

IMPACT OF SOX ON THE ADVERTISING INDUSTRY
Adverse Section 404 Reports
For Companies with Years Ended in 2006
As of July 6, 2007

The following is a copy of the one adverse report that was issued from companies in the Advertising industry with years ended in 2006. This was the accelerated filer in the Advertising industry with adverse Sarbanes-Oxley Section 404 management self assessments. This information was gathered using the online research tool called Audit Analytics an Ives Group, Inc company.

The following is a summary of the **material internal control weaknesses** reported in the adverse Section 404 Self Assessments:

Internal Controls - Accounting documentation, policy and/or procedure	1
Internal Controls - Material and/or numerous auditor /YE adjustments	1
Internal Controls - Remediation of material weakness identified	1
Internal Controls - Untimely or inadequate account reconciliation	1
Internal Controls - Journal entry control issues	1
Internal Controls - Information technology, software, security & access	1
Internal Controls - Ethical or compliance issues with personnel	1
Internal Controls - Accounting personnel resources, competency	1

The following is a summary of the **material accounting weaknesses** reported in the adverse Section 404 Self Assessments. Section 404 is not just about internal control issues, but also about misapplication of financial accounting and reporting issues:

Accounting - Accounts/loans receivable, investments & cash issues	1
Accounting - Consolidation, (Fin46r/Off BS) & foreign curr transl issues	1
Accounting - Debt ,quasi-debt, warrants & equity (BCF) security issues	1
Accounting - Depreciation, depletion or amortization issues	1
Accounting - Liabilities, payables, reserves and accrual est failures	1
Accounting - PPE , intangible or fixed asset (value/diminution) issues	1
Accounting - Tax expense/benefit/deferral/other (FAS 109) issues	1
Accounting - Revenue recognition issues	1
Accounting - Foreign, related party, affiliated and/or subsid issues	1
Accounting - Financial derivatives/hedging (FAS 133) acctg issues	1
Accounting - Expense recording (payroll, SG&A) issues	1
Accounting - Deferred, stock-based or executive comp issues	1



INTERPUBLIC GROUP OF COMPANIES, INC.

10-K 2006 Management - Internal Control Assessment

MANAGEMENT'S ASSESSMENT OF INTERNAL CONTROL OVER FINANCIAL REPORTING
Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended. Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States of America ("GAAP"). We recognize that because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate. To evaluate the effectiveness of our internal control over financial reporting, management used the criteria described in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). A material weakness in internal control over financial reporting is a control deficiency, or combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. In connection with management's assessment of our internal control over financial reporting, we identified the following material weaknesses in our internal control over financial reporting as of December 31, 2006. 1. The Company did not maintain an effective control environment. Specifically, the Company did not maintain a sufficient complement of personnel throughout its worldwide offices with an appropriate level of accounting knowledge, experience and training in the application of GAAP commensurate with the Company's financial reporting requirements. In addition, the Company did not maintain effective controls over the monitoring of its existing internal control activities over financial reporting and, instead, placed heavy reliance on manual procedures without sufficient review. Further, controls were not effective at ensuring employees' acknowledgement of the Company's Code of Conduct.

The material weakness described above has had a pervasive impact on the Company's control environment and has contributed to the material weaknesses described below. 2. The Company did not maintain effective controls over accuracy, presentation and disclosure in recording revenue. Specifically, controls were not designed and in place to ensure that customer contracts were authorized, that customer contracts were analyzed to select the appropriate method of revenue recognition and to identify contracts with client or vendor incentives and rebates, that amounts recorded were compared to amounts billed to clients, and that billable job costs were compared to client cost estimates to ensure that no amounts were owed to clients. In addition, controls were not designed and in place to ensure that revenue transactions were analyzed for appropriate presentation and disclosure of billable client pass-through expenses or for recognition of revenue on a gross or net basis. 3. The Company did not maintain effective controls to ensure that certain financial statement transactions and journal entries, both recurring and non-recurring, were appropriately initiated, authorized, processed, documented, accurately recorded, and reviewed. This was evident in the following specific areas:

- i. accounts receivable transactions, expenditures and fees billable to clients; ii. fixed asset

purchases, disposals and depreciable lives; iii. accounts payable and accrued liabilities; iv. employee and executive compensation and benefits; v. derivative instruments; vi. cash and cash equivalents, wire transfers, and foreign currency transactions; vii. equity investments in unconsolidated entities; and viii. debt and equity transactions. 4. The Company did not maintain effective controls over (1) the accounting for income taxes to ensure amounts are accurately recorded in accordance with GAAP, and (2) the reporting of income tax in the statutory accounts or income tax returns for operations outside of the United States. Specifically, the Company did not have controls designed and in place to:

i. analyze the income tax provision on the statement of operations, and deferred taxes on the balance sheet, to determine appropriate account balances for GAAP reporting; ii. reconcile income tax returns to the appropriate period income tax calculations; iii. identify income tax exposures and contingencies, including interest and penalties, in a timely manner; and iv. for non-U.S. operations only, maintain an accurate and current legal entity listing, and adhere to policy and procedures regarding compliance with local laws and regulations.

This deficiency resulted in audit adjustments to the 2006 annual consolidated financial statements, which impacted deferred income taxes, the provision for income taxes and other comprehensive loss. 5. The Company did not maintain effective controls relating to the completeness and accuracy of local payroll and compensation-related liabilities in certain operations. Specifically, the Company did not have controls designed and in place to:

i. identify instances where local reporting regulations and payroll tax withholding requirements were not met, or to identify compensation practices which were either not supportable under local law or were not fully in accordance with the Company's policies and procedures; and ii. ensure that the underlying records support liabilities related to employee compensation, including an inventory of employee benefit plans, the calculation of pension liabilities and changes made to benefit plans which impact the Company's compliance with certain employment and tax regulations.

6. The Company did not maintain effective controls over the safeguarding of assets. Controls were not designed and in place to segregate responsibility and authority between initiating, processing and recording of transactions. 7. The Company did not maintain effective controls over access and changes to the Company's financial applications and data, and controls over spreadsheets used in the Company's financial reporting process. Specifically, controls were not designed and in place to ensure that access to certain financial applications, data and spreadsheets at certain locations was adequately restricted to authorized personnel, and that changes to financial applications were documented and tested. Also, controls were not designed and in place to ensure that unauthorized modification of the data or formulas within spreadsheets would be prevented.

The control deficiencies described above could result in misstatements of account balances or disclosures that would be material to the annual or interim consolidated financial statements that would not be prevented or detected. Accordingly, management has concluded that each of the control deficiencies noted above constitutes a material weakness and that our internal control over financial reporting was not effective as of December 31, 2006. Management's assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2006 has been audited by PricewaterhouseCoopers LLP ("PwC"), our independent registered public accounting firm. PwC's report is included in this Item 8. **REMEDIATION OF CERTAIN MATERIAL WEAKNESSES IN INTERNAL CONTROL OVER FINANCIAL REPORTING DISCLOSED IN OUR 2005 ANNUAL REPORT ON FORM 10-K** During the fourth

quarter of 2006, there were changes in internal control that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. Also, in relation to these changes in internal controls, during the fourth quarter of 2006, management completed its testing to validate the effectiveness of its remedial measures, and concluded that controls related to the remediation of certain of the material weaknesses previously disclosed in the 2005 Annual Report on Form 10-K were designed, in place and operating effectively for a sufficient period of time for management to determine that the material weaknesses were remediated as of December 31, 2006. Material weaknesses in the following areas were remediated: • the accounting for purchase business combinations and the completeness, accuracy and valuation of assets and liabilities recorded for compensatory earn-out and put arrangements and derivatives embedded within acquisition transactions; • the complete and accurate recording of leases in accordance with GAAP; • the accuracy and completeness of the processing and monitoring of intercompany transactions; • the reconciliation of financial statement accounts; • the analysis of certain financial statement accounts to value and record them in a timely, accurate and complete manner; • the period-end financial reporting process; • the documentation, testing and evaluation of controls at independent service providers, including those to which we outsource certain payroll processing services in North America; and • the communication of policies and procedures.

The changes to our internal control over financial reporting for each of the remediated material weaknesses were as follows: • For purchase business combinations, we have (i) implemented controls to ensure that our acquisition database, which is used to track all pending and completed acquisitions, properly reflects all information relevant to an acquisition, including the review sign-offs by appropriate personnel, (ii) developed new procedures to ensure the term sheet and acquisition agreements are circulated to and reviewed by the appropriate personnel in the Controllers, Corporate Development, Treasury and Legal departments, and (iii) instituted monthly meetings between the Corporate Controllers and Corporate Development departments to review the status of current and potential acquisitions. For compensatory earn-out and put arrangements or derivatives embedded within acquisition transactions, we implemented controls to require approval from our operating management, as well as members of our Corporate Controllers, Corporate Development and Tax departments, prior to the execution of the related agreement. • For leases, we centralized the review, recording and monitoring of lease accounting and reporting at one of our shared service centers. Also, we now require that our Accounting Policy group review the accounting for significant new or amended leases, the early termination of leases, and the exit of facilities under lease. • For intercompany transactions, we established a standard set of accounts, implemented standard processes around intercompany settlements and dispute resolution, and rolled out a company-wide intercompany matching tool designed to facilitate the identification and resolution of intercompany differences. Controls have been established to facilitate the timely review, resolution and elimination of intercompany balances and activity. • For account reconciliations, we implemented a web-based reconciliation and monitoring tool for certain accounts based on the risk, size and level of activity in accounts. Additionally, we performed extensive, mandatory training throughout the Company to ensure that personnel understood and adhered to the revised policies and procedures related to account reconciliations. • For account analyses, we implemented ongoing review procedures at the local, regional and consolidated reporting levels as part of the monthly closing process. We also performed extensive, mandatory training throughout the Company to ensure that personnel understood and adhered to the policies and procedures related to account analyses. • For the period-end financial reporting process, we hired personnel in the Corporate Controllers department possessing GAAP and SEC reporting knowledge and experience, and implemented procedures and controls, including closing schedules, checklists and revised reporting package schedules, to allow for the timely and accurate presentation and review of financial statement accounts and disclosures. • For independent service providers, we

performed an inventory of outsourced processes and controls, and developed a standard set of user controls, assessment forms, and guidelines for determining whether outsourced work requires a service auditor's report in accordance with Statement on Auditing Standards No. 70, Service Organizations. • For the communication of and adherence to Company policies and procedures, our Chief Risk Officer distributed a summary of new or modified policies and procedures that have been posted to the Company's Policy and Procedure website each quarter. Updated policies and procedures were prepared and communicated, and training provided, in relation to all of the above material weaknesses remediated in the fourth quarter of 2006.

ONGOING REMEDIATION OF MATERIAL WEAKNESSES IN INTERNAL CONTROL OVER FINANCIAL REPORTING AS OF DECEMBER 31, 2006 Management initiated a comprehensive remediation program, aimed at remediating the material weaknesses disclosed in our 2005 Annual Report on Form 10-K by December 31, 2007. Cross-functional teams were established to focus on the material weaknesses. Each team, led by the Corporate Controller, went through a comprehensive process to identify and assess the problems relating to the material weaknesses, outline and assess potential solutions, finalize recommended solutions, and create an implementation plan to improve financial controls and remediate the material weaknesses. During 2006, we combined multiple agency controller organizations by region, except in North America, into a central unit. Each region operates using a consistent methods and procedures manual, which is intended to provide uniform monitoring control of our agencies around the world. We also developed tools and documentation to apply uniform monitoring control standards throughout the organization. The regional teams also conduct site visits to various agencies to review results and perform monitoring procedures to ensure that the appropriate processes are followed. As discussed in the previous section, these actions and specific changes in internal control over financial reporting resulted in the remediation of certain material weaknesses during the fourth quarter of 2006. We continue to have extensive work remaining to remediate our remaining material weaknesses. The magnitude of the work is attributable partly to our decentralized structure and the number of disparate accounting systems of varying quality and sophistication that we utilize across the Company. We have developed a work plan with the goal of remediating all of the identified material weaknesses by the time we file our Annual Report on Form 10-K for the year ending December 31, 2007. There can be no assurance, however, as to when the remediation plan will be fully implemented and all the material weaknesses remediated. There also can be no assurance that new problems will not be found in the future. Common actions we have taken and continue to take, and which were instrumental in remediating certain material weaknesses during the fourth quarter of 2006, include: • new or enhanced policies, and methods and procedure guides; • revised work processes; • enhanced monitoring and communications; • new or enhanced templates and analytic tools; • training and skills development; • clarified accountabilities and structure; and • updated control procedures and test plans to reflect new policies, processes and procedures and evidenced implementation.

In addition, the following ongoing remedial actions continue to be implemented across our operating units: • Meetings with management of our financial and operating units to ensure their understanding of the procedures to be followed and requirements to be met prior to executing required internal management certification letters to accompany the financial statements they submit. • Continuing to formalize direct Corporate oversight of all financial personnel company-wide with accounting and control-related responsibilities. • Continuing a focused effort to establish controls to deter and detect fraud with significant oversight and input by our Board of Directors and Audit Committee, including, but not limited to, ensuring proper follow-up and resolution of whistleblowers' assertions. We have communicated to our locations that an anonymous alert line is in place and is there to use if employees do not feel

comfortable with communicating with their local management. • Establishing standard global documentation and testing requirements of internal controls over financial reporting to ensure consistency in the overall evaluation of internal controls within our operating units and to enable focused future remediation efforts related to our control deficiencies. • Implementing a new enterprise-wide resource-planning software system with continuing rollouts through early 2007. This implementation will allow for enhanced reporting of our results internally across the Company, and will also allow for numerous controls to be automated within the system. • Continuing the development of a shared services organization to consolidate various financial transactional functions to attain efficiencies and improve controls surrounding these activities. • Continuing to assess the accounting and finance personnel at our agencies. In some cases, we have already either replaced personnel or hired additional resources. • Updating and continuing to enhance accounting and finance-related policies and procedures. • Establishing revised quarterly reporting for tax accounts, updating and enhancing tax-related policies and procedures, and increasing tax training at regional and local levels. We also hired a team of professionals solely to ensure that the tax reporting information is being provided timely and accurately. • Engaging outside professional tax advisors to review the local income tax returns of each subsidiary outside of the U.S. prior to filing in order to ensure they are filed on a timely basis and are prepared in accordance with local law and regulations. • Requiring written approval of a corporate committee consisting of senior representatives of the human resources, tax, legal and accounting functions for any non-traditional employment arrangement or payroll practice. In addition, all existing non-traditional employment arrangements must be reviewed by senior agency financial executives and a formal plan proposed to eliminate those arrangements which are not supportable under local law and practice, as well as our policies and procedures.

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