

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): February 14, 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 February 14, 2005, the Interpublic Group of Companies Inc. ("Interpublic") entered into a Supplemental Agreement attached as Exhibit 10.1 hereto, with Michael I. Roth, the current executive Chairman and Chief Executive Officer of Interpublic. The Supplemental Agreement amended Mr. Roth's existing employment agreement (the "Employment Agreement") (filed as Exhibit 10(III)(A)(9) to Interpublic's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004). Under the terms of the Supplemental Agreement, Mr. Roth's annual base salary under the Employment Agreement was increased from \$950,000 to \$1,100,000, effective January 19, 2005.

In addition, in recognition of Mr. Roth's promotion to his current role, on February 14, 2005 Interpublic granted Mr. Roth options (the "Options") to purchase 450,000 shares of Interpublic common stock at an exercise price of \$13.645 per share pursuant to and accordance with the terms and conditions of Interpublic's 2004 Performance Incentive Plan (the "2004 PIP") (filed as Appendix B to Interpublic's 2004 proxy statement on April 23, 2004). The Options will vest and become exercisable in three equal annual installments of 150,000 on the second, third and fourth anniversaries of grant, subject to Mr. Roth's continued employment with Interpublic through the applicable vesting date, and will vest automatically on a change of control of Interpublic pursuant to the terms of the 2004 PIP. On any termination of Mr. Roth's employment with Interpublic, any unvested Options will be forfeited.

Pursuant to the Supplemental Agreement Interpublic also granted Mr. Roth 450,000 restricted shares (the "Restricted Shares") under the 2004 PIP. At grant, the Restricted Shares had an aggregate value of \$6,120,000 and a risk-adjusted value of \$4,500,000. The Restricted Shares will only vest if certain performance conditions are met (subject to accelerated vesting of a portion of the Restricted Shares on a change of control of Interpublic, as described below). In particular, 150,000 of the Restricted Shares will vest on February 13, 2007, subject to Mr. Roth's continued employment with Interpublic through such date, if: (1) Interpublic attains cumulative constant dollar revenue reflecting average annual growth of 4.5% or better in 2005-2006, (2) in 2006, Interpublic's growth equals or exceeds 5%, and (3) Interpublic's average operating margins during 2005 and 2006 are at 10.5% or higher. 300,000 of the Restricted Shares will vest on February 13, 2010, subject to Mr. Roth's continued employment with Interpublic through such date, if: (1) Interpublic's average constant-dollar revenue growth for the 2007-2009 period is 6.3% or higher, (2) during 2009, constant dollar revenue growth is at least 7%, (3) Interpublic's average operating margins during the period from 2007-2009 are at 14.7% or higher, (4) cumulative constant dollar revenue during the period from 2005-2010 is \$35.6 billion or greater, and (5) cumulative operating income during the period from 2005-2010 is \$4.7 billion or greater. The Board of Directors of Interpublic retains discretion to make adjustments to the performance goals in the event of extraordinary corporate events, such as acquisitions or divestitures.

If Mr. Roth's employment terminates for any reason prior to the vesting of the Restricted Shares, the unvested Restricted Shares will be terminated. A pro rata portion of any unvested portion of the Restricted Shares will vest in the event of a "change of control" of Interpublic, as such term is defined in Mr. Roth's executive severance agreement (filed as Exhibit 10(III)(A)(10) to Interpublic's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004). The pro-rata portion will be determined based on the number of months elapsed since the grant date plus 12, divided by 60.

Item 9.01

(c) Exhibits

Exhibit 10.1 Supplemental Agreement with Michael I. Roth (filed pursuant to Item 1.01)

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: February 17, 2005

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

SUPPLEMENTAL AGREEMENT

SUPPLEMENTAL AGREEMENT made as of February 14, 2005 between THE INTERPUBLIC GROUP OF COMPANIES, INC., a Delaware corporation (“Interpublic”) and MICHAEL ROTH (“Executive”).

WITNESSETH:

WHEREAS, Interpublic and Executive are parties to an Employment Agreement made as of July 13, 2004 as amended by Supplemental Agreement made as of January 19, 2005 (hereinafter referred to as the “**Agreement**”); and

WHEREAS, Interpublic and Executive desire to amend the Agreement;

NOW, THEREFORE, in consideration of the mutual promises herein and in the Agreement set forth, the parties hereto, intending to be legally bound, agree as follows:

1. Section 3.01 of the Agreement is amended, effective as of January 19, 2005, by deleting “Nine Hundred Fifty Thousand Dollars (\$950,000)” therefrom and substituting “One Million One Hundred Thousand Dollars (\$1,100,000)” therefor.

2. A new Section 5.04 shall be added to read in its entirety as follows:

“Following full execution of this Supplemental Agreement, Interpublic will grant to Executive options to purchase four hundred fifth thousand (450,000) shares of Interpublic Common Stock. The options will be granted with an exercise price based on the market price of a share of Interpublic Stock on the date of grant and will become exercisable in three (3) equal installments on the second, third and fourth anniversaries of the date of grant.”

3. A new Section 5.05 shall be added to read in its entirety as follows:

“Following full execution of this Supplemental Agreement, Interpublic shall grant to Executive four hundred fifty thousand (450,000) shares of Interpublic restricted stock. The

shares of restricted stock granted pursuant to this Section 5.05 shall vest or be forfeited based upon the achievement of two and five year margin and revenue goals as indicated on the document attached hereto and summarized as follows: If goals are achieved, 150,000 shares will vest on the second anniversary of the date of grant and 300,000 shares will vest on the fifth anniversary of the date of grant. If such goals are not attained within the specified time periods, the same amount of shares will be forfeited in their entirety. It is understood that the Board of Directors retains discretion to make adjustments to goals in the event of extraordinary corporate events such as acquisitions or divestitures. In addition, in the event of a Change in Control of Interpublic (as defined in the Executive Severance Agreement, dated July 13, 2004 between Executive and Interpublic) restricted shares granted pursuant to this Section 5.05 will vest pro-rata based on the number of months elapsed between the date of grant and the date of the Change of Control, plus twelve (12) months.”

Except as hereinabove amended, the Agreement shall continue in full force and effect.

This Supplemental Agreement shall be governed by the laws of the State of New York, applicable to contracts made and fully to be performed therein.

THE INTERPUBLIC GROUP OF
COMPANIES, INC.

By : /s/ Timothy Sompolski
Timothy Sompolski
Executive Vice President
Chief Human Resources Officers

/s/ Michael Roth
Michael Roth

Michael I. Roth
Chairman and Chief Executive Officer
SUMMARY OF COMPENSATION ADJUSTMENTS

Base Salary

\$150,000, or 16%, increase to \$1,100,000 effective January 19, 2005. Salary reviewed annually by the Compensation Committee.

Annual Incentive

Annual target equal to 133% of base salary, or \$1,463,000. This represents a \$199,500 increase over the prior target. Actual awards may vary from 0% to 200% of this target, and will be determined by the Compensation Committee after assessing the CEO's performance with input from all non-employee Directors.

Long-term Incentive

Annual long-term incentive participation with a total expected value of \$3,000,000 delivered consistent with senior executive grants under IPG's new program. This represents a \$900,000 increase over the prior target. Grants are generally made in the March/April timeframe.

For 2005, this will comprise stock options, restricted shares, and performance-based restricted shares. Stock options will vest in thirds on the second, third and fourth anniversaries of their grant. Restricted shares will vest on the third anniversary of their grant.

Performance-based restricted shares will similarly vest on the third anniversary of their grant, at which point the number of shares earned will also be determined. A "target" number of shares (that is, the number earned for expected performance) will be communicated at the start of the performance period. At the end of the period, the final number of performance-based shares may vary from 0% to 200% of this target based on IPG's three-year results relative to pre-set constant dollar revenue growth and operating margin objections.

One-time Stock Option Grant

One-time grant of 450,000 stock options with an approximate expected value at grant of \$3,000,000. These options will have a 10-year term and will vest in thirds on the second, third and fourth anniversaries of their grant.

One-time Performance-based Restricted Stock Grant

One-time grant of 450,000 performance-based restricted shares with an approximate value at time of grant of \$6,120,000 and a risk-adjusted value at grant of \$4,500,000. One-third (i.e., 150,000) of these shares will vest at the end of two years and the remaining two-thirds will vest at the end of five years, provided specific performance hurdles are achieved.

For the first 150,000 shares, vesting will be contingent on IPG achieving:

- Cumulative constant dollar revenue reflecting average annual growth of 4.5% or better in 2005-6;
- Growth in 2006 of at least 5%; and
- Average operating margins for this two year period of 10.5% or higher.

For the remaining 300,000 shares, vesting will be contingent on IPG achieving:

- Constant dollar revenue reflecting average annual growth of 6.3% over the three-year period from 2007 to 2009;
 - For the final year of the period (2009), constant dollar revenue reflecting at least 7.0% annual growth;
 - Average operating margins for this three-year period of 14.7% or higher;
 - Cumulative constant dollar revenue and operating income for the full five-year period must be \$35.6 billion and \$4.7 billion, respectively
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