

OMNICOM GROUP INC
Form DEF 14A
April 23, 2007

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

NOTICE OF 2007 ANNUAL MEETING OF SHAREHOLDERS

Meeting Date: Tuesday, May 22, 2007
Time: 10:00 a.m. Mountain Daylight Time
The Integer Group-Denver
7245 West Alaska Drive
Place: Lakewood, Colorado 80226
Subject: Election of directors
Ratification of the appointment of KPMG LLP as our independent auditors for
the 2007 fiscal year
Record Date: April 6, 2007

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.

The Board recommends that shareholders vote FOR the election of the directors, the ratification of the appointment of KPMG LLP and the approval of the 2007 Incentive Award Plan.

Please sign and return your proxy card in the enclosed envelope, or vote by telephone or Internet (instructions are on your proxy card), so that your shares will be represented whether or not you plan to attend the 2007 Annual Meeting.

MICHAEL J. O BRIEN
Secretary

New York, New York
April 23, 2007

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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, we, us or our), is using this Proxy Statement to solicit proxies for our 2007 Annual Meeting of Shareholders on Tuesday, May 22, 2007, at 10:00 a.m. Mountain Daylight Time, at The Integer Group-Denver, 7245 West Alaska Drive, Lakewood, Colorado 80226 and at any adjournments or postponements of the Annual Meeting. This Proxy Statement and the accompanying proxy card are being mailed on or about April 23, 2007.

Holders of our common stock, par value \$0.15 per share, as of the close of business on April 6, 2007, will be entitled to vote their shares at the 2007 Annual Meeting. On that date, there were 166,285,858 shares of our common stock outstanding, each of which is entitled to one vote for each matter to be voted on at the Annual Meeting.

You can vote your shares:

- by returning the enclosed proxy card;
- through the Internet at the website shown on the proxy card;
- by telephone using the toll-free number shown on the proxy card; or
- in person at the 2007 Annual Meeting.

Votes submitted through the Internet or by telephone must be received by 11:59 p.m. Eastern Time on Monday, May 21, 2007. 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 Time on Thursday, May 17, 2007. 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 2007 Annual Meeting. Cameras, recording devices and other electronic devices will not be permitted at the 2007 Annual Meeting.

If you hold shares in street name (that is, through a bank, broker or other nominee) and would like to attend the 2007 Annual Meeting, you will need to bring an account statement or other acceptable evidence of ownership of our common stock on April 6, 2007, 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 2007 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; Stock Ownership Guidelines

Our Board currently consists of 11 directors: nine independent or outside directors, our Chairman of the Board (Bruce Crawford) and our President and Chief Executive Officer (John Wren). Each director stands for election annually. Biographical information and information about the committees on which our directors serve is included below in this Proxy Statement in the section entitled Items To Be Voted On: Item 1 Election of Directors.

Our outside directors are 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. In determining that each of our outside directors is independent, the Board 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 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 otherwise material to the entity or Omnicom 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, and met five times in 2006. Mr. Purcell, the Chairman of our Governance Committee, presided at these executive sessions.

The Board encourages stock ownership by directors and senior managers. As described below, on average over 60% of the directors' annual compensation is paid in common stock and directors are permitted to elect to receive all or a portion of their cash director compensation in common stock. Information about stock ownership by our directors and executive officers is included below in the section entitled Stock Ownership and information about stock ownership guidelines for our directors is included below in the section entitled Directors' Compensation for Fiscal 2006.

Board Operations

Our Board met six times during 2006. The Board's policy is generally to conduct specific oversight tasks through committees, with the objective of freeing the Board as a whole to focus on strategic matters as well as particular tasks that by law or custom require the attention of the full Board. Our Board has established five standing committees, functioning in the following areas:

- audit and financial reporting
- management/compensation

corporate governance

finance and acquisitions/divestitures

qualified legal compliance

Each of the committees operates under a written charter recommended by the Governance Committee and approved by the Board and 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 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 oversight responsibilities relating to financial reporting. In this regard, the Audit Committee assists Board 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." Among other responsibilities, the Audit Committee has the power to retain or dismiss, and to approve the compensation of, our independent auditors.

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 and Exchange Act. The Board has also determined that each member of our Audit Committee is an audit committee financial expert within the meaning of the regulations of the U.S. Securities and Exchange Commission (SEC), and is financially literate and has accounting or related financial management expertise, as such qualifications are defined under the rules of the NYSE.

The Audit Committee met 11 times last year.

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Compensation Committee: The Compensation Committee's purpose is to assist the Board in carrying out its oversight responsibilities relating to compensation matters, to prepare a report on executive compensation for inclusion in our annual Proxy Statement and to serve as the Board committee authorized to administer and approve awards under our equity and other compensation plans. The report of the Compensation Committee is included below in this Proxy Statement in the section entitled "Executive Compensation: Compensation Committee Report."

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 had any relationship requiring disclosure by Omnicom under Item 404 of the SEC's Regulation S-K during 2006 or before. 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 Omnicom's Board of Directors or Compensation Committee.

The members of our Compensation Committee are Messrs. Roubos (Committee Chair) and Coleman and Ms. Denison and 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 seven times last year.

Governance Committee: The Governance Committee's purpose is to assist the Board in carrying out its oversight responsibilities relating to the composition of the Board and 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:

nominees for election to the Board and committees it establishes from time to time and criteria therefor;

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

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the Governance Committee's performance of its own responsibilities.

The members of our Governance Committee are Messrs. Purcell (Committee Chair), Clark, Coleman and Murphy, and Mses. Denison and 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 five times last year.

Nominations for directors 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 annual meeting. 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 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 recommended nominees from shareholders this year. Any future director candidates recommended by shareholders that are properly submitted will be considered in the same manner in which the Governance Committee evaluates nominees submitted by the Board or Governance Committee.

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Our Board seeks to assure that it is composed of individuals with substantial experience and judgment from diverse backgrounds. Our Governance Committee considers the following qualifications and skills of director nominees:

their independence;

their background and experience in relation to other members of the Board; and

their commitment to the time required to discharge their duties.

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, including engaging third parties, 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.

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

The Finance Committee met nine 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 a material violation of U.S. federal or state securities law, a 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 2006.

Director Attendance

Attendance at Board and committee meetings during 2006 averaged 98% for the directors as a group. Each of our directors attended at least 94% of the meetings of the Board and the committees of the Board on which he or she served during 2006. In 2006, all of our directors attended the Annual Meeting other than Messrs. Murphy and Purcell, who were unable to attend due to medical reasons. We encourage our directors to attend our annual meetings, and in 2004 and 2005, each of the directors attended the annual meetings.

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.

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 and the websites of our various global networks.

Shareholder Communications With Board Members

Shareholders may communicate with the outside directors or Chairs of our Audit, Compensation, Finance and Governance Committees on board-related issues by writing to the Committee Chairs 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

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. Each year, the Compensation Committee recommends to the Board of Directors, and the full Board of Directors provides input on and ratifies, the President and Chief Executive Officer's compensation, including bonus. Also on a yearly basis, the Compensation Committee reviews and approves the compensation of the Chief Financial Officer and the other individuals included in the Summary Compensation Table on page 13, collectively referred to as the named executive officers.

The objectives of the Compensation Committee in establishing our executive compensation policies and program are the following:

Attract, motivate and retain talented executives who are a critical component of our long-term success;

Ensure that executives are provided sufficient incentives and compensation in a way that aligns their performance with our corporate strategies and business objectives and the short and long-term interests of shareholders;

Heighten the incentive to achieve key strategic and financial performance measures by linking incentive award opportunities to the achievement of performance goals in these areas; and

Enhance the executives' incentive to increase our stock price and maximize shareholder value, as well as promote the retention of key people, by providing a portion of total compensation opportunities for senior management in the form of direct ownership in our company.

The overarching goal of our overall compensation program is to attract, motivate and retain those uniquely talented and highly qualified executive officers necessary for our continued success. We achieve this goal by paying each executive competitively and in proportion to both our success and the individual performance of such executive officer, which is measured by looking at factors such as the success of such executive's individual business unit (referred to as a network in this discussion), his contribution to that success, and various personal performance factors, which may include such qualitative factors as organizational leadership, staff development, progress toward strategic initiatives and client development. Due to the diversity and breadth of our many companies, there is no standard compensation formula that can be applied to all of our executives. Instead, the Compensation Committee must consider all potential key compensation elements and combine base salary, performance-based bonus, benefits and perquisites, together with long-term incentive compensation, that, in total, proves competitive relative to the compensation paid to similarly situated executives of other business services companies of similar size, geographic

reach and financial characteristics. The optimal compensation package for a named executive officer varies, to some extent, based upon the business needs and realities confronting such executive.

The Compensation Committee believes compensation should be structured to ensure that a significant portion is contingent upon the profitability of Omnicom and individual performance (which, in the case of each of Messrs. Harrison, Robertson and Dru, collectively referred to in this analysis as the network named executive officers, is measured in part by the success of the network with which he is associated). Accordingly,

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Omnicom sets goals designed to link each named executive officer's compensation both to Omnicom's performance and individual performance.

Consistent with our performance-based philosophy, Omnicom provides a base salary to our named executive officers, but the incentive-based component of their compensation has the potential to be significantly larger. For Omnicom's senior executive management team, comprised of the President and Chief Executive Officer, Chief Financial Officer and the network named executive officers, Omnicom reserves the largest potential compensation awards for performance- and incentive-based programs. Those programs include annual and long-term awards based on the independent financial performance of Omnicom and the network named executive officer's performance. Those programs largely provide compensation in the form of both cash and equity, to provide incentives to reward both short-term and long-term performance of Omnicom.

The Compensation Committee allocates total compensation between cash and equity compensation to motivate each named executive officer to achieve performance criteria established by Omnicom and reward him for his achievements, while considering the balance between providing short-term incentives and long-term parallel investment with shareholders to align the interests of management with shareholders, in light of the named executive officer's current equity holdings. The balance between cash and equity compensation among named executive officers, and separately among members of the senior executive management team, is evaluated annually using the above criteria. To tie compensation to performance, there is no guaranteed minimum award of compensation under Omnicom's performance-based incentive program.

Determination of Compensation Awards and Competitive Considerations

The Compensation Committee has the primary authority to determine or approve the compensation awards for Omnicom's named executive officers, subject to the full Board of Directors' input and ratification in the case of the President and Chief Executive Officer's compensation. A third party compensation consultant, Frederic W. Cook & Co., Inc., was retained by the Compensation Committee to assist it in evaluating certain of the key elements of the compensation program and to conduct a review of the total compensation of Omnicom's President and Chief Executive Officer, Chief Financial Officer and other named executive officers. The compensation consultant conducted a competitive analysis of Omnicom's total compensation levels and provided advice to the Compensation Committee with respect to competitive practices and the amounts and nature of compensation paid to executive officers. The compensation consultant also provided advice with respect to the appropriate levels of salary, bonus and long-term equity compensation payable to Omnicom's named executive officers. In addition, the compensation consultant provided advice with respect to certain elements of the Senior Executive Restrictive Covenant and Retention Plan, which was adopted in December 2006 (the Retention Plan), and is discussed below in the section entitled Potential Payments Upon Termination of Employment or Change in Control.

To further aid the Compensation Committee in making its compensation determinations, the Chief Executive Officer annually reviews the performance of each named executive officer, excluding himself. The conclusions reached and recommendations based on these reviews, including with respect to salary adjustments and bonus amounts, are presented to the Compensation Committee, which also annually reviews the performance of Omnicom's senior executive management team. The Compensation Committee considers the Chief Executive Officer's recommendations, but ultimately exercises its discretion in modifying any compensation recommended by the Chief Executive Officer.

As discussed above, Omnicom sets base salary structures and annual incentive targets for its named executive officers to be competitive with the compensation awarded to comparable executives at its competitors in the peer group of business services, global advertising, specialty communications, marketing and media buying companies. We strongly believe that retaining the best talent among our senior executive management team is the key to Omnicom's continued growth and profitability. To retain and motivate these key individuals, the Compensation Committee has determined that it is in the best interests of Omnicom and its shareholders to negotiate total compensation packages with Omnicom's senior executive management that are highly competitive with the peer group described above for compensation paid by the such companies. Actual pay for each named executive officer is determined around this structure, driven by the performance of the executive over time, as well as the annual performance of Omnicom.

Executive Compensation Practices

Omnicom's practices with respect to the three key compensation components, base salary, annual performance-based awards and long-term stock-based compensation, as well as other elements of compensation, are described below and are followed by a discussion of the specific factors considered in determining various components of fiscal year 2006 compensation for the named executive officers.

Base Salary

Purpose. The objective of base salary is to reward individual performance by providing a small portion of compensation to the named executive officer that is not at risk like incentive bonuses or restricted stock. Base salary reflects (i) the named executive officer's value to Omnicom and, if appropriate, the network with which he is associated, (ii) the executive's level of responsibility and (iii) market competitiveness.

Considerations. The minimum salary for one of the named executive officers is determined by his employment agreement. This minimum salary, the amount of any increase over this minimum and salaries for named executive officers whose salaries are not specified in an agreement are determined by the Compensation Committee and, in the case of the President and Chief Executive Officer, ratified by the full Board of Directors based on a variety of factors, including those listed above in addition to:

- Omnicom's profitability and individual performance, including the profitability of the executive's network, as applicable;
- the experience and expertise of the individual executive;
- executive compensation practices of other business services companies of similar size, geographic reach and financial characteristics; and
- the recommendation of the Chief Executive Officer (except in the case of his own compensation).

In setting base salaries, the Compensation Committee reviewed data from an independently conducted competitive analysis, which included actual salaries reported in the proxy statements of selected companies.

Adjustments in base salary for named executive officers are discretionary and, where not specified by contract, are generally considered no more frequently than every 24 months. While base salaries are not considered by the Internal Revenue Service to constitute performance-based compensation, Omnicom determines base salary increases based upon the performance of the named executive officers as assessed by the Compensation Committee and, for named executive officers other than himself, the Chief Executive Officer. No formulaic base salary increases are provided to the named executive officers.

In setting salaries, the Compensation Committee considers the importance of placing a high proportion of compensation at risk in the form of an annual performance-based bonus, which is tied to company and individual performance, as well as long-term stock-based compensation, which is tied to Omnicom stock price performance and compliance with certain restrictive covenants as discussed below.

Fiscal Year 2006 Decisions. For the 2006 fiscal year, after taking into consideration each named executive officer's base salary and overall compensation opportunities, the Compensation Committee decided not to increase the base salaries of the named executive officers.

Annual Performance-Based Compensation Awards

Purpose. One key component of our 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 (subject to Board input and ratification in the case of the President and Chief Executive Officer), receive annual bonuses linked to specific performance criteria and targets. It is Omnicom's philosophy that its named executive officers should be rewarded for the achievement of performance targets designed to measure Omnicom's performance and the individual executive's contributions to that performance. In addition, with respect to network named executive officers, additional performance targets designed to measure the network's performance and the individual executive's contribution to that performance are also included.

Considerations. In determining the performance-based compensation awarded to named executive officers pursuant to the Incentive Bonus Plan, we evaluate the performance of Omnicom and the performance of the individual executives in a number of areas. The annual process and material elements for awarding bonuses are described below.

- (1) *Participants.* Prior to the beginning of the fiscal year, the Compensation Committee designates the officers who will participate in the Incentive Bonus Plan for that fiscal year.
- (2) *Omnicom performance goals.* Early in the fiscal year, the Compensation Committee, with the assistance of Omnicom's President and Chief Executive Officer (except in the case of his own compensation) establishes performance criteria and bonus award targets for Omnicom. These targets are based on Omnicom's profitability, measured by comparing Omnicom's fully diluted earnings per share, before special charges, extraordinary items and the effect of any changes in accounting principles against the prior fiscal year. The bonus targets for both Omnicom's President and Chief Executive Officer, and Chief Financial Officer are based upon the percentage increase in such earnings per share over the prior fiscal year. Actual bonus amounts, however, may be adjusted. As discussed below, the Compensation Committee may exercise its negative discretion by reducing bonus awards or declining to give a bonus at all, even if targets are achieved, based on its consideration of other factors, such as revenue growth, net income growth and the qualitative factors discussed above. The Compensation Committee set a very high bar for achieving a maximum bonus under the Incentive Bonus Plan and the Compensation Committee generally sets the target performance requirements so that it is relatively difficult to achieve. It took the same approach for the 2006 fiscal year.
- (3) *Network performance goals.* At the same time as the Omnicom performance criteria and targets are established, the Compensation Committee designates the individual and network performance criteria and targets for the determination of the bonuses payable to network named executive officers. The use of network performance goals allows the Compensation Committee to consider the network's performance in determining the bonuses paid to network named executive officers, while also factoring in Omnicom's overall performance. Actual bonus amounts, however, may be adjusted. As discussed below, the Compensation Committee may exercise its negative discretion by reducing bonus awards or declining to give a bonus at all, even if targets are achieved.
- (4) *Compensation targets.* The Compensation Committee establishes a range of bonus amounts for each of the named executive officers. The compensation targets established by the Compensation Committee for Omnicom's named executive officers are not uniform.
- (5) *Measuring performance.* Upon the completion of the fiscal year, the Compensation Committee assesses the performance of Omnicom and the networks for each of the established performance objectives, comparing the actual performance results with the performance targets and related compensation targets.

Discretion. Although each named executive officer is eligible to receive targeted awards pursuant to the Incentive Bonus Plan if the performance criteria are met, the granting of a bonus to any named executive officer is entirely at the discretion of the Compensation Committee.

- (1) *Negative discretion.* The Compensation Committee may exercise negative discretion in choosing to award a named executive officer the earned bonus or not, and in determining the actual level of award despite the achievement of established targets, in each case in light of all factors deemed relevant by the Compensation Committee.
- (2) *Cash/restricted stock mix.* In the event that the Compensation Committee elects to award a bonus, the Committee may exercise its discretion in electing to pay a certain amount of that bonus in restricted shares of Omnicom stock instead of cash.
- (3) *Accounting changes/extraordinary events.* To the extent achieving 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.

Fiscal Year 2006 Decisions. Following the end of the 2006 fiscal year, the Compensation Committee awarded each named executive officer an award under the Incentive Bonus Plan based on the performance goals and qualitative considerations discussed above. The Compensation Committee awarded the specific bonus amounts set forth in the Summary Compensation Table on page 13. The bonus amounts can be compared to target and maximum bonus potential in the Grants of Plan-Based Awards Table on page 14.

Long-Term Incentive Compensation

Purpose. 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 and stock options that vest over a multi-year period serve to directly align the interests of the shareholders with those of the named executive officers by awarding the creation and preservation of long-term shareholder value.

Mix of restricted stock and stock options. Omnicom's long-term incentive compensation program has historically included a mix of restricted stock and stock option awards. Since 2003, however, Omnicom has not granted stock options to its senior management team based on the determination by the Compensation Committee that the senior management team held options sufficient to align management's interest in increasing Omnicom's stock price with that of Omnicom's shareholders. The Committee may in the future award stock options or otherwise may adjust the mix of stock options and restricted stock awards as it determines will best motivate the named executive officers to manage Omnicom in a manner consistent with the interests of our shareholders.

Restricted stock. The Compensation Committee grants restricted stock awards annually to a relatively broad group of key executives based upon the executive's level of responsibility and the Committee's judgment of the executive's current and expected future contribution to Omnicom's performance. In general, the Compensation Committee assesses an executive's performance by evaluating his or her contribution to Omnicom and the network applicable to such executive, along with the various personal performance factors discussed above. More specifically, in determining the actual annual grants of restricted stock, the Compensation Committee evaluates total compensation packages, the stock holdings of each named executive officer, and the recommendations of the President and Chief Executive Officer (except in the case of his own compensation). Restricted stock awards typically vest over a period of five years, with 20% vesting each year. The restricted stock is subject to forfeiture if a participant's employment is terminated for certain reasons before the shares become vested. Upon award, the executive pays Omnicom the par value amount. During the award cycle, participants receive dividends on and have the right to vote the awarded shares.

Stock options. In the past three years, the Compensation Committee has not awarded stock options to Omnicom named executive officers and has awarded stock options to a very small group of executives pursuant to obligations under employment agreements. The Compensation Committee may grant stock options in the future. In determining whether to grant stock options, the Compensation Committee evaluates total compensation packages, the stock holdings of each named executive officer, and the recommendations of the President and Chief Executive Officer (except in the case of his own compensation). Stock options are granted with an exercise price no less than the fair market value of Omnicom's stock on the day of grant and generally vest over a period of three years and expire after seven to 10 years. In 2001, however, the Compensation Committee granted stock options to each of the named executive officers all of which vest after a period of six years, subject to acceleration in certain events including the attainment of certain share price thresholds and expire after 10 years.

Compensation forfeiture/clawback policy. Omnicom has established a forfeiture policy relating to stock option and restricted stock awards. Under these forfeiture provisions, employees that violate non-competition or non-solicitation agreements, confidentiality and certain other restrictive covenants, will forfeit any outstanding awards as of the date such violation is discovered, whether vested or unvested, and will have to return any gains realized from the sale or transfer of Omnicom common stock acquired through a grant of restricted stock or the exercise of an option.

Fiscal year 2006 decisions. Due to the revenue growth of his network in fiscal year 2006, Thomas Harrison was awarded restricted stock pursuant to the Omnicom Equity Incentive Plan.

Equity Compensation Policies. The Compensation Committee evaluates the allocation of equity awards among stock options, restricted stock, performance-based awards that are payable in shares or such other consideration as the Compensation Committee may specify upon the achievement of performance goals established by the Compensation Committee, or other awards available under Omnicom's Equity Incentive Plan. Omnicom grants all equity incentive awards based on the fair market value as of the date of grant. Omnicom does not have a policy of granting equity-based awards at less than fair market value. The exercise price for stock option grants and similar awards is determined by reference to the fair market value on the date of grant.

Omnicom recently adopted a policy regarding grants of equity awards. This policy provides, among other things, that grants of equity awards to non-employee members of the Board of Directors shall be approved by the full Board and any other grants must be approved by the Compensation Committee. With limited exception, the grant date of any equity award will be the date of the Board or Committee meeting at which the award is approved and the exercise price, if applicable, will be no less than the fair market value of Omnicom's common stock on such date. No equity awards are expected to be granted during black-out trading periods, and no changes will be made to approved awards without appropriate approval.

Deferred Compensation

Deferred Restricted Stock Plan. Omnicom's executive officers are eligible to defer some or all of the shares of restricted stock to which they are entitled. The shares may be deferred until either a date selected by the executive officer or until termination of employment. Omnicom pays participants an amount equal to the cash dividends that would have been paid on the shares in the absence of a deferral election. Omnicom's Deferred Restricted Stock Plan is designed to comply with Internal Revenue Code Section 409A and the rules and regulations promulgated thereunder.

Deferred Compensation Plan. Omnicom's executive officers may also defer some or all of any cash component of their annual incentive bonus. The amounts may be deferred until either a date selected by the executive officer or until termination of employment. At the participant's option, payments may be made in 10 annual installments after termination of employment or in a lump sum on the date selected by the executive officer. Payment is accelerated in the event the participant dies or in the event of a change in control of Omnicom. In addition, at the discretion of the Compensation Committee, payment may be accelerated if a participant encounters a financial emergency as is required to meet the immediate financial need.

Amounts deferred in any year earn interest at an annual rate equal to the yield on 1-year Treasury bills plus two percentage points, but such annual rate may not be less than the rate which is two percentage points below the Prime Rate as reported in the Wall Street Journal. Interest is calculated on a pro rata basis and is adjusted in respect of amounts, if any, paid out during the year. Omnicom's Deferral Compensation Plan is designed to comply with Internal Revenue Code Section 409A and the rules and regulations promulgated thereunder. None of the named executive officers have deferred compensation under this plan.

Employment and Retention Agreements

Omnicom has entered into Award Agreements with Messrs. Wren, Weisenburger and Robertson pursuant to the Retention Plan and executive salary continuation agreements with Messrs. Harrison and Dru. These arrangements are discussed in greater detail in the section below entitled Potential Payments Upon Termination of Employment or Change in Control.

Benefits and Perquisites

Benefits and perquisites are determined by Omnicom or the individual network that employs a named executive officer, as applicable. The Compensation Committee believes that Omnicom and each network is in a better position to determine the mix of benefits and perquisites that should be offered to its executives since they should reflect the business needs and realities confronting Omnicom and each network.

Retirement Savings Plan. Each of Omnicom, BBDO Worldwide and TBWA Worldwide are participating employers in the Omnicom Group Retirement Savings Plan, which is a tax-qualified defined contribution plan. All employees who meet the Plan's eligibility requirements may elect to participate in the 401(k) feature of the

Plan and may also receive a company matching and/or profit sharing contribution based on the Plan's provisions and the discretion of Omnicom and each participating employer.

Omnicom and BBDO Worldwide make discretionary profit-sharing contributions after the end of the Plan year. The amount contributed is a percentage of eligible compensation, up to the limitations imposed by the Internal Revenue Code. BBDO Worldwide and TBWA Worldwide make discretionary 401(k) matching contributions after the end of the Plan year.

Insurance. Omnicom and BBDO Worldwide and, as required by French law, TBWA Worldwide pay employer premiums for life insurance for the named executive officer(s) employed by such network. Omnicom pays for medical, dental and disability insurance for Mr. Harrison.

Other perquisites. We procure aircraft usage from an unrelated third-party vendor. In some instances, in the interest of security, Omnicom makes available to Messrs. Wren and Weisenburger personal use of corporate aircraft hours. Omnicom is reimbursed by Messrs. Wren and Weisenburger for this use based on the Standard Industry Fare Level (SIFL) tables prescribed under IRS regulations promptly after the cost of the flight is incurred. Additional perquisites and benefits are set forth in the notes to the Summary Compensation Table on page 13.

Total Compensation

In determining the optimal compensation packages for each named executive officer, the Compensation Committee considers both the total compensation amount that may be awarded to any named executive officers and the contribution that each component makes to the total compensation mix, including base salary, annual incentive bonus and long-term incentive compensation. The Compensation Committee also considers the other benefits to which the officer is entitled, including compensation payable upon termination of employment under a variety of circumstances. The Compensation Committee strives to construct total compensation awards for Omnicom's senior-most talent that are both fair and competitive when all elements are taken into account.

Accounting and Tax Considerations

IRC Section 162(m)

Section 162(m) limits the tax deduction for compensation in excess of \$1 million paid in any one year to its Chief Executive Officer and certain other executive officers unless the compensation is qualified performance-based compensation. Under Omnicom's Incentive Bonus Plan, payments of bonuses will constitute qualified performance-based compensation under the provisions of Section 162(m) if payable on account of the attainment of one or more pre-established, objective performance goals included in the Incentive Bonus Plan. The Compensation Committee reserves the right to pay Omnicom's employees, including participants in the Incentive Bonus Plan, other amounts which may or may not be deductible under Section 162(m) or other provisions of the Internal Revenue Code. Omnicom's Equity Incentive Plan was approved by its shareholders pursuant to the requirements of Section 162(m) so that awards earned under these plans will qualify for tax deduction by Omnicom when paid.

The Compensation Committee considers the anticipated tax treatment to Omnicom in its review and establishment of compensation programs and awards. The Compensation Committee intends to continue to consider the deductibility of compensation as a factor in assessing whether a particular arrangement is appropriate given the goals of maintaining a competitive executive compensation system generally, motivating executives to achieve corporate performance objectives and increasing shareholder value.

Accounting for Stock-Based Compensation

Omnicom accounts for stock-based compensation including its restricted stock and stock option awards in accordance with the requirements of FASB Statement 123R.

Compensation Committee Report

The Compensation Committee, which is comprised solely of independent members of the Board of Directors, has reviewed the Compensation Discussion and Analysis and discussed the analysis with management. Based on its review and discussions with management, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in Omnicom's 2006 Annual Report on Form 10-K and this Proxy Statement.

Members of the Compensation Committee

Gary L. Roubos, Chairman
Leonard S. Coleman, Jr.
Susan S. Denison
Linda Johnson Rice

Summary Compensation Table

Name and Principal Position of Executive	Year	Salary (\$)	Stock Awards \$(2)	Option Awards \$(3)	Non-Equity Incentive Plan Compensation \$(4)	All Other Compensation \$(5)	Total (\$)
John D. Wren President and Chief Executive Officer of Omnicom	2006	\$1,000,000		\$5,952,500	\$6,000,000	\$288,534	\$13,241,034
Randall J. Weisenburger Executive Vice President and Chief Financial Officer of Omnicom	2006	\$ 975,000	\$398,848	\$1,866,400	\$4,500,000	\$250,961	\$ 7,991,209
Jean-Marie Dru Chief Executive Officer of TBWA Worldwide	2006	\$1,007,560(1)	\$340,385	\$ 540,000	\$2,400,000	\$ 75,816	\$ 4,363,761
Thomas L. Harrison Chairman and Chief Executive Officer of Diversified Agency Services	2006	\$ 900,000	\$335,441	\$ 540,000	\$2,200,000	\$110,797	\$ 4,086,238
Andrew Robertson President and Chief Executive Officer of BBDO Worldwide	2006	\$ 900,000	\$370,758	\$ 540,000	\$2,700,000	\$120,645	\$ 4,631,403

- (1) \$282,560 of Mr. Dru's base salary was paid in Euros. The conversion amount was based on an exchange rate of 1.2566 U.S. Dollars to the Euro, which is the weighted-average exchange rate used by Omnicom for financial reporting purposes with respect to the 2006 fiscal year (the Omnicom Euro Exchange Rate).
- (2) This column represents the dollar amount of expense recognized for financial statement reporting purposes with respect to the 2006 fiscal year for the restricted stock granted to each of the named executive officers in 2006 as well as prior fiscal years, in accordance with Financial Accounting Standards Board Statement of Financial Accounting Standard No. 123 (revised 2004), Share-Based Payment (FAS 123R), assuming no forfeitures. For restricted stock, fair value is calculated using the average of the high and low price of Omnicom stock on the date of grant. For additional information regarding the assumptions underlying this valuation, refer to note 7 of the Omnicom financial statements in the Form 10-K for the year ended December 31, 2006, as filed with the SEC. See the Grants of Plan-Based Awards Table for information on awards made in 2006.
- (3) This column represents the dollar amount of expense recognized for financial statement reporting purposes with respect to the 2006 fiscal year for the stock options granted to each of the named executive officers, in 2006 as well as prior fiscal years, in accordance with FAS 123R, but assuming no forfeitures. For stock options, fair value is calculated as of the date of grant using the Black-Scholes option valuation model. For additional information on the valuation assumptions with respect to the 2006 grants, refer to note 7 of the Omnicom financial statements in the Form 10-K for the year ended December 31, 2006, as filed with the SEC.
- (4) All amounts reported are amounts paid pursuant to Omnicom's Incentive Bonus Plan for 2006 performance.
- (5) All Other Compensation consists of each of the following:

Perquisites and other personal benefits where the total value of all perquisites and personal benefits for a named executive officer exceeds \$10,000 per year. Perquisites and other personal benefits are valued based on the aggregate incremental cost to Omnicom and its subsidiaries.

The total perquisites and other personal benefits include: for Mr. Wren, personal use of aircraft hours (\$246,385), a medical allowance (\$4,000), a car allowance (\$9,120) and amounts paid for tax preparation (\$10,232); for Mr. Weisenburger, personal use of aircraft hours (\$221,823), a car allowance (\$9,120) and a health club membership (\$3,609); for Mr. Dru, a car lease and insurance costs (\$17,580), and family travel and professional fees (\$11,240) (the car lease and insurance costs were paid in Euros and converted at the Omnicom Euro Exchange Rate); for Mr. Harrison, employer premium payments for medical and dental insurance (\$54,824) and disability insurance (\$32,166); for Mr. Robertson, moving expenses (\$53,213), an auto lease (\$24,535), a special bonus (\$13,104), club dues and legal services.

We procure aircraft usage from an unrelated third-party vendor. The dollar amount reported for personal use of aircraft hours reflects the aggregate incremental cost to Omnicom, based on payments we make which are equal to the vendor's hourly charge for such use and landing fees. Employer contributions to one or more retirement savings plans in the amount of \$13,200 for Mr. Wren, \$13,200 for Mr. Weisenburger, \$13,200 for Mr. Harrison and \$22,000 for Mr. Robertson.

Employer premium payments for life insurance in the amount of \$5,597 for Mr. Wren, \$3,209 for Mr. Weisenburger, \$3,348 for Mr. Dru, \$10,607 for Mr. Harrison and \$1,307 for Mr. Robertson. The amount to Mr. Dru was paid in Euros and converted at the Omnicom Euro Exchange Rate. The contribution to Mr. Dru is mandatory under French law.

Social security and retirement costs in the amount of \$43,648 to Mr. Dru, which are mandatory in France. This amount was paid in Euros and converted at the Omnicom Euro Exchange Rate.

Grants of Plan-Based Awards in 2006

The below table provides information about equity and non-equity awards granted to the named executive officers in 2006.

Name of Executive	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			All Other Stock Awards: Number of Shares of Stock or Units (#)(3)	Grant Date Fair Value of Stock and Option Awards(4)
		Threshold (\$)	Target (\$)(2)	Maximum (\$)		
John Wren		\$0	\$3,000,000	\$6,000,000		
Randall Weisenburger		\$0	\$2,250,000	\$4,500,000		
Jean-Marie Dru		\$0	\$1,500,000	\$3,000,000		
Thomas Harrison		\$0	\$1,500,000	\$3,000,000		
	5/4/06				9,000	\$815,130
Andrew Robertson		\$0	\$1,350,000	\$2,700,000		

- (1) These columns show the potential value of the payout for each named executive under the Incentive Bonus Plan for the threshold, target and maximum goals in connection with the 2006 performance measures. The potential payouts were performance-driven and therefore completely at risk. The business measurements and performance goals for determining the payout are described in the section entitled "Compensation Discussion and Analysis" on page 5. Awards paid for performance in 2006 are reflected in the Summary Compensation Table.
- (2) This column shows the midpoint of the threshold and maximum award amounts.
- (3) This column shows the number of shares of restricted stock granted in 2006 to the named executive officers under our Equity Incentive Plan. Twenty percent of the restricted shares will vest on each of the first five anniversaries of the grant date. During the restricted period, each share of restricted stock entitles the individual to receive quarterly payments from Omnicom equal to the quarterly dividends on one share of common stock.
- (4) This column shows the grant date fair value of restricted stock under FAS 123R, assuming no forfeitures, granted to Mr. Harrison. See footnote 2 of the Summary Compensation Table for a discussion of fair value calculation related to restricted stock. For information on the valuation assumptions, refer to note 7 of the Omnicom financial statements in the Form 10-K for the year ended December 31, 2006, as filed with the SEC. The reported dollar value excludes par value of \$0.15 per share paid to Omnicom by Mr. Harrison.