

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): March 20, 2006
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))
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Item 1.01 Entry into a Material Definitive Agreement.

On March 20, 2006, The Interpublic Group of Companies, Inc. (“Interpublic”) entered into a new employment agreement (the “Employment Agreement”), effective as of January 1, 2006, with Philippe Krakowsky, its Executive Vice President, Strategy and Corporate Relations.

The following summarizes the principal terms of the Employment Agreement, but this summary is qualified in its entirety by the Employment Agreement that is attached as Exhibit 10.1. The Employment Agreement provides for Mr. Krakowsky to receive a base salary of \$500,000 and to be eligible for a target annual bonus under the Annual Management Incentive Plan equal to 75% of his base salary, with the actual award dependent on the achievement of established performance criteria. In addition, the Employment Agreement provides that Mr. Krakowsky is entitled to (i) participate in Interpublic’s Capital Accumulation Plan, with an annual deferral of \$50,000, (ii) annual automobile and club allowances of \$10,000 each, and (iii) participate in such other employee benefits and programs as are available from time to time to other key management executives generally. The Employment Agreement also provides for Mr. Krakowsky to receive annual awards under Interpublic’s long-term incentive programs with a total expected annual award value at target of \$500,000, with performance and vesting conditions consistent with those generally required of the executive team.

Pursuant to the Employment Agreement, Interpublic is required to give Mr. Krakowsky twelve months’ notice of any termination of his employment other than a termination for “cause” (as defined in the Employment Agreement). If Interpublic terminates Mr. Krakowsky’s employment on less than twelve months’ notice, for a reason other than for “cause”, Interpublic will be required to provide him with severance equal to the difference between the base salary he would have earned during a twelve-month notice period and the notice period actually provided to him. During the notice period (or, if the notice period is less than twelve months, for twelve months after the termination notice), Mr. Krakowsky would be entitled to all employee benefits provided to him prior to the termination of his employment; provided, however, that such benefits would cease if Mr. Krakowsky were to accept employment with another employer offering similar benefits. During the notice or severance period and while Interpublic would be making payments to Mr. Krakowsky, Mr. Krakowsky would be entitled to continued vesting of his stock options and restricted stock, and continued eligibility to receive an incentive bonus. Pursuant to the Employment Agreement, Mr. Krakowsky has also agreed to restrictions on his ability to solicit clients and employees of Interpublic for one year following the later of his termination of employment and the period he is receiving severance from Interpublic.

Item 1.02 Termination of a Material Definitive Agreement.

The Employment Agreement supersedes the current employment agreement between Interpublic and Mr. Krakowsky, entered into on January 28, 2002 (filed on May 15, 2002 as Exhibit 10(iii)(A)(2) to Interpublic’s quarterly report on Form 10-Q), the basic terms of which are similar to the Employment Agreement, except that the Employment Agreement provides for certain increases to Mr. Krakowsky’s compensation and benefits.

Item 9.01 Financial Statements and Exhibits.

Exhibit 10.1 Employment Agreement, dated March 20, 2006, between Interpublic and Philippe Krakowsky.

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: March 24, 2006

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

EMPLOYMENT AGREEMENT

AGREEMENT made as of January 1, 2006 by and between **THE INTERPUBLIC GROUP OF COMPANIES, INC.**, a Delaware corporation ("**Interpublic**") and **PHILIPPE KRAKOWSKY** ("**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, Interpublic will continue to employ Executive subject to the terms and conditions set forth herein beginning January 1, 2006 ("**Commencement Date**"). Executive's employment will continue 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, Strategy and Corporate Relations of Interpublic;
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- (ii) Use his best efforts to promote the interests of Interpublic and devote his full time and efforts to their business and affairs;
- (iii) Perform such duties as Interpublic may from time to time assign to him;
 - (iv) Serve in such other offices of Interpublic as he may be elected or appointed to;
- (v) Report to the Chief Executive Officer of Interpublic; and
 - (vi) Perform his services at the Corporation's headquarters office in New York City. Executive shall not be required to physically relocate. The Corporation and Executive agree that no business travel will be necessary for the fulfillment of the Executive's responsibilities. All travel shall be undertaken at the sole discretion of the Executive.

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 Five Hundred Fifty Thousand Dollars (\$550,000) per annum, of which Five Hundred Thousand Dollars (\$500,000) shall be payable in equal installments, which Interpublic shall pay at semi-monthly intervals, subject to customary withholding for federal, state and local taxes and Fifty Thousand Dollars (\$50,000) shall be paid pursuant to an Executive Special Benefit Agreement ("**ESBA**") made as of February 1, 2002 between the Corporation and the Executive.

3.02 Executive's compensation will be subject to periodic reviews in accordance with Interpublic's policies. Interpublic may at any time increase 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 seventy-five (75%) percent of his base salary. The actual award, if any, may vary from zero percent (0%) to two hundred (200%) percent of target, and shall be determined by Interpublic based on Company performance, Executive's individual performance, and management discretion.

ARTICLE V

Interpublic Stock

5.01 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 Five Hundred Thousand Dollars (\$500,000). 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, and shall be reimbursed for actual parking expenses in New York City relating to business purposes, provided that Executive submits all substantiation of such parking expenses to the Corporation on a timely basis in accordance with standard policies of Interpublic.

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

6.06 Executive shall be eligible to participate in the Executive Medical Plus Plan which includes a financial planning allowance of Two Thousand Five Hundred Dollars (\$2,500) per year.

6.07 Executive shall participate in Interpublic's Capital Accumulation Plan, with an annual contribution of Fifty Thousand Dollars (\$50,000).

ARTICLE VII

Termination

7.01 Interpublic may terminate the employment of Executive hereunder:

(i) By giving Executive notice in writing at any time specifying a termination date not less than twelve (12) months after the date on which such notice is given, in which event Executive's employment hereunder shall terminate on the date specified in such notice, or

(ii) 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 sum equal to the amount by which twelve (12) months salary at his then current rate exceeds the salary paid to him for the period from the date on which such notice is given to the termination date specified in such notice. Such payment shall be made during the period immediately following the termination date specified in such notice, in successive equal monthly installments each of which shall be equal to one (1) month's salary at the rate in effect at the time of such termination, with any residue in respect of a period less than one (1) month to be paid together with the last installment.

(iii) During the termination period provided in subsection (i), or in the case of a termination under subsection (ii) providing for a termination period of less than twelve (12) months, for a period of twelve (12) months after the termination notice, Executive will be entitled to receive all employee benefits accorded to him prior to termination

provided that such benefits shall cease upon such date that Executive accepts employment with another employer offering similar benefits.

(iv) During the period in which payments are being made pursuant to subsections (i) and (ii) above, Executive's stock options and restricted stock will continue to vest and he will continue to be eligible for consideration for an MICP bonus. Restricted Stock and Stock Options will be vested pro-rata at the end of the severance payment period.

7.02 Upon obtaining other employment (including work as a consultant, independent contractor or establishing his own business), Executive will promptly notify Interpublic, and (a) in the event that Executive's salary and other non-contingent compensation ("**new compensation**") payable to Executive in connection with his new employment shall equal or exceed the salary portion of the amount payable by Interpublic under Section 7.01, Interpublic shall be relieved of any obligation to make payments under Section 7.01, or (b) in the event Executive's new compensation shall be less than the salary portion of payments to be made under Section 7.01, Interpublic will pay Executive the difference between such payments and the new compensation. In the event Executive accepts employment with any company owned or controlled by Interpublic during the period in which payments are being made pursuant to Section 7.01 of this Agreement, all such payments shall cease upon commencement of such employment.

7.03 Executive may at any time give 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, but not to receive any bonus award that might otherwise be paid during that period except as otherwise provided herein. 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.

7.04 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 that a breach of Section 8.01 or 8.02 hereof, among others, shall be deemed not capable of being cured);
- (ii) Executive's absence from duty for a period of time exceeding fifteen (15) consecutive business days or twenty (20) out of any thirty (30) consecutive business days (other than on account of permitted vacation or as permitted for illness, disability or authorized leave in accordance with Interpublic's policies and procedures) without the consent of the Interpublic Board of Directors;
- (iii) 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;

(iv) Misappropriation by Executive of funds or property of Interpublic or any attempt by Executive to secure any personal profit related to the business of Interpublic (other than as permitted by this Agreement) and not fairly disclosed to and approved by the Interpublic Board of Directors;

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

(vi) A felony conviction of Executive; or

(vii) Executive's engaging, during the term of employment, in activities which are prohibited by federal, state, or local laws, or Interpublic or Interpublic's policy, prohibiting discrimination or harassment based on age, sex, race, religion, disability, national origin or any other protected category.

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.

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; 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.

8.03 All 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 During any period in which payments are being made to Executive pursuant to Section 7.01 above (the "Severance Period") and for a period of one (1) year following either the end of the Severance Period or the termination of Executive's employment hereunder for any reason, whichever is later, Executive shall not: (a) 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 (b) 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 which was at the time of Executive's departure being handled by Interpublic. In addition, if during the Severance Period, Executive accepts any form of employment (including as an advisor, consultant or otherwise) with an employer that is in competition with the business of Interpublic, without the prior written approval of Interpublic, all severance and other payments provided for under this Agreement shall cease. Executive acknowledges that these provisions are reasonable and necessary to protect Interpublic's legitimate business interests.

8.06 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

Employment Taxes and Withholding

11.01 All payments and other compensation under this Agreement shall be subject to withholding of income and employment taxes and other amounts that Interpublic reasonably determines to be required to be withheld. At the same time, however, Executive shall be solely responsible for paying all required taxes on all payments and other compensation and benefits provided under this Agreement (including imputed compensation), regardless of whether taxes are withheld.

ARTICLE XII

American Jobs Creation Act

12.01 This Agreement shall be construed, administered and interpreted in accordance with a good-faith interpretation of section 409A of the Internal Revenue Code and Section 885 of the American Jobs Creation Act of 2004. If Interpublic or Executive determines that any provision of this Agreement is or might be inconsistent with such provisions (including any administrative guidance issued thereunder), the parties shall make their best efforts in good faith to agree to such amendments to this Agreement as may be necessary or appropriate to comply with such provisions.

ARTICLE XIII

Agreement Entire

13.01 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 except for the ESBA, the Executive Severance Agreement dated as of November 14, 2002, as amended as of June 16, 2003, the Deferred Compensation Agreement dated as of April 11, 2002 and previous grants of Interpublic Stock Options and Restricted Stock. Each party hereto shall pay its own 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 XIV

Applicable Law

14.01 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

Date: March 20, 2006

/s/ Philippe Krakowsky
Philippe Krakowsky