INTERPUBLIC GROUP OF COMPANIES, INC.
Form DEF 14A
April 25, 2007
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant o
Filed by a Party other than the Registrant o
Check the appropriate box:

o	Preliminary Proxy Statement
o	**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
x	Definitive Proxy Statement
o	Definitive Additional Materials
o	Soliciting Material Pursuant to §240.14a-12

The Interpublic Group of Companies, Inc.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x	No fee required.	
o	Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.	
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	(4)	Proposed maximum aggregate value of transaction:
	(5)	Total fee paid:
o	Fee paid previously with preliminary materials.	
o	Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.	
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THE INTERPUBLIC GROUP OF COMPANIES, INC.
1114 Avenue of the Americas
New York, New York 10036

April 25, 2007

Dear Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of The Interpublic Group of Companies, Inc., to be held at 9:30 A.M. Eastern Time, on Thursday, May 24, 2007. The meeting will be held in the MT&R Theater of The Museum of Television & Radio, 25 West 52nd Street, New York, New York.

The business to be considered is described in the accompanying Notice of Annual Meeting of Stockholders and Proxy Statement. In addition to these matters, we will present a report on the state of our company.

We hope you will be able to attend.

Sincerely,
Michael I. Roth
Chairman of the Board
and Chief Executive Officer

THE INTERPUBLIC GROUP OF COMPANIES, INC.
1114 Avenue of the Americas
New York, New York 10036

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held May 24, 2007

The Annual Meeting of Stockholders of The Interpublic Group of Companies, Inc. (Interpublic) will be held in the MT&R Theater of The Museum of Television & Radio, 25 West 52nd Street, New York, New York, on Thursday, May 24, 2007, at 9:30 A.M., Eastern Time, for the following purposes:

1. To elect nine directors;

2. To confirm the appointment of PricewaterhouseCoopers LLP as independent registered public accounting firm of Interpublic for the year 2007;

3. To consider and vote upon the stockholder proposal entitled Separate the Roles of CEO and Chairman ;

4. To consider and vote upon the stockholder proposal entitled Special Shareholder Meetings ; and

5. To transact such other business as may properly come before the meeting and any adjournment thereof.

The close of business on April 2, 2007 has been designated as the record date for the determination of stockholders entitled to notice of and to vote at this meeting and any adjournment thereof.

By Order of the Board of Directors,
Nicholas J. Camera
Secretary

Dated: April 25, 2007

Whether or not you plan to attend the meeting in person, please fill in, sign, date and promptly return the enclosed proxy in the accompanying envelope, which requires no postage if mailed in the United States, or vote over the phone or Internet. The proxy is revocable, so that you may still vote your shares in person if you attend the meeting and wish to do so. You will find instructions to follow if you wish to revoke your proxy on page 1 of this Proxy Statement.

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THE INTERPUBLIC GROUP OF COMPANIES, INC.

PROXY STATEMENT

GENERAL

Introduction

The Interpublic Group of Companies, Inc. (Interpublic) is furnishing this Proxy Statement in connection with the solicitation by the Board of Directors of Interpublic of proxies to be voted at the Annual Meeting of Stockholders, which will be held in the MT&R Theater of The Museum of Television & Radio, 25 West 52nd Street, New York, New York, at 9:30 A.M., Eastern Time, on Thursday, May 24, 2007.

Interpublic s principal executive office is located at 1114 Avenue of the Americas, New York, NY 10036. This Proxy Statement and the enclosed form of proxy, together with Interpublic s Annual Report to Stockholders, are first being sent to stockholders on or about April 25, 2007.

Any proxy given in response to this solicitation may be revoked at any time before it has been exercised. The giving of the proxy will not affect your right to vote in person if you attend the meeting. Your proxy may be revoked at any time prior to its exercise by giving written notice to our Secretary at The Interpublic Group of Companies Inc., 1114 Avenue of the Americas, New York, NY 10036, by delivering a later dated proxy, or by voting in person at the meeting.

If you do not attend the Annual Meeting, or if you attend and do not vote in person, the shares represented by your proxy will be voted in accordance with your instructions on the matters set forth in items 1 through 4. If no voting instructions are given with respect to any one or more of the items, a duly executed proxy will be voted on the uninstructed matter or matters as follows:

- FOR the Board s nominees for election as directors;
- FOR the confirmation of PricewaterhouseCoopers LLP (PricewaterhouseCoopers) as independent registered public accounting firm for 2007;
- AGAINST the stockholder resolution requiring the separation of the roles of chief executive officer and chairman; and
- AGAINST the stockholder resolution regarding the calling of special shareholder meetings.

A duly executed proxy also may be voted in the discretion of the proxy holders on any other matter submitted to a vote at the meeting.

Outstanding Shares

The record date for the Annual Meeting is April 2, 2007. The outstanding capital stock of Interpublic at the close of business on April 2, 2007 consisted of 468,685,378 shares of Common Stock, and 525,000 shares of 5.25% Series B Cumulative Convertible Perpetual Preferred Stock (the Series B Preferred Stock). Holders of Interpublic s Common Stock are the only security holders entitled to vote at this meeting of stockholders. Each share of Common Stock is entitled to one vote on each matter that is submitted to a vote of stockholders at the meeting.

SHARE OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

The following table sets forth information concerning direct and indirect beneficial ownership of Interpublic s Common Stock as of December 31, 2006 by persons known to Interpublic to have beneficial ownership of more than 5% of the Common Stock:

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership of Common Stock(1)		Percent of Class	
Ariel Capital Management, LLC 200 E. Randolph Drive Suite 2900 Chicago, IL 60601	29,205,376	(2)	6.6	%
AXA Financial, Inc. 1290 Avenue of the Americas New York, NY	34,216,113	(3)	7.8	%
ClearBridge Advisors, LLC ClearBridge Asset Management, Inc. Smith Barney Fund Management 399 Park Avenue New York, NY 10022	27,209,780	(4)	6.17	%
Dodge & Cox 555 California Street, 40th Floor San Francisco, CA 94104	47,044,653	(5)	10.7	%
Franklin Resources, Inc. One Franklin Parkway San Mateo, CA 94403	57,777,414	(6)	13.1	%
Hotckis and Wiley Capital Management, LLC 725 S. Figueroa Street 39th Fl Los Angeles, CA 90017	22,697,150	(7)	5.10	%
Lord Abbett & Co. LLC 90 Hudson Street Jersey City, NJ 07302	37,346,377	(8)	8.47	%

(1) The rules of the Securities Exchange Commission (SEC) deem a person to be the beneficial owner of a security (for purposes of proxy statement disclosure) if that person has or shares either or both voting or dispositive power with respect to such security. Additionally, a security is deemed to be beneficially owned by a person who has the right to acquire beneficial ownership of the security within 60 days, for example through the conversion of notes or preferred stock.

(2) This disclosure is based on information supplied by Ariel Capital Management, LLC (Ariel) in an Amendment No. 1 to a Schedule 13G filed with the SEC on February 13, 2007, in which Ariel reported that it is an investment adviser that has sole voting power with respect to 25,831,966 shares of Common Stock and sole dispositive power with respect to 29,038,346 shares of Common Stock.

(3) This disclosure is based on information supplied by AXA Financial, Inc. (AXA Financial) in an Amendment No. 3 to a Schedule 13G filed with the SEC on February 13, 2007, in which AXA Financial reports that its subsidiaries, Alliance Capital Management L.P. and AXA Equitable Life Insurance Company collectively have sole voting power with respect to 17,863,663 and shared voting power with respect to 4,121,982_shares of Common Stock and sole dispositive power with respect to 34,185,961 and shared dispositive power with respect to 30,152 shares of Common Stock.

(4) This disclosure is based on information supplied by ClearBridge Advisors, LLC, ClearBridge Asset Management, Inc. and Smith Barney Fund Management (the Investment Group) in a Schedule 13G filed with the SEC on February 8, 2007, in which the members of the Investment Group report that collectively they have shared voting power with respect to 24,292,615 shares of Common Stock and shares dispositive power with respect to 27,209,780 shares of Common Stock.

(5) This disclosure is based on information supplied by Dodge & Cox (Dodge) in an Amendment No. 2 to a Schedule 13G filed with the SEC on February 13, 2007, in which Dodge reported that it is an investment adviser that has sole voting power with respect to 44,201,653 shares and shared voting power with respect to 448,000 shares of Common Stock and sole dispositive power with respect to 47,044,653 shares of Common Stock.

(6) This disclosure is based on information supplied by Franklin Resources, Inc. (Franklin) in an Amendment No. 2 to a Schedule 13G filed with the SEC on February 5, 2007, in which Franklin reported that it is a holding company of a group of investment management companies that in the aggregate have sole voting power with respect to 52,531,407 shares of Common Stock and sole dispositive power with respect to 57,432,374 and shared dispositive power with respect to 132,640 shares of Common Stock.

(7) This disclosure is based on information supplied by Hotckis and Wiley Capital Management, LLC (Hotckis) in a Schedule 13G filed with the SEC on February 14, 2007, in which Hotckis reported that it is an investment adviser that has sole voting power with respect to 13,204,350 shares of Common Stock and sole dispositive power with respect to 22,697,150 shares of Common Stock.

(8) This disclosure is based on information supplied by Lord, Abbett & Co. LLC (Lord Abbett) in an Amendment No. 1 to a Schedule 13G filed with the SEC on February 14, 2007, in which Lord Abbett reported that it is an investment adviser that has sole voting power with respect to 36,158,877 shares of Common Stock and sole dispositive power with respect to 37,346,377 shares of Common Stock.

SHARE OWNERSHIP OF MANAGEMENT

The following table sets forth information concerning the direct and indirect beneficial ownership of Interpublic s Common Stock as of April 2, 2007 by each director, each nominee for election as a director, each executive officer named in the Summary Compensation Table below, and all directors and executive officers of Interpublic as a group:

Name of Beneficial Owner	Common Stock Ownership(1)(2)(3)(4)(5)	Options Exercisable Within 60 Days	Total
Frank J. Borelli	26,169	14,510	40,679
Reginald K. Brack	34,169	14,510	48,679
Jill M. Considine	24,669	14,510	39,179
John J. Dooner, Jr.	973,913	1,043,051	2,016,964
Stephen A. Gatfield	106,364	30,000	136,364
Richard A. Goldstein	21,900	6,000	27,900
H. John Greeniaus	62,889	4,000	66,889
William T. Kerr	16,069	0	16,069
Philippe Krakowsky	76,866	64,337	141,203
Frank Mergenthaler	79,328	0	79,328
Michael I. Roth	555,104	205,951	761,055
J. Phillip Samper	36,151	14,510	50,661
Timothy A. Sompolski	71,447	63,745	135,192
David M. Thomas	10,869	0	10,869
All directors and executive officers as a group	2,229,093	1,764,353	3,993,446

(1) The rules of the SEC deem a person to be the beneficial owner of a security (for purposes of proxy statement disclosure) if that person has or shares either or both voting or dispositive power with respect to such security. Additionally, a security is deemed to be beneficially owned by a person who has the right to acquire beneficial ownership thereof within 60 days, for example through the exercise of a stock option. Common Stock ownership set forth in this table includes unvested shares of restricted stock awarded under any of the 2006 Performance Incentive Plan, 2004 Performance Incentive Plan, the 2002 Performance Incentive Plan, the 1997 Performance Incentive Plan, the Interpublic Outside Directors Stock Incentive Plan and the Interpublic Non-Management Directors Stock Incentive Plan due to the right of the persons identified to exercise voting power with respect to the shares. Except as otherwise indicated, each person has sole voting and sole dispositive power over the shares indicated as beneficially owned.

(3) No individual identified in the table has, nor do the directors and executive officers as a group, beneficial ownership of more than 1% of the outstanding shares of Common Stock.

(4) Includes for Mr. Goldstein 800 shares owned by his spouse.

(5) No executive officer or director of Interpublic has pledged as security any shares of Common Stock.

(6) No executive officer or director of Interpublic is a beneficial owner of any shares of the Series B Preferred Stock.

Voting

Each director shall be elected by a majority of the votes cast for his or her election.

In March 2006, Interpublic s Bylaws were amended to provide that the election of each director requires the affirmative vote of the holders of a majority of the shares present in person or represented by

proxy at the meeting and entitled to vote on the matter, except that in a contested election where the number of nominees exceeds the number of directors to be elected, directors shall be elected by a plurality of the votes cast. Accordingly, at the 2007 Annual Meeting, a nominee will be elected as a director only if the holders of a majority of the shares present and entitled to vote cast votes for his or her election. In accordance with Interpublic s Bylaws, any incumbent nominee who fails to receive the necessary vote for his or her election is required to resign from the Board no later than 120 days after the date of the certification of the election results.

Approval of Items 2 through 4 will require the affirmative vote of the holders of a majority of the shares present in person or represented by proxy at the meeting and entitled to vote on the matter. Interpublic s transfer agent tabulates the votes. Abstentions and broker non-votes are each tabulated separately and are counted as shares present for the purpose of determining whether there is a quorum present for the conduct of business at the Annual Meeting. For Items 2 through 4, shares that are the subject of an abstention are included as shares entitled to vote on the matter and, therefore, have the same effect as a vote against the matter, and shares, if any, that are the subject of a broker non-vote with respect to a particular matter are not included as shares entitled to vote on that matter.

Stockholder Proposals To Be Presented At 2008 Annual Meeting

Proposals of stockholders intended to be presented at the Annual Meeting of Stockholders scheduled to be held on May 22, 2008, must be received by Interpublic by December 29, 2007, and must comply with applicable SEC regulations, in order to be considered for inclusion in Interpublic s Proxy Statement and form of proxy relating to that meeting. If notice of a proposal intended to be presented at the Annual Meeting is not received by Interpublic before March 21, 2008, the persons named as proxies in Interpublic s 2008 proxy material will have the discretionary authority to vote on the matter in accordance with their best judgment without disclosure in the proxy statement of such matter or of how the proxy holders intend to exercise their discretionary authority to vote on the matter.

1. ELECTION OF DIRECTORS

The Board of Directors, on the recommendation of the Corporate Governance Committee, has nominated the individuals listed below as its candidates for election as directors at the Annual Meeting. Persons elected as directors at the Annual Meeting will hold office until the 2008 Annual Meeting of Stockholders and until their successors are elected and qualify or until their earlier death, resignation or removal. Certain biographical information concerning each of the nominees is provided below. All of the nominees are currently serving as directors of Interpublic. The Board of Directors believes that each of the nominees will be available and able to serve as a director. However, if for any reason any of the nominees is unable to serve, all proxies will be voted for the remainder of the nominees and, unless the size of the Board of Directors is reduced, for a replacement nominee designated by the Board of Directors having due regard for any recommendation of the Corporate Governance Committee.

The following information with respect to the principal occupation or employment, recent employment history, age and directorships in other companies is as of January 31, 2007, and has been furnished or confirmed to Interpublic by the respective nominees.

FRANK J. BORELLI has been a Senior Adviser to Stone Point Capital, a former wholly-owned subsidiary of Marsh & McLennan Companies, Inc. (Marsh & McLennan) since his retirement on January 2, 2001. Prior to that time he was Senior Vice President of Marsh & McLennan from January through December 2000 and was Senior Vice President and Chief Financial Officer from 1984 through 1999. He is a director of Express Scripts, Inc. and Genworth Financial, Inc. and was a director of Marsh & McLennan until September 30, 2000. Mr. Borelli has been a director of Interpublic since 1995. Age 71.

REGINALD K. BRACK is the Former Chairman and Chief Executive Officer of Time, Inc. From September 1994 to June 1997, Mr. Brack was Chairman of Time, Inc. and was its Chairman, President and Chief Executive Officer from December 1986 until August 1994. Mr. Brack also serves on the Board of Directors of Quebecor World, Inc. Mr. Brack is a member of the Advertising Hall of Fame. Mr. Brack has been a director of Interpublic since 1996. Age 69.

JILL M. CONSIDINE has been Chairman of The Depository Trust & Clearing Corporation since 1999. She was Chairman and Chief Executive Officer of The Depository Trust & Clearing Corporation from 1999 to 2006. The Depository Trust & Clearing Corporation is a holding company that is the parent of various securities clearing corporations and The Depository Trust Company which is a large securities depository limited purpose trust company and clearing corporation. She was President of the New York Clearing House Association from 1993 to 1998. Ms. Considine served as Managing Director, Chief Administrative Officer and a member of the Board of Directors of American Express Bank, Ltd. from 1991 to 1993. She also serves on the Board of Directors of Ambac Financial Group, Inc. and the Federal Reserve Bank of New York. Ms. Considine has been a director of Interpublic since February 1997. Age 62.

RICHARD A. GOLDSTEIN retired as Chairman and Chief Executive Officer of International Flavors & Fragrances Inc. (IFF) in May, 2006 after serving in that position for six years. Prior to his six years leading IFF, Mr. Goldstein served for 25 years in key executive positions at Unilever, including as Business Group President of Unilever North American Foods from 1996 to June 2000 and as President and Chief Executive Officer of Unilever United States, Inc. from 1989 to June 2000. Mr. Goldstein is also a Director of Fiduciary Trust Company International and Fortune Brands. Mr. Goldstein has been a director of Interpublic since 2001. Age 65.

H. JOHN GREENIAUS has been President of G-Force, Inc. since 1998. He was Chairman and Chief Executive Officer of Nabisco, Inc. from 1993 through 1997. Prior to 1993, Mr. Greeniaus held various marketing and general management positions in the U.S., Canada, and the U.K. with Nabisco,

PepsiCo, J. Walter Thompson and Procter & Gamble. He also serves on the Board of Directors of Primedia Inc. Mr. Greeniaus has been a director of Interpublic since December 2001. Age 62.

WILLIAM T. KERR has been Chairman of Meredith Corporation since 1998. He was Chairman and Chief Executive Officer of Meredith Corporation from 1998 to 2006. He was President and Chief Executive Officer of Meredith Corporation from 1997 to 1998. Mr. Kerr served as President and Chief Operating Officer for Meredith Corporation from 1994 through 1997 and as Vice President of Meredith Corporation and President of its Magazine Group from 1991 through 1994. Prior to that time, Mr. Kerr served as Vice President of The New York Times Company and President of its magazine group, a position he held since 1984 Mr. Kerr also serves on the Board of Directors of the Principal Financial Group and the Whirlpool Corporation. Mr. Kerr has been a director of Interpublic since October 2006. Age 65.

MICHAEL I. ROTH became Chairman of the Board and Chief Executive Officer of Interpublic, effective January 19, 2005. Prior to that time Mr. Roth served as Chairman of the Board of Interpublic from July 13, 2004 to January 2005. Mr. Roth served as Chairman and Chief Executive Officer of The MONY Group Inc. from February 1994 to June 2004. On September 1, 2006, Mr. Roth also serves on the Board of Directors of Pitney Bowes Inc. and Gaylord Entertainment Company. Mr. Roth has been a director of Interpublic since February 2002. Age 61.

J. PHILLIP SAMPER has been Founding Partner of Gabriel Venture Partners L.L.C. since December 1998 and was Chief Executive Officer and President of Avistar Systems Corp. from 1997 to October 1998. Prior to that time, Mr. Samper was Chairman, Chief Executive Officer and President of Quadlux, Inc. from 1996 to 1997. He was Chairman and Chief Executive Officer of Cray Research, Inc. during 1995 and was President of Sun Microsystems Computer Corporation from 1994 to 1995. Mr. Samper was Vice Chairman and Executive Officer of the Eastman Kodak Company from 1986 to 1989 and a member of the Board of Directors from 1983 to 1989. He was President and Chief Executive Officer of Kinder-Care Learning Centers from 1990 to 1991. Mr. Samper has been a director of Interpublic since 1990. Age 72.

DAVID M. THOMAS has been the Executive Chairman of IMS Health Inc. (IMS) since January 2005. From November 2000 until January 2005, Mr. Thomas served as Chairman and Chief Executive Officer of IMS. Prior to joining IMS, Mr. Thomas was Senior Vice President and Group Executive of IBM from January 1998 to July 2000. Mr. Thomas also serves on the Board of Directors of Fortune Brands Inc. Mr. Thomas has been a director of Interpublic since October 2004. Age 58.

CORPORATE GOVERNANCE PRACTICES

Corporate Governance Guidelines

Interpublic has a strong commitment to sustaining sound corporate governance practices. Interpublic s Corporate Governance Guidelines are available free of charge on Interpublic s website at *http://www.interpublic.com* or by writing to The Interpublic Group of Companies, Inc., 1114 Avenue of the Americas, New York, NY 10036, Attention: Secretary.

Director Independence

In accordance with New York Stock Exchange (NYSE) listing standards (the NYSE Listing Standards), the Board annually evaluates the independence of each member of the Board of Directors under the independence standards set forth in Interpublic s Corporate Governance Guidelines, and under the applicable rules of the SEC and NYSE Listing Standards. Interpublic s Director Independence Standards are included in Interpublic s Corporate Governance Guidelines available at the website noted above.

Interpublic has nine directors, one of whom, Michael I. Roth, is an employee of Interpublic (who is referred to in this Proxy Statement as the Management Director) and eight of whom are not employees of Interpublic or its subsidiaries (those non-employee directors are referred to in this Proxy Statement as Non-Management Directors or Outside Directors). Of the eight Non-Management Directors, the Corporate Governance Committee has determined, at its meeting held on February 28, 2007, that Ms. Considine and Messrs. Brack, Goldstein, Greeniaus, Kerr, Samper and Thomas are each independent directors. Under the NYSE Listing Standards, Mr. Borelli is deemed not to be independent because his son is a principal of Deloitte & Touche, to which Interpublic has outsourced its internal audit function. Mr. Borelli s son is not a certified public accountant and is not engaged in providing services to Interpublic. All of the members of the Compensation Committee, the Corporate Governance Committee and the Audit Committee are independent Directors.

Meeting of Independent Directors

The NYSE Listing Standards require that if the group of Non-Management Directors includes one or more directors that are not independent, then at least once annually, the Non-Management Directors should hold an executive session that includes only independent directors. The Board held an executive session of its independent directors on March 29, 2007. Mr. Goldstein served as the Chairperson of the executive session.

Director Selection Process

The Corporate Governance Committee is charged with the responsibilities described in this Proxy Statement below under the heading Principal Committees of the Board of Directors Corporate Governance Committee.

One of the Committee s responsibilities is to identify and recommend to the Board candidates for election as directors. The Committee considers candidates suggested by its members, other directors, senior management and shareholders as necessary in anticipation of upcoming director elections or due to Board vacancies. The Committee is given broad authorization to retain, at the expense of Interpublic, external legal, accounting or other advisers including the retention of search firms to identify candidates and to perform background reviews of potential candidates. The Committee is expected to provide guidance to search firms it retains about the particular qualifications the Board is then seeking. No search firms or other advisers were retained in the past fiscal year to identify director candidates.

All director candidates, including those recommended by shareholders, are evaluated on the same basis. Candidates are considered in light of the entirety of their credentials, including:

- their business and professional achievements, knowledge, experience and background, particularly in light of the principal current and prospective businesses of Interpublic and the strategic challenges facing Interpublic and its industry as a whole;
- their integrity and independence of judgment;
- their ability and willingness to devote sufficient time to Board duties;
- their qualifications for membership on one or more of the committees of the Board;
- their potential contribution to the diversity and culture of the Board;
- their educational background;
- their independence from management under NYSE Listing Standards and Interpublic s Corporate Governance Guidelines;
- the needs of the Board and Interpublic; and
- the Board s policies regarding the number of boards on which a director may sit, director tenure, retirement and succession as set out in Interpublic s Corporate Governance Guidelines.

In determining the needs of the Board and Interpublic, the Committee considers the qualifications of sitting directors and consults with other members of the Board (including as part of the Board s annual self-evaluation), the CEO and other members of senior management and, where appropriate, external advisers. All directors are expected to exemplify the highest standards of personal and professional integrity and to assume the responsibility of challenging management through their active and constructive participation and questioning in meetings of the Board and its various committees, as well as in less formal contacts with management.

Director candidates, other than sitting directors, are interviewed by members of the Committee and by other directors, the CEO and other key management personnel, and the results of those interviews are considered by the Committee in its deliberations. The Committee also reviews sitting directors who are considered potential candidates for re-election, in light of the above considerations and their past contributions to the Board.

Shareholders wishing to recommend a director candidate to the Committee for its consideration should write to the Committee, in care of its Chairperson, at The Interpublic Group of Companies, Inc., 1114 Avenue of the Americas, New York, NY 10036. Any recommendations will be considered for the next annual election of directors in 2008. A recommendation should include the candidate s name, biographical data and a description of his or her qualifications in light of the criteria listed above. If Interpublic receives in a timely manner, in accordance with the SEC requirements, any recommendation of a director candidate from a shareholder, or group of shareholders, that beneficially owns more than 5% of Interpublic s Common Stock for at least one year as of the date of recommendation, as determined under SEC rules, Interpublic will disclose in its proxy statement the names of the recommending shareholder(s) and the candidate if the shareholder (or each member of the group) and the candidate consent in writing to that disclosure.

COMMUNICATIONS WITH THE BOARD OF DIRECTORS AND NON-MANAGEMENT DIRECTORS

Interested parties may contact Interpublic s Board of Directors, or the Non-Management Directors as a group, at the following address:

Board of Directors or Non-Management Directors, as applicable
The Interpublic Group of Companies, Inc.
1114 Avenue of the Americas
New York, NY 10036

Communications may also be sent to individual directors at the above address. Communications to the Board, the Non-Management Directors or to any individual director that relate to Interpublic s accounting, internal accounting controls or auditing matters will also be referred to the Chairperson of the Audit Committee. Other communications will be referred to the Presiding Director (whose responsibilities are described below) or the appropriate committee chairperson.

CODE OF CONDUCT

Interpublic has adopted a code of ethics, known as the Code of Conduct, which applies to all employees of Interpublic and its subsidiaries and affiliates. Interpublic s Corporate Governance Guidelines provide that members of the Board of Directors and officers (which includes Interpublic s Chief Executive Officer, Chief Financial Officer, Controller and other persons performing similar functions) must comply with the Code of Conduct. In addition, the Corporate Governance Guidelines state that the Board will not waive any provision of the Code of Conduct for any Director or executive officer. The Code of Conduct, including future amendments, is available free of charge on Interpublic s website at *http://www.interpublic.com* or by writing to The Interpublic Group of Companies, Inc., 1114 Avenue of the Americas, New York, NY 10036, Attention: Secretary.

MEETINGS AND COMMITTEES OF THE BOARD

Board Structure and Committees

Interpublic has nine members of the Board of Directors consisting of one Management Director and eight Non-Management Directors. The standing committees of the Board consist of the Executive Committee, the Compensation Committee, the Corporate Governance Committee and the Audit Committee. The activities of the Compensation Committee, the Corporate Governance Committee and the Audit Committee are each governed by a charter that is available free of charge on Interpublic s website at *http://www.interpublic.com* or by writing to The Interpublic Group of Companies, Inc., 1114 Avenue of the Americas, New York, NY 10036, Attention: Secretary. A description of the responsibilities of each standing Committee of the Board is provided in this Proxy Statement below under the heading Principal Committees of the Board of Directors.

Attendance at Board of Directors and Committee Meetings

The Corporate Governance Guidelines provide that each director is expected to prepare for, attend and participate in, at least 75% of all meetings of the Board, absent special circumstances. The Board of Directors of Interpublic held ten meetings in 2006 and committees of the Board held a total of 20 meetings. During 2006, each director attended 75% or more of the total number of meetings of the Board of Directors and committees on which he or she served.

Attendance at Annual Meeting of Stockholders

Interpublic does not have a specific policy for attendance by directors at the Annual Meeting of Stockholders. However, each current director attended the 2006 Annual Meeting.

Principal Committees of The Board of Directors

The table below provides 2006 membership information for each of the Board Committees.

Name	Audit	Compensation	Corporate Governance	Executive
Frank Borelli				X
Reginald K. Brack		X *	X	X
Jill M. Considine			X *	X
Richard A. Goldstein**	X *		X	X
H. John Greeniaus	X	X		
William T. Kerr	X	X		
Michael I. Roth				X *
J. Phillip Samper	X	X	X	
David Thomas	X		X	
2006 Meetings	10	6	4	0

* Chair

** Presiding Director

Executive Committee

The Executive Committee is authorized, when the Board of Directors is not in session, to exercise all powers of the Board of Directors which, under Delaware law and the By-Laws of Interpublic, may properly be delegated to a committee, except certain powers that have been delegated to other committees of the Board of Directors. Due to the frequency in number of meetings of the Board and other committees of the Board, the Executive Committee did not hold any meetings in 2006.

Corporate Governance Committee

The Corporate Governance Committee is responsible for recommending to the Board of Directors the persons to be nominated for election to the Board of Directors and the membership and chairman of each Board committee. The other responsibilities of the Corporate Governance Committee include the establishment of criteria for membership on the Board and its committees, the review and recommendation to the Board as to the independence of Non-Management Directors under the standards set forth in Interpublic s Corporate Governance Guidelines and the NYSE Listing Standards, the evaluation on an annual basis of the collective performance of the Board and the Board s committees, the recommendation to the Board of compensation and benefits for Non-Management Directors, and the review, the continual assessment and the recommendation to the Board of the best practices in corporate governance matters generally. The Corporate Governance Committee held four meetings in 2006.

Audit Committee

The Audit Committee assists the Board in fulfilling its oversight responsibilities with respect to (i) the annual financial information to be provided to stockholders and the SEC; (ii) the system of internal controls that management has established; and (iii) the internal and external audit processes. In addition, the Audit Committee provides an avenue for communication among internal audit, the independent auditors, financial management and the Board. The Audit Committee also is responsible for the selection and retention of Interpublic s independent auditors and the review of their compensation, subject to approval of the Board of Directors. Specific activities of the Committee are described in the Audit Committee Report below. Each member of the Audit Committee is independent in accordance with the standards set forth in Interpublic s Corporate Governance Guidelines and under the applicable rules of the SEC and NYSE. The Board has determined that each member of the Audit Committee qualifies as an

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audit committee financial expert within the meaning of applicable SEC rules. The Audit Committee held ten meetings in 2006.

Compensation Committee

The Compensation Committee is responsible for the adoption and periodic review of a remuneration strategy for Interpublic and its subsidiaries, which ensures that executive compensation for key senior executives is designed to incentivize and reward long-term growth, profitability and return to stockholders.

The Compensation Committee is responsible for approving the compensation paid to senior executives of Interpublic and its subsidiaries. For these purposes, compensation is deemed to include: (1) salary, (2) deferred compensation, (3) bonuses and other extra compensation of all types, including annual and long-term performance incentive awards under Interpublic s 2006 Performance Incentive Plan, (4) insurance paid for by Interpublic or any of its subsidiaries other than group plans, (5) annuities and individual retirement arrangements, (6) Special Deferred Benefit Agreements, (7) Interpublic s Senior Executive Retirement Income Plan (SERIP), and (8) Interpublic s Capital Accumulation Plan. The Compensation Committee also administers the 2006 Performance Incentive (and its predecessors, the 2004 Performance Incentive Plan, the 2002 Performance Incentive Plan, the 1997 Performance Incentive Plan, the Long-Term Performance Incentive Plan, the Management Incentive Compensation Plan and the 1996 Stock Incentive Plan) and the Employee Stock Purchase Plan (2006).

The Committee approves any newly adopted or major changes made to these plans and makes recommendations to the Board with respect to incentive-compensation plans and equity-based plans. The Committee also reviews initiatives of Interpublic and its subsidiaries to retain and develop key employees on an ongoing basis and coordinates, manages and reports to the Board on the annual performance evaluation of key executives of Interpublic. In addition, the Committee is authorized, if appropriate, to hire experts or other independent advisers or legal counsel, at Interpublic s expense, to assist the Committee in the discharge of its duties. The Compensation Committee held six meetings in 2006.

The Committee s primary processes for establishing and overseeing executive compensation can be found below in the Compensation Discussion and Analysis under the heading Committee Processes.

Presiding Director

Interpublic created the position of Presiding Director of the Board in November 2002. The Presiding Director of the Board helps to coordinate communications between the Board and management of Interpublic. Specifically, the Presiding Director convenes and chairs meetings of the Non-Management Directors, coordinates and develops the agenda for, and chairs executive sessions of, the Non-Management Directors, coordinates feedback to the Chairman and Chief Executive Officer on behalf of the Non-Management Directors regarding business issues and management, and coordinates and develops with the Chairman of the Board and Chief Executive Officer the agendas and presentations for meetings of the Board together with the informational needs associated with those agendas and presentations. Mr. Goldstein currently serves as the Presiding Director.

Review and Approval of Transactions with Related Persons

Interpublic s Code of Conduct requires directors and employees to avoid activities that could conflict with the interests of Interpublic, except for transactions that are disclosed and approved in advance. Interpublic has adopted a written policy (the Related Person Transaction Policy) for approval of any transaction, agreement or relationship between Interpublic or any of its consolidated subsidiaries on the one hand, and a Related Person (a Related Person Transaction).

A Related Person is defined as any (i) director, nominee for election as a director, or executive officer of Interpublic or a nominee for director or any of their immediate family members (as defined by the Related Person Transaction Policy); (ii) any entity, including not-for-profit and charitable organizations, controlled by or in which any of the foregoing persons have a substantial beneficial ownership interest; or (iii) any person who is known to be, at the time of the transaction, the beneficial owner of more than 5% of the voting securities of Interpublic or an immediate family member of such person.

Under the policy, Related Person Transactions do not include any employee benefit plan, program, agreement or arrangement that has been approved by the Compensation Committee or recommended by the Compensation Committee for approval by the Board.

To facilitate compliance with the policy, the Code of Conduct requires that employees, including directors and executive officers, report circumstances that may create or appear to create a conflict between the personal interests of the individual and the interests of Interpublic, regardless of the amount involved, to Interpublic s Chief Risk Officer using Interpublic s Compliance Report Form. Each director and executive officer annually confirms to the Company certain information about related person transactions as part of the preparation of Interpublic s Annual Report on Form 10-K and its annual proxy statement. Director nominees and persons promoted to executive officer positions must also confirm such information. Management also reviews its records and makes additional inquiries of management personnel and, as appropriate, third parties and other resources for purposes of identifying related person transactions, including related person transactions involving beneficial owners of more than 5% of Interpublic s voting securities.

The Audit Committee reviews transactions subject to the Related Person Transaction Policy and determines whether or not to approve or disapprove those transactions, by examining whether or not the transactions are fair, reasonable and within Interpublic policy. The Audit Committee makes it determination, by taking into account all relevant factors and the controls implemented to protect the interests of Interpublic and its shareholders, including the following:

- the benefits of the transaction to Interpublic;
- the terms of the transaction and whether they are arm s-length and in the ordinary course of Interpublic s business;
- the direct or indirect nature of the related person s interest in the transaction;
- the size and expected term of the transaction; and
- other facts and circumstances that bear on the materiality of the related person transaction under applicable law and listing standards.

No director may participate in any consideration or approval of a Related Person Transaction with respect to which he or she or any of his or her immediate family members is the Related Person. Related Person Transactions entered into, but not approved or ratified as required by the Related Person Transaction Policy, are subject to termination by Interpublic. If the transaction has been completed, the Audit Committee will consider if rescission of the transaction is appropriate and whether disciplinary action is warranted.

NON-MANAGEMENT DIRECTOR COMPENSATION

Annual Board/Committee Retainer Fees

During 2006, each Non-Management Director received as cash compensation for services rendered an annual retainer of $40,000, a fee of $1,500 for each meeting of the Board attended and a fee of $1,500 for each committee meeting attended. Effective January 1, 2007, each Non-Management Director receives as cash compensation for services rendered an annual retainer of $80,000, and no additional compensation for attendance at Board or committee meetings.

The Chairperson of the Compensation Committee and the Chairperson of the Corporate Governance Committee each receives an additional retainer of $7,500 per year and the Chairperson of the Audit Committee receives an additional retainer of $10,000 per year.

Presiding Director Retainer Fees

As Presiding Director of the Board, Mr. Goldstein received an annual retainer of $50,000.

Non-Management Directors Plan

Each Non-Management Director also receives, as consideration for services rendered as a member of the Board, stock-based compensation under the Interpublic Non-Management Directors Stock Incentive Plan, which was approved by the stockholders in 2004 (the Non-Management Directors Plan). The Non-Management Directors Plan provided for an annual grant to each Non-Management Director of (i) 800 shares of Interpublic Common Stock that are not subject to transfer restrictions or forfeiture and (ii) at the election of each Non-Management Director, either (a) 1,600 restricted shares of Interpublic Common Stock or (b) 1,600 restricted share units (collectively, the Former Grants). No restricted stock units have been issued under the Non-Management Directors Plan. With respect to the Restricted Shares granted prior to 2007, the recipient has all rights of ownership, including the right to vote and to receive dividends, except that, prior to the expiration of the earlier to occur of (i) the three-year period after the date of grant or (ii) the retirement of the director on or after the first anniversary of the date of grant (the Restricted Period), the recipient is prohibited from selling or otherwise transferring the shares. If, on or after the first anniversary of the grant of Restricted Shares and prior to the expiration of the Restricted Period, the recipient s service as a director terminates for any reason (including death), the restrictions will lapse immediately in proportion that the number of months that have elapsed since the date of grant bears to the total number of months of the Restricted Period, and the remainder of such Restricted Shares will be forfeited. If the recipient s service as a director terminates for any reason (including death) before the first anniversary of the date of grant, all such Restricted Shares or Share Units will be forfeited.

Effective January 1, 2007, the Corporate Governance Committee revised the compensation arrangements under the Non-Management Directors Plan to provide for an annual grant to each Non-Management Director of Restricted Shares having a market value of $80,000 on the date of grant (the New Restricted Shares). If a recipient of New Restricted Shares retires from service as a director, the restrictions will lapse immediately for any New Restricted Shares that were granted at least one year prior to the date of retirement. If the recipient s service as a director terminates for any reason (including death) before the first anniversary of the date of grant, all such New Restricted Shares will be forfeited.

The Corporate Governance Committee, which is responsible for the administration of the Non-Management Directors Plan, may in its discretion direct Interpublic to make cash payments to the recipient of any Restricted Shares to assist in satisfying the federal income tax liability with respect to the receipt or vesting of any Restricted Shares awarded under the Non-Management Directors Plan.

On January 31, 2007, in accordance with the Non-Management Directors Plan, each of Ms. Considine and Messrs. Borelli, Brack, Goldstein, Greeniaus, Kerr, Samper and Thomas received a grant of 6,069 Restricted Shares.

Deferred Compensation

Mr. Goldstein and Ms. Considine each has an agreement with Interpublic for the deferral of all fees that the individual is entitled to receive as a director or as a member of any committee of the Board of Directors. The amounts deferred earn credits equivalent to interest in accordance with the terms of Interpublic s Plan for Credits Equivalent to Interest on Balances of Deferred Compensation Owing under Employment Agreements. Payments of the amounts deferred, together with accrued interest, will be made to the director, or his or her designated beneficiaries, as the case may be, in a lump-sum upon the director s death, disability or retirement from the Board.

Both Ms. Considine and Mr. Goldstein have elected to receive all director fees on a current basis beginning with fees for services performed on and after January 1, 2007.

Outside Directors Pension Plan

Each Non-Management Director who, as of December 31, 1995, had accumulated at least five years of service is entitled to receive an annual retirement benefit under the Interpublic Outside Directors Pension Plan (the Outside Directors Pension Plan). In general, the benefit becomes payable in the month following the month the director leaves the Board. The benefit is equal to the amount of the annual retainer paid to the director as a Board member in the year in which he or she ceased to serve as a director and will be paid for the same number of years as the director s years of service, up to a maximum of 15 years. In the event of the death of a director with a vested retirement benefit, the then present value of the director s unpaid retirement benefits will be paid to the surviving spouse or the estate of the director. Effective December 31, 1995, the Outside Directors Pension Plan was terminated, except to the extent benefits were accrued prior to termination. As a result there have been no further accruals for the benefit of existing directors under the Outside Directors Pension Plan for subsequent years. Any director with fewer than five years of service on the date that the Plan was terminated will not receive any benefits under the Plan. Mr. Samper is the only current director entitled to receive benefits under the Outside Directors Pension Plan.

The following table shows the compensation paid to Non-Management Directors for 2006.

Name(1)	Fees Earned or Paid in Cash ($)(2)	Stock Awards ($)(4)	Option Awards ($)(5)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings $ (6)(7)	All Other Compensation ($)(8)	Total($)
Frank Borelli	$ 72,830	36,498	1,911			$ 20,000	$ 131,239
Reginald K. Brack	$ 79,000	45,711	1,911			$ 0	$ 126,622
Jill M. Considine	$ 68,500	45,711	1,911		0	$ 18,700	$ 134,822
Richard A. Goldstein	$ 112,166	36,498	1,911		0	$ 20,000	$ 170,575
H. John Greeniaus	$ 76,000	45,711	1,911			$ 20,000	$ 143,622
William T. Kerr(3)	$ 16,000	0	0			$ 0	$ 16,000
J. Phillip Samper	$ 82,000	36,498	1,911		0	$ 20,000	$ 140,409
David M. Thomas	$ 73,000	12,996	0			$ 20,000	$ 105,996

(1) Michael Roth, Interpublic s Chairman of the Board and Chief Executive Officer, is not included in this table as he is an employee of Interpublic and thus receives no compensation for his services as Director. The compensation received by Mr. Roth as an employee of Interpublic is shown in the Summary Compensation Table on page 35.

(2) Reflects aggregate dollar amount of all fees earned or paid in cash for services as a director, including annual retainer fees, chairmanship fees, and meeting fees and includes the following:

- Monthly payments during 2006, ending in May 2006, to Mr. Borelli for his service as Presiding Director of the Board.

- Monthly payments made during 2006, commencing in June of 2006, to Mr. Goldstein as Presiding Director of the Board.

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- All fees paid to Ms. Considine and Mr. Goldstein are deferred in accordance with an agreement each individual has entered into with Interpublic, which is described in greater detail on page 14, under the heading Director Deferred Compensation Arrangement.

(3) Mr. Kerr began his term as a director on October 26, 2006 following his election by the Board of Directors.

(4) Reflects the dollar amount recognized for financial statement reporting purposes for the fiscal year ended December 31, 2006 in accordance with FAS 123(R), excluding estimated forfeitures, of awards pursuant to the Non-Management Directors Plan (and its predecessor, the Interpublic Outside Directors Stock Incentive Plan) and thus may include amounts from awards granted in and prior to 2006. Assumptions used in the calculation of these amounts are included in Note 14 to Interpublic s audited financial statements for the fiscal year ended December 31, 2006 included in Interpublic s Annual Report on Form 10-K filed with the SEC on February 28, 2007. On January 19, 2006, each of the directors, other than Mr. Kerr, received a grant of (i) 800, Freely-Tradable Shares and (ii) 1600 Restricted Shares. The grant date fair value of the shares awarded to the directors, calculated in accordance with Financial Accounting Standard No. 123R, based on the average high and low shares price of Interpublic common stock ($10.04) on the grant date, is $24,096. The grants were made in accordance with the Non-Management Directors Plan, which is described in greater detail on page 14, under the heading Non-Management Directors Plan.

(5) Reflects the dollar amount recognized for financial statement reporting purposes for the fiscal year ended December 31, 2006 in accordance with FAS 123(R), excluding estimated forfeitures, of awards pursuant to the Non-Management Directors Plan (and its predecessor, the Interpublic Outside Directors Stock Incentive Plan) and thus may include amounts from awards granted in and prior to 2006. Assumptions used in the calculation of these amounts are included in Note 14 to Interpublic s audited financial statements for the fiscal year ended December 31, 2006 included in Interpublic s Annual Report on Form 10-K filed with the SEC on February 28, 2007. As of December 31, 2006, each Director has the following number of options outstanding: Mr. Borelli: 14,510; Mr. Brack: 14,510; Ms Considine: 14,510; Mr. Goldstein: 6,000; Mr. Greeniaus: 4,000; Mr. Kerr: 0; Mr. Samper: 14,510; and Mr. Thomas: 0.

(6) Ms. Considine and Mr. Goldstein each had an agreement with Interpublic for the deferral of all fees that each person is entitled to receive as a director or a member of any committee, which is described in greater detail on page 14, under the heading Deferred Compensation Arrangement. During 2006, the amounts deferred earned credits equivalent to an interest rate of 4.412%, and accordingly were not above-market or preferential as defined by SEC rules. Both Ms. Considine and Mr. Goldstein have elected to receive all director fees on a current basis beginning with fees for services performed on and after January 1, 2007.

(7) Mr. Samper is entitled to receive benefits under the Outside Directors Pension Plan, which is described in greater detail on page 15, under the heading Outside Directors Pension Plan. Mr. Samper, a director of Interpublic since 1990, achieved the maximum benefit under the Outside Directors Pension Plan in 2005. The payments under the plan will commence the month following his retirement from the Board. As of December 31, 2006, due to an increase in the discount rate from 2005 (5.50%) to 2006 (5.75%) the actuarial present value of Mr. Samper s accumulated benefit under the Outside Directors Pension Plan has decreased by $5,963 in 2006.

(8) Reflects contributions made by the Company matching charitable contributions made by such Board member.

COMPENSATION DISCUSSION AND ANALYSIS

Overview of Compensation Program

The Compensation Committee of the Board (for the purposes of this discussion and analysis, the Committee) is responsible for establishing, implementing and continually monitoring adherence to the Company s compensation philosophy, approving compensation awarded to senior corporate and operating executives, including the executive officers named in the Summary Compensation Table, and authorizing all awards under Interpublic s 2006 Performance Incentive Plan.

Throughout this proxy statement, we refer to the individuals who served as the Company s Chief Executive Officer and Chief Financial Officer during fiscal 2006, as well as the other individuals included in the Summary Compensation Table on page 35 as the named executive officers.

Compensation Philosophy and Objectives

The success of our Company depends on our ability to attract, retain and motivate highly skilled individuals throughout our organization. Our executive compensation programs have been designed to enable us to secure the needed talent and to drive Interpublic s transformation, long-term success and the creation of shareholder value.

In selecting, evaluating and administering our compensation programs, including those that apply to named executive officers and more broadly within the Company, management and the Committee are guided by several key principles:

- Aligned with shareholders. Our compensation should align the interests of executives and shareholders through the use of performance-based awards and equity-based compensation. Employees are our Company s most vital asset and most significant expense, so we must make sure our investment in this resource is disciplined and designed to drive results. We regularly communicate with shareholders, and financial analysts that follow our Company, our comprehensive performance objectives in terms of improving revenue growth and operating margin. In turn, measures of organic revenue growth and operating margin form the basis of the financial performance goals of our named executive officers.

- Performance-based. Our compensation programs should emphasize pay-for-performance by placing a significant portion of total compensation at risk. A significant portion of amounts earned should be directly tied to the Company s and/or the individual s achievement of specific annual, long-term and strategic objectives. Our executive pay should vary based on our level of achievement of these objectives and with our ultimate goal of improving shareholder value. Our pay programs should deliver top-tier compensation for top tier company and individual results. Similarly, they should lag the market where our company and/or individual performance falls short of these objectives.

- Market-based. Our total compensation levels should be competitive with those at other advertising and marketing services companies, and, for some executive positions, with other labor markets and with companies undergoing similar transformations. Our compensation should reflect the size of our challenges with the eventual amounts earned tied to our ability to surmount these challenges. In some situations, we may pay a premium to the market as we must attract and retain exceptionally-talented individuals who can succeed in a turnaround environment.

- Short- and long-term balanced. Our programs should focus on both short- and long-term results. Our mix of pay, or the choices we make in balancing the various cash- and non-cash, short- and long-term pay elements, is influenced by the relationships we see in the market. In combination, our programs should balance our industry s emphasis on base salaries and annual incentives with the

Company s need to retain talent and ensure sustainable performance over longer periods. The specific mix will reflect different levels of responsibility. Employees at senior executive levels, including the named executive officers, will have an increasing proportion of their pay tied to long-term results and our stock price performance, and earned over longer periods of time. We believe this is appropriate as employees at senior executive levels in the organization have a greater ability to influence our longer-term results for example, they make more far-reaching strategic choices, ensure the satisfaction of important clients, set broad policies, manage greater numbers of people, and/or make our biggest investment decisions.

- Total compensation-focused. Our compensation programs should focus on total pay and our individual compensation decisions should be made in a total pay context. In this way, we can emphasize the total benefit to executives, ensure the Company s total cost is appropriate, identify interdependencies between the programs, and ensure our programs work together to comprehensively support our objectives.

- Discipline. While our programs and individual pay decisions should reflect differences in job responsibilities, labor market, geographic locations and specific business needs, the overall structure of compensation and benefits programs should be broadly similar across the Company. At management levels, these similarities should be more apparent and, at the senior executive levels, the programs, except in the most unique individual- or business-specific situations, should be common.

- Easily understood. Our programs should be easily understood by participants, allowing them to see direct connections between what they do, their units results and Interpublic s results, and their compensation. Our programs should be practical and straightforward, clearly describing for participants the link between their pay and their direct individual accomplishments and collective contributions to the Company s achievement of its strategic and operational objectives. For executives, this means that they understand, at the outset, the specific range of incentive compensation they could earn and our specific performance expectations for them, their operating unit and the Company overall.

- Facilitate Interpublic careers Talent in our industry tends to move relatively easily across all companies. We want more of this talent movement to occur within the Company and less to occur with our competitors. As a result, our programs should encourage the development of our talent so our employees are ready and able to assume positions of increasing responsibility, facilitate the movement of talent within and between our operating units, and ensure the long-term retention of this talent.

The Company s overall compensation program comprises four principal elements: base salary, annual incentives, long-term incentives consisting of stock options, performance based shares and restricted stock awards, and retirement, perquisites and other benefits. An overview of each of the major compensation program elements is included below.

Role of Executive Officers and Management in Compensation Decisions

The Committee is responsible for establishing, implementing and continually monitoring adherence to the Company s compensation philosophy, approving compensation awarded to senior corporate and operating executives, including the executive officers named in the Summary Compensation Table, and authorizing all awards under Interpublic s 2006 Performance Incentive Plan.

Interpublic has established a Management Human Resources Committee (MHRC) comprising IPG s Chairman and CEO (CEO), Chief Financial Officer (CFO), General Counsel and Chief Human Resources Officer (CHRO). With the oversight of the Committee and the MHRC, our global compensation and benefits group forms recommendations on matters of compensation and benefits philosophy, plan design, implementation, and specific individual compensation recommendations.

The Committee delegates certain responsibilities to the MHRC, which meets monthly and reviews and decides on compensation-related requests for executives that are received from the operating units, unless the executives are subject to Committee review or the requests exceed Committee-adopted approval levels. For issues related to executive compensation programs and/or individual compensation requests requiring the Committee s approval, the MHRC will review and present recommendations to the Committee. For equity-related requests, our Board of Directors has delegated authorities to make certain approvals to Interpublic s CEO and/or Committee Chairman, as members of the Board of Directors and committees of one. These delegations are also limited to requests below certain limits and related to individuals outside the group subject to the Committee s review.

The Committee makes all pay decisions related to the named executive officers. The CEO will present individual pay recommendations to the Committee for the CFO, other named executive officers, and others subject to the Committee s review. This full list of executives subject to the Committee s specific review includes the CEO, the CEO s corporate and operating company direct reports, and selected senior finance roles at corporate and in the principal operating units. Annually, the CEO also presents an executive talent review, covering more than 100 senior operating and staff executives and all of the named executive officers, to the Committee. The CEO s pay recommendations are informed by his assessments of individual contributions, achievement of specified performance objectives, talent review results, competitive pay data and other factors. These recommendations are then considered by the Committee with the assistance of its compensation consultant.

The Committee makes all pay decisions related to the named executive officers. The CEO will present individual pay recommendations to the Committee for the CFO and other named executive officers. Annually, the CEO also presents an executive talent review that includes all of the named executive officers, to the Committee. The CEO s pay recommendations are informed by his assessments of individual contributions, achievement of specified performance objectives, talent review results, competitive pay data and other factors. These recommendations are then considered by the Committee with the assistance of its compensation consultant.

The CEO, Chief Human Resources Officer, General Counsel, and Senior Vice President of Compensation and Benefits attend Committee meetings, but are not present for the executive sessions or for any discussion of their own compensation.

Role of External Consultant

The Committee has retained the services of an external compensation consultant, Hewitt Associates (Hewitt), to serve Interpublic and work for the Committee in its review of executive and director compensation practices, including the competitiveness of pay levels, executive compensation design issues, market trends, and technical considerations. The nature and scope of services rendered by Hewitt on the Committee s behalf is described below:

- Assist the Committee in decision making with respect to executive compensation, helping to ensure that the Committee s actions are consistent with Interpublic s business needs, pay philosophy, prevailing market practices, and relevant legal and regulatory mandates.

- Provide market data as background against which the Committee can consider CEO and senior management base salary, bonus, and long-term incentive awards each year.

- Advise the Committee where needed on how best to make compensation decisions with respect to Company management while continuing to represent shareholders interests.

- Provide ongoing support to management and the Committee on the latest regulatory, legal or accounting considerations that may have an impact on compensation and benefit programs.

- Assist with the assessment and redesign of compensation or benefit programs, as desired.

- Assist the Committee with general and specific issues relating to executive talent management, as well as management transitions that occur from time to time.

- Apprise the Committee about best practices with regard to director compensation.

The Committee did not direct Hewitt to perform the above services in any particular manner or under any particular method. The Committee has the final authority to hire and terminate the consultant, and the Committee evaluates the consultant annually.

Committee Processes

The Committee has established a number of processes to assist it in ensuring the Company s executive compensation program achieves its objectives including:

- Assessment of Company Performance. The Committee uses Company performance measures to set compensation levels within Interpublic, and to set objectives and assess performance for the purpose of determining performance-based compensation awards. For the former, the Committee considers size-related metrics, like revenue and headcount, and profit-related metrics, such as Operating Income and Operating Margin, in determining relative compensation levels. The Committee doesn t apply a formula; instead, it makes a subjective determination based on its review of these and other factors, such as geographic, business or other job complexities, and strategic importance. For the latter, as described in greater detail below, the Committee has established specific performance criteria that determine the size of incentive awards under the Company s executive incentive programs.

- Assessment of Individual Performance. Individual performance has a strong impact on the compensation of all employees, including the CEO and other named executive officers. With respect to the CEO, the independent directors agree to the CEO s individual and company performance objectives, the latter based on the Company s Board of Directors-approved budgets, early in the year. After the end of the year with financial and other results known, the independent directors individually discuss their views of the CEO s performance. The Committee s external consultant consolidates and summarizes these comments before reporting them back to the Governance Committee. The CEO also completes a self-assessment discussing his achievement of individual objectives, other contributions, and the Company s overall performance. The Governance Committee, with other independent directors in attendance, meets in executive session to conduct a performance review of the CEO based on the achievement of the agreed-upon objectives, contribution to the Company s performance, and other leadership accomplishments. This evaluation is shared with the CEO and provided to the Committee for its consideration in setting the CEO s compensation.

For the other named executive officers, the Committee receives a performance assessment and recommendation from the CEO, and also exercises its judgment based on the Board of Directors interaction with each executive. As with the CEO, performance evaluations for the other named executive officers are based on the achievement of pre-set objectives by the executive and his or her organization, his contributions to the Company s performance, and other leadership accomplishments.

- Competitive Pay Assessment. The Committee periodically compares the Company s executive compensation and benefits programs to those for peer advertising and marketing services

companies, for professional services firms, and for general industry. As discussed in detail below, the external consultant annually reviews the competitiveness of the Company s senior executive compensation, including that paid to the named executive officers, relative to these samples of companies. While competitive data for each sample is not weighted, the external consultant and the Committee place different emphasis on each sample dependent on the specific Interpublic position. Direct industry data is emphasized for operating company roles while the Committee considers data from all three samples when assessing the appropriateness of senior corporate roles. As part of this competitive review, the Committee compares Interpublic s executive compensation programs as a whole and, where sufficient data is available, for each individual position.

- Total Compensation Review. The Committee annually examines each element of compensation, including base salary, annual and long-term incentives, and total compensation relative to competitive norms with the external consultant s assistance. In addition, the Committee reviews other elements of the Company s total compensation program, including deferred compensation, retirement benefits, health and welfare benefits, and perquisites, and payments that would be required under various severance or change of control situations. In 2006, the Committee recommended that the Board of Directors review and modify, if appropriate, the Company s severance and change of control provisions primarily to comply with Section 409A of the Internal Revenue Code. This review and the resulting decisions are discussed below under Severance Benefits.

The Committee s total compensation review also includes consideration of the mix of cash and non-cash, and annual and multi-year compensation. The Committee does not rely on specific formulae, and exercises its judgment in assessing the appropriateness of the Company s pay mix. This judgment is informed by the external consultant s counsel, the total compensation review and competitive pay assessment, and the Company s objectives.

Executive Talent Review. All the members of the Board of Directors, annually review the Company s leadership talent and succession plans. This review is the final step in a process that begins within the operating companies and corporate functions. The CEO of Interpublic meets with the CEO for each principal operating unit and with the heads of corporate staff functions to review senior talent, succession plans, diversity efforts, and the like. The CEO then reviews senior talent with the Board, including a discussion for each of the named executive officers, their potential successors, and succession plans for his own position. This review provides the Board with additional insight into each named executive officer s capabilities, potential and performance.

Setting Compensation for the Named Executive Officers

Based on the philosophy and objectives described above, the Committee has structured Interpublic s annual and long-term cash- and equity-based compensation to motivate the named executive officers to achieve the business goals set by the Company and reward executives for achieving such goals. In addition, the Company s benefits and additional perquisites are intended to be fully competitive within relevant labor market practices.

Material changes in compensation typically only occur based on performance, in response to significant changes in responsibility or market conditions, or in limited circumstances when the company is at risk of losing a high-value employee. These situations may have an impact on the named executive officer s base salary, and/or annual bonus and long-term incentive targets. In addition, the Committee reviews and assesses compensation to the named executive officers on an annual basis, approving adjustments as appropriate to the criteria discussed above and the length of time since the last adjustment. In 2006, the Company did not reduce compensation rates to any named executive officer.

The Company has established internal levels of comparability based on revenue, operating income and headcount responsibility, geographic scope, and job complexity, and has assigned target ranges of performance-related compensation for comparable incumbents. These ranges are stated as percentages of base salary for annual incentive targets and dollar expected values for long-term incentive targets. These ranges were determined based on the market analysis performed by the external consultant, discussed below, and are stated as percentages of base salary for annual incentive targets and dollar expected values for long-term incentive targets.

When an executive is assigned to a position which results in a significant increase in responsibility, an increase in base compensation, annual incentive awards and long-term equity will be considered and, if deemed appropriate, approved by the MHRC and Committee, as required. The Company completes annual Talent Reviews, comprising reviews of some executives including all named executive officers to identify succession to critical roles, ensure appropriate relative compensation decisions, and establish development opportunities for the named executive officers to increase their retention and reduce unwanted turnover. This review informs pay decisions by providing an in-depth look at the named executive officers, their responsibilities, relative contributions and future potential, and their relative compensation.

In setting executive compensation levels and forms, the Committee is guided by counsel provided by the external consultant including the consultant s annual review of competitive compensation levels for the named executive officers. The external consultant provides the Committee with relevant market data, its interpretation of presented data, recommended compensation levels, and alternatives to consider when making compensation decisions.

Management and the Committee place considerable emphasis on competitive data in their compensation-related deliberations. Annually in December, the Committee reviews competitive pay data for the named executive officers. The Committee then considers compensation adjustments, as appropriate, at its next meeting, typically held in late February.

As part of this analysis, the external consultant recommends data sources and samples of companies, gathers and analyzes data, and provides market rates for these positions. The lists of companies are presented to the Committee each year to validate the appropriateness of the selected samples. The external consultant s analyses focus on total compensation including current base salaries, target annual incentives, total cash compensation, annualized values of long-term incentives (cash and equity), and health and retirement benefits.

In 2006, the Company performed its annual market analysis to assure that the Company maintains market competitive compensation for its named executive officers. Our analysis focused on base salary, target annual incentives, total cash compensation, annualized expected values of long-term incentives (cash and equity), and retirement benefits. There are a limited number of direct advertising and marketing holding company peers, so there was a limited availability of robust industry-specific compensation benchmarking data. To reflect the fact that the Company competes for executive talent not only from direct industry peers, but also from a broader group of companies, the Company benchmarks pay against various labor markets. These markets included advertising, professional services, media, and technology companies, other creative businesses, and general industry companies. The groups reviewed were as follows:

- Media and advertising holding companies that participated in the 2006 Towers Perrin Advertising Industry Executive Compensation Survey. This group participates in the same industry as the Company and comprises the following companies: Havas, Publicis Groupe, and WPP Group PLC.

- General industry and professional services companies from Hewitt Associates Total Compensation Measurement database and from publicly disclosed proxy data. The group consisted of nearly 250 companies, and included companies in various industries (e.g., entertainment, media, hospitality, consulting, and financial services) and of various sizes.

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When appropriate, regression analyses were used to adjust the compensation data to revenue levels comparable to those of Interpublic and its operating units. Our purpose in measuring pay levels against the practices of a broad group of companies was to ensure that the Committee reviewed a robust assessment of Interpublic s competitive compensation posture. By considering multiple market references, we reduced concerns about the potential inaccuracies and limitations inherent in a single market data point. We believed that using multiple reference points enhanced decision making by allowing the Committee to analyze a more realistic set of market-competitive pay boundaries than is represented by merely one benchmark.

The Company targets pay levels for the named executive officers between the 50th and 75th percentile of these peer groups, except where specific circumstances warrant higher or lower positioning for some individuals. For example, Interpublic s financial and operating challenges in recent years have necessitated attracting and retaining executives with precise skills and experiences. As a result, business need in addition to market data was factored into determining appropriate pay levels for some individuals.

Interpublic allocates a significant percentage of total compensation to incentives as a result of the philosophy described above. The Company has internal guidelines to allocate between current and long-term compensation to emphasize a pay-for-performance policy by placing a significant portion of total compensation at risk. To set these guidelines, the Company uses market-based information developed by the external consultant to set the levels and mix of current and long-term compensation to be competitive with those at other advertising and marketing service companies, and within other relevant executive labor markets.

2006 Executive Compensation Program Elements

For the fiscal year ended December 31, 2006, the principal components of Interpublic s executive compensation program were:

- Base salary;
- Performance-based annual incentive compensation;
- Long-term equity-based incentive compensation; and
- Retirement, perquisites and other benefits.

Base Salary

Base salary is central to our ability to attract and retain our talent, including our named executive officers. Although its prominence in the pay mix declines with seniority, base salary generally remains an important part of compensation discussions with executive talent in this industry.

Each year, after considering competitive analyses provided by the external consultant and other factors as described below, the Committee determines the base salary for the CEO and, after considering recommendations from the CEO, the Committee approves base salaries for the other named executive officers.

The Committee considers several quantitative and qualitative factors when determining base salaries, including the executive s individual performance, level of responsibility, tenure, pay history and time since last increase, and prior experience. As appropriate, the Committee will also consider any material changes in responsibilities and/or respond to perceived retention risks. The Committee makes use of periodic comparisons to base salary data paid for comparable positions within the Company and the external consultant s analyses for base salaries paid to comparable positions within comparably-sized advertising, marketing, and general services companies with similar client focus and talent strategies.

For the named executive officers, base salaries are the subject of individual employment agreements (described in greater detail on page 45 under the heading Employment Agreements), which give Interpublic the ability to increase, but not decrease, base salary. In 2006, the Committee elected to increase Mr. Gatfield s base salary by 5% to induce him to agree to a change in his responsibilities, principally to assume the CEO role for Lowe Worldwide. In making this adjustment, the Committee considered internal

and external pay data for comparable positions, and the Company s desire to induce Mr. Gatfield to accept this assignment. Also in 2006, the Committee increased Mr. Krakowsky s base salary (including the amount of annual salary he has foregone related to his pre-existing Executive Special Benefit Agreement which is discussed further on page 41 under the heading Executive Special Benefit Agreements) by 10% to reflect his assumption of additional responsibilities as the Company s chief strategy officer. The Committee s decision was based on its judgment after considering internal and external pay data for comparable positions. No other base salaries for the remaining named executive officers were modified in 2006.

Annual Incentives

Annual cash incentives are paid to reward performances that drive shareholder value through growth, improved profitability, and the achievement of high priority strategic objectives. They are a standard component of competitive compensation within our labor markets and an important tool for driving behaviors, improving financial results and increasing shareholder value. The annual cash incentive awards to senior executives are made under the shareholder-approved 2006 Performance Incentive Plan (the 2006 PIP). The 2006 PIP limits the bonus amount that may be earned by any one individual to $5 million.

For the purposes of 2006 and prospective 2007 bonus awards, each named executive officer has a specific individual incentive award target (defined as a percentage of each individual s base salary, including, for Mr. Krakowsky, the amount of annual salary he has foregone related to his Executive Special Benefit Agreement). Each year, as part of its total compensation review for senior executives and after considering the external consultant s competitive analyses and other factors, the Committee determines the annual incentive target for the Chief Executive Officer, and, after considering recommendations from the Chief Executive Officer, approves the annual incentive targets for the named executive officers. The Committee s approach is consistent with that described above for base salary. For 2006 and 2007, annual cash incentive targets, as a percent of base salary, for the named executive officers are as follows: Mr. Roth, 150%, Mr. Mergenthaler, 100%; Mr. Dooner, 133% for 2006 and 100% for 2007; Mr. Gatfield, 100%; Mr. Krakowsky, 75% for 2006 and 100% for 2007; and Mr. Sompolski, 75%. For the named executive officers other than Mr. Dooner, annual incentive targets are the subject of individual employment agreements (described in greater detail on page 45 under the heading Employment Agreements), which give Interpublic the ability to increase, but not decrease, such targets. Mr. Dooner s annual incentive target is not an element of his employment contract and is periodically determined by the Committee. Mr. Dooner s cash incentive target of 133% dates to his tenure as Interpublic s CEO. The Compensation Committee decided on February 2007 to use a cash incentive target of 100% for Mr. Dooner going forward. The Compensation Committee decided on March 2007 to increase Mr. Krakowsky s cash incentive target to 100% to reflect his increased responsibilities.

In 2006, actual awards earned vary between 0% and 200% of this individual incentive target based 50% on financial performance and 50% on the achievement of high priority objectives. Financial performance was assessed based on our consolidated Operating Margin (OM) and Profit Before Taxes (PBT), except for operating company participants, including Messrs. Dooner and Gatfield, for whom the financial performance measures were OM and Operating Income After Incentives (OIAI) of their respective operating units. Financial measures are equally-weighted with results compared to minimum, target and maximum levels set for Interpublic and its principal operating units at the beginning of the year. Prior to this assessment, financial results may be adjusted for one-time extraordinary items, with the specific items subject to the Committee s review and approval.

High priority objectives are set early in the year, and may include quantitative and/or qualitative objectives specific to the individual. High priority objectives include goals tied to the Company s or operating unit s strategic priorities and typically include client retention, governance and control, talent management, diversity and inclusion, and the like. For quantitative high priority objectives, specific objectives are established. For qualitative high priority objectives, specific accomplishments or expectations are defined and the Committee exercises judgment in assessing performance. With all high priority objectives, performance is assessed after considering written self-assessments provided to the Committee for Interpublic and its principal operating units. Results are then categorized as below minimum, minimum, good, very good, and exceptional.

For the fiscal year ended December 31, 2006, each of the named executive officers received the following payments in March 2007 under the senior executive incentive plan for fiscal 2006 performance.

Name	**2006 Annual Incentive Award**		
Michael I. Roth	$	2,062,500	
Frank Mergenthaler	$	1,100,000	
John J. Dooner, Jr	$	1,500,000	cash
	$500,000		in restricted stock
Stephen Gatfield	$	1,150,000	
Philippe Krakowsky	$600,000		
Timothy A. Sompolski	$535,000		

For the named executive officers other than Messrs. Dooner and Gatfield, the Committee considered Interpublic s financial performance and each individual s achievement of individual or shared high priority objectives. The financial portion of each corporate executive s award is based on ratings of 100% or target for both PBT and OM. Although the Company significantly exceeded the specific financial targets established by the Board as part of the annual budget process, management recommended and the Committee approved rating these results at 100% based on the uncertainty in setting objectives at the outset of the year due to significant organizational changes then underway or being contemplated, including the merger of Draft and FCB, and the reorganizations of Lowe and IPG Media.

For the corporate named executive officers, each executive s high priority objective rating is based on the Committee s and, for each executive other than the CEO, the CEO s assessment of his achievement of key strategic objectives. Mr. Roth received a high priority objective rating of very good reflecting the Company s gains in several key areas including governance, talent management and succession planning, diversity and inclusion, financial controls, and external and internal stakeholder relations, and his leadership of three important strategic initiatives including the merger of Draft and FCB, the reorganization of our media assets, and the development of a new value proposition for Lowe.
Mr. Mergenthaler received a high priority objective rating of exceptional reflecting his leadership of the finance function through a difficult period and his achievement of high priority objectives focused on improving the Company s credibility with investors, improving our capital structure, enhancing the quality of finance functional leadership, implementing a new financial planning process, streamlining the control and consolidation process and making significant progress toward Sarbanes-Oxley compliance. Mr. Krakowsky received a high priority objective rating of exceptional reflecting his achievement of high priority objectives related to his leadership role in the Company s first Investor Day, improving our internal and external communications capabilities, and his achievement of objectives added during the year as he assumed additional responsibilities, including directing many of the Company s key strategic initiatives, including the merger of Draft and FCB as well as the reconfiguration of our global media assets. Mr. Sompolski received a high priority objective rating of very good reflecting his leadership of the human resources function and achievement of objectives that included improving the Company s talent management and succession planning capabilities, introducing and expanding our Leaders Forum and other leadership development initiatives, improving the effectiveness of the Company s executive incentives, and making tangible progress toward diversity and inclusion priorities.

For Mr. Dooner, the Committee considered McCann Worldgroup s financial results and his achievement of individual or shared high priority objectives, relative to specific pre-set objectives. Mr. Dooner s award, therefore, is based on McCann Worldgroup s financial assessment of 121% and 110% for OIAI and OM, respectively and high priority objective rating of very good, the latter rating reflecting McCann Worldgroup s significant creative gains, improvements made toward achieving a Sarbanes-Oxley compliant environment, progress on specific talent-related initiatives, and other strategic steps forward. Based on the achievement of the foregoing objectives, Mr. Dooner received a payment of $2,000,000. The Committee elected to pay $1,500,000 of the award in cash, with the balance paid through the issuance of 40,666 restricted shares having a fair market value of $500,000 on March 30, 2007. The restrictions on the sale or transfer of such shares will lapse on March 30, 2010.

Because Mr. Gatfield played a corporate role for part of 2006 and was Lowe Worldwide s CEO for the final nine months, the Committee considered Interpublic s and Lowe Worldwide s financial performances, and his achievement of individual and shared high priority objectives, relative to specific pre-set objectives. Mr. Gatfield s award is based on Interpublic s financial assessments as described above and Lowe Worldwide s financial assessments of 0% and 0% for OIAI and OM, respectively, and high priority objective rating of exceptional, largely reflecting Mr. Gatfield s significant contributions since assuming the Lowe Worldwide CEO role, including driving the development and on-going implementation of a new strategic plan, progress on specific talent-related initiatives, and other strategic gains. Mr. Gatfield s award per the calculation described above was $848,229. The Committee elected to award him an additional $301,771 to recognize his extraordinary efforts and contributions toward Lowe s turnaround for a total 2006 annual incentive award of $1,150,000.

For 2007, the Committee revised the relative weights placed on financial objectives and high priority objectives to 2/3rds and 1/3rd, respectively, for the CEO, CFO and Messrs. Krakowsky and Sompolski (i.e. other named corporate officers). This change reflects the Committee s view that, although high priority objectives continue to represent strategic imperatives, an increased portion of the award should be directly tied to the Company s annual financial results.

Long-term Incentives

Long-term Incentive awards support Interpublic s talent management strategy, and are designed to retain and attract top talent, and align executive and shareholder interests by focusing recipients on the long-term performance of Interpublic and its principal operating units. Management and the Committee believe long-term incentives are a vital way to encourage collaboration across the Company and drive sustainable results across a multi-year period. Further, these incentives ensure that executives have compensation at risk for longer periods of time and subject to forfeiture in the event they terminate their employment.

In advance of the Company s annual equity awards, the CEO submits award recommendations for the other named executive officers to the Committee. These recommendations are generally based on total long-term incentive targets established for each executive and defined as a dollar expected value.

Each year, as part of its total compensation review for senior executives and after considering the external consultant s competitive analyses and other factors, such as each executive s pay history, absolute and relative performance, and expected future performance, the Committee determines the long-term incentive target for the CEO, and, after considering recommendations from the CEO, approves the long-term incentive targets for the named executive officers. The Committee s approach is consistent with that described above for base salary. For the named executive officers, long-term incentive targets are the subject of individual agreements (described in greater detail on page 45 under the heading Employment Agreements), which give Interpublic the ability to increase, but not decrease, long-term incentive targets.

Once the recommendations are approved, long-term incentive awards are made under the 2006 Performance Incentive Plan. In 2006, Mr. Roth s long-term incentive awards comprise stock options and performance shares. For the named executive officers except the CEO, annual long-term incentive awards comprise a mix of stock options, restricted stock and performance shares. For the named executive officers, the Committee believes stock options are an effective long-term incentive as they provide senior strategy-setting and policy-making leaders, the members of the Company s leadership team best able to directly influence Interpublic s share price, with additional incentive tied to stock price gains.

Total long-term incentive expected value guidelines are set for each position. The Committee set the following long-term incentive expected value guidelines for 2006: Mr. Roth, $5,000,000; Mr., Mergenthaler, $1,000,000; Mr. Dooner, $1,000,000; Mr. Gatfield, $1,000,000; Mr. Krakowsky, $500,000; and Mr. Sompolski, $800,000. For participants receiving more than one type of long-term incentive, the mix is then defined according to specific formulae. For grants made in 2006, the expected value of Mr. Roth s long-term incentive award was split equally between stock options and performance shares. For the remaining named executive officers, 50% of the total long-term incentive expected value is provided in stock options with the remaining 50% split equally between performance and restricted shares.

The number of stock options or restricted shares granted, or performance shares awarded at target, is determined based on approved formulas that estimate the expected value of the award at the time of grant. These expected value estimates are developed with the external consultant s assistance and reflect an approximation of the relative economic values for stock options, and performance and restricted shares. In all cases, these expected values are based on the Company s stock price on the date of grant using the average of Interpublic s high and low prices for that day. In no event, is the grant date to precede the approval date. The long-term incentive expected values at grant for the named executive officers were as follows:

Name	**Stock Options ($)**	**Performance Shares ($)**	**Restricted Shares ($)**
Michael I. Roth	2,500,000	2,500,000	0
Frank Mergenthaler	500,000	250,000	250,000
John J. Dooner, Jr.	500,000	250,000	250,000
Stephen Gatfield	500,000	250,000	250,000
Philippe Krakowsky	250,000	125,000	125,000
Timothy A. Sompolski	400,000	200,000	200,000

Equity awards are made on an annual grant cycle except for those made as needed on a case-by-case basis to attract new executives, retain existing talent and/or reflect a material change in responsibilities. In 2006, annual equity awards were made on June 15, a date selected by the Committee several months earlier to allow sufficient time for the 2006 Performance Incentive Plan to be approved by shareholders at the annual meeting. Interpublic will continue its practice of making annual equity grants and, from here forward, intends to schedule this grant on the final trading day of May each year.

At the Committee s May meeting, Interpublic presents a specific list with equity award recommendations by individual for the Committee s review and approval. The Committee must be presented with and approve individual grants and individual grant details prior to grant. While pools or tentative, preliminary or conditional awards may have been presented to the Committee in advance of this step, the approval of pools or tentative, preliminary or conditional awards does not meet the specific requirements of this guideline.

At its May meeting, the Committee will make its determinations regarding the proposed annual grants and the specific grant date, which is not to precede the date of the Committee s meeting. If awards are approved, the Committee s determination will also specify in detail an objective formula (or formulae) for determining, in respect of each grant, as applicable, option exercise price, number of options or number of shares of restricted shares, restricted stock units, performance shares or performance share units to be issued. The formula (or formulae) for determining an option s exercise, the number of options or stock appreciation rights, or number of shares of restricted stock shares, restricted stock units, performance shares or performance share units to be issued will be based on the fair market value of a share of Interpublic common stock on the grant date, and not the date the Committee approves the award or another date.

Stock options are granted on such terms as are approved by the Committee. The grant must occur subsequent to the Committee s approval, the term of the option may not exceed ten years and the exercise price may not be less than the fair market price of the Common Stock on the date of grant. In the case of an executive hire, the Committee may approve the award prior to the extension of the employment offer and the grant is timed for the final trading day of the month in which the executive s employment begins.

All stock options granted to the named executive officers in 2006 vest in increments of one-third on each of the second, third and fourth anniversaries of the date of grant. The Company believes that these vesting provisions promote a long-term focus and provide a strong retention incentive for participants. Grants to the named executive officers are shown in the Outstanding Equity Awards at Fiscal Year-End Table on page 39.

Full-value shares play a prominent role in the Company s long-term incentives program with a focus on restricted stock and performance shares. For both restricted stock and performance shares, the sale or transfer of shares is typically restricted for a period of three years from the grant date and the shares are subject to forfeiture if the executive leaves Interpublic before the restrictions expire, unless the Committee determines otherwise. Two exceptions generally apply as follows. First, the Company may, on a case-by-case basis grant shares with different vesting periods, most often in the case of up-front equity grants made to new executives as consideration for equity they forfeited at their prior employer. In these instances, the Company will strive to generally approximate the vesting terms that existed for the forfeited equity and which will not be less than one year. Second, equity awards may be used to address a specific employment or retention need and the vesting period may be lengthened or shortened, as appropriate to the specific individual circumstances.

In 2005, Interpublic introduced performance share awards as part of the long-term incentive for senior executives. At the time of the awards, participants are given a target number of shares. At the end of the performance and vesting period(s), the participant is granted full-value shares. The number of shares granted may vary from 0% to 200% of the target based on Interpublic or its principal operating unit s multi-year performance against pre-set objectives. For the periods beginning in 2005 and 2006, performance will be assessed against equally-weighted metrics intended to drive revenue growth and profitability. Final award values are, therefore, a function of performance against these metrics and the price performance of Interpublic s Common Stock, and are paid in fully-vested shares or cash, as determined by the Committee, as soon as practicable after (a) audited financial results are available for the completed performance period and (b) the Committee approves the results.

For performance shares awarded in 2006 and tied to the 2006-08 performance period, to the named executive officers other than Messrs. Dooner and Gatfield, performance shares are tied to Interpublic s three-year cumulative revenue growth and operating margin. Performance shares awarded to Messrs. Dooner s and Gatfield are tied to the same metrics for McCann Worldgroup and Lowe Worldwide results, respectively. The awards opportunity was established on June 15, 2006, and the shares awarded, if any, will be issued at the end of the three-year performance period depending on the extent to which the performance objectives are achieved.

Upon becoming CEO in 2005, Mr. Roth was awarded 450,000 performance based restricted shares, 150,000 of which would vest on the second anniversary of the grant date to the extent the Company achieved specific performance goals over the 2005-2006 period. After the end of 2006, the Committee confirmed that the performance goals for the 150,000 shares were not achieved and that these shares were cancelled. The remaining 300,000 shares will vest on the fifth anniversary of the grant date subject to the Company achieving specific performance goals over the 2005-2009 period.

Transformation Incentive

On March 22, 2006, the Committee approved a one-time performance share award, the Transformation Incentive, with participation limited to a very select group of senior executives including the named executive officers, with the exception of Messrs. Roth and Gatfield. The CEO and Committee believe the introduction of this one-time award would provide significant incentive to these key executives to drive even greater performance improvements, and to focus on collaboration and Interpublic s collective results against two critical metrics. Participants were recommended to the Committee by the CEO and deemed critical to driving the Company s near-term transformation efforts as leaders of the principal operating companies and functions.

Target incentive values were established for participants at different levels based on each participant s role in the transformation, and his or her current total compensation and long-term incentive participation. The CEO and Committee decided that the Transformation Incentive opportunity had to be significant for each participant to provide the proper motivation to change behaviors and induce extraordinary efforts. The Committee set the following expected values of Transformation Incentive targets: Mr. Mergenthaler, $2,000,000; Mr. Dooner, $2,000,000; Mr. Krakowsky, $1,000,000; and Mr. Sompolski, $1,000,000.

The Transformation Incentive requires performance beyond that targeted by Interpublic s standard incentives and, therefore, results in awards only if the Company achieves these stretch performance levels. Awards are identical to the performance shares described above with two exceptions. First, all Transformation Incentive shares are tied to Interpublic s revenue growth and profitability for the 2006-2008 period and, second, the required performance levels are significantly higher. For example, should performance shares for the same period be granted at target (i.e., Interpublic achieves the targeted performance levels), no Transformation Incentive shares would be earned. Similarly, for Transformation Incentive shares to be earned at target, performance shares granted to others for the same period need to reach maximum levels.

Transformation Incentive awards will be paid in fully-vested shares or cash, as determined by the Committee, as soon as practicable after (a) audited financial results are available for the 2006-2008 performance period, and (b) the Committee approves the results.

Retirement, Perquisites and Other Benefits

The Company also provides its named executive officers with life and medical insurance, retirement savings and compensation deferral programs, perquisites, and other benefits. These include the Capital Accumulation Plan (CAP), a defined contribution plan under which a fixed dollar amount and interest credits are annually credited to a notional account in each participant s name, and the Senior Executive Retirement Income Plan (SERIP), a defined benefit plan under which participants receive a fixed annual annuity for 15 years upon a qualifying retirement. Perquisites may include auto and club allowances, executive medical benefits, and financial planning.

Other compensation and benefits serve several purposes. Some, like financial planning, auto and club allowances, and executive medical are in response to direct industry norms, and the expectations of executives and candidates alike. The Company s 401(k) savings plan is open to all U.S. employees and acts as the primary retirement savings plan for most employees. And, while the Company has numerous legacy retirement plans from predecessor organizations, the two active programs, CAP and SERIP, are used on a case-by-case basis to provide incremental, but deferred, compensation or competitive retirement benefits.

As part of its annual competitive pay analyses, the external consultant provides the Committee with a view of Interpublic s benefits programs relative to those for a sample of peer companies. This company sample, while different from that described earlier for assessing the Company s compensation programs, is intended to mirror those earlier comparator groups as closely as possible. Given benefits competitive data is provided through a different source(s), the company samples are not identical. In its work, the external consultant attempts to ensure that the benefits sample is as close to the other sample(s) as possible. This benefits program review is conducted in the context of total compensation, and the analyses consider compensation and benefits in total.

Decisions regarding new or enhanced participation in these programs are made after considering the total compensation, and are often used as inducements to accept employment or as one component to a total pay discussion or negotiation. For many named executive officers, retirement, perquisites and other benefits are the subject of individual employment agreements (described in greater detail on page 45 under the heading Employment Agreements), which give Interpublic the ability to increase, but not decrease, the specific benefit.

The Company s 401(k) savings plan is a tax-qualified retirement savings plan pursuant to which all U.S.-based employees, including the named executive officers, are able to contribute the lesser of up to 6% of their annual salary or the limit prescribed by the Internal Revenue Service to the Savings Plan on a before-tax basis. For employees with less than 10-years service, the Company will match 50% of the first 6% of pay that is contributed to the Savings Plan. For employees with 10 or more years of service, the Company will match 75% of the first 6% of pay that is contributed.

In 2006, the Company introduced an additional performance-based match whereby a fixed percentage of pay is contributed to participants accounts based on the Committee s assessment of the Company s annual performance, including the Company s Operating Margin for its consolidated U.S. businesses relative to pre-set targets. This feature was introduced to induce greater participation in the Savings Plan and to provide all U.S. employees with a link to the Company s performance. For 2006, the Committee assessed performance at target and provided an additional match equal to 16.5% of participant contributions.

On a case-by-case basis, the Committee and MHRC consider the appropriateness of CAP and SERIP participation and benefits. In making recommendations to the Committee or MHRC, the Company considers the individual s role, level in the organization, total compensation level, performance, length of service, and other factors. When making determinations to award additional non-qualified cash wealth accumulation or retirement awards, the Company also considers all forms of accrued qualified and non-qualified retirement benefits previously awarded or earned, and assumes the executive participated fully in the Savings Plan.

The CAP provides participants with an annual defined credit into a notional interest-bearing account. The interest rate is set annually equal to the 10-year Treasury interest rate as of December 31, of the preceding calendar year. Participation is now limited to senior executives approved by the Committee or the MHRC. Effective January 1, 2006, the Committee approved a CAP for Mr. Krakowsky with an annual credit of $50,000 and full vesting on December 31, 2008. This additional benefit, in combination with other compensation adjustments described elsewhere, was approved by the Committee as consideration for Mr. Krakowsky s assumption of additional responsibilities. As discussed in the Summary Compensation Table on page 35, Messrs. Roth and Sompolski both received 2006 CAP contributions per terms of agreements made in prior years. At its February 2007 meeting, the Compensation Committee decided to increase Mr. Roth s annual CAP contribution by $250,000 after considering the external consultant s review of competitive retirement benefits for CEOs, Mr. Roth s tenure and expected service at retirement. For a more detailed description of the CAP, see Nonqualified Deferred Compensation Arrangements The Interpublic Capital Accumulation Plan on page 43.

The SERIP provides a defined annual annuity to selected executives for a 15-year period beginning at age 60, or earlier on a reduced basis. Participation is limited to a select group of very senior executives and requires Committee approval. Mr. Gatfield is the only named executive officer that participates in the SERIP. In 2006, no actions were taken with respect to the SERIP and named executive officers. For a more detailed description of the SERIP, see Pension Arrangements The Interpublic Senior Executive Retirement Income Plan on page 41.

Severance Benefits

The named executive officers may receive severance benefits from the Company under the terms of their employment agreements (described in greater detail on page 45 under the heading Employment Agreements), the Company s Executive Severance Plan or their change of control agreements depending on the circumstances of their terminations.

In 2006, and in response to Section 409A of the Internal Revenue Code, the Committee approved a new Executive Severance Plan (ESP) to provide severance benefits in certain situations to named executive officers and other senior executives. Under the Plan, severance benefits will be provided if the executive s employment is terminated by the Company without cause or the executive resigns with good reason. Severance levels depend on each executive s role with more senior executives receiving higher severance levels, including base salary and medical benefits. The Committee adopted the ESP to provide a consistent severance approach that is competitive with that of our direct competitors and general industry, and to mitigate job security concerns for senior executives. The Committee approved the following severance periods (during which a participant continues to receive his base salary and medical benefits) for the named executive officers: Mr. Roth, 24 months base salary; Mr. Mergenthaler, 18 months; Mr. Dooner, 18 months; Mr. Gatfield, 18 months; Mr. Krakowsky, 18 months; and Mr. Sompolski, 18 months. Once the ESP is implemented, these severance periods will apply unless a longer severance period is provided for in the individual s employment agreement.

In 2006, the full Board of Directors, with the assistance of Hewitt, conducted an extensive review of Interpublic s existing change of control agreements with each of the named executive officers and other senior executives and prevailing and leading market practices. The review was primarily conducted to ensure that the change of control agreements comply with Section of 409A of the Internal Revenue Code. As a result of this review, the Committee adopted new change of control agreements for selected senior executives including the named executive officers. These agreements are intended to comply with Section 409A of the Internal Revenue Code and to encourage the retention and focus of critical executive talent in the face of the potentially disruptive impact of a change of control of the Company. In addition, the agreements are intended to align executive and shareholder interests by enabling executives to consider corporate transactions that are in the best interests of shareholders and other constituents of the Company without undue concern over whether the transactions may jeopardize the executives own employment. The Board decided against providing any tax gross-up or other consideration to compensate for any excise taxes that could be imposed if payments to an executive are deemed to be parachute payments under Section 280G of the Internal Revenue Code.

Although there are some differences in benefit levels depending on the executive s role, the basic elements will be consistent across all agreements. First, benefits will be contingent on a double trigger, or a change of control followed by a loss of employment without cause or for good reason within two years thereafter. Second, the agreements will provide for an enhanced severance benefit, relative to the afore-described ESP, that includes a severance payment equal to a multiple of the individual s annual base salary plus annual incentive target (this benefit is instead of, not in addition to, the ESP benefit) and continued health insurance or cash in lieu thereof for the period on which the severance payment is based (i.e. the multiple set forth below times 12 months). The accelerated vesting of equity awards, treatment of deferred compensation accounts, retirement benefits, and the like, are defined by each specific plan.

The Board of Directors approved as the amount of severance benefit the following multiples of base salary plus annual incentive target for the named executive officers: Mr. Roth, 3 multiple; Mr. Mergenthaler, 2; Mr. Dooner, 3; Mr. Gatfield, 2; Mr. Krakowsky, 2; and Mr. Sompolski, 2. As Mr. Gatfield s existing employment agreement provides a higher benefit level, his severance benefit in the event of a change of control will be the higher of that provided by his employment agreement or change of control agreement.

The Committee also approved the following change of control benefits under the CAP, SERIP, and outstanding Executive Special Benefit Agreements (ESBAs):

- Before a change of control, Interpublic will contribute to an unsecured trust an amount that an outside auditor determines is equal, or approximately equal, to the value of (a) the benefits that are accrued and vested under the CAP, SERIP, and all ESBAs, and (b) the benefits that could become accrued and vested under the CAP, SERIP, and all ESBAs within two years after the change of control, plus an allowance for expenses that an outside auditor reasonably expects to be incurred in administering the CAP, SERIP, and all ESBAs, and the unsecured trust, during the two years after the change of control.

- If, within two years after a change of control, (a) Interpublic terminates an executive s employment without cause or (b) the executive resigns for good reason, the executive would receive the following benefits under CAP, SERIP and any ESBA (in full satisfaction of Interpublic s obligations to the executive under those plans):

CAP	SERIP	ESBA
The executive s CAP account would become fully vested and the executive would receive the full value of his CAP account in a lump sum.	• If, as of December 31 of the calendar year in which the change of control occurs, (a) the executive s SERIP benefit will be fully vested or (b) the executive will be (i) age 55 or older and (ii) within two years of full vesting, the executive s SERIP would become fully vested and the executive would receive a lump-sum payment equal to the present value of his unreduced SERIP benefit in a lump sum.	• If, as of December 31 of the calendar year in which the change of control occurs, (a) the executive is eligible to receive the maximum benefit payable under his ESBA or (b) the executive will be (i) age 55 or older and (ii) within two years of qualifying for the maximum benefit payable under his ESBA, the executive would receive the present value of the maximum benefit payable under his ESBA.
	• If the executive does not satisfy either of the conditions above, the executive would receive a lump-sum payment equal to the present value of the vested portion of his SERIP benefit.	• If the executive does not satisfy either of the conditions above, the executive would receive a lump-sum payment equal to the present value of the vested portion of his ESBA benefit, determined based on his age at the time of termination.

The Company currently anticipates that the ESP and new change of control agreements will be implemented during the second quarter of 2007 following the issuance of final regulations under Section 409A of the Internal Revenue Code on April 10, 2007.

Share Ownership Guidelines

In the past, the Committee has considered, but deferred a decision on equity ownership requirements or guidelines. As a result, the Company does not currently have share ownership guidelines. Consideration was deferred as the Company focused on a series of restatements and public filing delays that resulted in stock option exercise black out periods. The Committee expects to address the issue of equity ownership policies and guidelines in 2007.

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Tax and Accounting Implications

Deductibility of Executive Compensation

U.S. federal income tax law prohibits the Company from taking a tax deduction for certain compensation paid in excess of $1,000,000 to the named executive officers. However, performance-based compensation, as defined in the tax law, is fully deductible if the programs are approved by shareholders and meet other requirements. Our policy is to qualify our incentive compensation programs for full corporate deductibility to the extent feasible and consistent with our overall compensation objectives.

As part of its role, the Committee reviews and considers the deductibility of executive compensation. The Company believes that compensation paid under the management incentive plans is generally fully deductible for federal income tax purposes, except as indicated below. In certain situations, the Committee may approve compensation that will not meet these requirements in order to ensure competitive levels of total compensation for its named executive officers. In this regard, for fiscal 2006, base salary amounts and/or restricted share awards in excess of $1,000,000 (in the aggregate) for any named executive officer was not deductible for federal income tax purposes.

The company has guidelines for reviewing the impact of the accounting and tax treatment of various forms of compensation covered by the 2006 PIP. The guidelines identify specific responsibilities and actions required by the Human Resources, Accounting and Tax departments for all group and individual actions. These guidelines are designed to ensure that accounting and tax treatment of the awards granted under the plan are properly addressed.

162(m) Performance-Qualified Incentive Amounts for Executive Officers

On March 28, 2007, the Committee established the performance objectives that will be used to determine 2007 management incentive compensation awards (MICP Awards) payable in 2007 to the named executive officers of Interpublic under the 2006 PIP.

Pursuant to the 2006 PIP, the Committee is authorized to grant MICP Awards based on the achievement of performance objectives relating to one or more of the Performance Criteria (as defined in the 2006 PIP). The Committee has determined that the applicable Performance Criteria for 2006 will be operating income before impairments, litigation settlements and other non-operating items for the 2007 fiscal year. Depending on actual performance in 2007, an executive officer s 2007 MICP Award could range from zero to 200% of his or her target bonus. The Committee will determine the form and timing of MICP Awards based on the Committee s judgment regarding Interpublic s and the executive officer s performance in 2007 against the performance objectives. As contemplated by the 2006 PIP, in no event will any executive officer s MICP Award exceed $5,000,000.

Nonqualified Deferred Compensation

On October 22, 2004, the American Jobs Creation Act of 2004 was signed into law, changing the tax rules applicable to nonqualified deferred compensation arrangements. The Company is operating all deferred compensation arrangements in good faith compliance with the statutory provisions which were effective January 1, 2005 and the final regulations under Section 409A of the Internal Revenue Code issued on April 10, 2007. The Company intends to amend all plans, agreements, and other arrangements with nonqualified deferred compensation that is subject to the new rules by the deadline established by the Internal Revenue Service, which is currently December 31, 2007. A more detailed discussion of the Company s nonqualified deferred compensation arrangements is provided on page 43 under the heading Nonqualified Deferred Compensation Arrangements.

Accounting for Stock-based Compensation

Beginning on January 1, 2006, the Company began accounting for stock-based payments, including its grants of stock options, restricted shares and performance shares, in accordance with the requirements of FASB Statement 123(R).

Compensation Recovery in the Event of a Financial Restatement

For performance periods beginning after December 31, 2005, Interpublic s Board has adopted a policy under which, in the event of a significant restatement of financial results due to fraud or misconduct, it will review payments made to senior executives on the basis of having met or exceeded specific performance targets during the restatement period. If such bonuses would have been lower had they been calculated based on such restated results, the Board will, to the extent permitted by governing law, seek to recoup for the benefit of the Company all such bonuses to senior executives whose fraud or misconduct resulted in such restatement, as determined by the Board. For purposes of this policy, the term senior executives means executive officers for purposes of the Securities Exchange Act of 1934, as amended, and the term bonuses means awards under The Interpublic Group of Companies, Inc. 2004 Performance Incentive Plan or any equivalent incentive plan which supersedes the Plan.

COMPENSATION COMMITTEE REPORT

Among its duties, the Compensation Committee is responsible for reviewing and discussing with the Company s management the Compensation Disclosure and Analysis included in this proxy statement for the 2007 Annual Meeting (the CDA). Based on such a review and discussion, the Committee has recommended to the Board of Directors that the CDA be included in this proxy statement and incorporated by reference in the Company s Form 10-K for the year ended December 31, 2006.

Reginald K. Brack, Chairman
H. John Greeniaus
William T. Kerr
J. Philip Samper

COMPENSATION OF EXECUTIVE OFFICERS

The following table sets forth information concerning the compensation paid by Interpublic and its subsidiaries to (i) Mr. Roth, who served as the Interpublic s principal executive officer during 2006 (ii) Mr. Mergenthaler, who served as the principal financial officer in 2006, (iii) each of the three most highly compensated executive officers of Interpublic, other than the principal executive officer and the principal financial officer (based on total compensation in 2006, excluding the increase in pension values and non-qualified deferred compensation), who were serving as executive officers on December 31, 2006 and (iv) Mr. Gatfield, who ceased to be an executive officer during 2006 and, based on his 2006 compensation, would have been among the three most highly compensated executive officers of Interpublic (other than the principal executive officer and the principal financial officer) for 2006 if he had been serving as an executive officer on December 31, 2006 (collectively, the named executive officers). In each instance, the compensation shown is for services rendered in all capacities for the year ended on December 31, 2006. As used in this Proxy Statement, the executive officers of Interpublic include the Chief Executive Officer of McCann-Erickson WorldGroup, a significant operating unit of Interpublic. The employment agreements for the named executive officers are summarized beginning on page 45 under the heading Employment Agreements.

SUMMARY COMPENSATION TABLE

	Change in Pension Value and
Non-Equity Incentive	Nonqualified Deferred