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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 March 31, 2009

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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

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

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

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

Yes  No

The number of shares of the registrant's common stock outstanding as of April 17, 2009 was 478,389,940.

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**INFORMATION REGARDING FORWARD-LOOKING DISCLOSURE**

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

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

- potential effects of a weakening economy, for example, on the demand for our advertising and marketing services, on our clients’ financial condition and on our business or financial condition;
- 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, including changes in assumptions associated with any effects of a weakened economy;
- potential adverse effects if we are required to recognize impairment charges or other adverse accounting-related developments;
- risks associated with the effects of global, national and regional economic and political conditions, including counterparty risks and 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 2008 Annual Report on Form 10-K.

## Part I — FINANCIAL INFORMATION

Item 1. *Financial Statements*

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

	Three months ended	
	March 31,	
	2009	2008
		As adjusted (Note 1)
<b>REVENUE</b>	\$1,325.3	\$ 1,485.2
<b>OPERATING EXPENSES:</b>		
Salaries and related expenses	996.5	1,064.8
Office and general expenses	410.9	475.0
Restructuring and other reorganization-related (reversals) charges	(0.2)	3.2
Total operating expenses	<u>1,407.2</u>	<u>1,543.0</u>
<b>OPERATING LOSS</b>	<u>(81.9)</u>	<u>(57.8)</u>
<b>EXPENSES AND OTHER INCOME:</b>		
Interest expense	(34.8)	(57.7)
Interest income	12.3	28.7
Other income (expense), net	4.9	(1.4)
Total (expenses) and other income	<u>(17.6)</u>	<u>(30.4)</u>
<b>Loss before income taxes</b>	(99.5)	(88.2)
Benefit of income taxes	(25.4)	(23.7)
<b>Loss of consolidated companies</b>	<u>(74.1)</u>	<u>(64.5)</u>
Equity in net income of unconsolidated affiliates	0.5	1.1
<b>NET LOSS</b>	<u>(73.6)</u>	<u>(63.4)</u>
Net loss attributable to noncontrolling interests	6.6	0.6
<b>NET LOSS ATTRIBUTABLE TO IPG</b>	<u>(67.0)</u>	<u>(62.8)</u>
Dividends on preferred stock	(6.9)	(6.9)
<b>NET LOSS AVAILABLE TO IPG COMMON STOCKHOLDERS</b>	<u>\$ (73.9)</u>	<u>\$ (69.7)</u>
Loss per share available to IPG common stockholders — basic and diluted	\$ (0.16)	\$ (0.15)
Weighted-average number of common shares outstanding — basic and diluted	464.0	459.2

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

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

	<u>March 31,</u> <u>2009</u>	<u>December 31,</u> <u>2008</u> As Adjusted (Note 1)
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 1,642.0	\$ 2,107.2
Marketable securities	16.5	167.7
Accounts receivable, net of allowance of \$62.2 and \$63.9	3,159.1	3,746.5
Expenditures billable to clients	1,072.5	1,099.5
Other current assets	379.2	366.7
Total current assets	<u>6,269.3</u>	<u>7,487.6</u>
Furniture, equipment and leasehold improvements, net of accumulated depreciation of \$1,073.4 and \$1,055.8	529.5	561.5
Deferred income taxes	453.1	416.8
Goodwill	3,243.0	3,220.9
Other assets	434.8	438.4
<b>TOTAL ASSETS</b>	<u>\$10,929.7</u>	<u>\$ 12,125.2</u>
<b>LIABILITIES:</b>		
Accounts payable	\$ 3,350.7	\$ 4,022.6
Accrued liabilities	2,111.2	2,521.6
Short-term debt	327.2	332.8
Total current liabilities	<u>5,789.1</u>	<u>6,877.0</u>
Long-term debt	1,781.9	1,786.9
Deferred compensation and employee benefits	536.7	549.8
Other non-current liabilities	395.0	378.9
<b>TOTAL LIABILITIES</b>	<u>8,502.7</u>	<u>9,592.6</u>
Redeemable noncontrolling interests (see Notes 1 and 2)	278.9	288.4
<b>STOCKHOLDERS' EQUITY:</b>		
IPG stockholders' equity:		
Preferred stock	525.0	525.0
Common stock	46.6	46.4
Additional paid-in capital	2,415.9	2,413.5
Accumulated deficit	(513.1)	(446.1)
Accumulated other comprehensive loss, net of tax	(343.0)	(318.5)
	<u>2,131.4</u>	<u>2,220.3</u>
Less: Treasury stock	(14.0)	(14.0)
Total IPG stockholders' equity	<u>2,117.4</u>	<u>2,206.3</u>
Noncontrolling interests	30.7	37.9
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<u>2,148.1</u>	<u>2,244.2</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u>\$10,929.7</u>	<u>\$ 12,125.2</u>

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

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

	Three months ended March 31,	
	2009	2008 As Adjusted (Note 1)
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (73.6)	\$ (63.4)
<b>Adjustments to reconcile net loss to net cash used in operating activities:</b>		
Depreciation and amortization of fixed assets and intangible assets	41.8	43.1
Provision for (reversal of) bad debt	3.9	(1.3)
Amortization of restricted stock and other non-cash compensation	9.3	19.8
Amortization of bond discounts and deferred financing costs	7.6	7.0
Deferred income tax benefit	(48.2)	(54.1)
Other	(7.3)	1.9
<b>Change in assets and liabilities, net of acquisitions and dispositions:</b>		
Accounts receivable	520.9	499.1
Expenditures billable to clients	17.2	(88.3)
Prepaid expenses and other current assets	(22.0)	(31.7)
Accounts payable	(612.5)	(256.0)
Accrued liabilities	(388.6)	(363.7)
Other non-current assets and liabilities	(5.8)	(0.4)
Net cash used in operating activities	<u>(557.3)</u>	<u>(288.0)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisitions, including deferred payments, net of cash acquired	(13.6)	(17.1)
Capital expenditures	(11.7)	(31.9)
Net sales and maturities of short-term marketable securities	150.7	0.5
Other investing activities	0.4	1.5
Net cash provided by (used in) investing activities	<u>125.8</u>	<u>(47.0)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repayment of 4.50% Convertible Senior Notes	—	(190.8)
Distributions to noncontrolling interests	(6.5)	(3.0)
Preferred stock dividends	(6.9)	(6.9)
Other financing activities	(2.5)	(6.4)
Net cash used in financing activities	<u>(15.9)</u>	<u>(207.1)</u>
Effect of exchange rate changes on cash and cash equivalents	(17.8)	18.4
Net decrease in cash and cash equivalents	(465.2)	(523.7)
Cash and cash equivalents at beginning of year	2,107.2	2,014.9
Cash and cash equivalents at end of period	<u>\$1,642.0</u>	<u>\$ 1,491.2</u>

The accompanying notes are an integral part of these unaudited 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”) in accordance with accounting principles generally accepted in the United States of America and pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC” or the “Commission”) for reporting interim financial information on Form 10-Q. Accordingly, they do not include certain information and disclosures required for complete financial statements. The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires us to make judgments, assumptions, and estimates that affect the amounts reported and disclosed. Actual results could differ from those estimates. The consolidated results for interim periods are not necessarily indicative of results for the full year and should be read in conjunction with our 2008 Annual Report on Form 10-K.

In the opinion of management, these unaudited Consolidated Financial Statements include all adjustments of a normal and recurring nature necessary for a fair statement of the information for each period contained therein. Certain reclassifications have been made to prior periods to conform to the current period presentation. Specifically, we have made adjustments as a result of the adoption of two recent accounting standards, SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements* (“SFAS 160”) and EITF Topic No. D-98, *Classification and Measurement of Redeemable Securities* (“EITF D-98”). As a result of the adoption of SFAS 160, we have reclassified \$57.0 of minority interest liability as of December 31, 2008 from other non-current liabilities to noncontrolling interests or redeemable noncontrolling interests within equity on our unaudited Condensed Consolidated Balance Sheets. We have also modified the format of the unaudited Consolidated Statements of Operations to conform to the disclosure requirements of the standard. In addition to the reclassification noted above, as a result of the adoption of EITF D-98, we have recorded \$269.3 of redeemable noncontrolling interests with an offset to additional paid-in capital in our stockholders’ equity as of December 31, 2008. See Note 2 for further discussion on the adoption of these standards.

**Note 2: Noncontrolling Interests**

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

Changes in the noncontrolling interests balance are as follows:

Balance as of December 31, 2008	\$37.9
Purchases of noncontrolling interests	(0.7)
Total comprehensive loss attributable to noncontrolling interests	(6.6)
Distributions to noncontrolling interests	(6.5)
Other	0.6
Reclassifications to redeemable noncontrolling interests	6.0
Balance as of March 31, 2009	<u>\$30.7</u>

In March 2008, the EITF revised EITF D-98, which is effective for the Company as of January 1, 2009. This guidance clarifies the interaction between EITF D-98 and SFAS 160, because noncontrolling interests, which SFAS 160 classifies as equity, are also in the scope of EITF D-98. Many of our acquisitions include provisions under which the noncontrolling equity owners can require us to purchase additional interest in a subsidiary at their discretion. Payments for these redeemable

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

noncontrolling interests are contingent upon achieving projected operating performance targets and satisfying other conditions specified in the related agreements and are subject to revisions as the earn-out periods progress. As a result of EITF D-98, we are required to reduce additional paid-in capital in our stockholders' equity by the estimated redemption value of these redeemable noncontrolling interests and reflect these obligations as "mezzanine equity" in the unaudited Condensed Consolidated Balance Sheets. Retrospective application of this guidance has no impact on our previously reported net income available to IPG common stockholders or earnings per share.

In subsequent reporting periods, redeemable noncontrolling interests will continue to be reported at their estimated redemption value, but not less than their initial fair value. Any adjustment to the redemption value will also impact additional paid-in capital, but will not impact net income (loss). To the extent that the redemption value increases and exceeds the then current fair value of a redeemable noncontrolling interest, net income (loss) available to IPG common stockholders (used to calculate earnings (loss) per share) could be reduced by that increase, subject to certain limitations. The partial or full recovery of these reductions to net income (loss) available to IPG common stockholders (used to calculate earnings (loss) per share) is limited to cumulative prior period reductions. For the three months ended March 31, 2009, there has been no impact to net loss available to IPG common stockholders or our loss per share.

Changes in the additional paid-in capital balance are as follows:

Balance as of December 31, 2008	\$2,413.5
Preferred stock dividends	(6.9)
Share-based compensation	9.3
Restricted stock grants, net of forfeitures	(5.2)
Adjustment of redeemable noncontrolling interests	4.3
Other	0.9
Balance as of March 31, 2009	<u>\$2,415.9</u>

**Note 3: Loss Per Share**

Loss per basic and diluted common share available to IPG common stockholders equals net loss available to IPG common stockholders divided by the weighted average number of common shares outstanding for the applicable period. The following sets forth loss per basic and diluted common share available to IPG common stockholders.

	Three months ended	
	March 31,	
	2009	2008
<b>Net loss available to IPG common stockholders</b>	\$ (73.9)	\$ (69.7)
Weighted-average number of common shares outstanding — basic and diluted	464.0	459.2
<b>Loss per share available to IPG common stockholders — basic and diluted</b>	\$ (0.16)	\$ (0.15)

Basic and diluted shares outstanding and loss per share are equal for the three months ended March 31, 2009 and 2008 because our potentially dilutive securities are antidilutive as a result of the net loss available to IPG common stockholders in each period presented.

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

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

	Three months ended March 31,	
	2009	2008
Stock options and non-vested restricted stock awards	9.9	9.2
4.75% Convertible Senior Notes	16.1	16.1
4.25% Convertible Senior Notes	32.2	32.2
4.50% Convertible Senior Notes	0.7	13.5
Series B Preferred Stock	38.4	38.4
Total	97.3	109.4
Securities excluded from the diluted loss per share calculation because the exercise price was greater than the average market price:		
Stock options <sup>(1)</sup>	26.6	26.7
Warrants <sup>(2)</sup>	67.9	67.9

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

(2) The potential dilutive impact of the warrants is based upon the difference between the market price of one share of our common stock and the stated exercise prices of the warrants. These warrants will expire on June 15, 2009.

**Note 4: Supplementary Data**

*Accrued Liabilities*

	March 31, 2009	December 31, 2008
Media and production expenses	\$1,527.4	\$ 1,708.3
Salaries, benefits and related expenses	313.2	466.5
Office and related expenses	56.3	69.6
Professional fees	20.0	24.7
Restructuring and other reorganization-related	6.0	10.0
Interest	23.2	30.6
Acquisition obligations	55.4	53.9
Other	109.7	158.0
Total	\$2,111.2	\$ 2,521.6

*2004 Restatement Liabilities*

	March 31, 2009	December 31, 2008
Vendor discounts and credits	\$ 119.8	\$ 126.0
Internal investigations (includes asset reserves)	2.2	2.2
International compensation arrangements	5.0	5.8
Total	\$ 127.0	\$ 134.0

As part of 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 achieved



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

through settlements with clients and vendors but also may occur if the applicable statute of limitations in a jurisdiction has lapsed. Also as part of the 2004 Restatement, we recognized liabilities related to internal investigations and international compensation arrangements.

***Other income (expense), net***

Results of operations for the three months ended March 31, 2009 and 2008 include certain items which are either non-recurring or are not directly associated with our revenue producing operations, such as sales of businesses and investments and vendor discounts and credit adjustments. These items are included in the other income (expense), net line in the unaudited Consolidated Statements of Operations. Included in other expense, net, of \$1.4 for the three months ended March 31, 2008 is a settlement estimate of \$12.0 for our previously disclosed SEC investigation of our past restatement of our financial statements, which we settled in May 2008. This expense is partially offset by vendor discounts and credit adjustments due to the reversal of certain liabilities where the statute of limitations has lapsed.

**Note 5: Income Taxes**

For the three months ended March 31, 2009, the difference between the effective tax rate and the statutory rate of 35% is primarily due to state and local taxes, losses in certain foreign locations where we receive no tax benefit due to 100% valuation allowances and the write-off of deferred tax assets related to restricted stock.

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 total unrecognized tax benefits will decrease by an amount between \$50.0 and \$60.0 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 statute of limitations. This net decrease is related to various items of income and expense, including transfer pricing adjustments and adjustments related to the 2004 Restatement. We expect to complete our discussions with the IRS appeals division regarding the years 1997 through 2004 by the end of the current year.

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

We are effectively settled with respect to U.S. income tax audits for years prior to 2005. With limited exceptions, we are no longer subject to state and local income tax audits for the years prior to 1999 or non-U.S. income tax audits for the years prior to 2000.

On February 17, 2009, the American Recovery and Reinvestment Act of 2009 (the "Act") was signed into law. The principal purpose of the Act was to address the current economic challenges in the US. Based on our review of the tax provisions of the Act, we do not anticipate any material impact to our financial position from the tax provisions contained in the Act.

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

**Note 6: Comprehensive Loss**

	Three months ended	
	March 31,	
	2009	2008
Net loss	\$ (73.6)	\$ (63.4)
Foreign currency translation adjustment, net of tax	(26.4)	46.5
Adjustments to pension and other postretirement plans, net of tax	2.2	0.4
Net unrealized holding losses on securities, net of tax	(0.3)	(3.2)
<b>Total comprehensive loss</b>	<b>(98.1)</b>	<b>(19.7)</b>
Comprehensive loss attributable to noncontrolling interests	(6.6)	(0.6)
Comprehensive loss attributable to IPG	<u>\$ (91.5)</u>	<u>\$ (19.1)</u>

**Note 7: Incentive Compensation Plans**

Our two types of incentive compensation include cash awards and stock-based compensation awards.

**Cash Awards**

In March 2009 the Compensation Committee of the Board of Directors approved the Interpublic Restricted Cash Plan (the “Cash Plan”). Under the Cash Plan, the Board of Directors, the Compensation Committee or the Plan Administrator may grant cash awards to certain employees eligible to receive stock-settled and cash-settled awards. Cash awards are generally granted on an annual basis, have a service period vesting condition and generally will vest in three years. On March 31, 2009, the Compensation Committee granted awards under the Cash Plan with a total value of \$26.7.

In March 2009 the Board of Directors approved two amendments to the 2006 Performance Incentive Plan (“2006 PIP”). The first amendment allows cash awards to be granted for a multiple year term, the effect of which permits targets to be based on future year performance. The second amendment allows deferral of 100% of an individual award until it vests. Once the amendments were approved, the Compensation Committee granted performance cash awards to certain employees who otherwise would have been eligible to receive performance-based stock awards. These awards have a service period vesting condition and a performance vesting condition. The amount of the performance cash award received by an employee with a performance vesting condition can range from 0% to 200% of the target amount of the original grant value. Performance cash awards generally vest in three years. A committee of the Board of Directors may grant performance cash awards to any eligible employee; however, no employee can receive more than \$5.0 during a performance period. On March 31, 2009 the Compensation Committee granted new performance cash awards under the 2006 PIP with a total target value of \$31.5.

We amortize the present value of the amount expected to vest for cash awards and performance cash awards over the vesting period using the straight line method, less an assumed forfeiture rate. Cash awards do not fall within the scope of SFAS No. 123R, *Share-Based Payment*, as they are not paid in equity and the value of the award is not correlated with our stock price. Due to the cash nature of the payouts and the vesting period, we account for these awards in accordance with APB Opinion No. 12, *Deferred Compensation Contracts*.

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

**Stock-Based Compensation**

We issued the following stock-based awards under the 2006 Performance Incentive Plan during the three months ended March 31, 2009:

	<u>Awards</u>	<u>Weighted-average grant-date fair value (per award)</u>
Stock options	3.8	\$ 2.69
Stock-settled awards	7.3	\$ 4.13
Cash-settled awards	1.2	\$ 4.09
Performance-based awards	0.8	\$ 4.02
Total stock-based compensation awards	<u>13.1</u>	

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

We grant other stock-based compensation awards such as stock-settled awards, cash-settled awards and performance-based awards (settled in cash or shares) to certain key employees. The number of shares or units received by an employee for performance-based awards depends on Company and/or individual performance against specific performance targets and could range from 0% to 200% of the target amount of shares originally granted. Incentive awards are subject to certain restrictions and vesting requirements as determined by the Compensation Committee. The vesting period is generally three years. Upon completion of the vesting period for cash-settled awards, which include restricted stock units expected to be settled in cash, the grantee is entitled to receive a payment in cash or in shares of common stock based on the fair market value of the corresponding number of shares of common stock. No monetary consideration is paid by a recipient for any incentive award, and the fair value of the shares on the grant date is amortized over the vesting period, except for cash-settled awards where the quarterly-adjusted fair value based on our share price is amortized over the vesting period. The holders of cash-settled and performance-based awards have no ownership interest in the underlying shares of common stock until the awards vest and the shares of common stock are issued.

In conjunction with our annual grant of long-term incentive compensation awards we review our estimates and assumptions. This review in the first quarter of 2009 resulted in an increase to our estimated forfeiture rate, as our review of our actual forfeitures over the last ten years indicated a higher level of forfeitures than previously assumed.

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

**Note 8: Employee Benefits**

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

<u>Three months ended March 31,</u>	<u>Domestic pension plans</u>		<u>Foreign pension plans</u>		<u>Postretirement benefit plans</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Service cost	\$ —	\$ —	\$ 2.6	\$ 3.9	\$ 0.1	\$ 0.1
Interest cost	2.0	2.0	5.4	7.0	0.8	0.9
Expected return on plan assets	(1.9)	(2.6)	(3.2)	(6.3)	—	—
Amortization of:						
Prior service cost	—	—	—	0.1	—	—
Unrecognized actuarial losses	2.5	1.2	0.6	0.2	—	0.3
Net periodic cost	<u>\$ 2.6</u>	<u>\$ 0.6</u>	<u>\$ 5.4</u>	<u>\$ 4.9</u>	<u>\$ 0.9</u>	<u>\$ 1.3</u>

During the three months ended March 31, 2009, we made contributions of \$9.0 to our foreign pension plans and no contributions to our domestic pension plans. For the remainder of 2009, we expect to contribute approximately \$16.0 to our foreign pension plans and approximately \$10.0 to our domestic pension plans.

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

**Note 9: Segment Information**

We have two reportable segments: Integrated Agency Networks (“IAN”), which is comprised of Draftfcb, Lowe, McCann Worldgroup and Mediabrands, and Constituency Management Group (“CMG”), which is comprised of a number of our specialist marketing service offerings. We also report results for the “Corporate and other” group. The profitability measure employed by our chief operating decision maker for allocating resources to our operating divisions and assessing operating division performance is operating income (loss), excluding the impact of restructuring and other reorganization-related (reversals) charges and long-lived asset impairment and other charges. Segment information is presented consistently with the basis described in our 2008 Annual Report on Form 10-K. Summarized financial information concerning our reportable segments is shown in the following table.

	Three months ended	
	March 31,	
	2009	2008
<b>Revenue:</b>		
IAN	\$ 1,114.9	\$ 1,241.1
CMG	210.4	244.1
Total	<u>\$ 1,325.3</u>	<u>\$ 1,485.2</u>
<b>Segment operating (loss) income:</b>		
IAN	\$ (57.5)	\$ (19.8)
CMG	4.5	6.7
Corporate and other	(29.1)	(41.5)
Total	<u>(82.1)</u>	<u>(54.6)</u>
Restructuring and other reorganization-related reversals (charges)	0.2	(3.2)
Interest expense	(34.8)	(57.7)
Interest income	12.3	28.7
Other income (expense), net	4.9	(1.4)
<b>Loss before income taxes</b>	<u>\$ (99.5)</u>	<u>\$ (88.2)</u>
<b>Depreciation and amortization of fixed assets and intangible assets:</b>		
IAN	\$ 32.6	\$ 32.4
CMG	3.6	4.0
Corporate and other	5.6	6.7
Total	<u>\$ 41.8</u>	<u>\$ 43.1</u>
<b>Capital expenditures:</b>		
IAN	\$ 8.4	\$ 25.1
CMG	0.9	4.4
Corporate and other	2.4	2.4
Total	<u>\$ 11.7</u>	<u>\$ 31.9</u>
	<u>March 31,</u>	<u>December 31,</u>
	<u>2009</u>	<u>2008</u>
<b>Total assets:</b>		
IAN	\$ 8,919.5	\$ 9,712.2
CMG	904.3	929.1
Corporate and other	1,105.9	1,483.9
Total	<u>\$10,929.7</u>	<u>\$ 12,125.2</u>

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

**Note 10: Fair Value Measurements**

Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (“SFAS 157”) establishes a fair value hierarchy which requires us to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. We primarily apply the market approach for recurring fair value measurements. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1** Unadjusted quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following table presents information about our assets and liabilities measured at fair value on a recurring basis as of March 31, 2009 and indicates the fair value hierarchy of the valuation techniques utilized to determine such fair value.

	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>			
Cash equivalents	\$967.5	\$ —	\$ 967.5
Short-term marketable securities	16.5	—	16.5
Long-term investments <sup>(1)</sup>	15.3	6.7	22.0
Foreign currency derivatives	—	0.7	0.7
Total	<u>\$999.3</u>	<u>\$ 7.4</u>	<u>\$1,006.7</u>
As a percentage of total assets	9.1%	0.1%	9.2%
<b>Liabilities</b>			
Mandatorily redeemable noncontrolling interests <sup>(2)</sup>	\$ —	\$33.5	\$ 33.5

- <sup>(1)</sup> Level 3 investments relate to \$12.5 in par value of asset backed auction rate securities. Since August 2007, auctions have failed due to insufficient bids from buyers, which required us to adjust the securities to a book value of \$6.7 during the fourth quarter of 2007. We intend to hold our auction rate securities until we can recover the full principal and have classified the auction rate securities as long-term investments within other assets in our unaudited Condensed Consolidated Balance Sheet as of March 31, 2009.
- <sup>(2)</sup> Relates to obligations to purchase noncontrolling equity shares of consolidated subsidiaries, valued pursuant to SFAS No. 150, *Accounting for Certain Financial Instruments with Characteristic of Both Liabilities and Equity*. Fair value measurements of the obligation were based upon the amount payable as if the forward contracts were settled as of March 31, 2009.

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

	<u>Balance as of December 31, 2008</u>	<u>Level 3 additions</u>	<u>Realized gains (losses) included in net loss</u>	<u>Balance as of March 31, 2009</u>
<b>Assets</b>				
Auction rate securities	\$ 6.7	\$ —	\$ —	\$ 6.7
Foreign currency derivatives	0.8	—	(0.1)	0.7
<b>Liabilities</b>				
Mandatorily redeemable noncontrolling interests	\$ 21.6	\$ 20.1	\$ 8.2	\$ 33.5

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

Level 3 additions relate to an unconditional obligation to purchase an additional equity interest in an acquisition for cash and is considered to be a mandatorily redeemable financial instrument under SFAS 150. Realized gains (losses) included in net loss for foreign currency derivatives and mandatorily redeemable noncontrolling interests are reported as a component of other income (expense), net and interest expense, respectively.

**Note 11: Commitments and Contingencies**

***Legal Matters***

We are or have been involved in 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 2008 Annual Report on Form 10-K, we have guarantees of certain obligations of our subsidiaries relating principally to credit facilities, certain media payables and operating leases of certain subsidiaries. The amount of such parent company guarantees was approximately \$256.0 as of March 31, 2009 and December 31, 2008.

**Note 12: Recent Accounting Standards**

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

In March 2009, the FASB issued FSP FAS 141(R)-1, *Accounting for Assets Acquired and Liabilities Assumed in a Business Combination* (“FSP FAS 141(R)-1”), which amends the guidance in SFAS 141R, for the initial recognition and measurement, subsequent measurement, and disclosures of assets and liabilities arising from contingencies in a business combination. In addition, FSP FAS 141(R)-1 amends the existing guidance related to accounting for pre-existing contingent consideration assumed as part of the business combination. FSP FAS 141(R)-1 is effective for the Company January 1, 2009.

The adoption of SFAS 141R and FSP FAS 141(R)-1 did not have a significant impact on our unaudited Consolidated Financial Statements. However, any business combinations entered into in the future may impact our Consolidated Financial Statements as a result of the potential earnings volatility due to the changes described above.

In November 2008, the EITF issued Issue No. 08-6, *Equity Method Investment Accounting Considerations* (“EITF 08-6”), which is effective for the Company January 1, 2009. EITF 08-6 addresses the impact that SFAS 141R and SFAS 160 might have on the accounting for equity method investments, including how the initial carrying value of an equity method investment should be determined, how an impairment assessment of an underlying indefinite-lived intangible asset of an equity method investment should be performed and how to account for a change in an investment from the equity method to the cost method. The adoption of this guidance does not have an impact on our unaudited Consolidated Financial Statements.

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

In May 2008, the FASB issued FSP APB 14-1, *Accounting for Convertible Debt That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)*, which is effective for the Company January 1, 2009. The FSP includes guidance that convertible debt instruments that may be settled in cash upon conversion should be separated between its liability and equity components, with each component being accounted for in a manner that will reflect the entity's nonconvertible debt borrowing rate when interest costs are recognized in subsequent periods. This guidance does not apply to us since our existing convertible debt instruments are settled only in stock upon conversion, and as a result does not have an impact on our unaudited Consolidated Financial Statements.



**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 unaudited Consolidated Financial Statements and the accompanying notes included in this report and in the 2008 Annual Report on Form 10-K, as well as our reports on Form 8-K and other SEC filings. Our Annual Report includes additional information about our significant accounting policies and practices as well as details about our most significant risks and uncertainties associated with our financial and operating results. Our MD&A includes the following sections:

EXECUTIVE SUMMARY provides an overview of our results of operations.

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

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

CRITICAL ACCOUNTING ESTIMATES provides an update to the discussion of our accounting policies that require critical judgment, assumptions and estimates in our 2008 Annual Report on Form 10-K.

RECENT ACCOUNTING STANDARDS, by reference to Note 1 and 12 to the unaudited Consolidated Financial Statements, provides a discussion of certain accounting standards that have been adopted during 2009.

**EXECUTIVE SUMMARY**

We are one of the world's premier global advertising and marketing services companies. Our agencies create marketing programs for clients to achieve or improve their business results. This, in turn, generates sales, earnings and cash flow for us. Our agencies deliver services across the full spectrum of marketing disciplines and specialties, including advertising, direct marketing, public relations, mobile marketing, internet and search engine marketing, social media marketing, and media buying and planning. Major global brands in our portfolio of companies include Draftfcb, FutureBrand, GolinHarris, Initiative, Jack Morton, Lowe, McCann Erickson, Momentum, MRM, Octagon, Universal McCann and Weber Shandwick. Leading domestic brands include Campbell-Ewald, Carmichael Lynch, Deutsch, Hill Holliday, The Martin Agency, Mullen and R/GA.

Our strategic outlook for 2009 and beyond is for a media landscape that continues to grow more complex, such that our high-quality, comprehensive global services will remain critical to the competitiveness of our clients. Our objectives are to continue to strengthen our full range of marketing expertise, while focusing our investment on the fastest growing markets and disciplines. Over the long term, our financial objectives include maintaining our organic revenue growth at competitive levels and achieving further operating margin expansion, ultimately to the level of our global peer group. Accordingly, we remain focused on cost control and effective resource utilization, including the productivity of our employees, real estate, and information technology, and on reducing certain discretionary expenses.

We began 2009 with the global economy in recession and widespread uncertainty in financial markets, which has made business conditions extremely challenging for nearly all companies. These conditions adversely affected the demand for advertising and marketing services in the first quarter, and will present a challenge to the revenue and profit growth of our company and our sector as a whole for as long as they persist. While we cannot predict the magnitude and duration of the economic downturn or its impact on the demand for our services, we believe that we will continue to derive relative benefits from our diversified client base, global presence and broad range of services. Recent improvements in our financial reporting and business information systems provide us with timely and actionable insights from our businesses around the world. Our

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

extensive operating improvements over the past several years have strengthened our ability to effectively manage our expenses, and our balance sheet and liquidity are important sources of financial flexibility. These should also provide a measure of protection in a harsh business environment.

**2009 First Quarter Highlights**

<u>% increase/(decrease)</u>	Three months ended March 31, 2009	
	Total	Organic
<b>Revenue</b>	(10.8%)	(5.6%)
<b>Salaries and related expenses</b>	(6.4%)	(1.8%)
<b>Office and general expenses</b>	(13.5%)	(8.4%)
	Three months ended March 31,	
	2009	2008
<b>Operating margin</b>	(6.2%)	(3.9%)
<b>Expenses as % of revenue</b>		
Salaries and related expenses	75.2%	71.7%
Office and general expenses	31.0%	32.0%
<b>Net loss available to IPG common stockholders</b>	\$ (73.9)	\$ (69.7)
<b>Loss per share available to IPG common stockholders — basic and diluted</b>	\$ (0.16)	\$ (0.15)
<b>Operating cash flow</b>	\$ (557.3)	\$ (288.0)

When we analyze period-to-period changes in our operating performance, we determine the portions of the change that are attributable to exchange rates and to the net effect of acquisitions and divestitures, and we consider that the remainder, which we call organic change, indicates how our underlying business performed. Our performance metrics that are used to analyze our results in the MD&A include the organic change in revenue, salaries and related expenses and office and general expenses, and the components of operating expenses, expressed as a percentage of revenue. Additionally, in certain of our discussions we analyze revenue by business sector and geographic region. In our business sector analysis, we focused on our top 100 clients, which represent over 50% of our consolidated revenue.

The change in our operating performance attributable to foreign currency rates is determined by converting the prior period results using the current period exchange rates and comparing the prior period adjusted amounts to the prior period results. Although the U.S. Dollar is our reporting currency, a substantial portion of our revenues is generated in foreign currencies. Therefore, our reported results are affected by fluctuations in the currencies in which we conduct our international businesses. We do not use derivative financial instruments to manage this translation risk. As a result, both positive and negative currency fluctuations against the U.S. Dollar will continue to affect our results of operations. Foreign currency fluctuations resulted in decreases of approximately 7% in revenues and salaries and related expenses and approximately 8% in office and general expenses, which contributed a net benefit of approximately 10% to operating loss for the three months ended March 31, 2009 compared to the prior-year period. During the second half of 2008 and the first three months of 2009 the U.S. Dollar strengthened against several foreign currencies, and if this trend continues, it could have a continuing negative impact on our consolidated results of operations.

For purposes of analyzing changes in our operating performance attributable to the net effect of acquisitions and divestitures, transactions are treated as if they occurred on the first day of the quarter during which the transaction occurred. During the past few years, we have acquired companies that we believe will enhance our offering and disposed of businesses that are not consistent with our strategic plan. For the three months ended March 31, 2009, the net effect of acquisitions and divestitures was to increase revenue and operating expenses compared to the respective prior-year period.

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

**RESULTS OF OPERATIONS**
**Consolidated Results of Operations — Three Months Ended March 31, 2009 compared to Three Months Ended March 31, 2008**
**REVENUE**

	Three months ended March 31, 2008	Components of change			Three months ended March 31, 2009	Change	
		Foreign currency	Net acquisitions/ divestitures	Organic		Organic	Total
<b>Consolidated</b>	\$ 1,485.2	\$(107.9)	\$ 31.6	\$(83.6)	\$ 1,325.3	(5.6%)	(10.8%)
<b>Domestic</b>	849.1	—	7.4	(75.1)	781.4	(8.8%)	(8.0%)
<b>International</b>	636.1	(107.9)	24.2	(8.5)	543.9	(1.3%)	(14.5%)
United Kingdom	146.5	(40.8)	—	5.8	111.5	4.0%	(23.9%)
Continental Europe	232.6	(32.6)	1.6	(7.6)	194.0	(3.3%)	(16.6%)
Asia Pacific	127.1	(10.6)	—	(8.7)	107.8	(6.8%)	(15.2%)
Latin America	65.0	(12.1)	—	2.2	55.1	3.4%	(15.2%)
Other	64.9	(11.8)	22.6	(0.2)	75.5	(0.3%)	16.3%

During the first quarter of 2009, our revenue decreased by \$159.9, primarily consisting of an adverse foreign currency impact of \$107.9 and an organic revenue decrease of \$83.6, predominantly in the auto and transportation sector and to a lesser extent the financial services sector. Our remaining client sectors, in the aggregate, were relatively flat when compared to the prior-year period. The domestic organic decline was primarily driven by a pullback of existing client business in the advertising and events marketing businesses due to broader economic difficulties. The net international organic revenue decrease was primarily in the Asia Pacific region, mainly in Japan, where we have a significant presence, as well as throughout the Continental Europe region, due to lower spending from existing clients. The United Kingdom and Brazil had organic revenue increases due to increased spending from existing clients.

Our revenue is directly impacted by our ability to win new clients and the retention and spending levels of existing clients and is subject to fluctuations related to seasonal spending from our clients. Most of our expenses are recognized ratably throughout the year and are therefore less seasonal than revenue. Our revenue is typically lowest in the first quarter and highest in the fourth quarter. This reflects the seasonal holiday spending of our clients, incentives earned at year-end on various contracts and project work completed that is typically recognized during the fourth quarter. Additionally, revenues can fluctuate due to the timing of completed projects in the events marketing business, 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.

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

**OPERATING EXPENSES**

	Three months ended March 31,	
	2009	2008
Salaries and related expenses	\$ 996.5	\$ 1,064.8
Office and general expenses	410.9	475.0
Restructuring and other reorganization- related (reversals) charges	(0.2)	3.2
Total operating expenses	\$ 1,407.2	\$ 1,543.0
Operating loss	\$ (81.9)	\$ (57.8)

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

*Salaries and Related Expenses*

	<u>2008</u>	<u>Components of change</u>			<u>2009</u>	<u>Change</u>	
		<u>Foreign currency</u>	<u>Net acquisitions/ divestitures</u>	<u>Organic</u>		<u>Organic</u>	<u>Total</u>
<b>Three months ended March 31,</b>	\$1,064.8	\$ (74.8)	\$ 25.7	\$(19.2)	\$996.5	(1.8%)	(6.4%)

Salaries and related expenses in the first quarter of 2009 decreased by \$68.3 compared to the first quarter of 2008, consisting of a favorable foreign currency rate impact of \$74.8 partially offset by the impact of net acquisitions of \$25.7, resulting in an organic decrease of \$19.2. The organic decrease was due to lower base salaries, benefits and temporary help of \$19.5, primarily related to work force reductions we took in the fourth quarter of 2008 to prepare our businesses in response to the deteriorating economic outlook. In addition, we took further work force actions in the first quarter of 2009 resulting in an increase in severance charges of \$28.5 when compared to the first quarter of 2008, as the challenging economic conditions continued in 2009. The severance charges in the first quarter of 2009 were primarily related to our advertising businesses in our Integrated Agency Network (“IAN”) segment and were spread across all geographic regions with the highest concentration in the U.S. and Continental Europe. The work force reduction that we initiated during the fourth quarter of 2008 and the first quarter of 2009 decreased headcount by approximately 2,800 employees. The reductions in the workforce will contribute to declines in base salaries and benefits through the remainder of the year. In addition, contributing to the organic decrease was a reduction in expected long-term incentive award expense, primarily related to higher actual forfeitures compared to estimates, which resulted in an increase to our forfeiture rate, and changes in our assumptions in achieving certain performance targets.

Changes in our incentive awards mix can impact future period expense as bonus awards are expensed during the year they are earned and long-term incentive awards are expensed over the performance period, generally three years. Factors impacting long-term incentive awards are the actual number of awards vesting and the change in our stock price. Additionally, changes can occur based on projected results and could impact trends between various periods in the future. See Note 7 to the unaudited Consolidated Financial Statements for further information on our incentive compensation plans.

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

	<u>Three months ended March 31,</u>	
	<u>2009</u>	<u>2008</u>
<b>Salaries and related expenses</b>	<b>75.2%</b>	<b>71.7%</b>
Base salaries, benefits and tax	64.3%	60.5%
Incentive expense	3.0%	3.8%
Severance expense	3.1%	0.9%
Temporary help	2.7%	3.6%
All other salaries and related expenses	2.1%	2.9%

Our staff cost ratio, defined as salaries and related expenses as a percentage of revenue, increased to 75.2% in the first quarter of 2009 from 71.7% in the first quarter of 2008, primarily driven by lower revenues and increased severance expense in the first quarter of 2009.

*Office and General Expenses*

	<u>2008</u>	<u>Components of change</u>			<u>2009</u>	<u>Change</u>	
		<u>Foreign currency</u>	<u>Net acquisitions/ divestitures</u>	<u>Organic</u>		<u>Organic</u>	<u>Total</u>
<b>Three months ended March 31,</b>	\$475.0	\$ (38.9)	\$ 14.6	\$(39.8)	\$410.9	(8.4%)	(13.5%)

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

Office and general expenses in the first quarter of 2009 decreased by \$64.1 compared to the first quarter of 2008, primarily consisting of an organic decrease of \$39.8 and a favorable foreign currency rate impact of \$38.9. The organic decrease was primarily due to lower discretionary spending as a result of cost containment efforts by the Company during the first quarter of 2009 and lower production expenses related to pass-through costs for certain projects where we act as a principal.

Production expenses can vary significantly between periods depending upon the timing of completion of certain projects where we act as principal, which could impact trends between various periods in the future.

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

	Three months ended March 31,	
	2009	2008
<b>Office and general expenses</b>	<b>31.0%</b>	<b>32.0%</b>
Professional fees	2.3%	2.5%
Occupancy expense (excluding depreciation and amortization)	9.6%	8.8%
Travel & entertainment, office supplies and telecommunications	4.0%	4.9%
All other office and general expenses	15.1%	15.8%

Our office and general expense ratio, defined as office and general expenses as a percentage of revenue, in the first quarter of 2009 decreased to 31.0% from 32.0% compared to the first quarter of 2008. The improvement in the office and general expense ratio was driven by a reduction in certain key expense categories, partly offset by lower revenue during the first quarter of 2009.

**EXPENSES AND OTHER INCOME**

	Three months ended March 31,	
	2009	2008
Cash interest on debt obligations	\$ (35.4)	\$ (50.7)
Non-cash interest	0.6	(7.0)
Interest expense	(34.8)	(57.7)
Interest income	12.3	28.7
Net interest expense	(22.5)	(29.0)
Other income (expense), net	4.9	(1.4)
Total	<u>\$ (17.6)</u>	<u>\$ (30.4)</u>

**Net Interest Expense**

For the three months ended March 31, 2009, cash interest expense and interest income decreased compared to the first quarter of 2008 primarily due to declining interest rates, mainly in the U.S. and the United Kingdom. Non-cash interest expense declined as a result of the reduction in value of an obligation to purchase noncontrolling equity shares of a consolidated subsidiary. See Note 10 to the unaudited Consolidated Financial Statements for further information.

**Other Income (Expense), Net**

Results of operations for the three months ended March 31, 2009 and 2008 include certain items which are either non-recurring or are not directly associated with our revenue producing operations such as sales of businesses and

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

investments and vendor discounts and credit adjustments. These items are included in the other income (expense), net line in the unaudited Consolidated Statements of Operations. Included in other expense, net, of \$1.4 for the three months ended March 31, 2008 is a settlement estimate of \$12.0 for our previously disclosed SEC investigation of our past restatement of our financial statements, which we settled in May 2008. This expense is partially offset by vendor discounts and credit adjustments due to the reversal of certain liabilities where the statute of limitations has lapsed.

**INCOME TAXES**

	Three months ended March 31,	
	2009	2008
Loss before income taxes	\$ (99.5)	\$ (88.2)
Total benefit of income taxes	\$ (25.4)	\$ (23.7)

The effective tax rate for the first quarter of 2009 was 25.5%, compared to 26.9% for the same period a year ago. Our tax rates are affected by many factors, including our worldwide earnings from various countries, disposition activity, changes in legislation and tax characteristics of our income. Specifically, for the three months ended March 31, 2009, the difference between the effective tax rate and the statutory rate of 35% is primarily due to state and local taxes, losses in certain foreign locations where we receive no tax benefit due to 100% valuation allowances and the write-off of deferred tax assets related to restricted stock.

For the three months ended March 31, 2008, the difference between the effective tax rate and the statutory rate of 35% is primarily due to state and local taxes and losses in certain foreign locations where we receive no tax benefit due to 100% valuation allowances.

**Segment Results of Operations — Three Months Ended March 31, 2009 compared to Three Months Ended March 31, 2008**

As discussed in Note 9 to the unaudited Consolidated Financial Statements, we have two reportable segments as of March 31, 2009: IAN and CMG. We also report results for the Corporate and other group.

**IAN**

**REVENUE**

	Three months ended March 31, 2008	Components of change			Three months ended March 31, 2009	Change	
		Foreign currency	Net acquisitions/ divestitures	Organic		Organic	Total
<b>Consolidated</b>	\$ 1,241.1	\$ (91.4)	\$ 31.6	\$ (66.4)	\$ 1,114.9	(5.4%)	(10.2%)
<b>Domestic</b>	692.2	—	7.4	(58.1)	641.5	(8.4%)	(7.3%)
<b>International</b>	548.9	(91.4)	24.2	(8.3)	473.4	(1.5%)	(13.8%)

During the first quarter of 2009 our revenue decreased by \$126.2, primarily consisting of an adverse foreign currency impact of \$91.4 and an organic revenue decrease of \$66.4, predominantly in the auto and transportation sector and to a lesser extent the financial services sector. The domestic organic revenue decrease was primarily driven by a pullback of existing client business throughout our advertising businesses. Partially offsetting this domestic organic decrease was a revenue increase at Draftfcb. The international organic revenue decrease occurred primarily in the Asia Pacific region, mainly in Japan, as well as throughout the Continental Europe region, due to lower spending from existing clients throughout our advertising businesses. The United Kingdom and Brazil had organic revenue increases due to increased client spending, primarily throughout our advertising businesses.

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

**SEGMENT OPERATING LOSS**

	Three months ended March 31,		Change
	2009	2008	
<b>Segment operating loss</b>	\$(57.5)	\$(19.8)	190.4%
<b>Operating margin</b>	(5.2%)	(1.6%)	

Operating loss increased during the first quarter of 2009 due to a decrease in revenue of \$126.2, partially offset by decreases in office and general expenses of \$48.0 and salaries and related expenses of \$40.5. Lower office and general expenses were primarily due to lower production expenses and reduced discretionary expenses. The decrease in salaries and related expenses was due to lower base salaries, benefits and temporary help related to measures we have taken to realign our businesses because of the deteriorating economic conditions in the latter part of 2008 and into 2009. This was offset in part by higher severance charges in the first quarter of 2009, primarily related to McCann which were spread across all geographic regions. In addition, the decrease in salaries and related was due to a reduction in long-term incentive awards during the first quarter of 2009 consistent with explanations provided in the consolidated Salaries and Related Expenses section.

**CMG**

**REVENUE**

	Three months ended March 31, 2008	Components of change			Three months ended March 31, 2009	Change	
		Foreign currency	Net acquisitions/ divestitures	Organic		Organic	Total
<b>Consolidated</b>	\$ 244.1	\$ (16.5)	\$ —	\$(17.2)	\$ 210.4	(7.0%)	(13.8%)
<b>Domestic</b>	156.9	—	—	(17.0)	139.9	(10.8%)	(10.8%)
<b>International</b>	87.2	(16.5)	—	(0.2)	70.5	(0.2%)	(19.2%)

During the first quarter of 2009 revenue decreased by \$33.7, consisting of an organic revenue decline of \$17.2 and an adverse foreign currency impact of \$16.5. The domestic organic revenue decrease was primarily due to the completion of several projects with existing clients in 2008 that did not recur in the first quarter of 2009 in our events marketing business and pullback of existing client business in certain of our public relations and branding businesses due to broader economic difficulties. Revenues in the events marketing business can fluctuate due to timing of completed projects where we act as principal, as revenue is typically recognized when the project is complete.

**SEGMENT OPERATING INCOME**

	Three months ended March 31,		Change
	2009	2008	
<b>Segment operating income</b>	\$ 4.5	\$ 6.7	(32.8%)
<b>Operating margin</b>	2.1%	2.7%	

Operating income decreased during the first quarter of 2009 due to a decrease in revenue of \$33.7, partially offset by a decrease in salaries and related expenses of \$19.2 and office and general expenses of \$12.3. Salaries and related expenses decreased primarily due to a decrease in base salaries, benefits and temporary help of \$12.7 as a result of lower headcount resulting from lower revenues and from significant severance actions that occurred in the fourth quarter of 2008, primarily in the events marketing and branding businesses. Office and general expenses decreased due to lower production expenses in the events marketing business.

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

**CORPORATE AND OTHER**

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

Corporate and other expenses for the first quarter of 2009 decreased by \$12.4 to \$29.1 primarily due to lower long-term incentive award expense and professional fees. The decrease in professional fees is primarily due to reduced external audit fees.

**LIQUIDITY AND CAPITAL RESOURCES****CASH FLOW OVERVIEW**

The following tables summarize key financial data relating to our liquidity, capital resources and uses of capital:

<u>Cash Flow Data</u>	<u>Three months ended</u>	
	<u>March 31,</u>	
	<u>2009</u>	<u>2008</u>
Net cash used in operating activities	\$ (557.3)	\$ (288.0)
Net cash provided by (used in) investing activities	125.8	(47.0)
Net cash used in financing activities	(15.9)	(207.1)
Working capital usage (included in operating activities)	\$ (485.0)	\$ (240.6)

  

<u>Balance Sheet Data</u>	<u>March 31,</u>	<u>December 31,</u>	<u>March 31,</u>
	<u>2009</u>	<u>2008</u>	<u>2008</u>
Cash, cash equivalents and marketable securities	\$1,658.5	\$ 2,274.9	\$1,512.3
Short-term debt	\$ 327.2	\$ 332.8	\$ 103.3
Long-term debt	1,781.9	1,786.9	2,050.3
Total debt	<u>\$2,109.1</u>	<u>\$ 2,119.7</u>	<u>\$2,153.6</u>

Cash, cash equivalents and marketable securities decreased by \$616.4 during the first three months of 2009. We typically use cash in the first quarter due to the seasonality of both revenue and working capital.

*Operating Activities*

Cash used in operating activities during the first three months of 2009 increased by \$269.3 as compared to the first three months of 2008, primarily the result of an increased use of working capital of \$244.4.

Net cash used in operating activities primarily reflects net loss of \$73.6 and working capital usage of \$485.0, partially offset by net non-cash expense items of \$7.1. Cash generated or used by working capital reflects changes in accounts receivable, expenditures billable to clients, prepaid expenses and other current assets, accounts payable and accrued liabilities. In the first three months of 2009 we used working capital of \$485.0 compared to a use of working capital of



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

\$240.6 in the first three months of 2008. The change is primarily due to the combined effect of strong growth in the latter part of 2008 at certain of our businesses and decreases due to economic conditions in the first quarter of 2009. Due to the seasonality of our business, we typically use cash in working capital in the first quarter and generate cash from working capital in the fourth quarter. Net non-cash expense items primarily include depreciation and amortization of fixed assets and intangible assets and deferred income tax benefits.

The timing of media buying on behalf of our clients affects our working capital and operating cash flow. In most of our businesses, our agencies enter into commitments to pay production costs and media costs on behalf of clients. To the extent possible we pay production and media charges after we have received funds from our clients. 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.

Our accrued liabilities are also affected by the timing of certain other payments. For example, while cash incentive awards are accrued throughout the year, they are generally paid during the first quarter of the subsequent year.

*Investing Activities*

Cash provided by investing activities during the first three months of 2009 includes net sales and maturities of short-term marketable securities partially offset by deferred payments on prior acquisitions and capital expenditures. Net sales and maturities of short-term marketable securities of \$150.7 primarily relates to a redemption of a time deposit.

*Financing Activities*

Cash used in financing activities during the first three months of 2009 reflects dividend payments of \$6.9 on our Series B Preferred Stock and distributions to noncontrolling interests of \$6.5.

*Exchange Rate Changes*

The effect of exchange rate changes on cash and cash equivalents included in the unaudited Consolidated Statements of Cash Flows resulted in a decrease of \$17.8 during the three months ended March 31, 2009. This decrease primarily reflects the weakening of the Euro against the U.S. Dollar during this period.

**LIQUIDITY OUTLOOK**

Based on our cash flow forecasts we expect our cash flow from operations, cash and cash equivalents to be sufficient to meet our anticipated operating requirements at a minimum for the next twelve months. In addition, we have back-up credit facilities available to support our operating needs. Our policy is to maintain a conservative approach to liquidity, which we believe is appropriate for our Company in view of the current conditions in the economy and financial markets. As a result, we are closely managing our spending and will defer or limit discretionary spending where possible, while continuing to position ourselves for growth in the future.

In the first quarter of 2009 the global economy was in recession, which is expected to persist at least through the first half of the year. Economic conditions have caused a decrease in demand for advertising and marketing services, which led to a decrease in our revenue during the first quarter. Should market conditions continue to adversely affect our clients, it could pose a challenge to our level of cash generation from operations. Furthermore, we have accounts receivable related to revenues earned and for pass-through costs incurred on behalf of our clients as well as expenditures billable to clients related to costs incurred and fees earned that have not yet been billed. Although we have not experienced a material increase in client defaults, current market conditions increase the likelihood that we could experience future losses. As of March 31, 2009 our largest client, based on 2008 revenue, accounted for approximately 3% of our accounts receivable and expenditures billable to clients.

**Management's Discussion and Analysis of Financial Condition and Results of Operations – (continued)**  
**(Amounts in Millions, Except Per Share Amounts)**  
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We maintain committed credit facilities to increase our financial flexibility. We have not drawn on any of our corporate credit facilities since 2003, although we use them to issue letters of credit to support commitments on behalf of certain clients. As discussed below, in July 2008 we entered into a \$335.0 three-year credit agreement (the "2008 Credit Agreement"). This credit facility includes commitments from a syndicate of financial institutions. If any of the financial institutions in the syndicate were unable to perform and no other bank assumed that institution's commitment, the total size of the facility would be reduced by the size of that institution's commitment. We also have a \$750.0 three-year credit agreement (the "2006 Credit Agreement") that matures in June 2009. We replaced a portion of this facility in July of 2008 with our 2008 Credit Agreement. We do not plan on replacing the full amount of the 2006 Credit Agreement.

If, however, our business is adversely impacted by deterioration in the economic environment, it could lead us to seek new or additional sources of liquidity to fund our working capital needs or enhance our financial flexibility. Our ability to access the capital markets depends on a number of factors, which include those specific to us, such as our credit rating, and those related to the capital markets, such as the amount of available credit. Currently, for a non-investment grade company such as ours, the capital markets are challenging, with limited available financing at higher costs than in recent years. There can be no guarantee that we would be able to access new sources of liquidity on commercially reasonable terms.

*Funding Requirements*

Our most significant funding requirements include: our operations, non-cancelable operating lease obligations, acquisitions, capital expenditures, payments related to vendor discounts and credits, debt service, preferred stock dividends, contributions to pension and postretirement plans, and taxes. In any twelve month period, we maintain substantial flexibility over significant uses of cash, including our capital expenditures and cash used for new acquisitions. Notable funding requirements include:

- Debt service — Our \$250.0 5.40% Senior Unsecured Notes mature on November 15, 2009. The remainder of our debt is primarily long-term, with maturities scheduled from 2010 to 2023.
- Acquisitions — During the twelve months ended December 31, 2009, we estimate paying approximately \$73.0 of deferred payments related to acquisitions completed in previous years. We also expect to continue to evaluate potential new strategic acquisitions.
- Payments related to vendor discounts and credits — Of the liabilities recognized as part of the 2004 Restatement, we estimate that we will pay approximately \$20.0 primarily related to vendor discounts and credits over the next 12 months. As of March 31, 2009 our liability balance for these payments was \$119.8.
- Contributions to pension and postretirement plans — Our funding policy regarding our pension plan is to contribute amounts necessary to satisfy minimum pension funding requirements plus such additional amounts from time to time as determined to be appropriate to improve the plans' funded status. For the three months ended March 31, 2009, we contributed \$9.0 to our foreign pension plans and had no contributions to our domestic pension plans. For the remainder of 2009 we expect to contribute approximately \$16.0 to our foreign pension plans and approximately \$10.0 to our domestic pension plans.

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

**FINANCING AND SOURCES OF FUNDS**

Substantially all of our operating cash flow is generated by our agencies. Our cash balances are held in numerous locations throughout the world, including amounts held outside of the U.S. Our liquid assets are held primarily at the holding company level, and to a lesser extent at our largest subsidiaries. Below is a summary of our sources of liquidity as of March 31, 2009:

	March 31, 2009			
	Total Facility	Amount Outstanding	Letters of Credit	Total Available
Cash, cash equivalents and marketable securities				\$1,658.5
<b>Committed</b>				
2006 Credit Agreement	\$750.0	\$ —	\$ 128.1 <sup>(1)</sup>	\$ 621.9
2008 Credit Agreement	\$335.0	\$ —	\$ —	\$ 335.0
<b>Uncommitted</b>				
Non-U.S.	\$383.3	\$ 73.6	\$ 1.0	\$ 308.7

<sup>(1)</sup> 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 U.S., or to satisfy other obligations. These letters of credit have historically not been drawn upon.

The 2008 Credit Agreement is a revolving facility, under which amounts borrowed by us or any of our subsidiaries designated under the 2008 Credit Agreement may be repaid and reborrowed, subject to an aggregate lending limit of \$335.0 or the equivalent in other currencies, and the aggregate available amount of letters of credit outstanding may decrease or increase, subject to a limit on letters of credit of \$200.0 or the equivalent in other currencies. Our obligations under the 2008 Credit Agreement are unsecured. The 2008 Credit Agreement includes restrictive covenants and financial covenants and as of March 31, 2009, we were in compliance with all applicable financial covenants, as seen in the table below.

Covenants	Four Quarters Ending March 31, 2009
Interest Coverage Ratio (not less than)	4.50x
Actual Interest Coverage Ratio	6.25x
<hr/>	
Leverage Ratio (not greater than)	3.25x
Actual Leverage Ratio	2.61x
<hr/>	
EBITDA (not less than)	\$ 600.0
Actual EBITDA	\$ 809.2
<hr/>	
<b>EBITDA Reconciliation</b>	
Operating Income	\$ 565.6
Add:	
Depreciation and amortization	241.5
Non-cash charges	2.1
EBITDA	\$ 809.2

If we believed we would not be able to comply with these financial covenants in the future, we would seek an amendment and/or waiver from our lenders, but there is no assurance that our lenders would grant an amendment or waiver. If we do not comply with these financial covenants and are unable to obtain the necessary amendment or waiver, the 2008 Credit Agreement could be terminated and our lenders could accelerate payments of any outstanding principal. In addition, under those circumstances we could be required to deposit with one of our lenders funds in an amount equal to any outstanding letters of credit. As of March 31, 2009 there was no outstanding principal or letters of credit, but we plan to use the 2008 Credit Agreement in the second quarter for our letters of credit when the 2006 Credit Agreement expires.

**Management's Discussion and Analysis of Financial Condition and Results of Operations – (continued)**  
**(Amounts in Millions, Except Per Share Amounts)**  
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The 2006 Credit Agreement can be utilized for cash advances and for letters of credit in an aggregate amount not to exceed \$750.0 outstanding at any time. The aggregate face amount of letters of credit may not exceed \$600.0 at any time. Our obligations under the 2006 Credit Agreement are unsecured, and we are not subject to any financial or other material restrictive covenants under this facility. This facility expires in June of 2009 and we have not drawn on it.

We also have uncommitted credit facilities with various banks that permit borrowings at variable interest rates. We use our uncommitted credit lines for working capital needs at some of our operations outside the U.S., and the amount outstanding as of March 31, 2009 was \$73.6. We have guaranteed the repayment of some of these borrowings made by certain subsidiaries. If we lose access to these credit lines we would have to provide funding directly to some of our international operations. The weighted-average interest rate on outstanding balances under the uncommitted credit facilities as of March 31, 2009 was approximately 2%.

We aggregate our net domestic cash position on a daily basis. Outside the U.S., we use cash pooling arrangements with banks to help manage our liquidity requirements. In these pooling arrangements, several Interpublic agencies agree with a single bank that the cash balances of any of the agencies with the bank will be subject to a full right of setoff against amounts the other agencies owe the bank, and the bank provides for 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 unaudited Condensed Consolidated Balance Sheets reflect cash, net of overdrafts, under all of our pooling arrangements and as of March 31, 2009 the amount netted was \$809.2.

#### **DEBT RATINGS**

Our long-term debt credit ratings as of April 17, 2009 were as follows:

	<u>Moody's Investor Service</u>	<u>Standard and Poor's</u>	<u>Fitch Ratings</u>
Rating	Ba3	B+	BB+
Outlook	Positive	Stable	Positive

The most recent change in our credit ratings occurred on March 5, 2009 when Standard and Poor's changed our outlook from positive to stable. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning credit rating agency. The rating of each credit rating agency should be evaluated independently of any other rating.

#### **CRITICAL ACCOUNTING ESTIMATES**

Our significant accounting policies are described in Note 1 to the Consolidated Financial Statements for the year ended December 31, 2008 included in our 2008 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 2008 Annual Report on Form 10-K, we believe that certain of these policies are critical because they are important to the presentation of our financial condition and results of operations and they require management's most difficult, subjective or complex judgments, often as a result of the need to estimate the effect of matters that are inherently uncertain. These critical estimates relate to revenue recognition, income taxes, goodwill and other intangible assets, and pension and postretirement benefits. We base our estimates on historical experience and on other factors that we consider reasonable under the circumstances. Estimation methodologies are applied consistently from year to year, and there have been no significant changes in the application of critical accounting estimates since December 31, 2008. Actual results may differ from these estimates under different assumptions or conditions.

#### **RECENT ACCOUNTING STANDARDS**

Please refer to Note 1 and Note 12 to our unaudited Consolidated Financial Statements for a discussion of certain accounting standards that have been adopted during 2009.

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

There has been no significant change in our exposure to market risk during the three months ended March 31, 2009. Our exposure to market risk for changes in interest rates relates primarily to our debt obligations. As of March 31, 2009 and December 31, 2008, approximately 84% of our debt obligations bore interest at fixed interest rates. We have used interest rate swaps to manage the mix of our fixed and floating rate debt obligations. However, we currently have none outstanding. Furthermore, we are not dependent on short-term funding, and the uncertainty in the credit market has not materially impacted our funding costs. Our pension plan assets are also exposed to market risk. As a result of the market decline in 2008, the fair value of our pension plan assets have declined, and, if unchanged, could result in higher pension expense and funding requirements in future periods. For a further discussion of our exposure to market risk, refer to Item 7A, Quantitative and Qualitative Disclosures About Market Risk, in our 2008 Annual Report on Form 10-K.

**Item 4. Controls and Procedures**

**Disclosure Controls and Procedures**

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of March 31, 2009, the Company's disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures.

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

**Changes in internal control over financial reporting**

There has been no change in internal control over financial reporting in the quarter ended March 31, 2009 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**PART II — OTHER INFORMATION****Item 1. Legal Proceedings**

Information about our other current legal proceedings is set forth in Note 11 to the unaudited Consolidated Financial Statements included in this report.

**Item 1A. Risk Factors**

In the first quarter of 2009, there have been no material changes in the risk factors we have previously disclosed in Item 1A, Risk Factors, in our 2008 Annual Report on Form 10-K.

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

(c) The following table provides information regarding our purchases of our equity securities during the period from January 1, 2009 to March 31, 2009:

	Total Number of Shares (or Units) Purchased	Average Price Paid per Share (or Unit) <sup>(2)</sup>	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
January 1-31	8,824 shares	\$ 3.85	—	—
February 1-28	9,958 shares	\$ 3.28	—	—
March 1-31	1,292,194 shares	\$ 4.10	—	—
Total <sup>(1)</sup>	1,310,976 shares	\$ 4.09	—	—

<sup>(1)</sup> Consists of restricted shares of our common stock, par value \$.10 per share, withheld under the terms of grants under employee stock-based compensation plans to offset tax withholding obligations that occurred upon vesting and release of restricted shares during each month of the first quarter of 2009 (the "Withheld Shares").

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

**Working Capital Restrictions and Other Limitations on the Payment of Dividends**

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

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**Item 6. Exhibits**

<u>EXHIBIT NO.</u>	<u>DESCRIPTION</u>
10(iii)(A)(1)	Amendment to The Interpublic Group of Companies, Inc. 2006 Performance Incentive Plan.
10(iii)(A)(2)	Description of Changes to the Compensation of Board Committee Chairs and Presiding Director.
10(iii)(A)(3)	The Interpublic Restricted Cash Plan.
12.1	Computation of Ratios of Earnings to Fixed Charges.
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended.
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended.
32	Certification of the Chief Executive Officer and the Chief Financial Officer furnished pursuant to 18 U.S.C. Section 1350 and Rule 13a-14(b) under the Securities Exchange Act of 1934, as amended.

**SIGNATURES**

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

THE INTERPUBLIC GROUP OF COMPANIES, INC.

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

Date: April 28, 2009

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

Date: April 28, 2009



**INDEX TO EXHIBITS**

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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.

**AMENDMENT TO THE INTERPUBLIC GROUP OF COMPANIES, INC.**  
**2006 PERFORMANCE INCENTIVE PLAN**

**AMENDMENT** to The Interpublic Group of Companies, Inc. (“Interpublic”) 2006 Performance Incentive Plan (the “Plan”). Capitalized terms used herein shall have the meaning set forth in the Plan.

**WHEREAS**, Section 11(h) of the Plan authorizes the Board and the Committee to amend the Plan; and

**WHEREAS**, Section 8 of the Plan authorizes the Committee to grant Management Incentive Compensation Performance Awards (“MICP Awards”) with respect to a full or partial Plan Year; and

**WHEREAS**, Section 8 of the Plan authorizes the Committee to direct that up to 75% of an individual MICP Award be paid on a deferred basis; and

**WHEREAS**, the Board wishes to clarify that, subject to the limitations set forth in the Plan document, an MICP Award may be granted with respect to a performance period of longer than one Plan Year, and MICP Awards may be granted with respect to performance in future Plan Years; and

**WHEREAS**, the Board wishes to authorize the Committee to direct that up to 100% of any MICP Award be paid on a deferred basis;

**NOW, THEREFORE**, effective March 26, 2009,

1. Section 8(a) of the Plan is hereby amended by adding the following new sentence at the end thereof: “In the discretion of the Committee, the performance period for an MICP Award may be longer than one Plan Year and MICP Awards may be granted with respect to future Plan Years.”

2. Section 8(d) of the Plan is hereby amended to replace “75%” with “100%”.

**Description of Changes to the Compensation of Board Committee Chairs and Presiding Director**

At its meeting on March 26, 2009, the Company's Board of Directors approved certain changes to the annual compensation of the non-management directors. While the annual cash retainer for all non-management directors remains the same at \$80,000, annual fees for service as committee chairpersons will increase as follows: the Audit Committee and Compensation and Leadership Talent Committee chairpersons will receive \$15,000 and the chairperson of the Corporate Governance Committee will receive \$10,000. In addition, the annual retainer for the Presiding Director will be reduced from \$50,000 to \$25,000. Furthermore, while the amount of annual equity grants will remain at a value of \$80,000, the grant date will move from January 1 to the last trading day in May in each year.

**The Interpublic  
Restricted Cash Plan**

**INTERPUBLIC RESTRICTED CASH PLAN**

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ARTICLE I INTRODUCTION

- 1.1 **PURPOSE.** The Interpublic Group of Companies, Inc. (“Interpublic”) has established and maintains this Restricted Cash Plan to attract, retain, and motivate employees of exceptional ability.
- 1.2 **EFFECTIVE DATE.** The Plan is effective January 1, 2009.
- 1.3 **LEGAL STATUS.** The Plan is a bonus program within the meaning of 29 C.F.R. § 2510.3-2(c), and therefore is not subject to the Employee Retirement Income Security Act of 1974, as amended.

ARTICLE II DEFINITIONS AND RULES OF CONSTRUCTION

- 2.1 **DEFINITIONS.** The following terms, as used herein, have the following meanings, unless a different meaning is implied by the context:
  - (a) **AFFILIATE** has the meaning set forth in the Applicable PIP.
  - (b) **APPLICABLE PIP** means, with respect to any Restricted Cash Award, the most recently adopted The Interpublic Group of Companies, Inc. Performance Incentive Plan, that is in effect on the date that such Restricted Cash Award is granted.
  - (c) **AWARD LETTER** means a letter or memorandum from Interpublic to a Participant that sets forth the terms of a Restricted Cash Award. If any provision of an Award Letter expressly conflicts with a provision of this Plan document, the provision of the Award Letter shall control.
  - (d) **BENEFICIARY** means any person or persons so designated by the Participant in a manner determined by the Plan Administrator, and, if no Beneficiary has been designated or no individual designated as a Beneficiary survives the Participant, the Participant’s Beneficiary shall be the Participant’s estate. In order to be effective, any designation of a Beneficiary must be filed with the Plan’s recordkeeper before the Participant’s death.
  - (e) **BOARD** means Interpublic’s Board of Directors, or the Compensation Committee thereof.

- (f) **CAUSE** means, with respect to any Participant:
- (i) A material breach by the Participant of a provision in an employment agreement with Interpublic or an Affiliate 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;
  - (ii) Misappropriation by the Participant of funds or property of Interpublic or an Affiliate;
  - (iii) Any attempt by the Participant to secure any personal profit related to the business of Interpublic or an Affiliate that is not approved in writing by the Board or by the person to whom the Participant reports directly;
  - (iv) Fraud, material dishonesty, gross negligence, gross malfeasance, or insubordination by the Participant, or willful (1) failure by the Participant to follow the code of conduct of Interpublic or an Affiliate or (2) misconduct by the Participant in the performance of his duties as an employee of Interpublic or an Affiliate, 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 an Affiliate;
  - (v) Refusal or failure by the Participant to attempt in good faith to perform his duties as an employee or to follow a reasonable good-faith direction of the Board 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;
  - (vi) 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
  - (vii) Conduct by the Participant that is clearly prohibited by the policy of Interpublic or an Affiliate prohibiting discrimination or harassment based on age, gender, race, religion, disability, national origin or any other protected category.
- (g) **CHANGE OF CONTROL** has the meaning set forth in the Applicable PIP.
- (h) **CODE** means the Internal Revenue Code of 1986, as amended.
- (i) **DISABILITY** has the meaning set forth in the Applicable PIP.
- (j) **ELIGIBLE EMPLOYEE** has the meaning set forth in the Applicable PIP.

- (k) **EMPLOYER** means, with respect to an Eligible Employee, Interpublic or the Affiliate of Interpublic that employs the Eligible Employee.
- (l) **RESTRICTED CASH AWARD** means an award granted pursuant to Article III hereof. A Restricted Cash Award gives the recipient the right to receive cash in the future, subject to certain vesting and other conditions set forth in the Award Letter.
- (m) **INTERPUBLIC** means The Interpublic Group of Companies, Inc., and any successor to the Interpublic Group of Companies, Inc.
- (n) **PARTICIPANT** means an Eligible Employee or former Eligible Employee who has commenced participation in the Plan and whose vested benefit under the Plan has not been paid in its entirety.
- (o) **PLAN** means the Interpublic Restricted Cash Plan, as set forth herein and amended from time to time.
- (p) **PLAN ADMINISTRATOR** means Interpublic's Management Human Resources Committee.

**2.1 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; and
- (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.



### ARTICLE III ELIGIBILITY AND TERMS OF AWARDS

- 3.1 AUTHORITY TO GRANT RESTRICTED CASH AWARDS.** From time to time, the Board or the Plan Administrator may grant a Restricted Cash Award to any Eligible Employee.
- 3.2 ELIGIBILITY FOR RESTRICTED CASH AWARDS.** Eligibility to receive a Restricted Cash Award shall be determined by the Board or the Plan Administrator in its sole discretion.
- 3.3 TERMS OF RESTRICTED CASH AWARDS.** The terms of any Restricted Cash Award, including the amount, vesting conditions, and payment date, shall be set forth in an Award Letter. The terms of any Award Letter shall be determined on a case-by-case basis by the Board or the Plan Administrator.

### ARTICLE IV VESTING AND PAYMENT OF RESTRICTED CASH AWARDS

#### 4.1 VESTING AND FORFEITURE.

- (a) Each Restricted Cash Award shall be subject to the vesting conditions set forth in the applicable Award Letter, which may include achievement of specified performance objectives, continued service for a specified period, compliance with the terms of an agreement regarding confidentiality, non-competition and/or non-solicitation, or a combination thereof. Unless otherwise expressly provided in the Award Letter:
- (i) Except to the extent that vesting is accelerated pursuant to paragraph (ii), (iii), or (iv), below, a Participant's right to receive payment of any Restricted Cash Award shall be contingent upon (A) the Participant remaining employed by Interpublic or an Affiliate until a date set forth in the Award Letter, and (B) the Participant's executing an agreement regarding confidentiality, non-competition, and non-solicitation with terms that are acceptable to Interpublic.
  - (ii) In the event that a Participant is involuntarily terminated without Cause within the two years immediately following a Change of Control, all Restricted Cash Awards then outstanding (and not previously forfeited) shall immediately become fully vested as of the date on which the Participant's employment is terminated, and any performance conditions shall be deemed achieved at the target level set forth in the applicable Award Letter.
  - (iii) To the extent provided in an applicable Award Letter, vesting shall be accelerated upon a Participant's death or Disability.

- (iv) The Plan Administrator shall have discretion, on a case-by-case basis, to accelerate vesting of a Restricted Cash Award to the extent permitted by the Applicable PIP.
  - (b) If a Participant terminates employment with Interpublic and its Affiliates before any portion of a Restricted Cash Award becomes vested, the unvested portion shall be forfeited. No portion of any Restricted Cash Award that is forfeited shall be reinstated, even if the former Participant is subsequently rehired by Interpublic or an Affiliate.
- 4.2 PAYMENT DATE.** Each vested Restricted Cash Award shall be paid no later than the earlier of (a) the payment date set forth in the applicable Award Letter and (b) March 15th of the calendar year next following the calendar year in which the right to payment ceases to be subject to a substantial risk of forfeiture (as defined in Treas. Reg. § 1.409A-1(d)).
- 4.3 DEATH.** If a Participant dies before the full amount of any vested Restricted Cash Award is paid, the vested portion of such Restricted Cash Award, determined in accordance with Section 4.1(a), above, shall be paid to his Beneficiary no later than the payment deadline prescribed by Section 4.2, above.
- 4.4**

## **ARTICLE V ADMINISTRATION AND RECORDKEEPING**

### **5.1 PLAN ADMINISTRATION.**

- (a) The Plan Administrator shall have responsibility for the operation and administration of the Plan and shall direct payment of Plan benefits. Except as otherwise expressly provided herein, the Plan Administrator shall have the sole responsibility for and the sole control of the operation, administration and record-keeping of the Plan, and shall have the full discretionary power and authority to take any action and to make all decisions and interpretations which may be necessary or appropriate in order to administer and operate the Plan, including the discretionary power, duty, and responsibility to:
  - (i) Resolve and determine all disputes or questions arising under the Plan, including the power to determine the rights of Participants and Beneficiaries, and their respective benefits, and to remedy any ambiguities, inconsistencies or omissions, in the Plan;
  - (ii) Adopt such rules of procedure and regulations as in its opinion may be necessary for the proper and efficient administration of the Plan and as are consistent with the Plan;

(iii) Implement the Plan in accordance with its terms and the rules and regulations adopted as above; and

(iv) Make determinations concerning the crediting and distribution of Participants' Accounts.

(b) No provision of the Plan shall be construed to give the Plan Administrator any fiduciary responsibility with respect to any Participant or Beneficiary.

## 5.2 AMENDMENT, SUSPENSION, AND TERMINATION .

(a) Subject to the restrictions set forth in this Section 5.2, the Board or any person duly authorized by resolution of the Board may, pursuant to a written instrument, amend, suspend, or terminate the Plan at any time, retroactively or prospectively; provided that—

(i) After a Change of Control, no amendment shall materially change any term of an existing Award Letter in a way that is adverse to the Participant without the Participant's consent; and

(ii) No amendment shall change the time or form of payment of any benefits under the Plan unless the change will not trigger adverse federal tax consequences for any Participant or Beneficiary.

(b) In addition, Interpublic's Management Human Resources Committee may amend the Plan to the extent that it deems necessary or desirable:

(i) 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, and

(ii) To comply with any applicable federal, state, or local law (including any tax law that could result in adverse tax consequences to any Participant or Beneficiary, or Interpublic or any Affiliate).

**5.3 DESIGN DECISIONS.** Decisions regarding the design of the Plan, eligibility to participate in the Plan, and the level of benefits provided to any Participant shall be made in a settlor capacity. Any decision or action related to determining eligibility to participate in the Plan, the level of benefits provided to any Participant, modifying, altering, amending, or terminating the Plan shall be taken on behalf of Interpublic as sponsor of the Plan.

## ARTICLE VI MISCELLANEOUS

- 6.1 PAYMENTS TO BE MADE IN CASH.** All payments required by this Plan shall be made in cash.
- 6.2 OBLIGATION TO MAKE PAYMENTS.** All payments required by the Plan shall be made by Interpublic; provided, that Interpublic may cause another party, such as an Affiliate, to make the payment.
- 6.3 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.
- 6.4 TAX WITHHOLDING.** Interpublic or its designee shall be entitled to withhold from any payment under the Plan an amount that it determines is required to be withheld to satisfy all federal, state, and other governmental requirements related to the payment. The Participant or Beneficiary, as the case may be, shall bear all taxes on amounts paid under the Plan to the extent that taxes are not withheld, irrespective of whether withholding is required.
- 6.5 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.
- 6.6 NO ASSIGNMENT OR ALIENATION.** No benefits payable under the Plan shall be subject to alienation, sale, transfer, assignment, pledge, attachment, garnishment, lien, levy, or like encumbrance. No benefit under the Plan shall in any manner be liable for or subject to the debts or liabilities of any person entitled to benefits under the Plan.
- 6.7 NO CONTRACT OF EMPLOYMENT.** The Plan shall not constitute a contract of employment between any Participant or other individual and Interpublic, or any of its Affiliates. Nothing in the Plan shall give a Participant or any other individual the right to be retained in the service of Interpublic or any Affiliate, or to interfere with the right of any Interpublic or any Affiliate to discipline or discharge a Participant or other individual at any time.
- 6.8 LIMITATIONS ON LIABILITY.** Neither the establishment nor amendment of the Plan, the award of any Restricted Cash, nor the payment of any benefits under the Plan, shall be construed as giving to any Participant or any other individual any legal or equitable right against Interpublic or any of its Affiliates, except as required by law or by any Plan provision. Without limiting the foregoing, neither Interpublic nor any of its Affiliates guarantees that the Plan will be effective to defer taxation under federal, state, or local law.

- 6.9 UNFUNDED PLAN.** The Plan is intended to be and at all times shall be operated and administered as an unfunded plan. No provision of the Plan shall be interpreted so as to give any individual any right in any assets of Interpublic or any Affiliate that is greater than the rights of any general, unsecured creditor of Interpublic or such Affiliate.
- 6.10 GOVERNING LAW.** The Plan shall be construed, administered, and regulated 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.
- 6.11 SECTION 409A OF THE CODE.** The Plan shall be operated, administered, and interpreted in accordance with the intent that no amounts payable under the Plan are subject to the requirements of Section 409A of the Code.
- 6.12 SEVERABILITY.** If any provision of the Plan is held to be illegal or void, 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 provisions had never been included in the Plan.
- 6.13 COMPLETE STATEMENT OF PLAN.** This Plan document contains a complete statement of its terms. 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.

\* \* \* \* \*

IN WITNESS WHEREOF, Interpublic has caused this Plan to be executed on this 26th day of March, 2009.

By: /s/ Nicholas J. Camera

Print Name: Nicholas J. Camera

Title: SVP, General Counsel & Secretary

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

	Three months ended March 31,	Years ended December 31,				
	2009	2008	2007	2006	2005	2004
<b>Earnings (loss)<sup>(1)</sup></b>						
(Loss) income from continuing operations before income taxes	\$ (99.5)	\$471.5	\$235.7	\$ (5.0)	\$(186.6)	\$(267.0)
<b>Fixed charges<sup>(1)</sup></b>						
Interest expense and other charges	\$ 34.8	\$211.9	\$236.7	\$218.7	\$ 181.9	\$ 172.0
Interest factor of net operating rents <sup>(2)</sup>	44.5	183.9	185.6	185.1	183.9	190.0
Total fixed charges	\$ 79.3	\$395.8	\$422.3	\$403.8	\$ 365.8	\$ 362.0
<b>Earnings (loss), as adjusted</b>	\$ (20.2)	\$867.3	\$658.0	\$398.8	\$ 179.2	\$ 95.0
<b>Ratio of earnings to fixed charges<sup>(3)</sup></b>	N/A	2.2	1.6	N/A	N/A	N/A

(1) Earnings (loss) consist of (loss) income from continuing operations before income taxes, net (loss) income attributable to noncontrolling 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 of which are 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 losses in the three months ended March 31, 2009 and years ended December 31, 2006, 2005 and 2004. To provide a 1:1 coverage ratio for the deficient periods, results as reported would have required additional earnings of \$99.5, \$5.0, \$186.6 and \$267.0 in the three months ended March 31, 2009 and the years ended December 31, 2006, 2005 and 2004, 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: April 28, 2009

## 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

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Frank Mergenthaler  
Executive Vice President and  
Chief Financial Officer

Date: April 28, 2009



**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 March 31, 2009 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

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Michael I. Roth  
Chairman and Chief Executive Officer

Dated: April 28, 2009

/s/ FRANK MERGENTHALER

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Frank Mergenthaler  
Executive Vice President and  
Chief Financial Officer

Dated: April 28, 2009