

INTERPUBLIC GROUP OF COMPANIES INC  
Form DEF 14A  
April 23, 2004

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

**SCHEDULE 14A**

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
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**THE INTERPUBLIC GROUP OF COMPANIES, INC.**

\_\_\_\_\_  
(Name of Registrant as Specified In Its Charter)

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**THE INTERPUBLIC GROUP OF COMPANIES, INC.**  
**1271 Avenue of the Americas**  
**New York, New York 10020**

April 23, 2004

Dear Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of The Interpublic Group of Companies, Inc., to be held at 9:30 A.M. Eastern Time, on Tuesday, May 18, 2004. The meeting will be held in the MT&R Theater of The Museum of Television & Radio, 25 West 52<sup>nd</sup> Street, New York, New York.

The business to be considered is described in the attached notice of the meeting and Proxy Statement. In addition to these matters, we will present a report on the state of our company.

Last year was an important period in the history of Interpublic, as we began a necessary turnaround under a new management team. Our initial efforts proved very successful in stabilizing the company and paving the way for its recovery. We began to change the corporate culture to one focused on organic growth and governed by greater accountability. We will continue on this path as we look to reinvent Interpublic and make it into the organization that best understands and leverages the new realities that are transforming how our clients approach marketing.

Major corporate accomplishments in 2003 spanned a number of key areas:

We clearly communicated a turnaround plan and time frame to all constituencies, including employees, clients, the financial community and the media. Five strategic pillars were identified and consistently referenced so as to keep all shareholders apprised of the company's progress. These strategic priorities were supplemented in the fourth quarter by our new financial metrics.

Important financing activities in March and December were extremely well received, raising approximately \$1.5 billion. We also divested a number of nonstrategic assets and investments. Together, these initiatives allowed us to significantly strengthen the company's financial condition. Today, we can unequivocally state that Interpublic has one of the strongest balance sheets in our sector.

The restructuring program begun at midyear began to take hold and drive improvements in the company's margin performance, as evident in the fourth quarter results. We are pleased to note that the benefits of the restructuring should continue to flow through our operating results in 2004 and beyond.

Compared to the prior quarter, each of the final three quarters of 2003 showed sequential improvement in organic growth. This trend dovetails with the arrival of the new management team and its efforts to change the culture and promote collaborative activity among our many companies. The gap between Interpublic and the competition reflects some unique challenges, such as cycling through the large number of acquisitions that were poorly integrated into the group. Our companies must also continue to deliver best-in-class solutions in their respective disciplines for us to achieve growth parity with our peers.

Ours is a business in which talent, more than any other factor, is the key driver of future success. The company was therefore pleased to have attracted a significant number of world-class senior executives to its ranks, at both the corporate and operating unit levels. These include our Chief Operating Officer and Chief Financial Officer, Chris Coughlin, as well as many new regional and creative leaders at all three of our global advertising groups.

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Importantly, we resolved a number of lingering legacy issues. We reached agreement on a proposed settlement with shareholders pursuing class action lawsuits arising from the restatement of earnings in 2002. We also made great progress in keeping our commitment to exit motor sports businesses acquired in the late 1990s. In 2003, we sold go-karting and motorcycle racing operations, in January of 2004, four auto racing tracks at our Brands Hatch Circuits unit in the United Kingdom. In April 2004, we terminated our obligations to promote the British Grand Prix at the Silverstone race track, leaving only our Silverstone lease obligations. We are pleased to have moved closer to completing our exit from the motor sports business.

Much was accomplished at Interpublic in the past year. We established a solid base from which to launch the second phase of the turnaround program. There remains much work to be done. We look forward to discussing our progress and our plans with you at the Annual Meeting. We will also provide an opportunity for shareholders to voice questions or comments. And we will share a sampling of work recently produced by a range of our companies.

We hope you will be able to attend.

Sincerely,

David A. Bell  
*Chairman of the Board, President  
and Chief Executive Officer*

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**THE INTERPUBLIC GROUP OF COMPANIES, INC.**

1271 Avenue of the Americas

New York, New York 10020

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**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held May 18, 2004**

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The Annual Meeting of Stockholders of The Interpublic Group of Companies, Inc. ("Interpublic") will be held in the MT&R Theater of The Museum of Television & Radio (the "Museum"), 25 West 52<sup>nd</sup> Street, New York, New York, on Tuesday, May 18, 2004, at 9:30 A.M., Eastern Time, for the following purposes:

1. To elect ten directors;
2. To consider and act upon a proposal to adopt the 2004 Performance Incentive Plan of Interpublic;
3. To consider and act upon a proposal to adopt the Interpublic Non-Management Directors' Stock Incentive Plan;
4. To consider and act upon a proposal to confirm the appointment of PricewaterhouseCoopers LLP as independent auditors of Interpublic for the year 2004;
5. To consider and act upon a proposed stockholder resolution regarding Northern Ireland; and
6. To transact such other business as may properly come before the meeting and any adjournment thereof.

The close of business on March 26, 2004 has been designated as the record date for the determination of stockholders entitled to notice of and to vote at this meeting and any adjournment thereof.

By Order of the Board of Directors,

Nicholas J. Camera

*Secretary*

Dated: April 23, 2004

Whether or not you plan to attend the meeting in person, please fill in, sign, date and promptly return the enclosed proxy in the accompanying envelope, which requires no postage if mailed in the United States. The proxy is revocable, so that you may still vote your shares in person if you attend the meeting and wish to do so.

The use of the Museum's facilities does not constitute endorsement by the Museum of any views expressed during this Annual Meeting of Stockholders.

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**THE INTERPUBLIC GROUP OF COMPANIES, INC.**

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**PROXY STATEMENT**

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**GENERAL**

**Introduction**

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of The Interpublic Group of Companies, Inc. ("Interpublic") of proxies to be voted at the Annual Meeting of Stockholders, which will be held in the MT&R Theater of The Museum of Television & Radio (the "Museum"), 25 West 52<sup>nd</sup> Street, New York, New York, at 9:30 A.M., Eastern Time, on Tuesday, May 18, 2004. (The use of the Museum's facilities does not constitute endorsement by the Museum of any views expressed at the Annual Meeting.)

The address of Interpublic's principal executive office is 1271 Avenue of the Americas, New York, NY 10020. This Proxy Statement and the enclosed form of proxy, together with Interpublic's Annual Report to Stockholders, are first being sent to stockholders on or about April 23, 2004.

Any proxy given in response to this solicitation may be revoked at any time before it has been exercised. The giving of the proxy will not affect your right to vote in person if you attend the meeting. If you do not attend the Annual Meeting, or if you attend and do not vote in person, the shares represented by your proxy will be voted in accordance with your instructions on the matters set forth in items 1 through 5. If no voting instructions are given with respect to any one or more of the items, a duly executed proxy will be voted on the uninstructed matter or matters as follows:

FOR the Board's nominees for election as directors,

FOR the adoption of the 2004 Performance Incentive Plan of Interpublic,

FOR the adoption of The Interpublic Non-Management Directors' Stock Incentive Plan,

FOR the confirmation of PricewaterhouseCoopers LLP ("PricewaterhouseCoopers") as independent auditors for 2004, and

AGAINST the stockholder resolution regarding Northern Ireland.

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

**Outstanding Shares**

The record date for the Annual Meeting is March 26, 2004. The outstanding capital stock of Interpublic at the close of business on March 26, 2004 consisted of 418,034,182 shares of Common Stock and 7,475,000 shares of 5<sup>3</sup>/<sub>8</sub>% Series A Mandatory Convertible Preferred Stock (the "Series A Preferred Stock"). Holders of Interpublic's Common Stock are the only security holders entitled to vote at this meeting of stockholders. Each share of Common Stock is entitled to one vote on each matter that is submitted to a vote of stockholders at the meeting. The following table sets forth information concerning

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direct and indirect beneficial ownership of Interpublic's Common Stock as of December 31, 2003 by persons known to Interpublic to have beneficial ownership of more than 5% of the Common Stock:

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership of Common Stock (1)	Percent of Class
Capital Research and Management Company 333 South Hope Street Los Angeles, CA 90071	46,147,140(2)	11.1%
Capital Group International Inc 11100 Santa Monica Boulevard Los Angeles, CA 90025	31,578,160(3)	7.6%
Harris Associates L.P Harris Associates, Inc. Two North LaSalle Street Suite 500 Chicago, Illinois 60602	27,049,592(4)	6.9%
Pacific Financial Research, Inc 9601 Wilshire Boulevard Suite 800 Beverly Hills, California 90210	25,812,605(5)	6.20%
Barclays Global Investors NA 45 Fremont Street San Francisco, CA 94105	22,191,105(6)	5.25%

- (1) The rules of the Securities Exchange Commission ("SEC") deem a person to be the beneficial owner of a security (for purposes of proxy statement disclosure) if that person has or shares either or both voting or dispositive power with respect to such security. Additionally, a security is deemed to be beneficially owned by a person who has the right to acquire beneficial ownership thereof within 60 days for example, through the conversion of notes.
- (2) This disclosure is based on information supplied by Capital Research and Management Company ("Capital") in an amended Schedule 13G filed with the SEC on February 13, 2004, in which Capital reported that it is an investment adviser that has sole dispositive power with respect to 46,147,140 shares of Common Stock including 758,950 shares issuable upon the conversion of 250,000 shares of the Series A Preferred Stock and 143,890 shares issuable upon the conversion of \$8,168,000 principal amount of Interpublic's 1.87% Convertible Subordinated Notes due 2006.
- (3) This disclosure is based on information supplied by Capital Group International Inc. ("CGI") in an amended Schedule 13G filed with the SEC on February 13, 2004, in which CGI reported that it is a holding company of a group of investment management companies that has sole voting power with respect to 29,031,460 shares of Common Stock and sole dispositive power with respect to 31,578,160 shares of Common Stock, including 856,100 shares issuable upon the conversion of 282,000 shares of Series A Preferred Stock.
- (4) This disclosure is based on information supplied by Harris Associates L.P. ("Harris") and Harris Associates Inc., as the general partner of Harris, in an amended Schedule 13G filed with the SEC on February 13, 2004. In this Schedule 13G, Harris reported that it is an investment adviser to various clients and also serves as investment adviser to Harris Associates Investment Trust, and that it has shared voting power with respect to 27,049,592 shares of Common Stock, sole dispositive power with



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respect to 19,254,592 shares of Common Stock and shared dispositive power with respect to 7,795,000 shares of Common Stock.

- (5) This disclosure is based on information supplied by Pacific Financial Research, Inc. ("Pacific") in an amended Schedule 13G filed with the SEC on February 12, 2004, in which Pacific reported that it is an investment adviser that has sole voting power with respect to 24,105,905 shares of Common Stock, shared voting power with respect to 1,706,700 shares of Common Stock and sole dispositive power with respect to 25,812,605 shares of Common Stock.
- (6) This disclosure is based on information supplied by Barclays Bank PLC and a number of its affiliates in a Schedule 13G filed with the SEC on February 17, 2004, in which Barclays Bank PLC and such affiliates report that collectively they have sole voting power with respect to 20,422,333 shares of Common Stock and sole dispositive power with respect to 20,443,733 shares of Common Stock.

The following table sets forth information concerning the direct and indirect beneficial ownership of Interpublic's Common Stock as of March 26, 2004 by each director, each nominee for election as a director, each executive officer named in the Summary Compensation Table below, and all directors and executive officers of Interpublic as a group:

Name of Beneficial Owner(1)	Common Stock Ownership (2)(3)(4)	Options Exercisable Within 60 Days (4)	Total
David A. Bell	629,354	159,828	789,182
Frank J. Borelli	15,300	12,934	28,234
Reginald K. Brack	26,850	8,510	35,360
Brian J. Brooks	157,661	0	157,661
Nicholas J. Camera	23,929	122,200	146,129
Jill M. Considine	13,800	8,510	22,310
Christopher J. Coughlin	28,500	0	28,500
John J. Dooner, Jr.	1,155,466	654,440	1,809,906
Richard A. Goldstein	11,831	0	11,831
H. John Greeniaus	42,820	0	42,820
Philippe Krakowsky	58,000	0	58,000
Bruce S. Nelson	75,000	43,000	118,000
Michael I. Roth	12,800	0	12,800
J. Phillip Samper	18,000	15,756	33,756
Gunnar Wilmot	21,060	57,440	78,500
All directors and executive officers as a group	2,343,776	1,082,618	3,426,394

- (1) Mr. Brooks resigned his position from, and became a consultant to, Interpublic, effective February 27, 2004.
- (2) The rules of the SEC deem a person to be the beneficial owner of a security (for purposes of proxy statement disclosure) if that person has or shares either or both voting or dispositive power with respect to such security. Additionally, a security is deemed to be beneficially owned by a person who has the right to acquire beneficial ownership thereof within 60 days for example, through the exercise of a stock option. Common Stock ownership set forth in this table includes unvested shares of restricted stock awarded under the 2002 Performance Incentive Plan, the 1997 Performance Incentive Plan and the Interpublic Outside Directors' Stock Incentive Plan due to the right of the persons identified to exercise voting power with respect to the shares. Except as otherwise indicated, each person has sole voting and sole dispositive power over the shares.

(3) No individual identified in the table has beneficial ownership of more than 1% of the outstanding shares of Common Stock. The directors and executive officers as a group do not beneficially own more than 1% of the outstanding shares.

(4) Includes for Mr. Bell, 13,004 shares owned by a family trust.

Includes for Mr. Dooner, 2,000 shares owned by his children.

Includes for Mr. Goldstein, 800 shares owned by his spouse.

Includes for Mr. Wilmot, 99 shares owned by a minor child. Includes for Mr. Wilmot an option that he has purchased to acquire at any time through January 20, 2006, 1,000 shares of common stock at \$10.00 per share.

## **Voting**

Election of directors will be decided by a plurality of the votes cast by the holders of shares of Common Stock present in person or represented by proxy at the meeting and entitled to vote. Approval of Items 2 through 5 will require the affirmative vote of the holders of a majority of the shares present in person or represented by proxy at the meeting and entitled to vote. Interpublic's transfer agent tabulates the votes. Abstentions and broker non-votes are each tabulated separately and are counted as shares present for the purpose of determining whether there is a quorum present for the conduct of business at the Annual Meeting. For Items 2 through 5, shares that are the subject of an abstention are included, as shares entitled to vote on the matter and, therefore, have the same effect as a vote against the matter, and shares, if any, that are the subject of a broker non-vote with respect to a particular matter are not included as shares entitled to vote on that matter.

## **Stockholder Proposals To Be Presented At 2005 Annual Meeting**

Proposals of stockholders intended to be presented at the Annual Meeting of Stockholders scheduled to be held on May 17, 2005, must be received by Interpublic by December 27, 2004, and must comply with applicable SEC regulations, in order to be considered for inclusion in Interpublic's Proxy Statement and form of proxy relating to that meeting. If notice of a proposal intended to be presented at the Annual Meeting is not received by Interpublic before March 14, 2005, the persons named as proxies in Interpublic's 2005 proxy material will have the discretionary authority to vote on the matter in accordance with their best judgment without disclosure in the proxy statement of such matter or of how the proxy holders intend to exercise their discretionary authority to vote on the matter.

## **1. ELECTION OF DIRECTORS**

The Board of Directors, on the recommendation of the Corporate Governance Committee, has nominated the individuals listed below as its candidates for election as directors at the Annual Meeting. Persons elected as directors at the Annual Meeting will hold office until the 2005 Annual Meeting of Stockholders and until their successors are elected and qualify or until their earlier death, resignation or removal. Certain biographical information concerning each of the nominees is provided below. All of the nominees are currently serving as directors of Interpublic. The Board of Directors believes that each of the nominees will be available and able to serve as a director. However, if for any reason any of the nominees is unable to serve, all proxies will be voted for the remainder of the nominees and, unless the size of the Board of Directors is reduced, for a replacement nominee designated by the Board of Directors having due regard for any recommendation of the Corporate Governance Committee.

The following information with respect to the principal occupation or employment, recent employment history, age and directorships in other companies is as of March 26, 2004, and has been

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furnished or confirmed to Interpublic by the respective nominees. The information provided also identifies the committees of the Board of Directors on which each director serves.

**DAVID A. BELL** became Chairman of the Board, President and Chief Executive Officer of Interpublic, effective February 27, 2003. Prior to that time, he was Vice Chairman of Interpublic from June 2001 to February 2003. Mr. Bell also served as a director of Interpublic between June 2001 and February 2002. Mr. Bell served as Chairman and Chief Executive Officer of True North Communications, Inc. ("True North") from April 1999 through June 2001. From 1994 through March 1999, Mr. Bell served as President and Chief Executive Officer of Bozell Group, Inc. (formerly Bozell Worldwide, Inc.), a subsidiary of True North. Mr. Bell has been a director of Interpublic since February 2003. He is a director of Primedia Inc. and Warnaco Inc. Age 60.

*Chairman of Executive Committee.*

**FRANK J. BORELLI** has been Senior Adviser to Marsh & McLennan Companies, Inc. ("Marsh & McLennan") since his retirement on January 2, 2001. Prior to that time he was Senior Vice President of Marsh & McLennan from January through December 2000 and was Senior Vice President and Chief Financial Officer from 1984 through 1999. He is a Director of Express Scripts, Inc. and was a Director of Marsh & McLennan until September 30, 2000. Mr. Borelli is past Chairman and Director of the Financial Executives International and is also a member of the Board of Trustees of the National Multiple Sclerosis Society, a Trustee of St. Thomas Aquinas College and Chairman of the Nyack Hospital. Mr. Borelli has been a director of Interpublic since 1995. Age 68.

*Presiding Director. Member of the Executive Committee.*

**REGINALD K. BRACK** is the Former Chairman and Chief Executive Officer of Time, Inc. From September 1994 to June 1997, Mr. Brack was Chairman of Time, Inc. and was its Chairman, President and Chief Executive Officer from December 1986 until August 1994. Mr. Brack is also a director of Quebecor World, Inc. Mr. Brack has been a director of Interpublic since 1996. Age 66.

*Chairman of the Compensation Committee. Member of the Audit, Executive and Corporate Governance Committees.*

**JILL M. CONSIDINE** has been Chairman and Chief Executive Officer of The Depository Trust & Clearing Corporation since November 1999. The Depository Trust & Clearing Corporation is a holding company that is the parent of various securities clearing corporations and The Depository Trust Company which is a large securities depository limited purpose trust company and clearing corporation. She has been Chairman and Chief Executive Officer of The Depository Trust Company since January 1999. She was President of the New York Clearing House Association from 1993 to 1998. She is a trustee of Atlantic Mutual Insurance Companies. She also is a director of Ambac Financial Group, Inc. Ms. Considine has been a director of Interpublic since February 1997. Age 59.

*Chairman of the Corporate Governance Committee. Member of the Audit and Finance Committees.*

**CHRISTOPHER J. COUGHLIN** became Executive Vice President and Chief Operating Officer of Interpublic in June 2003 and was elected Chief Financial Officer of Interpublic, effective August 31, 2003. Mr. Coughlin served as Executive Vice President and Chief Financial Officer of Pharmacia Corporation, a pharmaceutical company, from 1998 to 2003. From 1997 to 1998, Mr. Coughlin served as President of Nabisco International, a unit of Nabisco, Inc. In 1996, Mr. Coughlin joined Nabisco, Inc. as Executive Vice President and Chief Financial Officer. Mr. Coughlin has been a director of Interpublic since July 2003. Age 51.

**JOHN J. DOONER, JR.** became Chairman and Chief Executive Officer of Interpublic's McCann-Erickson WorldGroup, effective February 27, 2003. Prior to that time, Mr. Dooner served as Chairman of the Board, President and Chief Executive Officer of Interpublic, from December 2000 to February 2003. Mr. Dooner was President and Chief Operating Officer of Interpublic from April 1, 2000 through

December 14, 2000. Mr. Dooner was Chairman and Chief Executive Officer of McCann-Erickson WorldGroup from 1995 through March 2000 and previously was Chief Executive Officer of McCann-Erickson Advertising Worldwide from 1994 to 1995. From 1992 to 1994, Mr. Dooner was President of McCann-Erickson Advertising Worldwide. He served as President of McCann-Erickson North America from 1988 to 1992. Mr. Dooner has been a director of Interpublic since 1995. Age 55.

*Member of the Finance Committee.*

**RICHARD A. GOLDSTEIN** became Chairman and Chief Executive Officer of International Flavors & Fragrances Inc. in June 2000. He served as Business Group President of Unilever North American Foods from 1996 to June 2000 and as President and Chief Executive Officer of Unilever United States, Inc. from 1989 to June 2000. Prior to that time, Mr. Goldstein served as Chairman and Chief Executive Officer of Unilever Canada Limited from 1984 to 1989. Mr. Goldstein has been a director of Interpublic since 2001. He also is a director of Legacy Hotel, Fiduciary Trust Company International and Continuum Health Partners. Age 62.

*Chairman of the Finance Committee. Member of the Audit and Corporate Governance Committees.*

**H. JOHN GREENIAUS** has been President of G-Force, Inc. since 1998. He was Chairman and Chief Executive Officer of Nabisco, Inc. from 1993 through 1997. Mr. Greeniaus has been a director of Interpublic since December 2001. He is a director of Primedia Inc. Age 59.

*Member of the Audit, Compensation and Finance Committees.*

**MICHAEL I. ROTH** has been Chairman and Chief Executive Officer of The MONY Group Inc. since February 1994. Mr. Roth has been a director of Interpublic since February 2002. He is also a director of Pitney Bowes Inc. and Gaylord Entertainment Company. Age 58.

*Chairman of the Audit Committee. Member of the Compensation and Finance Committees.*

**J. PHILLIP SAMPER** has been Founding Partner of Gabriel Venture Partners L.L.C. since December 1998 and was Chief Executive Officer and President of Avistar Systems Corp. from 1997 to October 1998. Prior to that time, Mr. Samper was Chairman, Chief Executive Officer and President of Quadlux, Inc. from 1996 to 1997. He was Chairman and Chief Executive Officer of Cray Research, Inc. during 1995 and was President of Sun Microsystems Computer Corporation from 1994 to 1995. Mr. Samper was Vice Chairman and Executive Officer of the Eastman Kodak Company from 1986 to 1989 and a member of the Board of Directors from 1983 to 1989. He was President and Chief Executive Officer of Kinder-Care Learning Centers from 1990 to 1991. Mr. Samper has been a director of Interpublic since 1990. Age 69.

*Member of the Audit, Compensation and Corporate Governance Committees.*

## **CORPORATE GOVERNANCE PRACTICES AND BOARD MATTERS**

### **Corporate Governance Guidelines**

Interpublic has a strong commitment to sustaining sound corporate governance practices. Interpublic's Corporate Governance Guidelines are available free of charge on Interpublic's website at <http://www.interpublic.com> or by writing to The Interpublic Group of Companies, Inc., 1271 Avenue of the Americas, New York, NY 10020, Attention: Secretary.

### **Board Structure, Committees and Independence**

Interpublic has ten directors, three of whom are employees of Interpublic or one of its subsidiaries (those employee Directors are referred to hereinafter in this Proxy Statement as "Management Directors") and seven of whom are not employees of Interpublic or its subsidiaries (those non-employee Directors are referred to hereinafter in this Proxy Statement as the "Non-Management Directors" or "Outside Directors"). Committees of the Board include the Executive Committee, the Finance

Committee, the Compensation Committee, the Corporate Governance Committee and the Audit Committee. The activities of the Compensation Committee, the Corporate Governance Committee and the Audit Committee are each governed by a charter that is available free of charge on Interpublic's website at <http://www.interpublic.com> or by writing to The Interpublic Group of Companies, Inc., 1271 Avenue of the Americas, New York, NY 10020, Attention: Secretary. A description of the responsibilities of each Committee of the Board is provided in this Proxy Statement under the heading "Principal Committees of the Board of Directors". All of the members of the Compensation, Corporate Governance and Audit Committees are Non-Management Directors. Of the seven Non-Management Directors, the Board has determined that Ms. Considine and Messrs. Brack, Goldstein, Greeniaus, Roth and Samper are each independent under the independence standards set forth in Interpublic's Corporate Governance Guidelines, and under the applicable rules of the SEC and the New York Stock Exchange ("NYSE") listing standards which will take effect for Interpublic as of May 18, 2004 (the "NYSE Listing Standards"). Under the NYSE Listing Standards, Mr. Borelli, Interpublic's Presiding Director as described below, is not deemed to be independent because his son is a principal of Deloitte & Touche, to which Interpublic has outsourced its internal audit function. Mr. Borelli's son is not engaged in providing services to Interpublic.

#### **Presiding Director**

Interpublic created the position of Presiding Director of the Board in November 2002. The Presiding Director of the Board helps to coordinate communications between the Board and management of Interpublic. Specifically, the Presiding Director convenes and chairs meetings of the Non-Management Directors, coordinates and develops the agenda for, and chairs executive sessions of, the Non-Management Directors, coordinates feedback to the Chairman and Chief Executive Officer on behalf of the Non-Management Directors regarding business issues and management, and coordinates and develops with the Chairman of the Board and Chief Executive Officer the agendas and presentations for meetings of the Board together with the informational needs associated with those agendas and presentations. In addition, the Presiding Director meets monthly with Interpublic's major business units to ensure an understanding of their issues and needs and to communicate observations to the Non-Management Directors. The Non-Management Directors have elected Mr. Borelli as Presiding Director for a second term of one year, effective as of November 2003.

The NYSE Listing Standards require that if the group of Non-Management Directors includes one or more directors that is not independent, then at least once annually, the Non-Management Directors should hold an executive session that includes only independent Directors. At the meeting of the Board in February 2004, the independent Directors met in executive session without Mr. Borelli. Ms. Considine served as the Chairperson of that executive session of the Non-Management Directors.

#### **Communications with the Board of Directors and Non-Management Directors**

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

Board of Directors or Non-Management Directors, as applicable  
The Interpublic Group of Companies, Inc.  
1271 Avenue of the Americas  
New York, NY 10020

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

## Director Selection Process

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

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

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

their business and professional achievements, knowledge, experience and background, particularly in light of the principal current and prospective businesses of Interpublic and the strategic challenges facing Interpublic and its industry as a whole;

their integrity and independence of judgment;

their ability and willingness to devote sufficient time to Board duties;

their qualifications for membership on one or more of the committees of the Board;

their potential contribution to the diversity and culture of the Board;

their educational background;

their independence from management under NYSE Listing Standards and Interpublic's Corporate Governance Guidelines;

the needs of the Board and Interpublic; and

the Board's policies regarding the number of boards on which a director may sit, director tenure, retirement and succession as set out in Interpublic's Corporate Governance Guidelines.

In determining the needs of the Board and Interpublic, the Committee considers the qualifications of sitting directors and consults with other members of the Board (including as part of the Board's annual self-evaluation), the CEO and other members of senior management and, where appropriate, external advisers. The Corporate Governance Committee recently has extended the mandatory retirement age of a director from 70 to 74 years old in order to encourage continuity of Board membership at a time when Interpublic and its subsidiaries are engaged in an ambitious turnaround effort. All directors are expected to exemplify the highest standards of personal and professional integrity and to assume the responsibility of challenging management through their active and constructive participation and questioning in meetings of the Board and its various committees, as well as in less formal contacts with management.

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

Shareholders wishing to recommend a director candidate to the Committee for its consideration should write to the Committee, in care of its Chairperson, at The Interpublic Group of Companies, Inc., 1271 Avenue of the Americas, New York, NY 10020. Any recommendations will be considered for the next



annual election of directors in 2005. A recommendation should include the candidate's name, biographical data and a description of his or her qualifications in light of the above criteria. If Interpublic receives in a timely manner, in accordance with the SEC requirements, any recommendation of a director candidate from a shareholder, or group of shareholders, that beneficially owns more than 5% of Interpublic's Common Stock for at least one year as of the date of recommendation, as determined under SEC rules, Interpublic will disclose in its proxy statement the names of the recommending shareholder(s) and the candidate if the shareholder (or each member of the group) and the candidate consent in writing to that disclosure.

#### **Principal Committees of The Board of Directors**

*Executive Committee* The Executive Committee is authorized, when the Board of Directors is not in session, to exercise all powers of the Board of Directors which, under Delaware law and the By-Laws of Interpublic, may properly be delegated to a committee, except certain powers that have been delegated to other committees of the Board of Directors. Due to the frequency in number of meetings of the Board and other committees of the Board, the Executive Committee did not hold any meetings in 2003.

*Finance Committee* The Finance Committee is authorized to review the financial affairs of Interpublic and make recommendations with respect thereto to the Board of Directors. It also approves capital budgets, guarantees by Interpublic of obligations of subsidiaries and affiliates and certain capital transactions (including mergers and acquisitions), and is the committee that administers the Interpublic Retirement Account Plan. The Finance Committee held five meetings in 2003.

*Compensation Committee* The Compensation Committee is responsible for the adoption and periodic review of a remuneration strategy for Interpublic and its subsidiaries which ensures that executive compensation for key senior executives is designed to incentivize and reward long-term growth, profitability and return to stockholders. The Compensation Committee is responsible for approving the compensation paid to senior executives of Interpublic and its subsidiaries. For these purposes, compensation is deemed to include: (1) salary, (2) deferred compensation, (3) bonuses and other extra compensation of all types, including long-term performance incentive awards under Interpublic's 2002 Performance Incentive Plan, (4) insurance paid for by Interpublic or any of its subsidiaries other than group plans, (5) annuities and individual retirement arrangements, (6) Special Deferred Benefit Agreements, (7) Interpublic's Senior Executive Retirement Income Plan ("SERIP"), and (8) Interpublic's Capital Accumulation Plan. The Compensation Committee also administers the 2002 Performance Incentive Plan (and its predecessors, the 1997 Performance Incentive Plan, the Long-Term Performance Incentive Plan, the Management Incentive Compensation Plan, the 1996 Stock Incentive Plan and the 1986 Stock Incentive Plan), the 1986 United Kingdom Stock Option Plan and the Employee Stock Purchase Plan (1995). The Committee approves any newly adopted or major changes made to these plans and makes recommendations to the Board with respect to incentive-compensation plans and equity-based plans. The Committee also reviews initiatives of Interpublic and its subsidiaries to retain and develop key employees on an ongoing basis and coordinates, manages and reports to the Board on the annual performance evaluation of key executives of Interpublic. In addition, the Committee is authorized, if appropriate, to hire experts or other independent advisers or legal counsel to assist the Committee in the discharge of its duties. The Compensation Committee held seven meetings in 2003.

*Corporate Governance Committee* The Corporate Governance Committee is responsible for recommending to the Board of Directors the persons to be nominated for election to the Board of Directors and the membership and chairman of each Board committee. The other responsibilities of the Corporate Governance Committee include the establishment of criteria for membership on the Board and its committees, the review and recommendation to the Board as to the independence of Non-Management Directors under the standards set forth in Interpublic's Corporate Governance Guidelines and the NYSE Listing Standards, the evaluation on an annual basis of the collective performance of the Board and the Board's committees, the recommendation to the Board of compensation and benefits for Non-Management Directors, and the review, the continual assessment and the recommendation to the Board of the best practices in corporate governance matters generally. The Corporate Governance Committee held four meetings in 2003.



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*The Audit Committee* The Audit Committee assists the Board in fulfilling its oversight responsibilities with respect to (i) the annual financial information to be provided to stockholders and the SEC; (ii) the system of internal controls that management has established; and (iii) the internal and external audit processes. In addition, the Audit Committee provides an avenue for communication among internal audit, the independent auditors, financial management and the Board. The Audit Committee also is responsible for the selection and retention of Interpublic's independent auditors and the review of their compensation, subject to approval of the Board of Directors. Specific activities of the Committee are described in the Audit Committee Report below. In light of the importance of the Audit Committee, on the recommendation of the Corporate Governance Committee, each independent Non-Management Director is a member of the Audit Committee. The Board has determined that each member of the Audit Committee qualifies as an "audit committee financial expert" within the meaning of applicable SEC rules. The Audit Committee held eight meetings in 2003.

### AUDIT COMMITTEE REPORT

The primary function of the Audit Committee is to assist the Board of Directors in its oversight of Interpublic's financial reporting process. The Committee operates pursuant to a Charter approved by the Board. A copy of the Charter is included as Appendix A of this Proxy Statement.

Management is responsible for Interpublic's consolidated financial statements and overall reporting process, including the system of internal controls. PricewaterhouseCoopers LLP, the independent auditor of Interpublic, is responsible for conducting annual audits and timely quarterly reviews of Interpublic's consolidated financial statements and expressing an opinion as to the conformity of the annual consolidated financial statements with generally accepted accounting principles. With respect to the year ended December 31, 2003, the Audit Committee has:

Reviewed and discussed the audited consolidated financial statements with management;

Reviewed and discussed with PricewaterhouseCoopers the scope, staffing and general extent of the audit;

Reviewed with management and PricewaterhouseCoopers the selection, application and disclosure of Interpublic's critical accounting policies used in the preparation of Interpublic's annual audited financial statements;

Evaluated PricewaterhouseCoopers' performance, qualifications and quality control procedures;

Pre-approved all services, both audit (including all audit engagement fees and terms) and permitted, non-audit services performed by PricewaterhouseCoopers;

Established clear policies with management for the hiring of current or former employees of PricewaterhouseCoopers who participate in any capacity in Interpublic's audit;

Overseen compliance with Interpublic's Code of Ethics and procedures for the confidential and anonymous submission by employees of Interpublic and others of complaints about accounting, internal controls or auditing matters;

Reviewed with management, Interpublic's internal auditors and PricewaterhouseCoopers, Interpublic's significant internal accounting and financial reporting controls and any significant deficiencies or material weaknesses relating to such internal accounting and financial reporting controls;

Reviewed and discussed with management, Interpublic's internal auditors and PricewaterhouseCoopers, any disclosures made to the Committee by Interpublic's Chief Executive Officer and Chief Financial Officer in connection with the certifications required by SEC rules to be

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made by each such officer in Interpublic's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q;

Discussed with PricewaterhouseCoopers the matters required to be discussed by Statement on Auditing Standards ("SAS") No. 61, as amended by SAS 90 (Codification of Statements on Auditing Standards AU Section 380), as may be modified or supplemented; and

Received the written disclosures and the letter from PricewaterhouseCoopers required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), discussed with PricewaterhouseCoopers matters relating to that firm's independence and considered whether performance by PricewaterhouseCoopers of non-audit services for Interpublic is compatible with maintaining PricewaterhouseCoopers' independence.

Based on the review and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements be included in Interpublic's Annual Report on Form 10-K for the year ended December 31, 2003.

Michael I. Roth, Chairman  
Reginald K. Brack  
Jill M. Considine  
Richard A. Goldstein  
H. John Greeniaus  
J. Phillip Samper

### **Attendance at Board of Directors and Committee Meetings**

The Board of Directors has articulated in its Corporate Governance Guidelines its policy with respect to attendance of each director at Board meetings. Specifically, the Corporate Governance Guidelines provide that each director is expected to prepare for, attend and participate in, at least 75% of all meetings of the Board, absent special circumstances. The Board of Directors of Interpublic held fourteen meetings in 2003 and committees of the Board held a total of twenty-four meetings. During 2003, each director attended 75% or more of the total number of meetings of the Board of Directors and committees on which he or she served, except for Mr. Samper who attended 72% (representing 21 out of 29) of the meetings of the Board and committees on which he served.

### **Attendance at Annual Meeting of Stockholders**

Interpublic does not have a specific policy for attendance by directors at the Annual Meeting of Stockholders. However, all directors who are currently members of the Board and who are standing for re-election attended the 2003 Annual Meeting.

### **Non-Management Directors' Compensation**

Each Non-Management Director receives as cash compensation for services rendered, an annual retainer of \$40,000, an annual retainer of \$2,000 for each committee on which he or she serves, a fee of \$1,500 for each meeting of the Board attended and a fee of \$1,500 for each committee meeting attended. The Chairperson of the Compensation Committee, the Chairperson of the Finance Committee and the Chairperson of the Corporate Governance Committee each receives an additional retainer of \$7,500 per year and the Chairperson of the Audit Committee receives an additional retainer of \$10,000 per year.

As Presiding Director of the Board, Mr. Borelli receives an annual retainer of \$200,000.

Each Non-Management Director also receives, as consideration for services rendered as a member of the Board, stock-based compensation under the Interpublic Outside Directors' Stock Incentive Plan (formerly called the Interpublic Outside Directors' Stock Option Plan), which was approved by the

stockholders in 1994 (the "Outside Directors' Plan"). Effective August 1, 2003, the Board amended the Outside Directors' Plan to provide for an annual grant to each Non-Management Director of (i) 800 shares of Interpublic Common Stock that are not subject to transfer restrictions or forfeiture (the "Freely Tradeable Shares") and (ii) 1,600 restricted shares of Interpublic Common Stock ("Restricted Shares"). The amendment provided that the initial grants would be made in August 2003 and subsequent grants would be made each January while the Plan remains in effect. With respect to the Restricted Shares, the recipient has all rights of ownership, including the right to vote and to receive dividends, except that, prior to the expiration of a three-year period after the date of grant (the "Restricted Period"), the recipient is prohibited from selling or otherwise transferring the shares. If, on or after the first anniversary of the grant, the recipient's service as a director terminates for any reason (including death) during the Restricted Period, the restrictions on transfer will lapse immediately in proportion that the number of months that have elapsed since the date of grant bears to the total number of months of the Restricted Period, and the remainder of such Restricted Shares will be forfeited. If the recipient's service as a director terminates for any reason (including death) before the first anniversary of the date of grant, all such Restricted Shares will be forfeited. The Corporate Governance Committee, which is responsible for the administration of the Outside Directors' Plan, may in its discretion direct Interpublic to make cash payments to the recipient of Restricted Shares to assist in satisfying the federal income tax liability with respect to the receipt or vesting of the Restricted Shares.

On August 1, 2003, each of Ms. Considine and Messrs. Borelli, Brack, Goldstein, Greeniaus, Roth and Samper received a grant of 800 Freely-Tradeable Shares of Common Stock and a grant of 1,600 Restricted Shares. In 2004, in accordance with the Plan, each of Ms. Considine and Messrs. Borelli, Brack, Goldstein, Greeniaus, Roth and Samper received an additional grant of 800 Freely-Tradeable Shares and 1,600 Restricted Shares.

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

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

#### CODE OF CONDUCT

Interpublic has adopted a code of ethics, known as the Code of Conduct, which applies to all employees of Interpublic and its subsidiaries and affiliates. Interpublic's Corporate Governance Guidelines provide that members of the Board of Directors and officers (which includes Interpublic's Chief Executive Officer, Chief Financial Officer, Controller and other persons performing similar functions) must comply with the Code of

Conduct. In addition, the Corporate Governance Guidelines state that the Board will not waive any provision of the Code of Conduct for any Director or executive officer. The Code of Conduct, including future amendments, is available free of charge on Interpublic's website at <http://www.interpublic.com> or by writing to The Interpublic Group of Companies, Inc., 1271 Avenue of the Americas, New York, NY 10020, Attention: Secretary.

#### **CHANGE OF ADDRESS**

Interpublic will be moving its corporate headquarters during the second quarter of 2004. Please consult Interpublic's website at <http://www.interpublic.com> for the effective date of the move. After the move, all written communication to members of the Board of Directors or a Chairperson of a Board Committee, as applicable, should be sent to The Interpublic Group of Companies, Inc., 1114 Avenue of the Americas, New York, NY 10036. After the move, any written requests for Interpublic's Corporate Governance Guidelines, By-Laws or Code of Conduct should be sent to the attention of Interpublic's Secretary at the new address provided above.

#### **COMPENSATION OF EXECUTIVE OFFICERS**

The following table sets forth information concerning the compensation paid by Interpublic and its subsidiaries to (i) Messrs. Bell and Dooner, each of whom served as the Chief Executive Officer during 2003, (ii) each of the four most highly compensated executive officers of Interpublic other than either CEO (based on aggregate salary and bonus in 2003), who were serving as executive officers on December 31, 2003 and (iii) two additional individuals who ceased to be executive officers during 2003 who, based on their 2003 compensation, would have been among the four most highly compensated executive officers of Interpublic for 2003 if they had been serving as executive officers on December 31, 2003 (the "named executive officers"). In each instance, this compensation shown is for services rendered in all capacities for the three-year period ended on December 31, 2003. As used in this Proxy Statement, the executive officers of Interpublic include any director of Interpublic who served as the chief executive officer of McCann-Erickson WorldGroup, a significant operating unit of Interpublic.

## SUMMARY COMPENSATION TABLE

Name and Principal Position	Fiscal Year	Annual Compensation			Long Term Compensation				All Other Compensation(9)
		Salary(2)(3)	Bonus(4)	Other Annual Compensation(5)	Awards		Payouts		
					Restricted Stock Awards(6)	Securities Underlying Options(7)	LTIP Payouts(8)		
David A. Bell(1) Chairman of the Board, President and Chief Executive Officer	2003 2002 2001	\$ 1,000,000 1,000,000 491,667	\$ 1,300,000 0 200,000	\$ 75,658 0 0	\$ 0 294,750 2,064,375	200,000 55,000 256,100	\$ 0 0 0	\$ 13,745 212,472 19,165	
John J. Dooner, Jr.(1) Chairman and CEO of McCann-Erickson WorldGroup, Director of Interpublic and Former Chairman, President and CEO of Interpublic	2003 2002 2001	\$ 1,250,000 1,250,000 1,250,000	\$ 750,000 0 500,000	\$ 73,029 80,046 73,246	\$ 0 2,947,500 0	176,709 375,000 100,000	\$ 0 2,480,000 1,550,100	\$ 82,904 9,927 9,146	
Brian J. Brooks(1) Former Executive Vice President, Chief Talent and Human Resources Officer	2003 2002 2001	\$ 463,750 52,500	\$ 160,000 250,000	\$ 0	\$ 1,893,699 420,450	24,800 56,000	\$ 0	\$ 6,240 1,148	
Nicholas J. Camera Senior Vice President, General Counsel and Secretary	2003 2002 2001	\$ 361,250 328,750 297,500	\$ 220,000 0 75,000	\$ 39,497	\$ 0 316,325 107,610	15,000 36,000 22,000	\$ 0 350,000 280,000	\$ 8,773 7,735 6,204	
Christopher J. Coughlin(1) Executive Vice President, Chief Operating Officer, Chief Financial Officer and Director	2003 2002 2001	\$ 433,333	\$ 900,000	\$ 0	\$ 0	200,000	\$ 0	\$ 3,120	
Philippe Krakowsky(1) Senior Vice President, Director of Corporate Communications	2003 2002 2001	\$ 375,000 279,167	\$ 225,000 100,000	\$ 40,364	\$ 466,250 225,000	18,000 25,000	\$ 0 0	\$ 6,240 3,573	
Bruce S. Nelson Executive Vice President and Chief Marketing Officer	2003 2002 2001	\$ 600,000 500,000 500,000	\$ 400,000 0 225,000	\$ 50,971	\$ 402,775 442,125 0	30,000 83,500 30,000	\$ 0 437,500 0	\$ 9,048 9,719 8,260	
Gunnar P. Wilmot Chief Operating Officer of Lowe + Draft and Former Senior Vice President, Planning and	2003 2002 2001	\$ 516,570 449,167 430,000	\$ 100,000 0 90,000	\$ 52,739 52,896	\$ 0 147,375 102,075	20,000 14,500 18,000	\$ 0 160,000 71,000	\$ 28,935 109,702 8,154	

**Annual Compensation**

**Long Term Compensation**

**Business Development of  
Interpublic**

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(1) On February 27, 2003, David Bell succeeded John J. Dooner, Jr. as Interpublic's Chairman and CEO and became a member of Interpublic's Board of Directors.

On February 27, 2003, Mr. Dooner stepped down from the position of Chairman and CEO of Interpublic and instead assumed an active operating role as Chairman and CEO of McCann-Erickson WorldGroup. Mr. Dooner retained his seat on Interpublic's Board of Directors.

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No compensation information for Mr. Brooks is included in the Summary Compensation Table in 2001 because he was first hired by Interpublic in 2002.

Mr. Coughlin joined Interpublic on June 16, 2003 and his compensation is reported from and after that date. Consequently, no compensation information for Mr. Coughlin is included in the Summary Compensation Table for 2001 and 2002.

No compensation information for Mr. Krakowsky is included in the Summary Compensation Table in 2001 because he was first hired by Interpublic in 2002.

(2) The salaries of executive officers continuing to serve in the same position are generally reviewed every two years.

(3) Does not include annual salary in the amount of \$112,500 that Mr. Bell has elected to forgo in 2003 in consideration for the receipt of a Special Deferred Benefit Agreement which is more fully described in this Proxy Statement under the heading "Special Deferred Benefit Agreements".

Does not include annual salary in the amount of \$13,750, \$15,000 and \$15,000 that Mr. Camera has elected to forgo in 2003, 2002 and 2001, respectively, in consideration for the receipt of a Special Deferred Benefit Agreement which is more fully described in this Proxy Statement under the heading "Special Deferred Benefit Agreements".

Does not include annual salary in the amount of \$54,167 that Mr. Coughlin has elected to forgo in 2003 in consideration for receipt of a Special Deferred Benefit Agreement which is more fully described in this Proxy Statement under the heading "Special Deferred Benefit Agreements".

Does not include annual salary in the amount of \$50,000 and \$45,833 that Mr. Krakowsky has elected to forgo in 2003 and 2002, respectively, in consideration for receipt of a Special Deferred Benefit Agreement which is more fully described in this Proxy Statement under the heading "Special Deferred Benefit Agreements".

Does not include annual salary in the amount of \$156,667, \$100,000 and \$100,000 that Mr. Nelson has elected to forgo in 2003, 2002 and 2001, respectively, in consideration for the receipt of two Special Deferred Benefit Agreements which are more fully described in this Proxy Statement under the heading "Special Deferred Benefit Agreements".

Does not include annual salary in the amount of \$108,125, \$80,000 and \$50,000 that Mr. Wilmot has elected to forgo in 2003, 2002 and 2001, respectively, in consideration for the receipt of four Special Benefit Deferred Agreements which are more fully described in this Proxy Statement under the heading "Special Deferred Benefit Agreements".

(4) The bonus shown for Mr. Bell in 2003 includes a cash sign-on bonus of \$100,000 that was paid to him shortly after he assumed the position of Chairman, CEO and President of Interpublic. The bonus in 2003 for Mr. Coughlin includes a sign-on bonus consisting of unrestricted shares of Interpublic Common Stock with a fair market value of \$400,000 on June 16, 2003, his date of hire. The bonuses, for Messrs. Brooks and Krakowsky in 2002 consist of sign-on cash bonuses of \$250,000 and \$100,000, respectively, paid in each instance shortly after the executive became employed by Interpublic.

(5) In accordance with SEC rules, information is shown in this column only if as to any named executive officer the aggregate value of perquisites and other personal benefits received during the year exceeds the lesser of (i) \$50,000 and (ii) 10% of the named executive officer's total salary and bonus for that year. SEC rules further require that if the value of perquisites and other personal benefits are required to be reported for any year, the type and amount of any perquisite or other personal benefit that exceeds 25% of total perquisites and other personal benefits must be described.

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Other Annual Compensation for 2003 includes \$28,755 in premiums for medical/dental coverage and \$26,885 in respect of club dues paid on behalf of Mr. Bell (including a one-time club initiation fee); and \$28,755 in premiums for medical/dental coverage and \$19,108 in club dues paid on behalf of Mr. Dooner.

Other Annual Compensation for 2002 includes \$28,272 in premiums for medical/dental coverage and \$22,887 of club dues paid on behalf of Mr. Dooner; \$28,272 in premiums for medical/dental coverage and a \$10,000 automobile allowance for Mr. Camera; \$25,916 in premiums for medical/dental coverage and a \$10,000



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automobile allowance for Mr. Krakowsky; \$28,272 in premiums for medical/dental coverage for Mr. Nelson; and \$28,272 in premiums for medical/dental coverage for Mr. Wilmot.

Other Annual Compensation for 2001 includes \$21,744 in premiums for medical/dental coverage and \$24,813 for club dues paid on behalf of Mr. Dooner; \$21,744 in premiums for medical/dental coverage and \$31,152 as a market differential allowance paid on behalf of Mr. Wilmot during his employment in London.

(6)

The aggregate number and value of shares of restricted stock held by the named executive officers at December 31, 2003 (based on the closing price of the Common Stock on December 31, 2003) are as follows: Mr. Bell 85,000 shares (\$1,326,000); Mr. Dooner 780,000 shares (\$12,168,000); Mr. Brooks 154,833 shares (\$2,415,395); Mr. Camera 13,000 shares (\$202,800); Mr. Krakowsky 58,000 shares (\$904,800); Mr. Nelson 75,000 shares (\$1,170,000) and Mr. Wilmot 14,000 shares (\$218,400). Mr. Bell and Mr. Dooner have announced publicly that they will not sell any of their shares of restricted stock when the transfer restrictions are released until the shares of Interpublic Common Stock reach a price of \$20.00 per share.

The shares of restricted stock shown in the table as awarded to each named executive officer generally have at least a three-year vesting period, subject to the discretion of the Compensation Committee to release the restrictions not earlier than one year after the grant date, except for the following grants:

Mr. Brooks has received the following awards of restricted stock that vest, in whole or in part, in less than three years:

An award of 4,800 shares on November 18, 2002 which vested in its entirety on November 18, 2003.

An award of 3,900 shares on November 18, 2002 which is scheduled to vest in its entirety on November 18, 2004.

An award of 25,000 shares on April 1, 2003, as to which 8,333 vested on April 1, 2004, 8,333 shares are scheduled to vest on April 1, 2005, and 8,334 shares are scheduled to vest on April 1, 2006, (the "April 2003 Award").

Effective as of February 27, 2004, Mr. Brooks entered into a Confidential Separation Agreement and General Release with Interpublic, pursuant to which he resigned from each of his officer positions ("the Separation Agreement"). See "Employment Agreements, Termination of Employment and Change-In-Control Arrangements Termination and Change In Control Agreements Brian Brooks' Separation Agreement". This Agreement provides for the continued vesting of his shares of restricted stock for a one-year severance period. Under the agreement (i) a restricted stock award granted on November 18, 2002 in the amount of 21,300 shares will vest as to 15,975 shares on February 28, 2005; (ii) 13,309 shares of the April 2003 Award will vest on February 28, 2005; (iii) a restricted stock award granted on November 10, 2003 in the amount of 102,233 shares (the "November 2003 Award") will vest as to 18,255 shares on February 28, 2005; and (iv) a restricted stock award granted on November 18, 2003 in the amount of 2,400 shares will vest as to 600 shares on February 28, 2005. The restricted stock awards that do not vest on an accelerated basis under the Separation Agreement will be forfeited by Mr. Brooks, except for the November 2003 Award which will vest in full on January 31, 2008 if Mr. Brooks abides by a non-solicitation provision of the Separation Agreement through that date. The November 2003 Award was originally granted to Mr. Brooks together with a retirement benefit under The Interpublic Senior Executive Retirement Income Plan as consideration for his cancellation of a Special Deferred Benefit Agreement that Interpublic provided him at the time he had joined Interpublic in recognition of his forfeiture of certain benefits that he had received from his prior employer.

Mr. Krakowsky received an award of 50,000 shares of restricted stock on April 1, 2003, 16,500 shares of which vested on April 1, 2004 and another 16,500 shares of which will vest on April 1, 2005. The balance will vest on April 1, 2006. This award was made to Mr. Krakowsky at the time of his periodic review in recognition of his performance.

Mr. Nelson received an award of 25,000 shares of restricted stock on April 1, 2003, 8,250 shares of which vested on April 1, 2004 and 8,250 of which will vest on April 1, 2005. The balance will vest on April 1, 2006. He also received an award of 15,000 shares of restricted stock on April 29, 2003, 4,950 shares of which will vest on April 29, 2004, and another 4,950 shares will vest on April 29, 2005. The balance will vest on April 29, 2006. These awards were made to Mr. Nelson at the time of his periodic review in recognition of his performance.



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Dividends on restricted stock are paid on the same basis as ordinary dividends on the Common Stock. No ordinary dividends were paid on the Common Stock during 2003.

(7)

Options granted in 2001 include an option to purchase 131,100 shares of Interpublic Common Stock issued to Mr. Bell in replacement of stock options held by him under a stock option plan of True North. This option was granted in connection with Interpublic's acquisition of True North. During 2003, Mr. Bell voluntarily cancelled 131,100 of the 256,100 shares of Interpublic's Common Stock underlying stock options that he received in 2001. He relinquished these option awards with the express intent of permitting the underlying shares to be issued to other employees of Interpublic under the 2002 Performance Incentive Plan.

During 2003, Mr. Dooner voluntarily cancelled option awards with respect to 248,000 shares and 252,000 shares of Common Stock that were granted to him on March 24, 2000 and December 15, 2000, respec