

OMNICOM GROUP INC

Form DEF 14A

April 14, 2011

OMNICOM GROUP INC.

437 Madison Avenue

New York, New York 10022

NOTICE OF 2011 ANNUAL MEETING OF SHAREHOLDERS

Meeting Date: Tuesday, May 24, 2011

Time: 10:00 a.m. Eastern Daylight Time

Place: Ketchum Washington
2000 L Street, NW
Suite 300
Washington, D.C. 20036

- Subject:**
1. Elect the directors named in the Proxy Statement accompanying this notice to the Company's Board of Directors to serve until the Company's 2012 Annual Meeting of Shareholders or until the election and qualification of their respective successors.
 2. Ratify the appointment of KPMG LLP as our independent auditors for the fiscal year ending December 31, 2011.
 3. Approve an amendment and restatement of the Company's Charter to allow shareholder action by less than unanimous written consent.
 4. Approve an amendment and restatement of the Company's Charter and By-laws to eliminate supermajority voting requirements.
 5. Vote on an advisory resolution on the Company's executive compensation.
 6. Vote on the frequency of future shareholder advisory votes on the Company's executive compensation.

The Board unanimously recommends that you vote:

- **FOR each of the director nominees;**
- **FOR the ratification of the appointment of KPMG LLP as our independent auditors;**
- **FOR the amendment and restatement of the Company's Charter to allow shareholder action by less than unanimous written consent;**
- **FOR the amendment and restatement of the Company's Charter and By-laws to eliminate supermajority voting requirements;**
- **FOR the advisory resolution on the Company's executive compensation; and**
- **for a frequency of every 1 YEAR for future shareholder advisory votes on the Company's executive compensation.**

Record Date: April 8, 2011

Shareholders will also transact any other business that is properly presented at the meeting. At this time, we know of no other matters that will be presented.

In accordance with the rules approved by the U.S. Securities and Exchange Commission, we sent a Notice of Internet Availability of Proxy Materials on or about April 14, 2011, and provided access to our proxy materials on the Internet, beginning on April 14, 2011, for the holders of record and beneficial owners of our common stock as of the close of business on the record date.

Please sign and return your proxy card, vote by telephone or Internet (instructions are on your proxy card), or vote your shares in person, so that your shares will be represented whether or not you plan to attend the 2011 Annual Meeting of Shareholders.

MICHAEL J. O BRIEN
Secretary

New York, New York
April 14, 2011

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OMNICOM GROUP INC.
437 Madison Avenue
New York, New York 10022

PROXY STATEMENT

The Board of Directors of Omnicom Group Inc., a New York corporation (Omnicom, the Company, we, us or is using this Proxy Statement to solicit proxies for our 2011 Annual Meeting of Shareholders (2011 Annual Meeting) on Tuesday, May 24, 2011 at 10:00 a.m. Eastern Daylight Time, at Ketchum Washington, 2000 L Street, NW, Suite 300, Washington, D.C. 20036 and at any adjournments or postponements of the 2011 Annual Meeting. In accordance with rules promulgated by the U.S. Securities and Exchange Commission (SEC), we have elected to provide access to our proxy materials on the Internet. This Proxy Statement and our 2010 Annual Report to Shareholders are available, beginning April 14, 2011, on our website at <http://www.omnicomgroup.com>. You may also access our Proxy Statement and our 2010 Annual Report to Shareholders at <https://materials.proxyvote.com/681919>.

Holders of our common stock, par value \$0.15 per share, as of the close of business on April 8, 2011, will be entitled to vote their shares at the 2011 Annual Meeting. On that date, there were 284,690,742 shares of our common stock outstanding, each of which is entitled to one vote for each matter to be voted on at the 2011 Annual Meeting.

You can vote your shares:

- by returning the *proxy card*;
- through the Internet at the website shown on the proxy card or notice of Internet availability of proxy materials;
- by telephone using the toll-free number shown on the proxy card or notice of Internet availability of proxy materials; or
- in person at the 2011 Annual Meeting.

Votes submitted through the Internet or by telephone must be received by 11:59 p.m. Eastern Daylight Time on Monday, May 23, 2011. For shares held in our employee retirement savings plan and/or our employee stock purchase plan, however, votes submitted through the Internet or by telephone must be received by 11:59 p.m. Eastern Daylight Time on Thursday, May 19, 2011. Internet and telephone voting are available 24 hours a day and, if you use one of these methods, you do not need to return a proxy card. If you attend the meeting and vote in person, your vote will supersede any earlier voting instructions.

You may be asked to present valid photo identification, such as a driver's license or passport, before being admitted to the 2011 Annual Meeting. Cameras, recording devices and other electronic devices will not be permitted at the 2011 Annual Meeting.

If you hold shares in street name (that is, through a bank, broker or other nominee) and would like to attend the 2011 Annual Meeting, you will need to bring an account statement or other acceptable evidence of ownership of our common stock on April 8, 2011, the record date for voting. Alternatively, in order to vote, you may obtain a proxy from your bank, broker or other nominee and bring the proxy to the 2011 Annual Meeting.

Additional information about the meeting is included below in this Proxy Statement in the section entitled Information About Voting and the Meeting.

CORPORATE GOVERNANCE

Board Composition and Leadership; Stock Ownership Guidelines

Our Board of Directors currently consists of 12 directors: 10 independent or outside directors, our Chairman of the Board (Bruce Crawford) and our President and Chief Executive Officer (John D. Wren). Each director stands for election annually. Biographical information and information about the Committees on which our directors serve is included below in the section entitled "Items To Be Voted On: Item 1 Election of Directors."

We have maintained a separate Chairman of the Board and CEO since January 1, 1997, and we treat those positions as separate and distinct. The CEO is responsible for the overall execution of the Company's strategy. The Chairman of the Board provides guidance and mentorship to the CEO, and presides over meetings of the full Board. We believe that this leadership structure enhances the accountability of the CEO to the Board and strengthens the Board's independence from management.

Our Chairman of the Board, Bruce Crawford, has tremendous experience both with Omnicom and in advertising. He began his career in advertising in 1956 and, in 1963, he joined BBDO Worldwide. He held a variety of high-level positions at BBDO, including that of President and CEO. He was Omnicom's President and CEO from 1989 until 1995, when he became Omnicom's Chairman of the Board and CEO. Upon Mr. Wren's appointment as President and Chief Executive Officer in 1997, Mr. Crawford resigned from his role as CEO, while remaining Chairman of the Board as well as an executive officer. Our Board has determined that Mr. Crawford's continued role as Chairman of the Board allows us to further benefit from the depth of Mr. Crawford's prior experience and helps us preserve our distinctive culture and history.

Mr. Wren is a member of the Board in addition to being our President and CEO. Separating the roles of CEO and Chairman of the Board allows Mr. Wren to focus his efforts on running our business and managing the Company in the best interests of our shareholders.

We believe our CEO and our Chairman of the Board have an excellent working relationship that has allowed Mr. Wren to focus on our Company's successful performance. Our Governance Committee oversees the evaluation of the Board and makes recommendations to the Board with respect to the Board's performance and standards and procedures for review of the Board's performance. Our Governance Committee is tasked with evaluating and making recommendations to the Board with respect to the functions of our Board committees including their structure, responsibilities, performance and composition.

Our Board believes that the current Board leadership structure is best for the Company and its shareholders at this time.

Our outside directors are Alan R. Batkin, Robert Charles Clark, Leonard S. Coleman, Jr., Errol M. Cook, Susan S. Denison, Michael A. Henning, John R. Murphy, John R. Purcell, Linda Johnson Rice and Gary L. Roubos. Our Board has determined that all of our outside directors are independent within the meaning of the rules of the New York Stock Exchange, Inc. (NYSE), as well as under our Corporate Governance Guidelines. Our Corporate Governance Guidelines are posted on our website at <http://www.omnicomgroup.com>. In determining that each of our outside directors is independent, the Board of Directors took into consideration the answers to annual questionnaires completed by each of the directors, which covered any transactions with director-affiliated entities. The Board also considered that Omnicom and its subsidiaries occasionally and in the ordinary course of business, sell products and services to, and/or purchase products and services from, entities (including charitable foundations) with which certain directors are affiliated. The Board determined that these transactions were not material to Omnicom or the entity and that none of our directors had a material interest in the transactions with these entities. The Board therefore

determined that none of these relationships impaired the independence of any outside director.

As a matter of policy, the independent non-management directors regularly meet in executive session, without management present. They met six times in 2010. Our Board has appointed Mr. Purcell, the Chairman of our Governance Committee, to preside over executive sessions of the Board.

The Board encourages stock ownership by directors and senior executives. Directors may elect to receive some or all of their cash director compensation in our common stock. Information about stock ownership by our directors and executive officers is included below in the section entitled "Stock Ownership", information about

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stock ownership guidelines for our named executive officers is included below in the section entitled *Executive Compensation: Compensation Discussion and Analysis*, information about stock ownership guidelines for our directors is included below in the section entitled *Directors' Compensation for Fiscal 2010*.

Board Operations

Our Board met seven times during 2010. The Board generally conducts specific oversight tasks through Committees so that the Board as a whole can focus on strategic matters and those particular tasks that by law or custom require the attention of the full Board. Our Board has established six standing Committees, functioning in these areas, as explained more fully below:

- audit and financial reporting
- management/compensation
- corporate governance
- finance and acquisitions/divestitures
- attendance to matters requiring consideration between Board meetings
- qualified legal compliance

Each of the Committees operates under a written charter recommended by the Governance Committee and approved by the Board. The Board operates pursuant to our Corporate Governance Guidelines. Each Board Committee is authorized to retain its own outside advisors. Our Corporate Governance Guidelines and Committee charters that have been approved by the Board are posted on our website at <http://www.omnicomgroup.com>.

Audit Committee: The Audit Committee's purpose is to assist the Board in carrying out its financial reporting and oversight responsibilities, including oversight of risk as described in *Risk Oversight* below. In this regard, the Audit Committee assists the Board in its oversight of (a) the integrity of our financial statements, (b) compliance with legal and regulatory requirements, (c) the qualifications and independence of our independent auditors, and (d) the performance of our internal audit function and independent auditors. Furthermore, the Audit Committee prepares the report included below in the section entitled *Audit Related Matters: Audit Committee Report*. The Audit Committee also has the power to retain or dismiss our independent auditors and to approve their compensation.

The members of our Audit Committee are Messrs. Murphy (Committee Chair), Clark, Cook and Henning. The Board has determined that each member of our Audit Committee is independent within the meaning of the rules of both the NYSE and Rule 10A-3 of the Securities Exchange Act of 1934, as amended. The Board has also determined that each member of our Audit Committee is an audit committee financial expert, is financially literate and has accounting or related financial management expertise, as such qualifications are defined by SEC regulations and the rules of the NYSE, respectively. In addition to being a member of Omnicom's Audit Committee, Mr. Henning serves on the audit committees of three other public companies. The Board has determined that Mr. Henning's additional board service does not negatively impact his service to the Omnicom Audit Committee. It is the Board's opinion that Mr. Henning's breadth and depth of financial experience and knowledge greatly enhance the abilities and competencies of the Omnicom Audit Committee, and that, as a retiree, Mr. Henning has ample time and capacity to serve such other public company audit committees without impairing his ability to serve Omnicom. In the Board's opinion, such service actually enhances his ability to serve Omnicom.

The Audit Committee met 11 times last year.

Compensation Committee: The Compensation Committee's purpose is (a) to assist the Board in carrying out its oversight responsibilities relating to compensation matters, including oversight of risk as described in *Risk Oversight* below, (b) to prepare a report on executive compensation for inclusion in our annual Proxy Statement and (c) to

administer and approve awards under our equity and other compensation plans. The report of the Compensation Committee is included below in the section entitled Executive Compensation: Compensation Committee Report.

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None of our Compensation Committee members is a current or former employee or officer of Omnicom or its subsidiaries. None of the Compensation Committee members has ever had any relationship requiring disclosure by Omnicom under Item 404 of the SEC's Regulation S-K. None of our executive officers serves as a member of the board of directors or compensation committee of any other company that has an executive officer serving as a member of our Board or its Compensation Committee.

The members of our Compensation Committee are Messrs. Roubos (Committee Chair), Batkin, Coleman and Henning and Ms. Denison and Johnson Rice. The Board has determined that each member of our Compensation Committee is independent within the meaning of the rules of the NYSE and a non-employee director within the meaning of the regulations of the SEC.

The Compensation Committee met nine times last year.

Governance Committee: The Governance Committee's purpose is to assist the Board in carrying out its oversight responsibilities, including oversight of risk as described in Risk Oversight below, relating to (a) the composition of the Board and (b) certain corporate governance matters. As part of its responsibilities, the Committee considers and makes recommendations to the full Board with respect to the following matters:

- director nominees and underlying criteria for election to the Board and its Committees;
- the functions of the Board Committees;
- standards and procedures for review of the Board's performance;
- our corporate governance policies generally, including with respect to director qualification standards, responsibilities, access to management and independent advisors, compensation, orientation and education, and performance evaluation;
- management succession;
- the Code of Conduct applicable to our directors, officers and employees; and
- the Governance Committee's performance of its own responsibilities.

The members of our Governance Committee are Messrs. Purcell (Committee Chair), Clark, Coleman and Cook, and Ms. Denison and Johnson Rice. The Board has determined that each member of our Governance Committee is independent within the meaning of the rules of the NYSE.

The Governance Committee met nine times last year.

Nominations for directors at our 2012 Annual Meeting of Shareholders may be made only by the Board or a Board Committee, or by a shareholder entitled to vote who delivers notice along with the additional information and materials required by our By-laws to our Corporate Secretary not later than 60 days prior to the date set for the 2012 Annual Meeting of Shareholders. Our By-laws provide that in order for a nomination to be considered, the notice must include the information as to such nominee and submitting shareholder that would be required to be included in a proxy statement under the proxy rules of the SEC if such shareholder were to solicit proxies from all shareholders of Omnicom for the election of such nominee as a director and if such solicitation were one to which Rules 14a-3 to 14a-12 under the Securities Exchange Act of 1934, as amended, applied. We also may require any proposed nominee to furnish such other information as may be reasonably required to determine whether the proposed nominee is eligible to serve as an independent director or that could be material to a reasonable shareholder's understanding of the nominee's independence or lack thereof. You can obtain a copy of the full text of the By-law provision noted above by writing to our Corporate Secretary at our address listed on the cover of this Proxy Statement, or on our website at <http://www.omnicomgroup.com>. Our By-laws have also been filed with the SEC.

The Governance Committee will consider all candidates recommended by our shareholders in accordance with the procedures included in our By-laws and this Proxy Statement. We did not receive any nominee recommendations from shareholders this year. Any future director candidate recommendations made by shareholders that are properly submitted will be considered by the Governance Committee in the same manner as those submitted by the Board or the Governance Committee itself.

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Our Board seeks to ensure that it is composed of individuals not only with substantial experience and judgment but also from diverse backgrounds and experiences. In determining the nominees for the Board, our Governance Committee considers the criteria outlined in our Corporate Governance Guidelines including a nominee's background and experience in relation to other members of the Board, his or her readiness to commit the time required to discharge Board duties and independence issues. In addition, our Governance Committee considers the composition of the Board as a whole and diversity in its broadest sense, including persons diverse in geography, gender and ethnicity as well as representing diverse viewpoints, age, and professional and life experiences. In considering diversity, director nominees are neither chosen nor excluded solely or largely based on any one factor. The Governance Committee considers a broad spectrum of skills and experience to ensure a strong and effective Board.

Our Governance Committee oversees the evaluation of the Board and makes recommendations to the Board with respect to the Board's performance and standards and procedures for review of the Board's performance. Our Governance Committee is tasked with evaluating and making recommendations to the Board with respect to the functions of our Board Committees including their structure, responsibilities, performance and composition.

The Governance Committee reviews the composition of the Board at least annually and recommends to the full Board nominees for election. The Governance Committee identifies the skills and experience needed to replace any departing director and may perform research, either itself or by engaging third parties to do so on its behalf, to identify and evaluate director candidates.

Finance Committee: The Finance Committee's purpose is to assist the Board in carrying out its oversight responsibilities relating to financial matters affecting Omnicom, including in respect of acquisitions, divestitures and financings and the oversight of risk as described in Risk Oversight below.

The members of our Finance Committee are Messrs. Crawford (Committee Chair), Batkin, Murphy, Purcell and Roubos.

The Finance Committee met seven times last year.

Executive Committee: The Executive Committee's purpose is to act on behalf of the Board in the management of the Board's business and affairs between Board meetings, except as specifically prohibited by applicable law or regulation, or by our charter or By-laws. In practice, the Committee meets only when it is impractical to call a meeting of the full Board.

The members of our Executive Committee are Messrs. Coleman (Committee Chair), Crawford, Murphy, Purcell and Roubos.

The Executive Committee met three times last year.

Qualified Legal Compliance Committee: Our Qualified Legal Compliance Committee (QLCC) is comprised of the current members of our Audit Committee. As contemplated by SEC rules on corporate governance, the purpose of the QLCC is to receive, investigate and recommend responses to reports made by attorneys employed or retained by Omnicom or one of its subsidiaries of evidence of any material violation of U.S. federal or state securities law, material breach of fiduciary duty arising under U.S. federal or state law or a similar material violation of any U.S. federal or state law. The QLCC only meets when necessary and did not meet in 2010.

Director Attendance

Attendance at Board and committee meetings during 2010 averaged 99% for the directors as a group. Each of our directors attended at least 96% of the meetings of the Board and the Committees of the Board on which they served during 2010. We encourage our directors to attend our annual meetings of shareholders, and in 2010, all of our directors attended the 2010 Annual Meeting of Shareholders.

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Qualifications of the Members of the Board of Directors

In accordance with the process for the selection and nomination of directors described above, the Governance Committee reviews the composition of the Board at least annually and recommends to the full Board nominees for election. As part of its evaluation, the Governance Committee considers the slate of directors as a whole as well as the specific skills, backgrounds, experiences and qualifications of each nominee. The Board believes that a combination of skill-sets and experiences in a variety of industries provides the Board with the necessary range and depth of knowledge to most effectively oversee a company as large and complex as Omnicom. In addition to each nominee's business experience and service on the boards of other companies, the Board takes into consideration other factors such as the educational background of each director nominee. The below does not include personal traits such as integrity and time commitment that are essential to a nominee's qualifications and is not intended to be an exhaustive description of the qualifications that the Board considered with respect to the director nominees.

- **John D. Wren**: Through the positions Mr. Wren has held at Omnicom and its networks, including that of President and Chief Executive Officer of Omnicom since January 1997, Mr. Wren possesses an in-depth understanding of the Company's complex global businesses and strategy. As the former Chief Executive Officer of Omnicom's Diversified Agency Services division, Mr. Wren has tremendous advertising, marketing and corporate communications experience. Under his leadership, Diversified Agency Services grew to become Omnicom's largest operating group. Together with his strategic vision, Mr. Wren's vast knowledge of Omnicom, its businesses and its clients enables him to provide important insights to the Board. Mr. Wren is also a member of the International Business Council of the World Economic Forum, and as such, he has direct exposure to the dynamic issues facing a myriad of international companies. This exposure is a valuable asset to the Company and enhances the Board's ability to judiciously oversee management of Omnicom's own complex global businesses.
- **Bruce Crawford**: Mr. Crawford brings to the Board an unmatched tenure and degree of experience in the advertising, marketing and corporate communications industries. His involvement in the industry began in 1956, and since then he has held a diverse array of positions, such as Omnicom's Chairman of the Board, President, and Chief Executive Officer. In addition, Mr. Crawford has held a variety of high-level positions at BBDO and for several years was the President and Chief Executive Officer of BBDO. These positions have earned Mr. Crawford an extremely keen understanding and a vast scope of knowledge of Omnicom's business operations and strategy. Mr. Crawford's experiences and qualifications also include his active involvement on a number of non-profit boards.
- **Alan R. Batkin**: The selection of Mr. Batkin as a director nominee was partly grounded in the fact that his sixteen years of experience as the Vice Chairman of a geopolitical consulting firm advising multinational companies brings to the Board a genuine comprehension and knowledge of the strategy and management of a dynamic and global business. Mr. Batkin understands the complex relationships crucial to successfully running international businesses, as well as the sophisticated strategies involved in expanding international business operations. Growing Omnicom's non-U.S. operations is critical to our long-term business strategy and Mr. Batkin's expertise in this regard is a critical component of the Board's mix of skill sets. Having worked for more than 22 years in senior investment banking and accounting positions, Mr. Batkin also has high-level financial experience and can provide the Board with valuable input relating to matters of corporate finance and asset management. This experience is additive not only to his role as a director, but also to his service as a member of our Finance Committee. In addition, Mr. Batkin has extensive experience serving on the boards and audit committees of several public companies in a variety of industries.
- **Robert Charles Clark**: Among other things, Mr. Clark provides the Board with corporate governance expertise and substantial knowledge of corporate law, including experience gained as a Harvard University Distinguished Service Professor, Harvard Law School, and a tenured professor of law at Yale Law School. In these positions Mr. Clark has become one of the foremost authorities on corporate governance matters and has developed an acute appreciation for the intricacies of corporate law and a tremendous knowledge of corporate

governance best practices. Mr. Clark's corporate governance and compliance expertise is particularly beneficial to his service as a member of

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Omnicom's Governance and Audit Committees. In addition, Mr. Clark has valuable accounting experience through the position he has held as dean of a leading law school responsible for all aspects of its management, including financial. Mr. Clark also has extensive public and private company board experience and serves as a member of the Audit Committee and Chair of the Nominating & Governance Committee of Time Warner. He also serves as Chair of the Nominating and Governance Committee and a member of the Human Resources, Corporate Governance and Social Responsibility, and Executive Committees of Teachers Insurance and Annuity Association (TIAA). Through his service on the boards of both corporate institutions such as Time Warner and financial institutions such as TIAA, as well as the boards of other large public companies, Mr. Clark possesses an in-depth knowledge of the financial management and business operations and strategies of a global enterprise.

- Leonard S. Coleman, Jr.: Omnicom and its Board of Directors benefit from the diverse business experience that Mr. Coleman has acquired over his career, including during more than a decade of senior management experience in Major League Baseball where he took on a wide range of executive management responsibilities. Mr. Coleman gained significant financial experience through his years of working as a municipal finance banker at Kidder Peabody. Further, he has extensive government experience having served as Commissioner of the New Jersey Department of Community Affairs where his responsibilities included overseeing all local and county budgets. As Commissioner of New Jersey's Department of Energy, he developed energy policy for the state. In addition, Mr. Coleman was Chairman of the Hackensack Meadowlands Development Commission developing zoning regulations for the area, Chairman of the New Jersey Housing and Mortgage Finance Agency, Vice Chairman of the State Commission on Ethical Standards, a member of the Economic Development Authority, Urban Enterprise Zone Authority, Urban Development Authority, State Planning Commission and New Jersey Public Television Commission, and President of the Greater Newark Urban Coalition. Mr. Coleman also lived overseas for several years serving as a management consultant. Mr. Coleman's experiences and qualifications also include active involvement on the boards of a number of large public companies, providing him with a deep understanding of the operational and financial aspects of businesses, both domestic and international.
- Errol M. Cook: Mr. Cook provides the Board with, among other things, valuable accounting experience and financial expertise that directly relates to Omnicom's businesses, including through the high-level positions he has held at the international accounting firm Ernst & Young. He served as Chairman of the Media and Entertainment Committee and Chairman of the Retail Industry Committee of the New York State Society of CPAs. While at Warburg Pincus, a global leader in the private equity industry, Mr. Cook served on the FASB task force on business combinations and goodwill accounting and later consulted for companies preparing for Sarbanes-Oxley. Through such work experience, Mr. Cook has developed an expert understanding of corporate compliance issues and best practices, which is a valuable contribution to his service as a member of Omnicom's Audit and Governance Committees. All of these positions have provided Mr. Cook with a strong accounting and financial background, including a comprehensive understanding of accounting rules and practices, financial statements, corporate finance, capital markets and asset management, each specifically in the context of Omnicom's businesses. Mr. Cook also has experience as a former member of the board and audit committees of other public companies.
- Susan S. Denison: With her many years of experience in media and marketing, including multiple senior management roles for companies as varied as Richardson-Vicks, Clairol, Showtime Networks, Revlon and Madison Square Garden, Ms. Denison provides Omnicom and its Board with a deep understanding of consumer behavior and a strategic vision of the business operations of Omnicom's agencies. As Partner of an executive search firm and an executive within the media, entertainment and consumer products industries, Ms. Denison brings to the Board an intimate familiarity with executive compensation practices, as well as an extensive knowledge of complex media strategies, the oversight of management, and consumer market insights. Ms. Denison's leadership experience as a Partner at Cook Associates where she is involved in executive recruiting of the most senior executives, generally at the C Suite level, provides her with

unparalleled knowledge of the compensation policies and practices of large public companies. This knowledge is an extremely

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valuable contribution to her role as a member of Omnicom's Compensation Committee and better enables the Board to perform its function of overseeing management retention and succession. Ms. Denison also brings an international perspective to the Board through her prior service on the Board and Compensation Committee of a company listed on the Tel-Aviv Stock Exchange.

- **Michael A. Henning**: The selection of Mr. Henning as a director nominee was based, among other things, upon his extensive experience gained over a career spanning 40 years in senior positions for Ernst & Young, an internationally recognized accounting firm. At Ernst & Young, Mr. Henning served in a variety of positions including that of Deputy Chairman, Chief Executive Officer International, and Vice Chairman of Taxation. One of the many areas in which Mr. Henning's long and distinguished career has made him knowledgeable is taxation, both domestic and international. His highly developed understanding of complex domestic and worldwide taxation regulations, policies and practices is an important component of the Board's aggregation of skill-sets. Mr. Henning's in-depth understanding of financial and accounting matters and his perceptive insights into the issues facing a multinational business such as Omnicom are extremely helpful to the Board and its Audit Committee. Further, Mr. Henning has served on the board, audit committees and compensation committees of several large public companies.
- **John R. Murphy**: Mr. Murphy has significant experience in the newspaper publishing industry in which he has served in the roles of president, publisher and editor. In such varied roles, his supervisory purview has included the advertising and circulation departments, allowing him to bring to the Board a keen knowledge of the media buying perspective which is a crucial component of Omnicom's businesses. In addition, Mr. Murphy's service as Vice Chairman of National Geographic Society for over 12 years provides him with valuable business, leadership and management experience and allows him to provide the Board with insight into strategic business development and operational matters. Mr. Murphy also has considerable financial knowledge and expertise based in part on his mutual fund and hedge fund experience as the Chairman of PNC Funds. Through his service on the boards of other companies in a wide variety of industries and, in particular, through his long tenure as the chairman of the audit committees of three public companies, including Omnicom, Mr. Murphy has a sizeable amount of board and audit committee experience which is a significant asset to Omnicom's Board and greatly enhances his position as the Chairman of its Audit Committee.
- **John R. Purcell**: Among his other qualifications, Mr. Purcell's years of experience as a tax lawyer at Covington & Burlington and as internal tax counsel at United Technologies have endowed him with a keen insight into legal issues and corporate compliance matters. The strength of judgment derived from this honed insight is a crucial aspect of what qualifies him to serve as the Chairman of Omnicom's Governance Committee. Further, his extensive experience as a tax lawyer also provides him with a true understanding of the important taxation issues implicated in Omnicom's global business operations. In addition, Mr. Purcell has many years of senior management experience working in the publishing, broadcasting and marketing industries in roles as varied as Chief Executive Officer, Chief Financial Officer and Chief Operating Officer which gives him a solid grasp of how to effectively oversee the management of a complex advertising, marketing and corporate communications company and, coupled with his distinguished career in banking and finance, how to deploy a global corporation's assets and optimize its capital structure. As a member of Omnicom's Board of Directors since its creation in 1986, Mr. Purcell has a deep understanding of Omnicom's history, strategies, operations, businesses and customers. This accumulated knowledge is an asset to the Board and is extremely valuable to Omnicom in the development of its complex global businesses. Mr. Purcell's contribution to Omnicom's Board is further enhanced by his extremely significant board experience at approximately fifteen other public companies.
- **Linda Johnson Rice**: As a director, Mrs. Johnson Rice provides Omnicom with a unique perspective into expanding the operations and building the businesses of a global corporate enterprise, in part developed through her leadership role as Chairman of a multi-media company. The knowledge-base Mrs. Johnson Rice has developed through her experience in these roles is a valuable part of the Board's overall mix of business expertise, particularly in light of the importance of growth to Omnicom's commitment to increasing

shareholder value. In addition, Mrs. Johnson Rice s acute

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understanding of advertising and brand management and substantial knowledge of consumer businesses developed during her tenure as a Vice President and later as President and Chief Operating Officer and Chief Executive Officer of Johnson Publishing Company brings to the Board valuable insight into Omnicom's businesses and the concerns of its clients, a matter of paramount importance to Omnicom's global business strategy. Mrs. Johnson Rice also has very broad experience through having served for more than twenty years on the boards, audit committees, compensation committees and nominating and governance committees of several other large public companies in a variety of industries.

- **Gary L. Roubos:** Mr. Roubos has been chosen as a director nominee partly because of his extensive experience in business operations and executive leadership gained from the many years he dedicated to leading a world-wide, diversified industrial manufacturing corporation. As the Chairman and Chief Executive Officer of Dover Corporation, Mr. Roubos developed a broad strategic vision and became expertly knowledgeable about the business operations of a global business enterprise. This vision and knowledge plays an important role in the Board's oversight of Omnicom and its management. Prior to leading Dover Corporation, Mr. Roubos held a variety of manufacturing positions, including plant management and sales, through which he developed a deep understanding of the various components comprising a business enterprise. This knowledge base proved essential to his remarkably successful track record at Dover Corporation and, together with his high-level management experience as the Chairman of Dover Corporation, makes Mr. Roubos's contribution to Omnicom's Board extremely valuable. This contribution is further enhanced by the fact that Mr. Roubos has also actively served on public company boards, audit committees, compensation committees and nominating and governance committees.

Risk Oversight

Our Board oversees an enterprise-wide approach to risk management, designed to support the achievement of organizational objectives, including strategic objectives, to improve long-term organizational performance and enhance shareholder value. The principal oversight function of the Board and its Committees includes understanding the material risks the Company confronts and methods to mitigate or manage those risks. The Board focuses on the Company's general risk management strategy and the most significant risks facing the Company. Management is responsible for establishing our business strategy, identifying and assessing the related risks and establishing appropriate risk management practices. Our Board reviews our business strategy and management's assessment of the related risk, and discusses with management the appropriate level of risk for the Company.

Our Board administers its risk oversight function with respect to our operating risk as a whole, and the Board and its Committees meet with management at least quarterly to receive updates with respect to our business operations and strategies, financial results and the monitoring of related risks. The Board also delegates oversight to the Audit, Governance, Compensation and Finance Committees to oversee selected elements of risk:

- Our Audit Committee oversees financial risk exposures, including monitoring the integrity of the financial statements, internal control over financial reporting, and the independence of the independent auditors of the Company. The Audit Committee inquires of management and the accountants about significant risks or exposures and assesses steps management is taking in light of these risks and discusses guidelines and policies governing the process by which management of the Company assesses and manages the Company's exposure to risk. The Audit Committee receives an assessment report from the Company's internal auditors on at least an annual basis and more frequently as appropriate. The Audit Committee also assists the Board in fulfilling its oversight responsibility with respect to compliance with legal and regulatory matters related to the Company's financial statements and meets quarterly with our financial management, independent auditors and legal advisors for updates on risks related to our financial reporting function.

- Our Governance Committee oversees governance-related risks by working with management to establish corporate governance guidelines applicable to the Company, including recommendations regarding director nominees, the determination of director independence, Board leadership structure

and membership on Board Committees. The Company's Governance Committee also oversees risk by working with management to adopt codes of conduct and business ethics designed to encourage the highest standards of business ethics.

- Our Compensation Committee oversees risk management by participating in the creation of compensation structures that create incentives that encourage a level of risk-taking behavior consistent with the Company's business strategy.
- Our Finance Committee oversees financial, credit and liquidity risk by overseeing our Treasury function to evaluate elements of financial and credit risk and advise on our financial strategy, capital structure, capital allocation and long-term liquidity needs, and the implementation of risk mitigating strategies.

The Company's management is responsible for day-to-day risk management. The CEO, CFO and General Counsel periodically report on the Company's risk management policies and practices to relevant Board Committees and to the full Board. Our Treasury, Legal, Controllers and Internal Audit functions work with management at the agency level, serving as the primary monitoring and testing function for company-wide policies and procedures, and managing the day-to-day oversight of risk management strategy for the ongoing business of the Company. We believe the division of risk management responsibilities described above is an effective approach for addressing the risks facing the Company and that our Board leadership structure supports our approach.

Risk Assessment in Compensation Programs

We have assessed the Company's compensation programs and have concluded that our compensation policies and practices do not create risks that are reasonably likely to have a material adverse effect on the Company. Frederic W. Cook & Co., an independent third party compensation consultant, assisted Omnicom management in 2009 in reviewing our executive and broad-based compensation and benefits programs on a worldwide basis to determine if the programs' provisions and operations are likely to create undesired or unintentional risk of a material nature. This risk assessment process included a review of program policies and practices; analysis to identify risk and risk control related to the programs; and determinations as to the sufficiency of risk identification, and the balance of potential risk to potential reward. Although we reviewed all compensation programs, we focused on the programs with variability of payout, with the ability of a participant to directly affect payout and the controls on participant action and payout.

Based on the foregoing and the fact that we believe no subsequent change in the Company's compensation programs, including the adoption of changes to our 2011 incentive award program described below, creates risks reasonably likely to have a material adverse effect on the Company, we believe that our compensation policies and practices do not create inappropriate or unintended significant risk to the Company as a whole. We also believe that our incentive compensation arrangements provide incentives that do not encourage risk-taking beyond the organization's ability to effectively identify and manage significant risks; are compatible with effective internal controls and our risk management practices; and are supported by the oversight and administration of the Compensation Committee with regard to executive compensation programs.

Ethical Business Conduct

We have a Code of Conduct designed to assure that our business is carried out in an honest and ethical way. The Code of Conduct applies to all of our, and our majority-owned subsidiaries', directors, officers and employees and requires that they avoid conflicts of interest, comply with all laws and other legal requirements and otherwise act with integrity. In addition, we have adopted a Code of Ethics for Senior Financial Officers regarding ethical action and integrity relating to financial matters applicable to our senior financial officers. Our Code of Conduct and Code of Ethics for Senior Financial Officers are available on our website at <http://www.omnicomgroup.com>, and are also available in print to any shareholder that requests them. We will disclose any future amendments to, or waivers from,

certain provisions of these ethical policies and standards for senior financial officers, executive officers and directors on our website within the time period required by the SEC and the NYSE.

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We also have procedures to receive, retain and treat complaints received regarding accounting, internal accounting controls or auditing matters and to allow for the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters, as well as possible violations of our Code of Conduct or Code of Ethics for Senior Financial Officers. The procedures are posted on our website at <http://www.omnicomgroup.com> and the websites of our various global networks.

Shareholder Communications with Board Members

Interested parties, including shareholders, may communicate (if they wish on a confidential, anonymous basis) with the outside directors, the Chairs of our Audit, Compensation, Finance, Governance and Executive Committees or any individual director (including the presiding director of the executive sessions of our independent non-management directors) on board-related issues by writing to such director, the Committee Chair or to the outside directors as a group c/o Corporate Secretary at Omnicom Group Inc., 437 Madison Avenue, New York, New York 10022. The envelope should clearly indicate the person or persons to whom the Corporate Secretary should forward the communication. Communications will be distributed to the Board, or to any individual director or directors as appropriate, depending on the facts and circumstances outlined in the communications.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The following discussion describes and analyzes Omnicom's compensation program for the individuals included in the Summary Compensation Table for 2010 on page 26, collectively referred to as the named executive officers or NEOs, who are:

- John D. Wren, Omnicom President and Chief Executive Officer
- Randall J. Weisenburger, Omnicom Executive Vice President and Chief Financial Officer
- Philip J. Angelastro, Omnicom Senior Vice President Finance and Contoller
- Thomas Carroll, President and Chief Executive Officer of TBWA Worldwide and executive officer of Omnicom until July 20, 2010
- Dennis Hewitt, Omnicom Treasurer
- Michael J. O'Brien, Omnicom Senior Vice President, General Counsel and Secretary
- Andrew Robertson, President and Chief Executive Officer of BBDO Worldwide and executive officer of Omnicom until July 20, 2010

This discussion summarizes our executive compensation program and objectives and provides an overview of how and why the Compensation Committee of our Board of Directors made specific decisions with respect to compensation of our NEOs for their performance in 2010. We also refer you to Omnicom's 2010 Annual Report on Form 10-K filed with the SEC on February 23, 2011 (the 2010 10-K), for additional information regarding the 2010 financial results for our Company discussed below.

Executive Summary

The objectives of our compensation programs are to attract, motivate and retain talent and to ensure that executive compensation is aligned with both the short and long-term interests of shareholders. We accomplish this by closely tying pay to performance, maintaining competitive compensation levels, and maintaining a high degree of variable compensation. Our principal components of pay are a base salary and an annual performance-based award consisting of a mix of cash and equity. In determining annual performance-based awards, the Compensation Committee considers various metrics, both quantitative and qualitative, including Omnicom financial and strategic performance (including network performance for network NEOs) and individual NEO performance.

2010 Compensation Overview

In 2010, Omnicom, led by our named executive officers, delivered strong financial, operational and creative results, despite the challenging economic environment. Our executive compensation decisions in 2010 were influenced by the following important factors:

- **Successfully Executed Numerous Strategic Initiatives:** In order to meet the rapid pace of economic and technological change affecting the industry, our management made continuous adjustments to our businesses, improved our operations and core structures through a number of new initiatives, innovated with new business models and product offerings, completed numerous acquisitions and partnerships, continued to invest in our high-performing businesses and rapidly growing markets, and reorganized businesses that were not well positioned to recover from the recession or that no longer met our strategic plans. In addition, our management continued to invest in the training and development of our employees, who form the core of our business.
- **Achieved Strong Financial Performance:**

These strategic efforts resulted in broad-based business and financial growth highlighted by several key metrics:

- Return on Equity was 21.3%

- Return on Invested Capital was 16.8%
- Annual revenue growth was 7.0%
- Earnings before Interest, Taxes and Amortization (EBITA) increased 7.0%
- Net income increased 4.0%
- Earnings Per Share (EPS) increased 6.7%
- Generated over \$1 billion in free cash flow
- Increased the dividend by 33.3% and reinitiated share repurchases
- **Continued to Lead Creative Awards:** Omnicom's networks and agencies were once again leaders in creativity as described below:
 - Omnicom agencies topped the rankings at the International Advertising Festival in Cannes, including earning Agency of the Year honors.
 - Omnicom agencies led the *Gunn Report*, which accumulates all creative awards given throughout the world, in 2010, finishing with three of the top five honors in both the Most Awarded Network in the World and the Most Awarded Digital Agency in the World competitions.
 - In Ad Agency of the Year awards in Singapore, Omnicom agencies earned top honors in the Asia-Pacific region.

Factors Affecting 2010 Compensation Decisions

Each compensation decision made by the Compensation Committee is driven by our need to attract, motivate and retain the talented management team that is imperative to Omnicom's success. Because of the competitive nature of our business, the loss of key executives to competitors is a significant risk and Omnicom's paramount concern is the retention of our senior executive talent in order to ensure that Omnicom is managed in the most effective possible manner. It is critical that our compensation program remain competitive with other companies with which we compete for senior executive talent and our 2010 compensation decisions reflect the value we place on the retention of our key executives and longstanding service to the Company.

While Omnicom's Compensation Committee considered a number of factors when assessing performance for purposes of making compensation decisions, in 2010 the Committee primarily considered return on equity and return on invested capital. Collectively, return on equity and return on invested capital, as performance measures, reflect the balance of all of the various metrics that we use to gauge Omnicom performance: revenue growth, operating margins, capital deployment, capital structure and tax structure. In addition, return on equity and return on invested capital are the measures most directly tied to the return to our common shareholders over time. The Compensation Committee also considered other financial performance metrics, progress on strategic priorities and individual NEO performance, which for the network CEOs include network financial and strategic performance.

For 2010, after consideration of all of the aforementioned factors, the Compensation Committee made discretionary compensation decisions for each NEO, which are detailed below under the heading "2010 Compensation Decisions".

2011 Program Redesign

After conducting a comprehensive review of our executive program, the Compensation Committee decided on several important changes to the process by which we will determine incentive compensation awards beginning in fiscal 2011, which further align with our pay-for-performance objectives. Under the redesigned incentive compensation program, the annual performance-based award that a named executive officer would be entitled to receive would be derived from a pre-set formula incorporating both quantitative and qualitative performance metrics:

- 30% of the award would be derived from Omnicom financial performance versus annual performance targets set by the Compensation Committee;

- 20% of the award would be derived from Omnicom financial performance versus the performance of a group of our industry peers; and
- 50% of the award would be derived from qualitative measures.

These changes are described in greater detail below under the heading "2011 Compensation Program Changes" on page 24.

Omnicom's Executive Compensation Program and Philosophy

Overall Compensation Objectives

The Compensation Committee is responsible for establishing, implementing and monitoring Omnicom's executive compensation policies and program. The overarching goal of our compensation program is to:

- Attract, motivate and retain talented executives who are a critical component of our long-term success;
- Provide a competitive total rewards package to our executives; and
- Ensure that executive compensation is aligned with both the short and long-term interests of shareholders.

The Company's executive compensation program and year-end compensation decisions are based on the following principles:

- **Pay for Performance** A significant portion of potential annual compensation is performance driven: based on meeting or exceeding short and long term performance measures, both quantitative and qualitative. There is no guaranteed minimum performance-based award.
- **Competitive Considerations** Our compensation is competitive relative to our peers in order to attract and retain the highest-caliber executive team.
- **High Degree of Variable Pay in Compensation Structure** The more senior an executive becomes, the lower his base pay will be as a proportion of his entire compensation package and the higher his incentive-based and retention components will be as a proportion of his entire compensation package. We believe this is aligned with shareholder interest and the long-term interests of the Company.

Each of these factors is discussed in greater detail below.

Pay for Performance

Omnicom strives to closely link executive compensation to performance. The majority of compensation for our named executive officers has historically been in the form of a performance-driven incentive award payable in cash and stock options or equity awards that vest over time. In evaluating Company performance and when making NEO compensation decisions, the Compensation Committee considers Omnicom financial performance, network financial performance, strategic performance and individual executive performance. With respect to financial performance, the Committee considered the following performance metrics: return on equity, return on invested capital, revenue growth, EBITA margin, net income growth and EPS growth.

Competitive Considerations

The Compensation Committee directly retains the services of Frederic W. Cook & Co. (Cook & Co.), an independent third-party compensation consulting firm, for input on a range of external market factors, including evolving compensation trends, and market-standard compensation levels and elements. Cook & Co. reports directly and exclusively to the Compensation Committee. Cook & Co. only provides compensation consulting services to the

Compensation Committee, and works with Omnicom's management only on matters for which the Compensation Committee is responsible. Moreover, Cook & Co. does not perform any other services for, or receive any other fees from, the Company or any of its subsidiaries other than in connection with its work for the Committee. Cook & Co. holds no Omnicom stock and the services Cook & Co. provided for the Company did not raise any conflicts of interest.

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The Compensation Committee consults with Cook & Co. to obtain general observations on the Company's compensation programs from which the Committee determines the target range of total compensation for each executive. Though Cook & Co. provides general observations on the Company's compensation programs, it does not determine or recommend specific amounts or forms of compensation for the named executive officers. Although the data provided by Cook & Co. in 2010 influenced the Compensation Committee's review and analysis, such data did not have a material impact on the Committee's determination of the levels and elements of our executive compensation in 2010. The peer group the Compensation Committee reviewed in 2010 consisted of companies of comparable size and operational complexity. The group was comprised of the following companies:

Accenture	Computer Sciences Corp.	Time Warner Cable
Automatic Data Processing	DISH Network	Time Warner Inc.
Cablevision	Interpublic Group	Viacom
CBS	Thomson Reuters	WPP Group

High Degree of Variable Pay in Compensation Structure

Consistent with our objective to align executive pay with shareholder interests, our NEO's compensation includes a high degree of variable pay. For each NEO, the majority of his total compensation was variable and based on performance. With respect to our CEO, over 89% of his total compensation was variable and based on performance.

For 2010, the Committee also paid part of the incentive compensation awards for each NEO in performance restricted stock units (PRSUs) for which the ultimate number of shares awarded varies based on the Company's future performance as compared to a peer group. The Committee believes that the use of PRSUs with the vesting provisions described below in the section entitled "2010 Compensation Decisions" focuses the executive on the Company's long-term interests without leading to imprudent risk-taking.

Elements of Omnicom Compensation

The components of Omnicom's executive compensation are described below. Each of the components and the manner in which decisions for 2010 were made for each NEO are more fully discussed in the sections that follow.

Base Salary

The objective of base salary is to provide a portion of compensation to the named executive officer that is not at risk like incentive bonuses or equity awards, and is generally unaffected by fluctuations in company performance or the market in general. The base salaries for the named executive officers are determined by the Compensation Committee and, in the case of the President and Chief Executive Officer, approved by the full Board.

Adjustments in base salary for named executive officers are discretionary and are generally considered no more frequently than every 24 months. Messrs Wren, Weisenburger, O'Brien and Robertson have not had an increase in base salary in eight years. Mr. Angelastro has not had an increase in salary since 2005. Omnicom determines base salary adjustments based upon the report of our compensation consultant, the general knowledge of our CEO and Compensation Committee of base salaries paid to similarly positioned executives, salaries paid historically, tax and accounting issues and, when appropriate, personal performance as assessed by the Compensation Committee and the Chief Executive Officer. No formulaic base salary adjustments are provided to the named executive officers.

Annual Performance-Based Compensation Awards

A key component of our executive compensation program is an annual performance-based bonus awarded pursuant to Omnicom's Senior Management Incentive Plan (the "Incentive Bonus Plan"). Under the Incentive Bonus Plan, eligible

executive officers may, subject to Compensation Committee oversight and discretion (or in the case of the President and Chief Executive Officer, subject to Board input and ratification), receive annual performance-based bonuses. It is Omnicom's philosophy that its named executive officers should be rewarded based upon Omnicom's overall performance as well as each executive's individual performance. In assessing

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individual performance, the Compensation Committee looks to determine how the executive contributed to advancing Omnicom's business strategy and our long term performance. With respect to Messrs. Carroll and Robertson, collectively referred to in this analysis as network named executive officers, individual performance is also evaluated in part by looking at whether network financial performance supported Omnicom financial performance and goals.

In the first quarter of 2010, the Compensation Committee established a range of bonus amounts for each of the named executive officers, including maximum bonus awards, which are shown below in the Grant of Plan-Based Awards in 2010 table. As described above, the Compensation Committee consults with its compensation consultant to determine the range of total compensation for similarly positioned executives at companies of comparable size and profitability. The Compensation Committee takes the information provided in the compensation consultant report into consideration when determining the bonus range for our named executive officers. The range established by the Compensation Committee for Omnicom's named executive officers reflects differences in role and network.

In the beginning of 2010, the Committee provided that its intention was to consider the following performance measures, with no particular weight given to any single performance measure: financial performance, advancement of strategic initiatives, recruitment of key talent, advancement of diversity initiatives, retention of key talent, retention of clients/business, new client/business development, quality of work product and honors and awards. The Compensation Committee did not establish specific performance targets with respect to any performance criteria above, but rather intended to use such criteria as guidelines in determining the amounts of the cash bonuses to be paid to the named executive officers for performance in 2010.

Although each named executive officer is eligible to receive an award pursuant to the Incentive Bonus Plan if his achievements so merit, the granting of a bonus to any named executive officer is entirely at the discretion of the Compensation Committee. The Compensation Committee may choose not to award a bonus to a named executive officer or to award a bonus that is not commensurate with the achievement of an executive's objectives, in each case in light of all factors deemed relevant by the Compensation Committee. In addition, to the extent achievement of the performance criteria described above may be impacted by changes in accounting principles and extraordinary, unusual or infrequently occurring events reported in Omnicom's public filings, the Compensation Committee exercises its judgment whether to reflect or exclude their impact.

Long Term Equity Component of Annual Performance-Based Compensation Awards

The Compensation Committee strives to create incentives for the senior management team to not only remain with Omnicom, but to focus long term as a team, with particular emphasis on long term stock value and return on invested capital. We believe that an equity ownership stake in Omnicom is important to link a named executive officer's compensation to the performance of Omnicom's stock and shareholder gains. Grants of restricted stock, restricted stock units and stock options serve to align the interests of the shareholders with those of the named executive officers by incentivizing the named executive officers toward the creation and preservation of long-term shareholder value. Finally, our equity award agreements contain restrictive covenants that protect our business in the event of an executive departure.

In 2010, each NEO received part of his annual performance-based compensation award in PRSUs. This equity award is designed to reward individual contributions to the Company's performance as well as motivate future contributions and decisions aimed at increasing shareholder value. Certain of the Company's NEOs are required to retain a certain amount of Company's equity/stock as described in Other Arrangements, Policies and Practices Related to Our Executive Compensation Program Share Ownership Guidelines. The number of units granted was determined by dividing the dollar value of the award by the fair market value on the date of grant. The vesting provisions of the units are described below in the section entitled 2010 Compensation Decisions.

Role of CEO in Decision Making

The Compensation Committee annually reviews and approves the compensation of the named executive officers. To aid the Compensation Committee in making its compensation determinations, the Chief Executive Officer annually reviews the performance of each other named executive officer by evaluating the performance

factors described in this Compensation Discussion and Analysis and presents his conclusions and recommendations to the Compensation Committee. The Compensation Committee considers the Chief Executive Officer's recommendations, but ultimately exercises its own discretion. With respect to 2010 compensation, the Compensation Committee did not deviate materially from our Chief Executive Officer's recommendations.

2010 Compensation Decisions

Overall Company Performance

In 2010, Omnicom, led by our named executive officers, delivered strong financial, operational and creative results, despite the challenging economic environment. The Committee believes that the actions taken by the Company's Chief Executive Officer and the other NEOs throughout 2010 contributed greatly to the Company's results and positioned the Company well to take advantage of improving economic conditions. We believe our NEOs rose to meet the challenges posed by the rapid pace of economic and technological change. Furthermore, throughout 2010, the Company continued to benefit from the strategic choices made by the Company's senior management over the past few years. In addition to the Company's longstanding rigorous credit and balance sheet management practices, the key strategic decisions summarized below, among other things, enabled the Company's successful performance during 2010 and placed the Company in a strong position going forward.

Financial Performance

In 2010, the primary financial metrics considered by the Compensation Committee for purposes of our compensation decisions were return on invested capital and return on equity. Overall, we think return on invested capital and return on equity, as performance measures, collectively show the balance of all of our various metrics that we use to gauge our performance: revenue growth, operating margins, capital deployment, capital structure, and tax structure. They also highlight the effectiveness of our long-term investment and operating strategies for shareholders. For the year, annual return on invested capital growth was 16.8%, and return on equity growth was 21.3%.

Additionally the Compensation Committee considered the 2010 financial metrics and accomplishments set forth below.

- Annual revenue growth was 7.0%.
- Earnings before Interest, Taxes and Amortization increased 7.0%
- Net income increased 4.0%
- Earnings Per Share increased 6.7%
- Generated approximately \$1 billion in free cash flow after capital expenditures and excluding changes in working capital, which was also positive another \$310 million.
- Returned approximately \$1.4 billion to shareholders in 2010 through dividends and net share repurchases.

Other Performance Factors

Strategic Performance Priorities

The Committee also considered the Company's progress on core strategic performance priorities across the Company and within each network in making overall, year-end bonus decisions.

- **Strategic Acquisitions.** In 2010, we completed and announced a number of acquisitions designed to help build our footprint geographically and to add important skill sets where appropriate. The largest of these transactions was our acquisition of the controlling stake in Clemenger Group, which closed in early February,

2011. Clemenger is the largest and premier communications group in Australia and New Zealand. This acquisition will help in the growth of our combined businesses throughout the Asia Pacific region.

- **Strategic Partnerships.** Following Omnicom's announcement of our partnership with Google in the third quarter of 2010, the Company completed additional partnerships with Microsoft and Yahoo. These partnerships are consistent with our philosophy of building internal competencies in digital marketing and media, while partnering with the most innovative technology companies.
- **Training and Development.** In 2010, we continued to invest in our people by extending our digital education efforts to ensure continued training and development of Omnicom employees. Our goal is to ensure that our employees are continuously improving their skills to keep pace with the technological changes affecting our business.
- **Creativity and Awards.**
 - Omnicom agencies, once again, topped the rankings at the International Advertising Festival in Cannes, including agency-of-the-year honors and the number one and two rankings for the most awarded agency networks.
 - Omnicom agencies led the *Gunn Report* in 2010, finishing with three of the top five honors in both the most awarded network in the world and the most awarded digital agency in the world competitions.
 - At Ad Agency of the Year awards in Singapore, Omnicom agencies picked up top honors in the Asia-Pacific region, including the three network of the year titles for (1) Creative Agency of the Year: DDB, (2) Digital Agency Network of the Year: Tribal DDB and (3) Media Agency of the Year: PHD.
- **Operating Efficiencies.** We initiated a number of actions to gain further operating efficiencies, including the consolidation of agency operations in several smaller markets, the consolidation and increased utilization of our legal entities, our establishment of several shared service centers, the increased centralization of IT and other operating functions, and a number of real estate consolidations. We expect that these changes will result in meaningful future benefits.

Individual Performance

In order to assess 2010 individual performance, the Compensation Committee, with the assistance of Omnicom's President and Chief Executive Officer, looked to determine how each named executive officer contributed to advancing the core pillars that serve as the foundation of our business strategy: providing best in class services to clients, maximizing efficiencies and minimizing risk through enterprise-wide initiatives and achieving the highest levels of corporate values and integrity.

(1) *Best in Class Client Services.* We achieve this goal by securing the finest available talent in the right disciplines, and deploying that talent in the right places across the globe. The Compensation Committee looks to the role a named executive officer has played in developing our personnel and our client and discipline base. With respect to each, the Compensation Committee reviews an executive's role in:

- Personnel development
 - Providing management development and succession planning
 - Recruiting and retaining key and diverse talent
 - Training and educating personnel
- Client development
 - Retaining clients/business
 - Expanding the depth and breadth of our core clients
 - Developing new client relationships
- Services development
 - Developing the quality and breadth of our key services

- Expanding our global presence in the right places
- Planning acquisitions and divestitures
- Receiving honors and awards for creative excellence and customer service

- (2) *Enterprise-wide initiatives to maximize efficiencies and minimize risk.* Next, our finance and operations team strives to maximize efficiencies and minimize risk through enterprise-wide initiatives that create a high return on invested capital. The Compensation Committee reviews each executive's involvement in key business management issues such as cash management, business planning, Enterprise Risk Management (ERM), information technology initiatives/consolidation, developing and streamlining financial reporting operations and working capital management.
- (3) *Corporate values and integrity.* Finally, Omnicom leadership strives to achieve the highest levels of corporate values and integrity. The Compensation Committee considers how each executive contributed to Omnicom's substantial efforts to maximize diversity and inclusion, to achieve the highest levels of corporate social responsibility, including a commitment to environmental and individual community outreach initiatives, and to maintain a professional work-place environment.

John D. Wren. Mr. Wren led the Company to an exceptional annual performance given the challenging global economic environment. He effectively developed and implemented strategies for Omnicom to take advantage of economic and technological changes affecting the industry, leading the Company's efforts to make continuous adjustments to its businesses, to improve operations and core structures, and to innovate with new business models and product offerings. In addition, Mr. Wren identified and invested in high-performing businesses and rapidly growing markets, while reorganizing or closing businesses that were not well positioned to recover from the recession or that no longer met the Company's strategic plans. Mr. Wren led Company-wide plans for further improving operating efficiencies, including the consolidation of agency operations in several smaller markets, the establishment of several shared service centers to increase the centralization of IT and other operating functions, and a number of real estate consolidations. Mr. Wren strengthened relationships with Omnicom's clients and developed new client relationships. He excelled in attracting and retaining key executive leadership and producing business results while responding successfully to numerous challenges.

Randall J. Weisenburger. Mr. Weisenburger productively managed the Company's capital and liquidity, oversaw the reduction of risk and strengthened the Company's balance sheet, resulting in considerable flexibility to deploy capital in the most effective ways, including share repurchases and an increase in the quarterly dividend. He efficiently implemented an enhanced the financial planning and analysis process. In addition, Mr. Weisenburger identified and invested in high-performing businesses and rapidly growing markets, and led the Company's acquisition activities, including the acquisition of Clemenger Group as described above. He played a key role in reorganizing or closing businesses that were not well positioned to recover from the recession or that no longer met the Company's strategic plans. He led the ongoing improvements to working capital management, a critical effort in improving Omnicom's overall financial performance. Mr. Weisenburger improved operating efficiencies, including the consolidation of agency operations in several smaller markets, the establishment of several shared service centers to increase the centralization of IT and other operating functions, and a number of real estate consolidations. Mr. Weisenburger led the efforts to continually develop the skills of our finance and operating personnel and implemented programs for their continuing professional development. In addition, he spearheaded the Company's programs with respect to corporate ethics, enterprise risk management and global corporate social responsibility. Mr. Weisenburger also led the Company's investor relations efforts.

Philip Angelastro. Mr. Angelastro played a critical role in developing plans and strategies to manage the Company's financial reporting function despite a very challenging environment. Mr. Angelastro prudently and proactively managed the preparation of all filings and communications with the Securities and Exchange Commission. He also led efforts to define and implement accounting policies and procedures for all Omnicom companies, in addition to overseeing the Company's financial systems. Mr. Angelastro also managed the Company's income tax function, as well as the U.S. health and welfare and retirement plans. He personally drove key strategies in maximizing efficiencies across a wide range of networks and companies. Mr. Angelastro continues to be a key player in overall firm strategy with a particular focus on issues related to risk management and finance.

Thomas Carroll. Mr. Carroll led TBWA Worldwide through dramatic change in 2010, delivering a very strong performance including being recognized by Advertising Age in 2010 as the Best International Network of the Decade. In addition, Fast Company magazine placed TBWA as an Innovation All-Star in 2010. Mr. Carroll effectively guided TBWA Worldwide through the challenging economic and technological changes affecting the industry. He successfully drove new and existing business in Asia and Latin America.

Dennis Hewitt. Mr. Hewitt successfully supported the Chief Financial Officer in developing and maintaining our overall capital structure, which includes public debt offerings, revolving credit facilities, commercial paper program, bank lines of credit and leasing programs. Mr. Hewitt's department efficiently provided global liquidity with interconnected regional treasury centers which fund operating units, daily requirements and manage foreign exchange exposure and derivatives. He also successfully oversaw (i) global property and casualty insurance programs and related insurance activities; (ii) capital expenditure planning and administration of related leasing activity; (iii) management of global working capital performance including client credit exposures; and (iv) organizing conferences focusing on training and professional development. He coordinated global corporate social responsibility projects involving financial employees through Omnicom Cares. Mr. Hewitt played a key role in developing a global information technology program to provide straight through processing and paperless solutions. These solutions won recognition by being awarded Treasury honors with financial industry awards. Omnicom Treasury won: The Alexander Hamilton Award, The Pinnacle Awards and The Adams Smith Award during 2010.

Michael J. O'Brien. Mr. O'Brien successfully managed, developed and trained the Company's worldwide legal team, managed legal services provided to the Company, and monitored the Company's compliance with all applicable laws, rules and regulations on a global basis. Mr. O'Brien also established priorities and agendas for the Company's Board of Directors and its Committees and provided them with advice on corporate governance developments and best practices, as well as legal risks and requirements. In 2010, as part of his ongoing efforts to meet or exceed corporate governance best practices, he oversaw the implementation of several important corporate governance initiatives. Mr. O'Brien has undertaken a leading role and been instrumental to the implementation of initiatives to increase diversity throughout the Company. Mr. O'Brien also managed the Company's litigation matters and developed effective litigation strategies. In addition, he played a key role in (i) structuring, implementing and managing compensation and benefits programs, (ii) protecting the company's intellectual property, (iii) negotiating and ensuring compliance with client contracts, (iv) overseeing legal aspects of the Company's acquisition and financing activities, and (v) managing the governance of the Company's many legal entities.

Andrew Robertson. Mr. Robertson led BBDO Worldwide in an exceptional year. BBDO is currently Network of the Year at Cannes, the world's most awarded agency network in *The Gunn Report*, and the most awarded global agency network across every marketing communications discipline in *The Big Won* report. He looks to a bright future as well, as BBDO is also Network of the Year in the 8th annual Young Guns Awards, which recognize the work of young and emerging creatives. Mr. Robertson successfully responded to the economic and technological changes affecting the industry. He generated substantial business in Asia and Latin America and led BBDO through the bankruptcy of one of its longstanding clients.

No set weight was assigned to any of the financial, strategic or individual factors and no single performance priority was material to the Compensation Committee's determination of individual bonuses; rather the Committee reviewed and subjectively balanced these priorities in the aggregate in determining individual bonuses.

Fiscal Year 2010 Compensation

After a thoughtful review of the financial, strategic and individual performance factors, the Committee made a discretionary judgment on appropriate 2010 compensation for each of the NEOs. The 2010 base salaries and annual performance-based compensation awards consisting of cash and PRSUs are shown in the Summary Compensation

Table for 2010 on page 26 below.

Base Salary

Based on our Chief Executive Officer and the Compensation Committee's general knowledge of base salaries paid to similarly positioned executives at companies of comparable size and profitability and the continuing struggles of the global economy, the Compensation Committee decided not to adjust the base salaries of any of the named executive officers in 2010.

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Annual Performance-Based Compensation Award

Cash: As one portion of our 2010 variable year-end incentive award, we provided the opportunity for our NEOs to earn a market competitive annual cash bonus award based on Omnicom financial performance, other performance factors and individual performance, including network performance for network NEOs. This opportunity is provided to motivate executives to maximize financial results, to attract and retain an appropriate caliber of talent for the position, and to recognize that similar annual cash awards are almost universally provided at other companies with which we compete for talent.

Equity: PRSUs were awarded as another part of the variable year-end incentive award for performance in 2010 paid to each NEO. The ultimate number of PRSUs received by the NEOs will depend upon Omnicom's return on equity over the coming three years, as compared to the return on equity of Omnicom's five principal competitors. Between 50% and 100% of the PRSUs will ultimately be received by the NEOs, depending on Omnicom's rank as compared to such competitors.

Each PRSU represents the right to receive one share of our common stock upon vesting. The PRSUs are eligible to vest in five annual installments beginning on the one-year anniversary of the date of grant, subject to continued employment with us or our subsidiaries on the applicable date.

The maximum number of PRSUs that each NEO is eligible to receive under this award is equal to the dollar value of the equity portion of the 2010 incentive award divided by the closing price of our common stock on the date of grant (the "Maximum PRSU Award"). The maximum amount of each NEO's award is as follows:

Name	Maximum PRSU Award
John Wren	61,388
Randall Weisenburger	49,110
Philip Angelastro	8,185
Thomas Carroll	53,203
Dennis Hewitt	4,093
Michael O'Brien	5,116
Andrew Robertson	53,203

Three years following the award, our average return on equity over calendar years 2011, 2012 and 2013 will be compared to the average return on equity for each of Omnicom's five principal competitors for the same three-year period. Based on our rank relative to the peer group, the total number of PRSUs awarded will be adjusted by applying the Multiplier below to the Maximum PRSU Award:

Omnicom Rank	Multiplier
1-2	1.00
3	0.90
4	0.70
5	0.60
6	0.50

After each of the first two years, the minimum number of PRSUs to which the NEO is entitled with respect to the applicable annual installment will be distributed on the anniversary of the award date (which will be 50% of such annual installment). After the three-year measurement period ends and Omnicom's rank amongst its competitors is

determined, any additional PRSUs earned with respect to the first three installments will then be distributed. The remaining number of PRSUs will continue to vest in years four and five such that the total number of PRSUs distributed at the end of five years equals the Maximum PRSU Award times the Multiplier. The Compensation Committee believes that these vesting provisions motivate executives to make decisions that focus on the long-term, sustainable growth of our Company, increasing shareholder value as a result. In addition, the Compensation Committee believes that the award of the PRSUs will attract and retain an appropriate caliber of talent.

Other Arrangements, Policies and Practices Related to Our Executive Compensation Program

Executive Stock Ownership Guidelines. We have adopted Executive Stock Ownership Guidelines that require our Executive Chairman, President and Chief Executive Officer, Chief Financial Officer and each of the Chief Executive Officers of our networks to hold shares of Omnicom common stock with a value equal to the specified multiples of base salary indicated below. These guidelines ensure that they build and maintain a long-term ownership stake in Omnicom's stock that will align their financial interests with the interests of the Company's shareholders. The applicable guidelines for our named executive officers to whom the guidelines apply are as follows:

<u>Position of Executive Officer</u>	<u>Ownership Target Multiple of Salary</u>
President and Chief Executive Officer of Omnicom	6 x Annual Base Salary
Chief Financial Officer of Omnicom	3 x Annual Base Salary
Chief Executive Officer of BBDO Worldwide	3 x Annual Base Salary
Chief Executive Officer of TBWA Worldwide	3 x Annual Base Salary

The guidelines were adopted in the first quarter of 2010 and the executives have five years from the date of the adoption of these guidelines to attain the ownership levels. For purposes of these guidelines, the value of an executive's stock ownership includes all shares of the Company's common stock owned by the executive outright (inclusive of unvested equity awards such as restricted shares and restricted stock units) or held in trust for the executive and his or her immediate family, plus the executive's vested deferred stock and allocated shares of the Company's common stock in employee plans.

Compensation Forfeiture/Clawback Policy. On March 29, 2010, our Board adopted an Executive Compensation Clawback Policy covering compensation paid with respect to any period beginning on or after January 1, 2010, to certain of our officers, including our named executive officers. Under this policy, in the event of a material restatement of our financial statements that is caused by a fraudulent or intentionally illegal act of one of our officers, the non-management members of the Executive Committee of our board (the Clawback Committee) will review the annual performance-based cash bonus paid and any performance-based equity awards granted to such officer with respect to the period covered by the restatement. If the Clawback Committee determines that the amount of such awards would have been lower had they been determined based on such restated financial statements, it may seek to recover the after-tax portion of the difference, including, with respect to equity awards, any gain realized on the sale of any such shares.

Equity Compensation Policies. Omnicom has adopted a policy regarding grants of equity awards, which provides, among other things, that grants of equity awards to non-employee members of the Board shall be approved by the full Board and any other gr