiary for a reason other than Cause or (b) by the executive for Good Reason. The Plan is an unfunded welfare plan maintained primarily for the purpose of providing severance and other welfare benefits to a select group of management and highly compensated employees.

1.2. Effective Date.

The Plan is effective as of June 1, 2007.

Article 2. DEFINITIONS AND CONSTRUCTION

2.1. Definitions.

When their initial letter(s) are capitalized, the following words and phrases have the following meanings unless the context clearly indicates that a different meaning is intended:

- (a) "**Administrative Committee**" means Interpublic's Management Human Resources Committee.
 - (b) "**Applicable Premium Rate**" means, for any Participant:
 - (1) For each month during the Participant's Severance Period, the premium rate or rates that Interpublic's medical, dental, and vision plan or plans charge for coverage during such month to an active employee who holds the position that the Participant held (or, if none, the employee who holds the position most nearly comparable to the position that the Participant held) immediately before his Termination Date for the level of coverage under such plan or plans that the Participant elects to receive pursuant to Section 4.2; and
 - (2) For each month during the Participant's COBRA Period, the premium rate or rates that Interpublic's medical, dental, and vision plan or plans charge for COBRA continuation coverage during such month at the level that the Participant elects to receive pursuant to Section 4.2.
-

- (c) **"Base Salary"** for any Participant, expressed as an annual amount, means the Participant's annual base salary in effect for the calendar year in which his Termination Date occurs; provided that if the Participant's Notice Date or Termination Date occurs within 24 months after a Change of Control, his Base Salary for purposes of the Plan shall not be less than his annual base salary for the calendar year in which such Change of Control occurred, determined on the basis of the Participant's annual salary in effect immediately prior to such Change of Control.
- (d) **"Board of Directors"** means the Board of Directors of Interpublic.
- (e) **"Cause"** means, with respect to any Participant:
- (1) A material breach by the Participant of a provision in an employment agreement with Interpublic or a Subsidiary that, if capable of being cured, has not been cured within 15 days after the Participant receives written notice from his Employer of such breach;
 - (2) Misappropriation by the Participant of funds or property of Interpublic or a Subsidiary;
 - (3) Any attempt by the Participant to secure any personal profit related to the business of Interpublic or a Subsidiary that is not approved in writing by the Board of Directors or by the person to whom the Participant reports directly;
 - (4) Fraud, material dishonesty, gross negligence, gross malfeasance, or insubordination by the Executive, or willful (A) failure by the Participant to follow the code of conduct of Interpublic or a Subsidiary or (B) misconduct by the Participant in the performance of his duties as an employee of Interpublic or a Subsidiary, excluding in each case any act (or series of acts) taken in good faith by the Participant that does not (and in the aggregate do not) cause material harm to Interpublic or a Subsidiary;
 - (5) Refusal or failure by the Executive to attempt in good faith to perform the Participant's duties as an employee or to follow a reasonable good-faith direction of the Board of Directors or the person to whom the Participant reports directly that has not been cured within 15 days after the Participant receives written notice from his Employer of such refusal or failure;
 - (6) Commission by the Participant, or a formal charge or indictment alleging commission by the Participant, of a felony or a crime involving dishonesty, fraud, or moral turpitude; or
 - (7) Conduct by the Participant that is clearly prohibited by the policy of Interpublic or a Subsidiary prohibiting discrimination or harassment based on age, gender, race, religion, disability, national origin or any other protected category.

(f) **"Change of Control"** means:

(1) Subject to paragraphs (2) and (3), below, the first to occur of the following events:

- (A) Any person (within the meaning of sections 13(d) and 14(d) of the Securities Exchange Act of 1934 (the "1934 Act")) becomes the beneficial owner (within the meaning of Rule 13d-3 under the 1934 Act) of stock that, together with other stock held by such person, possesses more than 50 percent of the combined voting power of Interpublic's then-outstanding stock;
- (B) Any person (within the meaning of sections 13(d) and 14(d) of the 1934 Act) acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person) ownership of stock of Interpublic possessing 30 percent or more of the combined voting power of Interpublic's then-outstanding stock;
- (C) Any person (within the meaning of sections 13(d) and 14(d) of the 1934 Act) acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person) assets from Interpublic that have a total gross fair market value equal to 40 percent or more of the total gross fair market value of all of the assets of Interpublic immediately prior to such acquisition or acquisitions (where gross fair market value is determined without regard to any associated liabilities); or
- (D) During any 12-month period, a majority of the members of the Board of Directors is replaced by directors whose appointment or election is not endorsed by a majority of the members of the Board of Directors before the date of their appointment or election.

(2) A Change of Control shall not be deemed to occur by reason of:

- (A) The acquisition of additional control of Interpublic by any person or persons acting as a group that is considered to "effectively control" Interpublic (within the meaning of guidance issued under section 409A of the Code) or
- (B) A transfer of assets to any entity controlled by the shareholders of Interpublic immediately after such transfer, including a transfer to (i) a shareholder of Interpublic (immediately before such transfer) in exchange for or with respect to its stock, (ii) an entity, 50 percent or more of the total value or voting power of which is owned (immediately after such transfer) directly or indirectly by Interpublic, (iii) a person or persons acting as a group that owns (immediately after such transfer) directly or indirectly 50 percent or more of the total value or voting power of all outstanding stock of Interpublic, or (iv) an entity, at least 50 percent of the total value or voting power of which is owned (immediately after such transfer) directly or indirectly by a person described in clause (iii), above.

- (3) Notwithstanding any provision in this Section 2.1(f) to the contrary, a Change of Control shall not be deemed to have occurred unless the relevant facts and circumstances give rise to a change in the ownership or effective control of Interpublic, or in the ownership of a substantial portion of the assets of Interpublic, within the meaning of section 409A(a)(2)(A)(v) of the Code.
- (g) "**COBRA**" means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.
- (h) "**COBRA Period**" means, for any Participant, the period starting on the day next following the last day of the Participant's Severance Period and ending on the last day of the Participant's "maximum required period" of continuation coverage under COBRA. For purposes of this Section 2.1(h), the Participant's "maximum required period" shall be determined in accordance with Section 602 of ERISA and as if the Participant's "qualifying event" (as defined in Section 603 of ERISA) occurred on the last day of his Severance Period.
- (i) "**Code**" means the Internal Revenue Code of 1986, as amended.
- (j) "**Commencement Date**" means, for any Participant, Interpublic's first semi-monthly pay date that occurs after the Participant's Termination Date.
- (k) "**Designated Number**" means, for any Participant, the number of months specified below that corresponds with the level that Interpublic assigns to the Participant and communicates to the Participant in writing:
- (1) If the Participant is the Chief Executive Officer of Interpublic, his Designated Number shall be 24 months.
 - (2) If the Participant is assigned to Interpublic's "Tier A," his Designated Number shall be 18 months.
 - (3) If the Participant is assigned to Interpublic's "Tier B, C, or D," his Designated Number shall be 12 months.
 - (4) If the Participant is assigned to Interpublic's "Tier E," his Designated Number shall be 6 months.
- (l) "**Dismissed**" means, with respect to any Participant, that:
- (1) The Participant voluntarily terminates his employment with Interpublic and its Subsidiaries for Good Reason; or
 - (2) The Participant's employment with Interpublic and its Subsidiaries is terminated involuntarily (within the meaning of Treas. Reg. § 1.409A-1(n)(1)) for any reason other than for Cause.
- (m) "**Effective Date**" means June 1, 2007.
- (n) "**Eligible Executive**" means an employee of Interpublic or a Subsidiary who is designated in writing by the Administrative Committee as a member of the select

group of management or highly paid employees of Interpublic and its Subsidiaries who are eligible to participate in the Plan.

- (o) **"Employer"** means, with respect to a Participant, Interpublic or the Subsidiary of Interpublic that employs the Participant immediately before the Participant's Termination Date.
- (p) **"ERISA"** means the Employee Retirement Income Security Act of 1974, as amended.
- (q) **"Good Reason."**
 - (1) A Participant shall be deemed to resign for Good Reason if and only if (A) his Termination Date occurs within the two-year period immediately following the date on which a Covered Action (as defined by paragraph (2), below) occurs and (B) the conditions specified by paragraphs (2) and (3) of this Section 2.1(q) are satisfied.
 - (2) A Participant shall have Good Reason to resign from employment with Interpublic and its Subsidiaries only if at least one of the following events (each a **"Covered Action"**) occurs:
 - (A) Interpublic or a Subsidiary materially reduces the Participant's Base Salary;
 - (B) An action by Interpublic or a Subsidiary results in a material diminution in the Participant's authority, duties, or responsibilities;
 - (C) An action by Interpublic or a Subsidiary results in a material diminution in the authority, duties, or responsibilities of the supervisor to whom the Participant is required to report, including a requirement that the Participant report to a corporate officer or employee instead of reporting directly to the Board of Directors;
 - (D) Interpublic or a Subsidiary materially diminishes the budget over which the Participant retains authority;
 - (E) The Participant's principal place of work is moved to a location more than 50 miles outside the city in which he is principally based, unless (i) the relocation decision is made by the Participant or (ii) the Participant is notified in writing that Interpublic or his Employer is seriously considering such a relocation and the Participant does not object in writing within 10 days after he receives such written notice; or
 - (F) Interpublic or a Subsidiary materially breaches any employment agreement between the Participant and his Employer.

- (3) A Participant shall not have Good Reason to resign as a result of a Covered Action unless:
- (A) Within the 90-day period immediately following the date on which such Covered Action first occurs, the Participant notifies his Employer in writing that such Covered Action has occurred; and
 - (B) Such Covered Action is not remedied within the 30-day period immediately following the date on which the Executive's Employer receives a notice provided in accordance with subparagraph (A), above.
- (r) "**Interpublic**" means The Interpublic Group of Companies, Inc., and any successor thereto.
- (s) "**Notice Date**" means, for any Participant, the date Interpublic or a Subsidiary provides written notice to the Participant that his employment with Interpublic and its Subsidiaries will be terminated involuntarily as of a specified Termination Date in the future.
- (t) "**Other Arrangement**" means (1) any employment agreement with Interpublic or a Subsidiary or (2) any plan, program, policy or other arrangement maintained by Interpublic or a Subsidiary.
- (u) "**Participant**" means an Eligible Executive who has become a participant in the Plan under Article 3.
- (v) "**Plan**" means the Interpublic Executive Severance Plan, as set forth herein and subsequently amended from time to time.
- (w) "**Restricted Severance Payment**" means:
- (1) Each of the payments prescribed by Sections 4.1 and 4.2(a)(2), disregarding any payment that is required to be made (and is made) on or before March 15th of the first calendar year that begins after the Participant's Termination Date, plus
 - (2) Any Separation Payments payable to the Participant under any Other Arrangement.
- Interpublic shall determine whether a payment is required to be made on or before March 15th of the first calendar year that begins after the Participant's Termination Date based on the facts known as of the date the Participant first became eligible to participate in the Plan.
- (x) "**Salary Continuation Benefit**" means the benefit prescribed by Section 4.1.
- (y) "**Section**" means a section of this Plan as in effect from time to time.
- (z) "**Separation Payment**" means, for any Participant, any payment or taxable benefit, including any reimbursement of expenses (to the extent taxable), that the Participant is entitled to receive by reason of an "involuntary separation from

service" (within the meaning of Treas. Reg. § 1.409A-1(n)) or participation in a program that constitutes a "window program" for purposes of Treas. Reg. § 1.409A-1(b)(9)(iii); provided, however, that the term "Separation Payment" shall not include:

- (1) The portion (if any) of any payment or benefit that the Participant would be entitled to receive upon any circumstance other than an "involuntary separation from service" or participation in a "window program", or
 - (2) Any payment or benefit that is required to be made or provided (and is made or provided) on or before March 15th day of the first calendar year that begins after the Termination Date. Interpublic shall determine whether a payment or benefit is required to be made or provided on or before March 15th of the first calendar year that begins after the Participant's Termination Date based on the facts known as of the date the Participant first acquired the right (including a contingent right) to become eligible to receive such payment or benefit.
- (aa) "**Severance Exclusion Amount**" means, for any Participant, two times the lesser of :
- (1) The Participant's annualized compensation based upon his annual rate of pay for services provided to Interpublic and its Subsidiaries for the Participant's taxable year immediately preceding the taxable year in which his Termination Date occurs (adjusted for any increase during such taxable year preceding his "separation from service" that was expected to continue indefinitely if the Participant had not terminated employment), or
 - (2) The maximum amount that may be taken into account under a qualified plan pursuant to section 401(a)(17) of the Code for the calendar year in which the Participant's Termination Date occurs.
- (bb) "**Severance Period**" means, for any Participant, the period starting on the Participant's Notice Date (if Interpublic or a Subsidiary provides written notice to the Participant that his employment will be terminated involuntarily) or the Participant's Termination Date (if he resigns for Good Reason or written notice of the Participant's involuntary termination is not provided) and ending on the last day of the calendar month that is the Designated Number of months after such Notice Date or Termination Date, as applicable.
- (cc) "**Subsidiary**" means, with respect to Interpublic, any corporation or other entity that is required to be combined with Interpublic as a single employer under section 414(b) or (c) of the Code.
- (dd) "**Termination Date**" means, for any Participant, the date of the Participant's "separation from service" (within the meaning of section 409A(a)(2)(A)(i) of the Code) with Interpublic and its Subsidiaries, as determined by Interpublic. For purposes of the Plan:
- (1) A Participant who is on a leave of absence and does not have a statutory or contractual right to reemployment shall be deemed to have had a "separation for service" on the first date that is more than six months after

the commencement of such leave of absence. However, if the leave of absence is due to any medically determinable physical or mental impairment that can be expected to last for a continuous period of six months or more, and such impairment causes the Participant to be unable to perform the duties of his position of employment or any substantially similar position of employment, the preceding sentence shall be deemed to refer to a 29-month period rather than to a six-month period; and

- (2) A sale of assets by Interpublic or a Subsidiary to an unrelated buyer that results in the Participant working for the buyer or one of its affiliates shall not, by itself, constitute a "separation from service" unless Interpublic, with the buyer's written consent, so provides in writing 60 or fewer days before the closing of such sale.

2.2. Rules of Construction.

For purposes of the Plan, unless the contrary is clearly indicated by the context:

- (a) The use of the masculine gender shall also include within its meaning the feminine and vice versa;
- (b) The use of the singular shall also include within its meaning the plural and vice versa;
- (c) The word "include" shall mean to include, but not to be limited to;
- (d) Any reference to a statute or section of a statute shall further be a reference to any successor or amended statute or section, and any regulations or other guidance of general applicability issued thereunder; and
- (e) "As soon as practicable," with respect to any date or event, shall mean on the earliest administratively practicable date after the relevant date or event, but no later than (1) the last day of the calendar year in which the relevant date or event occurs or (2) the 90th day following the occurrence of the relevant date or event, whichever occurs later. Such earliest administratively practicable date shall be determined by Interpublic in its sole discretion.

Article 3. PARTICIPATION

3.1. Commencing Participation.

An Eligible Executive shall become a Participant in the Plan as of the later of (a) the date he becomes an Eligible Executive or (b) the Effective Date.

3.2. Ending Participation.

An individual who becomes a Participant shall remain a Participant until the later of (a) the date the last required installment of his Salary Continuation Benefit (if any) and any payment required by Section 4.2(a)(2) is paid or (b) the last day of any period for which Interpublic is required to provide the benefits prescribed by Section 4.2(a)(1).

Article 4. SEVERANCE BENEFITS

4.1. Salary Continuation Benefit.

- (a) Eligibility and Amount. If a Participant is Dismissed and timely executes and submits to Interpublic the agreement required by Article 5, Interpublic shall pay to the Participant the Salary Continuation Benefit prescribed by this Section 4.1. Except as otherwise specified by the provisions of subsection (c), below, and Sections 4.4, 4.5, and 5.1, the total amount of such Salary Continuation Benefit shall be equal to the excess of (1) the Participant's Base Salary for his Designated Number of months over (2) any base salary paid to the Participant for the period starting on his Notice Date (if applicable) and ending on his Termination Date.
- (b) Form and Time of Payment of Salary Continuation Benefit. Interpublic shall pay the Salary Continuation Benefit prescribed by subsection (a), above, in semi-monthly installments (without interest); provided, however, that if the Participant is Dismissed within two years after a Change of Control, such Salary Continuation Benefit shall be paid in a lump sum. Before withholding, each installment shall be equal to one-half of the Participant's Base Salary for one month, except that any residual amount in respect of a period of less than one-half of a month shall be paid together with the last installment. Except as required by Section 4.3:
- (1) Payment of the Salary Continuation Benefit shall commence on the Commencement Date, and each subsequent installment shall be paid in accordance with Interpublic's standard semi-monthly payroll schedule; provided that no payment shall be made before the Participant executes and submits to Interpublic the agreement required by Article 5 and the period for revoking such agreement expires.
 - (2) If the Participant executes and submits to Interpublic the agreement required by Article 5 in a timely manner, but the period for revoking such agreement expires after the Commencement Date, the first semi-monthly installment shall be paid on Interpublic's first semi-monthly pay date after the period for revoking the agreement expires. Such first installment shall include a make-up payment equal to the sum of the semi-monthly installments that would have been paid to the Participant before the date the first installment is actually paid if the first installment had been paid on the Commencement Date (without interest).

- (c) Employment with Another Interpublic Agency. If a Participant is Dismissed but is later hired or rehired by Interpublic or a Subsidiary, the amount of each remaining semi-monthly payment required by subsections (a) and (b), above, shall be reduced (but not below zero) by the amount of the base salary payable to the Participant for the applicable semi-monthly pay period under the terms of his re-employment.
- (d) Death. If a Participant dies after being Dismissed or being notified that he will be Dismissed, but before receiving his entire Salary Continuation Benefit, Interpublic shall pay to the Participant's estate an amount equal to the portion of the Participant's Salary Continuation Benefit that has not yet been paid to the Participant. Such payment shall be made in a lump sum (without any discount or interest to reflect the time value of money) as soon as practicable after the Participant's death. For purposes of this Section 4.1(d), if the Participant's death occurs before his Termination Date, the date of his death shall be treated as his Termination Date.
- (e) Separate Payments. For purposes of section 409A of the Code, each installment required by this Section 4.1 shall be treated as a separate payment.

4.2. **Medical, Dental, and Vision Benefits.**

- (a) Benefit Continuation or Cash Payments. If a Participant is Dismissed and timely executes and submits to Interpublic the agreement required by Article 5, Interpublic shall provide to the Participant the following benefits or cash payments, except as otherwise specified by the provisions of Sections 4.4, 4.5, and 5.1:
 - (1) Throughout the Participant's Severance Period and his COBRA Period (which periods shall be consecutive), the Participant shall be eligible for continued medical, dental, and vision benefits under one or more plans maintained by Interpublic or a Subsidiary, subject to the Participant's payment of any premiums required by such plan or plans, at the Applicable Premium Rate; provided that:
 - (A) The Participant shall cease to be eligible for any benefit under this subsection (a) (except to the extent that he is entitled to continuation coverage under COBRA or any similar applicable federal or state law) upon the earlier of:
 - (i) His death or
 - (ii) The first day after his Termination Date that he (I) commences employment (or re-employment) with Interpublic or a Subsidiary or (II) becomes eligible to be covered by another employer's plan (or plans) providing medical benefits by reason of being employed by such other employer; and
 - (B) If Interpublic or the Administrative Committee determines at any time that any benefits to be provided pursuant to this paragraph (1) will be includible in the Participant's gross income under the

Code, this paragraph (1) shall not require Interpublic or any Subsidiary to provide such benefits to the Participant thereafter, and Interpublic shall pay to the Participant, in lieu of such benefits, the cash payments prescribed by paragraph (2), below.

- (2) If, pursuant to paragraph (1), above, the Participant becomes entitled to receive cash payments in lieu of benefits, Interpublic shall make such cash payments to the Participant in accordance with the following provisions:
- (A) The amount of the payment for each month from the first date as of which benefits are not provided pursuant to paragraph (1), above, through the last day of the Participant's COBRA Period shall be equal to 167 percent of the excess of:
 - (i) The aggregate premium or premiums that the Participant would be required to pay for medical, dental, and vision coverage for such month at the level required by paragraph (1), above, purchased through COBRA continuation coverage (to the extent available) or from a reputable private insurer (to the extent that COBRA continuation coverage is not available), as determined by the third-party administrator of Interpublic's Executive Medical Plus Plan, over
 - (ii) The Applicable Premium Rate for such month.
 - (B) Except as required by Section 4.3, the payments required by this paragraph (2) shall be made in quarterly installments (with each installment equal to the sum of the amounts prescribed by subparagraph (A), above, for the next three months (but not for any month after the last day of the Participant's COBRA Period)), starting on or as soon as practicable after the first day of the first month for which the Participant is entitled to receive the payments required by this paragraph (2). For purposes of section 409A of the Code, each installment required by this Section 4.2(a)(2) shall be treated as a separate payment.
 - (C) Interpublic shall not be required to make any payment to or on behalf of a Participant pursuant to this paragraph (2) for any month after the earliest of:
 - (i) The last day of the Participant's COBRA Period;
 - (ii) The Participant's death;
 - (iii) The first day after the Participant's Termination Date on which he (I) commences employment (or re-employment) with Interpublic a Subsidiary or (II) becomes eligible to be covered by another employer's plan (or plans) providing medical benefits by reason of being employed by such other employer; or

- (iv) The Participant's failure to provide, on or before a reasonable deadline (of not less than 30 days) specified by Interpublic in a written notice that Interpublic provides to the Participant at least 30 days in advance, documentation establishing that (I) the Participant has purchased medical, dental, and/or vision coverage (as applicable) at the level on which the amount of any prior payments pursuant to this paragraph (2) were based, and (II) such coverage remains in effect when the Participant provides such documentation.

(b) Indemnification.

- (1) Subject to paragraph (3), below, Interpublic shall indemnify and hold the Participant and his estate harmless for any and all losses, expenses, and other financial detriments (including attorneys' fees) that the Participant or his estate incurs during the period that ends on the tenth anniversary of the Participant's death in connection with the imposition of federal income tax on any benefits provided pursuant to paragraph (a)(1), above. The Participant (or, following the Participant's death, his estate) shall submit any request for reimbursement pursuant to this paragraph (1) in writing to Interpublic (accompanied by any evidence thereof that Interpublic reasonably requests in writing within 30 days after Interpublic is first notified that such financial detriment was incurred) within 180 days after the applicable loss, expense, or other financial detriment is incurred (or, if later, within 30 days after Interpublic reasonably requests in writing evidence of such financial detriment). Subject to paragraph (4), below, Interpublic shall pay any reimbursement required by this paragraph (1) within 30 days after it receives such request.
- (2) Subject to paragraph (3), below, if:
 - (A) the Internal Revenue Service or a certified public accountant engaged by the Participant or his estate determines that any benefit provided pursuant to paragraph (a)(1), above, is includible in the Participant's gross income for any taxable year;
 - (B) the Participant or his estate pays the applicable income tax and any interest and penalty;
 - (C) the Participant or his estate notifies Interpublic in writing of any payment described in subparagraph (B), above, within 180 days after the Participant or his estate makes such payment; and
 - (D) within 30 days after Interpublic receives the notification required by subparagraph (C), above, Interpublic reasonably requests in writing reasonable evidence of (i) the determination referred to in subparagraph (A), above, and/or (ii) the payment referred to in subparagraph (B), above, and the Participant or his estate provides such evidence within 30 days after he receives such written request from Interpublic,

then, subject to paragraphs (3) and (4), below, Interpublic shall, within 30 days after it receives the notice and any evidence required by subparagraph (D), above, pay to the Participant (or, following the Participant's death, his estate) the amount required to put the Participant (or, following the Participant's death, his estate) in the same after-tax position that he would have been in if he had not paid such income tax, interest, and penalties.

- (3) Upon written request by Interpublic, the Participant (or, following the Participant's death, his estate) shall:
- (A) Seek a refund of any such tax, interest, or penalty for which Interpublic has reimbursed the Participant or his estate pursuant to this subsection (b), provided that Interpublic shall designate a representative to represent the Participant (or, following the Participant's death, his estate), at Interpublic's expense, in any refund proceeding;
 - (B) Comply with any reasonable written requests that Interpublic makes for assistance in obtaining such a refund, provided that Interpublic shall reimburse the Participant (or, following the Participant's death, his estate) for any reasonable costs and expenses he incurs in providing such assistance; and
 - (C) Assign to Interpublic the right to any refund that the Participant or his estate receives, or has a right to receive, from the U.S. Treasury as a result of such efforts, up to the amount that Interpublic paid or caused to be paid to, or on behalf of, the Participant pursuant to this subsection (b).
- (4) If Interpublic determines that the Participant is a "specified employee" (within the meaning of section 409A(a)(2)(B)(i) of the Code, and determined in accordance with Treas. Reg. § 1.409A-1(i)) as of his Termination Date, payment of any amount required by this Section 4.2(b) shall not be made before the first day of the seventh month after the Participant's Termination Date. If paragraph (1) or (2), above, prescribes an earlier payment date, payment shall be made, without interest, on or within 30 days after the first day of the seventh month after the Participant's Termination Date.

4.3. Delay of Payment to Specified Employees.

This Section 4.3 is intended to comply with the requirement under Section 409A(a)(2)(B)(i) of the Code to delay certain post-termination payments to "specified employees" (within the meaning of section 409A(a)(2)(B)(i) of the Code) for six months after the Termination Date. In order to avoid an inadvertent violation of such requirement, the restrictions set forth in this Section 4.3 may be more restrictive than is required under section 409A(a)(2)(B)(i) of the Code. However, this Section 4.3 shall not be construed to allow payment of any amount at any time that would cause a violation of section 409A(a)(2)(B)(i) of the Code.

- (a) If (x) Interpublic determines that the Participant is a "specified employee" (within the meaning of section 409A(a)(2)(B)(i) of the Code, and determined in accordance with Treas. Reg. § 1.409A-1(i)) as of his Termination Date, and (y) the sum of the Participant's Restricted Severance Payments that are scheduled to be made before the first day of the seventh month following the Participant's Termination Date exceeds the Participant's Severance Exclusion Amount, then:
- (1) Each payment that Section 4.1(b)(1) requires to be made on or before March 15th of the first calendar year that begins after the Participant's Termination Date shall be made at the time prescribed by Section 4.1(b)(1). Interpublic shall determine whether a payment is required to be made on or before March 15th of the first calendar year that begins after the Participant's Termination Date based on the facts known as of the date the Participant first became eligible to participate in the Plan;
 - (2) Each payment required by Sections 4.1 and 4.2(a)(2), other than a payment described by paragraph (1), above, shall be made at the time prescribed by Section 4.1(b)(1) or 4.2(a)(2)(B), as applicable, until the sum of (A) such payments and (B) all Separation Payments made to the Participant under any Other Arrangement equals the Participant's Severance Exclusion Amount; and
 - (3) To the extent that any payment required by Sections 4.1 and 4.2(a)(2), other than a payment described by paragraph (1), above, cannot be made by reason of paragraph (2), above, such payment shall be made on the later of —
 - (A) Interpublic's first semi-monthly pay date for the seventh month after the Participant's Termination Date (or, if earlier, as soon as practicable after the Participant's death), or
 - (B) The date when such payment would otherwise be due in accordance with Sections 4.1 and 4.2(a)(2).

Interest shall not be added to any payment that is delayed by reason of the application of this Section 4.3.

4.4. Non-duplication, Coordination, and Right to Change Benefit Plans

- (a) No provision of this Plan shall require (or be interpreted to require) Interpublic or any Subsidiary to duplicate any payment or other compensation or benefit that a Participant is entitled to receive under any Other Arrangement.
- (b) The amount of the Salary Continuation Benefit payment required by Section 4.1 for each pay period (determined without regard to any delay in payment) shall be reduced dollar-for-dollar (but not below zero) by the amount of any salary continuation or similar severance payment that the Participant is entitled to receive for the applicable semi-monthly pay period (determined without regard to any delay in payment) pursuant to any Other Arrangement. If the Plan or an Other Arrangement provides for a salary continuation or similar severance benefit paid in a form other than semi-monthly installments, such benefit shall be

expressed for purposes of applying this Section 4.4(b) as an equivalent benefit payable in semi-monthly installments, without regard to any delay in payment and without any adjustment for interest. For example, for purposes of applying this Section 4.4(b):

- (1) A lump-sum severance payment equal to 12 months' base salary shall be treated as if it were paid for 12 months in 24 semi-monthly installments, each equal to 1/24th of the Participant's annual base salary, commencing on the date prescribed by the Other Arrangement;
 - (2) A severance benefit payable in monthly installments shall be treated as if it were paid in semi-monthly installments, with each semi-monthly installment equal to one-half of the monthly installment required by the Other Arrangement; and
 - (3) If payment to a Participant is delayed by reason of Section 4.3, the amount of the Participant's Salary Continuation Benefit payment required by Section 4.1 for each pay period shall be determined as if payments commenced on the Commencement Date. Any delay of payment required by an Other Arrangement shall be similarly disregarded.
- (c) The amount of any payment required under Section 4.2(a)(2) for any quarter (determined without regard to any delay in payment) shall be reduced dollar-for-dollar (but not below zero) by the amount of any reimbursement or allowance for medical, dental, or vision benefit premiums (including COBRA premiums) that the Participant is entitled to receive for such quarter (determined without regard to any delay in payment) pursuant to any Other Arrangement.
- (d) Subject to this Section 4.4, the benefits provided under the Plan (after reduction pursuant to subsections (b) and (c), above) shall be in addition to any compensation or benefits the Participant is eligible to receive under any Other Arrangement.
- (e) No provision of this Plan shall restrict the ability of Interpublic or any Subsidiary to amend, suspend, or terminate any or all of its employee benefit plans and programs (not including this Plan) from time to time, or prevent any such amendment, suspension, or termination from affecting any Participant; provided, that the restrictions set forth in Section 7.4 shall apply with respect to any amendment, suspension, or termination of this Plan.

4.5. Forfeiture of Certain Parachute Payments.

- (a) Notwithstanding any provision in the Plan to the contrary, if subsection (b), below, applies, a Participant shall forfeit amounts payable to him under the Plan to the extent that a firm selected in accordance with subsection (c), below, determines is necessary to ensure that the Participant is not reasonably likely to receive a "parachute payment" under section 280G(b)(2) of the Code.
- (b) This subsection (b) shall apply if:

- (1) Any payment to be made under the Plan is reasonably likely to result in the Participant receiving a "parachute payment" (as defined in section 280G(b)(2) of the Code), and
 - (2) The Participant's forfeiture of payments due under the Plan would result in the aggregate after-tax amount the Participant would receive being greater than the aggregate after-tax amount the Participant would receive if there were no such forfeiture.
- (c) The amount of any forfeiture pursuant to subsection (a), above, shall be conclusively determined by either of the following firms, as engaged by Interpublic at Interpublic's expense:
- (1) The outside auditing firm retained by Interpublic for the last fiscal year ending before a Change of Control, or
 - (2) A national auditing firm acceptable to the Participant.
- (d) If the firm engaged pursuant to subsection (c), above, determines that a Participant could avoid adverse tax consequences relating to Section 280G of the Code (determined on a net after-tax basis) by forfeiting payments under one or more Other Arrangements, and such Other Arrangements permit a forfeiture to avoid adverse tax consequences relating to Section 280G of the Code, the Participant shall not forfeit his right to receive any amount due under this Plan unless and until he has forfeited his right to all payments under such Other Arrangements; provided, however, that the Participant shall not forfeit any right to severance under a Change of Control or employment agreement unless and until he has forfeited his right to severance under this Plan.

Article 5. RELEASE AND COVENANTS

5.1. Benefits Contingent on Executing Agreement.

A Participant shall not be entitled to any benefits under this Plan unless he executes and does not subsequently revoke or materially breach an agreement that is materially the same as the model agreement set forth in Exhibit A to the Plan. Except to the extent that Interpublic and the Participant may agree to modifications, such agreement shall:

- (a) Include a release that is materially the same as the release of claims in paragraph 3 of the model agreement set forth in Exhibit A to the Plan;
- (b) Include intellectual property, non-disparagement, return of property, and confidentiality covenants that are materially the same as the covenants set forth in paragraphs 8, 10, and 11 of the model agreement set forth in Exhibit A to the Plan, which shall be binding on the Participant for all time;
- (c) Provide that, during the period that begins on the Participant's Termination Date and ends on the later of (x) the date the last payment to the Participant under this

Plan is due or (y) the first anniversary of the Participant's Termination Date, the Participant shall not:

- (1) Directly or indirectly, either on the Participant's own behalf or on behalf of any other person, firm, or corporation, solicit any account that is a client of the Participant's Employer at any time during the one-year period ending on the Participant's Termination Date;
 - (2) Perform any services relating to advertising, marketing, research, public relations, or related services for any person (including any company or other entity) that is a client of the Participant's Employer at any time during the one-year period ending on the Participant's Termination Date; or
 - (3) Directly or indirectly employ or attempt to employ, or assist anyone else to employ, any person who was in the employ of the Participant's Employer at any time during the six-month period ending on the Participant's Termination Date; and
- (d) Provide that if the Participant commences any form of employment or partnership (including as an advisor, consultant or otherwise) with any business that is in competition with the business of the Participant's Employer, he shall (A) immediately forfeit his right to all then-remaining payments to which he would otherwise be entitled under the Plan and (B) cease to be eligible for any benefit under Section 4.2(a).

5.2. Time Limit for Executing Agreement.

- (a) Interpublic or a Subsidiary shall deliver, or cause to be delivered, an executable copy of the agreement required by Section 5.1 on or before the fifth business day after the Participant's Termination Date.
- (b) If the agreement provided pursuant to subsection (a), above, is acceptable to the Participant (after consultation with an attorney), he shall submit to Interpublic an executed copy of the agreement by the following deadline:
 - (1) Unless the Participant is Dismissed in connection with an exit incentive or other employment termination program that affects more than one employee, the deadline shall be 21 days after the agreement is delivered to the Participant.
 - (2) If the Participant is Dismissed in connection with an exit incentive or other employment termination program that affects more than one employee, the deadline shall be 45 days after the agreement is delivered to the Participant.

Article 6. NATURE OF PARTICIPANT'S INTEREST IN AND RIGHTS UNDER THE PLAN

6.1. No Right to Assets.

Participation in the Plan does not create any right or lien in favor of any Participant in or against any asset of Interpublic or any Subsidiary. Nothing contained in the Plan, and no action taken under its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship, between (a) Interpublic or any Subsidiary and (b) a Participant or any other person. The provision for benefits pursuant to this Plan shall at all times remain unfunded as to each Participant, and the rights of each Participant and any beneficiary under the Plan shall be limited to those of a general and unsecured creditor of Interpublic and its Subsidiaries.

6.2. No Right to Transfer Interest.

Except to the extent necessary to fulfill a domestic relations order (as defined in section 414(p)(1)(B) of the Code), rights to benefits payable under the Plan shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, hypothecation, encumbrance, charge, execution, attachment, levy, or similar process.

6.3. No Employment Rights.

No provisions of the Plan and no action taken by (a) Interpublic, any Subsidiary, the Board of Directors (including any committee thereof), the Administrative Committee, or (b) any agent or designee of Interpublic, a Subsidiary, the Board of Directors, or the Administrative Committee shall give any person any right to be retained in the employ of Interpublic or any Subsidiary. Interpublic and its Subsidiaries specifically reserve the right and power to dismiss or discharge any Participant at any time and for any reason, to the full extent permitted by applicable law.

6.4. Withholding and Tax Liabilities.

All payments and other compensation under the Plan shall be subject to withholding of income and employment taxes and other amounts (including any offset to which Interpublic or a Subsidiary has a right) that Interpublic or its designee reasonably determines to be required to be withheld, whether with respect to payments or other compensation pursuant to the Plan or other payments or compensation from Interpublic or a Subsidiary. In addition, except as provided by Section 4.2(b), each Participant shall be solely responsible for paying all required taxes (including any excise taxes) on all payments and other compensation (including imputed compensation) and benefits provided under the Plan, regardless of whether taxes are withheld or the amount withheld. Except as provided by Section 4.2(b), no provision of the Plan shall be construed (a) to limit the Participant's responsibility under this Section 6.4 or (b) to transfer to or impose on Interpublic or any Subsidiary any liability relating to taxes (including excise taxes) on compensation (including imputed compensation) or other income under this Plan.

Article 7. ADMINISTRATION, INTERPRETATION, AND MODIFICATION OF PLAN

7.1. Plan Administrator.

The Plan shall be administered by the Administrative Committee.

7.2. Powers of the Administrator and Review of Determinations.

- (a) Prior to a Change of Control, the Administrative Committee shall have complete and exclusive discretionary authority and responsibility to:
 - (1) Administer, construe, and interpret the Plan;
 - (2) Establish such rules and regulations as it deems necessary or desirable for the proper and effective administration of the Plan;
 - (3) Resolve any ambiguity, inconsistency, or omission by general rule or particular decision;
 - (4) Make factual determinations;
 - (5) Settle and determine any contributions and disputes as to rights or benefits under the Plan; and
 - (6) Take such actions in connection with and for the purposes of the Plan as it believes advisable to carry out the purposes of the Plan and to maintain its operation.
- (b) The Administrative Committee is authorized to delegate any of its duties and responsibilities under the Plan as the Administrative Committee deems appropriate. In addition, the Administrative Committee is authorized to employ one or more persons to render advice with regard to any of its administrative responsibilities.
- (c) Review by a court of any determination by the Administrative Committee shall be subject to the following standard of review:
 - (1) Prior to a Change of Control, the standard of review shall be the "arbitrary and capricious" standard.
 - (2) Following a Change of Control, the standard of review shall be *de novo*.

7.3. American Jobs Creation Act of 2004 ("AJCA")

- (a) The Plan shall be operated, administered, and interpreted in accordance with (1) before January 1, 2008, a reasonable, good-faith interpretation of section 409A of the Code and section 885 of the American Jobs Creation Act of 2004, as amended (the "AJCA") and (2) after December 31, 2007, section 409A of the Code and the AJCA.

- (b) If Interpublic or the Administrative Committee determines that any provision of the Plan is or might be inconsistent with the restrictions imposed by section 409A of the Code or the AJCA, Interpublic or the Administrative Committee may amend the Plan to the extent that Interpublic or the Administrative Committee determines, based on the advice of outside counsel, is necessary to bring it into compliance with section 409A of the Code and the AJCA.
- (c) No provision in the Plan shall be interpreted or construed to transfer any liability for a failure to comply with section 409A of the Code from a Participant or other individual to Interpublic, any Subsidiary, or any other entity or individual affiliated with Interpublic and its Subsidiaries.

7.4. Amendment, Suspension, and Termination.

- (a) Subject to the restrictions set forth in this Section 7.4, the Board of Directors or any person duly authorized by resolution of the Board of Directors may, pursuant to a written instrument, amend, suspend, or terminate the Plan at any time. In addition, the Administrative Committee may amend the Plan to the extent that it deems necessary or desirable:
 - (1) To improve the administration of the Plan, so long as such amendment does not materially affect the substance of the Plan or the level of benefits the Plan provides, or
 - (2) To comply with any applicable federal, state, or local law (including tax laws that could result in adverse tax consequences to any Participant or Interpublic or any Subsidiary).
- (b) No amendment, suspension, or termination of the Plan that might reduce the level of benefits available under the Plan shall be given effect with respect to any Participant who:
 - (1) Was a Participant on the day before the later of (A) the effective date of such amendment, suspension, or termination, or (B) the date such amendment, suspension, or termination is adopted (such later date being the "Amendment Date"), and
 - (2) On or before the second anniversary of the Amendment Date is either (A) Dismissed or (B) notified that he will be Dismissed, unless such Participant expressly consents in writing to such amendment, suspension, or termination.

Article 8. CLAIMS AND APPEALS

8.1. Application of Claims and Appeals Procedures.

- (a) The provisions of this Article 8 shall apply to any claim for a benefit under the Plan, regardless of the basis asserted for the claim and regardless of when the act or omission upon which the claim is based occurred.
- (b) No claim for non-payment or underpayment of benefits allegedly owed under the Plan may be filed in court until the claimant has exhausted the claims review procedures established in accordance with this Article 8.

8.2. Initial Claims.

- (a) Any claim for benefits shall be in writing (which may be electronic if permitted by the Administrative Committee) and shall be delivered to a claims administrator designated in writing by the Administrative Committee.
- (b) Each claim for benefits shall be decided by the claims administrator or the Administrative Committee (as determined by the Administrative Committee) within a reasonable period of time, but not later than 90 days after such claim is received by the claims administrator (without regard to whether the claim submission includes sufficient information to make a determination), unless the claims administrator or the Administrative Committee determines that special circumstances require an extension of time for processing the claim. If the claims administrator or the Administrative Committee determines that an extension of time for processing is required, the claims administrator or the Administrative Committee shall notify the claimant in writing before the end of the initial 90-day period of the circumstances requiring an extension of time and the date by which a decision is expected.
- (c) If any claim is denied in whole or in part, the claims administrator or the Administrative Committee shall provide to the claimant a written decision, issued by the end of the period prescribed by subsection (b), above, that includes the following information:
 - (1) The specific reason or reasons for denial of the claim;
 - (2) References to the specific Plan provisions upon which such denial is based;
 - (3) A description of any additional material or information necessary to perfect the claim, and an explanation of why such material or information is necessary;
 - (4) An explanation of the appeal procedures Plan's and the applicable time limits; and
 - (5) A statement of the claimant's right to bring a civil action under section 502(a) of ERISA, if his claim is denied upon review.

8.3. Appeals.

- (a) If a claim for benefits is denied in whole or in part, the claimant may appeal the denial to the Administrative Committee. Such appeal shall be in writing (which may be electronic, if permitted by the Administrative Committee), may include any written comments, documents, records, or other information relating to the claim for benefits, and shall be delivered to the Administrative Committee within 60 days after the claimant receives written notice that his claim has been denied.
- (b) The Administrative Committee shall decide each appeal within a reasonable period of time, but not later than 60 days after such claim is received by the Administrative Committee, unless the Administrative Committee determines that special circumstances require an extension of time for processing the appeal.
 - (1) If the Administrative Committee determines that an extension of time for processing is required, the Administrative Committee shall notify the claimant in writing before the end of the initial 60-day period of the circumstances requiring an extension of time and the date by which the claims administrator expects to render a decision.
 - (2) If an extension of time pursuant to paragraph (1), above, is due to a claimant's failure to submit information necessary to decide the appeal, the period for deciding the appeal shall be tolled from the date on which the notification of extension is sent to the claimant until the date on which the claimant responds to the request for additional information.
- (c) In connection with any appeal, a claimant shall be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to his claim for benefits. A document, record, or other information shall be considered relevant to a claim for benefits if such document, record, or other information:
 - (1) Was relied upon in making the benefit determination;
 - (2) Was submitted, considered, or generated in the course of making the benefit determination, without regard to whether such document, record, or other information was relied upon in making the benefit determination; or
 - (3) Demonstrates compliance with processes and safeguards designed to ensure and to verify that the benefit determination was made in accordance with the terms of the Plan and that such terms of the Plan have been applied consistently with respect to similarly situated claimants.
- (d) The Administrative Committee's review on appeal shall take into account all comments, documents, records and other information submitted by the claimant, without regard to whether such information was considered in the initial benefit determination.

- (e) If any appeal is denied in whole or in part, the Administrative Committee shall provide to the claimant a written decision, issued by the end of the period prescribed by subsection (b), above, that includes the following information:
- (1) The specific reason or reasons for the decision;
 - (2) References to the specific Plan provisions upon which the decision is based;
 - (3) An explanation of the claimant's right to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to his claim for benefits (as determined pursuant to subsection (c), above); and
 - (4) A statement of the claimant's right to bring a civil action under section 502(a) of ERISA.

8.4. Other Rules and Rights Regarding Claims and Appeals.

- (a) A claimant may authorize a representative to pursue any claim or appeal on his behalf. The Administrative Committee may establish reasonable procedures for verifying that any representative has in fact been authorized to act on his behalf.
- (b) Notwithstanding the deadlines prescribed by this Article 8, the Administrative Committee and any claimant may agree to a longer period for deciding a claim or appeal or for filing an appeal, provided that the Administrative Committee shall not extend any deadline for filing an appeal unless imposition of the deadline prescribed by Section 8.3(a) would be unreasonable under the applicable circumstances.

8.5. Interpretation.

The provisions of this Article 8 are intended to comply with section 503 of ERISA and shall be administered and interpreted in a manner consistent with such intent.

Article 9. MISCELLANEOUS PROVISIONS

9.1. Payments to be Made in Cash.

Except to the extent expressly provided otherwise, all payments required by this Agreement shall be made in cash.

9.2. Obligation to Make Payments.

Interpublic may satisfy any provision of the Plan that obligates Interpublic to make a payment or to provide a benefit by causing another party, such as a Subsidiary, to make the payment or to provide the benefit.

9.3. Authority to Determine Payment Date.

To the extent that any payment under the Plan may be made within a specified number of days on or after any date or the occurrence of any event, the date of payment shall be determined by Interpublic in its sole discretion, and not by any Participant, beneficiary, or other individual.

9.4. Successors to the Company.

Interpublic shall require any successor (whether direct or indirect, by merger, consolidation, sale of stock or assets, or otherwise) to the business or assets of Interpublic, expressly, absolutely, and unconditionally to assume the Plan and to administer the Plan in accordance with its terms.

9.5. Mitigation Not Required.

The Participant shall not be required to mitigate amounts payable under the Plan by seeking other employment or otherwise. Except to the extent otherwise expressly provided by the terms of the Plan, the acceptance of any such other employment shall not diminish or impair the amounts payable to any Participant under the Plan.

9.6. Incapacity.

If the Administrative Committee determines that any person entitled to benefits under the Plan is unable to care for his affairs because of illness or accident, any payment due (unless a duly qualified guardian or other legal representative has been appointed) may be made for the benefit of such person to his spouse, parent, brother, sister, or other party deemed by the Administrative Committee to have incurred expenses for such person.

9.7. Power to Delegate Authority.

The Board of Directors may, in its sole discretion, delegate to any person or persons all or part of its authority and responsibility under the Plan, including the authority to amend the Plan.

9.8. Overpayments.

To the extent permitted under section 409A of the Code, if any overpayment of benefits is inadvertently made under the Plan, the amount of such overpayment may be set off against further amounts payable to or on account of the Participant or other person who received the overpayment until the overpayment has been recovered. The foregoing remedy is not intended to be exclusive.

9.9. Headings.

The headings used in this document are for convenience of reference only and shall not be given any weight in interpreting any provision of the Plan.

9.10. **Severability.**

If any provision of the Plan is held illegal or invalid for any reason, the illegality or invalidity of that provision shall not affect the remaining provisions of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had never been included in the Plan.

9.11. **Governing Law.**

The Plan shall be construed, administered, and regulated in accordance with the provisions of federal law, and, to the extent not preempted thereby, in accordance with the laws of the State of New York, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Plan to the substantive law of another jurisdiction.

9.12. **Complete Statement of Plan.**

This Plan contains a complete statement of its terms, and no other evidence, whether written or oral, shall be taken into account in interpreting the provisions of the Plan. In the event of any conflict between a provision in this Plan document and any booklet, brochure, presentation, or other communication (whether written or oral), the provision of this Plan document shall control.

The Interpublic Group of Companies, Inc.

By /s/ Timothy A. Sompolski

Its Executive Vice President,
Chief Human Resources Officer

EXHIBIT A: MODEL RELEASE AND COVENANT AGREEMENT

CONFIDENTIAL SEPARATION AGREEMENT AND GENERAL RELEASE

CONFIDENTIAL SEPARATION AGREEMENT AND GENERAL RELEASE between _____ [insert name of Company] ("**Employer**") and _____ [insert Employee's Name] ("**Employee**"). In consideration of the mutual covenants herein contained, the parties agree as follows:

1. **Termination of Employment.** Employee has been terminated from any and all positions that he/she holds at Employer or any subsidiary thereof effective _____ [insert last day of employment] ("**Effective Date**").
2. **Severance Payments and Benefits.** Subject to Employee's execution and non-revocation of, and compliance with this Agreement, Employer shall: pay, or cause to be paid, to Employee the payments and benefits to which he is entitled under the Interpublic Executive Severance Plan (which is incorporated herein by reference) plus _____ [describe any additional severance pay or benefits to which Executive is entitled under another IPG plan, program, or arrangement]. The payments referenced herein are in full satisfaction of any and all claims Employee may have against Employer, and exceed in value any payments to which Employee may otherwise be entitled.
3. **Release of Claims.** By signing this Agreement and Release, Employee, on behalf of him/herself and his/her current, former, and future heirs, executors, administrators, attorneys, agents and assigns, releases and waives all legal claims in law or in equity of any kind whatsoever that Employee has or may have against Employer, its parents, subsidiaries and affiliates, and their respective officers, directors, employees, shareholders, members, agents, attorneys, trustees, fiduciaries, representatives, benefit plans and plan administrators, successors and/or assigns, and all persons or entities acting by, through, under, or in concert with any or all of them (collectively, the "Releasees"). This release and waiver covers all rights, claims, actions and suits of all kinds and descriptions that Employee now has or has ever had, whether known or unknown or based on facts now known or unknown, fixed or contingent, against the Releasees, occurring from the beginning of time up to and including the date that Employee executes this Agreement and Release, including, without limitation:
 - a. any claims for wrongful termination, defamation, invasion of privacy, intentional infliction of emotional distress, or any other common law claims;
 - b. any claims for the breach of any written, implied or oral contract between Employee and Employer, including but not limited to any contract of employment;
 - c. any claims of discrimination, harassment or retaliation based on such things as age, national origin, ancestry, race, religion, sex, sexual orientation, or physical or mental disability or medical condition;
 - d. any claims for payments of any nature, including but not limited to wages, overtime pay, vacation pay, severance pay, commissions, bonuses and benefits or the monetary equivalent of benefits, but not including any claims for (i) unemployment or

workers' compensation benefits, (ii) the consideration being provided to Employee pursuant to Paragraph 2 of this Agreement, or (iii) payments and benefits to which Employee is entitled under any employee benefit plan, program, or other arrangement maintained by The Interpublic Group of Companies, Inc. ("**Interpublic**") or the Employer; and

e. all claims that Employee has or that may arise under the common law and all federal, state and local statutes, ordinances, rules, regulations and orders, including but not limited to any claim or cause of action based on the Fair Labor Standards Act, Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the Family and Medical Leave Act, the Americans with Disabilities Act, the Civil Rights Acts of 1866, 1871 and 1991, the Rehabilitation Act of 1973, the National Labor Relations Act, the Employee Retirement Income Security Act of 1974, the Worker Adjustment and Retraining Notification Act, the Vietnam Era Veterans' Readjustment Assistance Act of 1974, Executive Order 11246, and any state laws governing employee rights, *[if Employer is located in California: including Section 1542 of the Civil Code of California]* as each of them has been or may be amended.

[if Employer is located in California: Section 1542 of the Civil Code of California provides:

A general release does not extend to claims, which the creditor does not know or suspect to exist in his/her favor at the time of executing the release, which if known by him/her must have materially affected his settlement with the debtor.

Employee acknowledges that the above release covers all claims described in this Paragraph 3, whether such claims are known or unknown and suspected or unsuspected. Employee further acknowledges that he/she understands the significance and consequences of this release and of this specific waiver of Section 1542 of the Civil Code of California.]

This Agreement and Release shall be binding upon and inure to the benefit of Employee and the Releasees and any other individual or entity who may claim any interest in the matter through Employee. Employee also acknowledges that he/she has not assigned any of his/her rights to make the aforementioned claims or demands. Employee also acknowledges and represents that he/she has not filed nor will he/she file any lawsuits based on claims or demands that he/she has released herein.

4. Attorney Review. Employee is hereby advised that he/she should consult with an attorney prior to executing this Agreement.

5. *[This paragraph will not be included if Employee is under age 40 when his employment terminates.]* Review Period. Employee is also advised that he/she has twenty-one (21) *[if Employee's termination is part of a termination affecting more than one person: "forty-five (45)"]* days from the date this Agreement is delivered to him/her within which to consider whether he/she will sign it.

6. *[This paragraph will not be included if Employee is under age 40 when his employment terminates.]* Revocation Period. If Employee signs this Agreement, he/she acknowledges that he/she understands that he/she may revoke this Agreement within seven (7) *[if Employer is in Minnesota: "fifteen (15)"]* days after he/she has signed it by notifying Employer

in writing that he/she has revoked this Agreement. Such notice shall be addressed to _____ [insert name and address of person to whom revocation should be sent]. This Agreement shall not be effective or enforceable in accordance with its terms until the 7-day [15-day in Minnesota] revocation period has expired.

7. Employment with Another IPG Agency. In the event Employee accepts employment with any company owned or controlled by Interpublic during the period in which payments are being made pursuant to this Agreement, all such payments shall cease upon commencement of such employment. If, however, Employee's new base salary is lower than the base salary upon which the severance payments are based, Employee will continue to receive as severance the difference in base salary for the period of overlap.

8. Intellectual Property Rights. Employee acknowledges and agrees that all concepts, writings and proposals submitted to and accepted by Employer ("**Intellectual Property**") which relate to the business of Employer and which have been conceived or made by him/her during the period of his employment, either alone or with others are the sole and exclusive property of Employer or its clients. As of the date hereof, Employee hereby assigns in favor of Employer all the Intellectual Property covered by this Paragraph 8. On or subsequent to the date hereof, Employee shall execute any and all other papers and lawful documents required or necessary to vest sole rights, title and interest in the Employer or its nominee of the Intellectual Property described herein.

9. Non-Admission. This Agreement and Release shall not in any way be construed as an admission by the Company of any liability for any reason, including, without limitation, based on any claim that the Company has committed any wrongful or discriminatory act.

10. Non-Disparagement. Employee agrees that he/she will not say, write or cause to be said or written, any statement that may be considered defamatory, derogatory or disparaging of any of the Releasees.

11. Confidentiality/Company Property. Employee acknowledges that he/she has had access to confidential, proprietary business information of Employer as a result of employment, and Employee hereby agrees not to use such information personally or for the benefit of others. Employee also agrees not to disclose to anyone any confidential information at any time in the future so long as it remains confidential. Employee further agrees to keep the terms and the existence of this Agreement and Release confidential and not to discuss it with anyone other than his/her attorney, tax advisor, spouse, or as may be required by law. Employee represents that he/she has returned all Employer property in his/her possession. Employee also acknowledges and reaffirms his/her continuing obligations to Employer pursuant to any confidentiality, non-compete and/or non-solicitation agreements signed by Employee.

12. Non-Solicitation. For a period that begins on the Effective Date and ends on the later of (x) the date the last payment referenced in Paragraph 2 is due or (y) the first anniversary of the Effective Date, regardless of the reason therefor, Employee shall not (a) directly or indirectly, either on Employee's own behalf or on behalf of any other person, firm or corporation, solicit any account that is a client of Employer at the time of Employee's termination or that was a client of Employer at any time within one year prior to the date of Employee's termination of employment; (b) perform any services relating to advertising, marketing, research, public relations or related services for any such account; or (c) directly or indirectly, employ or attempt to employ or assist anyone else to employ any person who is at such time or who was within the six-month period immediately prior to such time in the employ of Employer. Employee

acknowledges that the above restrictions are reasonable and necessary to protect Employer's legitimate business interest.

13. Non-Competition. If Employee commences any form of employment or partnership (including as an advisor, consultant or otherwise) with any business that is in competition with the business of Employer, he shall immediately forfeit his right to all future severance payments and benefits otherwise required by Paragraph 2.

14. Entire Agreement; No Other Promises. Except as to any confidentiality, non-compete and/or non-solicitation agreements signed by Employee upon or during his/her employment with Employer, Employee hereby acknowledges and represents that this Agreement and Release contains the entire agreement between Employee and Employer, and it supersedes any and all previous agreements concerning the subject matter hereof. Employee further acknowledges and represents that neither Employer nor any of its agents, representatives or employees have made any promise, representation or warranty whatsoever, express, implied or statutory, not contained herein, concerning the subject matter hereof, to induce Employee to execute this Agreement and Release, and Employee acknowledges that he/she has not executed this Agreement and Release in reliance on any such promise, representation or warranty.

15. Equitable Relief and Other Remedies. Employee acknowledges that a remedy at law for any breach or attempted breach of this Agreement will be inadequate, and agrees that, in addition to money damages, Employer shall be entitled to specific performance and injunctive and other equitable relief in the case of any such breach or attempted breach; provided that the remedy set forth in Paragraph 13 for Employee's employment or partnership with any business that is in competition with the business of Employer shall be exclusive. It is also agreed that, in addition to any other remedies, in the event of a breach of this Agreement by Employee, Employer may withhold, discontinue, and retain all or any portion of the severance payments and benefits otherwise required by Paragraph 2.

16. Severability. If any term or condition of this Agreement and Release shall be held to be invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, this Agreement and Release shall be construed without such term or condition. If at the time of enforcement of any provision of this Agreement, a court shall hold that the duration, scope or area restriction of any provision hereof is unreasonable under circumstances now or then existing, the parties hereto agree that the maximum duration, scope or area reasonable under the circumstances shall be substituted by the court for the stated duration, scope or area.

17. Choice of Law and Forum. This Agreement and Release shall be construed and enforced in accordance with, and governed by, the laws of the State of New York, without regard to its choice of law provisions. Any dispute under this Agreement and Release shall be adjudicated by a court of competent jurisdiction in the city of _____ [insert name of city in which Employer is located].

18. Amendment. This Agreement and Release may not be amended or modified in any way, except pursuant to a written instrument signed by both parties.

HAVING READ AND UNDERSTOOD THE RELEASE, CONSULTED COUNSEL OR VOLUNTARILY ELECTED NOT TO CONSULT COUNSEL, AND HAVING HAD SUFFICIENT TIME TO CONSIDER WHETHER TO ENTER INTO THIS AGREEMENT

AND RELEASE, THE PARTIES HERETO HAVE EXECUTED THIS AGREEMENT AND RELEASE AS OF THE DAY AND YEAR FIRST WRITTEN BELOW.

[Insert name of Individual]

Dated: _____

[Insert name of Company]

By: _____
[Name and Title]

Dated: _____

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

	Six Months Ended June 30,	Years Ended December 31,				
	2007	2006	2005	2004	2003	2002
Earnings (loss)⁽¹⁾						
Income (loss) from continuing operations before income taxes	\$(27.4)	\$ (5.0)	\$(186.6)	\$(267.0)	\$(372.8)	\$115.8
Fixed charges⁽¹⁾						
Interest expense and other charges	111.9	218.7	181.9	172.0	206.6	158.3
Interest factor of net operating rents ⁽²⁾	91.2	185.1	183.9	190.0	192.7	183.8
Total fixed charges	\$203.1	\$403.8	\$ 365.8	\$ 362.0	\$ 399.3	\$342.1
Earnings (loss), as adjusted	\$175.7	\$398.8	\$ 179.2	\$ 95.0	\$ 26.5	\$457.9
Ratio of earnings to fixed charges⁽³⁾	N/A	N/A	N/A	N/A	N/A	1.3

(1) Earnings (loss) consist of income (loss) from continuing operations before income taxes, income 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 six months ended June 30, 2007 and 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 \$27.4, \$5.0, \$186.6, \$267.0 and \$372.8 in the six months ended June 30, 2007 and the years ended December 31, 2006, 2005, 2004 and 2003, respectively.

COMPUTATION OF RATIOS OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS
(Amounts in Millions, Except Ratios)

	Six Months Ended June 30,	Years Ended December 31,				
	2007	2006	2005	2004	2003	2002
Earnings (loss)⁽¹⁾						
Income (loss) from continuing operations before income taxes	\$(27.4)	\$ (5.0)	\$(186.6)	\$(267.0)	\$(372.8)	\$115.8
Fixed charges⁽¹⁾						
Interest expense and other charges	111.9	218.7	181.9	172.0	206.6	158.3
Interest factor of net operating rents ⁽²⁾	91.2	185.1	183.9	190.0	192.7	183.8
Total fixed charges	\$203.1	\$403.8	\$ 365.8	\$ 362.0	\$ 399.3	\$342.1
Earnings (loss) plus fixed charges	<u>\$175.7</u>	<u>\$398.8</u>	<u>\$ 179.2</u>	<u>\$ 95.0</u>	<u>\$ 26.5</u>	<u>\$457.9</u>
Preferred stock dividends⁽³⁾						
Preferred stock dividend requirements	\$ 13.8	\$ 47.6	\$ 26.3	\$ 19.8	\$ —	\$ —
Total fixed charges and preferred stock dividends	<u>\$216.9</u>	<u>\$451.4</u>	<u>\$ 392.1</u>	<u>\$ 381.8</u>	<u>\$ 399.3</u>	<u>\$342.1</u>
Ratio of earnings to combined fixed charges and preferred stock dividends⁽⁴⁾	N/A	N/A	N/A	N/A	N/A	1.3

(1) Earnings (loss) consist of income (loss) from continuing operations before income taxes, income 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) Preferred stock dividends consist of dividend payments to the holders of our preferred stock. The preferred stock dividend requirements are included in the denominator of the ratio calculation of total fixed charges and preferred stock dividends but excluded from the numerator of the ratio calculation because such amounts were not deducted in arriving at our income (loss) from continuing operations before income taxes. Due to our loss from continuing operations before income taxes for the six months ended June 30, 2007 and the years ended December 31, 2006, 2005 and 2004 we are presenting our preferred stock dividends at the stated amount.

(4) We had a less than 1:1 ratio of earnings to combined fixed charges and preferred stock dividends due to our loss in the six months ended June 30, 2007 and 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 \$41.2, \$52.6, \$212.9, \$286.8 and \$372.8 in the six months ended June 30, 2007 and the years ended December 31, 2006, 2005, 2004 and 2003, respectively.

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: August 7, 2007

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: August 7, 2007

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, 2007 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: August 7, 2007

/s/ Frank Mergenthaler

Frank Mergenthaler
Executive Vice President and
Chief Financial Officer

Dated: August 7, 2007