

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

FORM 8-K

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

Date of report (Date of earliest event reported): July 13, 2005

The Interpublic Group of Companies, Inc.

(Exact Name of Registrant as Specified in Charter)

Delaware

1-6686

13-1024020

(State or Other Jurisdiction
of Incorporation)

(Commission File
Number)

(IRS Employer
Identification No.)

1114 Avenue of the Americas, New York, New York

10036

(Address of Principal Executive Offices)

(Zip Code)

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

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry Into a Material Definitive Agreement.

On July 13, 2005, The Interpublic Group of Companies, Inc. (“Interpublic”) entered into an Employment Agreement (the “Employment Agreement”) and an Executive Severance Agreement (the “Severance Agreement”) with Frank Mergenthaler, who will become Interpublic’s Executive Vice President and Chief Financial Officer, effective as of August 1, 2005. Interpublic also entered into a Participation Agreement with Mr. Mergenthaler substantially in the form attached as Exhibit 10.8 to Interpublic’s Report on Form 8-K filed on October 27, 2004 (file 001-06686) to evidence Mr. Mergenthaler’s participation in Interpublic’s Capital Accumulation Plan (the “CAP”) pursuant to the Employment Agreement.

Employment Agreement

Under the terms of the Employment Agreement, Mr. Mergenthaler will serve as Chief Financial Officer of Interpublic at a salary of \$750,000 per year. Mr. Mergenthaler will also be eligible to receive an annual target bonus of 100% of his base salary pursuant to Interpublic’s Annual Management Incentive Plan, although the actual award payable to Mr. Mergenthaler may vary from 0% to 200% of the target award as determined by Interpublic based on company performance, Mr. Mergenthaler’s individual performance and management discretion. Under the Employment Agreement, Mr. Mergenthaler’s minimum bonus for 2005 will be \$750,000. The Employment Agreement also provides for Mr. Mergenthaler to begin participating in Interpublic’s long-term incentive programs beginning in 2006 with a total expected annual award value at target of \$1,000,000, with the form of any long-term award to be determined by Interpublic’s Compensation Committee.

Pursuant to the Employment Agreement, as soon as administratively feasible after August 1, 2005, Interpublic will grant Mr. Mergenthaler the following “Initial Equity Awards”: (a) restricted shares of Interpublic with an aggregate initial value of \$625,000 at grant, which shares will vest in full on the third anniversary of grant and (b) options to purchase shares of Interpublic, with the number of shares subject to the option to be determined by multiplying 2 by the number of shares that have an aggregate market value of \$1,250,000 on the date of grant. In addition, Interpublic will grant Mr. Mergenthaler performance-based shares based on Interpublic’s performance from 2005-2007. The target number of performance-based shares will be based on an aggregate expected value of \$625,000 on the date of grant with the target number of shares determined using a twenty percent discount to market price of Interpublic’s stock. The Employment Agreement also provides for Interpublic to provide Mr. Mergenthaler with certain other perquisites and benefits commensurate with Mr. Mergenthaler’s position, including Mr. Mergenthaler’s participation in the CAP in accordance with its terms and conditions, with an annual contribution of \$100,000.

In the event Interpublic terminates Mr. Mergenthaler’s employment other than for “cause” (as defined in the Employment Agreement) or Mr. Mergenthaler terminates his employment for “good reason” (as defined in the Employment Agreement), Mr. Mergenthaler will be entitled to receive a lump sum payment equal to his annual rate of salary immediately prior to the termination, his target bonus award for the year of termination and a pro rata portion of his target award for the year of termination based on the number of days he was employed in the year in which his

employment terminates. In addition, if at any time following August 1, 2006 Interpublic terminates Mr. Mergenthaler's employment other than for "cause" or Mr. Mergenthaler terminates his employment for "good reason", the Initial Equity Awards will vest in full.

If Mr. Mergenthaler's employment terminates for any reason, he will not, for a period of 12 months following the termination of his employment, (a) solicit any employee of Interpublic or any of its subsidiaries to leave such employ to enter into his employ, or into the employ of any person or entity with which he is associated, (b) solicit or handle, on his own behalf or on behalf of any person or entity, the event marketing, public relations, advertising, sales promotion or market research business of any person or entity which is a client of Interpublic, or (c) accept any form of employment with any competitor of Interpublic.

Severance Agreement

Under the terms of the Severance Agreement, Mr. Mergenthaler is entitled to receive a cash severance payment if, within two years after a "change of control," (i) his employment is terminated by Interpublic other than for "cause" (as defined in the Severance Agreement) or (ii) he resigns for "good reason" (as defined in the Severance Agreement). The Severance Agreement provides that a "change of control" occurs if, among other occurrences: (a) any person (within the meaning of Sections 13(d) and 14(d) of the Securities Exchange Act on 1934, as amended (the "Exchange Act")) other than Interpublic or any of its subsidiaries, becomes the beneficial owner (within the meaning of Rule 13d-3 of the Exchange Act) of 30% or more of the combined voting power of Interpublic's then outstanding voting securities; (b) Interpublic's stockholders approve an agreement to merge or consolidate with another corporation (other than a subsidiary of Interpublic) or an agreement to sell or dispose of all or substantially all of the business or assets of Interpublic; or (c) during any period of two consecutive years, individuals who, at the beginning of such period, constituted the Board of Directors cease for any reason to constitute at least a majority thereof, unless the election or the nomination for election by Interpublic's stockholders of each new director was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of the period.

The severance payment to which Mr. Mergenthaler would be entitled under the Severance Agreement is equal to two times his average annual compensation during the two calendar years ended prior to the date of a change of control. In addition, he would be entitled to receive a partial annual bonus based on the bonus paid to him in the year preceding his termination of employment, prorated for the elapsed portion of the year in which employment was terminated. If Mr. Mergenthaler did not receive a bonus in the year immediately preceding the year in which his employment terminated, he would be entitled to receive an amount equal to the bonus paid to him during the second year preceding the year in which his employment terminated, multiplied by one plus the portion of the elapsed portion of the year in which his employment was terminated. The average compensation used in calculating the severance payment would be Mr. Mergenthaler's taxable compensation plus any deferred compensation accrued during the two relevant years, but would not include any deferred compensation earned in prior years but paid during the two years and would not include any taxable compensation relating to any stock option or restricted stock plan of Interpublic.

The Severance Agreement also provides that if Mr. Mergenthaler's employment terminates in circumstances entitling him to a severance payment, he will, for a period of 18 months following the termination of his employment, neither (a) solicit any employee of Interpublic or any of its subsidiaries to leave such employ to enter into his employ, or into the employ of any person or entity with which he is associated, nor (b) solicit or handle, on his own behalf or on behalf of any person or entity with which he is associated, the advertising, public relations, sales promotion or market research business of any advertiser which was a client of Interpublic or any of its subsidiaries on the date his employment terminates.

The Severance Agreement gives Mr. Mergenthaler an option to limit payment under the Agreement to such sum as would avoid subjecting him to the excise tax imposed by Section 4999 of the Internal Revenue Code.

In addition, under the Severance Agreement, sums previously deferred by Mr. Mergenthaler under his Employment Agreement, other deferred compensation agreements and the Management Incentive Compensation Plans of Interpublic and its subsidiaries would become payable within 30 days following a change of control if he so elects at any time prior to the change of control. Finally, Interpublic is required to pay all legal fees and expenses that Mr. Mergenthaler may incur as a result of Interpublic's contesting the validity, enforceability or Mr. Mergenthaler's interpretation of, or determinations under, the Severance Agreement, and to provide Mr. Mergenthaler with an irrevocable letter of credit in the amount of \$100,000 to be used for such expenses on the earlier to occur of 30 days after Mr. Mergenthaler so requests, or the occurrence of a change of control.

Item 5.02. Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers

On July 19, Interpublic issued a press release (the "Press Release"), a copy of which is attached hereto as Exhibit 99.1 and incorporated by reference herein, announcing that, as of August 1, 2005, Mr. Mergenthaler, 44, will become the Chief Financial Officer of Interpublic.

Most recently, Mr. Mergenthaler was Executive Vice President and Chief Financial Officer of Columbia House Company. Prior to joining Columbia House Company in 2002, Mr. Mergenthaler served as Senior Vice President and Deputy Chief Financial Officer for Vivendi Universal from 2001-2002, and worked in various positions at The Seagram Company from 1996-2001, including Assistant Treasurer, Controller and, ultimately, Senior Vice President and Chief Accounting Officer. Prior to joining The Seagram Company, Mr. Mergenthaler was a partner at Price Waterhouse.

The terms of Mr. Mergenthaler's employment and compensation with Interpublic during his service as Chief Financial Officer are described above under Item 1.01.

Item 9.01. Exhibits

Exhibit 10.1 Employment Agreement of Frank Mergenthaler (filed pursuant to Item 1.01)

Exhibit 10.2 Executive Severance Agreement of Frank Mergenthaler (filed pursuant to Item 1.01)

Exhibit 99.1 Press Release, dated July 19, 2005

SIGNATURES

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

THE INTERPUBLIC GROUP OF COMPANIES, INC.

Date: July 19, 2005

By: /s/ Nicholas J. Camera
Nicholas J. Camera
Senior Vice President, General Counsel
and Secretary

EMPLOYMENT AGREEMENT

AGREEMENT made as of July 13, 2005, by and between **THE INTERPUBLIC GROUP OF COMPANIES, INC.**, a Delaware corporation ("**Interpublic**") and **FRANK MERGENTHALER** ("**Executive**").

In consideration of the mutual promises set forth herein the parties hereto agree as follows:

ARTICLE I

Term of Employment

1.01 Subject to the provisions of Article VII and Article VIII, and upon the terms and subject to the conditions set forth herein, Interpublic will employ Executive beginning August 1, 2005 ("**Commencement Date**") and continuing thereafter, subject to termination in accordance with the provisions of Article VII hereof. (The period during which Executive is employed hereunder is referred to herein as the "**term of employment**"). Executive will serve Interpublic during the term of employment.

ARTICLE II

Duties

2.01 During the term of employment, Executive will:

- (i) Serve as Executive Vice President, Chief Financial Officer of Interpublic;
- (ii) Use his reasonable best efforts to promote the interests of Interpublic and devote his full business time and efforts to its business and affairs, provided that he may

manage his own investments so long as such activity does not interfere or conflict with the performance of his duties hereunder;

- (iii) Perform such duties as Interpublic may from time to time assign to him consistent with his position;
- (iv) Serve in such other offices of Interpublic as he may be elected or appointed to, consistent with his position; and
- (v) Report directly to the Chief Executive Officer of Interpublic.

ARTICLE III

Regular Compensation

3.01 Interpublic will compensate Executive for the duties performed by him hereunder, by payment of a base salary at the rate of Seven Hundred Fifty Thousand Dollars (\$750,000) per annum, payable in equal installments, which Interpublic shall pay at semi-monthly intervals, subject to required withholding for federal, state and local taxes.

3.02 Executive's compensation will be subject to periodic reviews in accordance with Interpublic's policies. Interpublic may at any time increase, but not decrease, the compensation paid to Executive under this Article III if Interpublic in its sole discretion shall deem it advisable so to do in order to compensate him fairly for services rendered to Interpublic.

ARTICLE IV

Bonuses

4.01 Executive will be eligible during the term of employment to participate in Interpublic's Annual Management Incentive Plan, or any successor plan, in accordance with the

terms and conditions of the Plan established from time to time. Executive shall be eligible for a target award equal to one hundred percent (100%) of his base salary. The actual award, if any, may vary from zero percent (0%) to two hundred percent (200%) of target, and shall be determined by Interpublic based on Company performance, Executive's individual performance, and management discretion; provided however that his award for 2005 shall not be less than Seven Hundred Fifty Thousand Dollars (\$750,000).

ARTICLE V

Interpublic Stock

5.01 As soon as administratively feasible after the Commencement Date, Interpublic will grant to Executive such number of shares of Interpublic Common Stock as shall have an aggregate market value of Six Hundred Twenty-Five Thousand Dollars (\$625,000) on the date of grant. Such shares will vest in full on the third anniversary of the date of grant.

5.02 As soon as administratively feasible after the Commencement Date, Interpublic will grant to Executive options to purchase the number of shares of Interpublic Common Stock obtained by multiplying two times the number of shares of Interpublic Common Stock having an aggregate market value of One Million Two Hundred Fifty Thousand Dollars (\$1,250,000) on the date of grant. Such options will vest in thirds on each of the second, third and fourth anniversaries of the date of grant.

5.03 Executive will also receive performance-based shares based on Interpublic's three-year performance. The target number of shares will be based on an aggregate expected value of Six Hundred Twenty-Five Thousand Dollars (\$625,000) on the date of grant with the target number of shares determined using a twenty percent (20%) discount to the market price for

Interpublic Common Stock. The actual number of shares to be granted at the end of such three-year period will be based on Interpublic results relative to 2005-2007 metrics to be developed and applied to Interpublic corporate staff generally. Such shares will be fully vested at the time of grant. The performance-based shares will be granted within two and one-half months after the end of the applicable three-year period.

5.04 Beginning in 2006, and concurrent with grants to the executive team, Executive shall participate in the Company's long-term incentive programs with a total expected annual award value at target of One Million Dollars (\$1,000,000). Such award shall be provided in a manner consistent with those provided to the executive team and may comprise stock options, restricted stock, performance-based restricted stock or another form of incentive at the Compensation Committee's discretion. Awards will be subject to performance and vesting terms and conditions consistent with those generally required of the executive team.

ARTICLE VI

Other Employment Benefits

6.01 Executive shall be eligible to participate in such other employee benefits as are available from time to time to other key management executives of Interpublic in accordance with the then-current terms and conditions established by Interpublic for eligibility and employee contributions required for participation in such benefits opportunities.

6.02 Employee will be entitled to annual paid time off, in accordance with Interpublic's policies and procedures, to be taken in such amounts and at such times as shall be mutually convenient for Executive and Interpublic.

6.03 Executive shall be reimbursed for all reasonable out-of-pocket expenses actually incurred by him in the conduct of the business of Interpublic provided that Executive submits all substantiation of such expenses to Interpublic on a timely basis in accordance with standard policies of Interpublic.

6.04 Executive shall be entitled to an automobile allowance of Ten Thousand Dollars (\$10,000) per annum, which shall cover all car-related expenses and parking.

6.05 Executive shall be entitled to an annual club allowance of Ten Thousand Dollars (\$10,000).

6.06 Executive shall be eligible to participate in the Executive Medical Plus Plan, which includes an annual reimbursement of Two Thousand Five Hundred Dollars (\$2,500) for financial planning services.

6.07 Executive shall participate in Interpublic's Capital Accumulation Plan, with an annual contribution of One Hundred Thousand Dollars (\$100,000).

ARTICLE VII

Termination

7.01 Interpublic may terminate the employment of Executive hereunder without Cause (as defined in Section 7.03 hereof) by giving Executive notice in writing at any time specifying a termination date less than twelve (12) months after the date on which such notice is given. In this event Executive's employment hereunder shall terminate on the date specified in such notice and Interpublic shall thereafter pay him a lump sum equal to his annual rate of salary immediately prior to the date of termination under Article III, plus his target award under Section 4.01. Such payment shall be made not later than thirty (30) days following the termination date

specified in such notice. Executive shall also be paid at that time an additional amount equal to his target award under Section 4.01 multiplied by the number of days that he was employed by Interpublic during the fiscal year in which his termination date occurred divided by the total number of days in such fiscal year. Executive shall also be entitled to receive any other awards and benefits in accordance with their terms. In addition, for a period of twelve (12) months after the termination date, Executive will be entitled to COBRA coverage. Interpublic agrees to pay or reimburse all Employee related premiums for COBRA coverage.

7.02 (a) Executive may terminate his employment at any time without "Good Reason," as defined below, by giving notice in writing to Interpublic specifying a termination date not less than six (6) months after the date on which such notice is given, in which event his employment hereunder shall terminate on the date specified in such notice. Provided however, Interpublic may, at its option, upon receipt of such notice determine an earlier termination date. During the notice period, Executive will continue to be an employee, will assist Interpublic in the transition of his responsibilities and will be entitled to continue to receive base salary and to participate in all benefit plans for which an employee at Executive's level is eligible, and to receive any bonus award that might otherwise be paid in respect of that period, through the termination date. Interpublic may require that Executive not come in to work during the notice period. In no event, however, may Executive perform services for any other employer during the notice period. If Executive terminates his employment without Good Reason, he shall receive in addition to the foregoing, any other rewards and benefits provided hereunder in accordance with their terms.

(b) Executive may terminate his employment at any time for "Good Reason," as defined below, by giving fifteen (15) days advance notice. In the event of such termination he shall receive the

same payments and benefits as are specified in Section 7.01 as if Executive had been terminated by Interpublic without Cause. For purposes of this Agreement

“Good Reason” means the following:

(i) any material breach by Interpublic of any provisions of this agreement, upon notice of same by Executive which breach, if capable of being cured, has not been cured within fifteen (15) days after such notice;

(ii) any material diminution of Executive’s authority or responsibilities or any failure of Interpublic to pay or cause to be paid Executive’s base salary, annual bonus or other material compensation or benefit which, in any case, is not cured within fifteen (15) days after notice of such diminution or failure is given by Executive; or

(iii) any relocation of Executive’s principal business office from the Borough of Manhattan, New York, New York.

7.03 Notwithstanding the provisions of Section 7.01, Interpublic may terminate the employment of Executive hereunder, at any time after the

Commencement Date, for Cause. For purposes of this Agreement, “Cause” means the following:

(i) Any material breach by Executive of any provision of this Agreement (including without limitation Sections 8.01 and 8.02 hereof) upon notice of same by Interpublic which breach, if capable of being cured, has not been cured within fifteen (15) days after such notice (it being understood and agreed, without limitation, that a breach of Section 8.01 or 8.02 hereof, shall be deemed not capable of being cured);

(ii) The acceptance by Executive, prior to the effective date of Executive's voluntary resignation from employment with Interpublic, of a position with another employer, without the consent of the Interpublic Board of Directors;

(iii) Misappropriation by Executive of funds or property of Interpublic;

(iv) Fraud, dishonesty, gross negligence, or willful misconduct on the part of Executive in the performance of his duties as an employee of

Interpublic; or

(v) A felony conviction of Executive.

Upon a termination for Cause, Interpublic shall pay Executive his salary through the date of termination of employment, and Executive shall not be entitled to any bonus with respect to the year of termination, or to any other payments hereunder, except for other awards and benefits in accordance with their terms.

7.04 In the event Executive's employment is terminated at any time after the first anniversary of the Commencement Date either by Interpublic pursuant to Section 7.01 or by Executive pursuant to Section 7.02(b), the equity grants set forth in Sections 5.01 and 5.02 shall immediately vest in full.

7.05 Interpublic's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against Executive. In no event shall Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to Executive under any of the provisions of this Agreement, and such amounts shall not be reduced whether or not Executive obtains other employment.

ARTICLE VIII

Covenants

8.01 While Executive is employed hereunder by Interpublic he shall not, without the prior written consent of Interpublic, which will not be unreasonably withheld, engage, directly or indirectly, in any other trade, business or employment, or have any interest, direct or indirect, in any other business, firm or corporation that is in competition with Interpublic; provided, however, that he may continue to own or may hereafter acquire any securities of any class of any publicly-owned company.

8.02 Executive shall treat as confidential and keep secret the affairs of Interpublic and shall not at any time during the term of employment or thereafter, without the prior written consent of Interpublic, divulge, furnish or make known or accessible to, or use for the benefit of, anyone other than Interpublic and its subsidiaries and affiliates any information of a confidential nature relating in any way to the business of Interpublic or its subsidiaries or affiliates or their clients and obtained by him in the course of his employment hereunder For this prupose, confidential information shall not include any information that is (a) generally known to the industry or the public other than as a result of Executive's breach of this covenant or (b) required by law to be disclosed..

8.03 All confidential records, papers and documents kept or made by Executive relating to the business of Interpublic or its subsidiaries or affiliates or their clients shall be and remain the property of Interpublic.

8.04 All articles invented by Executive, processes discovered by him, trademarks, designs, advertising copy and art work, display and promotion materials and, in general, everything of value conceived or created by him pertaining to the business of Interpublic or any

of its subsidiaries or affiliates during the term of employment, and any and all rights of every nature whatever thereto, shall immediately become the property of Interpublic, and Executive will assign, transfer and deliver all patents, copyrights, royalties, designs and copy, and any and all interests and rights whatever thereto and thereunder to Interpublic.

8.05 For a period of one (1) year following the termination of Executive's employment hereunder for any reason, Executive shall not: (a) directly or indirectly solicit any employee of Interpublic to leave such employ to enter the employ of Executive or of any person, firm or corporation with which Executive is then associated, or induce or encourage any such employee to leave the employment of Interpublic or to join any other company, or hire any such employee, or otherwise interfere with the relationship between Interpublic and any of its employees ,(b) directly or indirectly solicit or handle on Executive's own behalf or on behalf of any other person, firm or corporation, the event marketing, public relations, advertising, sales promotion or market research business of any person or entity which is a client of Interpublic, or to induce any such client to cease to engage the services of Interpublic or to use the services of any entity or person that competes directly with a material business of Interpublic where the identity of such client, or the client's need, desire or receptiveness to services offered by Interpublic is known by Executive as a part of his employment with Interpublic or (c) accept any form of employment (including as an advisor, consultant or otherwise) with an employer that is in competition with the business of Interpublic. Executive acknowledges that these provisions are reasonable and necessary to protect Interpublic's legitimate business interests, and that these provisions do not prevent Executive from earning a living.

7.06 If at the time of enforcement of any provision of this Agreement, a court shall

hold that the duration, scope or area restriction of any provision hereof is unreasonable under circumstances now or then existing, the parties hereto agree that the maximum duration, scope or area reasonable under the circumstances shall be substituted by the court for the stated duration, scope or area.

8.07 Executive acknowledges that a remedy at law for any breach or attempted breach of Article VIII of this Agreement will be inadequate, and agrees that Interpublic shall be entitled to specific performance and injunctive and other equitable relief in the case of any such breach or attempted breach.

8.08 Executive represents and warrants that neither the execution and delivery of this Employment Agreement nor the performance of Executive's services hereunder will conflict with, or result in a breach of, any agreement to which Executive is a party or by which he may be bound or affected, in particular the terms of any employment agreement to which Executive may be a party. Executive further represents and warrants that he has full right, power and authority to enter into and carry out the provisions of this Employment Agreement.

ARTICLE IX

Arbitration

9.01 Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, including claims involving alleged legally protected rights, such as claims for age discrimination in violation of the Age Discrimination in Employment Act of 1967, as amended, Title VII of the Civil Rights Act, as amended, and all other federal and state law claims for defamation, breach of contract, wrongful termination and any other claim arising because of Executive's employment, termination of employment or otherwise, shall be settled by arbitration

in accordance with the Commercial Arbitration Rules of the American Arbitration Association and Section 12.01 hereof, and judgement upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. The arbitration shall take place in the city where Executive customarily renders services to Interpublic. The prevailing party in any such arbitration shall be entitled to receive attorney's fees and costs.

ARTICLE X

Assignment

10.01 This Agreement shall be binding upon and enure to the benefit of the successors and assigns of Interpublic. Neither this Agreement nor any rights hereunder shall be assignable by Executive and any such purported assignment by him shall be void.

ARTICLE XI

Agreement Entire

11.01 This Agreement constitutes the entire understanding between Interpublic and Executive concerning his employment by Interpublic or any of its parents, affiliates or subsidiaries and supersedes any and all previous agreements between Executive and Interpublic or any of its parents, affiliates or subsidiaries concerning such employment, and/or any compensation or bonuses. Interpublic shall reimburse Executive for his reasonable costs and expenses (including legal fees) incurred in connection with the preparation, negotiation and execution of this Agreement. This Agreement may not be changed orally.

ARTICLE XII

Applicable Law

12.01 The Agreement shall be governed by and construed in accordance with the laws of the State of New York.

THE INTERPUBLIC GROUP OF COMPANIES, INC.

By: /s/ Timothy Sompolski
Timothy Sompolski
Executive Vice President,
Chief Human Resource Officer

/s/ Frank Mergenthaler
Frank Mergenthaler

EXECUTIVE SEVERANCE AGREEMENT

This AGREEMENT ("Agreement") dated as of August 1, 2005 FRANK, by and between The Interpublic Group of Companies, Inc. ("Interpublic"), a Delaware corporation (Interpublic and its subsidiaries being referred to herein collectively as the "Company"), and MERGENTHALER (the "Executive").

WITNESSETH

WHEREAS, the Company recognizes the valuable services that the Executive has rendered thereto and desires to be assured that the Executive will continue to attend to the business and affairs of the Company without regard to any potential or actual change of control of Interpublic;

WHEREAS, the Executive is willing to continue to serve the Company but desires assurance that he will not be materially disadvantaged by a change of control of Interpublic; and

WHEREAS, the Company is willing to accord such assurance provided that, should the Executive's employment be terminated consequent to a change of control, he will not for a period thereafter engage in certain activities that could be detrimental to the Company;

NOW, THEREFORE, in consideration of the Executive's continued service to the Company and the mutual agreements

herein contained, Interpublic and the Executive hereby agree as follows:

ARTICLE I

RIGHT TO PAYMENTS

Section 1.1. Triggering Events. If Interpublic undergoes a Change of Control, the Company shall make payments to the Executive as provided in article II of this Agreement. If, within two years following a Change of Control, either (a) the Company terminates the Executive other than by means of a termination for Cause or for death or (b) the Executive resigns for a Good Reason (either of which events shall constitute a "Qualifying Termination"), the Company shall make payments to the Executive as provided in article III hereof.

Section 1.2. Change of Control. A Change of Control of Interpublic shall be deemed to have occurred if (a) any person (within the meaning of Sections 13(d) and 14(d) of the Securities Exchange Act of 1934 (the "1934 Act")), other than Interpublic or any of its majority-controlled subsidiaries, becomes the beneficial owner (within the meaning of Rule 13d-3 under the 1934 Act) of 30 percent or more of the combined voting power of Interpublic's then outstanding voting securities; (b) a tender offer or exchange offer (other than an offer by Interpublic or a majority-controlled subsidiary), pursuant to

which 30 percent or more of the combined voting power of Interpublic's then outstanding voting securities was purchased, expires; (c) the stockholders of Interpublic approve an agreement to merge or consolidate with another corporation (other than a majority-controlled subsidiary of Interpublic) unless Interpublic's shareholders immediately before the merger or consolidation are to own more than 70 percent of the combined voting power of the resulting entity's voting securities; (d) Interpublic's stockholders approve an agreement (including, without limitation, a plan of liquidation) to sell or otherwise dispose of all or substantially all of the business or assets of Interpublic; or (e) during any period of two consecutive years, individuals who, at the beginning of such period, constituted the Board of Directors of Interpublic cease for any reason to constitute at least a majority thereof, unless the election or the nomination for election by Interpublic's stockholders of each new director was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of the period. However, no Change of Control shall be deemed to have occurred by reason of any transaction in which the Executive, or a group of persons or entities with which the Executive acts in concert, acquires, directly or indirectly, more than 30 percent of the common stock or the business or assets of Interpublic.

Section 1.3. Termination for Cause. Interpublic shall have Cause to terminate the Executive for purposes of Section 1.1 of this Agreement only if, following the Change of

Control, the Executive (a) engages in conduct that constitutes a felony under the laws of the United States or a state or country in which he works or resides and that results or was intended to result, directly or indirectly, in the personal enrichment of the Executive at the Company's expense; (b) refuses (except by reason of incapacity due to illness or injury) to make a good faith effort to substantially perform his duties with the Company on a full-time basis and continues such refusal for 15 days following receipt of notice from the Company that his effort is deficient; or (c) deliberately and materially breaches any agreement between himself and the Company and fails to remedy that breach within 30 days following notification thereof by the Company. If the Company has Cause to terminate the Executive, it may in fact terminate him for Cause for purposes of section 1.1 hereof if (a) it notifies the Executive of such Cause, (b) it gives him reasonable opportunity to appear before a majority of Interpublic's Board of Directors to respond to the notice of Cause and (c) a majority of the Board of Directors subsequently votes to terminate him.

Section 1.4. Resignation for Good Reason. The Executive shall have a Good Reason for resigning only if (a) the Company fails to elect the Executive to, or removes him from, any office of the Company, including without limitation membership on any Board of Directors, that the Executive held immediately prior to the Change of Control; (b) the Company reduces the Executive's rate of regular cash and fully vested deferred base compensation ("Regular Compensation") from that

which he earned immediately prior to the Change of Control or fails to increase it within 12 months following the Change of Control by (in addition to any increase pursuant to section 2.2 hereof) at least the average of the rates of increase in his Regular Compensation during the four consecutive 12-month periods immediately prior to the Change of Control (or, if fewer, the number of 12-month periods immediately prior to the Change of Control during which the Executive was continuously employed by the Company); (c) the Company fails to provide the Executive with fringe benefits and/or bonus plans, such as stock option, stock purchase, restricted stock, life insurance, health, accident, disability, incentive, bonus, pension and profit sharing plans ("Benefit or Bonus Plans"), that, in the aggregate, (except insofar as the Executive has waived his rights thereunder pursuant to article II hereof) are as valuable to him as those that he enjoyed immediately prior to the Change of Control; (d) the Company fails to provide the Executive with an annual number of paid vacation days at least equal to that to which he was entitled immediately prior to the Change of Control; (e) the Company breaches any agreement between it and the Executive (including this Agreement); (f) without limitation of the foregoing clause (e), the Company fails to obtain the express assumption of this Agreement by any successor of the Company as provided in section 6.3 hereof; (g) the Company attempts to terminate the Executive for Cause without complying with the provisions of section 1.3 hereof; (h) the Company requires the Executive, without his express written consent, to

be based in an office outside of New York City or to travel substantially more extensively than he did prior to the Change of Control; or (i) the Executive determines in good faith that the Company has, without his consent, effected a significant change in his status within, or the nature or scope of his duties or responsibilities with, the Company that obtained immediately prior to the Change of Control (including but not limited to, subjecting the Executive's activities and exercise of authority to greater immediate supervision than existed prior to the Change of Control); provided, however, that no event designated in clauses (a) through (i) of this sentence shall constitute a Good Reason unless the Executive notifies Interpublic that the Company has committed an action or inaction specified in clauses (a) through (i) (a "Covered Action") and the Company does not cure such Covered Action within 30 days after such notice, at which time such Good Reason shall be deemed to have arisen. Notwithstanding the immediately preceding sentence, no action by the Company shall give rise to a Good Reason if it results from the Executive's termination for Cause or death or from the Executive's resignation for other than a Good Reason, and no action by the Company specified in clauses (a) through (i) of the preceding sentence shall give rise to a Good Reason if it results from the Executive's Disability. If the Executive has a Good Reason to resign, he may in fact resign for a Good Reason for purposes of section 1.1 of this Agreement by, within 30 days after the Good Reason

arises, giving Interpublic a minimum of 30 and a maximum of 90 days advance notice of the date of his resignation.

Section 1.5. Disability. For all purposes of this Agreement, the term "Disability" shall have the same meaning as that term has in the Interpublic Long-Term Disability Plan.

ARTICLE II

PAYMENTS UPON A CHANGE OF CONTROL

Section 2.1. Elections by the Executive. If the Executive so elects prior to a Change of Control, the Company shall pay him, within 30 days following the Change of Control, cash amounts in respect of certain Benefit or Bonus Plans or deferred compensation arrangements designated in sections 2.2 through 2.4 hereof ("Plan Amounts"). The Executive may make an election with respect to the Benefit or Bonus Plans or deferred compensation arrangements covered under any one or more of sections 2.2 through 2.4, but an election with respect to any such section shall apply to all Plan Amounts that are specified therein. Each election shall be made by notice to Interpublic on a form satisfactory to Interpublic and, once made, may be revoked by such notice on such form at any time prior to a Change of Control. If the Executive elects to receive payments under a section of this article II, he shall, upon receipt of such payments, execute a waiver, on a form satisfactory to

Interpublic, of such rights as are indicated in that section. If the Executive does not make an election under this article with respect to a Benefit or Bonus Plan or deferred compensation arrangement, his rights to receive payments in respect thereof shall be governed by the Plan or arrangement itself.

Section 2.2. ESBA. The Plan Amount in respect of all Executive Special Benefit Agreements ("ESBA's") between the Executive and Interpublic shall consist of an amount equal to the present discounted values, using the Discount Rate designated in section 5.8 hereof as of the date of the Change of Control, of all payments that the Executive would have been entitled to receive under the ESBA's if he had terminated employment with the Company on the day immediately prior to the Change of Control. Upon receipt of the Plan Amount in respect of the ESBA's, the Executive shall waive any rights that he may have to payments under the ESBA's. If the Executive makes an election pursuant to, and executes the waiver required under, this section 2.2, his Regular Compensation shall be increased as of the date of the Change of Control at an annual rate equal to the sum of the annual rates of deferred compensation in lieu of which benefits are provided the Executive under any ESBA the Accrual Term for which (as defined in the ESBA) includes the date of the Change of Control.

Section 2.3. MICP. The Plan Amount in respect of the Company's Management Incentive Compensation Plans ("MICP") and/or the 1997 Performance Incentive Plan ("1997 PIP") shall consist of an amount equal to the sum of all amounts awarded to

the Executive under, but deferred pursuant to, the MICP and/or the 1997 PIP as of the date of the Change of Control and all amounts equivalent to interest creditable thereon up to the date that the Plan Amount is paid. Upon receipt of that Plan Amount, the Executive shall waive his rights to receive any amounts under the MICP and/or the 1997 PIP that were deferred prior to the Change of Control and any interest equivalents thereon.

Section 2.4. Deferred Compensation. The Plan Amount in respect of deferred compensation (other than amounts referred to in other sections of this article II) shall be an amount equal to all compensation from the Company that the Executive has earned and agreed to defer (other than through the Interpublic Savings Plan pursuant to Section 401(k) of the Internal Revenue Code (the "Code")) but has not received as of the date of the Change of Control, together with all amounts equivalent to interest creditable thereon through the date that the Plan Amount is paid. Upon receipt of this Plan Amount, the Executive shall waive his rights to receive any deferred compensation that he earned prior to the date of the Change of Control and any interest equivalents thereon.

Section 2.5. Stock Incentive Plans. The effect of a Change of Control on the rights of the Executive with respect to options and restricted shares awarded to him under the Interpublic 1986 Stock Incentive Plan, the 1996 Stock Incentive Plan and the 1997 Performance Incentive Plan, shall be governed by those Plans and not by this Agreement.

ARTICLE III
PAYMENTS UPON QUALIFYING TERMINATION

Section 3.1. Basic Severance Payment. In the event that the Executive is subjected to a Qualifying Termination within two years after a Change of Control, the Company shall pay the Executive within 30 days after the effective date of his Qualifying Termination (his "Termination Date") a cash amount equal to his Base Amount times the number designated in Section 5.9 of this Agreement (the "Designated Number"). The Executive's Base Amount shall equal the average of the Executive's Includable Compensation for the two whole calendar years immediately preceding the date of the Change of Control (or, if the Executive was employed by the Company for only one of those years, his Includable Compensation for that year). The Executive's Includable Compensation for a calendar year shall consist of (a) the compensation reported by the Company on the Form W-2 that it filed with the Internal Revenue Service for that year in respect of the Executive or which would have been reported on such form but for the fact that Executive's services were performed outside of the United States, plus (b) any compensation payable to the Executive during that year the receipt of which was deferred at the Executive's election or by

employment agreement to a subsequent year, minus (c) any amounts included on the Form W-2 (or which would have been included if Executive had been employed in the United States) that represented either (i) amounts in respect of a stock option or restricted stock plan of the Company or (ii) payments during the year of amounts payable in prior years but deferred at the Executive's election or by employment agreement to a subsequent year. The compensation referred to in clause (b) of the immediately preceding sentence shall include, without limitation, amounts initially payable to the Executive under the MICP or a Long-Term Performance Incentive Plan in that year but deferred to a subsequent year, the amount of deferred compensation for the year in lieu of which benefits are provided the Executive under an ESBA and amounts of Regular Compensation earned by the Executive during the year but deferred to a subsequent year (including amounts deferred under Interpublic Savings Plan pursuant to Section 401(k) of the Code); clause (c) of such sentence shall include, without limitation, all amounts equivalent to interest paid in respect of deferred amounts and all amounts of Regular Compensation paid during the year but earned in a prior year and deferred.

Section 3.2. MICP Supplement. The Company shall also pay the Executive within 30 days after his Termination Date a cash amount equal to

(a) in the event that the Executive

received an award under the MICP (or the Incentive Award program applicable outside the United States) in respect of the year immediately prior to the year that includes the Termination Date (the latter year constituting the "Termination Year"), the amount of that award multiplied by the fraction of the Termination Year preceding the Termination Date or (b) in the event that the Executive did not receive an MICP award (or an Incentive Award) in respect of the year immediately prior to the Termination Year, the amount of the MICP award (or Incentive Award) that Executive received in respect of the second year immediately prior to the Termination Year multiplied by one plus the fraction of the Termination Year preceding the Termination Date.

ARTICLE IV

TAX MATTERS

Section 4.1. Withholding. The Company may withhold from any amounts payable to the Executive hereunder all federal, state, city or other taxes that the Company may reasonably determine are required to be withheld pursuant to any applicable law or regulation, but, if the Executive has made the election provided in section 4.2 hereof, the Company shall not withhold amounts in respect of the excise tax imposed by Section 4999 of the Code or its successor.

Section 4.2. Disclaimer. If the Executive so agrees prior to a Change of Control by notice to the Company in form satisfactory to the Company, the amounts payable to the Executive under this Agreement but not yet paid thereto shall be reduced to the largest amounts in the aggregate that the Executive could receive, in conjunction with any other payments received or to be received by him from any source, without any part of such amounts being subject to the excise tax imposed by Section 4999 of the Code or its successor. The amount of such reductions and their allocation among amounts otherwise payable to the Executive shall be determined either by the Company or by the Executive in consultation with counsel chosen (and compensated) by him, whichever is designated by the Executive in the aforesaid notice to the Company (the "Determining Party"). If, subsequent to the payment to the Executive of amounts reduced pursuant to this section 4.2, the Determining Party should reasonably determine, or the Internal Revenue Service should assert against the party other than the Determining Party, that the amount of such reductions was insufficient to avoid the excise tax under Section 4999 (or the denial of a deduction under Section 280G of the Code or its successor), the amount by which such reductions were insufficient shall, upon notice to the other party, be deemed a loan from the Company to the Executive that the Executive shall repay to the Company within one year of such reasonable determination or assertion, together with interest thereon at the applicable federal rate provided in section 7872 of the Code or its successor. However,

such amount shall not be deemed a loan if and to the extent that repayment thereof would not eliminate the Executive's liability for any Section 4999 excise tax.

ARTICLE V

COLLATERAL MATTERS

Section 5.1. Nature of Payments. All payments to the Executive under this Agreement shall be considered either payments in consideration of his continued service to the Company, severance payments in consideration of his past services thereto or payments in consideration of the covenant contained in section 5.10 hereof. No payment hereunder shall be regarded as a penalty to the Company.

Section 5.2. Legal Expenses. The Company shall pay all legal fees and expenses that the Executive may incur as a result of the Company's contesting the validity, the enforceability or the Executive's interpretation of, or determinations under, this Agreement. Without limitation of the foregoing, Interpublic shall, prior to the earlier of (a) 30 days after notice from the Executive to Interpublic so requesting or (b) the occurrence of a Change of Control, provide the Executive with an irrevocable letter of credit in the amount of \$100,000 from a bank satisfactory to the Executive against which the Executive may draw to pay legal fees and expenses in

connection with any attempt to enforce any of his rights under this Agreement. Said letter of credit shall not expire before 10 years following the date of this Agreement.

Section 5.3. Mitigation. The Executive shall not be required to mitigate the amount of any payment provided for in this Agreement either by seeking other employment or otherwise. The amount of any payment provided for herein shall not be reduced by any remuneration that the Executive may earn from employment with another employer or otherwise following his Termination Date.

Section 5.4. Setoff for Debts. The Company may reduce the amount of any payment due the Executive under article III of this Agreement by the amount of any debt owed by the Executive to the Company that is embodied in a written instrument, that is due to be repaid as of the due date of the payment under this Agreement and that the Company has not already recovered by setoff or otherwise.

Section 5.5. Coordination with Employment Contract. Payments to the Executive under article III of this Agreement shall be in lieu of any payments for breach of any employment contract between the Executive and the Company to which the Executive may be entitled by reason of a Qualifying Termination, and, before making the payments to the Executive provided under article III hereof, the Company may require the Executive to execute a waiver of any rights that he may have to recover payments in respect of a breach of such contract as a result of a Qualifying Termination. If the Executive has a Good Reason to

resign and does so by providing the notice specified in the last sentence of section 1.4 of this Agreement, he shall be deemed to have satisfied any notice requirement for resignation, and any service requirement following such notice, under any employment contract between the Executive and the Company.

Section 5.6. Benefit of Bonus Plans. Except as otherwise provided in this Agreement or required by law, the Company shall not be compelled to include the Executive in any of its Benefit or Bonus Plans following the Executive's Termination Date, and the Company may require the Executive, as a condition to receiving the payments provided under article III hereof, to execute a waiver of any such rights. However, said waiver shall not affect any rights that the Executive may have in respect of his participation in any Benefit or Bonus Plan prior to his Termination Date.

Section 5.7. Funding. Except as provided in section 5.2 of this Agreement, the Company shall not be required to set aside any amounts that may be necessary to satisfy its obligations hereunder. The Company's potential obligations to make payments to the Executive under this Agreement are solely contractual ones, and the Executive shall have no rights in respect of such payments except as a general and unsecured creditor of the Company.

Section 5.8. Discount Rate. For purposes of this Agreement, the term "Discount Rate" shall mean the applicable Federal short-term rate determined under Section 1274(d) of the Code or its successor. If such rate is no longer determined,

the Discount Rate shall be the yield on 2-year Treasury notes for the most recent period reported in the most recent issue of the Federal Reserve Bulletin or its successor, or, if such rate is no longer reported therein, such measure of the yield on 2-year Treasury notes as the Company may reasonably determine.

Section 5.9. Designated Number. For purposes of this Agreement, the Designated Number shall be two (2).

Section 5.10. Covenant of Executive. In the event that the Executive undergoes a Qualifying Termination that entitles him to any payment under article III of this Agreement, he shall not, for 18 months following his Termination Date, either (a) solicit any employee of Interpublic or a majority-controlled subsidiary thereof to leave such employ and enter into the employ of the Executive or any person or entity with which the Executive is associated or (b) solicit or handle on his own behalf or on behalf of any person or entity with which he is associated the advertising, public relations, sales promotion or market research business of any advertiser that is a client of Interpublic or a majority-controlled subsidiary thereof as of the Termination Date. Without limitation of any other remedies that the Company may pursue, the Company may enforce its rights under this section 5.10 by means of injunction. This section shall not limit any other right or remedy that the Company may have under applicable law or any other agreement between the Company and the Executive.

ARTICLE VIGENERAL PROVISIONS

Section 6.1. Term of Agreement. This Agreement shall terminate upon the earliest of (a) the expiration of five years from the date of this Agreement if no Change of Control has occurred during that period; (b) the termination of the Executive's employment with the Company for any reason prior to a Change of Control; (c) the Company's termination of the Executive's employment for Cause or death, the Executive's compulsory retirement within the provisions of 29 U.S.C. §631(c) (or, if Executive is not a citizen or resident of the United States, compulsory retirement under any applicable procedure of the Company in effect immediately prior to the change of control) or the Executive's resignation for other than Good Reason, following a Change of Control and the Company's and the Executive's fulfillment of all of their obligations under this Agreement; and (d) the expiration following a Change of Control of the Designated Number plus three years and the fulfillment by the Company and the Executive of all of their obligations hereunder.

Section 6.2. Governing Law. Except as otherwise expressly provided herein, this Agreement and the rights and obligations hereunder shall be construed and enforced in accordance with the laws of the State of New York.

Section 6.3. Successors to the Company. This Agreement shall inure to the benefit of Interpublic and its subsidiaries and shall be binding upon and enforceable by Interpublic and any successor thereto, including, without limitation, any corporation or corporations acquiring directly or indirectly all or substantially all of the business or assets of Interpublic whether by merger, consolidation, sale or otherwise, but shall not otherwise be assignable by Interpublic. Without limitation of the foregoing sentence, Interpublic shall require any successor (whether direct or indirect, by merger, consolidation, sale or otherwise) to all or substantially all of the business or assets of Interpublic, by agreement in form satisfactory to the Executive, expressly, absolutely and unconditionally to assume and agree to perform this Agreement in the same manner and to the same extent as Interpublic would have been required to perform it if no such succession had taken place. As used in this agreement, "Interpublic" shall mean Interpublic as heretofore defined and any successor to all or substantially all of its business or assets that executes and delivers the agreement provided for in this section 6.3 or that becomes bound by this Agreement either pursuant to this Agreement or by operation of law.

Section 6.4. Successor to the Executive. This Agreement shall inure to the benefit of and shall be binding upon and enforceable by the Executive and his personal and legal representatives, executors, administrators, heirs, distributees, legatees and, subject to section 6.5 hereof, his designees

("Successors"). If the Executive should die while amounts are or may be payable to him under this Agreement, references hereunder to the "Executive" shall, where appropriate, be deemed to refer to his Successors.

Section 6.5. Nonalienability. No right of or amount payable to the Executive under this Agreement shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, hypothecation, encumbrance, charge, execution, attachment, levy or similar process or (except as provided in section 5.4 hereof) to setoff against any obligation or to assignment by operation of law. Any attempt, voluntary or involuntary, to effect any action specified in the immediately preceding sentence shall be void. However, this section 6.5 shall not prohibit the Executive from designating one or more persons, on a form satisfactory to the Company, to receive amounts payable to him under this Agreement in the event that he should die before receiving them.

Section 6.6. Notices. All notices provided for in this Agreement shall be in writing. Notices to Interpublic shall be deemed given when personally delivered or sent by certified or registered mail or overnight delivery service to The Interpublic Group of Companies, Inc., 1271 Avenue of the Americas, New York, New York 10020, attention: Corporate Secretary. Notices to the Executive shall be deemed given when personally delivered or sent by certified or registered mail or overnight delivery service to the last address for the Executive shown on the records of the Company. Either Interpublic or the

Executive may, by notice to the other, designate an address other than the foregoing for the receipt of subsequent notices.

Section 6.7. Amendment. No amendment of this Agreement shall be effective unless in writing and signed by both the Company and the Executive.

Section 6.8. Waivers. No waiver of any provision of this Agreement shall be valid unless approved in writing by the party giving such waiver. No waiver of a breach under any provision of this Agreement shall be deemed to be a waiver of such provision or any other provision of this Agreement or any subsequent breach. No failure on the part of either the Company or the Executive to exercise, and no delay in exercising, any right or remedy conferred by law or this Agreement shall operate as a waiver of such right or remedy, and no exercise or waiver, in whole or in part, of any right or remedy conferred by law or herein shall operate as a waiver of any other right or remedy.

Section 6.9. Severability. If any provision of this Agreement shall be held invalid or unenforceable in whole or in part, such invalidity or unenforceability shall not affect any other provision of this Agreement or part thereof, each of which shall remain in full force and effect.

Section 6.10. Captions. The captions to the respective articles and sections of this Agreement are intended for convenience of reference only and have no substantive significance.

Section 6.11. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original but all of which together shall constitute a single instrument.

IN WITNESS WHEREOF, the parties hereto have executed
this Agreement as of the date first above written.

THE INTERPUBLIC GROUP OF COMPANIES, INC.

By: /s/ Timothy Sompolski
Timothy Sompolski
Executive Vice President
Chief Human Resource Officer

/s/ Frank Mergenthaler
Frank Mergenthaler



FOR IMMEDIATE RELEASE

INTERPUBLIC NAMES CHIEF FINANCIAL OFFICER

Frank Mergenthaler Brings Strong Operational Finance Experience in Media and Entertainment Industries, Top Accounting Credentials

New York, NY (July 19, 2005) – The Interpublic Group (NYSE: IPG) today announced that it has named Frank Mergenthaler Executive Vice President and Chief Financial Officer. Mr. Mergenthaler, 44, joins Interpublic with extensive experience in the media and entertainment industries, having played increasingly important roles in the finance operations of major multinationals such as The Seagram Company and Vivendi Universal, as well as at Columbia House. Previously, he spent over a decade at Price Waterhouse, becoming a partner at the accounting firm in 1996. Mergenthaler will begin work at Interpublic on August 1 and will replace Robert Thompson, who is leaving the company.

“I am very pleased that Frank has agreed to join us,” said Michael I. Roth, Interpublic’s Chairman and CEO. “He’s a first-class executive who has personal experience with and great command of every facet of the finance function. He’s comfortable and effective in dealing with operating issues and has a strong strategic sense. His experiences in related industries and at a major accounting firm provide a unique background that will allow him to step in and make significant contributions here at Interpublic. I very much look forward to having him as my partner as we progress in the turnaround here at Interpublic.”

“This is a unique opportunity,” said Mr. Mergenthaler, “to be part of a strong new management team and work with Interpublic’s many terrific brands and talented individuals. In the complex media environment we all face, there’s an increasing need on the part of clients for effective marketing programs and services. I’m excited to work with Michael, who made it very clear that he was looking for a CFO who would serve as his operating partner and be an important driver of the turnaround to which he is committed.”

Interpublic Group 1114 Avenue of the Americas New York, NY 10036 212-704-1200 tel 212-704-1201 fax

Most recently, Mr. Mergenthaler was Executive Vice President and Chief Financial Officer of Columbia House Company a direct marketer of entertainment content, which he joined in 2002, following the successful leveraged buyout by the Blackstone Group. At Columbia House, he worked with the CEO to drive all major strategic and operational management decisions, including the company's recent sale to Bertelsman. While at Columbia House, Mergenthaler redesigned the Corporate Finance and Controller functions, established the Internal Audit function and was the primary liaison with debt holders and other financial constituents. He also led the re-engineering of the company's information technology function and drove cost rationalizations, resulting in dramatic improvements in margins.

From 2001 to 2002, Mergenthaler served as Senior Vice President and Deputy Chief Financial Officer for Vivendi Universal, making him the company's most senior U.S. finance executive. In this role, he oversaw Internal Audit and managed integration of the global finance function following multiple Vivendi acquisitions.

At The Seagram Company, which he joined in 1996, Mergenthaler rose from Assistant Treasurer to Controller and, ultimately, Senior Vice President and Chief Accounting Officer. In these roles, he provided leadership and direction to financial executives of three multi-billion dollar business units, led successful corporate overhead reduction initiatives and managed a global shared services group with centers in North America and Europe.

From 1983 to 1996, Mergenthaler held various positions at Price Waterhouse. While at the firm, he managed a number of multinational clients in the consumer products, entertainment and financial services industries.

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About Interpublic

Interpublic is one of the world's leading organizations of advertising agencies and marketing-services companies. Major global brands include Draft, Foote Cone & Belding Worldwide, FutureBrand, GolinHarris International, Initiative, Jack Morton Worldwide, Lowe Worldwide, MAGNA Global, McCann Erickson, Octagon, Universal McCann and Weber Shandwick. Leading domestic brands include Campbell-Ewald, Deutsch and Hill Holliday.

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Cautionary Statement

This release contains forward-looking statements. Our representatives may also make forward-looking statements orally from time to time. Statements in this release that are not historical facts, including statements about management's beliefs and expectations, constitute forward-looking statements. These statements are based on current plans, estimates and projections, and are subject to change based on a number of factors, including those outlined under the heading "Risk Factors" in our 2003 Form 10-K and other SEC filings. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.

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

- risks arising from material weaknesses in our internal control over financial reporting;
- potential adverse effects to our financial condition, results of operations or prospects as a result of any required adjustments to prior period financial statements;
- risks associated with our inability to satisfy covenants under our syndicated credit agreements;
- our ability to satisfy certain reporting covenants under our indentures by September 30, 2005;
- risks associated with the effects of global, national and regional economic and political conditions, including with respect to fluctuations in interest rates and currency exchange rates;
- our ability to attract new clients and retain existing clients;
- our ability to retain and attract key employees;
- potential adverse effects if we are required to recognize additional impairment charges or other adverse accounting-related developments;
- risks associated with our inability to achieve lower costs and expenses as a result of our restructuring programs;
- potential adverse developments in connection with the ongoing SEC investigation;
- potential downgrades in the credit ratings of our securities; and
- developments from changes in the regulatory and legal environment for advertising and marketing and communications services companies around the world.

Investors should carefully consider these factors and the additional risk factors outlined in more detail under the heading "Risk Factors" in our 2003 Form 10-K and other SEC filings.

