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February 21, 2012

Angela Zgabay-Zgarba
Contracts Administration
Texas Lottery Commission
611 East 6th Street
Austin, TX 78701

Letter of Transmittal

Dear Texas Lottery Commission:

The Integer Group® submits herewith a proposal in response to the Texas Lottery RFP issued December 13, 2011. The Integer Group commits to providing all goods and services required by the Texas Lottery in this RFP through in-house services and the use of HUB subcontractors and non-HUB subcontractors, as outlined in this proposal.

We are the right partner for the Texas Lottery. At Integer™, we live at the Intersection of Branding and Selling®, meaning that everything we do to build the brand supports making a sale and everything we do to make a sale supports building the brand. We have Texas roots with six of our top ten clients based in Texas. We understand the culture, the diversity and how to speak to today's Texans through 360-degree campaigns.

We understand not only branding and advertising, but also the retail and digital space. We have extensive experience with retail marketing and developing programs that drive sales at retail. At Integer, we drive digital deep into our DNA and as a result, we deliver creative websites, innovative digital solutions and engaging social media interactions for our clients and their consumers and shoppers. Perhaps even more important, we know how to connect all the communications into a brand ecosystem that builds your brand while driving sales.

What makes Integer a good fit for the Texas Lottery? Our vision and values are aligned with yours. We believe in and nurture leadership at all levels, we take great pride in being fiscally responsible for our clients, we believe in teamwork and achieving excellence in all that we do through unmatched creative firepower, innovation, flawless execution and thought leadership. And, we too, are committed to supporting Texas HUBs.

And last, but certainly not least, we know the lottery industry from our experience working on the Illinois Lottery, Iowa Lottery and Georgia Lottery. We understand your shopper, your retailer, your products and how to connect the three into communications that resonate and move people to action at retail.

For all of these reasons and more, we believe we are the right partner for the Texas Lottery and we are incredibly excited about the opportunity to work with you.

Please note that The Integer Group accepts the terms and conditions set forth in Part 3 of this RFP with the exception of the recommended changes as outlined on the following pages.

GLOSSARY OF TERMS

This Glossary assigns definitions to the listed terms. The definition given to a term listed in this Glossary applies whenever the term appears in this Request for Proposals (RFP) and in any response, including a Proposal, to this Request for Proposals.

Term	Definition
Apparent Successful Proposer	The Proposer recommended by the evaluation committee and approved by the Executive Director, subject to the execution of a completed contract.
Business Hours	The Texas Lottery's business hours are 8:00 a.m. to 5:00 p.m. CT, Monday through Friday, except State holidays.
Contract	The agreement entered into by the Texas Lottery and the Successful Proposer, which will incorporate the contents of this RFP and the Successful Proposer's Proposal, except as specifically provided to the contrary in the Contract and any amendments to the Contract.
Contract Award	The signing of a Contract between the Texas Lottery and the Successful Proposer.
CPA	Texas Comptroller of Public Accounts.
Day	A calendar day.
Executive Director	The Executive Director of the Texas Lottery Commission or an employee of the Texas Lottery Commission authorized to act on behalf of the Executive Director.
Fiscal Year	The Texas Lottery's fiscal year, which begins on September 1 and ends on August 31 of the following year.
Historically Underutilized Business (HUB)	A Historically Underutilized Business is a business that is certified by the State of Texas that (1) is at least 51% owned by an Asian Pacific American, Black American, Hispanic American, Native American and/or American woman, (2) is a for-profit entity that has not exceeded the size standards prescribed by 34 TAC §20.23, and has its principal place of business in Texas, and (3) has an owner residing in Texas with a proportionate interest that actively participates in the control, operations and management of the entity's affairs. For further explanation, see the CPA HUB rule definitions at,
HSP	The Historically Underutilized Business Subcontracting Plan (HSP) required by Chapter 2161 of the Texas Government Code and by the Texas Lottery Commission Rule, 16 Texas Administrative Code §403.301 (see Attachment C).

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Recommended Changes (continued)

Intellectual Property Rights	The worldwide legal rights or interests evidenced by or embodied in: (i) any idea, design, concept, personality right, method, process, technique, apparatus, invention, discovery, or improvement, including any patents, trade secrets, and know- how; (ii) any work of authorship, including any copyrights, moral rights or neighboring rights; (iii) any trademark, service mark, trade dress, trade name, or other indicia of source or origin; (iv) domain name registrations;
Invited Option	An Invited Option is identified as being of specific interest to the Texas Lottery; however, the Texas Lottery makes no commitment to any quantity or timing for acquisition. The
Offered Option	Offered Options are not identified in this RFP, but may be identified by the Proposer and included in the Proposal. This is an opportunity for Proposers to offer options that the
Prime Contract	The following contracts which the Texas Lottery has entered into or may enter into in the future are considered prime contracts: lottery operator, instant ticket manufacturer,
Proposal	All information and materials submitted by a Proposer in response to this RFP. This includes the Cost Proposal, Technical Proposal, and other information and materials provided to the
Proposer	An individual or entity that submits a Proposal. The term includes anyone acting on behalf of the individual or entity that submits a Proposal, such as agents, employees and representatives.
Responsive Proposal	A Proposal submitted which conforms in all material respects to the RFP.
RFP	This Request for Proposals.
Specified Option	A Specified Option must be proposed by the Proposer; however, the Texas Lottery does not commit to any quantity or timing for acquisition of a Specified Option. A Proposal may be rejected if a Specified Option is not included.
State	The State of Texas and its agencies, boards and commissions, officers and employees.
Subcontractor	A person who contracts with the Successful Proposer to work, to supply commodities, or contribute toward completing work for the Texas Lottery.
Successful Proposer	The Proposer with whom the Texas Lottery executes a Contract to provide the goods and services that this RFP requires.
TPASS	Texas Procurement and Support Services. TPASS is a division of the Texas Comptroller of Public Accounts (CPA).
Texas Lottery Commission, Texas Lottery, Lottery or	That agency created by Chapters 466 and 467, Texas Government Code. The Texas Lottery Commission may be referred to as the Texas Lottery, Lottery or TLC throughout this document.

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Working Days	Business days occurring Monday through Friday except for the legal holidays observed by the State of Texas. The terms working days and business days may be used interchangeably.
Works	Any tangible or intangible items or things that have been or will be prepared, created, maintained, serviced or developed by a Successful Proposer (or such third parties as the

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any conduct of the Successful Proposer which is in violation or breach of the terms of any Contract resulting from this RFP shall not be construed as a waiver of the violation or breach, or of any future violation or breach.

3.6 CLARIFICATION OF LOTTERY'S INTENT

It is the responsibility of the Successful Proposer to address and resolve all questions with the Texas Lottery's designated staff members, and achieve a clear understanding of all Texas Lottery requirements during each stage of the Contract term. The Texas Lottery will use reasonable efforts to provide timely responses to questions of policy or procedure as they may affect the Successful Proposer's performance. Key Texas Lottery staff will be available to the Successful Proposer on a reasonable basis, but may not be available on State or national holidays, as defined in Section 662.003 of the Texas Government Code, or weekends. The Texas Lottery's normal office hours are from 8:00 a.m. to 5:00 p.m., Central Time, Monday through Friday of each week of the Contract term, except State holidays.

3.7 LOTTERY'S FINANCIAL OBLIGATIONS

The financial obligations of the Texas Lottery under any Contract resulting from this RFP are payable solely out of the receipts of the Texas Lottery and are subject to statutory restrictions and appropriations. Performance by the Texas Lottery under any Contract resulting from this RFP is subject to acts of the Texas Legislature. The Texas Lottery shall have no responsibility or liability for any damages, losses, financial obligations, breach of contract, or other claims in the event that performance by the Texas Lottery is compromised or terminated by acts or omissions of the Texas Legislature (e.g., if the Texas Lottery is discontinued or not funded by the Texas Legislature).

3.8 RELATIONSHIP OF THE PARTIES

The Successful Proposer and the Texas Lottery agree and understand that the Successful Proposer shall render the goods, services and requirements under any resulting Contract as an independent contractor, and nothing contained in the Contract will be construed to create or imply a joint venture, partnership, employer/employee relationship, principal- agent relationship or any other relationship between the parties. Notwithstanding the foregoing, Successful Proposer is authorized to act as the Texas Lottery's agent with regard to the purchase of materials and services hereunder. In purchasing such materials and services on behalf of the Texas Lottery that have been approved by the Texas Lottery, Successful Proposer may contract on the basis of "sequential liability", under which Successful Proposer will be liable for payment to the extent that proceeds sufficient to pay completely such liability shall have cleared from the Texas Lottery to Successful Proposer. The Texas Lottery will remain solely liable for sums owing but not cleared to Successful Proposer. Employees of the Successful Proposer will not be considered employees of the Texas Lottery within the meaning of any federal, state, or local law, ordinance, or regulation including, but not limited to, laws, ordinances, or regulations concerning unemployment insurance, social security benefits, workers compensation, or withholding requirements. The Successful Proposer shall be responsible for complying with any such laws, ordinances, or regulations, and shall indemnify and hold harmless the Texas Lottery from any costs or damages, including attorney's fees, sustained by the Texas Lottery resulting from the Successful Proposer's breach of its obligations under this section. The Texas Lottery will withhold indemnified losses actually incurred from payments to the Successful Proposer, or, if no payments are made, the Texas Lottery will make demand of payment of indemnified losses. The Successful Proposer must make payment within thirty (30) Days of the Texas Lottery's demand.

3.9 PAYMENT

3.9.1 All payments will be made in accordance with Texas Government Code ANN. § 2251 ("Payments for Goods and Services"). The Successful Proposer shall submit invoices in accordance with Section 7.15 and as prescribed by the Texas Lottery, noting the contract number, detailing services rendered and date of services. Payments will be made only upon the completion of services or after the delivery of goods authorized in an approved invoice. Invoices may be submitted by mail to the Texas Lottery Commission, P. O. Box 16630, Austin, Texas 78761-6630.

3.9.2 Pursuant to Texas Government Code ANN. § 2251.025, interest is not due on a payment until it becomes "overdue." A payment is not "overdue" until the 31st day after the latter of: (1) the date the Texas Lottery receives the goods covered by the contract; (2) the date the performance of service under the contract is completed; or (3) the date the Texas Lottery receives an invoice for the goods or services. Texas Government Code ANN. § 2251.021. Services are "completed" when accepted by the Texas Lottery.

3.9.3 The Successful Proposer agrees that if the Texas Comptroller of Public Accounts is prohibited from issuing a warrant to the Successful Proposer under Section 403.055 of the Texas Government Code, any payments owed to the Successful Proposer under any Contract resulting from this RFP will be applied towards the debt or delinquent taxes that the Successful Proposer owes the State of Texas until the debt or delinquent taxes are paid in full.

3.9.4 The Successful Proposer acknowledges that the State of Texas requires consistent, high quality performance during the entire term of any Contract resulting from this RFP and during any transition to an alternate or successor provider. The Successful Proposer agrees to ensure such consistent high quality performance, and an orderly transition to a new vendor pursuant to the terms of this RFP.

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Deleted: , the Texas Lottery may withhold the last two (2) payments due under any Contract resulting from this RFP (the "Hold Back"). Following the successful transition to a new vendor, the Texas Lottery shall release the Hold Back to the Successful Proposer. If the Successful Proposer delays the transition, the Texas Lottery shall be entitled to retain the Hold Back or such portion as the Executive Director deems equitable

3.10 ASSIGNMENTS

No right or obligation of the Successful Proposer under any Contract may be assigned by the Successful Proposer without the prior written approval of the Texas Lottery, and in the event of any such approval, the terms and conditions hereof shall apply to and bind the party or parties to whom the right or obligation is assigned as fully and completely as the Successful Proposer is hereunder bound and obligated. No assignment shall operate to release the Successful Proposer from its liability for the timely and effective performance of its obligations hereunder. Assignments made in violation of this provision shall be null and void.

3 CONTRACTUAL TERMS AND CONDITIONS

3.1 INTRODUCTION

This part sets forth terms and conditions applicable to the procurement process as well as terms and conditions that will become part of any Contract executed pursuant to this RFP. The Texas Lottery reserves the right to incorporate additional provisions in any Contract in the best interest of the Texas Lottery.

3.2 GOVERNING LAW

The procurement process, the award procedure, and any Contract resulting from this RFP shall be governed by, construed and interpreted in accordance with the applicable laws of the State of Texas. Any and all actions or suits brought by a Proposer or any related party regarding this RFP or any Contract resulting therefrom shall be brought in the state district court located in Austin, Travis County, Texas. By submitting a Proposal, a Proposer is deemed to waive the right to bring any action in any other court. This section is purely a venue provision and shall not be deemed a waiver of sovereign immunity.

3.3 CONTRACT ELEMENTS

3.3.1 Any Contract between the Texas Lottery and the Successful Proposer will follow the general format specified by the Texas Lottery. The Texas Lottery reserves the right to negotiate provisions in addition to those stipulated in this RFP. The contents of this RFP, as modified by published addenda, and the Successful Proposer's Proposal will be incorporated into the Contract. In the event of any conflict or contradiction between or among these documents, the documents shall control in the following order of precedence: the written Contract, the RFP, and the Successful Proposer's Proposal. Specific exceptions to this general rule may be noted in the written Contract.

3.3.2 The Texas Lottery has determined that subcontracting opportunities are probable under this RFP. Therefore, the Texas Lottery requires the submission of an HSP as a part of each Proposal, as discussed further in Part 5 of this RFP. The HSP, if accepted by the Texas Lottery, will become a provision of any Contract awarded as a result of this RFP.

3.3.3 If any term or provision or this RFP or a Contract executed pursuant to this RFP is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the RFP or Contract shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

3.4 AMENDMENTS

Any Contract resulting from this RFP may be amended only by a written agreement signed by both parties.

3.5 WAIVER

The failure of the Texas Lottery to object to or to take affirmative action with respect to

3.11 SUBCONTRACTING

3.11.1 The Successful Proposer is prohibited from subletting, conveying, assigning or otherwise disposing of all or any portion of any Contract resulting from this RFP, its rights, title, or interest therein, or its power to execute such agreement without the previous written approval of the Texas Lottery. If any part of any Contract between the Texas Lottery and the Successful Proposer is to be subcontracted, the Successful Proposer must obtain prior written approval from the Texas Lottery, and the Subcontractor must comply with all applicable requirements of the Texas Lottery. The Texas Lottery reserves the sole right to require the Successful Proposer to terminate any Subcontractor with or without cause. For the avoidance of doubt, the term "Subcontractor" shall not include: (i) freelancers or other temporary personnel and (ii) ancillary vendors used in the ordinary course of business (e.g. stock and music houses, postage suppliers, etc).

3.11.2 In the event the Texas Lottery approves of the use of any Subcontractor in performance of the Contract, the Successful Proposer is not relieved of its responsibility and obligation to meet all the requirements of this RFP.

3.11.3 The Texas Lottery will incur no additional obligations and the obligations of the Successful Proposer will not be reduced as a result of any such subcontracts.

3.11.4 The Successful Proposer agrees to indemnify and hold the Texas Lottery harmless from any of the claims or actions of its Subcontractors. The Texas Lottery will withhold indemnified losses actually incurred from payments to the Successful Proposer, or, if no payments are made, the Texas Lottery will make demand of payment of indemnified losses. The Successful Proposer must make payment within thirty (30) days of the Texas Lottery's demand.

3.11.5 The Successful Proposer's obligation to pay Subcontractors is governed by Texas Government Code ANN. § 2251.022 (—Time for Payment by Vendor‖), as it may be amended.

3.12 LOTTERY APPROVAL OF STAFFING

3.12.1 The Successful Proposer shall not employ or contract with or permit the employment of unfit or unqualified persons or persons not skilled in the tasks assigned to them. The Successful Proposer shall at all times employ sufficient labor to carry out functions and services in the manner and time prescribed by any Contract awarded pursuant to this RFP. —Unfit‖ is defined as any person convicted of a felony, criminal fraud, gambling or gambling-related offense or a person convicted of a misdemeanor involving moral turpitude whose sentence, parole, mandatory supervision or probation ended less than ten (10) years ago. The Successful Proposer shall be responsible to the Texas Lottery for the acts and omissions of the Successful Proposer's employees, agents (including, but not limited to, lobbyists) and Subcontractors and the Successful Proposer shall enforce strict discipline among the Successful Proposer's employees, agents (including, but not limited to, lobbyists) and Subcontractors performing the services under the Contract.

3.12.2 The Successful Proposer shall provide the Texas Lottery written notification and justification within three (3) Working Days of any personnel changes involving

Proposer's personnel assigned to the Texas Lottery account.

3.12.3 Notwithstanding anything herein to the contrary, any person employed by the Successful Proposer shall, at the written request of the Texas Lottery, and within the Texas Lottery's sole discretion, be removed forthwith by the Successful Proposer from work relating to the Contract.

3.13 BACKGROUND INVESTIGATIONS

3.13.1 The Texas Lottery Commission may initiate investigations into the backgrounds of (a) the Successful Proposer; (b) any of the Successful Proposer's officers, directors, investors, owners, partners and other principals, as more particularly described in Texas Government Code ANN. § 466.155, (collectively, Successful Proposer Principals); (c) any of the Successful Proposer's employees; (d) any of the Successful Proposer's Subcontractors, or Subcontractors' officers, directors, investors, owners, partners, principals or employees (collectively, Subcontractor Personnel); or (e) any other associates of the Successful Proposer it deems appropriate. The Texas Lottery Commission may also request background information for a spouse, child, brother, sister or parent residing as a member of the same household in the principal place of residence of the Successful Proposer, any Successful Proposer Principals, or Successful Proposer employees described above. Such background investigations may include fingerprint identification by the Texas Department of Public Safety, the Federal Bureau of Investigation, and any other law enforcement agency. The Texas Lottery may terminate any Contract resulting from this RFP based solely upon the results of these background investigations.

3.13.2 The Successful Proposer agrees that, during the term of the Contract and any renewal thereof, it shall be obligated to provide such information about any Successful Proposer Principals, Successful Proposer employees, and Subcontractor Personnel as the Texas Lottery may prescribe. The Successful Proposer also agrees that the Texas Lottery may conduct background investigations of such persons.

3.13.3 Upon notification by the Texas Lottery to the Successful Proposer that the Texas Lottery objects to an employee based on a background investigation, the Successful Proposer shall prevent that employee from working on the Texas Lottery account and shall deny that employee access to the Texas Lottery systems.

3.14 COMPLIANCE

The Successful Proposer agrees to comply with all applicable laws, rules and regulations, including without limitation those involving non-discrimination on the basis of race, color, religion, national origin, age, sex and disability.

3.15 TERM OF CONTRACT

3.15.1 Any Contract resulting from this RFP will commence on the Contract execution date and continue through August 31, 2016 subject to the termination provisions in this RFP and subject to the Texas Lottery being continued and funded by the Texas Legislature.

3.15.2 The Texas Lottery reserves the right to extend any Contract resulting from this RFP, at its sole discretion, for up to two (2) additional two-year periods, at the Contract rate or rates as modified during the term of the Contract.

3.15.3 At the end of the initial term or any renewal period, the Texas Lottery reserves the right to extend any Contract resulting from this RFP, at its sole discretion, for up to three (3) additional months, in one month intervals, at the Contract rate or rates as modified during the term of this Contract.

3.15.4 At the end of the Contract term, or upon earlier termination under any provision of this Contract, the Successful Proposer shall, in good faith and with reasonable cooperation, at a mutually agreed fee, aid in the transition to any new arrangement and provider, if requested by the Texas Lottery.

3.15.5 Successful Proposer's fees for services are subject to escalate by five (5%) of the previous year's fees on every second anniversary of the execution of any Contract resulting from this RFP.

3.16 TERMINATION AT WILL

Either party, in its sole discretion, may terminate, in whole or in part, any Contract resulting from this RFP at will and without cause upon no less than sixty (60) Days' advance written notice. The Texas Lottery also may terminate any Contract immediately with written notice if the Executive Director, in his or her sole judgment, believes that the integrity or security of the Texas Lottery is in jeopardy and it is in the best interest of the Texas Lottery to do so. Each party's right to terminate for convenience any Contract resulting from this RFP is cumulative of all rights and remedies, which exist now or in the future.

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3.17 TERMINATION FOR CAUSE

The Texas Lottery reserves the right to terminate, in whole or in part, any Contract resulting from this RFP upon no less than five (5) Days' notice upon the following conditions:

(a) A receiver, conservator, liquidator or trustee of the Successful Proposer, or of any of its property, is appointed by order or decree of any court or agency or supervisory authority having jurisdiction; or an order for relief is entered against the Successful Proposer under the Federal Bankruptcy Code; or the Successful Proposer is adjudicated bankrupt or insolvent; or any portion of the property of the Successful Proposer is sequestered by court order and such order remains in effect for more than thirty (30) Days after such party obtains knowledge thereof; or a petition is filed against the Successful Proposer under any state, reorganization, arrangement, insolvency, readjustment of debt, dissolution, liquidation, or receivership law of any jurisdiction, whether now or hereafter in effect, and such petition is not dismissed within thirty (30) Days, or

(b) The Successful Proposer files a case under the Federal Bankruptcy Code or is seeking relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution, receivership or liquidation law of any jurisdiction, whether now or hereafter in effect, or consents to the filing of any case or petition against it under any such law, or

(c) The Successful Proposer makes an assignment for the benefit of its creditors, or admits in writing its inability to pay its debts generally as they become due, or consents to the appointment of a receiver, trustee, or liquidator of the Successful Proposer or of all or any part of its property; or judgment for the payment of money in excess of $50,000.00 (which is not covered by insurance) is rendered by any court or governmental body against the Successful Proposer, and the Successful Proposer does not discharge the same or provide for its discharge in accordance with its terms, or procure a stay of execution thereof within thirty (30) Days from the date of entry thereof, and within said 30-Day period or such longer period during which execution of such judgment shall have been stayed, appeal therefrom and cause the execution thereof to be stayed during such appeal while providing such reserves therefore as may be required under generally accepted accounting principles; or a writ or warrant of attachment or any similar process shall be issued by any court against all or any material portion of the property of the Successful Proposer, and such writ or warrant of attachment or any similar process is not released or bonded within thirty (30) Days after its entry, or

(d) A court of competent jurisdiction finds that the Successful Proposer has failed to adhere to any laws, ordinances, rules, regulations or orders of any public authority having jurisdiction, or

(e) The Successful Proposer fails to communicate with the Texas Lottery as required by the Contract, or

(f) The Successful Proposer fails to remove any person from work relating to the Contract upon written notice from the Texas Lottery, or

(g) The Successful Proposer breaches the RFP's standard of confidentiality with respect to this RFP or the goods or services provided thereunder, or

(h) The Texas Lottery makes a written determination that the Successful Proposer has failed to substantially perform under the Contract and specifies the events resulting in the Texas Lottery's determination thereof, or

(i) The Successful Proposer fails to comply with any of the terms, conditions or provisions of the Contract, in any manner whatsoever, or

(j) The Successful Proposer engages in any conduct that results in a negative public impression including, but not limited to, creating even an appearance of impropriety with respect to the Texas Lottery, Texas Lottery games, the Successful Proposer, or the State of Texas.

3.18 TERMINATION FOR IMPOSSIBILITY OF PERFORMANCE

The Texas Lottery reserves the right to terminate, in whole or in part, any Contract resulting from this RFP upon no less than five (5) Days' notice upon any of the following conditions:

(a) The failure of the Texas Legislature to appropriate funds to the Texas Lottery for any Contract resulting from this RFP.

(b) Any act or omission by the Texas Legislature which renders performance by the Texas Lottery impossible.

3.19 TERMINATION WITHOUT PENALTY

Pursuant to Texas Government Code ANN. § 466.014(c), the Executive Director is permitted to terminate any Contract entered into as a result of this RFP, without penalty, if an investigation reveals that the Successful Proposer would not be eligible for a sales agent license under Texas Government Code ANN. § 466.155.

3.20 EFFECT OF TERMINATION

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(a) During the period of time after a party has given written notice of termination for any reason to the other party pursuant to any Contract (hereinafter "Notice Period"), the rights, duties, obligations and liabilities of the parties pursuant to such Contract shall continue in full force and effect, including without limitation the payment of Successful Proposer's fees and/or any commissions.

(b) Upon the termination of such Contract, Texas Lottery shall continue to owe and remain liable for any and all services rendered by Successful Proposer and expenditures incurred by Successful Proposer for which Texas Lottery has not yet rendered payment, including without limitation charges for any and all goods, services or facilities that Successful Proposer has obtained or committed to obtain pursuant to such Contract.

(c) All reservations, contracts and other arrangements authorized by Texas Lottery, that still are in effect as of the effective date of termination of such Contract, shall, upon the approval of all third parties in interest, be assigned to Texas Lottery or its representative, and Successful Proposer shall be released from the duties, obligations, and liabilities thereof.

(d) Any contracts with third parties authorized by Texas Lottery and still existing at the termination of such Contract that cannot be assigned to Texas Lottery or cancelled, shall be carried to completion by Successful Proposer and paid for by Texas Lottery in accordance with the provisions of such Contract and this RFP, unless mutually agreed in writing to the contrary. Any materials or services Successful Proposer has committed to purchase for Texas Lottery (or any uncompleted work previously approved by Texas Lottery either specifically or as part of a plan), shall be paid for by Texas Lottery and Successful Proposer shall receive applicable compensation.

(e) Any contract Successful Proposer has entered into with talent to perform in Texas Lottery's advertising shall be assigned to Texas Lottery and Texas Lottery shall assume all of the rights and obligations under the contract and Successful Proposer shall be relieved of any further responsibility or liability.

Without limiting the foregoing, Texas Lottery agrees that it shall execute (or have executed by another Successful Proposer) any standard form of union assumption agreement required to effectuate the purposes of this paragraph.

3.21 WARRANTIES

3.21.1 The Successful Proposer warrants and agrees that it is lawfully organized and constituted under all applicable national, international, state and local laws, ordinances and other authorities of its domicile and is otherwise in full compliance with all legal requirements of its domicile.

3.21.2 The Successful Proposer warrants and agrees that it has the legal authority and capacity to enter into and perform any Contract resulting from its response to this RFP, and that it has the financial ability to perform its obligations under such Contract.

3.21.3 The Successful Proposer warrants and agrees that it has been duly authorized to operate and do business in all places where it will be required to do business under any Contract awarded pursuant to this RFP; that it has obtained or will obtain all necessary licenses and permits required in connection with such Contract; and that it will fully comply with all laws, decrees, labor standards and regulations of its domicile and wherever performance occurs during the term of such Contract.

3.21.4 The Successful Proposer warrants and agrees that it has no present interest and shall not acquire, or assign to any third party, any interest that would conflict in any manner with its duties and obligations under any Contract awarded pursuant to this RFP.

3.21.5 The Successful Proposer warrants and agrees that all goods and services it supplies in its performance under any Contract awarded pursuant to this RFP shall meet the performance standards required thereunder and shall be performed in a prompt, high quality, professional and competent manner using only qualified personnel.

3.21.6 The Successful Proposer warrants and agrees that it shall not take any action inconsistent with any of the terms, conditions, agreements, or covenants set forth in this RFP without the express written consent of the Texas Lottery.

3.21.7 The Successful Proposer warrants that it is eligible for a sales agent license under Texas Government Code ANN. § 466.155 (Chapter 466 is also known as the State Lottery Act).

3.21.8 The Successful Proposer warrants and agrees that it shall not sell, assign, lease, transfer, pledge, hypothecate, or otherwise dispose of any component of any goods or system proposed in response to the RFP or any interest therein, or permit any of it to become a fixture or accession to other goods or property.

3.21.9 The Texas Lottery represents and warrants that all information and materials it provides to Successful Proposer do not infringe the intellectual property rights of any third party, and are complete, accurate and not misleading.

All of the above warranties contained in this section 3.22 shall survive expiration or termination of the Contract.

3.22 LICENSES AND PERMITS

The Successful Proposer shall obtain, maintain and pay for all licenses, permits and certificates that are applicable to its business, including all professional licenses required by any statute, ordinance, rule or regulation. The Successful Proposer shall immediately notify the Texas Lottery of any suspension, revocation or other detrimental action against its licenses, permits or certificates.

3.23 SUCCESSFUL PROPOSER SITE VISITS

The Texas Lottery shall have the right, upon thirty (30) days prior written notice and at its expense, acting by itself or through its authorized representatives, to enter the premises of the Successful Proposer to examine and to inspect and copy the records of the Successful Proposer pertaining to goods and services provided under any Contract resulting from this RFP. The Texas Lottery will use reasonable efforts not to disrupt the normal business operations of the Successful Proposer (or Subcontractor, as applicable) during site visits announced or unannounced. Any examination shall not include access to individual salary, payroll or personnel records, other clients' information, or records Successful Proposer is obligated to keep confidential. If the Texas Lottery wishes to have an independent auditor perform the examination, this may be done by an auditor mutually agreed by the parties (with preference for a nationally-recognized "Big 4" audit firm).

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Deleted: and any Subcontractors, and to enter any other sites involved in providing goods and/or services under any Contract resulting from this RFP.

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Bottner, Morgan 2/14/12 1:09 PM
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Bottner, Morgan 2/14/12 1:09 PM
Deleted: The Successful Proposer agrees that the Successful Proposer and its Subcontractors shall implement all reasonable quality control and security procedures requested by the Texas Lottery or representatives as designated by the Texas Lottery.

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3.24 INTELLECTUAL PROPERTY RIGHTS

3.24.1 *Ownership*. As between the Successful Proposer and the Texas Lottery, the Works and Intellectual Property Rights in the Works are and shall be owned exclusively by the Texas Lottery, and not the Successful Proposer. The Successful Proposer specifically agrees that all Works shall be considered —works made for hirel and that the Works shall, upon creation, be owned exclusively by the Texas Lottery. To the extent that the Works, under applicable law, may not be considered works made for hire, the Successful Proposer hereby agrees that the Contract resulting from this RFP transfers, grants, conveys, assigns, and relinquishes exclusively to the Texas Lottery all right, title and interest in and to the Works, and all Intellectual Property Rights in the Works, without the necessity of any further consideration, and the Texas Lottery shall be entitled to obtain and hold in its own name all Intellectual Property Rights in and to the Works, subject to any exceptions with respect to pre-existing or third party rights as set forth below.

3.24.2 *Ownership of Prior Rights by the Texas Lottery*. All property and tangible or intangible items, including the Intellectual Property Rights therein, that were created, developed or owned by the Texas Lottery prior to the issuance of this RFP or execution of any Contract resulting therefrom (e.g., copyrights, trademarks, etc.) shall continue to be exclusively owned by the Texas Lottery, and the Successful Proposer shall have no ownership thereof, and no rights thereto, other than the limited, non-exclusive right to use such property or tangible and intangible items solely for the purposes set forth in this RFP or resulting Contract, if any, and only for the duration of such Contract.

3.24.3 *Ownership of Prior Rights by the Successful Proposer*. All property and tangible or intangible items, including the Intellectual Property Rights therein, that were created, developed or owned by the Successful Proposer prior to the issuance of this RFP (or outside the scope of this RFP) shall continue to be exclusively owned by the Successful

Proposer, and the Texas Lottery shall have no ownership thereof, and no rights thereto, other than the limited, non-exclusive right to use such property or tangible or intangible items solely for the purposes set forth in this RFP or resulting Contract, if any. All intellectual property relating to the goods and/or services set forth herein or under the Contract, including the Intellectual Property Rights in those goods and/or services, that was created, developed or licensed by the Successful Proposer prior to the issuance of this RFP or the execution of the Contract, or during the term of the Contract, to the extent such intellectual property is not considered "works" as defined above, and to the extent integrated into any deliverables produced for the Texas Lottery hereunder, shall be, and is, licensed to the Texas Lottery on a nonexclusive, perpetual, irrevocable, royalty-free, worldwide basis, to allow the Texas Lottery or its designees to provide, and continue to provide, the goods and services set forth herein or under the Contract, including after the expiration or termination of the Contract. Notwithstanding anything to the contrary, all intellectual property owned by third parties shall remain the sole and exclusive property of such third parties, and Texas Lottery agrees to use such third party materials consistent with the restrictions for such third party materials communicated to Client.

3.24.4 *Further Actions.* The Successful Proposer, upon request and without further consideration, shall perform any acts that may be deemed necessary or desirable by the Texas Lottery to evidence more fully the transfer of ownership of all Works to the Texas Lottery to the fullest extent possible, including but not limited to the execution, acknowledgement and delivery of such further documents in a form determined by the Texas Lottery. In the event the Texas Lottery shall be unable for any reason to obtain the Successful Proposer's signature on any document necessary for any purpose set forth in the foregoing sentence, the Successful Proposer hereby irrevocably designates and appoints the Texas Lottery and its duly authorized officers and agents as the Successful Proposer's agent and the Successful Proposer's attorney-in-fact to act for and in the Successful Proposer's behalf and stead to execute and file any such document and to do all other lawfully permitted acts to further any such purpose with the same force and effect as if executed and delivered by the Successful Proposer.

3.24.5 *Waiver of Moral Rights.* The Successful Proposer hereby irrevocably and forever waives, and agrees never to assert, any Moral Rights in or to the Works which the Successful Proposer may now have or which may accrue to the Successful Proposer's benefit under U.S. or foreign copyright laws and any and all other residual rights and benefits which arise under any other applicable law now in force or hereafter enacted. The term —Moral Rights‖ shall mean any and all rights of paternity or integrity of the Works and the right to object to any modification, translation or use of the Works, and any similar rights existing under the judicial or statutory law of any country in the world or under any treaty, regardless of whether or not such right is denominated or referred to as a moral right.

3.24.6 *Confidentiality.* All Works and all materials forwarded to the Successful Proposer by the Texas Lottery for use in and preparation of the Works, shall be deemed the confidential information of the Texas Lottery, and the Successful Proposer shall not use, disclose, or permit any person to use or obtain the Works, or any portion thereof, in any manner without the prior written approval of the Texas Lottery.

3.24.7 *Injunctive Relief.* The RFP and Contract are intended to protect the Texas Lottery's proprietary rights pertaining to the Works, and the Intellectual Property Rights therein, and any misuse of such rights would cause substantial and irreparable harm to the Texas Lottery's business. Therefore, the Successful Proposer acknowledges and stipulates that a court of competent jurisdiction should immediately enjoin any material breach of the intellectual property, licensing, and confidentiality provisions of the RFP or Contract, upon a request by the Texas Lottery, without requiring proof of irreparable injury as same should be presumed.

3.24.8 *Return of Works.* Upon the request of the Texas Lottery, but in any event upon expiration or termination of any Contract resulting from this RFP, the Successful Proposer shall surrender to the Texas Lottery all documents and things pertaining to the Works, including but not limited to drafts, memoranda, notes, records, drawings, manuals, computer software, reports, data, and all other documents or materials (and copies of same) generated or developed by the Successful Proposer or furnished by the Texas Lottery to the Successful Proposer, including all materials embodying the Works, any Texas Lottery confidential information, or Intellectual Property Rights, regardless of whether complete or incomplete. This section is intended to apply to all Works made or compiled by the Successful Proposer, as well as to all documents and things furnished to the Successful Proposer by the Texas Lottery or by anyone else that pertains to the Works.

3.24.9 *Successful Proposer's Name or Logo.* The Successful Proposer shall not affix its company name, label, logo, or any other similar identifying information to or on any products, equipment or any other goods provided under any Contract resulting from this RFP.

3.25 PRE-EXISTING AND THIRD PARTY RIGHTS

3.25.1 To the extent that any pre-existing rights and/or third party rights or limitations are embodied, reserved or reflected in the Works, the Successful Proposer shall either (a) grant to the Texas Lottery the irrevocable, perpetual, non-exclusive, worldwide, royalty-free right and license to (i) use, execute, reproduce, display, perform, distribute copies of, and prepare derivative works based upon such pre-existing rights and any derivative works thereof and (ii) authorize others to do any or all of the foregoing, or (b) where the obtaining of perpetual and/or worldwide rights is not reasonably practical or feasible, provide written notice to the Texas Lottery of such pre-existing or third party rights or limitations, request the Texas Lottery's approval of such pre-existing or third party rights, obtain a limited right and license to use such pre-existing or third party rights on such terms as may be reasonably negotiated, and obtain the Texas Lottery's written approval of such pre-existing or third party rights and the limited use of same. The Successful Proposer shall provide the Texas Lottery with documentation indicating a third party's written approval for the Successful Proposer to use any pre-existing or third party rights that may be embodied, reserved or reflected in the

Works. The Successful Proposer shall indemnify, defend and hold the Texas Lottery harmless from and against any and all claims, demands, regulatory proceedings and/or causes of action, and all losses, damages, and costs (including attorneys' fees and settlement costs) arising from or relating to, directly or indirectly, any claim or assertion by any third party that the Works infringe any third party copyrights. Any of Successful Proposer's indemnity obligations hereunder shall not apply to instances in which the Texas Lottery either (y) modified the Works or exceeded the scope of the limited license that was previously obtained by the Successful Proposer and agreed to by the Texas Lottery, or (z) obtained information or materials, independent of the Successful Proposer's involvement or creation, and provided such information or materials to the Successful Proposer for inclusion in the Works, and such information or materials were included by the Successful Proposer, in an unaltered and unmodified fashion, in the Works.

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3.25.2 The Successful Proposer agrees that it shall have and maintain, during performance of any Contract arising from this RFP, written agreements with all employees, subcontractors, or agents engaged by the Successful Proposer in performance hereunder, granting the Successful Proposer rights sufficient to support all performance and grants of rights by the Successful Proposer. Copies of such agreements shall be provided to the Texas Lottery promptly upon request.

3.26 REMEDIATION

If the Works or the Intellectual Property Rights therein become the subject of a lawsuit or claim of infringement, or the Successful Proposer becomes aware that such items are likely to become the subject of a lawsuit or claim of infringement, the Successful Proposer shall exercise one (1) of the following two (2) options in order to provide the Texas Lottery with continued and uninterrupted use of the Works and Intellectual Property Rights therein: (a) obtain for the Texas Lottery the right to continue the use of the alleged infringing Works at no additional cost to the Texas Lottery, or (b) obtain alternative, substitute or new Works for the allegedly infringing Works, which are of equivalent or superior quality to the allegedly infringing Works, at no additional cost to the Texas Lottery, and subject to the acceptance of the Texas Lottery in its sole discretion.

3.27 INTELLECTUAL PROPERTY SEARCH

The Successful Proposer, at its expense, shall conduct all appropriate intellectual property searches set forth in the applicable statement of work (e.g., full copyright, trademark or service mark or patent searches) for all proposed Works, to ensure that the proposed Works are protectable by the Texas Lottery and do not infringe the Intellectual Property Rights of any third person or entity. The Successful Proposer holds the Texas Lottery harmless from the infringement of such Works, as set forth above. The Texas Lottery retains the right and option to obtain or secure registration of the Works in its own name, and on its own behalf, without the substantive involvement of the Successful Proposer. The Texas Lottery will withhold indemnified losses from payments to the Successful Proposer, or, if no payments are made, the Texas Lottery will make demand of payment of indemnified losses. The Successful Proposer must make payment within thirty (30) days of the Texas Lottery's demand.

3.28 PERSONALITY RIGHTS

The Successful Proposer hereby warrants and represents to the Texas Lottery that individuals or characters appearing or depicted in any advertisement have provided their written consent for the use of their persona or personality rights, including name, biographical information, picture, portrait, likeness, performance, voice and/or identity (Personality Rights), and have been compensated for such Personality Rights, if appropriate. If such permission has been obtained for a limited time, the Successful Proposer shall be responsible for any costs associated with claims resulting from the use of the Personality Rights after the expiration of those time limits. The Successful Proposer agrees to hold the Texas Lottery harmless from any claims, including, without limitation, claims for invasion of privacy, infringement of the right of publicity, libel, unfair competition, false advertising, intentional or negligent infliction of emotional distress, copyright or trademark infringement, and/or claims for attorney's fees, resulting from use of the Personality Rights.

3.29 ACCOUNTING RECORDS

The Successful Proposer and its Subcontractors are required to maintain their books, records, information and other materials pertaining to any Contract awarded pursuant to this RFP in accordance with generally accepted accounting principles. These records shall be available to the Texas Lottery, its internal auditor or external auditors (and other designees) and the Texas State Auditor at all times during the Contract period and for a period of four (4) full years after (i) the expiration date of any Contract awarded pursuant to this RFP, or (ii) final payment under any Contract awarded pursuant to this RFP, whichever is later.

3.30 RIGHT TO AUDIT

The Successful Proposer understands that acceptance of state funds under this Contract acts as acceptance of the authority of the State Auditor's Office, or its designee, to conduct an audit, other assurance services or investigation in connection with those funds. The Successful Proposer further agrees to cooperate fully with the State Auditor's Office in the conduct of the audit, other assurance services or investigation, including providing all records requested. The Successful Proposer shall ensure that this provision concerning the State Auditor's Office's authority to audit state funds and the requirement to cooperate fully with the State Auditor's Office is included in any subcontracts it awards. Additionally, the State Auditor's Office shall at any time have access to and the rights to examine, audit, excerpt, and transcribe any pertinent books, documents, working papers, and records of the Successful Proposer relating to this Contract. Any audit conducted pursuant to this Section shall be made pursuant to the limitations set forth in Section 3.23 ("Successful Proposer Site Visits").

3.31 INDEMNIFICATION

3.31.1 The Successful Proposer shall indemnify, defend and hold the Texas Lottery, its commission members, the State of Texas, and its agents, attorneys, employees, representatives and assigns (the "Indemnified Parties") harmless from and against any and all claims, demands, causes of action, liabilities, lawsuits, losses, damages, costs, expenses or attorneys' fees (collectively, "Claim"), which may be incurred by The Texas Lottery based upon or arising from any Claim made or brought against The Texas Lottery by a third party based upon or arising out of: (i) libel, slander, defamation or (ii) any infringement of copyright, or (iii) any invasion of the right of privacy or publicity, in each case committed or alleged to have been committed in any final Works as delivered to the Texas Lottery without alteration, whether the Claim is based on negligence, strict liability, intellectual property infringement or any other culpable conduct, whether frivolous or not. The foregoing indemnity obligations of the Successful Proposer shall not apply to Claims arising out of or related to the exceptions (y) and (z) set forth in Section 3.25.1 above.

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Deleted: and including any liability of any nature or kind arising out of a Claim for or on account of the Works, or other goods, services or deliverables provided as the result of any Contract resulting from this RFP, which may be incurred, suffered, or required in whole or in part by an actual or alleged act or omission of the Successful Proposer, or a Subcontractor of the Successful Proposer, or any person directly or indirectly employed by the Successful Proposer or a Subcontractor of the Successful Proposer.

3.31.2 The Successful Proposer's liability under Section 3.31.1 shall extend to and include all reasonable costs, expenses and attorneys' fees incurred or sustained by the Indemnified Parties in: (a) making any investigation and in prosecuting or defending any Claim arising out of or in connection with the Works, or other goods, services or deliverables provided under any Contract resulting from this RFP (including but not limited to any claim that all or any portion of the Works infringes the patent, copyright, trade secret, trademark, confidential information, or other Intellectual Property Rights of any third party); (b) obtaining or seeking to obtain a release therefrom; or (c) enforcing any of the provisions contained in this RFP or the Contract. The Texas Lottery will withhold all indemnification costs and related expenses and fees (incurred or sustained by the Indemnified Parties) from payments to the Successful Proposer under any Contract resulting from this RFP, or if no contract payments are to be made, the Texas Lottery will make demand of payment from the Successful Proposer or seek recovery against the Successful Proposer's Performance Bond. To the extent that the Successful Proposer makes any payments to or on behalf of the Indemnified Parties under the Contract, and to the extent permissible by law, the Successful Proposer shall be fully subrogated to all rights and claims of the Indemnified Parties in connection therewith. In any event, the Indemnified Parties shall provide reasonable notice to the Successful Proposer of any Claim known to the Indemnified Parties to arise out of the Contract.

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3.31.3 NEITHER SUCCESSFUL PROPOSER, NOR ITS RESPECTIVE PARENTS, AFFILIATED COMPANIES, DIRECTORS, OFFICERS, EMPLOYEES, SHAREHOLDERS, LICENSEES OR AGENTS SHALL BE HELD LIABLE TO THE OTHER FOR INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL, PUNITIVE OR EXEMPLARY DAMAGES ARISING IN ANY MANNER FROM THE ACTIVITIES CONTEMPLATED BY THIS AGREEMENT, WHETHER UNDER CONTRACT, TORT, OR OTHER CAUSE OF ACTION, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. EXCEPT AS EXPRESSLY PROVIDED HEREIN, NEITHER PARTY MAKES ANY WARRANTY, EXPRESS OR IMPLIED, REGARDING THE PRODUCTS OR SERVICES TO BE PROVIDED HEREUNDER OR THAT ANY SOFTWARE OR

OTHER ELECTRONIC DEVICES PROVIDED OR WEBSITE CREATED OR HOSTED BY SUCCESSFUL PROPOSER WILL BE ERROR FREE OR OPERATE WITHOUT INTERRUPTION, AND THE WARRANTIES OF TITLE, MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE ARE EXPRESSLY EXCLUDED. SUCCESSFUL PROPOSER'S TOTAL, AGGREGATE LIABILITY FOR ALL CLAIMS ARISING IN CONNECTION WITH THIS AGREEMENT SHALL NOT EXCEED THE TOTAL PAYMENTS RECEIVED AND RETAINED BY SUCCESSFUL PROPOSER UNDER THIS AGREEMENT AS SUCCESSFUL PROPOSER'S FEE.

3.32 BONDS AND INSURANCE

All required bonds and insurance must be issued by companies or financial institutions which are financially rated Excellent or better as rated by A.M. Best Company and duly licensed, admitted, and authorized to do business in the State of Texas. The Texas Lottery shall be named as the obligee in each required bond. Each insurance policy, except those for crime, property, workers' compensation, employer's liability and professional liability, must name the Texas Lottery (and its officers, agents and employees) as an additional insured on the original policy and all renewals or replacements. The insurance shall be evidenced by delivery to the Texas Lottery of certificates of insurance executed by the insurer or its authorized agency stating coverage, limits, expiration dates, and compliance with all applicable required provisions. Except as otherwise expressly provided herein, required coverage must remain in full force and effect throughout the term of the Contract and any extensions thereof, and provide adequate coverage for incidents discovered after termination of the Contract. The Successful Proposer shall provide the Texas Lottery with thirty (30) days written notice prior to any policy cancelation, non-renewal or reduction in coverage below the minimum requirements of the contract. The Successful Proposer must submit original certificates of insurance for each required insurance contract, and any renewals thereof, within fifteen (15) Days after contract execution. Renewal certificates shall be submitted prior to or within fifteen (15) Days after expiration of the existing policy. Proposers must submit required bonds when and as provided in sections of this RFP outlining bond requirements.

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3.33 SELF INSURANCE

The Successful Proposer may not elect to provide entirely or in part for the insurance/bond protections described in this RFP through self-insurance. A deductible provision contained in an insurance policy that meets the requirements of this RFP is not considered as self-insurance unless the deductible amount exceeds five percent (5%) of the face amount of the insurance policy.

3.34 PERFORMANCE BOND

3.34.1 The Successful Proposer shall provide an original performance bond (as shown in Attachment F attached hereto and incorporated for all purposes) in the amount of one million six hundred twenty five thousand dollars ($1,625,000) within fifteen (15) Days of execution of the Contract. Failure to have and keep a bond in place shall constitute a breach of any Contract entered into as a result of this RFP.

3.34.2 The bond must be maintained in full force and effect for the initial term and any renewal term of the Contract. The bond shall be forfeited to the Texas Lottery if the Successful Proposer fails to perform as required by the Contract, pay sanctions or liquidated damages, or indemnify the Texas Lottery.

3.35 GENERAL LIABILITY INSURANCE

The Successful Proposer must maintain general liability insurance coverage with limits of not less than one million dollars ($1,000,000) per occurrence, two million dollars ($2,000,000) general aggregate, two million dollars ($2,000,000) products/completed operations aggregate, and fifty thousand dollars ($50,000) fire damage. Professional Liability coverage must be included or provided through a separate policy as described in Section 3.38.

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3.36 WORKERS' COMPENSATION & EMPLOYERS LIABILITY INSURANCE

The Successful Proposer must maintain Workers' Compensation insurance coverage in accordance with statutory limits, and Employers Liability insurance coverage with minimum limits for bodily injury:

(a) by accident, $100,000 per each accident; and

(b) by disease, $100,000 per employee with a per policy aggregate of $500,000.

Coverage must include a waiver of subrogation in favor of the Texas Lottery Commission, its officers and employees.

3.37 PROFESSIONAL LIABILITY (ERRORS AND OMISSIONS) INSURANCE

The Successful Proposer must maintain professional liability (including errors and omissions and coverage for personal and advertising injury) insurance coverage for the rendering of, or failure to render, professional services with minimum limits of one million dollars ($1,000,000) per occurrence, to be in full force and effect during the term of the Contract, including any extension thereof and one year thereafter. Coverage must indemnify the Texas Lottery for direct loss due to errors and omissions caused by the Successful Proposer, its officers, employees, agents, or Subcontractors of the Successful Proposer regardless of negligence.

3.38 PROPERTY INSURANCE

The Successful Proposer must maintain insurance on all buildings, furniture, fixtures, computer and communications equipment used in operating and supporting the Successful Proposer's operations in an amount equal to or greater than the actual replacement cost thereof. Coverage must include an All Risk Property Floater to insure personal property including contents, equipment, and mobile items against fire, theft, collision, flood, etc. The Texas Lottery will not be responsible for insuring any equipment or facilities included in or associated with the Successful Proposer's operations.

3.39 CRIME INSURANCE

The Successful Proposer must maintain crime insurance with a limit of not less than one million dollars ($1,000,000) protecting the Texas Lottery against losses resulting from fraudulent or dishonest acts by the Successful Proposer, a subcontractor of the Successful Proposer, or any officer, director, employee or agent of either.

3.40 DISCLOSURE OF LITIGATION

The Proposer must include in its Proposal a complete disclosure of any material civil or criminal litigation or indictment either threatened or pending involving the Proposer. —Threatened litigation‖ as used herein shall include governmental investigations and civil investigative demands. —Litigation‖ as used herein shall include administrative enforcement actions brought by governmental agencies. The Proposer must also disclose any material litigation threatened or pending involving Subcontractors, consultants, and/or lobbyists. For purposes of this section, —material‖ refers to, but is not limited to, any action or pending action that a reasonable person knowledgeable in the gaming industry would consider relevant to any gaming operation or any development such a person would want to be aware of in order to stay fully apprised of the total mix of information relevant to the gaming industry and its operations, together with any litigation threatened or pending that may result in a substantial change in the Proposer's financial condition, as described in Section 4.6. This is a continuing disclosure requirement, any litigation commencing after submission of a Proposal (and for the Successful Proposer, after Contract Award) must be disclosed in a written statement to the Texas Lottery's General Counsel within fifteen (15) Days of its occurrence.

The Successful Proposer shall be required to file with the Texas Lottery comprehensive monthly reports regarding all threatened or pending litigation involving the Successful Proposer's Texas operations and all threatened or pending litigation that may be considered material to the overall operations of the Successful Proposer.

3.41 CHANGES IN OWNERSHIP

During the term of any Contract resulting from this RFP or any extension or renewal thereof, the Successful Proposer shall notify the Texas Lottery in writing of any substantial change in the ownership or control of the Successful Proposer as soon as possible, but no later than fifteen (15) Days after its occurrence.

3.42 FORCE MAJEURE / DELAY OF PERFORMANCE

3.42.1 Except as otherwise provided, neither the Successful Proposer nor the Texas Lottery shall be liable to the other for any delay in, or failure of performance of, any covenant contained herein caused by force majeure. The existence of such causes of delay or failure shall extend the period of performance in the exercise of reasonable diligence until after the causes of delay or failure have been removed. For purposes of this RFP and any Contract resulting therefrom, —force majeure‖ is defined as —an act of God or any other cause of like kind not reasonably within a party's control and which, by the exercise of due diligence of such party, could not have been prevented or is unable to be overcome.‖ The Successful Proposer must inform the Texas Lottery in writing within three (3) Days of the existence of any such force majeure or otherwise waives this right as a defense.

3.42.2 The Successful Proposer shall immediately upon discovery notify the Executive Director in writing of any delays in performance regardless of responsibility, fault or negligence. If the Successful Proposer contends that the delay is the responsibility, fault or negligence of Texas Lottery staff, the Successful Proposer must provide written notice within three (3) Days of the discovery, and to the extent possible, identify the event or individual responsible so that the Executive Director may take appropriate action to remedy the situation. Failure to provide such notice to the Executive Director as required in this Section 3.43 shall constitute a waiver of the Successful Proposer's right to assert the Texas Lottery's action/inaction as a defense.

3.43 TAXES, FEES AND ASSESSMENTS

3.43.1 The Texas Lottery shall have no responsibility whatsoever for the payment of any federal, state or local taxes which become payable by the Successful Proposer or its Subcontractors, or their agents, officers or employees, provided that it provides Successful Proposer with adequate evidence (such as a tax exemption certificate) demonstrating its exemption from such taxes. The Successful Proposer shall pay and discharge when due all such taxes, license fees, levies, and other obligations or charges of every nature.

3.43.2 The Successful Proposer shall be responsible for payment of all taxes attributable to its income and employees under any Contract awarded pursuant to this RFP and any and all such taxes shall be identified under the Successful Proposer's federal tax identification number. The Successful Proposer shall pay all federal, state and local taxes of any kind that are attributable to its income and employees, including without limitation income, franchise, ad valorem personal property, sales, use, lease, payroll, consumption, distribution and storage taxes, for the goods, services and systems relating thereto provided by the Successful Proposer, whether or not such taxes are in effect as of the date the Contract resulting from this RFP is signed or scheduled to go into effect, or become effective during the initial term and any and all renewal terms, if any.

3.44 NEWS RELEASES

The Successful Proposer shall not issue any news releases or publish information to the public pertaining to this procurement process or the performance of any Contract awarded by the Texas Lottery without prior written approval of the Texas Lottery. For any required disclosure or any public release of information of any kind, including a non-required disclosure, that is under a deadline imposed by any statutory or regulatory authority, the Successful Proposer shall seek approval from the Texas Lottery no less than two (2) Working Days prior to the deadline for the release of the information. In any case in which a deadline for the release of information exists, approval of the release by the Texas Lottery shall neither be construed as an endorsement of the release, as assent to the content of the release, as an indication of the accuracy of the information in the release, nor as any admission of any kind regarding any subject covered in the release.

3.45 ADVERTISING

The Successful Proposer agrees not to use the Texas Lottery's name, logos, images, nor any data or results arising from this procurement process or Contract awarded pursuant to this RFP as a part of any commercial advertising, or to promote the Successful Proposer in another jurisdiction's procurement process, without prior written approval by the Texas Lottery.

3.46 HIRING OF TEXAS LOTTERY PERSONNEL

3.46.1 At all times following issuance of this RFP and ending with either the award of a Contract or the rejection of all Proposals, prospective Proposers are prohibited from officially or unofficially making any employment offer or proposing any business arrangement whatsoever to any Texas Lottery employee involved in the evaluation of Proposals, the Contract Award, or contract negotiations. A prospective Proposer making such an offer or proposition may be disqualified from further consideration.

3.46.2 At all times following the issuance of this RFP and ending with either the award of a Contract or the rejection of all Proposals, Proposers shall not engage the services of any State of Texas employee while such person remains employed by the State without the written consent of the Texas Lottery. During the term of the Contract, the Successful Proposer shall not engage the services of any State of Texas employee while such person remains employed by the State without the written consent of the Lottery.

3.47 HIRING OF LOBBYIST, CONSULTANT AND/OR ADVISOR; SUPPLEMENTAL INFORMATION

The Proposer shall list the names, addresses and telephone numbers for all lobbyists, consultants, and/or advisors who will perform services related to the Proposer's operations or interests in the State of Texas, pursuant to previously executed contracts, or during the three (3) years prior to the issuance of the RFP, who have performed services related to the Proposer's operations or interests in the State of Texas for the Proposer or any Subcontractors of the Proposer. The Proposer shall immediately notify the Texas Lottery in the event of change of lobbyist, consultant, or advisor information.

3.48 NOTICES

The Proposer shall indicate in its Proposal the name and address of the person to whom any notices shall be given. Notices to the Texas Lottery shall be made by personal delivery or by certified (or registered) mail return receipt requested to the Texas Lottery at the address below unless the Proposer is notified in writing by the Texas Lottery of any change:

Texas Lottery Commission

Attention: Contracts Administration

P.O. Box 16630

Austin, Texas 78761-6630

Fax (512) 344-5058

contracts@lottery.state.tx.us

3.49 NON-DISCLOSURE

The Successful Proposer shall maintain as confidential, and shall not disclose to third parties without the Texas Lottery's prior written consent, any Texas Lottery information including but not limited to the Texas Lottery's business activities, practices, systems, conditions, products, services, public information and education plans and related materials, and game and marketing plans.

3.51 TICKET PURCHASE

3.51.1 In accordance with Texas Government Code ANN. § 466.254 (Purchase of Ticket by or Payment of Prize to Certain Persons), no member, officer or employee of the Successful Proposer directly involved in selling or leasing the goods or performing the services that are subject of the Contract shall purchase a Texas Lottery ticket or be paid a prize in any Texas Lottery game. No spouse, child, brother, sister, or parent of such member, officer or employee who resides in the household of such member, officer or employee (collectively, —Family Members‖), shall purchase a Texas Lottery ticket or be paid a prize in any Texas Lottery game. The Successful Proposer shall ensure that these statutory prohibitions are made known to each member, officer and employee of the Successful Proposer, prior to that person becoming involved in selling or leasing the goods or performing the services that are the subject of the Contract. The Successful Proposer shall require its members, officers and employees to make the statutory prohibition known to Family Members. The Successful Proposer shall promptly notify the Texas Lottery of any violation of Texas Government Code ANN. § 466.254.

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Deleted: Lottery shall acquire a usufruct in all contractual items owned by the Successful Proposer in conjunction with the Contract and which are necessary to provide such services. Said usufruct shall be limited to the right of the Texas Lottery to possess and make use of such contractual items solely for the use and benefit of the Texas Lottery in operating, maintaining, altering, replacing and improving the programs and systems being used by the Texas Lottery under the Contract. Such usufruct shall be limited in time to the duration of the Contract and any extension thereof, and in scope for programs, systems, and other items being used by the Texas Lottery under the Contract.

3.51.2 TLC considers —directly involved‖ to mean, by way of illustration only, responsible for and/or actively participating in (1) Contract negotiations (including Contract signatories); (2) Contract administration (e.g., regular or direct contact with TLC staff); or (3) Contract performance (including assigned project/team leaders and members and anyone else who oversees or performs the work or provides the services). Again, by way of illustration, support staff (such as clerical, accounting or delivery employees) are not considered to be —directly involved‖ unless they also serve in the roles listed above for —directly involved‖ employees.

3.52 LIQUIDATED DAMAGES

3.52.1 ***General.*** It is agreed by the Texas Lottery and the Successful Proposer that:

(1) If the Successful Proposer does not provide or perform the requirements referred to or listed in this RFP or fulfill the obligations of the Contract, damage to the Texas Lottery will result;

(2) Establishing the precise measure of damages in the event of default by the Successful Proposer may be (i) costly, (ii) time consuming, or (iii) difficult or

impossible to calculate;

(3) The liquidated damage assessments contained herein represent a good faith effort to quantify the damages that could reasonably be anticipated at the time of execution of the Contract;

(4) The damages set forth herein are just and reasonable;

(5) Nothing contained in this section shall be construed as relieving the Successful Proposer from performing all Contract requirements whether or not said requirements are set forth herein; and

(6) The Texas Lottery may, therefore, in its sole discretion, deduct damages from the compensation otherwise due to the Successful Proposer. All assessments of damages shall be within the sole discretion of the Texas Lottery.

3.52.2 ***Liquidated Damages Assessment.*** Once the Texas Lottery has determined that liquidated damages are to be assessed, the Executive Director or Executive Director's designee shall notify the Successful Proposer of the assessment(s). Failure to notify does not impact the Texas Lottery's assessment of damage and is not a condition precedent thereto. The Texas Lottery will withhold liquidated damages from payments to the Successful Proposer, or, if no payments have been made, the Texas Lottery will make demand of payment of liquidated damages. The Successful Proposer must make payment within thirty (30) Days of the Texas Lottery's demand. In the event the Successful Proposer fails to pay within the thirty (30) day period, the Texas Lottery may then make a claim for payment against the performance bond, with or without notice to the Successful Proposer.

3.52.3 ***Failure to Assess Liquidated Damages.*** The failure of the Texas Lottery to assess liquidated damages in any instance where the Texas Lottery is entitled to liquidated damages pursuant to the terms of this RFP shall not constitute waiver in any fashion of the Texas Lottery's rights to assessment of liquidated damages.

3.52.4 ***Severability of Individual Liquidated Damages Clauses.*** If any portion of this liquidated damages provision is determined to be unenforceable, the other portions of this provision shall remain in full force and effect.

3.52.5 ***Failure to Meet Production Deadlines.*** The failure of the Successful Proposer to meet production deadlines and to adhere to fixed timelines for broadcast media air dates, campaigns, print ads, point-of-sale, or other events under the Contract may result in the assessment of liquidated damages in the amount of one thousand dollars ($1,000) for each Day of delay, or any part thereof. No such damages shall be payable, in the event that such failure results in whole or in part from: a force majeure event, the Texas Lottery's failure to provide information or materials to the Successful Proposer, any other delay caused by the Texas Lottery, or the failure of any vendor, supplier or subcontractor.

3.53 SANCTIONS AND REMEDIES SCHEDULE

3.53.1 ***General.*** Section 2261.101 of the Texas Government Code requires that all state contracts contain a remedies schedule, a graduated sanctions schedule, or both.

Pursuant to that statutory provision, sanctions and remedies will apply for the incidents specified in this section. The sanctions and remedies will be referred to as —sanctions.

3.53.2 ***Assessment of Sanctions***. Once the Texas Lottery has determined that sanctions are to be assessed, the Executive Director or Executive Director's designee may notify the successful Proposer of the assessment(s). Failure to notify does not impact the Texas Lottery's assessment of sanctions and is not a condition precedent thereto. The Texas Lottery will withhold sanctions from payments to the Successful Proposer, or, if no payments are to be made, the Texas Lottery will make demand of payment of sanctions. The Successful Proposer must make payment within thirty (30) Days of the Texas Lottery's demand. In the event the Successful Proposer fails to pay within the thirty (30) day period, the Texas Lottery may make a claim for payment against the performance bond, with or without notice to the Successful Proposer.

3.53.3 ***Failure to Assess Sanctions***. The failure of the Texas Lottery to assess sanctions in any instance where the Texas Lottery is entitled to sanctions pursuant to the terms of this RFP shall not constitute waiver in any fashion of the Texas Lottery's rights to assess sanctions.

3.53.4 ***Severability of Individual Sanctions Clause***. If any portion of this sanctions provision is determined to be unenforceable, the other portions of this provision shall remain in full force and effect.

3.53.5 ***Failure to Cooperate with and/or Produce Records or Information as part of Background Investigation***. The failure of the Successful Proposer to cooperate with and/or produce records or information as part of a background investigation conducted pursuant to Section 4.6 of this RFP may result in the Successful Proposer being assessed sanctions in the amount of one hundred dollars ($100) per Day for each Day the records/information are not produced or answers are not provided.

3.53.6 ***Failure to Disclose Litigation***. The failure of the Successful Proposer to disclose litigation as required by Section 3.41 of this RFP may result in the Successful Proposer being assessed sanctions in the amount of one thousand dollars ($1000) per incident.

3.53.7 ***Failure to Obtain Prior Written Approval before Issuing News Release.*** The failure of the Successful Proposer to comply as required by Section 3.45 of this RFP regarding the issuance of news releases may result in the Successful Proposer being assessed sanctions in the amount of one thousand dollars ($1000) per incident.

3.53.8 ***Purchase of Texas Lottery Tickets***. The failure of the Successful Proposer to comply with the requirements of Section 3.52 of this RFP regarding the purchase of Texas Lottery tickets may result in the Successful Proposer being assessed sanctions in the amount of five thousand dollars ($5000) per incident.

3.53.9 ***Failure to Report Significant Incidents and Anomalies and/or to Comply with the RFP Code of Conduct Requirements***. The failure of the Successful Proposer to report all significant incidents and anomalies to the Texas Lottery as required by Section 3.66 of this RFP may result in the Successful Proposer being assessed sanctions in the amount of one thousand dollars ($1000) per Day for each Day not reported. The failure of the

Successful Proposer to comply with the code of conduct requirements in Section 3.64 of this RFP may result in the Successful Proposer being assessed sanctions in the amount of one thousand dollars ($1000) per incident.

3.53.10 ***Failure to Notify the Texas Lottery of a Change in Financial Condition or Change of Ownership.*** The failure of the Successful Proposer to notify the Texas Lottery of a change in financial condition or change of ownership or control as required by this RFP may result in the Successful Proposer being assessed sanctions in the amount of one thousand dollars ($1000) per incident.

3.53.11 ***Failure to Permit an Examination, Produce Requested Records/Information or Reports, or Provide an Answer Timely.*** Notwithstanding anything herein to the contrary and except as otherwise provided above, the failure of the Successful Proposer to permit an examination, produce requested records/information or reports, or provide an answer timely, as required by this RFP, may result in the Successful Proposer being assessed sanctions in the amount of one hundred dollars ($100) per Day for each Day the examination is not permitted, the records/information or reports are not produced, or the answer is not provided.

3.53.12 ***Unauthorized Release of Media Materials.*** The unauthorized release of media materials for broadcast or publication without the Texas Lottery's prior written approval may result in the Successful Proposer being assessed sanctions in the amount of ten thousand dollars($10,000) per incident.

3.53.13 ***Unauthorized Disclosure.*** The failure of the Successful Proposer to comply with the non-disclosure requirement in Section 3.50 of this RFP may result in the Successful Proposer being assessed sanctions in the amount of five thousand dollars ($5,000) for each unauthorized disclosure.

3.53.14 ***Failure to Provide Written Notification of Staffing Changes Timely.*** The failure of the Successful Proposer to provide written notification of staffing changes as required by Sections 6.4.2 and 3.13.2 may result in the Successful Proposer being assessed sanctions in the amount of one hundred dollars ($100) per Day for each Day the written notification is not received.

3.53.15 ***Failure to Provide Advertising and Media Plans Timely.*** The failure of the Successful Proposer to provide advertising and media plans as required by Section 7.3 may result in the Successful Proposer being assessed sanctions in the amount of one thousand dollars ($1,000) per incident, plus five hundred dollars ($500) per Day for each Day after the due date until the plan(s) is provided by the Successful Proposer and accepted by the Texas Lottery.

3.53.16 ***Failure to Provide Reports Required under RFP Section 7.5 Timely.*** The failure of the Successful Proposer to provide reports as required by Section 7.5 may result in the Successful Proposer being assessed sanctions in the amount of five hundred dollars ($500) per incident, plus one hundred dollars ($100) per Day for each day after the due date until the report(s) is provided by the Successful Proposer and accepted by the Texas Lottery.

3.53.17 ***Missing/Incomplete Intellectual Property Search.*** The failure of the Successful Proposer to adequately conduct an intellectual property search as required by this RFP may result in the Successful Proposer being assessed sanctions in an amount equal to the cost of expediting the production of replacement Works that are required due to the inadequately conducted intellectual property search. The foregoing is in addition to and shall not supplant the other rights and remedies accorded to TLC, or the obligations of the Successful Proposer in the event of a Claim.

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3.54 DISPUTE RESOLUTION

The dispute resolution process provided for in Texas Government Code Chapter 2260 and 16 Texas Administrative Code Ch. 403 must be used by the Successful Proposer to attempt to resolve any disputes brought by the Successful Proposer arising under this Contract.

3.55 CERTIFICATIONS

3.55.1 Pursuant to Texas Government Code ANN. § 466.103, the Executive Director may not award a contract for the purchase or lease of facilities, goods or services related to lottery operations to a person who would be denied a license as a sales agent under Texas Government Code ANN. § 466.155. All Proposers must read and be familiar with Texas Government Code ANN. § 466.155, attached hereto as Attachment D. All Proposals shall include a completed Background Information Certification Form, attached hereto as Attachment D-1, which certifies that the Proposer has reviewed Texas Government Code ANN. § 466.155 and neither the Proposer nor any of the following persons would be denied a license as a sales agent pursuant to said section: (a) Proposer's officers, directors, investors, owners, partners and other principals, as more particularly described in Texas Government Code ANN. § 466.155 (collectively, Proposer Principals); or (b) any spouse, child, brother, sister or parent residing as a member of the same household in the principal place of residence of the Proposer or any of the Proposer Principals.

3.55.2 Under § 231.006 of the Texas Family Code, the Proposer certifies that the individual or business entity named in the Proposal or Contract is not ineligible to receive the specified grant, loan or payment and acknowledges that any Contract resulting from this RFP may be terminated and payment may be withheld if this certification is inaccurate. Furthermore, any Proposer subject to Section 231.006 must include names and social security numbers of each person with at least 25% ownership of the business entity submitting the Proposal. This information must be provided prior to Contract Award.

3.55.3 Under Section 2261.053 of the Texas Government Code, a state agency may not accept a bid or award a contract that includes proposed financial participation by a person who, during the five year period preceding the date of the bid or award, has been: (1) convicted of violating a federal law in connection with a contract awarded by the federal government for relief, recovery, or reconstruction efforts as a result of Hurricane Rita, as defined by Section 39.459, Utilities Code, Hurricane Katrina, or any other disaster occurring after September 24, 2005; or (2) assessed a penalty in a federal civil or administrative enforcement action in connection with a contract awarded by the federal government for relief, recovery, or reconstruction efforts as a result of Hurricane Rita, as defined by Section 39.459, Utilities Code, Hurricane Katrina, or any other disaster occurring after September 24, 2005. In submitting a Proposal under this RFP, the Proposer certifies as follows: ―Under Section 2261.053 of the Texas Government Code, the contractor certifies that the individual or business entity named in this bid or contract is not ineligible to receive the specified contract and acknowledges that this contract may be terminated and payment withheld if this certification is inaccurate.‖

3.55.4 The Proposer certifies that: (a) the Proposer has not given, offered to give, nor intends to give at any time hereafter any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant in connection with the submitted Proposal; and (b) neither the Proposer nor the firm, corporation, partnership, or institution represented by the Proposer, nor anyone acting for such firm, corporation, partnership, or institution has violated the antitrust laws of the State of Texas (Tex. Bus. & Comm. Code Sec. 15.01, et seq.), or the antitrust laws of the United States (15 U.S.C.A. Section 1, et seq.), nor communicated directly or indirectly the submitted Proposal to any competitor or any other person engaged in such line of business.

3.55.5 The Proposer certifies that it is in compliance with Texas Government Code, Title 6, Subtitle B, Section 669.003 of the Government Code, relating to contracting with the executive head of a state agency. If Section 669.003 applies, the Proposer will complete the following information in order for the Proposal to be evaluated:

Name of Former Executive

Name of State Agency

Date of Separation from State Agency

Position with Proposer

Date of Employment with Proposer

3.55.6 By signing this Proposal, the Proposer certifies that if a Texas address is shown as the address of the Proposer, the Proposer qualifies as a Texas Resident Bidder as defined in Texas Administrative Code, Title 34, Part 1, Chapter 20.

3.55.7 The Texas Lottery is federally mandated to adhere to the directions provided in the President's Executive Order (EO) 13224, Executive Order on Terrorist Financing – Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism, effective 9/24/2001 and any subsequent changes made to it via cross-referencing respondents/vendors with the Federal General Services Administration's Excluded Parties List System (EPLS, http://www.epls.gov), which is inclusive of the United States Treasury's Office of Foreign Assets Control (OFAC) Specially Designated National (SDN) list.

3.55.8 Pursuant to Section 2155.004 of the Texas Government Code, the Proposer has not received compensation from the Texas Lottery for participating in the preparation of the specifications for this RFP and certifies as follows: —Under Section 2155.004, Government Code, the vendor certifies that the individual or business entity named in this bid or contract is not ineligible to receive the specified contract and acknowledges that this contract may be terminated and payment withheld if this certification is inaccurate.‖

3.56 PREFERENCES

Any bidder or Proposer entitled to a preference(s) under Texas law shall claim the preference(s) in its Proposal.

3.57 DECEPTIVE TRADE PRACTICES; UNFAIR BUSINESS PRACTICES

The Successful Proposer represents and warrants that it has not been the subject of allegations of Deceptive Trade Practices violations under Tex. Bus. & Com. Code, Chapter 17, or allegations of any unfair business practice in any administrative hearing or court suit and that the Successful Proposer has not been found to be liable for such practices in such proceedings. The Successful Proposer certifies that it has no officers who have served as officers of other entities that have been the subject of allegations of Deceptive Trade Practices violations or allegations of any unfair business practices in an administrative hearing or court suit and that such officers have not been found to be liable for such practices in such proceedings.

3.58 IMMIGRATION

The Successful Proposer represents and warrants that it shall comply with the requirements of the Immigration Reform and Control Act of 1986, the Immigration Act of 1990 and the Illegal Immigrant Reform and Immigrant Responsibility Act of 1996 regarding employment of any individual who will perform labor or services under any Contract entered into as a result of this RFP.

3.59 ELECTRONIC AND INFORMATION RESOURCES ACCESSIBILITY STANDARDS, AS REQUIRED BY 1 TAC CHAPTER 213 (APPLICABLE TO STATE AGENCY AND INSTITUTIONS OF HIGHER EDUCATION PURCHASES ONLY).

3.59.1 Effective September 1, 2006 state agencies and institutions of higher education shall procure products which comply with the State of Texas Accessibility requirements for Electronic and Information Resources specified in 1 TAC Chapter 213 when such products are available in the commercial marketplace or when such products are developed in response to a procurement solicitation.

3.59.2 The Successful Proposer shall provide DIR with the URL to its Voluntary Product Accessibility Template (VPAT) for reviewing compliance with the State of Texas Accessibility requirements (based on the federal standards established under Section 508 of the Rehabilitation Act), or indicate that the product/service accessibility information is available from the General Services Administration —Buy Accessible Wizard‖ (http://www.buyaccessible.gov). Proposers not listed with the —Buy Accessible Wizard‖ or supplying a URL to their VPAT must provide DIR with a report that addresses the same accessibility criteria in substantively the same format. Additional information regarding the —Buy Accessible Wizard‖ or obtaining a copy of the VPAT is located at http://www.section508.gov/.

3.60 FALSE STATEMENTS; BREACH OF REPRESENTATIONS

By submitting a Proposal, the Proposer makes all the representations, warranties, guarantees, certifications and affirmations included in its Proposal. If a Proposer signed its Proposal with a false statement or is selected as the Apparent Successful Proposer and signs any Contract resulting from this RFP with a false statement, or it is subsequently determined that Proposer has violated any of the representations, warranties, guarantees, certifications or affirmations included in the RFP or resulting Contract, the Proposer shall be in default and if the determination is made before Contract Award, the Texas Lottery may reject the Proposal or if the determination is made after Contract Award, the Texas Lottery may terminate the Contract for cause and pursue all other remedies available to the Texas Lottery under the RFP, Contract and applicable law.

3.61 LIMITATION ON AUTHORITY; NO OTHER OBLIGATIONS

The Successful Proposer shall have no authority to act for or on behalf of the Texas Lottery or the State of Texas except as expressly provided for in this RFP or any resulting Contract. The Successful Proposer may not incur any debts, obligations, expenses or liabilities of any kind on behalf of the State of Texas or the Texas Lottery.

3.62 PROPOSER ASSIGNMENT

The Successful Proposer hereby assigns to the Texas Lottery any and all claims for overcharges associated with any Contract resulting from this RFP arising under the antitrust laws of the United States, 15 U.S.C.A. Section 1, et seq., and the antitrust laws of the State of Texas, Tex. Bus. & Comm. Code Sec. 15.01, et seq.

3.63 CODE OF CONDUCT

The Texas Lottery is an extremely sensitive enterprise because its success depends on maintaining the public trust by protecting and ensuring the security of lottery products. The Texas Lottery incorporates the highest standards of security and integrity in the management and sale of entertaining lottery products, and lottery vendors are held to the same standards. Therefore, it is essential that operation of the Texas Lottery, and the operation of other enterprises which would be linked to it in the public mind, avoid not only impropriety, but also the appearance of impropriety. Because of this, the Successful Proposer shall:

(a) Offer goods and services only of the highest quality and standards.

(b) Use its best efforts to prevent the industry from becoming embroiled in unfavorable publicity.

(c) Make presentations in a responsible manner and when it is felt necessary to point out the superiority of its goods or services over those of its competitors, do so in such a manner as to avoid unfavorable publicity for the industry.

(d) Avoid activities, operations, and practices that could be interpreted as improper and cause embarrassment to the Texas Lottery and/or to the industry.

(e) Report security problems or potential security problems with any services provided pursuant to this RFP immediately and only to the Texas Lottery.

(f) Otherwise comply with the State Lottery Act (Texas Gov't Code ANN. Ch. 466) and Texas Lottery rules, procedures and policies.

(g) Provide best practices related to security and integrity standards within the industry.

3.64 CONTACT WITH TEXAS LOTTERY COMMISSION

3.64.1 Employees, Subcontractors and agents of all prospective Proposers and employees, Subcontractors and agents of the Successful Proposer may not offer or give a gift to a Texas Lottery employee. For purposes of this section, —gift‖ has the meaning as defined in Tex. Gov't Code ANN. § 467.001(4) and as may be subsequently changed or amended by acts of the Texas Legislature.

3.64.2 Employees, Subcontractors and agents of all prospective Proposers and employees, Subcontractors and agents of the Successful Proposer should not engage in nonprofessional socialization (socialization outside of a work context) with a Texas Lottery employee. There may be circumstances, however, in which nonprofessional socialization is acceptable, for example, because of family relationships, common acquaintances, or common outside activities. The restrictions on nonprofessional socialization are not meant to apply to unplanned, incidental social contact. In such circumstances, employees, Subcontractors and agents of all prospective Proposers and employees, Subcontractors and agents of the Successful Proposer should not discuss Texas Lottery business.

3.64.3 Professional socialization at activities such as industry trade conferences and site visits is permitted.

3.65 INCIDENTS AND ANOMALIES

3.65.1 The Successful Proposer shall report immediately all significant incidents and anomalies that Successful Proposer reasonably believes could delay its provision of services to the Texas Lottery, followed by a written report to be submitted within one workday of Successful Proposer becoming aware of the incident or anomaly. At a minimum, incident and anomaly reporting shall include a description of the incident, its cause, and corrective action taken. For purposes of this section, —significant‖ incidents include, by way of illustration only, any occurrence that affects the Texas Lottery, lottery retailers, or players, and deviation from established procedures and those items where sanctions or liquidated damages are applicable.

3.66 NON-EXCLUSIVE CONTRACT

The Texas Lottery intends to enter into a non-exclusive contract with the Successful Proposer to provide the services described in this RFP and expressly reserves the right to engage other vendor(s) to perform similar services and/or to conduct such services itself.

integer

We would welcome an opportunity to talk to the Texas Lottery about these proposed revisions to the contract and do not want this to prohibit your consideration of our proposal.

This proposal is valid for one hundred and eighty (180) Days from the Day after the deadline for submitting proposals, February 22, 2012.

Sincerely,

Ellen Cook, President

EXECUTIVE SUMMARY

The Integer Group has provided all the requirements of this RFP in our proposal. The following Executive Summary provides a concise summary of the contents of Integer's proposal and demonstrates our understanding of the requested goods and services and our approach to providing these requirements to the Texas Lottery.

1.1-1.6
The Integer Group has read, understands and accepts all items and information in sections 1.1-1.6.

1.7 Proposals Subject to Texas Public Information Act
In this section, we highlight the few areas where our response includes client-sensitive information that we are prohibited via written and oral contracts from sharing in a public forum. Beyond these few examples, we have done everything in our power to limit the use of confidentiality in this response.

1.8-1.17 and 2.1-2.11
The Integer Group has read, understands and accepts all items and information in sections 1.8-1.17 as well as sections 2.1-2.11.

2.12 Joint Proposals
We are responding as the primary contractor for the scope of services outlined in this RFP. We are committed to investing in Texas HUBs and, as you will see in our HUB Subcontracting Plan, we plan to invest 81.5% of the annual budget in HUB partners. We provide a complete list of HUB partners in our response; there are two we would like to highlight:

1. We understand the Texas Lottery changed media buying HUB partners in mid-2011 to **Asher Media** and would like to recommend maintaining this HUB for media buying consistency.
2. We would like to recommend **Mercury Mambo** as a strong HUB partner for the Ethnic/Hispanic Marketing scope of work. Though we have never partnered with Mercury Mambo officially, we know them from our work on a common client — 7-Eleven. We like that, in addition to their core expertise in the development and production of Hispanic communications, they have deep knowledge in the convenience store channel and strong retail and shopper marketing capabilities to ensure the Texas Lottery communications resonate with all Texans at retail.

2.13-2.18
The Integer Group has read, understands and accepts all items and information in sections 2.13-2.18.

3.0 Contractual Terms and Conditions
The Integer Group accepts the terms and conditions set forth in Part 3 of this RFP with the exception of the recommended changes outlined in our Letter of Transmittal. We would welcome an opportunity to talk to the Texas Lottery about these proposed revisions to the contract and do not want this to prohibit your consideration of our proposal. We feel we are the right partner for the Texas Lottery given our strong knowledge of the lottery industry from our time working on the Illinois, Iowa and Georgia lotteries, our strong understanding of the c-store channel and shopper from our experience working on 7-Eleven, NACs and MillerCoors, and our ability to develop fully integrated campaigns across multiple platforms that resonate with today's Texan.

4.1 Experience of the Proposer
The Integer Group has the experience to provide the goods and services required under this RFP. As a full-service marketing agency, Integer is uniquely qualified to offer the Texas Lottery an end-to-end solution through our comprehensive arsenal of capabilities that include Branding, Insight & Strategy, Creative Development and Production of fully integrated campaigns across multiple platforms that builds brands and delivers sales, Consumer Promotions, Media planning and buying, social media, event marketing, retail/shopper marketing, Hispanic marketing and production services.

In addition, we have a full suite of in-house digital capabilities including strategy, information architecture, user experience design and development of digital assets including (but not limited to) websites, microsites, social media, digital POS and shopper-based designs for the eRetail space and mobile marketing.

Integer has the capability to develop fully integrated campaigns across multiple platforms that connect with today's Texan because we know Texas. How? From our experience working with Texas-based companies since 1997 and our in-house Hispanic agency called Velocidad. We are Hispanic Agency of Record for Borden USA's LALA brand in the U.S. and responsible for field marketing in Texas. While we are recommending a HUB partner for the Ethnic/Hispanic scope of services outlined in this RFP, we have a true understanding of and respect for the role of ethnic marketing. We know that developing a multi-cultural campaign is not a cookie cutter process; it takes a thorough understanding of today's Texan and the great state of Texas. Integer knows both intimately.

In this section we share examples of our work with clients who are similar in size and scope as the Texas Lottery including 7-Eleven, AT&T, BancVue, Bimbo Bakeries USA, FedEx Office, Georgia Lottery, Illinois Lottery, Borden USA, Texas Land & Cattle Steak House, Nasher Sculpture Center, Treasury Wine Estates and EyeMax.

The Integer Group also confirms in section 4.1.3 that we have not had any problems, from contract termination to litigation, occur in the past three years.

EXECUTIVE SUMMARY

4.2 References
We have included references from the following clients: Illinois Lottery, 7-Eleven, Texas Land & Cattle Steak House, Borden USA and AT&T.

4.3 Contact Person
We have identified our President, Ellen Cook, as the primary point of contact concerning questions regarding our proposal.

4.4 Conflicts of Interest
We have provided a list of every known relationship that might be deemed a conflict of interest. This includes our business relationship with Northstar Lottery Group through our work with the Illinois Lottery. It also highlights one of our most recent hires, Amy Vollet, as the VP Director of Media at Integer. Amy was previously at TracyLocke where she ran the media department, led the media planning for Texas Lottery and was involved in identifying your current media buying HUB partner, Asher Media. Finally, we have worked as a part of an Omnicom 3-agency model to service the 7-Eleven business including Integer, TracyLocke and TPN and while we each had our own scope of work and responsibilities there were times when we collaborated together on a campaign (example: Slurpee Unity Tour). Please see the detailed response for others.

4.5 Financial Soundness
Integer Dallas has been in business since 1997 and is owned by Omnicom Group, Inc. We are filing our proposal as the sole source of financial resources and will finance the project on our own with current/ongoing resources. We want to assure you that we are very capable of financing the scope of this RFP document, and hope that is evident with the Omnicom Group audited financials we have provided as well as the other supporting information. We have included a certification, signed by our COO, that we will alert the Texas Lottery of any change in our financial condition during the contract term and any renewal thereof.

4.6 Background Investigations
The Integer Group understands and will comply with all information provided in section 4.6.

5.0 Hub Subcontracting Plan
We have included the one signed and two copies of the HSP documentation in separate binders per your instructions. We are pleased to demonstrate an 81.5% investment in HUB partners including Asher Media and Mercury Mambo among others.

6.1-6.4 Ad Agency Staffing/Structure/Definitions/Changes
We have included resumes for 30 staff we are proposing to lead, guide and support the Texas Lottery account. This includes Andrew Tinch (Creative Director) who has experience working on Illinois Lottery as well as Sean Purtle (Account Supervisor) who has experience working on Georgia Lottery. We have also included a wide range of staff with deep c-store and grocery channel experience as well as the skills to effectively reach and communicate with the diverse population of Texas. We have provided an organizational chart so you can see how this team fits together as well as a detailed staffing plan so you can see the value and efficiency we are bringing to the Texas Lottery. We have read and understand the role definitions you provided and have committed to notifying you of any change in staffing according to your instructions.

7.1 General Description of Services and Requirements
The Integer Group is a full-service agency with capabilities to deliver the scope of work in this RFP including, but not limited to, branding, creative concepting, production, planning, buying and placement of broadcast, print, digital and out-of-home advertising, translation services, and event planning and execution.

In this section, we go through each area within our base of services to expand on our capabilities and offer up examples as proof of success for clients ranging from a small, Mesquite-based retailer to Fortune 500 clients in our portfolio.

- Branding: As one of the leading branding, retail, promotions and shopper marketing agencies in the world, Integer has deep experience in branding and advertising. Integer lives at the Intersection of Branding and Selling.® Our promise to our clients is that everything we do to build the brand makes a sale, and everything that we do to make a sale builds the brand. Example: Integer was responsible for the Illinois Lottery brand reinvention at retail including the new lottery logo design.

- Insight & Strategy: At Integer, everything we do starts with Insight & Strategy. Our department of strategic planners, media planners, social media strategists, research and marketing intelligence officers are relentlessly curious about consumer and shopper behavior. Shopping doesn't just happen within the aisles of a store, nor does it just happen online. It's a continuum – one that's not always linear or logical but one that is constant. We call this The Shopper Continuum®. Integer's proprietary tool helps us see shoppers as moving through a host of decisive moments: researching, socializing decisions, browsing, comparing, selecting...finally purchasing, evangelizing and repurchasing. As such, it lets us track how people transition from consumer to shopper to buyer – and back again. We believe The Shopper Continuum is particularly relevant to the lottery industry because understanding shopping behavior, shopping trip types (Quick Trip, Stock Up, etc.) and how to drive impulse purchase along the path to purchase is critical to success with lapsed and new users.

EXECUTIVE SUMMARY

- Creative Development: As a full-service agency, The Integer Group has a large creative department of art directors and copywriter teams to develop creative concepts that resonate with today's Texan. We believe that strategy, testing and brand guidelines are essential elements to the process, but without creativity to ignite them, to artfully bring them life, you are only left with a marketing message, and marketing messages are something that people will go out of their way to avoid. This passionate belief in the power of creativity to inspire and engage drives who we hire and how we collaborate with our clients and with our teammates. It's why we get up every morning. PS: We have won over 200 creative awards in the past four years too.

- Production: Integer's integrated approach to creative and production involves "closing the loop" from start to finish of the creative and production processes. These components include: photography, studio production, digital imaging and print production. We have a full suite of services available via our in-house production services studio. Unlike other agencies, we do more pre-press work in-house and release press-ready files to printers. We believe in stewarding the brand as far as we can to help reduce the margin for error during the printing process. As an agency, we are serious about flawless execution. We employ a proven process to get work through our system, ensuring we deliver on time and on strategy. We have one of the most robust processes and document standards, with quality checks at every point and online tools to facilitate communication, workflow and documentation. Our quality control process is impeccable, allowing confidence in the work that Integer develops.

- Media: Integer has rich experience with planning, buying and placement of broadcast, print, digital, events, retail and out-of-home advertising making us a strong partner for the Texas Lottery. Today's dynamic media landscape means that a once simple medium like radio is now best thought of as audio which can be delivered via a receiver, streaming station, mobile device, social network, etc. We provide strategic thinking to navigate this ever-changing media landscape. Not only are the media options becoming more complex to reach the right audience, the audience is rapidly evolving, especially in minority-majority areas. To develop successful media strategy both elements are equally important. Reflecting the ethnic composition of our state through media choices is crucial. We have a philosophy and approach to the way we think about media and strong digital experience to bring to the Texas Lottery. Despite having the in-house media buying capabilities, we recommend the use of a HUB partner for this portion of the scope of work outlined in this RFP.

- Social Media: Integer has a full range of in-house capabilities including social strategy, engagement tactics, content development, execution/deployment, database development/collection, real-time monitoring/reporting, community management and an understanding of legal dos and don'ts as it pertains to both the social sphere and the lottery. Example: Integer took the Slurpee Facebook page from 0 to 4M+ fans, launched the fastest gift giving promotion in Facebook history and converted more than 450,000 visitors to Slurpee.com into Slurpee Rewards Program members and that was just the beginning...

- Digital: At Integer, digital is in our DNA — from the account team to our strategists and creatives. We also have an in-house digital production development department to build our digital assets and promotions for our clients, including mobile. And with the convergence of digital at retail, we have brought this expertise to the forefront. This includes staying on top of digital signage trends. We are pleased our Director of Media, Amy Vollet, is speaking at Digital Signage Expo this year and bringing Integer's hands-on experience in executing digital solutions at retail to the event. One of these examples includes the Georgia Lottery in-store digital signage that was showcased at LaFleur's 2011.

- Mobile: Integer is on the forefront of mobile marketing technology. This extension of our digital capabilities includes mobile strategic planning, research and development, campaign implementation, technology and creative services, mobile media planning and buying, mobile websites, mobile apps, SMS/MMS messaging, tracking and measurement, data management and CRM. We have an in-house development department to provide a turn-key solution to our clients in the mobile space.

- Translation Services: Integer is responsible for translation services for our AT&T client and through our in-house Hispanic agency, Velocidad, we have access to Spanish translators and proofreaders. However, we are recommending outsourcing the translation scope of services outlined in this RFP to a HUB partner.

- Event Planning and Execution: Integer has extensive event marketing capabilities including conceptualization, management, execution, branded experiences, events, retail activation, mobile tours, sampling, guerrilla and nightlife. From mobile tours and sampling at the steps of the nation's capital for the Slurpee Summit to hyper local activation in B and C counties to support BancVue's Kasasa launches with community banks to activating Hispanic shoppers at Texas retailers for LALA — Integer knows how to develop event concepts that enable brands' connections with a wide range of audiences.

- Retail/Shopper Marketing: The Integer Group has been ranked as one of the top promotional and retail marketing agencies by the industry and our clients year after year. Integer's shopper marketing capabilities include account-specific/customer marketing, channel marketing, environmental design and digital retail. We work extensively with all major retailers on behalf of our clients to develop retailer-differentiated programs. We work primarily with our marketing counterparts at our clients, but frequently help present the programs directly to retailers. Our deep experience in the full spectrum of consumer promotions and retail marketing for the lottery industry as well as our extensive shopper marketing capabilities makes us a strong partner for the Texas Lottery.

EXECUTIVE SUMMARY

We then focused on two key areas identified by the Texas Lottery:

7.1.2 Digital Strategy:
We have a team of digital strategic planners, digital media strategists and social media strategists who help our clients listen to brand chatter online and study digital behavior to inform strategic communications that resonate with today's Texan. We think about brands in terms of ecosystems. The visual ecosystem is a dimensionalized snapshot of your brand's sphere of communication. Think of it as how shoppers see your world. It's a 3D view of the world consumers live in.

We also included a deep dive into each of the core digital capabilities: digital strategy, online architecture, digital creative, digital production and web analysis. We then highlighted our digital shopper marketing arm called Digitail®. Developed in 2008 in response to this rapid convergence of retail and digital, Digitail focuses on four things: retail/packaging online promotions, digital-commerce consulting, digital communications at retail, and sales/channel applications. Capabilities include: ePromotions, digital-commerce consulting, digital communications at retail (digital POS), cell phone technology, eCommerce/shopper-based design for the eRetail space, retail/packaging online promotions, and promotional CRM.

We discuss our approach to adopting new technologies and provide examples for Mobile (American Family Insurance) and Social (Slurpee) as demonstration of our use of emerging technologies.

Finally, we provide an overview of our digital process so you understand we have a plan in place to deliver a strategic, creative and flawless execution of our projects for our clients.

7.1.3 Research:
Integer offers the ability to manage, design and implement a full range of qualitative and quantitative research methodologies including ad tracking, brand tracking, concept tests, copy testing, buyer decision processes research, customer intercepts, customer satisfaction, ethnographic studies, focus groups, in-depth interviews, in-home studies, journaling, marketing effectiveness and analytics, new product development, observational research, online panel/community discussions, positioning research, pre/post tests, segmentation studies, shop-alongs, store audits, surveys and wayfinding.

Beyond custom, proprietary research conducted for our clients, we also invest in ongoing research that provides insight into various topics affecting our clients' businesses. Examples: The Checkout, Shopper Culture Study, The Complex Shopper, NACS/Coca-Cola Study, Shopperculture.com, and our sponsorship of Texas A&M Mays Business School Center for Retailing Studies which gives us access to global research studies.

We also provide best-in-class secondary research resources to our clients including premium resources like BIGresearch, Competitrack, Conference Board, Contagious, Dow Jones Factiva, Datamonitor, eMarketer, Experian Simmons, Forrester, Hoovers, Iconoculture, InSite2, Nielsen Ad Relevance, Nielsen AdView Monitor-Plus, Nielsen @plan, Path-to-Purchase Institute, Planet Retail, POPAI, Radio Advertising Bureau, RDS, Retail Net Group, Roper, SCARBOROUGH, Social Radar, SQUAD, The List, Trendwatching and WARC.

7.2-7.21
We responded to each section confirming we have read and understand the details requested and when appropriate, expanding on our experience in these areas with other clients where appropriate. The net takeaway is that Integer has lottery clients. We know the lottery industry — your shopper, your retailers, your products. We understand the sensitivities, the process and paperwork and the rules and regulations involved on an account of this nature. It's not our first rodeo! We are up to the challenge and excited about the opportunity to bring our learnings from Illinois Lottery, Iowa Lottery and Georgia Lottery to the Texas Lottery.

8.1 Creative Assignment
The Integer Group has provided a strategic setup including the learnings from secondary and primary research conducted with a diverse sample of today's Texan. We have provided a smart, efficient and highly strategic media plan. We started out with four creative concepts, but after our concept testing we killed one of the directions and revised our three remaining concepts included in the proposal for your review. We give a very high-level budget split between media and production but are happy to share a more detailed breakdown, at your request. And finally, we discuss our recommendations for measuring the campaigns effectiveness in market via tracking studies and the use of dashboards.

8.2 Case Studies
We have included the following written case studies for your review:
7-Eleven — Zynga
Slurpee — Battle of the Bands
Slurpee — Unity Tour
BancVue — Kasasa Rocks!
Bimbo Bakeries USA — Thomas' Bagel Thins Launch
Bimbo Bakeries USA — Bimbo Bread U.S. Launch
Illinois Lottery — Retail Strategy
EyeMax — Store Opening
Iowa Lottery — Holiday 2011

EXECUTIVE SUMMARY

We have also enclosed a DVD of the following videos:
Slurpee — MixMaker
7-Eleven — Our Birthday, Your Bash
AT&T — Holiday
Iowa Lottery — Dream Team
Bimbo Bakeries USA — Thomas' Bagel Thins Launch
Bimbo Bakeries USA — Bimbo Bread U.S. Launch
7-Eleven — Zynga Promotion
Slurpee—Battle of the Bands
BancVue — Kasasa Rocks!
Illinois Lottery — Retail Strategy

In addition to the video case studies, we have included a video called Be Infectious that highlights Integer's creative philosophy and culture.

1.1 PURPOSE
1.2 OUR VISION AND MISSION
1.3 OUR CORE VALUES
1.4 SCHEDULE OF EVENTS
1.5 SUCCESSFUL PROPOER'S / LOTTERY RELATIONSHIP
1.6 PROCUREMENT AUTHORITY

The Integer Group® understands and accepts all items and information provided in sections 1.1-1.6.

1.7 PROPOSALS SUBJECT TO TEXAS PUBLIC INFORMATION ACT

The Integer Group has read and understands the Texas Public Information Act. Due to the confidentiality of our client's information as well as our own financial information we are requesting the following areas be treated as confidential:

4.1.2 Experience of the Proposer
Rationale: This section of our response includes detailed information including billings and results associated with the creative examples shown to demonstrate our capabilities and experience that, through written and oral agreements, precludes Integer™ from sharing in a public forum.

4.2 References
Rationale: We protect our client's right to privacy. These clients have agreed to be a personal reference to inform Texas Lottery of Integer's capabilities but have not agreed to have their personal contact information released into the public domain.

4.5.1 Financial Soundness
Rationale: This section includes information on Integer's billings and therefore client information that we, as part of a publicly traded company, are not authorized to release.

8.2 Case Studies
Rationale: Our case studies include client information, specifically results, that we are able to share in new business pitches but are prohibited, through written and oral agreements, from sharing in a broader public domain. For the majority of the cases we are sharing, we are not permitted to share the information on integer.com, for example.

DVD Video Case Studies
Rationale: All of our video case studies are created in-house using stock imagery and are for internal purposes. They contain images and music that are not licensed for public distribution or display. Please note, our creative culture is not covered under the confidentiality as it was produced with external usage in mind and all talent, music and imagery is licensed for public display. It is available on YouTube for download, for example.

1.8 MISUNDERSTANDING OR LACK OF INFORMATION
1.9 REJECTION OF PROPOSALS AND CANCELLATION OF RFP
1.10 OWNERSHIP OF PROPOSALS
1.11 INCURRED EXPENSES
1.12 PROPOSAL TENURE
1.13 NO TEXAS LOTTERY OBLIGATIONS
1.14 SUCCESSFUL PROPOSER'S OBLIGATIONS
1.15 CAPTIONS
1.16 SURVIVAL
1.17 PARTS INCORPORATED

We understand and will comply with all of the information provided in sections 1.8 – 1.17.

2.1 CONTACT PERSON
2.2 PROHIBITION AGAINST UNAUTHORIZED CONTACT
2.3 PRE-PROPOSAL CONFERENCE
2.4 INQUIRIES
2.5 SUBMISSION OF PROPOSAL
2.6 RESPONSE FORMAT & CONTENTS
2.7 LETTER OF TRANSMITTAL
2.8 EXECUTIVE SUMMARY
2.9 PROPOSER'S CONTRACTING AUTHORITY
2.10 PROPOSER'S COST PROPOSAL
2.11 MULTIPLE PROPOSALS

The Integer Group understands and will comply with all items and information provided in sections 2.1- 2.11.

2.12 JOINT PROPOSALS

The Integer Group is responding as the primary contractor for scope of services outlined in this RFP. We plan to engage the following HUB partners to help deliver scope in the following areas:

Media Buying — Asher Media
Ethnic/Hispanic Communications — Mercury Mambo

In addition, we plan to engage a range of HUBs and non-HUB subcontractors to help with the following services:

Souvenirs:
Performance Award Center
Beaed LP
Joy Promotions, Inc.
Best Press

Mailing Services:
Best Press
Susan K. Engles
Paragon Printing and Mailing

Editorial Services:
Lucky Twenty One Post (Producerz/Directorz)
So to Speak, dba Fast Cuts Mix
Stuck On On, Inc.
Last Asylum/Pure Evil Sound
Janimation

Sign Making Services:
Prographix
Beaed LP

Courier/Delivery Services:
CitySprint
K B Services
FedEx

Translation Services:
MasterWord Services
Teneo Linguistics Company, LLC

Talent Agency Services:
The Campbell Agency, Inc.
Kim Dawson Agency
Mary Collins Agency

Artists:
Mary Erikson, Illustrator
Jennifer Butters, Artist Agent
Those Three Reps
Chameleon Studios

Legal Services:
Davis and Gilbert

Research Services:
Relevant Insights
Decision Analyst

Television Commercial Production:
18:20 Productions
Lucky Twenty One Post (Producerz/Directorz)

Photography:
Ally Godfrey Represents
Jennifer Butters, Artist Agent
Those Three Reps
Big Picture Reps

Radio Commercial Production:
Lucky Twenty One Post (Producerz/Directorz)
So to Speak, dba Fast Cuts Mix
Stuck On On, Inc.
Last Asylum/Pure Evil Sound

Offset Printing, up to 25,000:
Best Press, Inc.
AJ Bart
Blanks Printing and Imaging
Beaed LP

Printing, up to 100,000:
Best Press Inc.
AJ Bart
Beaed LP

Silk Screen Printing:
Diamond Display
AJ Bart

Specialty Printing:
Best Press

Audio Production:
Lucky Twenty One Post (Producerz/Directorz)
So to Speak, dba Fast Cuts Mix
Stuck On On, Inc.
Last Asylum/Pure Evil Sound

2.13 CHANGES, MODIFICATIONS AND CANCELLATION
2.14 UPDATES TO INFORMATION SUPPORTING A PROPOSAL
2.15 ADDITIONAL INFORMATION
2.16 PROPOSAL EVALUATION AND CONTRACT AWARD
2.17 ORAL PRESENTATIONS
2.18 PROTEST PROCEDURE

The Integer Group understands and will comply with all items and information provided in sections 2.13- 2.18.

3 CONTRACTUAL TERMS AND CONDITIONS

The Integer Group has read the contractual terms and conditions stated in section 3.0. We have supplied our recommended revisions and/or areas of concern in the Letter of Transmittal per your instructions. We would welcome an opportunity to discuss these areas of concern directly with the Texas Lottery Commission.

4.1 EXPERIENCE OF PROPOSER

4.1.1 Statement of why we believe we have the required experience to provide the goods and services required under this RFP. Proposers must demonstrate an understanding of Texas as a minority-majority state as well as the ability to effectively reach and speak to the general and ethnic markets.

The Integer Group has the experience to provide the goods and services required under this RFP. As a full-service marketing agency, Integer is uniquely qualified to offer the Texas Lottery an end-to-end solution through our comprehensive arsenal of capabilities that can support all marketing needs: from Insight and Strategy to branding and 360° creative programs to digital solutions and world-class production capabilities.

Our core capabilities are as follows:

Branding: Strategic brand development, positioning and brand advertising including TV, Print, Outdoor (OOH), Digital, Ambient, Guerrilla and packaging.

Insight and Strategy: Qualitative and quantitative research, consumer and shopper insights, brand strategy, promotional strategy, retail communication strategy, channel and customer-specific expertise, purchase-barrier identification, workshop facilitation, idea concepting, digital and eCommerce strategy (Digitail®) and content strategy.

Creative: 360° programs (offline and online) including brand advertising, promotional advertising, scale concepts, claims development, key visuals, shopper-based design, packaging design, retail/environmental design and communications, POS signage and displays, digital signage, sales collateral, on-premise advertising and holistic ideas.

Digital: Digital Strategy Development, Information Architecture, User Experience Design, SEO and SEM, Microsites and Websites, Online Promotions, CRM, Digital POS, Shopper-Based Designs for the eRetail Space and Mobile Marketing.

Consumer Promotions: Ideation through execution and fulfillment, event marketing, word of mouth, influencer marketing, partnership marketing, sponsorship activation, entertainment marketing, premiums and incentives, sweepstakes and fulfillment.

Media: Offline, online and retail media planning and buying, new media, merchandising and measurement. However, for the Texas Lottery RFP we are recommending outsourcing the media buying scope to our preferred HUB partner, Asher Media.

Social Media: Social strategy/planning, engagement tactics, content development, execution and deployment, database development and collection, monitoring/reporting and community management.

Event Marketing: Conceptualization, Management and Execution, Branded Experiences, Events, Retail Activation Programs, Mobile Tours, Sampling, Guerrilla Marketing and Nightlife Marketing.

Shopper Marketing: 360° shopper marketing programs, account-specific/customer marketing, channel marketing, shopper-based design and digital at retail.

Hispanic Marketing: 360° shopper marketing programs, advertising, account-specific/customer marketing, field marketing and digital communications. However, for the Texas Lottery RFP we are recommending outsourcing the ethnic and Hispanic scope of work to our preferred HUB partner, Mercury Mambo.

Production Services: Art production services/press illustration/retouching, art buying, pre-print, display, POS/merchandise, 3-D, structural design, digital production, broadcast production, logistics and fulfillment.

In addition to the core capabilities outlined above, we have some key differentiators that qualify Integer as the best partner for the Texas Lottery:

We know Texas.
We work with numerous Texas-based companies including the Nasher Sculpture Center, FedEx Office, AT&T, Borden USA, Texas Land & Cattle Steak House, BancVue (an Austin-based banking entrepreneurial company), Regency Energy and EyeMax (a boutique eyewear retailer located in Mesquite). Our roots run deep in the Lone Star state with previous work experience with additional Texas-based brands like Motel 6, RadioShack, AMD and Texas Instruments to name a few.

To develop successful marketing communication for our clients, Integer has a strong understanding of various demographic areas and cultures throughout the U.S. Our teams are diverse in culture and experience, and routinely produce culturally appropriate material in both English and Spanish.

4.1 EXPERIENCE OF PROPOSER

4.1.1 Statement of why we believe we have the required experience to provide the goods and services required under this RFP. Proposers must demonstrate an understanding of Texas as a minority-majority state as well as the ability to effectively reach and speak to the general and ethnic markets.

Continued...

We know today's Texan.
We know the terms Hispanic or Latino are not a one-size-fits-all when identifying people with origins in Spanish-speaking countries. Hispanics can trace their origins to 23 countries in Spain, Central and South America and each comes with their own culture, traditions and Spanish-language nuances.

In the U.S., the Hispanic population has grown significantly over the years, outpacing that of the general market, and in California, Texas and Hawaii, have become the minority-majority. The U.S. Census declared Texas a minority-majority state in 2005, driven primarily by the large growth of its Hispanic population. The Hispanic population in Texas now represents 38% of the total population, meaning that 1 out of 3 people in the state are considered Hispanic.

The Hispanic population in Texas is very diverse and varies by region. While the state's Hispanic population is two-thirds Mexican, there are also large Central and South American communities in some of the largest metros.

Even Texas' Mexican population can be further segmented to the different states in Mexico. Mexicans from bordering states such as Nuevo Leon, Coahuila and Chihuahua have a higher penetration in Texas than those from western or southern Mexico.

Houston, for example, has the largest Hispanic community in Texas, is primarily Mexican, but also is home to a large number of Central Americans (El Salvador, Honduras and Guatemala) and South Americans (Colombian). There is a high population of first generation Hispanics in Houston, therefore the majority of the Hispanic population prefers to speak Spanish at home.

In contrast, a market like San Antonio has a large number of second, third and fourth generation Hispanics who identify themselves as Tejanos. Due to the longer length of time in the U.S., people in San Antonio are more English dominant than any other city in Texas. San Antonio is also a popular tourist location for mid and upper class visitors from Mexico.

Areas near the border from El Paso to McAllen are considered minority-majority counties where Hispanics make up over 90% of the population.

The future of Texas is also being painted by the growth of Hispanics. In 2010, Hispanics represented half of all of the births in the state, while non-Hispanic whites represented 35% of all births.

By understanding the segmentation and regional nuances of Texas' Hispanic population, Integer is able to develop communication strategies that resonate rather than alienate any one particular group. While lifestyle and entertainment options seem pan-Latino, there are many differences in musical tastes, sports, holidays and cultural events.

Soccer for example is very popular among Latin Americans, baseball is the sport of choice among Hispanics from the Caribbean, and the NFL is widely popular among second and third generation Hispanics.

Cinco de Mayo is traditionally seen as a big Mexican holiday by non-Hispanics, however, it is Fiestas Patrias / Mexican Independence (9/16) that is the more revered holiday among Mexicans. September is also a month of celebration for many other Latin American countries celebrating their independence, marking mid September to mid October as Hispanic Heritage Month.

Just as the fan base for artists like Brooks & Dunn and Lil' Wayne vary, music from Latin America varies just as drastically. The accordion-fueled polka, which is popular among Mexicans from Northern Mexico, would not resonate among Puerto Ricans and Cubans, where Salsa and Tropical music reign supreme.

Language, dialects, culture and entertainment play an integral role and adapting them to address the local market will increase the effectiveness of the campaign and minimize the risk of alienating a potential group of consumers.

In San Antonio, where the majority of Hispanics speak English, would be a market where a Spanish-language campaign would have to be adapted to English for maximum effect.

4.1 EXPERIENCE OF PROPOSER

4.1.1 Statement of why we believe we have the required experience to provide the goods and services required under this RFP. Proposers must demonstrate an understanding of Texas as a minority-majority state as well as the ability to effectively reach and speak to the general and ethnic markets.

We know today's Texan (continued)

How are we so steeped in knowledge about the Hispanic culture in Texas?

Integer has an in-house Hispanic agency called Velocidad and are Agency of Record for Borden USA's LALA brand in the U.S. and responsible for field marketing in Texas. While we are recommending a HUB partner for the Hispanic scope requirements in this RFP, thinking about a diverse range of audiences is anything but foreign to Integer. To that point, we recognize that while the Hispanic audience is the largest pool of minorities in Texas it is only one slice of the multi-cultural audience we need to reach. For example, Texas is home to 1 million Asians, making it the second largest Asian population in the U.S. next to California.

Asian is not a one-sized solution when it comes to developing strategies to reach and engage Asian consumers. *Asian* can be used to describe Asian Indians, Chinese, Filipino, Vietnamese, Korean and more. While some of these groups have similarities, they are quite diverse and have vast differences in culture, language and traditions.

The largest groups of Asian descent in Texas are:
Asian Indians (25%)
Vietnamese (21%)
Chinese (15%)
Filipino (13%)

Harris County, for example, has the largest Vietnamese population in Texas, and a marketing campaign targeting this consumer would not necessarily resonate with Dallas' large Asian Indian population.

From a media planning perspective we know it's important to consider that 90% of Texas' Asian population lives in the top four metro areas, Houston, Dallas/Ft. Worth, Austin and San Antonio. Houston has the largest Asian population of the state, with 40%.

At Integer, we understand that developing a multi-cultural campaign is not a cookie cutter process; it takes a thorough understanding of our consumers and the market. We are based in Texas, we work for Texas clients, we are responsible for multi-cultural work for our clients and we have a team who have deep roots in Texas. **We know Texas and today's Texan**.

4.1 EXPERIENCE OF PROPOSER

4.1.2 Each Proposer shall describe in detail its experience and shall include descriptions of all engagements of comparable complexity and sensitivity to the requirements of this RFP conducted within the past five (5) years. The description of experience shall be detailed and cover the contracts the Proposer and any Subcontractors have had and all experience similar to this contract which qualifies the Proposer to meet the requirements of this contract, including but not limited to:

(a) Size of contract.
(b) Reason for contract termination/expiration, if contract is no longer in effect.
(c) Types of services directly provided by the Proposer and whether the Proposer was the contractor or subcontractor.
(d) Term and type of contract, including effective dates.
(e) Any problems encountered.

Confidentiality Claimed
PIA §552.110

4.1 EXPERIENCE OF PROPOSER

4.1.2 CONTINUED

Confidentiality Claimed
PIA §552.110

4.1 EXPERIENCE OF PROPOSER

4.1.2 CONTINUED

Confidentiality Claimed
PIA §552.110

4.1 EXPERIENCE OF PROPOSER

4.1.2 CONTINUED

Confidentiality Claimed
PIA §552.110

4.1 EXPERIENCE OF PROPOSER

4.1.2 CONTINUED

Confidentiality Claimed
PIA §552.110

4.1 EXPERIENCE OF PROPOSER

4.1.2 CONTINUED

Confidentiality Claimed
PIA §552.110

4.1 EXPERIENCE OF PROPOSER

4.1.2 CONTINUED

Confidentiality Claimed
PIA §552.110

4.1 EXPERIENCE OF PROPOSER

4.1.2 CONTINUED

Confidentiality Claimed
PIA §552.110

4.1 EXPERIENCE OF PROPOSER

4.1.2 CONTINUED

Confidentiality Claimed
PIA §552.110

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4.1 EXPERIENCE OF PROPOSER

4.1.2 CONTINUED

Confidentiality Claimed
PIA §552.110

4.1 EXPERIENCE OF PROPOSER

4.1.2 CONTINUED

Confidentiality Claimed
PIA §552.110

4.1 EXPERIENCE OF PROPOSER

4.1.3 The Proposer shall state whether or not any of the following have occurred during the last three years:
(a) The Proposer has had a contract terminated, and if so, shall provide full details, including name, address and telephone number.
(b) The Proposer has been assessed any penalties or liquidated damages under any existing or past contracts and if so note the reason for and the amount of the penalty or liquidated damages for each incident.
(c) The Proposer was the subject of (i) any disciplinary action for substandard work and unethical practices or (ii) any order, judgment or decree of any federal or state authority barring, suspending or otherwise limiting the right of the Proposer to engage in any business, practice or activity.
(d) The Proposer has been involved in any litigation related to contract performance.

The Integer Group can confirm the following information:
a) We have not had any contracts terminate, other than projects coming to completion in the last five years.

Please note, as indicated in 4.1.2, Integer has been working on the 7-Eleven business since 2007 as a part of an Omnicom 3-agency model to service the business including Integer, TracyLocke and TPN. Since January 1, 2012, Integer has been working directly with 7-Eleven under our own contract.

b) We have not been assessed any penalties or liquidated damages, ever.

c) We have not been the subject of (i) any disciplinary action for substandard work and unethical practices, or (ii) any order, judgment or decree of any federal or state authority barring, suspending or otherwise limiting the right of the Proposer to engage in any business, practice or activity.

d) We have not been involved in any litigation related to contract performance.

4.1 EXPERIENCE OF PROPOSER

4.1.4 Failure to include any of the items in this section may result in disqualification of the Proposal.

The Integer Group understands that failure to include any of the items in this section may result in disqualification. We have included all items outlined in this section to the best of our ability.

4.2 REFERENCES

A minimum of five (5) verifiable references must be provided that include contact person, name of company, phone, fax number, and e-mail address, if available. Proposer's references shall include references for which Proposer has provided similar services as described in Part 7 of this RFP. The Texas Lottery reserves the right to verify all information in the Proposal submitted by the Proposer and seek other information it deems necessary to conduct a thorough review.

Confidentiality Claimed
PIA §552.110

Tex. Gov't Code §552.137

4.3 CONTACT PERSON

Each Proposer shall provide the name, address, telephone number, email address, and facsimile number of a person to contact concerning questions regarding its Proposal.

Ellen Cook
President
1999 Bryan Street
Suite 1700
Dallas, TX 75201
P. 214.758.6840
F. 214.758.6901
ecook@integer.com

4.4 CONFLICT OF INTEREST

The Integer Group would like to disclose the following relationships:

As an agency, we have a business relationship to flag through our work with the Illinois Lottery. Northstar Lottery Group has the private management contract with the IL (as you know). Northstar is led by the partnership between GTECH Corp. and Scientific Games International, Inc.

Penni Barton, VP Group Account Director — worked at DDB (which became a part of TracyLocke in 2006) in the early 90's.

David Bell, Creative Director — worked at TracyLocke when they acquired the Texas Lottery account and still has personal relationships with TracyLocke employees who work on the account.

Michelle Cheney, Account Director — worked at DDB from 1997 until 2007 which became a part of TracyLocke in 2006.

Mendy Clark, Sr. Art Buyer/Project Manager — worked at TracyLocke from 2005 until 2009 in the studio, was cleared to work on the Texas Lottery.

Will Clarke, Executive Creative Director – worked for DDB which is now TracyLocke from 2001-2004 and as a freelancer from 2004-2005.

Ellen Cook, President – worked at TracyLocke from Nov. 2002-May 2004.

Henley Coulter, VP Director of Business Development — husband works for TracyLocke as Client Service Director on the HP account.

Brad Ficek, Sr. Media Planner — worked at TracyLocke from 2005-2010 on Pepsi/Meow Mix.

Joel Fletcher, Account Executive — his father, Dwight Fletcher, worked for TracyLocke in the past and, as President & CEO of Spearfish, still has existing relationships within the agency.

Jodie Green, Account Supervisor — her husband works for the Component Group which is part of TracyLocke.

Meghan Henderson, Business Development Account Supervisor — worked at TracyLocke from 2003-2006 on Harrah's Casinos as well as Palm Beach Tan, Frito-Lay and 7-Eleven.

Kathy Hurley, Print Producer — worked at TracyLocke from 1998-2000.

Kristen Johnson, Account Director — currently working with TracyLocke via her pro bono work with the American Cancer Society, worked with LatinWorks previously when she was employed at T:M.

Patrick Kiker, Account Director — worked with TracyLocke as a part of the Omnicom 3-agency approach to servicing the 7-Eleven account.

Roxanne Longoria, Account Supervisor — worked at TracyLocke from 2000-2010 on the Harrah's and Nokia accounts.

Mark Mayland, Director of Merchandising — worked with GTECH as a part of the Illinois Lottery account.

Lacey McBlain, Media Planner — used to work for Asher Media, Inc. who currently has the Texas Lottery media buying scope of work.

Molly McLaren, Creative Director — worked at TracyLocke from 1986-1990 then DDB from 1993-1999 and worked with TracyLocke as a part of the Omnicom 3-agency approach to servicing the 7-Eleven account.

Amanda Parks, Director of Marketing Intelligence — worked at TracyLocke/DDB from 1993 to 2002.

Linsey Parks, Sr. Art Director — her husband, Gary Parks, is a composer/sound engineer at Post Asylum/Pure Evil Music & Sound Design who have worked with TracyLocke on Texas Lottery TV spots and Gary did the music/sound mixing for the spot "Hair."

Ann Pearson, Creative Director — her husband, Jorg Deckerhibbel, used to work for TracyLocke.

Sean Purtle, Account Supervisor — worked at TracyLocke from 2006-2008.

Bryan Rachal, Associate Creative Director — worked for TracyLocke 1995-2000 and still has friends who are employees.

Samer Salfiti, Account Director — girlfriend is a former employee of TracyLocke, parents have a previous relationship with the Texas Lottery as they used to sell lottery products in their convenience store(s) but have since sold their stores.

Brittney Schaefer, Account Supervisor — worked with TracyLocke as a part of the Omnicom 3-agency approach to servicing the 7-Eleven account.

4.4 CONFLICT OF INTEREST

Continued...

Jason Sternberg, Sr. Art Director — worked for TracyLocke from 1996-1998

Lee Summers, Sr. Project Manager — was employed by TL/DDB from 2002-2007 working on The Texas Lottery as primary account

Tara Thompson, Account Supervisor — used to work with TracyLocke as a part of the Omnicom 3-agency approach to servicing the 7-Eleven account, but has rotated off the account effective January 1, 2012.

Andrew Tinch, Creative Director — worked at TraceyLocke in the 90s and now works with Northstar, a subsidiary of GTECH, and occasionally with Scientific Games as a part of Integer's Illinois Lottery account.

Amy Vollet, VP Director of Media — worked at TracyLocke until early 2012 running their media department and leading media strategy on the Texas Lottery account.

Jamie Zorbanos, Account Executive — worked with TracyLocke as a part of the Omnicom 3-agency approach to servicing the 7-Eleven account.

We also understand that we must disclose to the Texas Lottery in writing any actual, potential or perceived conflict of interest, relative to the performance of the requirements of this RFP, during the period prior to the award of any Contract pursuant to the RFP, at the time the conflict is identified.

4.5 FINANCIAL SOUNDNESS

Confidentiality Claimed
PIA §552.110

4.5 FINANCIAL SOUNDNESS

4.5.5 The Proposer must include certification that the Proposer will notify the Texas Lottery of a change in financial condition during the Contract term and any renewal thereof.

I hereby certify and acknowledge that The Integer Group will notify the Texas Lottery in writing of a substantial change (identified as insolvency, bankruptcy or receivership) in financial condition that would result in The Integer Group being unable to fulfill the requirements of the contract during the contract term and any renewal thereof. If such a substantial change should occur before the contract is awarded, but after submission of the proposal, The Integer Group will notify the Texas Lottery in writing.

Signed Jan Gittemeier

(Name: Jan Gittemeier)

Title Chief Operating Officer

4.6 BACKGROUND INVESTIGATIONS

The Integer Group understands and will comply with all information provided in section 4.6.

5 HUB SUBCONTRACTING PLAN

Provide (1) signed and two (2) copies of all required HSP documentation.

We have included the signed HSP documentation in separate binders per your instructions.

6.1 AD AGENCY STAFFING

6.1.1 Employees of the Successful Proposer assigned to the Texas Lottery account must have substantial experience marketing retail products via mass media as well as the retail environment. It is crucial that the Successful Proposer and the team assigned to work on the Texas Lottery account demonstrate the skills required to effectively reach and communicate with the diverse population of Texas. Proposers shall provide detailed résumés for all personnel who may be assigned to the Texas Lottery account.

ELLEN COOK
President

General Experience
With over 20 years of experience in marketing strategy, advertising, promotions, retail marketing, agency operations and financial management, Ellen is responsible for overall management of the agency, strategic leadership and top-level client relationships. Ellen is a highly collaborative leader involved in all of the Dallas accounts and works daily with our industry-leading clients. The Integer Group combines a deep understanding of brand strategy and consumer behavioral insight with expertise in promotions, retail, field marketing and advertising to achieve sales results every day for its clients.

Retail Experience
Ellen's retail-heavy client roster includes Texas-based brands AT&T, FedEx Office, RadioShack, Michaels, 7-Eleven and The Container Store, plus BlackBerry, American Express, Harrah's Entertainment, the United States Olympic Committee, Four Seasons Hotels in Texas, A Pea in the Pod and over 70 regional shopping centers and mixed-use centers throughout the United States.

In addition, Ellen has led efforts to develop and execute programs with retailers including 7-Eleven, Walmart, Target, Best Buy and a variety of grocers across the U.S. on behalf of clients Bimbo Bakeries USA, Diamond Foods, Treasury Wine Estates, E. & J. Gallo Wineries, Borden USA, LG Electronics and AT&T.

Mass Media Marketing Experience
Prior to joining Integer, Ellen was a partner and Group Account Director at TracyLocke, where she presided over the $40 million Harrah's Entertainment Inc. account encompassing all marketing, advertising and promotional plans and execution. She brought communications to consumers at every touchpoint – TV, radio, print, outdoor, digital, point of sale and direct mail.

Prior to TracyLocke, Ellen owned and operated The Wiemers Group, an independent agency. At Wiemers, Ellen orchestrated marketing, advertising and promotional programs with full administration of strategic development, client relationship management, tactical execution and financial management.

Education
Ellen holds a Bachelor of Science in Advertising from The University of Texas.

Texas Roots
Ellen's roots run deep in the state of Texas. She comes from four generations of Texans. She attended The University of Texas at Austin and is one of the most avid fans of the Longhorns. The pride continues as her oldest son currently attends UT.

Ellen has spent her entire career in Texas, working with a long list of Texas-based brands to develop programs that speak to the diverse population of the state.

She has traveled Texas extensively – from coast to Panhandle – and understands the vast cultural diversity that makes up this great state.

Role for Texas Lottery
Ellen would provide senior leadership and oversight for the Texas Lottery account. She would not be part of the billable team.

6.1 AD AGENCY STAFFING

6.1.1 Employees of the Successful Proposer assigned to the Texas Lottery account must have substantial experience marketing retail products via mass media as well as the retail environment. It is crucial that the Successful Proposer and the team assigned to work on the Texas Lottery account demonstrate the skills required to effectively reach and communicate with the diverse population of Texas. Proposers shall provide detailed résumés for all personnel who may be assigned to the Texas Lottery account.

WILL CLARKE
Executive Creative Director

General Experience
With over 19 years of agency experience, Will heads up our creative department at Integer Dallas. He leads and guides every aspect of advertising, promotions, retail and digital marketing for our clients. In addition to leading our agency creatively, he writes essays and short fiction for Texas publications like *Texas Monthly, The Austin American Statesmen* and *The Dallas Morning News.* Will is a thought-leader both in advertising and in the Texas community who often lectures on the topic of creative problem solving and the arts. He is a regular speaker at The Highland Park High School Literary Festival, Dallas Museum of Art, The Texas Book Festival, Booker T Washington High School of the Performing Arts, The Path to Purchase Institute and TEDxSMU. Will is also the author of two novels from Simon & Schuster: *Lord Vishnu's Love Handles* and *The Worthy.* He was named by *Rolling Stone* as the "Hot Pop Prophet" and is *The New York Times* Editor's Choice.

Retail Experience
Will has deep understanding of retail—especially in grocery and C-store channels. As the Executive Creative Director over 7-Eleven, Slurpee Brand, Bimbo Bakeries USA and the Illinois Lottery, Will understands retail activation like no other creative director in Texas. In addition to working on these great brands, Will oversees work for Texas-based retailers AT&T and FedEx Office.

Mass Media Marketing Experience
Will's entire career has been spent working in Texas on Texas-based brands. Whether it was working at T:M on Texas Tourism or at DDB/TracyLocke working on the Texas Lottery, Will not only understands Texans but he understands what inspires them. Will's built mass media campaigns for Texas favorites like Dr Pepper, Dean Foods, Miller Lite Texas, Whataburger, Texas Best Chevy Dealers, American Airlines and Texas Instruments. Most notably, Will was co-writer of the "K-Fed-Rollin' VIP" Nationwide Financial Super Bowl spot, which was named one of *Time Magazine's Top 10 TV Ads of 2007.* Whether it's TV or out of home, Will understands how to talk to the masses in a big way—like Texas Big.

Education and Affiliations
Will holds a Bachelor of Science in Marketing from Louisiana State University. He has served as an adjunct instructor at the University of North Texas and a guest lecturer at Southern Methodist University.

Texas Roots
While Will is originally from Shreveport, Louisiana, like the bumper sticker says, he got here as fast as he could. As the author of a novel set in Texas, Will has toured on behalf of Simon & Schuster to just about every independent bookstore in the state from BookPeople in Austin and Brazos in Houston to Beauty and the Book in Jefferson. Will is active with the Texas Book Festival and Friends of the SMU Library, and he's also been a Pulpwood Queens Book Club Selection. (This is a big deal - just ask anyone wearing a tiara and pink leopard skin in East Texas.) Because of his work with the Texas Lottery and Texas Tourism earlier in his career, Will has also shot across the state and possesses a keen understanding of the Texas Lottery's particular concerns and needs. In addition to having this unique history with the account, he also has a unique history with the state itself: Will's maternal grandmother's maiden name was Houston, as in Sam.

Role for Texas Lottery
Will would provide senior creative leadership and oversight for the Texas Lottery account. He would not be part of the billable team.

6.1 AD AGENCY STAFFING

6.1.1 Employees of the Successful Proposer assigned to the Texas Lottery account must have substantial experience marketing retail products via mass media as well as the retail environment. It is crucial that the Successful Proposer and the team assigned to work on the Texas Lottery account demonstrate the skills required to effectively reach and communicate with the diverse population of Texas. Proposers shall provide detailed résumés for all personnel who may be assigned to the Texas Lottery account.

JAN GITTEMEIER
Chief Operating Officer

General Experience
Jan is the Chief Operating Officer of the The Integer Group, Dallas. She oversees the Finance Department and the operations of the Agency. She has been with Integer for over 17 years. Prior to joining Integer, Jan began her career working in the audit division of Coopers & Lybrand for seven years, where she primarily worked in the oil and gas industry. She left C&L to go to work for one of her clients, Sun Oil and Gas Exploration Company, a division of Sun Oil Company, which ultimately spun off and became Oryx Energy Company, LLC. After leaving Oryx in 1992, Jan went to Colorado to pursue a Master's degree in Counseling. Shortly after graduating from Colorado Christian University with an M.A. in Biblical Counseling, Jan moved back to Texas for a short time and then in 1994, joined The Integer Group in Denver, as Controller. In 1998, she transferred back to Texas to assume the Chief Financial Officer position at The Integer Group in Dallas. Since then, Jan has continued to grow her knowledge and expertise of Agency finances and operations, assuming the title of Chief Operating Officer in 2005. She is currently heavily involved in overseeing these areas, including client and vendor contract negotiations and administration.

Education and Affiliations
B.S. Accounting, University of Tulsa
M.A. Biblical Counseling, Colorado Christian University

Texas Roots
Jan, who was born in St. Louis, Missouri, attended undergraduate and graduate school in Tulsa and Colorado, respectively. She has lived in Texas most of her adult life, and is currently raising her daughter, who she adopted from Russia, as a Texan. Jan is proud and thankful to have her daughter enrolled in the Texas Guaranteed Tuition Plan! They love living in Dallas and are avid Dallas Mavericks fans.

Role for Texas Lottery
Jan would provide senior operational/financial leadership and oversight for the Texas Lottery account. She would not be part of the billable team.

6.1 AD AGENCY STAFFING

6.1.1 Employees of the Successful Proposer assigned to the Texas Lottery account must have substantial experience marketing retail products via mass media as well as the retail environment. It is crucial that the Successful Proposer and the team assigned to work on the Texas Lottery account demonstrate the skills required to effectively reach and communicate with the diverse population of Texas. Proposers shall provide detailed résumés for all personnel who may be assigned to the Texas Lottery account.

MICHAEL FARMER
Senior Vice President, Operations

General Experience
With over 20 years of experience in operations, print and digital production, advertising and financial management, Michael is responsible for the overall production and development of workflow process within the Agency including both Digital and Print. He is also involved with vendor relationships and works with with clients concerning production related topics. Michael has been with The Integer Group for the last five years and is a very collaborative leader who works across all teams and departments within the agency. As the fifth-largest promotional agency in the U.S., The Integer Group combines a deep understanding of brand strategy and consumer behavioral insight with expertise in promotions, retail, field marketing and advertising to achieve sales results every day for its clients.

Retail Experience
Michael's experience with retail clients includes brands such as AT&T, FedEx Office, RadioShack, Michaels and 7-Eleven.

In addition, Michael has worked in developing workflow processes that help execute and develop successful programs with brands across the U.S. such as Bimbo Bakeries USA, Diamond Foods, Treasury Wine Estates, FedEx and AT&T.

Mass Media Marketing Experience
Prior to joining The Integer Group, Michael worked with another Omnicom Agency, AvreaFoster/100MPH, where he was the Director of Operations for nine years. He presided over all agency production and developed an in-house studio. Other duties included developing and maintaining workflow processes, tactical execution and client relationship management, and he was involved with new business development as well. Some clients at this time included Compaq Computers, RadioShack, Trammell Crow Company, FedEx and Regus Office Solutions.

Prior to AvreaFoster, Michael worked for Padgett Printing in Dallas, for almost six years, where he managed and helped develop Padgett's Digital Production Department and processes. This included developing and perfecting pre-press and print production techniques that at the time were still very new to the industry. During this time, he worked with clients such as 7-Up/Dr Pepper, Mary Kay, Chrysler Dodge, Compaq, USAA and Exxon, to name a few.

Education and Affiliations
– Michael attended The University of Oklahoma and holds a Bachelor of Science in Architecture.
– Michael also holds an M.B.A from Baylor University.

Texas Roots
Michael was born in Oklahoma but has lived in Texas for the last 23 years. Michael and his wife were married in Arlington, Texas, and have four children (two girls, two boys) born in the state of Texas, ages 16, 15, 12 and 11. He coaches both of his two boys' select baseball teams and both of his daughters are in competitive cheerleading which, with the travel, allows him and his family to trek across the great state.

Role for Texas Lottery
Michael would provide senior operational leadership for the Texas Lottery account. He would not be part of the billable team.

6.1 AD AGENCY STAFFING

6.1.1 Employees of the Successful Proposer assigned to the Texas Lottery account must have substantial experience marketing retail products via mass media as well as the retail environment. It is crucial that the Successful Proposer and the team assigned to work on the Texas Lottery account demonstrate the skills required to effectively reach and communicate with the diverse population of Texas. Proposers shall provide detailed résumés for all personnel who may be assigned to the Texas Lottery account.

KIEL J. HUHN
Group Account Director (Vice President, Group Account Director, Director of Promotions)

General Experience
Kiel has more than 20 years of experience in the advertising, promotion and retail marketing spaces.

Kiel has spent the last 13 years working for various Omnicom agencies in the DFW area. His OMC career has afforded him the ability to work for several iconic brands and hone his promotional and retail marketing skills. Prior to joining The Integer Group, Kiel was Vice President/Account Director at DDB managing the promotional side of the JCPenney account. Prior to JCPenney, Kiel was Account Director at DDB working on the Dean Foods (dairy category) business. Finally, he came to Dallas from his hometown of Philadelphia to work at TracyLocke on the Frito-Lay business. There he was responsible for managing national accounts.

At Integer since 2005, Kiel has primary responsibility for overseeing the FedEx business.

Retail Experience
The first part of his retail career was spent on the consumer packaged goods side of the business working with the likes of Frito-Lay, Pepsi, LifeSavers, Hershey and Dean Foods, bringing these world-class brands to life and driving sales at key accounts such as Target, Walmart and a variety of grocers and C-stores. The last 10+ years, Kiel has been intimately involved on the retailer side with JCPenney, RadioShack and FedEx Office. While at DDB, Kiel was part of the senior leadership team that helped transform JCPenney from an afterthought in 2000 to one of the biggest turnarounds in the history of American retailing. Kiel brought fresh perspective to the area of retail promotions and helped JCPenney leverage their national footprint of 1,000+ stores to maximize their messaging and marketing spend.

Currently, Kiel manages the FedEx business. Kiel is responsible for delivering retail promotional campaigns for the FedEx Office operating company, and works closely with the VP of Marketing at FedEx Office to bring strategy and customer insight to the forefront. That allows for breakthrough creative ideas that help differentiate FedEx Office in the very crowded and competitive retail quick print and copy category.

Mass Media Experience
In one of the most celebrated branding initiatives of 2005, Kiel was able to bring together JCPenney and country/cross-over singing sensation LeAnn Rimes to execute their first-ever music campaign aggressively promoting and selling her new Christmas CD, "What a Wonderful World."

At no cost, JCPenney got the brand association with LeAnn Rimes, a sponsorship relationship worth millions. In one month, the singer sold 37% of her total global sales in JCPenney stores, outselling Walmart, Target, Best Buy – or any other mass merchant. Curb and Rimes sold 75,000 CDs in a non-traditional music venue – and benefited from extraordinary free promotion and advertising in all mediums. All new sales didn't cannibalize on sales in other stores.

JCPenney Afterschool made $250,000+ towards their charity – and received unprecedented branding, press and marketing. Cross promotion included three appearances on *"The Early Show"* and in the *"CBS Thanksgiving Parade,"* 54 million Sunday circulars, graphic emails to 4.6-million JCPenney customers and USA Today ads cross-promoting LeAnn and the charity, etc.

Education and Affiliations
Kiel is a graduate of The University of Central Florida in Orlando. Kiel received a BSBA in marketing.

Texas Roots
When Kiel first moved to Texas almost 14 years ago, his knowledge of this state was somewhat limited. The one thing he did know is that he was going to be working with one powerful, global brand that is proud to call Texas home. That brand was Frito-Lay. Fast-forward 14 years and he has had the privilege to work with several iconic brands from Texas including Dean Foods, 7-Eleven, JCPenney and, most recently FedEx Office.

Having three children and living in Plano, Texas, Kiel and his wife quickly realized and admired the commitment to family found in Texas. His kids have had a fantastic childhood in Texas. His children have had exposure to kids from literally all corners of the world and have learned to respect the person for who they are and not where they are from.

Kiel is proud to call Texas home.

Role for Texas Lottery
Kiel would provide senior leadership and guidance for the Texas Lottery account. He would oversee all strategic development and account management.

6.1 AD AGENCY STAFFING

6.1.1 Employees of the Successful Proposer assigned to the Texas Lottery account must have substantial experience marketing retail products via mass media as well as the retail environment. It is crucial that the Successful Proposer and the team assigned to work on the Texas Lottery account demonstrate the skills required to effectively reach and communicate with the diverse population of Texas. Proposers shall provide detailed résumés for all personnel who may be assigned to the Texas Lottery account.

MICHELLE CHENEY
Account Director

General Experience
Michelle is a senior-level marketing communications professional with nearly 15 years experience in brand strategy, integrated marketing communications, mass media, emerging media, events, interactive marketing, sports marketing and retail promotions. She has experience with a wide range of marketing situations, from new product launches to securing market share in highly competitive segments.

Retail Experience
Michelle has a broad range of retail experience – working with retail clients as well as helping brands strengthen relationships and distribution in key retail accounts. She was part of the original Texas rollout of COACH boutiques into the Macy's department stores and has worked with retailers such as Hastings Entertainment and Q-Lube (now a part of ExxonMobil). Her experience includes developing retail programs ranging from category management assignments to retail promotions for clients such as Coca-Cola, Daltile, American Olean, Schlage locks, Kryptonite bike locks and Dean's Dip ,among others. Michelle has experience across multiple chann including grocery, drug and convenience stores.

Mass Media Marketing Experience
Michelle has extensive experience planning and developing mass media marketing campaigns that include any combination of television, radio, print, out-of-home and digital. She has planned national, regional and local campaigns for brands such as International Delight coffee creamer, Hershey's Milks & Milkshakes, Schlage locks, Arnold and Bimbo Bakeries USA and Borden USA, among others. She also has experience working with government clients such as the New York State Research & Development Authority and US Environmental Protection Agency.

Former Texas-based clients include Dean Foods, Perot Systems, Data Return managed hosting, Ellington Fans, Samsung Telecommunications of America and Dal-Tile. For many of these clients, Michelle managed the communications activities for multiple brands.

She is currently leading the Nasher Sculpture Center account and working on a SuperValu customer-specific program for Treasury Wine Estates.

Education and Affiliations
Michelle has a Master of Business Administration and Bachelor of Business Administration in Marketing from The University of Texas at Austin.

She also has a CESMA M.B.A. (Mastères Spécialisès) from Ecole Supérieure de Commerce in Lyon, France.

Texas Roots
Michelle is proud to be a native Texan. After living in France for two years, she decided that Texas was the only place for her. In fact, she couldn't help but convince some of her European friends to come visit for two weeks while taking them on an extensive tour of the Lone Star State. Having seen all four corners, and everything in between, Michelle is proud to call Texas home.

Her family became apart of East Texas history when oil was discovered on the Crim family farm back in 1930, leading to the discovery of the East Texas Oil Field. In addition, her mother was a Kilgore Rangerette under the direction of Gussie Nell, the famous founder and first director of the team. Her mother's picture even hangs in the Rangerette Museum in Kilgore, Texas.

She and all of her siblings attended the University of Texas at Austin and are passionate Longhorn fans. For Michelle, Texas Football means time well-spent with friends and family. In fact, Michelle has been successful in fully indoctrinating her Floridian fiancée into UT culture – some say he may now be a bigger advocate of Texas sports than she is.

Michelle has deep roots in the Texas horse community, competing here most of her life. Growing up in both metropolitan and rural Texas, Michelle has a deep understanding of the cultural diversity across the state.

Role for Texas Lottery
Michelle would serve as the Account Director for the Texas Lottery business. She would provide leadership and oversight for all aspects of the business and serve as a primary contact for the Texas Lottery team.

6.1 AD AGENCY STAFFING

6.1.1 Employees of the Successful Proposer assigned to the Texas Lottery account must have substantial experience marketing retail products via mass media as well as the retail environment. It is crucial that the Successful Proposer and the team assigned to work on the Texas Lottery account demonstrate the skills required to effectively reach and communicate with the diverse population of Texas. Proposers shall provide detailed résumés for all personnel who may be assigned to the Texas Lottery account.

SEAN PURTLE
Account Supervisor

General Experience
Sean joined Integer in 2008, bringing over 15 years experience in developing and managing successful national promotions, brand advertising, event marketing, retail marketing and digital programs for clients and their brands. He brings his clients a knack for understanding their business issues and developing programs that get results. Beginning his career at a boutique agency, Sean learned the world of promotions working on ConAgra Foods before going to Euro RSCG. His client experience includes Ponderosa Steakhouse, Pizza Hut and Rent-a-Center.

At Integer, Sean lead the Georgia Lottery account, worked on the 7-Eleven account and currently helps develop FedEx Office national promotions and retail marketing programs.

Retail Experience
Sean's retail client roster includes ConAgra Foods, Pizza Hut, 7-Eleven and FedEx Office. He also led the Georgia Lottery account, which focused on bringing retail-tainment to the convenience store and a store-in-store concept for the lottery at grocery.

Mass Media Marketing Experience
Prior to joining Integer, Sean led efforts on such brands as Ponderosa Steakhouse and Rent-a-Center. Work included all marketing, advertising and promotional plans and execution.

Education and Affiliations
Sean holds a Bachelor of Science in Advertising from The University of North Texas.

Texas Roots
Originally from California, Sean came to Texas to attend the University of North Texas with all intentions of returning to California after college. Twenty-one years later, Sean is still living in Texas with no intentions to ever leave the state. During his time in Texas, Sean has become a devoted fan of the Dallas Stars and Texas Rangers.

Sean's entire career has been spent in Texas, working with such Texas-based brands as 7-Eleven, Pizza Hut, FedEx Office and Rent-a-Center.

Role for Texas Lottery
Sean would serve as the Account Supervisor for The Texas Lottery business. He would support Michelle and provide management and oversight of day-to-day responsibilities and serve as a key point of contact for the Texas Lottery team.

6.1 AD AGENCY STAFFING

6.1.1 Employees of the Successful Proposer assigned to the Texas Lottery account must have substantial experience marketing retail products via mass media as well as the retail environment. It is crucial that the Successful Proposer and the team assigned to work on the Texas Lottery account demonstrate the skills required to effectively reach and communicate with the diverse population of Texas. Proposers shall provide detailed résumés for all personnel who may be assigned to the Texas Lottery account.

BRIAN HAMBRICK
Assistant Account Planner (Associate Account Planner)

General Experience
Brian began his career in the mobile advertising space focusing on primary research, working for Akoo, a mobile media platform in Austin, Texas. After spending a year in Austin working for Akoo, he moved to Dallas to join the team at Integer as a Project Manager, working on Diamond Foods and BBU. Shortly after joining Integer he transitioned into the Insights and Strategy department as an Associate Account Planner. Brian has a nose for insights and loves the detective work it takes to discover them. He has spent the past two years at Integer developing strategies for brands like Treasury Wine Estates, Lone Star Steakhouses, Texas Land and Cattle, 7-Eleven, Slurpee, Thomas' English Muffins, Arnold/Oroweat Sandwich Thins and project-based clients. He takes an active role in secondary research, creative brief writing and digital strategy development.

Retail Experience
Brian's retail experience includes brands such as 7-Eleven and FedEx Office, where he developed strategies for customer's experiences within those retail spaces. In addition to retail brands experience, Brian has experience in developing programs with retailers including 7-Eleven, Walmart, Target and a variety of grocers across the U.S. on behalf of clients Bimbo Bakeries, Diamond Foods, Treasury Wine Estates, E&J Gallo Wineries and Borden USA.

Mass Media Marketing Experience
During Brian's three years at Integer he has worked extensively on understanding consumer behavior and developing strategies for national brands across all communication touchpoints: TV, print, outdoor, point-of-sale, mobile and digital campaigns. Prior to working with The Integer Group, Brian spent a year working with the Mobile Media company Akoo focusing on consumer and industry qualitative research to both refine the product and the brands' strategic placement with customers as a media platform. He is currently developing the brand positioning for Lone Star Steakhouse.

Education and Affiliations
Brian holds a Bachelor of Arts in Advertising from The University of Texas State at San Marcos.

Texas Roots
Brian has deep roots in the state of Texas. He is a fourth generation Texan and has lived in Texas nearly his entire life with the exception of a three-year stint in Tennessee. He attended The University of Texas State at San Marcos and is an avid sports fan of Texas's many professional teams and several of the state's colleges such as Rice, Baylor and the University of Texas, to name a few.

Brian's entire career has been spent in Texas, working with several Texas-based brands from Dallas to Austin to develop strategies and communications that tap into the behaviors and resonate with the diverse population of the state.

He has widely traveled the state – from the Hill Country to the Piney Woods – and frequently visits state parks and cultural destinations each year as he appreciates the sophisticated cultural and historical diversity that makes up the state of Texas.

Role for Texas Lottery
Brian will be the Assistant Account Planner on the Texas Lottery account.

6.1 AD AGENCY STAFFING

6.1.1 Employees of the Successful Proposer assigned to the Texas Lottery account must have substantial experience marketing retail products via mass media as well as the retail environment. It is crucial that the Successful Proposer and the team assigned to work on the Texas Lottery account demonstrate the skills required to effectively reach and communicate with the diverse population of Texas. Proposers shall provide detailed résumés for all personnel who may be assigned to the Texas Lottery account.

MOLLY MCLAREN
Creative Director

General Experience
Molly has over 25 years of agency experience. She's been involved in most every aspect of advertising, promotions, retail and digital marketing. She has a keen eye for consumer insight and a knack for capturing the right voice with which to speak to them. Molly is comfortable in all forms of media: broadcast, print, out-of-home, digital, you name it. As a creative director, she's responsible for strategic leadership and creative guidance of her direct reports.

Retail Experience
Molly's retail veins run deep. She's done significant and impactful work for Texas-based clients such as AT&T, 7-Eleven, Slurpee, Frito-Lay, Michaels, The Container Store and JCPenney. Of course, there's a roster of non-Texan (bless their hearts) clients as well, such as Pepsi and Bimbo Bakeries USA. Two particularly proud moments: She led the charge on introducing Bimbo bread into the U.S. market. No small hurdle considering the name of the bread was, well, Bimbo. But with a little smart shopper marketing and insightful touchpoints, Bimbo bread launched with above-estimated sales. And, she launched a new product, Sandwich Thins, into the market with can't-keep-it-on-the-shelf results.

Mass Media Marketing Experience
One of Molly's strong points is the ability to campaign brand messages in any media combination. In fact, the bulk of her over 25 years of experience was doing just that. TV, radio, print, digital, out-of-home, in-store, guerrilla – you name it, she's done it. And loved it. And made brands, such as the following, really happy she did: American Airlines, The Home Depot (U.S. & Canada), The Dallas Morning News, ExxonMobil (U.S. & Europe), Borden, Imperial Sugar, Texas Tourism, Long John Silver's and more.

Molly is also a big ol softy when it comes to Texas charities, lending her talents to create campaigns for local non-profits such as SPCA of Texas and Family Gateway Homeless Center.

Education and Affiliations
Molly holds a Bachelor of Science in Advertising from The University of Texas at Austin.

Texas Roots
Molly is a fifth generation Texan. In fact, her family settled here in 1845 on the south side of the Colorado, at the mouth of Onion Creek. There's still a sliver of that original land in her name, just before you get to Bastrop. She's also a died-in-the-wool UT fan and Life Member of the Texas Exes. Having grown up in a house with burnt orange decor and a phone that rang *The Eyes of Texas*, well, how could you not be?

Molly has lived in Irving, Austin, and El Paso and currently resides in Dallas. She's traveled the state extensively and understands that, while one great state, we're wonderfully culturally diverse. That goes for terrain and weather, too. No other state is like ours and she couldn't be prouder of that fact.

Role for Texas Lottery
Molly (writer) will partner with Andrew Tinch (art-based) to provide creative leadership and senior-level conceptualizing for the Texas Lottery account.

6.1 AD AGENCY STAFFING

6.1.1 Employees of the Successful Proposer assigned to the Texas Lottery account must have substantial experience marketing retail products via mass media as well as the retail environment. It is crucial that the Successful Proposer and the team assigned to work on the Texas Lottery account demonstrate the skills required to effectively reach and communicate with the diverse population of Texas. Proposers shall provide detailed résumés for all personnel who may be assigned to the Texas Lottery account.

ANDREW TINCH
Creative Director

General Experience
Andrew's 20 years in creative development have covered all aspects of the in-store experience. Andrew has lead promotional creative teams for Texas based-brands like AT&T, Dave & Buster's, FedEx Office, Fossil Watches, Frito-Lay, H.E.B., Micrografx and 7-Eleven. He has developed retail promotions for Cingular Wireless, Diamond Nuts, Gallo Wines, Lone Star Steakhouse, MasterCard, Pepsi, Thomas' English Muffins and Treasury Wine Estates. He has developed packaging and product lines for The Disney Store and The Warner Bros. Studio Stores. With a strong business orientation, Andrew knows how to develop creative that sells product. He has extensive C-store, fresh foods, packaged goods and retail experience.

Retail Experience
Throughout his career, Andrew has affected brands at every point along the path to purchase. Most recently, he has designed store concepts for the Georgia Lottery that were showcased at LaFleur's 2011. The Illinois Lottery saw sales gains of 23% after implementing the retail strategy Andrew developed. He also lead the rebranding initiative for the Illinois Lottery. He has worked extensively with GTech to develop merchandising equipment to maximize lottery sales in the C-store channel. Andrew has also created aisle reinventions for H.E.B., store designs and pop-up retail for AT&T.

Mass Media Marketing Experience
Andrew has created national campaigns for Diamond Nuts, Dave & Buster's and Thomas' English Muffins during his time at Integer. Before Integer, he created national campaigns for Pepsi, Frito-Lay and Major League Baseball.

Education and Affiliations
Andrew graduated from Texas Tech University in 1991 with a Bachelor of Fine Arts.

Texas Roots
Andrew is a native Dallasite who shares his love of state with his children through camping. From Loving to Panola – Ochiltree to Cameron, there's nary a county in which he hasn't spent at least one night under the Texas sky. Andrew is also an avid kayaker and water conservationist.

Role for Texas Lottery
Andrew (art-based) will partner with Molly McLaren (writer) to provide creative leadership and senior-level conceptualizing for the Texas Lottery account.

6.1 AD AGENCY STAFFING

6.1.1 Employees of the Successful Proposer assigned to the Texas Lottery account must have substantial experience marketing retail products via mass media as well as the retail environment. It is crucial that the Successful Proposer and the team assigned to work on the Texas Lottery account demonstrate the skills required to effectively reach and communicate with the diverse population of Texas. Proposers shall provide detailed résumés for all personnel who may be assigned to the Texas Lottery account.

CHAD BALLEW
Associate Creative Director (Associate Creative Director, Digital Director)

General Experience
Chad has 15 years experience in digital and traditional communication design working with clients like American Airlines, Texas Tourism, Subaru, Nintendo, Nationwide Insurance, Discover Card and 7-Eleven. Chad brings creative solutions that cross over all forms of media.

Retail Experience
Chad was instrumental in the Bimbo Bakeries, USA product launch as he worked to overcome the barriers that American mothers had with the product name by launching an in-store, POP and outdoor campaign featuring the brand's beloved mascot and educated consumers on how to properly pronounce the name.

Chad also helped launch Artisan's Flatbread and helped utilize exclusive recipes and photography via an in-store and online campaign, enticing consumers to create artisanal recipes at home with ease.

Chad helped launch an aggressive in-store campaign for a LALA La Crème coffee creamer made from real dairy that went toe-to-toe with Coffee Mate. The campaign included an in-store program with QR codes that invited shoppers to get "straight facts" on which creamer was made with natural ingredients and which wasn't.

Mass Media Marketing Experience
Prior to Integer Chad worked on Nationwide Insurance and took their "Life Comes At You Fast" campaign to places it had never been. In a highly targeted media buy, commercials were aired during specific shows and programming, to appear as contextually relevant content, only to turn it on its head with Nationwide's sales message in a highly successful campaign.

Education and Affiliations
Studied painting and drawing at The University of North Texas in Denton, Texas
Associate of Applied Arts – Art Institute of Dallas

Texas Roots
Chad is a native Texan, born in Dallas and raised in Waxahachie. He has worked with Texan clients like Texas Tourism, 7-Eleven and American Airlines, to name just a few. He has family all over Texas and has seen just about every corner of the state.

Role for Texas Lottery
Chad will serve as the primary Associate Creative Director for the Texas Lottery account with strong traditional and digital capabilities.

6.1 AD AGENCY STAFFING

6.1.1 Employees of the Successful Proposer assigned to the Texas Lottery account must have substantial experience marketing retail products via mass media as well as the retail environment. It is crucial that the Successful Proposer and the team assigned to work on the Texas Lottery account demonstrate the skills required to effectively reach and communicate with the diverse population of Texas. Proposers shall provide detailed résumés for all personnel who may be assigned to the Texas Lottery account.

NIKKI LOTT
Associate Creative Director

General Experience
Nikki has over eight years of agency experience. Over the years, she's had the privilege of working for some of the most recognized brands in the world, both local and national. Her experience includes Texas Tourism, American Airlines, Nationwide Insurance, McDonald's, 7-Eleven, Slurpee, EDS (back before they were HP and based in Plano), Bimbo Bakeries USA (all the bread brands you can think of and then some). Along her advertising journey Nikki has created campaigns in traditional media, supported it all with digital advertising, written websites, engaged in social marketing and even written a letter or two for American Airlines CEO Don Carty.

Retail Experience
Capturing a consumer's attention in the marketplace can be far more challenging than it seems. However, it's an exciting problem to solve. Throughout the years, Nikki has broken through the clutter for 7-Eleven, Slurpee, Illinois Lottery, Bimbo Bread, Thomas' Bakeries and AT&T. One of Nikki's favorite in-store campaigns was when she helped bring FarmVille, Mafia Wars and YoVille to life inside 7-Eleven stores across the nation. It was the first time online games crossed over into reality and had the products to prove it – FarmVille fresh sandwiches, ice cream and bottled water.

Mass Media Marketing Experience
There's nothing quite like bringing a campaign to life in TV, radio, print and OOH. Watching everything work together to captivate an audience is one of the reasons Nikki loves advertising. In the past she's brought brands like Nintendo Wii, American Airlines, Nationwide Insurance, Texas Tourism and so many others to the masses. However, a personal favorite will always be contributing to the "Wii" campaign, where real families were filmed to show that Nintendo Wii isn't just a video game, it's family time.

Education and Affiliations
Nikki graduated cum laude from The University of North Texas with a degree in Journalism, Advertising Major, Marketing Minor.

Texas Roots
Nikki was raised in Plano, Texas. She loves the Lone Star State and has excessive pride in calling it home. When she had the opportunity to work on Texas Tourism she was thrilled. Our state is an amazing product to sell.

Role for Texas Lottery
Nikki is the back-up Associate Creative Director for Chad Ballew, in case of vacation or illness.

6.1 AD AGENCY STAFFING

6.1.1 Employees of the Successful Proposer assigned to the Texas Lottery account must have substantial experience marketing retail products via mass media as well as the retail environment. It is crucial that the Successful Proposer and the team assigned to work on the Texas Lottery account demonstrate the skills required to effectively reach and communicate with the diverse population of Texas. Proposers shall provide detailed résumés for all personnel who may be assigned to the Texas Lottery account.

LINSEY PARKS
Art Director (Senior Art Director)

General Experience
Linsey has been bringing brands to life for over 12 years. She started her career at The Richards Group, where she spent nine years honing her craft. While there she was honored with multiple industry awards for her creative work on Central Market, Chick-fil-A and The Home Depot. She then spent a year at Plano-based JCPenney Corporate Marketing, where she designed pre-prints and catalogs, before arriving at Integer. Her responsibilities include concepting ideas, designing layouts, and overseeing production of broadcast, print and digital.

Retail Experience
Linsey has extensive in-store retail experience with over five years of concepting and designing Chick-fil-A POP kits, including creating the 2005 Chick-fil-A Cow Calendar. Since joining Integer, she has jumped head-first into delivering successful POP, merchandising displays and in-store promotions for 7-Eleven, Treasury Wine Estates, Lone Star Steakhouse and Bimbo Bakeries USA.

Mass Media Marketing Experience
Linsey has worked on full 360-degree campaigns, which have included broadcast, print, out of home, direct mail and guerilla tactics for Chick-fil-A, Central Market, Fruit of the Loom, QuikTrip, The Home Depot, Bahama Breeze and Bimbo Bakeries USA. She has worked on digital and social media, including full website design, digital banners and Facebook applications and promotions for Bimbo Bakeries USA, Treasury Wine Estates and Lone Star Steakhouse.

Education and Affiliations
Linsey graduated from Texas A&M University–Commerce with a Bachelor of Science in Communication Arts with emphasis in Art Direction.

Texas Roots
Linsey is a native Texan, born and raised in Houston with many summers spent in Galveston. While attending college she lived in Commerce and enjoyed the simplicity and slower pace of small-town life. Upon graduating, she moved to Dallas and has been here ever since. She and her husband enjoy hiking and camping, with recent Texas excursions to Caprock Canyon, Enchanted Rock and Lost Maples.

Role for Texas Lottery
Linsey will serve as the primary Art Director on the Texas Lottery account.

6.1 AD AGENCY STAFFING

6.1.1 Employees of the Successful Proposer assigned to the Texas Lottery account must have substantial experience marketing retail products via mass media as well as the retail environment. It is crucial that the Successful Proposer and the team assigned to work on the Texas Lottery account demonstrate the skills required to effectively reach and communicate with the diverse population of Texas. Proposers shall provide detailed résumés for all personnel who may be assigned to the Texas Lottery account.

BRYAN BARNES
Art Director

General Experience
With experience in communication design including advertising, art direction, graphic design, promotions and retail marketing, Bryan is responsible for delivering highly creative ideas that build brands and drive sales. He is involved with projects for many of our accounts and has developed creative for industry-leading clients.

Retail Experience
Bryan has developed creative for Texas-based brands such as AT&T, FedEx Office and 7-Eleven. In addition, Bryan has worked with the team in developing creative for retailers and brands including 7-Eleven and a variety of grocers across the U.S. on behalf of clients Bimbo Bakeries USA, Treasury Wine Estatesand E. & J. Gallo Winery.

Mass Media Marketing Experience
Prior to joining Integer, Bryan was a student at The University of North Texas, where he graduated with honors and was selected by the faculty of Communication Design for having the Outstanding Senior Portfolio in Art Direction, including a variety of mass media touch points. He also won awards at the One Show College competition in New York City, Dallas and Fort Worth Addys, and the Dallas Society of Visual Communication.

Education and Affiliations
Bryan holds a Bachelor of Fine Arts from the College of Visual Arts and Design at The University of North Texas. His major was in Communication Design with a focus in Art Direction.

Texas Roots
Bryan was born and raised in Houston. He spent every summer with his brother and sister visiting his grand parent's cabin on Lake Travis. They also took many trips down to South Padre Island every spring break and have logged countless miles on the road visiting different parts of the state. He moved to the small town of Denton, where he went to schoo,l and now resides in Dallas, where he has pursued his career in advertising. He has family in almost every major city around the state, loves to travel and can tell you about a best-kept-secret no matter where you land on the Texas map.

Role for Texas Lottery
Bryan will serve as a back-up for Linsey Parks, in case of vacation or illness.

6.1 AD AGENCY STAFFING

6.1.1 Employees of the Successful Proposer assigned to the Texas Lottery account must have substantial experience marketing retail products via mass media as well as the retail environment. It is crucial that the Successful Proposer and the team assigned to work on the Texas Lottery account demonstrate the skills required to effectively reach and communicate with the diverse population of Texas. Proposers shall provide detailed résumés for all personnel who may be assigned to the Texas Lottery account.

ALAN MCCOY
Copywriter

General Experience
Alan has worked in advertising in the Dallas area for seven years, working on diverse accounts from local start-ups to big national brands. He began at creative boutique Signal in where he honed his concepting skills on brands like McCormick Distilleries and Mace Securities. He later took his talents to TracyLocke, where he worked on national brand campaigns for Pepsi, Harrah's Casinos and Hewlett-Packard. His work has been showcased in Archive Magazine and Communication Arts and garnered him a few Addys. While at Integer, Alan was one of the brains behind launching Bimbo Bread to the English-speaking audience.

Retail Experience
Alan has done extensive in-store work for Pepsi, focusing on C-Store and Grocery. He spent two years crafting on-premise ads for all 13 Harrah's casinos in the US. Later, he helped create a special retail area for HP, promoting their Shrek 3 sponsorship that immersed consumers in a Shrek world inside larger home and electronics stores.

While at Integer, Alan's work helped land the Treasury Wine Estates account with retail activation for their holiday programs that focused on the shopper's need states.

Mass Media Marketing Experience
Alan's Harrah's work ranged from outdoor to television and radio, as well as 360 campaigns for Harrah's Louisiana Downs and Showboat Atlantic City. While on Pepsi, his mass media campaign for Chicago O'Hare airport spanned radio to on-site in every touchpoint of the passenger's flying experience.

Since coming to Integer, Alan has worked on everything from Arnold/Oroweat Bread and Thomas's English Muffins, to 7-Eleven and AT&T. His Bimbo Bread campaign that launched the brand to the English-speaking audience ranged from TV to outdoor, website, banner ads and PR ideas that showed moms that a brand with a taboo name can be good for their kids, and the sales numbers proved it.

Education and Affiliations
Alan has a Bachelor of Journalism with an Advertising focus from The University of North Texas.

Texas Roots
Alan was born and raised in Fort Worth, Texas, went to college at UNT, and currently resides in Dallas. He's a third generation Texan and has traveled all over the great state. Alan is also a die-hard Dallas Mavericks fan, to a scary extent.

Role for Texas Lottery
Alan will serve as the primary Copywriter on the Texas Lottery account.

6.1 AD AGENCY STAFFING

6.1.1 Employees of the Successful Proposer assigned to the Texas Lottery account must have substantial experience marketing retail products via mass media as well as the retail environment. It is crucial that the Successful Proposer and the team assigned to work on the Texas Lottery account demonstrate the skills required to effectively reach and communicate with the diverse population of Texas. Proposers shall provide detailed résumés for all personnel who may be assigned to the Texas Lottery account.

MACKENZIE SQUIRES
Copywriter (Senior Copywriter)

General Experience
Mackenzie has touched just about every form of advertising and marketing there is and has done it for clients as big as The Home Depot and as small as start-ups such as Eyemax Optical in Mesquite, Texas. Creative expertise ranges from TV and print to digital advertising and shopper marketing and everything in between.

Retail Experience
Mackenzie's retail experience includes The Home Depot, AT&T Mobility, 7-Eleven, Bimbo Bakeries USA, LALA, Treasury Wine Estates, Eyemax Optical and Talbots.

In addition, Mackenzie has led efforts to develop and execute programs with retailers including 7-Eleven, Walmart, Best Buy and a variety of grocers across the U.S. on behalf of clients Bimbo Bakeries, AT&T, Treasury Wine Estates and LALA.

Mass Media Marketing Experience
Prior to joining Integer, Mackenzie was a writer for eight years at The Richards Group. She wrote and produced dozens of television commercials, more than 700 radio spots and countless print, digital, out of home, guerrilla and point of purchase advertising and marketing pieces.

Education and Affiliations
Mackenzie received a Bachelors in Communications and Psychology from Oglethorpe University and a graduate degree in Advertising and Copywriting from The Creative Circus.

Texas Roots
Mackenzie was born at Presbyterian Hospital in Dallas and has since called home many areas in the metroplex: Lake Dallas, Lewisville, Double Oak, Lakewood and now Far North Dallas.

Mackenzie grew up vacationing along the coast of Texas, from Galveston to Padre Island. More recently, Mackenzie and her growing family visit friends in Galveston annually and frequently explore West Texas on their frequent treks to the family homestead in Taos, New Mexico. The Hill Country and East Texas Lakes are favorite weekend spots, and a year hasn't gone by that a pilgrimage hasn't been made for chicken fried steak at Ponder's Ranchman's Café.

Role for Texas Lottery
Mackenzie will serve as a back-up for Alan McCoy, in case of vacation or illness.

6.1 AD AGENCY STAFFING

6.1.1 Employees of the Successful Proposer assigned to the Texas Lottery account must have substantial experience marketing retail products via mass media as well as the retail environment. It is crucial that the Successful Proposer and the team assigned to work on the Texas Lottery account demonstrate the skills required to effectively reach and communicate with the diverse population of Texas. Proposers shall provide detailed résumés for all personnel who may be assigned to the Texas Lottery account.

CODY WAGNER
Digital Creative Director (Director of Digital Technology)

General Experience
Cody has worked for over 10 years in the digital space, building unique and dynamic experiences for the web. Cody is responsible for architecting digital solutions for our clients and providing leadership and strategic vision to the web team. Utilizing a background in software development and communication, Cody also bridges the gap between the technical and non-technical worlds and is the client contact for all things digital. His work has ranged from database creation and writing applications to digital strategy, so he has touched digital in many different facets.

Retail Experience
Cody has worked on digital solutions for 7-Eleven, AT&T, FedEx Office, RIM, Bimbo Bakeries USA, Borden USA, Chock Full-o-Nuts, Emerald Nuts, Motel 6, Nokia and others. His team's digital work includes creating dynamic data-driven consumer websites, developing fully content managed B2B portals, building promotional microsites, integrating with systems using APIs and web services, and creating and managing CRM.

Education and Affiliations
Cody has a Bachelor of Science in Computer Science and a Bachelor of Science in Mathematics from West Texas A&M. After graduating, he has also taken classes on writing, communication and public speaking, and acting (which, surprisingly, has actually been an invaluable tool).

Texas Roots
Cody has lived in Texas his entire life. His parents were army brats born in Germany who ended up in Texas and vowed never to leave (they even gave some of their children Texas-related names). Cody was born in a little town by Amarillo and settled in Dallas after graduating from college. He has traveled from Amarillo to Galveston and Longview to El Paso (then everywhere in between).

Cody works with several clients who are actually right down the street in Dallas. He routinely walks over to 7-Eleven and the Nasher Sculpture Center for client meetings.

Additionally, he is a huge Dallas Mavericks fan. Go, Mavs!

Role for Texas Lottery
Cody will be the Digital Creative Director on the Texas Lottery account and partner with the creative teams and lead and guide the digital development team in building assets and executing digital communications for the Texas Lottery.

6.1 AD AGENCY STAFFING

6.1.1 Employees of the Successful Proposer assigned to the Texas Lottery account must have substantial experience marketing retail products via mass media as well as the retail environment. It is crucial that the Successful Proposer and the team assigned to work on the Texas Lottery account demonstrate the skills required to effectively reach and communicate with the diverse population of Texas. Proposers shall provide detailed résumés for all personnel who may be assigned to the Texas Lottery account.

AURORA SANCHEZ
Digital Producer (Digital Operations Director)

General Experience
Aurora's experience crosses business platform creating a diverse work experience from sales, marketing, promotions, loyalty and operations within the agency. Integrating the constantly advancing technical solutions drives her focus in establishing and evolving digital process that ensures team engagements from traditional print to digital execution. Her most recent client project while at Integer include 7-Eleven, Bimbo Bakeries USA, Lone Star Steakhouse, Texas Land & Cattle, American Family Insurance, Regency Energy Partners and IntrepidPotash. Aurora's previous experience in digital application and electronic marketing include La Quinta LLC and Key Energy Services, which included point of purchase, travel technologies and energy services' system design, project development, integration and training testing (onshore and offshore global modeling).

Retail Experience
Aurora's prior work history includes in-store point of sale while working with JCPenney, and James Avery. Direct responsibilities included point-of-purchase, promotional offers, training for in-store promotions, and cross sales as added revenue drivers that catered to customer awareness, product trial and customer education.

Mass Media Marketing Experience
While at La Quinta, Aurora managed the loyalty program and loyalty contact center, and executed promotional print, direct mail and e-marketing programs that focused on driving product and membership trial, and increase membership and company revenues. Media marketing covered areas of e-mail campaigns, ad units, voice and website promotional offers that paired with program benefit, upgrades and vendor partners.

Education and Affiliations
Aurora's accomplishments, knowledge and skills evolved as her career unfolded during her tenure at La Quinta LLC. As her company grew, her role evolved and moved her from sales to software training, to project management, and quality assurance testing, and development methodologies. The extension of her education is rooted in the University of Phoenix, and is now moving forward in her second career at The Integer Group.

Texas Roots
Although she's a native of San Antonio, Aurora has traveled and enjoyed living in other areas of the US – Alabama, Indiana, North Dakota, Oklahoma and a few other states, as a military wife. While it has been exciting to experience life in other states, she returns to San Antonio often, but calls Dallas, Texas home. For relaxation she enjoys time with her family, gardening, antique shopping, weekend excursions to small towns, and famous eateries! That's what she calls a taste of Texas living!

Role for Texas Lottery
Aurora will be the Digital Producer for all Texas Lottery digital assignments.

6.1 AD AGENCY STAFFING

6.1.1 Employees of the Successful Proposer assigned to the Texas Lottery account must have substantial experience marketing retail products via mass media as well as the retail environment. It is crucial that the Successful Proposer and the team assigned to work on the Texas Lottery account demonstrate the skills required to effectively reach and communicate with the diverse population of Texas. Proposers shall provide detailed résumés for all personnel who may be assigned to the Texas Lottery account.

JULIE FENNELL
Programming Specialist (Web Developer)

General Experience
Julie has over eight years of web development experience, including two years of website development for retail marketing sites. Julie has lead and managed various websites throughout her career and has had experience in the education, health, food, industrial and retail industries.

Retail Experience
Julie's retail client roster includes FedEx Office, 7-Eleven and Slurpee.

Julie has also been on projects for Lone Star Steakhouse, Texas Land & Cattle, Thomas' Bread, Stroehmann, Regency Energy (mobile site) and The Integer Group (mobile site).

Digital Experience
Before Integer, Julie was an IT Consultant at Pariveda Solutions, where she worked with various clients in delivering website and software solutions. Her expertise in front-end design and development have helped clients revamp their image and provide quality services for IT.

Julie's technical skills include ASP.NET C#/VB.NET, HTML, CSS, jQuery, WPF, object oriented programming, process flow and mobile web development.

Education and Affiliations
Julie has a Bachelor of Science in Computer Engineering from Texas A&M University.

Texas Roots
Julie was born and raised in Southeast Texas. She attended Texas A&M University at College Station and later moved to Dallas to begin her career in web development. Julie loves all Texas sports and is a huge Texas Rangers fan. She has traveled throughout Texas, visiting cities such as Houston, Austin and San Antonio, and loves to photograph Texas architecture.

Role for Texas Lottery
As the Programming Specialist, Julie will be responsible for the digital development of all assets and digital communications for the Texas Lottery.

6.1 AD AGENCY STAFFING

6.1.1 Employees of the Successful Proposer assigned to the Texas Lottery account must have substantial experience marketing retail products via mass media as well as the retail environment. It is crucial that the Successful Proposer and the team assigned to work on the Texas Lottery account demonstrate the skills required to effectively reach and communicate with the diverse population of Texas. Proposers shall provide detailed résumés for all personnel who may be assigned to the Texas Lottery account.

AMY VOLLET
Director of Media (VP, Director of Media)

General Experience
From local to national and from tried and true to emerging media, Amy has done it all in her 17+ years of experience. Her passion stems from a truly integrated planning approach that unites broadcast, out-of-home and print with emerging platforms in digital, mobile and retail. Amy's perspective marries her experience in media sales and vast client experience at McKinney & Silver, Temerlin McClain and TracyLocke. While at TracyLocke for nine years, she was the Director of Media Strategy and ran TracyLocke's media department as well as the Texas Lottery media planning scope of work.

After joining Integer in January 2012, Amy's current responsibilities include leading engagement strategies across traditional, digital, shopper and emerging media for all Integer Dallas accounts.

Retail Experience
Amy's retail media experience encompasses several genres, including work on Tabasco, T-Mobile, Cargill, Starbucks and Texas Lottery. Additionally, she has helped retailer clients such as 7-Eleven and Dick's Sporting Goods value their owned touchpoints.

Mass Media Marketing Experience
Amy's career is based in mass media experience. Her historical expertise includes crafting holistic media plans for Nationwide Insurance, Audi of America, Verizon, Harrah's Entertainment, Ingersoll Rand- Schlage, T-Mobile, 7-Eleven and Texas Lottery.

Education and Affiliations
Amy holds a Bachelor of Arts in Advertising /Marketing Minor from Texas Tech University, Lubbock, TX. She sits on the Digital Signage Agency Advisory Board, providing media planning and buying perspective to the industry association. Amy also spoke in 2011 to the Digital Signage Investor Conference in New York City. She is a regular guest lecturer at Texas Christian University for the Channels Planning class.

Texas Roots
Amy is truly Texan born and raised. Her family hails from West Texas, where she was raised on a cattle ranch. Her career began in Lubbock after graduation, working on regional Texas brands including Gandy's Dairy, South Plains Mall, St. Mary's Hospital and Norwest Bank. After two years in North Carolina, Amy was anxious to return to the Lone Star State to start her family and plant deep Texas roots.

Role for the Texas Lottery
Amy will be the Director of Media to lead and guide the media strategy and planning scope of work for The Integer Group.

6.1 AD AGENCY STAFFING

6.1.1 Employees of the Successful Proposer assigned to the Texas Lottery account must have substantial experience marketing retail products via mass media as well as the retail environment. It is crucial that the Successful Proposer and the team assigned to work on the Texas Lottery account demonstrate the skills required to effectively reach and communicate with the diverse population of Texas. Proposers shall provide detailed résumés for all personnel who may be assigned to the Texas Lottery account.

FELIPE TERAN
Copy Editor/Proofreader (Senior Copy Editor)

General Experience
With expertise editing both English- and Spanish-language copy, Felipe has more than 29 years of proofreading and copy-editing experience. Felipe has been with Integer for nine years, and has spent the past 17 years within the Omnicom group of agencies. He is a vital member of all our account teams, ensuring that all internal and external client communications comply with brand standards/guidelines and are error-free.

Retail Experience
Felipe's retail experience includes work on POP and in-store promotional materials for clients such as AT&T, FedEx Office, 7-Eleven, American Airlines, Texas Land & Cattle, EyeMax Eyewear, the Texas Lottery, the Illinois Lottery, Hampton Inn and Suites, the Dallas Mavericks, Diamond Foods, Dr. Oetker, Dean Foods, Beringer, Pioneer, Bimbo Bakeries USA, Dave & Buster's, Treasury Wine Estates, Nokia, RIM, BancVue and AMD.

Mass Media Marketing Experience
Felipe has experience proofreading content for and testing websites and microsites for PepsiCo, the U.S. Air Force, Essilor, American Airlines, 7-Eleven, FedEx Office, BancVue, Bimbo Bakeries USA, Diamond Foods and Lone Star Steakhouse.

Texas Roots
A native of El Paso Felipe attended the University of Houston and lived there for more than six years before settling down in Dallas.

Role for the Texas Lottery
Felipe will be one of two Copy Editors/Proofreaders working on the Texas Lottery account.

6.1 AD AGENCY STAFFING

6.1.1 Employees of the Successful Proposer assigned to the Texas Lottery account must have substantial experience marketing retail products via mass media as well as the retail environment. It is crucial that the Successful Proposer and the team assigned to work on the Texas Lottery account demonstrate the skills required to effectively reach and communicate with the diverse population of Texas. Proposers shall provide detailed résumés for all personnel who may be assigned to the Texas Lottery account.

JORGE ESTEBAN
Copy Editor/Proofreader (Senior Copy Editor)

General Experience
Jorge has over seven years of copy-editing and proofreading experience, and has worked at Integer for the last five years. With an aptitude for meticulously editing both English- and Spanish-language copy, he is a key member of the account team in that he ensures all promotional materials for our clients comply with ever-evolving guidelines, legal requirements and brand standards. He assists with all clients within our agency and is also involved in our Social Committee. Prior to joining Integer, Jorge worked at SicolaMartin Marketing & Advertising in Austin, and at the Texas Legislative Council where he proofread bills and resolutions for the 79th Regular Session of the Texas Legislature.

Retail Experience
Jorge's retail experience includes work on POP and in-store promotional materials for AT&T, FedEx Office, 7-Eleven, Texas Land & Cattle, EyeMax Eyewear, Diamond Foods, Dr. Oetker, Bimbo Bakeries USA, Dave & Buster's, Treasury Wine Estates, BlackBerry and AMD.

Mass Media Marketing Experience
Additionally, Jorge has experience proofreading and testing social media and microsite content as well as radio and television scripts for 7-Eleven, FedEx Office, Kasasa, Bimbo Bakeries USA, Burger King and Lone Star Steakhouse.

Education and Affiliations
Jorge holds a Bachelor of Arts in Communication-Public Relations from The University of Texas at San Antonio and was published in the *Business Research Yearbook, Volume X* for a unique approach to public relations planning.

Texas Roots
Jorge was born in Puerto Rico and moved to the Lone Star State in 1994 when he attended Coronado High School in El Paso. He has since lived in San Antonio, Austin and now Dallas, where he has developed an interest in architecture and urban planning and contributes to AIDS Services of Dallas, Friends of Fair Park and Deep Ellum Urban Gardens.

Role for the Texas Lottery
Jorge will be one of two Copy Editors/Proofreaders working on the Texas lottery account.

6.1 AD AGENCY STAFFING

6.1.1 Employees of the Successful Proposer assigned to the Texas Lottery account must have substantial experience marketing retail products via mass media as well as the retail environment. It is crucial that the Successful Proposer and the team assigned to work on the Texas Lottery account demonstrate the skills required to effectively reach and communicate with the diverse population of Texas. Proposers shall provide detailed résumés for all personnel who may be assigned to the Texas Lottery account.

BARBARA BARRY
Print Production Manager

General Experience
Barbara is currently a print producer with the following responsibilities: printing method recommendations, budgets, scheduling, specifications, deadlines, press checks, traffic of ads, prepress and retouching. Clients have included Time, Sam's Club, Direct TV, BlackBerry, 7-Eleven, FedEx Office, Illinois Lottery and AT&T. With over 20 years experience, Barbara has worked at Integer for six-plus years with prior experience in management, sales, customer service and prepress. She has experience in producing a diverse list of elements including: magazines, catalogs, direct mail, collateral, corrugate displays, vacuum form displays, point of purchase, premiums and signage. Printing methods of expertise include: sheet fed, web, large format, out of home, screen, digital and specialty finishes.

Retail Experience
Barbara's retail experience includes overseeing production and kitting of point-of-purchase promotions for clients including BlackBerry, 7-Eleven and FedEx Office. These kits have included: counter mats, window graphics, standees, banners, brochures, flyer, stickers, corrugate displays and counter cards. Other retail projects have included creating semi-permanent signage for inside and outside of FedEx Office and development of a vacuum form display for the Illinois Lottery.

Mass Media Marketing Experience
Barbara's mass media production experience includes producing direct mail campaigns for 7-Eleven and FedEx Office. She also has handled ad or out of home production for most of our clients. Responsibilities in this area include: checking the specs for print ads and out of home with our media department, reviewing the ad mechanicals or proofs, and uploading the ads to the proper recipient.

Education and Affiliations
Barbara has a Bachelor of Arts in Journalism, with a concentration in Advertising from The University of North Texas in Denton, Texas.

Texas Roots
Barbara has been in the Dallas area since her family moved here in 1978 and is a lifelong Dallas Cowboys fan.

Role for the Texas Lottery
Barbara will be the primary Print Producer working on the Texas Lottery account.

6.1 AD AGENCY STAFFING

6.1.1 Employees of the Successful Proposer assigned to the Texas Lottery account must have substantial experience marketing retail products via mass media as well as the retail environment. It is crucial that the Successful Proposer and the team assigned to work on the Texas Lottery account demonstrate the skills required to effectively reach and communicate with the diverse population of Texas. Proposers shall provide detailed résumés for all personnel who may be assigned to the Texas Lottery account.

KATHY HURLEY
Print Production

General Experience
Kathy has more than 29 years of agency experience in bringing innovative POP solutions to clients' in-store challenges, as well as producing numerous magazine, newspaper, out-of-home and direct mail campaigns.

Retail Experience
Kathy's experience includes producing in-store POP for clients such as Pepsi-Cola, FedEx Office, 7-Eleven, Bimbo Bakeries, Lone Star Steakhouse, Texas Land & Cattle, Dr. Oetker, Emerald Nuts, Dave & Buster's, Cinnabon, Luby's, Research in Motion, Nokia Mobile Phones, AT&T Mobility, Harrah's Casinos, American Airlines, Mountain Dew, Nationwide Insurance, Beringer Blass Wines and more.

Mass Media Marketing Experience
Kathy has worked with many clients requiring traditional mass media production, including newspaper and magazine insertions, OOH and direct mail. Clients include Digital Equipment (worldwide magazine insertions), PNC Bank, Nokia, Harrah's Casino, Lone Star Steakhouse, Texas Land & Cattle, FedEx Office, Bimbo Bakeries and Dave & Buster's

Education and Affiliations
In addition to being involved in numerous industry organizations, Kathy holds a Bachelor of Arts in Journalism from Duquesne University in Pittsburgh.

Texas Roots
Originally from Pennsylvania, Kathy has been a Texas resident for 15 years and has a son who graduated from The University of North Texas. She enjoys taking road trips around the state including visits to Caddo Lake, Lake Whitney, San Antonio, Austin, Houston, Galveston, Port Aransas and Fredericksburg. Kathy's favorite college team is the Longhorns and she has a closet full of PMS 159 orange clothing and boots.

Role for the Texas Lottery
Kathy will be the back-up Print Producer for Barbara Barry, in case of vacation or illness.

6.1 AD AGENCY STAFFING

6.1.1 Employees of the Successful Proposer assigned to the Texas Lottery account must have substantial experience marketing retail products via mass media as well as the retail environment. It is crucial that the Successful Proposer and the team assigned to work on the Texas Lottery account demonstrate the skills required to effectively reach and communicate with the diverse population of Texas. Proposers shall provide detailed résumés for all personnel who may be assigned to the Texas Lottery account.

COLLEEN DEAN
Senior Art Buyer

General Experience
Having worked in the advertising industry for over 15 years, Colleen tuned her skills of Project Management, her alignment with Creative Inspiration, and her ability to assemble and empower a team through collaboration into a career move as an Art Buyer for Integer. She has been responsible for major lifestyle and product shoots for such clients at AT&T, FedEx Office, and all brands of Bimbo Bakeries USA. In addition to these skills, she is keenly aware of the issues surrounding the legal protection of her company and clients and the ever-mutable styles and trends of the industry. She has worked on managing projects from inception to implementation, in the print and digital realms, for 7-Eleven, Pilgrim's Pride, id Software, Niven Morgan, Neiman Marcus, Herman Miller, Northrop Grumman and Nambé.

Retail Experience
Working for small and medium-sized ad agencies, Colleen has had the opportunities afforded by wearing many hats. Included in her experience is working with clients and vendors, building strong and reliable alignments and relationships in the print markets, photography and stock asset management, and digital and broadcast vendors and freelance employees. She has managed products and projects that led to in-store and pre-retail elements in grocery stores across Texas, into consumers' mail boxes and on their door handles, and in the creation of an entire store for Nambé in Dallas's North Park Mall.

Mass Media Marketing Experience
During her years working for small boutique agencies, branding for clients included all manner of implementation into markets including news and magazine advertising, direct mail, trade shows, web sites, web advertising, Facebook pages, microsites, digital catalogs, packaging, brochures, ephemera and many instances of special events planning including hot-air balloon rides, face painting, trebuchet chair-throwing and pop-up Christmas portraits with Santa.

Education and Affiliations
Colleen attended The University of North Texas and achieved 98 hours toward a degree in Fine Art for Painting and Drawing with a minor in Cultural Anthropology.

Texas Roots
Colleen was born in Dallas and was adopted by a family whose roots lay in the Irish Ridge of Forney, Texas. After growing up she also got to know her biological family, and her Hispanic ties that run deep into Texas history. These include eight previous generations of Texans, and include two tribes of Native Americans. She loves making Texas foods including chili, enchiladas and guisada, chicken fried steak and chocolate sheet cake. One of her earliest memories is performing in a drill team on stage at the State Fair of Texas. She travels by car mostly and loves the windy plains of West Texas, the rolling hills of Central Texas, and the lovely dunes and sea turtles of the Padre Island National Sea Shore. She has camped in about 20 of our State Parks, and looks forward to visiting Marfa and Big Bend this year.

Role for the Texas Lottery
Colleen will be the Art Buyer for the Texas Lottery account.

6.1 AD AGENCY STAFFING

6.1.1 Employees of the Successful Proposer assigned to the Texas Lottery account must have substantial experience marketing retail products via mass media as well as the retail environment. It is crucial that the Successful Proposer and the team assigned to work on the Texas Lottery account demonstrate the skills required to effectively reach and communicate with the diverse population of Texas. Proposers shall provide detailed résumés for all personnel who may be assigned to the Texas Lottery account.

ROBYN MOORE
Finance Manager (Assistant Controller)

General Experience
Robyn has 13 years of accounting/finance experience. As Assistant Controller, she is a leader in the Accounting Department and involved in managing all its aspects, from the day-to-day operations to financial reporting.

Education and Affiliations
Bachelor's Degree, University of Mary Hardin-Baylor, Belton, Texas
MBA – Finance, Dallas Baptist University

Texas Roots
Robyn has spent her entire life in the great state of Texas. She spent her formative years in the country outside of Frost. She then received two bachelor's degrees in Belton, TX and later moved on to the Dallas area, where she completed her MBA. She has volunteered in many organizations and currently spends her extra hours working with an organization that ministers to the homeless in the Dallas/Fort. Worth area. She also serves on the board of directors for this ministry.

Role for the Texas Lottery
Robyn will serve as one of the Finance Managers working on the Texas Lottery account.

6.1 AD AGENCY STAFFING

6.1.1 Employees of the Successful Proposer assigned to the Texas Lottery account must have substantial experience marketing retail products via mass media as well as the retail environment. It is crucial that the Successful Proposer and the team assigned to work on the Texas Lottery account demonstrate the skills required to effectively reach and communicate with the diverse population of Texas. Proposers shall provide detailed résumés for all personnel who may be assigned to the Texas Lottery account.

MEREDITH REIMANN
Finance Manager (Assistant Controller)

General Experience
Meredith has six years of accounting and finance experience including four and a half years in public accounting. She has worked on a variety of industries including oil and gas, insurance, real estate, private equity, marketing and advertising. Meredith is responsible for multiple aspects of accounting, ranging from quarterly SOX testing and monthly account reconciliations to submission of monthly and quarterly financial data.

Education and Affiliations
Meredith holds a Bachelor of Business Administration in Accounting from Texas A&M University and a Master of Science in Accounting from Texas A&M University.

Texas Roots
Meredith's roots are deep in the state of Texas. She comes from three generations of Texans. She attended Texas A&M University as did12 other members of her family. Another five members Attended The University of Texas at Austin. She is a very devoted fan of Texas A&M University, owning football season tickets for the past five years.

Role for the Texas Lottery
Meredith will serve as one of the Finance Managers on the Texas Lottery account.

6.1 AD AGENCY STAFFING

6.1.1 Employees of the Successful Proposer assigned to the Texas Lottery account must have substantial experience marketing retail products via mass media as well as the retail environment. It is crucial that the Successful Proposer and the team assigned to work on the Texas Lottery account demonstrate the skills required to effectively reach and communicate with the diverse population of Texas. Proposers shall provide detailed résumés for all personnel who may be assigned to the Texas Lottery account.

DAVID MARTIN
Finance Manager

General Experience
David has over 10 years of accounting experience in various fields that have included work in non-profit, public and private companies. He combines his education and experience with computer science and his knowledge of accounting to provide an excellent skill-set that proves very valuable in today's computer-based accounting. David currently fills many accounting rolls at The Integer Group, including forecasting, reporting and information technology.

Retail Experience
Although David's experience and work is mostly in accounting, he has significant retail experience, particularly in the casual dining industry. Having worked at the corporate level at companies such as Darden Restaurants and Boston's Pizza, David worked with teams that helped to drive restaurant sales and provide a unique and satisfying customer experience.

Education and Affiliations
David holds a Bachelor's degree from The University of Texas at Dallas and is currently pursuing his Master's degree at UTD in Accounting. He also plans to pursue certification with the Texas State Board of Public Accountancy as a Certified Public Accountant.

Texas Roots
David was born in Texas and has resided in Texas for the majority of his life. He has attended Texas A&M University, The University of North Texas, and The University of Texas at Dallas. He has also lived in almost every corner of the state including Bryan/College Station, Corpus Christi, Uvalde and Dallas/Fort Worth.

Role for the Texas Lottery
David will serve as one of the Finance Managers on the Texas Lottery Account

6.1 AD AGENCY STAFFING

6.1.1 Employees of the Successful Proposer assigned to the Texas Lottery account must have substantial experience marketing retail products via mass media as well as the retail environment. It is crucial that the Successful Proposer and the team assigned to work on the Texas Lottery account demonstrate the skills required to effectively reach and communicate with the diverse population of Texas. Proposers shall provide detailed résumés for all personnel who may be assigned to the Texas Lottery account.

RENOTTA SMITH
Staff Accountant (Senior Accountant – Accounts Payable)

General Experience
Renotta has over 15 years of Accounting/Finance experience including managing and overseeing the Accounts Payable process, billing, training new employees, vendor setups, superior problem solving skills and research. Currently she handles processing/data entry of vendor invoices for payment; verifying that estimates and purchase orders have been created; preparing weekly check runs; reconciling vendor statements; researching and resolving vendor issues; working with multiple client ship lists for the accrual of use tax; assisting with month-end closing entries; annual 1099 reporting; completing credit applications for new accounts; maintaining binders for check copies/registers; and assisting employees with questions or requests for information.

Education and Affiliations
Associate in Applied Sciences - Accounting

Texas Roots
Renotta was born and raised in Dallas. She attended Dallas County Community Colleges and is a graduate of El Centro College. Her daughter graduated from The University of Texas at Austin and her sonwho serves in the U.S. Air Force, completed his basic training at Lackland Air Force Base in San Antonio and is now stationed in New Mexico. Renotta has also enjoyed extensive travel throughout Texas.

Role for the Texas Lottery
Renotta will serve as one of the Staff Accountants on the Texas Lottery account.

6.1 AD AGENCY STAFFING

6.1.1 Employees of the Successful Proposer assigned to the Texas Lottery account must have substantial experience marketing retail products via mass media as well as the retail environment. It is crucial that the Successful Proposer and the team assigned to work on the Texas Lottery account demonstrate the skills required to effectively reach and communicate with the diverse population of Texas. Proposers shall provide detailed résumés for all personnel who may be assigned to the Texas Lottery account.

MARILYN WYATT
Staff Accountant

General Experience
Marilyn is responsible for processing client billing for AT&T, 7-Eleven, FedEx Office, Bimbo Bakeries USA, Texas Land & Cattle Steak House, Lone Star Steakhouse and Borden USA. Past clients have also included BlackBerry and Beringer Wines to name a few. In addition to billing she handles other finance-related tasks like the employee payroll.

An integral part of Integer since she started in 2005, Marilyn's can-do attitude and vibrant personality have won her the prestigious Integer Platinum award, an honor given to one employee each year for exemplifying Integer's core values like integrity, leadership and collaboration.

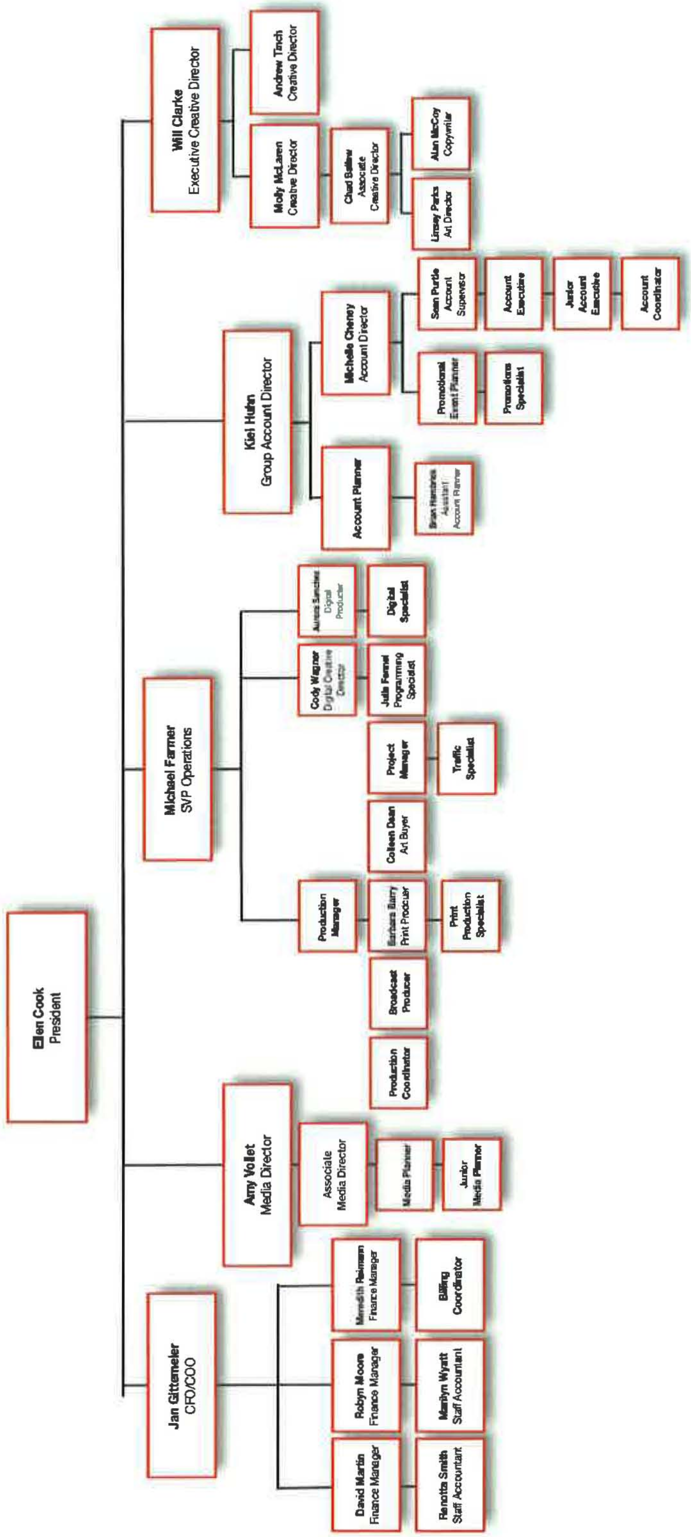
Education and Affiliations
Marilyn holds a Bachelor's degree from Rutherford School of Business.

Texas Roots
Marilyn was born in Houston and has lived in Dallas, Longview, Gladewater and Royse City. She and her family have vacationed all over the state – from San Antonio to El Paso and everywhere in between. She has grandchildren in Katy, Austin, Wills Point, Rockwall and Rowlett and she and her husband spend many a happy hour traversing the state to see her loved ones.

Role for the Texas Lottery
Marilyn will serve as one of the Staff Accountants on the Texas Lottery account.

6.1 AD AGENCY STAFFING

6.1.2 Proposers must provide an organizational chart which identifies all staff who will support the Texas Lottery account. The organizational chart should include the position titles, number of positions, and where applicable names of personnel (e.g., key management staff). The organizational chart should include corporate directors and/or officers who will provide direction or oversight to the Texas Lottery account.



6.2 AD AGENCY STAFF STRUCTURE

6.2.1 Proposers must submit an in-depth staffing plan, by department, for the Texas Lottery account. However, the Texas Lottery is not predisposed to any particular staffing model. Proposers are encouraged to propose staffing plans that offer the best value to the Texas Lottery, both in terms of account service and adequate staffing. If a different individual will not be assigned to each position, the Proposer must explain how service levels will be maintained and staffing needs met. This section identifies the staffing model that has been previously used for the Texas Lottery account.

The following staffing plan is Integer's recommendation to adequately service the Texas Lottery. This does not include the corporate directors and offices of The Integer Group who will provide direction and oversight without charge to the Texas Lottery.

Where possible, we have provided the name of the person who will be assigned to this position.

In other places, we have listed TBD. Once a scope of work is finalized, we will provide the names for these positions as soon as possible. We want to make sure we bring on board talent with the right experience to deliver the scope of services and to better understand what percentage allocation is required to deliver the scope of services. In some cases, staff will be rotated off current accounts to fill the role, but in others we may hire talent specifically for the role.

Finally, for some positions, we plan to have more than one person fill the role with allocation adding to, but not exceeding, one full-time equivalent. In these cases, we have listed all of the names and included resumes for all of these staff members.

Account Management
Group Account Director, Kiel Huhn
Account Director, Michelle Cheney
Account Supervisor, Sean Purtle
Account Executive, TBD
Junior Account Executive, TBD
Account Coordinator, TBD
Account Planner, TBD
Assistant Account Planner, Brian Hambrick

Media
Media Director, Amy Vollet
Associate Media Director, TBD
Media Planner, TBD
Junior Media Planner, TBD

Creative
Creative Director, Molly McLaren and Andrew Tinch
Associate Creative Director, Chad Ballew and Nikki Lott
Art Director, Linsey Parks and Bryan Barnes
Copywriter, Alan McCoy and MacKenzie Squires
Copy Editor, Jorge Esteban and Felipe Teran

Digital
Digital Creative Director, Cody Wagner
Digital Producer, Aurora Sanchez
Digital Specialist, TBD
Programming Specialist, Julie Fennell

Production
Production Manager, TBD
Production Coordinator, TBD
Broadcast Producer, TBD
Print Producer, Barbara Barry
Print Production Specialist, TBD
Art Buyer, Colleen Dean
Traffic Specialist, TBD
Project Manager, TBD

Promotions
Promotional Event Planner, TBD
Promotions Specialist, TBD

Finance
Finance Manager, David Martin, Robyn Moore and Meredith Reimann
Staff Accountant, Renotta Smith
Billing Coordinator, Marilyn Wyatt

6.2 AD AGENCY STAFF STRUCTURE

6.2.1 Proposers must submit an in-depth staffing plan, by department, for the Texas Lottery account. However, the Texas Lottery is not predisposed to any particular staffing model. Proposers are encouraged to propose staffing plans that offer the best value to the Texas Lottery, both in terms of account service and adequate staffing. If a different individual will not be assigned to each position, the Proposer must explain how service levels will be maintained and staffing needs met. This section identifies the staffing model that has been previously used for the Texas Lottery account.

Continued

In addition to the roles noted in our plan, we plan to outsource the following roles:

Media Buying
We are recommending a HUB partner, Asher Media, for this scope of work. They will continue to employ the staff currently in place to service the Texas Lottery account including Media Buyers and Junior Media Buyers. Any changes to the staffing plan will be noted once we have a finalized scope of work.

Ethnic/Hispanic Marketing
We are recommending a HUB partner, Mercury Mambo, for this scope of work. They will employ a range of account management, strategic planners, creative teams and production services to service the Texas Lottery. This team will be provided once we have a final scope of work.

Translator Services
We will either use our Ethnic/Hispanic HUB partner for this scope or an external translation service, HUB preferred. As there is no set scope of work, we have provided a rate in Attachment H to give the lottery an hourly rate for this role/service.

We believe this staffing plan provides value to the Texas Lottery as well as adequate staffing to service the account based on an indicative scope of work and our review of your current staffing plan and other details in the RFP and Q&A. We would welcome an opportunity to discuss this proposed plan and modify according the to lottery's final scope of work and preferred way of working. We're flexible and highly collaborative when it comes to finding mutually beneficial and highly efficient ways of partnering with our clients.

6.3 AGENCY STAFF POSITION DEFINITIONS

The Integer Group has read and understands all staff definitions outlined in section 6.3. We will indicate all staff who will fill the included positions, and we will provide hourly rates in Attachment H.

6.4 AGENCY STAFF POSITION CHANGES

We acknowledge and will comply with all the information and stipulations outlined in section 6.4.

7.1 GENERAL DESCRIPTION OF SERVICES AND REQUIREMENTS

7.1.1 The Successful Proposer must be able to perform the functions of a full-service advertising agency, including, but not limited to, branding, creative concepting, production, planning, buying and placement of broadcast, print, digital and out-of-home advertising, translation services, and event planning and execution. The Successful Proposer shall exhibit a thorough understanding of Texas as a minority-majority state and must demonstrate the ability to effectively reach and speak to the general and ethnic markets. The Successful Proposer must also exhibit strong digital advertising expertise including social and mobile media.

The Integer Group is a full-service agency with capabilities to deliver the scope of work in this RFP including, but not limited to, branding, creative concepting, production, planning, buying and placement of broadcast, print, digital and out-of-home advertising, translation services, and event planning and execution.

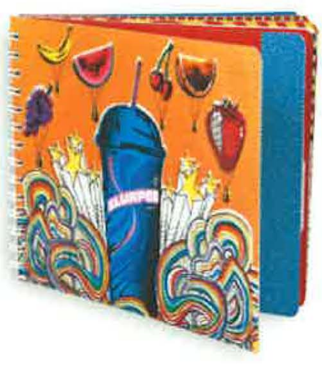
Integer has a diverse base of services, including:

•Branding
•Insight & Strategy
•Creative Development
•Digital Marketing
•Promotional Marketing
•Media Planning & Buying
•Social Media
•Event Marketing
•Retail/Shopper Marketing
•Mobile Marketing
•Hispanic Marketing
•Creative/Production Services

Despite Integer's ability to execute in-house, for the purposes of this RFP we are recommending that the media buying, Hispanic marketing and translation services be subcontracted to HUB partners. However, our deep understanding of these areas - media buying and Hispanic marketing in particular - positions Integer to be a strong collaborator with our HUBs and ultimately, a strong partner to the Texas Lottery.

The following is more detail on the scope of work outlined in this RFP:

Branding
As one of the leading branding, retail, promotions and shopper marketing agencies in the world, Integer has deep experience in branding and advertising having worked on brands like Bimbo Bakeries USA, Borden USA, Texas Land & Cattle Steak House, Dave & Buster's, EyeMax, BancVue, MillerCoors and Polaris to name a few.



Example: The Integer Group is responsible for the Slurpee brand as a part of our scope of work for 7-Eleven. Integer was responsible for defining the Slurpee brand positioning and brand essence in 2008. Once completed, we developed the brand book to help immerse anyone who touches the brand - clients, other vendors and our own team members - in the unique Slurpee brand personality and voice. We continue to be responsible for executing this voice in the retail and digital space including all social media, digital advertising, website and mobile communications.

7.1 GENERAL DESCRIPTION OF SERVICES AND REQUIREMENTS

7.1.1 The Successful Proposer must be able to perform the functions of a full-service advertising agency, including, but not limited to, branding, creative concepting, production, planning, buying and placement of broadcast, print, digital and out-of-home advertising, translation services, and event planning and execution. The Successful Proposer shall exhibit a thorough understanding of Texas as a minority-majority state and must demonstrate the ability to effectively reach and speak to the general and ethnic markets. The Successful Proposer must also exhibit strong digital advertising expertise including social and mobile media.

Branding (continued)
What makes our understanding of branding stand out is our unique positioning. Integer lives at the Intersection of Branding and Selling.®

What does this mean?

It means we promote brands at the exact right moment that today's Texans want to be engaged – whether that's on a blog, on the street, in a c-store, on a fan page, at the water cooler or on TV. When brands are activated in this magic moment for the consumer, purchases are made and sales increase.

Most brand agencies often forget the importance of ROI and many promotions agencies go for the sale at the detriment of the brand. Integer is immersed in both. Our promise to our clients is that everything we do to build the brand makes a sale, and everything that we do to make a sale builds the brand.

Example:
One of the most relevant examples to the Texas Lottery is the brand work we did with the Illinois Lottery. As the new private manager of the Illinois Lottery, one of Northstar Lottery Group's first initiatives was to redesign the logo as they kicked off their brand transformation vision for Illinois. With our deep knowledge of the Lottery and retail experience, Integer was quickly awarded the logo redesign assignment. Key parameters for logo development included simplicity, vibrancy, recognition of key Lottery icons, movement and modernization -- leading to the selection of "Jingly" (see new logo). Jingly led the way to statewide rebranding at retail (approximately 7,500 outlets), broadcast and online.

Original IL Lottery logo

New IL Lottery logo designed by Integer

7.1 GENERAL DESCRIPTION OF SERVICES AND REQUIREMENTS

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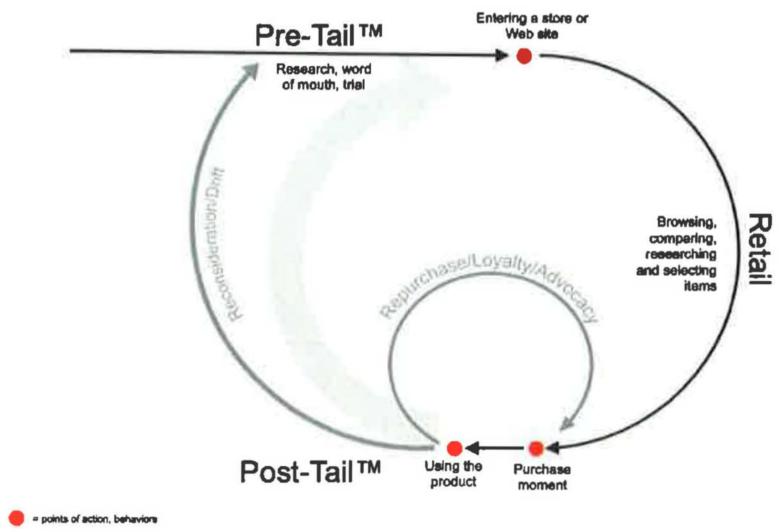
Continued...

Insight & Strategy
At Integer, everything we do starts with Insight & Strategy. Our department of strategic planners, media planners, social media strategists, and research and marketing intelligence officers are relentlessly curious about consumer and shopper behavior. As such, the agency has built a recognized discipline designed to discover actionable insights in key stages of purchase formulation, from consideration, preference, selection, transaction, usage – to repurchase and advocacy.

More than a capability, but a way of life – Integer Insight & Strategy is interested and invested in ongoing proprietary research to unearth and link actionable insights, including a new continuous tracking study to understand the changing nature of shopping in the current economic climate. We go to great lengths to better understand not just what the brand is, but what it does, and can better set brand equities in motion, meet specific business challenges, and own the decisive moments of shopping.

Our Insight & Strategy services include: qualitative and quantitative research, ethnography, purchase barrier identification, workshop facilitation, retail strategy, promotional strategy, in-store communication strategy, identification of high-potential shoppers, idea concepting, and digital and ecommerce strategy. Our team brings a deep and highly eclectic mix of backgrounds, including strong brand planning, 360 retail research and activation planning. Our mission is to build brands and drive sales, and we have a proven track record with both.

Shopping doesn't just happen within the aisles of a store, nor does it just happen online. It's a continuum – one that's not always linear or logical but one that is constant. We call this The Shopper Continuum®. This tool helps us see shoppers as moving through a host of decisive moments: researching, socializing decisions, browsing, comparing, selecting...finally purchasing, evangelizing and repurchasing. As such, it lets us track how people transition from consumer to shopper to buyer – and back again.



Our communication strategy is developed and defined based on our Shopper Continuum® framework. We are intimately aware of the fact that shoppers' sources of getting information have multiplied exponentially. It's critical to develop a holistic messaging plan that will connect with the shopper across multiple touch points. Most shopper marketing agencies fail to integrate the retail experience with the vital stages before and after it. The Shopper Continuum® ensures that there are no dead ends.

We believe The Shopper Continuum® is particularly relevant to the lottery industry because it's such a unique purchase and understanding shopping behavior and shopping trip types (Quick Trip, Stock Up, etc.) and how to drive impulse purchase along the path to purchase is critical to success with lapsed and new users.

7.1 GENERAL DESCRIPTION OF SERVICES AND REQUIREMENTS

7.1.1 The Successful Proposer must be able to perform the functions of a full-service advertising agency, including, but not limited to, branding, creative concepting, production, planning, buying and placement of broadcast, print, digital and out-of-home advertising, translation services, and event planning and execution. The Successful Proposer shall exhibit a thorough understanding of Texas as a minority-majority state and must demonstrate the ability to effectively reach and speak to the general and ethnic markets. The Successful Proposer must also exhibit strong digital advertising expertise including social and mobile media.

Continued...

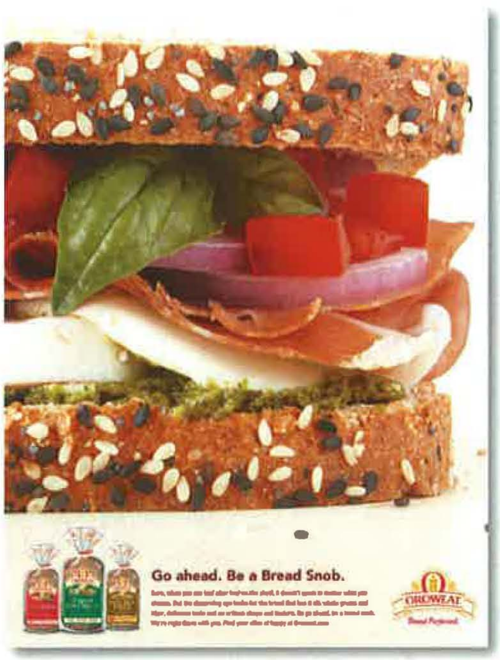
Creative Concepting
As a full-service agency, The Integer Group has a large creative department of art directors and copywriter teams to develop creative concepts that help build our clients' brands while driving sales.

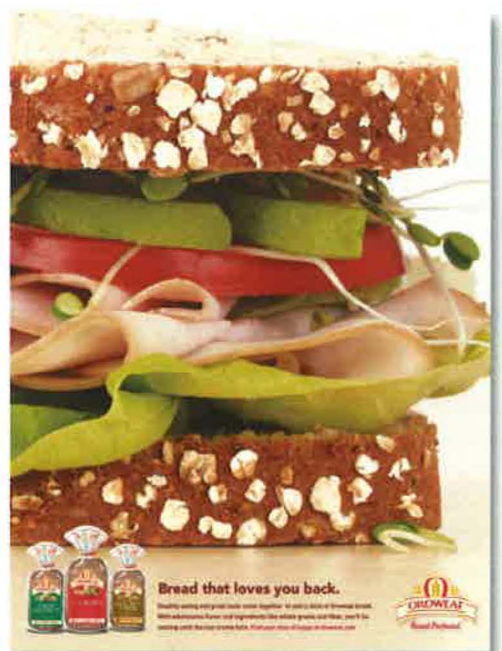
We believe that creative ideas are what get people to willingly engage with your brand at retail, online and beyond. Unfortunately, many brands don't use the power of creative to start this engagement, to establish this powerful connection. Instead they use what appears to be creative; they use what appears to be sound yet artless executions of a creative brief. They use strategic thinking, tested copy and stalwart brand guidelines to hammer home their very one-way message, and then are honestly surprised when hearts are not won and sales falter. In fact, sixty one percent of Americans feel the amount of marketing and advertising they are subjected to is out of control, and sixty five percent say they are constantly bombarded. That's because most marketing creative is not creative.

We believe that strategy, testing and brand guidelines are essential elements to the process, but without creativity to ignite them, to artfully bring them life, you are only left with a marketing message, and marketing messages are something that people will go out of their way to avoid.

Our creative department is built on these beliefs. This passionate belief in the power of creativity to inspire and engage drives who we hire and how we collaborate with our clients and with our teammates. It's why we get up every morning. In fact, every art director, writer and creative director at Integer works hard to transfigure insight and strategy into something human, something culturally sticky, something undeniably enjoyable.

And of course we could point to all the awards we've won to prove we excel at creative concepting, but that would be annoying and, quite frankly, uncharacteristically arrogant. Instead, we point you to our client references. That's because we believe their sales results prove the power of creative work better than any gold lion knick-knack ever could.





Example: Let's face it, bread advertising can be boring. Convention in the category is a smiling Mom and two tasteless pieces of bread around plain ole ham and cheese. For our work on Bimbo Bakeries USA, we tightly connected our message to the medium. Who knew bread and a twist on the familiar sandwich could be so mouthwatering?

7.1 GENERAL DESCRIPTION OF SERVICES AND REQUIREMENTS

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Continued...

Production
The Integer Group has in-house production capabilities as well as experience working with a wide range of external production vendors - from printers to photographers to editorial and production houses - that makes us an ideal agency for the Texas Lottery.

Our integrated approach to creative and production involves "closing the loop" from start to finish of the creative and production processes. These components include:

Photography: High-resolution studio photography.

Studio Production: Includes producing print-ready mechanicals with the capacity to deliver high volume and to ensure maximum customer satisfaction through accurate quality control and the punctual meeting of deadlines. We deliver 100s-1,000s of mechanicals monthly!

Digital Imaging: Producing accurate digital images with a hi-res retouching artist, ICC profiling and color matching products, and large format proofing ensures image quality. This capability gives our agency the fastest possible turn-time on color-correction and retouching projects and allows us to extend the creative process to deliver for our clients' needs.

Print Production: We will assign a print producer to liaise directly with your printer to ensure quality control in the handover process and efficiencies.

We have a full suite of in-house production services. Our studio capabilities include:

- Art production services/press illustrations/retouching
- Art buying
- Pre-Print
- Display, POS/merchandise, 3-D and structural design
- Digital production
- Broadcast production
- Logistics
- Tracking
- Shipping
- Fulfillment

Unlike other agencies, we do more pre-press work in-house and release press-ready files to printers. We believe in stewarding the brand as far as we can to help reduce the margin for error during the printing process.

As an agency, we are serious about flawless execution. We employ a proven process to get work through our system, ensuring we deliver on time and on strategy. We have one of the most robust processes and document standards, with quality checks at every point and online tools to facilitate communication, workflow and documentation. Our quality control process is impeccable, allowing confidence in the work that Integer develops. Internal control systems include:

Online Proofing System: This system allows us to speed up the approval process of both internal and client approval for each project. It perpetually archives all internal/client comments and changes for each element. One of the primary benefits of this system is the client can view work and provide direction from any computer, 24/7.

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Continued...

Production (continued)

<u>The Portal Asset Management Repositories</u>**:** We provide asset management of all client resources in order to maintain brand consistency for each client.

<u>Electronic Job Jackets</u>**:** This allows us access to job information 24/7 and from any computer. This component also allows us to reduce paper costs by viewing information electronically.

<u>Automated Workflow Tools and Job Tracking</u>**:** Includes hot sheets for daily job tracking, marketing calendars and client status sheets.

<u>Template Builder</u>: This service allows a client to maintain creative consistency for a nationwide promotion while allowing individual markets to customize their elements to reflect their price points, products or offers. Brand and creative integrity can be preserved while minimizing the fees for creative work.

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Continued...

Media Planning and Buying

<u>Background</u>
Integer has rich experience with planning, buying and placement of broadcast, print, digital, events, retail and out-of-home advertising, making us a strong partner for the Texas Lottery. Our holistic approach to planning means that our media experts strive to turn consumers into shoppers and shoppers into advocates. Today's dynamic media landscape means that a once simple medium like radio is now best thought of as audio which can be delivered via a receiver, streaming station, mobile device, social network, etc. We provide strategic thinking to navigate this ever-changing media landscape. Not only are the media options becoming more complex to reach the right audience, the audience is rapidly evolving, especially in minority-majority areas. To develop successful media strategy both elements are equally important. Reflecting the ethnic composition of our state through media choices is crucial.

Integer's media clients have included CPG (Bimbo Bakeries USA, Borden USA), communications (AMD, BlackBerry, Nokia, Pioneer), financial services (BancVue), restaurants (Luby's, Texas Land & Cattle Steak House, Lone Star Steakhouse) and retail (7-Eleven/ Slurpee) among others. Specifically for Borden USA, we are responsible for Hispanic media planning and buying for the LALA brand including both traditional and retail media buys across the state of Texas.

Although we have in-house media buying capabilities, we recommend the use of a HUB partner for this portion of scope of work outlined in this RFP. More specifically, we understand the Texas Lottery changed HUB partners in mid-2011 to Asher Media and would like to recommend maintaining this HUB for media buying consistency.

<u>Resources</u>
As part of the Omnicom family under the \TBWA umbrella, we enjoy access to a wide range of research resources. This ensures we remain current on the ever-changing media landscape as well as in touch with consumer/shopper trends.

AUDIENCE SEGMENTATION	ADVERTISING EFFECTIVENESS	COSTS & RATES	COMPETITIVE TRACKING	TRENDS & USAGE
Resources: Experian Simmons MRI MMR, Inc. Scarborough Research AOL/Platform A Microsoft Facebook MySpace **Capabilities** Integer invests in industry-leading tools to gain insights into developing detailed consumer profiles as part of the overall communication strategy	**Resources:** Decision Analyst Google Analytics Proprietary Online Analytic Tools **Capabilities** Integer provides various measurement tools for advertising campaigns such as: • Online optimization • Pre and post tracking • Post buy analysis • Print positioning • Outdoor post buy analysis	**Resources:** SQAD SRDS Media Solutions **Capabilities** Integer subscribes to industry-standard planning rate resources	**Resources:** Nielsen Monitor-Plus Competitrack VMS **Capabilities** Integer provides in-depth tracking across a wide range of categories down to the local level: • Media spend • Media mix • Promotional activities • Creative executions • Customized solutions	**Resources:** Iconoculture Trendwatching.com RetailForward PlanetRetail In-Store Marketing Institute Forrester Roper **Capabilities** Integer subscribes to several cultural, retail and consumer trend research services as well as in-depth retail intelligence companies. We use the insights and knowledge gained to help our clients stay ahead by uncovering opportunities, emerging innovations and behaviors which we use to develop actionable strategies and solutions that deliver results.

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Continued...

Media Planning and Buying (continued)

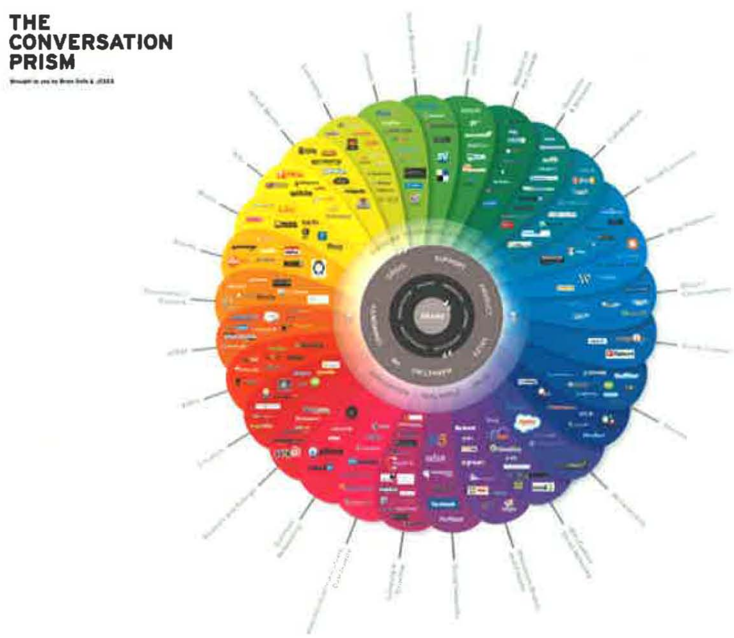
Philosophy
To quote our Worldwide Director of Media Arts, Lee Clow (the brain behind Apple's creative work), **"We are at the beginning of the most exciting time the 'advertising' business has ever seen. While lots of people are talking about the challenge of the multimedia future, we believe it is the biggest opportunity for creative minds since the 60s."**

New technology hasn't simply made our media options broader, it's actually changed the model that brands have to operate in. Our talent is still about storytelling but using new delivery systems, formats, screens and experiences that have become opportunities for brands.

First, we have to re-think what we call media. Media used to be simply a way for brands to target consumers, but today, **media is the way that people are engaging with the world around them**. Really, media is just any space between a brand and the audience. And in fact, we believe the best brands will become media themselves: the places, spaces, experiences people choose to spend time with. Already, the Apple stores are a media experience, and iTunes is serving millions of songs, podcasts and playlists – all media of the brand. And others like Nike, Adidas and Virgin are shaping their brands to make themselves a medium through which people experience their lives.

For example, the Texas Lottery has several owned media touch points to consider as part of the overall mix including gaming stations, web presence and digital kiosk screens. Additionally, leveraging connections between paid media and owned media will create more earned media raising the overall value of the Texas Lottery's media currency.

It's about telling a brand's story using the world as our medium.



This conversation prism is the world that brands live in today. It's how ideas are spread. Millions of conversations happen about and around your brand, affecting purchase, repurchase and loyalty — requiring us to listen just as much as we talk as a brand.

7.1 GENERAL DESCRIPTION OF SERVICES AND REQUIREMENTS

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Continued...

Media Planning and Buying (continued)

Digital Media

Undoubtedly, one of the most important pieces of a brand's engagement centers around their digital strategy. Integer possesses a robust digital acumen for elevating a brand through a unifying strategy. Utilizing each available touch point for the audience's optimized experience is crucial. As one example, Integer crafts all digital touch points for Slurpee which includes the following:

- Website development and management
- Digital media partner research
- Media plan creation, monitoring and optimization
- SEO/SEM
- E-newsletter content
- Mobile app
- Social sentiment monitoring
- Social strategy and implementation
- Online CRM program
- Creative strategy definition and development
- Holistic digital reporting and analysis

Slurpee promotion with media partner, Pandora

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Continued...

Social Media
Integer has a full range of capabilities including social strategy, engagement tactics, content development, execution/deployment, database development/collection, real-time monitoring/reporting, community management and an understanding of legal dos and don'ts as it pertains to both the social sphere and the lottery.

Building a brand has changed. It's no longer a one-way message from brand to consumer. It's a conversation, and a brand's positioning is now a two-way street. Integer understands this and we've guided brands like Slurpee, 7-Eleven, Texas Land & Cattle Steak House, Lone Star Steakhouse, Kasasa and Bimbo Bakeries USA through the shifting sands of new media.

We believe consumers not only want, but expect to have a relationship with brands. They want to have input and they want to be heard. Therefore, we believe social media plays a critical role in The Shopper Continuum® by providing the tools and space to drive brand advocacy.

Do you have an inherently social idea? One that will spur conversation? Do you have content for people to comment on, share, personalize and make their own? This is where Integer can help.

Example: Integer took the Slurpee Facebook page from 200,000 to 4.5M fans, launched the fastest gift giving promotion in Facebook history, converted more than 450,000 visitors to Slurpee.com into Slurpee Rewards Program members, rolled out successful promotions like Battle of the Bands and the Slurpee Unity Tour, launched user-generated content on our Slurpee MixMaker Facebook App, blogged and tweeted. We've built a Slurpee Nation of brand advocates and made Slurpee the flagship of 7-Eleven's proprietary products.

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Continued...

Digital
Integer has the digital capabilities to deliver the scope within this RFP as well as digital opportunities for the Texas Lottery that have not been specifically defined in this RFP. We bring intimate knowledge of lottery in three other states: Georgia, Illinois and Iowa to the table as well as strong digital strategic thinking and know-how to the table that makes Integer a very strong partner for the Texas Lottery.

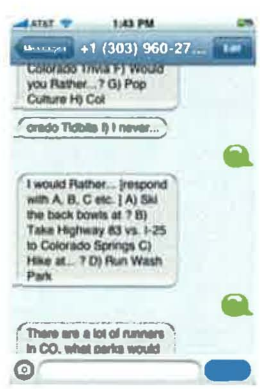
Digital is in our DNA – from the account team to our strategists and creatives. We also have an in-house digital production development department. And with the convergence of digital at retail, we have brought this expertise to the forefront. We have developed websites for Bimbo, Thomas', Oroweat, 7-Eleven, Slurpee and Georgia O'Keeffe Museum, and are currently the digital communications AOR for Dallas' Nasher Sculpture Center. We have used QR codes for MillerCoors Colorado Native and a texting campaign and a wide range of online advertising and promotional campaigns for clients like Bimbo Bakeries, 7-Eleven, Blue Moon and Lone Star Steakhouse to name a few.

From eCommerce to email, we use the digital space to build brands, foster relationships and activate consumers. Whether it's news, gossip, show times, chat, photo sharing, blogging, shopping, game playing, travel planning, researching or just searching – the path to purchase can now start anywhere. The key is to find Texans where they spend time online and connect them to the Texas Lottery through a meaningful user experience. To accomplish this we apply more than a decade of experience in building successful online programs for brands.

With the convergence of digital and retail, we are staying on top of digital signage trends. We subscribe to/belong to Digital Signage Universe, Digital Signage Today, Digital Signage Weekly, Daily Digital Out of Home and Kiosk Marketplace and every year we send a SWAT team to the Digital signage expo to listen and learn. This year we are pleased that our Director of Media, Amy Vollet, is speaking at the event about digital media and bringing Integer's hands-on experience in executing digital solutions at retail to the event. This includes our work with brands like the Illinois Lottery, the Georgia Lottery, E. & J. Gallo Winery, Bimbo Bakeries USA and 7-Eleven.

We stay abreast of up-and-coming trends so that the work we provide is always fresh and always relevant. The real challenge is maximizing that opportunity by delivering the right message in the right way to move your customer to action. And that is what Integer does best.

Example: MillerCoors, Colorado Native
All communications and the bottle featured a first-ever application of a technology called snap tags, allowing shoppers to "talk to" the beer. We used snap tags on-premise to engage guests in a conversation and an offer specific to the venue. Results: Volume goals were met, 900+ Facebook fans in less than a month and bars and restaurants were out of stock.



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Continued...

Digital (continued)

Example of Website:

Before

After

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Continued...

Digital (continued)

Example of Digital at Retail:

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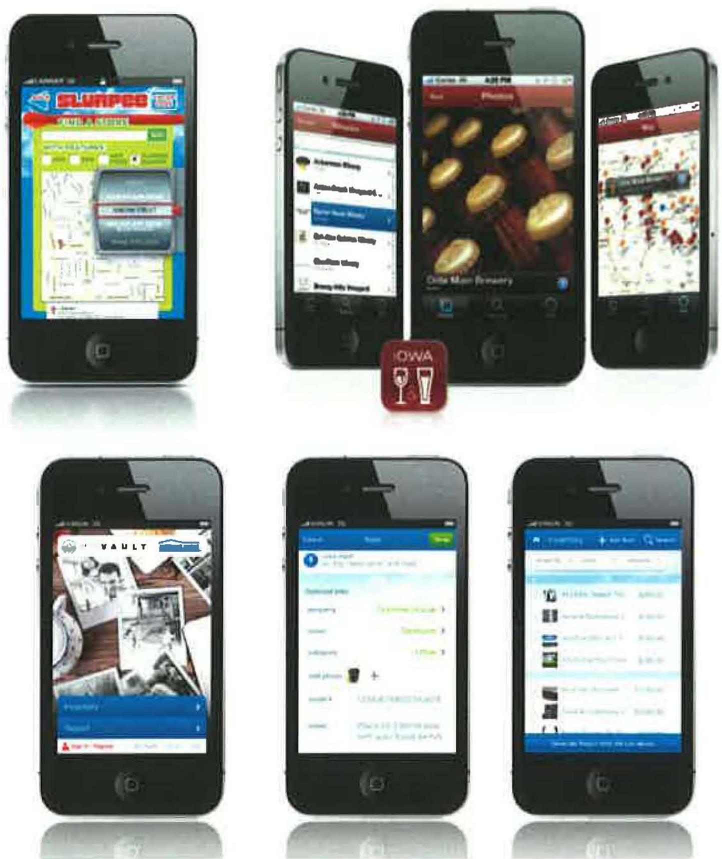
Continued...

Mobile
Integer is on the forefront of mobile marketing technology. This extension of our digital capabilities includes mobile strategic planning, research and development, campaign implementation, technology and creative services, mobile media planning and buying, mobile websites, mobile apps, SMS/MMS messaging, tracking and measurement, data management and CRM. We have an in-house development department to provide a turn-key solution to our clients in the mobile space.

We've created a beer and wine locater app for Iowa Tourism, a flavor locater app for Slurpee, even an app for AFI that helps you store photos of your personal belongings to aid in insurance claims; we've geo-targeted communications for text campaigns and allowed brands to text their consumer directly. It's a brave new world and Integer continues to be a pioneer in retail, now with a focus on mobile as the last shopper touch point at the point of purchase.



With 73% of mobile phone shoppers preferring to use their phones for basic product assistance versus store clerks, and consumers using their phones to share information with others via email or text about their shopping experience and/or to post to social media* - we believe mobile is a big opportunity for the Texas Lottery.

*Statistical Sources: gfk Roper, Accenture, Nielsen

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Continued...

Translation Services
Integer is responsible for translation services for our AT&T client and through our in-house Hispanic agency, Velocidad, we have access to Spanish translators and proofreaders. However, we are recommending outsourcing the translation scope of services outlined in this RFP to a HUB partner.

Event Planning and Execution
Integer has extensive event marketing capabilities including conceptualization, management, execution, branded experiences, events, retail activation, mobile tours, sampling, guerrilla and nightlife. We have experience working on events for brands like 7-Eleven, Slurpee, BancVue, Blue Moon, Coors, BlackBerry, Xbox and Borden USA's LALA brand. From mobile tours and sampling at the steps of the nation's capital for the Slurpee Summit, to hyper local activation in B and C counties to support BancVue's Kasasa launches with community banks, to activating Hispanic shoppers at Texas retailers for LALA - Integer knows how to develop event concepts that enable brands' connections with a wide range of audiences.

Example:
Slurpee Battle of the Bands (BOTB) connected with customers outside the cup by switching the conversation from flavors to fun. 906 bands entered and 12 earned the chance to win $10,000, a professional recording session and a chance to perform live with bands like Train and B.o.B. Four sold-out concerts were streamed live on the Slurpee Facebook page resulting in 350,000 new fans and 250,000 joining Slurpee Rewards. Fans enjoyed sampling, in-store merchandising, swag and song downloads.

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Continued...

Retail/Shopper Marketing
The Integer Group has been ranked as one of the top promotional and retail marketing agencies by the industry and our clients year after year. Our deep experience in the full spectrum of consumer promotions and retail marketing coupled with our extensive credentials with the lottery industry means that Integer is an agency partner that can impact the Texas Lottery business immediately.

Integer's shopper marketing capabilities include account-specific/customer marketing, channel marketing, environmental design and digital retail. We work extensively with all major retailers on behalf of our clients to develop retailer-differentiated programs. We work primarily with our marketing counterparts at our clients, but frequently help present the programs directly to retailers. Retailers we have done extensive work for include (but are not limited to) 7-Eleven, Albertson's, HEB, Kroger, Safeway, CVS, Rite Aid, Walgreens, Kmart, Target, Walmart, Costco, Sam's Club, Dollar General and Family Dollar, for clients like P&G, Kellogg's, Kraft, MillerCoors, Treasury Wine Estates, LALA and GSK alli.

We also have the ability to create or customize programs for non-national yet key strategic local accounts. Integer knows how to marry local retailer, brand and shopper insights to create impactful local market communications. For example, we develop Hispanic targeted region-specific shopper marketing programs for LALA Dairy, from the well-known regional to the local "Mom and Pop" retailers. We have developed aisle reinventions for E. & J. Gallo Winery at grocery. We have done Midwest focused in-store communications in Meijer for Bimbo Bakeries USA. We executed multiple local/regional specific programs for MillerCoors including the Speedway: Rush to the Red Zone program, Lucky grocery, a Raiders-specific version of the Silver Ticket promotion and a Louisiana Bayous focused campaign including retail and on-premise communications.

We understand today's Texan, your channels, your customers, and how to work with your sales team. The shopper marketing and retail programs must be ones that your sales team and organization will rally behind. Our process uncovers insights among all of your key constituents and allows us to build effective programs that sell lottery tickets.

Diamond Foods Grocery Display for the "Feed Your Fingers" Promotion

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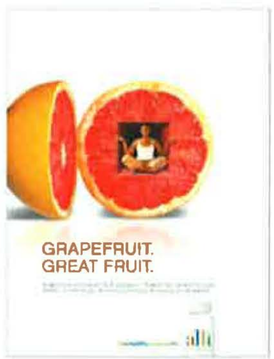
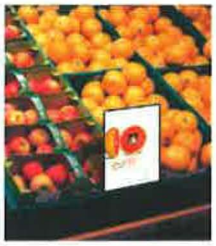
Retail/Shopper Marketing Continued...





GlaxoSmithKline alli scale display at grocery and out-of-aisle communications in the produce section of the store.

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Continued...

We know today's Texan.
As previously stated in our response in section 4.1.1, The Integer Group has a thorough understanding of Texas as a minority-majority state and are able to effectively reach and speak to the general and ethnic markets.

What's our approach to multi-cultural communications?

At Integer, we understand that developing a multi-cultural campaign is not a cookie cutter process; it takes a thorough understanding of our consumers and the market. The Hispanic market is varied and what may work with New York's large Puerto Rican population will not work with Houston's large Mexican population.

Everything from nuances in language, cultural traditions, level of acculturation and entertainment varies between cultures, and that understanding allows us to develop campaigns that resonate with our consumers.

When it comes to retail, we are hyper-focused in our communications approach. We start by understanding our retail locations, the neighborhoods where they are located and the neighborhood's demographics.

The level of acculturation, the process of accommodating to a new culture, will also drive communications decisions. Younger consumers who have been raised in the U.S. are more acculturated than their first generation parents or a recent arrival and are more likely to be English dominant. New arrivals or un-acculturated consumers prefer communication in their native language.

The process of acculturation varies from person to person. Those living in a neighborhood where the majority of the people are from the same country are slower to acculturate and adapt their new country's way of life, while those living in a neighborhood with other communities are quicker to integrate and adapt.

Direct translations do not work when developing multi-cultural strategies, and can lead to confusion and lack of trust, and consumers will perceive the brand as disingenuous.

If our consumer strategy is Hispanic, we segment the neighborhoods by Hispanic density by cross-referencing the percentage of Hispanics vs. the General Market. Low-density Hispanic areas, for example, would receive an English dominant message, while high-density Hispanic areas would receive a Spanish dominant message.

Density measurement guidelines:
0% - 29.9% Hispanic: Low density, high acculturation, English preferred
30% - 49.9%: Mid density, mid-acculturation, comfortable in English and Spanish
50% - 100%: High density, lower acculturation, Spanish preferred

How do we know all of this? We have an in-house Hispanic agency called Velocidad and our Dallas office is responsible for branding, Texas field marketing and retail activation for Borden USA's LALA brand of spoonable and drinkable yogurt. While we are recommending using a HUB multi-cultural agency for the relevant scope requirements in the Texas Lottery RFP, the Integer team has a rich understanding of and sensitivity to multi-cultural marketing already deep in our DNA.

7.1 GENERAL DESCRIPTION OF SERVICES AND REQUIREMENTS

7.1.2 Digital Strategy. Several elements of the Texas Lottery's digital strategy are provided by the Lottery and its lottery operator vendor. Proposers are anticipated to play a significant role in the expansion and growth of existing digital strategies and platforms (e.g. social media, interactive advertising, and mobile media, etc.). Proposers are required to discuss their skill and experience in executing interactive communications across various platforms.

The Integer Group has strong experience in digital strategic thinking and execution of interactive communications across various platforms. As one of the world's leading promotions, retail and shopper marketing agencies we think about the digital space in terms of consumer/shopper behavior, making Integer a strong partner for the Texas Lottery.

Digital Strategy
We have a team of digital strategic planners, digital media strategist and social media strategists who help our clients listen to brand chatter online and study digital behavior to inform strategic communications that resonate with today's Texan. We think about brands in terms of ecosystems. An ecosystem is much like your marketplace. Ever-changing. Always evolving. And like your marketplace, an ecosystem must stay balanced to thrive - or even to survive. If anything gets out of balance, everything suffers. Because Integer is so involved on many levels of our clients' marketplace - from in-store to online - we're uniquely qualified to ensure the health of your ecosystem. The visual ecosystem is a dimensionalized snapshot of your brand's sphere of communication. Think of it as how shoppers see your world. How you manage complexity, balance and harmony. It's a 3D view of the world consumers live in.

Example: Integer is responsible for 7-Eleven's ecosystem including all digital communications from social media including the Slurpee Facebook page that we grew from 200,000 to 4.5M fans, the Slurpee website, the 7-Eleven website, the 7-Eleven corporate site, promotional microsites, SEO/SEM, mobile marketing, in-store promotional communications, packaging design, advertising and events. We are responsible for the Slurpee brand and all communications delivering against the music, movies and gaming strategic platforms.

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Digital Capabilities
From e-commerce to email, we use the digital space to build brands, foster relationships and activate today's Texans. Whether it's news, gossip, show times, chat, photo sharing, blogging, shopping, game playing, travel planning, researching or just searching – engagement can now start anywhere. The key is to find your audience where they spend time online and connect them to your brand through a meaningful user experience. To accomplish this we apply more than a decade of experience in building successful online programs for brands.

We stay abreast of up-and-coming trends so that the work we provide is always fresh and always relevant. The beauty of interactive marketing is the accuracy with which you can target your desired customers. The real challenge is maximizing that opportunity by delivering the right message in the right way to move your customer to action. And that is what Integer does best.

What else differentiates us from other agencies?

Integer's digital team comes from a variety of backgrounds, both online and offline. As a result, we are able to effectively translate brands across all online channels based on our diverse experiences and skills. The Integer design team has created award-winning websites and promotional microsites for 7-Eleven, Slurpee, Entenmann's, Diamond Foods, Arnold Bread, Thomas', the Georgia O'Keeffe Museum, the Ethanol industry and more. Most notably, we were recently awarded a half-dozen Ad Age W3 awards for the 7-Eleven.com site redesign.

Integer's digital team doesn't begin and end with just design, however. The team is cross-functional and fully staffed with talent to ensure successful results from concept through execution and results measurement.

Our full suite of digital and social media capabilities includes:

Digital Strategy

- Online Behavioral Studies
- Data Collection Strategy
- Digital Persona Development
- Social Media Planning
- Search Marketing
- DIGITAIL® Integrated Practice

Online Architecture

- Content Strategy
- Internet Broadcast Networks
- Content Management Systems
- Email Deployment
- eCommerce Engines
- App & Widget Development
- Data Collection
- Video Simulcasting
- Kiosk Development
- Blog Platform Integration
- Social Platform Integration

Digital Creative

- Site Development
- Flash Design
- Viral Applications
- Online Game Design
- Mobile Apps
- In-Store Display Content
- Banner Ads
- ARG Games
- Email Design
- App Development
- Data Collection Forms

Digital Production

- HTML Programming
- Audio & Video Production
- 3D Modeling
- Photo Retouching
- Rich Media Creation
- Flash Production
- Web Hosting

Web Analysis

- Campaign Reporting
- ROI Analysis
- Shopper Trend Reports
- Testing Program Analysis
- Click Path Analysis

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Digitail®
Today, digital shopper marketing has quickly evolved to become a retail channel unto itself. A channel with its own high-potential shoppers, unique marketing policies, and distinct shopper purchase barriers.

Integer was early to see this shift in the retail landscape and quickly understood the need for a specialized digital shopper marketing arm. Digitail® was developed in 2008 in response to this rapid convergence of retail and digital. Digitail refers to Integer's expertise in retail promotions and digital solutions, the interplay of those environments, and how they affect the consumer's shopping journey.

Any retail picture is incomplete without the inclusion of digital retail. Our early adoption of the digital shopper marketing channel and our thought leadership with P&G and other clients in this space has set us apart from other agencies. Integer will continue to stay at the forefront of digital shopper marketing in the future.

Digitail focuses on four things: retail/packaging online promotions, digital-commerce consulting, digital communications at retail, and sales/channel applications. Integer employs agency business leaders with deep experience in digital promotional and retail assignments in addition to branding so that they can truly "think 360" and lead clients to strategic solutions that help them and their brands adapt to the future of retailing. Integer has expertise in promotion strategies, retail-engagement strategies, retailer activation, digital consumer-engagement principles, best-in-class development and technology execution, and data analytics.

Detailed capabilities include: ePromotions, digital-commerce consulting, digital communications at retail (digital POS), cell-phone technology, eCommerce/shopper-based design for the eRetail space, retail/packaging online promotions, and promotional CRM.

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Adopting new technologies
At Integer we believe that new technology solutions can be implemented to save valuable budget dollars, realize efficiencies, create new offerings and services, build new audiences and improve customer-relationship management. Innovating "applied learning" via new and emerging digital technologies is a core competency that we weave throughout our entire agency. Today's consumer is in control and actively using emerging technologies such as mobile geo-location; aggregator technologies, allowing near record levels and interest in couponing and "deal hunting"; social crowdsourcing, allowing audiences to provide real-time feedback; Near Field Communications (NFC) technologies, offering cashless payments and identity vault; and cloud computing, allowing secure multi-screen access. Integer has the capability to recommend and the experience to help you sort out these technologies to improve consumer communications via mobile, social and digital technologies.

The following are two examples of how we have recommended a new technology to clients and the resulting implementation:

Mobile
American Family Insurance (AFI) is a very technologically savvy client who already has mobile apps in the marketplace. AFI approached Integer for a mobile app that will provide a unique service to users. In the discovery phase of the project, Integer realized the app would rely heavily on forms and form completion. The app is geared for mobile, but completing long forms can be cumbersome for mobile users as typing on a tiny keyboard can sometimes pose challenges (look at the iPhone autocorrect mistake jokes for some fun examples). To simplify the process, Integer reached out to the leading company in speech-to-text. Merging our development with their API, Integer enabled text-to-speech for all forms, including the ability to complete each field separately or altogether with one encompassing command. We even added the ability to discern numbers from text, so speaking "Four dollars and twenty five cents" will generate "$4.25" rather than a long, useless string. Our initial research has shown this enhancement should result in 25-45% faster form completions, making it much easier for users to complete form data once the app is released later this year.

Social
Slurpee drinks are wildly popular for all age groups but the target demographic skews younger (16-24). With such a young demographic comes a lot of early adopters. Because virtually every 16- to 24-year-old is on Facebook, Integer implemented Facebook Connect over a year ago on Slurpee.com. Using Facebook Connect, users can link their Slurpee Nation accounts to Facebook, allowing them to sign into the site via Facebook and share content on their walls.

However, recent research has shown that while Facebook has the lion's share of social media usage, people want choice and, when other options are available for single sign-on, Facebook-connected users make up only 46% of the total market. Additionally, social sites like Twitter are still very popular and apps like FourSquare are growing in popularity.

With this information, Integer approached Slurpee with a recommendation to integrate Gigya into the website. Gigya provides an API that allows users to connect to websites using Facebook, Twitter, Google, FourSquare, LinkedIn and several other social networks. The technology also lets users share and comment, with their postings going to all linked social network accounts. This will allow friends to be driven to the site from multiple sites, driving referral traffic way up. Integer developed against the Gigya API, which interfaces with the myriad of social networks, and the new social-enhanced site was launched on September 1. We are already seeing a rise in social traffic. Additionally, because of our early adoption with Gigya, they are allowing us to test and use beta initiatives that will roll out over the next year.

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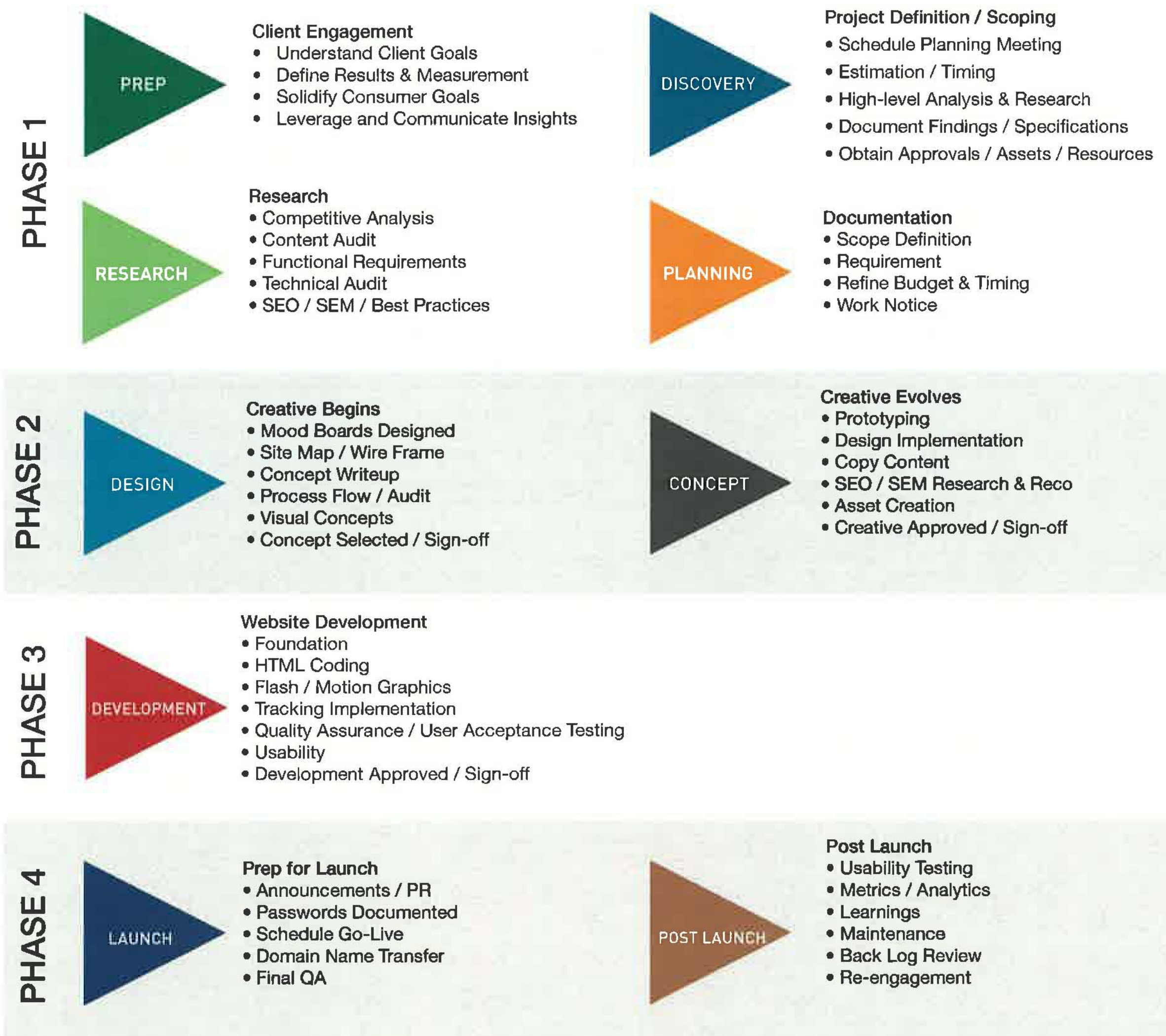
Digital Process

We have a plan in place to deliver a strategic, creative and flawless execution of projects for our clients. It ensures that we have a clear set of deliverables and milestones so that the project goals and objectives are achieved. A high-level overview of phased activities is shown below. Each phase of the project life cycle will ensure that client approvals and sign-offs are obtained before proceeding onto the next phases.



7.1 GENERAL DESCRIPTION OF SERVICES AND REQUIREMENTS

7.1.3 Advertising Related Market Research and Planning. Most research services are currently provided by the Texas Lottery or its research vendors. However, Proposers are required to discuss their in-house research capabilities, and/or access to research resources for the Texas Lottery account.

Research
The Integer Group has in-house research capabilities, both primary and best-in-class secondary research to offer the Texas Lottery.

Primary research and thought leadership
Through our Insight & Strategy department, Integer offers the ability to manage, design and implement a full range of qualitative and quantitative research methodologies to our clients in order to seek out the answers they need. Both these methods provide different, but valuable insights into consumer/shopper behaviors and attitudes and are often most valuable when combined. Quantitative provides what people think, act or feel and qualitative tells us how and why they do it.

Studies we've developed and implemented to get into the mind of consumers and shoppers to better understand their interaction and engagement with specific brands range from well-known techniques such as tracking and segmentation studies, focus groups and in-depth interviews to more innovative techniques such as ethnography, journaling and wayfinding.

Specifically, we have managed, designed and implemented the following research methodologies for our clients:

- Ad Tracking
- Brand Tracking
- Concept Tests
- Copy Testing
- Buyer Decision Processes Research
- Customer Intercepts
- Customer Satisfaction
- Ethnographic Studies
- Focus Groups
- In-Depth Interviews
- In-Home Studies
- Journaling
- Marketing Effectiveness and Analytics
- New Product Development
- Observational Research
- Online Panel / Community Discussions
- Positioning Research
- Pre/Post Tests
- Segmentation Studies
- Shop-alongs
- Store Audits
- Surveys
- Wayfinding

Beyond custom, proprietary research conducted for our clients, we also invest in ongoing research that provides insight into various topics affecting our clients' businesses.

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Primary research and thought leadership (continued)

The Checkout
An example of Integer's investment in ongoing research is The Checkout. The Checkout is a periodic publication powered by The Integer Group and Omnicom sister agency, M/A/R/C Research.

The study provides an enhanced view of the in-store experience and shopper behavior utilizing a nationally representative survey of 1,200 U.S. adults. Topics range from "Convenience is making a comeback" to "Engaging shoppers through promotions and sponsorships" to "Shoppers' adoption of online technologies for both brand engagement and purchase."

Other examples of Integer's investment in ongoing research include:

Shopper Culture Study
Our Shopper Culture Study is a proprietary shopper study exploring America's Relationship to Shopping. What role does shopping play in our modern lives? What are the creative messages and media implications for engaging shoppers?

The Complex Shopper
An annual study, conducted in partnership with Decision Analyst, The Complex Shopper reveals the complex motivations that drive shoppers during a considered purchase decision, such as shopping for major appliances and automobiles. Not only does it uncover the reasons why they buy, it also identifies how they think about – and interact with – the chosen company after the purchase.

NACS/Coca-Cola Study
Today's c-stores are challenged across several fronts. While competitors open new, smaller formats offering increased levels of convenience, the average C-store operator is limited not only by physical space and location, but by a set of outdated conventions and assumptions. Through rigorous shopper research and their proprietary approach to problem solving, the NACS/Coca-Cola Study identifies unique store types and shoppers segments based on usage, motivations and behaviors at retail.

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Primary research and thought leadership (continued)

Shopperculture.com
Our relentless curiosity in the world around us, in consumer insights and shopping behavior, has led us to publish and pursue the latest in trends and technology. Shopperculture.com is a global blog led by Integer Insight & Strategy teams around the world. Our aim is to lead the conversation about global shopping culture points of view and to raise questions for discussion about shopper marketing. This blog is one of the most read business blogs on the web. Many of our proprietary primary research studies are available for download from the Shopperculture.com site.

Texas A&M Mays Business School Center for Retailing Studies
Additionally, we are sponsors and partners with the Texas A&M Mays Business School Center for Retailing Studies. It provides us access to global retail research and publications as well as faculty and experts in retail and shopper marketing. It also ensures Integer is investing in future talent from within Texas!

MAYS
BUSINESS SCHOOL
AT TEXAS A&M UNIVERSITY

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Best-in-class secondary research resources

We subscribe to numerous best-in-class resources and have direct access to the breadth and depth of resources available through our association with Omnicom. These premium resources help us stay on top of our clients' business as well as provide answers to key questions that lead to actionable insights and better strategies.

This access to secondary research allows us to gather relevant, insightful and inspirational intelligence on retail, consumers/shoppers, channel/categories, trends, competitors, media and social media/digital.

Access to these premium resources is not limited to Insight & Strategy. Every account team in our agency has an Insider. Insiders go through a certification process to become masters at using Integer's tools and resources to find answers specific to their client needs. They also put out a client-specific newsletter called the *Chatterbox*.

Also, we are constantly tracking the pulse of consumer, shopper and retailer trends both domestically and globally including established macrotrends, emerging trends and even observations that can lead to trends.

At the end of the day, it's not just about the information, but what we can do with it to move the Texas Lottery forward.

The following is a sampling of the premium resources that we subscribe and have access to:

BIGresearch: Provides analysis of behavior in areas of products and services, retail, financial services, automotive and media

Competitrack: Advertising clipping service – competitive intelligence

Conference Board: Economic indicators, consumer and CEO confidence, consumer data book

Contagious: Focuses on future-facing marketing ideas and emerging technologies across a diverse range of media channels and product categories

Dow Jones Factiva: Customizable news clipping service pulling from 28,000 specialized publications and 900 newswires from 200 countries

Datamonitor: Provides business information and market analysis on individual companies and categories

eMarketer: Research and analysis on digital marketing and media

Experian Simmons: Demographic, psychographic and media usage information

Forrester: Provides marketing research reports on customer experience, customer intelligence, eBusiness, channel strategy, online behaviors, etc.

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Best-in-class secondary research resources (continued)

Hoovers: Company and industry overviews

Iconoculture: Global consumer research and advisory company that provides the most comprehensive consumer insights to help marketers understand what's going on with consumers, where it's heading and what it means for business

Advisory Services: Ongoing support in analyzing the "why" behind the "what" to provide comprehensive consumer insights

IconoCommunities℠: Consumer-centric social networks combined with rich, syndicated research

IconoIQ℠: Interactive, searchable content hub and the most comprehensive source for actionable market research and emerging consumer trends

Social Media Analysis: Instant access to real-time consumer discussions, keeping track of changing consumer sentiments, conversational activity and overall themes influencing your business

InSite2: News article database covering 6,000 business publications going back five years

Nielsen Ad Relevance: Provides online advertising impressions, spending, creative and sites

Nielsen AdView Monitor-Plus: Tracks media spending by category, company and brand

Nielsen @plan: Demographic, lifestyle and site preference information about the U.S. online population

Path-to-Purchase Institute: Shopper marketing intelligence, primary research, retailer profiles across various categories including grocery, mass, convenience store, office supplies and club as well as case studies and best practices for marketing at retail

Planet Retail: Global-focused retailer-specific activity and information

POPAI: At retail research studies, white papers, case study examples

Radio Advertising Bureau: Instant background reports covering 175 consumer, industry and marketing categories

RDS: Business table database; captures charts/data from articles and research reports

Retail Net Group: Specific retailer and channel information

Roper: Marketing research reports on topics covering the changing consumer landscape

SCARBOROUGH: Demographic and media behavior for 77 local markets nationwide

Social Radar: Social media intelligence resource that gives quantifiable insight into consumer sentiment and conversations online

SQUAD: Provides quarterly broadcast cost per rating point estimates by market

The List: Business database

Trendwatching: Global consumer trends and insights

WARC: Searchable database of over 25,000 articles, case studies and summaries from 30 global content sources

7.2 ADVERTISING SENSITIVITY

The Integer Group understands and accepts the stipulations outlined in section 7.2 of this RFP.

We fully understand the sensitivity around advertising for lottery products. We have deep experience in your industry with experience on the Georgia, Iowa and Illinois lotteries so we also know that these sensitivities vary from state to state according to the state's laws and the state's lottery core values, mission and vision.

We know lottery. As a result, we believe Integer is an agency who can get up to speed quickly and immediately impact the Texas Lottery's brand and business results.

Illinois Lottery POP

Iowa Lottery POP

7.3 ADVERTISING & MEDIA PLANS

The Integer Group understands and accepts the stipulations outlined in section 7.3 of this RFP.

We develop annual advertising plans complete with audience profiles, creative strategies, research, budget breakdown and what we call "What If" opportunities that may include events, promotional activity, stunts, sponsorship and mobile ideas (among others) for our clients. We also develop annual media plans for our clients that are based on marketing objectives and the advertising plan.

7.4 BUDGET

The Integer Group understands and accepts the stipulations outlined in section 7.4 of this RFP.

We will develop an annual budget based on the Texas Lottery's fiscal year of all advertising expenditures with recommendations for spending for respective markets as identified in the advertising plan. Integer knows that dollars must be maximized for our clients and we take every step possible to identify and recommend ways to save money to our clients. We are relentlessly focused on driving efficiency in the way we work and demand the same from our vendors. We triple bid every job as a part of our standard internal process. We bundle production, when possible, to drive further efficiencies through economies of scale. And while we negotiate very hard on behalf of our clients to secure the best-quality product for the money, we never make a commitment on behalf of a client without prior written approval.

7.5 REPORTS

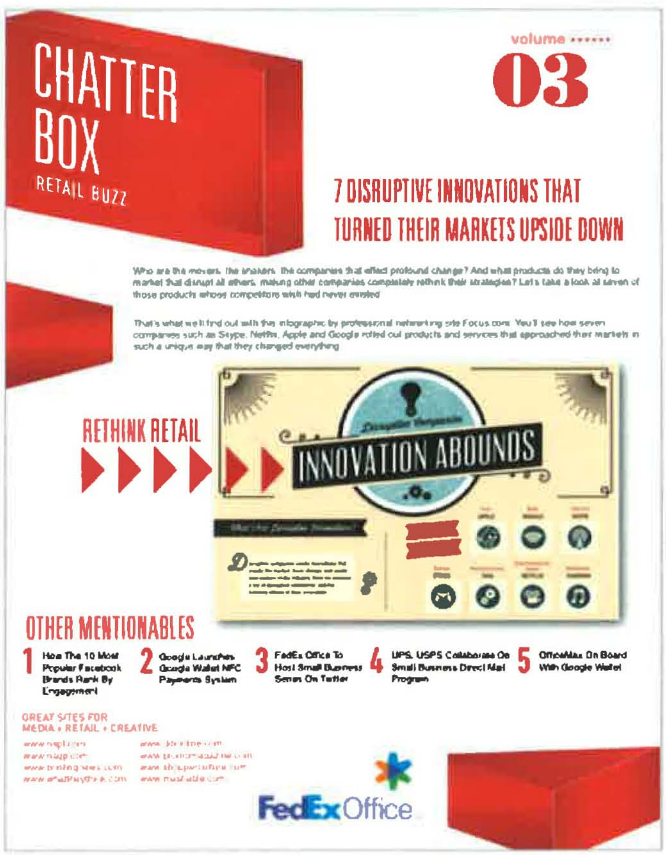
The Integer Group has the ability to provide a wide variety of reports for clients including (but not limited to) Status Reports, Budget Reports (Approved Expenditure Report), Post Buy Reports, Print Audits, Year End Media Review, Media Buy Reports, Post Campaign/Promotional Report, Competitive Reviews and Intelligence Reports.

We are also prepared to provide the additional reports requested by the Texas Lottery including the HUB Subcontracting Plan Prime Contractor Progress Assessment Report and Storage Inventory Report.

We not only supply our clients with a weekly status report but typically meet either in person or via conference call to review the report, highlighting immediate action items for both the agency and client team members.

We have extensive experience executing competitive reports and uncovering fresh insight on a national and global basis for clients like AT&T, Bimbo Bakeries USA, Borden USA, MillerCoors, P&G, FedEx Office, Michelin, BancVue, 7-Eleven, Lowe's Companies, PETCO and S.C. Johnson.

We immerse ourselves in each client's industry and provide regular reporting on the competitive landscape, trends that impact the industry, and emerging technologies and tools. An example of one of these reports is the client-specific "Chatter Box" e-newsletter. For each client we create a interactive e-newsletter that addresses relevant industry trends and innovations. When a client clicks on various parts of the newsletter, it takes them to links with pertinent information. An example of the FedEx Office Chatter Box is below.



7.6 CREATIVE SERVICES

The Integer Group has read, understands and will comply with all information and stipulations outlined in sections 7.6.2-7.6.6.

As demonstrated in section 7.1, The Integer Group has deep experience in concepting, creation and production of advertising materials including broadcast, digital and print advertisements and multi-media campaigns including naming of games/products and development of logos.

The Integer Group will supply three creative concepts for each campaign; this is standard practice for us. We also plan on 2-3 rounds of revisions for each campaign.

We are happy to supply 5 working days notice before creative meetings, at the very least. We're big planners and the earlier we can get targeted meetings on calendars the better!

We understand how many key stakeholders exist within organizations and are happy to provide ample time, no less than 5 days, for the Texas Lottery internal review process.

We are happy to provide all original artwork and to agree to your charging/billing requirements as stated in section 7.6.5

We never proceed with spending our client's money without pre-approval in writing. This includes production of advertising as well as media buying and all other hard costs.

7.7 MEDIA SERVICES

The Integer Group has read, understands and will comply with all information and stipulations outlined in section 7.7.

As demonstrated in section 7.1, The Integer Group has deep experience in media planning and buying. For the purposes of this RFP, we are recommending subcontracting media buying scope to our preferred HUB partner, Asher Media. We understand they are currently working on your business, having been awarded the assignment in 2011. Our Director of Media, Amy Vollet, previously worked at TracyLocke on the Texas Lottery and interviewed prospective media buying agencies for the Texas Lottery. She feels confident in Asher Media's capabilities and should the Texas Lottery agree, we'd like to keep them on board as your media buying agency.

We understand that as the primary Proposer, we are ultimately responsible for all scope of work outlined in this RFP including negotiation, placement, auditing of all media outlets, placement verification and added value media placements. We are collaborative and look forward to partnering with Asher Media to deliver these services to the Texas Lottery, should you award Integer your business.

7.8 MATERIALS AND SIGNAGE

The Integer Group has read, understands and will comply with all information and stipulations outlined in section 7.8.

As demonstrated in section 7.1, The Integer Group is a leading retail, promotions and shopper marketing agency. We are no stranger to the creative development and production of printed materials including (but not limited to) brochures, posters, signage, digital and traditional displays and other point-of-sale items.

This is the core of the business we do for AT&T, including collateral and POS for approximately 2,500 company-owned AT&T retail stores across the country and over 15,000 national (independent) dealer stores and major retailers such as Walmart, Best Buy, Radio Shack and Costco, to name a few. In addition to AT&T, we also develop work on behalf of their manufacturing partners (BlackBerry, Pantech, Nokia, Apple, Samsung, etc.) with a range of projects including packaging, offer messaging and promotional programs.

7.9 FILM AND PLACEMENT VERIFICATION STORAGE

The Integer Group has read, understands and will comply with all information and stipulations outlined in section 7.9. We will store all past and current film and placement verification associated with the Texas Lottery according to industry standards and will be responsible for transition of all materials to any new provider, if applicable.

7.10 GOODS AND EQUIPMENT

The Integer Group has read, understands and will comply with all information and stipulations outlined in section 7.10.

We understand that following completion of our services we will be responsible for transferring all physical or tangible goods and/or equipment created in connection with the services or works provide to the Texas Lottery which are incidental to such services or works (e.g. props, set dressings, promotional equipment, signage and related equipment). We follow similar requirements for many of our clients, especially from our experience with the Illinois and Iowa lotteries in particular.

7.11 PUBLIC SERVICE ANNOUNCEMENTS

The Integer Group has read, understands and will comply with all information and stipulations outlined in section 7.11.

We understand that we are responsible for developing print and/or broadcast public service announcements, securing placement for this communication with no expense to the Texas Lottery for the media buy and we will be responsible for including a detailed PSA run schedule in the quarterly post buy analysis.

The following is an example of a pro bono poster we did for Contact Crisis. The campaign included broadcast TV and radio in addition to print and collateral.

7.12 TRANSLATION SERVICES

The Integer Group has read, understands and will comply with all information and stipulations outlined in section 7.12.

As noted in section 7.1.1, we are recommending outsourcing the translation scope of services as outlined in this RFP. We use our in-house Hispanic agency and bilingual copyeditors/proofreaders for many of our Hispanic needs but will use our HUB partner for these services where possible. We handle six national promotions a year for AT&T and each campaign is dual-language. We are used to working with external partners for Chinese, French and other languages and ensure all work has not only been translated, edited and proofed but also reviewed for cultural correctness.

7.13 EXPERIENTIAL MARKETING – PROMOTIONAL EVENTS/ ACTIVITIES, SPONSORSHIPS AND SPECIAL EVENTS

The Integer Group has read, understands and will comply with all information and stipulations outlined in sections 7.13.

As noted in section 7.1.1, we have strong experience in the area of experiential marketing including promotional events/ activities, sponsorships and special events. We are prepared to help select, develop and contract in all of these areas as well as in the design of promotional giveaways and interactive and experiential activities. We have experience delivering scope similar to this for many of our clients including Borden USA, Slurpee, MillerCoors, BlackBerry and BancVue to name a few.

We will also provide recommendations on possible media sponsorships that we believe will help build the Texas Lottery brand while driving sales. If free tickets or other benefits are provided in relationship to a sponsorship, these will be fully disclosed and documented and we will not use them for Integer employees or clients.

We have deep experience in the development and execution of joint promotions. As a part of our 7-Eleven and Slurpee account, we execute monthly promotions with co-sponsors like Coke, Pepsi, Madden, Zynga, WWE, and various movies like Super 8, Terminator and Sherlock Holmes.

7-Eleven & Sherlock Holmes POP

7.14 EXPENDITURE APPROVAL

The Integer Group has read, understands and will comply with all information and stipulations outlined in section 7.14.

We will prepare written estimates for all expenditures and obtain prior written approval from the Texas Lottery before making any commitment on behalf of the Texas Lottery. Requests for approval of an expenditure will be provided a minimum of 5 working days prior to the start of production. We understand revisions to estimates must also be pre-approved with rationale for price differences, and cancelled estimates require a closed estimate for the Texas Lottery's approval.

For expenditures exceeding $5,000, we will obtain 3 competitive bids. This is already standard practice at Integer.

We know the Texas Lottery does all it can to support Texas and we will do our best to execute all production within the state. We fully support this!

7.15 BILLING/INVOICES

The Integer Group has read, understands and will comply with all information and stipulations outlined in section 7.15.

We will include approved estimates with invoices and all invoices upon completion of those services. Production and Media jobs will be closed ninety (90) days after completion. All invoices shall be provided with the required information, in duplicate form, every other Monday before the end of the fiscal year, no later than October 30. We understand any invoice without the required information will be disputed and any overpayment will be reimbursed. Should our contract be terminated, we understand all invoices must be received within 90 days.

7.16 SHIPPING/FREIGHT CHARGES

The Integer Group has read, understands and will comply with all information and stipulations outlined in section 7.16. We understand that we are expected to utilize the lowest-cost modes and carriers to safely transport shipments and ensure they arrive on time.

7.17 TRAVEL

The Integer Group has read, understands and will comply with all information and stipulations outlined in section 7.17. We understand that travel to and from Austin for meetings with the Texas Lottery is not billable but travel associated with TV and Radio production or event management must be pre-approved and will be reimbursed at Texas state per diem rates.

7.18 UNACCEPTABLE PRODUCTS

The Integer Group has read, understands and will comply with all information and stipulations outlined in section 7.18. We understand that Integer will be responsible for any material that is misprinted or produced in error or determined to be unacceptable by the Texas Lottery.

7.19 UNACCEPTABLE SERVICES

The Integer Group has read, understands and will comply with all information and stipulations outlined in section 7.19. We understand that Integer will be responsible for any cost incurred in conjunction with services deemed unacceptable due to failure to meet deadlines that warrant services unusable or rendered in a manner inconsistent with the services approved by the Texas Lottery.

7.20 MEETING WITH TLC VENDORS

The Integer Group has read, understands and will comply with all information and stipulations outlined in section 7.20. We understand that Integer must have pre-approval from the Texas Lottery before engaging in meetings or conference calls with Texas Lottery vendors.

7.21 OTHER ASSOCIATED SERVICES (OFFERED OPTION)

Offered Options are not identified in this RFP, but may be identified by the Proposer and included in the Proposal. This is an opportunity for Proposers to offer options the Texas Lottery may not have been aware of at the time this RFP was written. As an Offered Option, Proposers should describe in detail any other service(s) proposed to be provided to the Texas Lottery that are not specifically addressed in this RFP. The Proposer should include the cost or fee associated with an Offered Option, on a separate sheet to be included with the sealed cost proposal. The Proposer also should specify how those services would assist the Texas Lottery in achieving its objectives as outlined in this RFP.

The Integer Group does not have associated services to offer at this time. However, following receipt of a final scope of work we would welcome an opportunity to discuss additional services that Integer offers that may assist the Texas Lottery achieve their objectives.

7.22 AUSTIN OFFICE

The Integer Group has read, understands and will comply with all information and stipulations outlined in section 7.22. We will make our team available to attend meetings at Texas Lottery headquarters as required by the Texas Lottery. This team includes (but is not limited to) our Group Account Director, Account Director, Account Supervisor, Creative Directors, Strategic and Media Planners, Print/Broadcast/Digital Producers and representatives from our Hispanic and Media Buying HUB partners when appropriate.

8.1 CREATIVE ASSIGNMENT

The Assignment

An advertising campaign designed to increase awareness and trial of Holiday Scratch-Off products for both the general and ethnic markets. This includes considering and providing information in regard to how the campaign will execute successfully against the Texas Lottery's product and campaign goals.

The product goals for the holiday suite are: (1) Provide an appealing selection and variety of products for existing customers. (2) Encourage product trial for new or lapsed players. (3) Position the products as the perfect holiday gift. This campaign must compete in the cluttered holiday advertising space and resonate with consumers.

The creative response, at a minimum, should include:

(a) Advertising Strategy
A solid and comprehensive strategy should be developed that addresses the assignment and meets the marketing objectives. The strategy should reflect a thorough understanding of Texas, its demography, its history and its current status as a minority-majority state. The strategy shall be grounded in and substantiated by research. Proposers are encouraged to seek additional quantitative and qualitative research.

(b) Media Plan
The Media Plan should detail the media, GRP levels and flights utilized to reach the intended audience. Digital media and event promotion details shall be presented here.

(c) Budget
The Budget should include all production and media costs and shall not exceed $5 million.

(d) Creative
The campaign's creative should present original and engaging ideas that support the advertising strategy for general and ethnic markets. The creative response should include, at a minimum, one 30-second television spot, one 60-second radio spot, one outdoor billboard, and point-of-sale pieces. Additionally, the campaign should include a strong digital component to demonstrate strategic thinking and planning in the digital space (this may include approaches such as: Internet ads, viral marketing, microsites, social media, mobile marketing etc.) The final element of the campaign should be a related event or promotion. This event should complement the supporting campaign while encouraging product trial and fostering brand awareness. All creative should be in accordance with the Texas Lottery's mission, vision and core values and advertising sensitivity stipulations as described in this RFP.

8.1 CREATIVE ASSIGNMENT

Advertising Strategy

To develop the most effective means of achieving your goals of increased awareness and trial of holiday Scratch-Offs, we begin where we always do: Insight & Strategy.

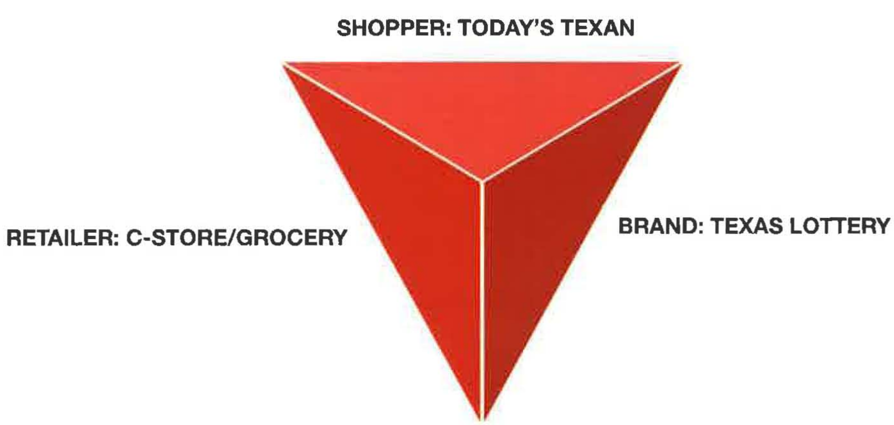
To develop that strategy we looked at your business using our 3-Lens Model.

We utilize this proprietary approach and integrate the three lenses — Brand/Shopper/Retailer — to construct advertising or any marketing programs.

We work to understand the objectives, obstacles and cultural relevance of the brand, in this case the **Texas Lottery brand**.

We also uncover the values, behaviors and cultural context of the shopper or consumer, in this case **Today's Texan**.

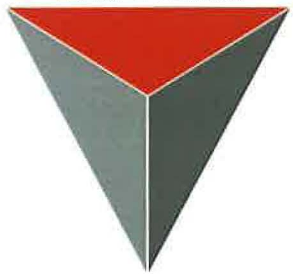
And we understand the business goals, constraints and shopping context of the retailer, in this case a primary focus on **Convenience Stores and Grocery**.



8.1 CREATIVE ASSIGNMENT

Advertising Strategy (continued)

Journey Through The Texas Lottery 3-Lens Model



To determine the **Today's Texan** portion of the 3-Lens Model and strategy, we set out to determine which of their relevant truths and behaviors we could best tap into to achieve our goals. And we did that in a manner that acknowledged that there is no one stereotype for Today's Texan.

We realize the extraordinary diversity of the state and the fact that we are now (and will continue to be even more so) a minority-majority population state. We also realize that as you look at the increasingly important Hispanic population that it, too, is quite diverse, drawing from and populated with people with broad geographical backgrounds. And that within the African-American community there are dramatic geographical concentrations and important community and cultural perspectives.

All of this is to say that we factored this into our research into Today's Texan and uncovered the relevant truths, behaviors, and opinions that could help us determine a powerful and effective strategy. We were looking for areas of commonality, of overlap that would allow us one strategy relevant for a mass-market campaign to Today's Texan.

Our first step in this research effort was to better understand the mindset of Today's Texan during the target period of this marketing effort, the holiday season. We did so by conducting deep secondary research across our complete and diverse audience, utilizing several of the best-in-class resources to which Integer subscribes. These included trend-tracking resources such as Iconoculture and Trendwatching as well as other studies and resources including Symphony IRI, Neilsen, Comscore, NRF, Pew and Deloitte.

In the course of this crucial secondary research we realized that for Today's Texan holiday giving and the giving of lottery tickets represented a significant opportunity for the Texas Lottery:

To begin with, holiday giving is a $470 billion industry.

Second, during the 2011 holiday season Today's Texan waited (more so than in previous years) until the last possible minute to finish their shopping in the hopes of saving money and better managing their holiday gift budgets.

8.1 CREATIVE ASSIGNMENT

Advertising Strategy (continued)

Journey Through The Texas Lottery 3-Lens Model

Combine these with the crucial fact we learned when looking through the second lens of our 3-lens model: **The Texas Retailer.** What we uncovered there was that Texas Lottery's two most important retail channels – c-stores and grocery stores – are favorite destinations for Texans preparing for holiday entertaining and purchasing last minute gifts and stocking stuffers.

And we just happen to know a great deal about these two retail channels specific to lottery purchases as a result of our previous experience with lottery clients. For instance, we know that c-store shoppers are in "mission-mode" rather than "shopping mode": they want to get in and get out quickly with their purchases. That means you don't have much time to get their attention for something like buying a lottery Scratch-Off. That said, we know that the one time you can and often do get their attention is as they wait in line at the cashier. That, we have discovered, is the ideal point to potentially persuade them to grab a ticket. And we know from a study we co-sponsored with the Nat'l Association of Convenience Stores that, because of this "mission-mode" mindset, displays and materials that are specifically designed to provide "simplicity and ease" will quantifiably sell more product than regular displays and fixturing.

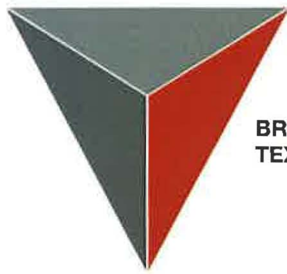
In grocery, lottery is even more of an impulse buy given regular lottery players' preference for convenience stores. However, there are more opportunities (relative to convenience stores) to capture people's attention in the grocery given the longer times spent there, the longer time with the cashier, and the mere physical size of your typical grocery store.

So, given Texans' preference for c-stores and grocery at the holidays and the fact that in Texas (as elsewhere) gift cards are the most frequently advertised and purchased gift during the holidays, it was clear that holiday giving – specifically holiday giving by these time and cash strapped holiday shoppers – is the truth and behavior about Today's Texan that, if properly leveraged in our communications, could provide the desired increase in brand awareness and trial.

8.1 CREATIVE ASSIGNMENT

Advertising Strategy (continued)

Journey Through The Texas Lottery 3-Lens Model



BRAND:
TEXAS LOTTERY

Finally, we address the third lens of our model: to make sure we operate within and reflect the current **Texas Lottery brand.**

To express what is the Texas Lottery brand, we looked at secondary research, the qualitative research mentioned above, at your strategic documents, and other communications work that you had done in the past.

What that told us is that if we created a word cloud for the Texas Lottery, this is what it would look like:

These words and how they are weighted (by the size of the type) above provide us a meaningful brand guide – or brand filter – as we move into developing creative work that reflects all three lenses of our 3-Lens model.

8.1 CREATIVE ASSIGNMENT

Advertising Strategy (continued)

Journey Through The Texas Lottery 3-Lens Model

Supplied with these insights and direction derived from looking through Today's Texan and C-store/Grocery lens, we conducted qualitative focus groups with members of this diverse community to better understand these attitudes and behaviors during the holiday gifting season, as well as their perceptions of the Texas Lottery during holiday season. We also provided some preliminary creative concepts in rough form to gauge their potential effectiveness (a discussion of the outcome of this is provided in "Evaluation of Campaign Effectiveness" below).

In these focus groups we uncovered four key truths about Today's Texans around holiday gifting and four key truths related to holiday Scratch-Offs:

Holiday Giving Truths

- Surprises – Texans love the thrill and delight of giving and receiving the unexpected and delightful. "I really try hard to find things that fit each person I am buying for. I really want everyone to be excited by my gifts. That is why it takes me so long to get all my shopping done."
- Genuine sense of giving – Today's Texan feels good about giving friends and family gifts and want to spread the good will out toward the people they come in contact with during their life. "I buy a bunch of gift-cards that I keep in my purse to give to people at work and other places. Often they are people I didn't think to buy a gift for but want to give them something at the time."
- Being on the list – Part of the excitement of the holidays is coming up with that special gift that has meaning for each person on your list.
- Hope and Helping – Holidays bring people together and give a greater sense of community.

Holiday Scratch-Offs Truths

- Optimism – Everyone starts with the hope that things will change for them when they play Scratch-Off games: "You buy these games because you have the chance to win in a way bigger than just a typical scratch-off card"
- Fun and Entertaining – Today's Texan enjoys the gaming aspect of the lottery and thrill of the scratch off: "Scratching is addictive. Part of what makes the lottery so fun is the anticipation of what is going to appear once you start scratching."
- Spontaneous – More so than Powerball or even the state lottery, Scratch-Offs are often an impulse purchase. As one focus group Texan said "I usually buy lottery tickets when I get $2 or $3 back in change at the convenience store."
- Feeling Lucky – One of the biggest impulses to play Scratch-Offs is the feeling that today could be that lucky day.

Armed with these truths about Today's Texans, we examined them to find where they might overlap and focus our strategy and messaging.

From this strategic overlap we identified 3 messaging platforms that fit within the 4 holiday gifting truths and the 4 truths around the Holiday Scratch-Offs.

1. Bigger than a gift – The idea that when you give someone Scratch-Offs for the holiday, you are giving much more than a gift. You are giving a game and a chance for change.

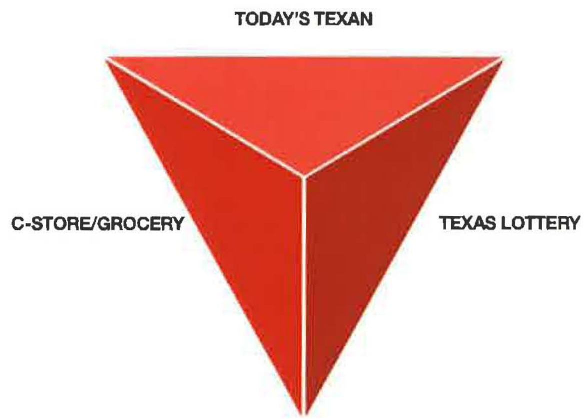
2. Anything can happen – Similar to the anticipation that happens as you open a gift with no clue as to what's inside, the same can be true when gifting Scratch-Offs with the possibility of a winning ticket.

3. The joy of giving – It's not just about the satisfaction that comes from giving to your loved one but the possibility of giving them so much more than a normal gift.

8.1 CREATIVE ASSIGNMENT

Advertising Strategy (continued)

Journey Through The Texas Lottery 3-Lens Model



So, from our journey through the Texas Lottery 3-Lens model we have uncovered three messaging platforms and the key Texas Lottery brand characteristics that each of these three platforms needs to operate within and reflect:

The next step is to capture the three platforms in creative work that reflects the spirit and tone of The Texas Lottery brand, therefore summing up and concluding our journey through The Texas Lottery 3-Lens Model.

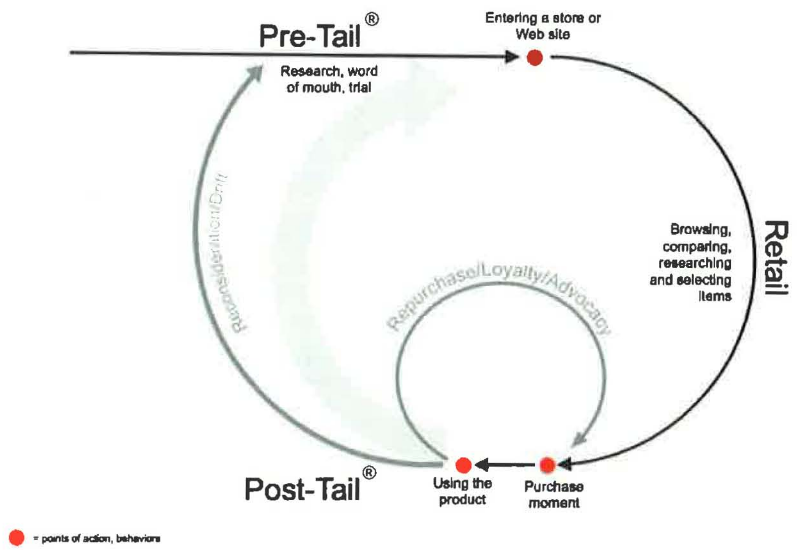
8.1 CREATIVE ASSIGNMENT

Media Strategy

Living at the intersection of branding and selling® means that every media touch point must play a specific role to result in the best mix.

We add focus to our media strategy by applying The Shopper Continuum®. Each shopper moves through a host of decisive moments: researching, socializing decisions, browsing, comparing, selecting...finally purchasing, evangelizing, and ultimately repurchasing. As such, the continuum lets us track how people transition from consumer to shopper to buyer – and back again.

Many agencies and marketers rely on a traditional funnel model, which assumes people travel through retail decisions in a linear way. But, contemporary research has shown that shopper motivation is not always linear – or even logical. Depending on the product, brand, shopper style, life needs, and retail environment, the resulting path can be as changeable as people themselves, as they bounce through the cycle, driven by factors occurring before, during and after purchase.



In addition to understanding the role of each medium in the continuum, we must also understand the contextual relevance. The media plan for the Scratch-Off holiday campaign must echo the playful tonality of the creative message. It is also important to note that media selections do not have to live in just one area on the continuum, as our audience is digitally fueled and moves dynamically, not merely in a linear path.

Acquiring new players (younger skew) is as important as not alienating heavy players, typically older Texans. The media mix must deliver to both ends of the age spectrum when, where and how they want to receive the message. For instance, acquiring new players will require a digitally fueled plan while TV serves as a reminder to pick up Scratch-Offs for experienced players. Overall, a buying audience of 18-49 is recommended.

Holiday Giving Truths: Surprise, genuine, being on the list, hope & helping
+
Holiday Scratch-Off Truths: Optimism, fun, entertaining, spontaneous, lucky
=
Media strategy:
- Get on the list
- Surprise and delight
- Stay on the list

8.1 CREATIVE ASSIGNMENT

Media Strategy (continued)

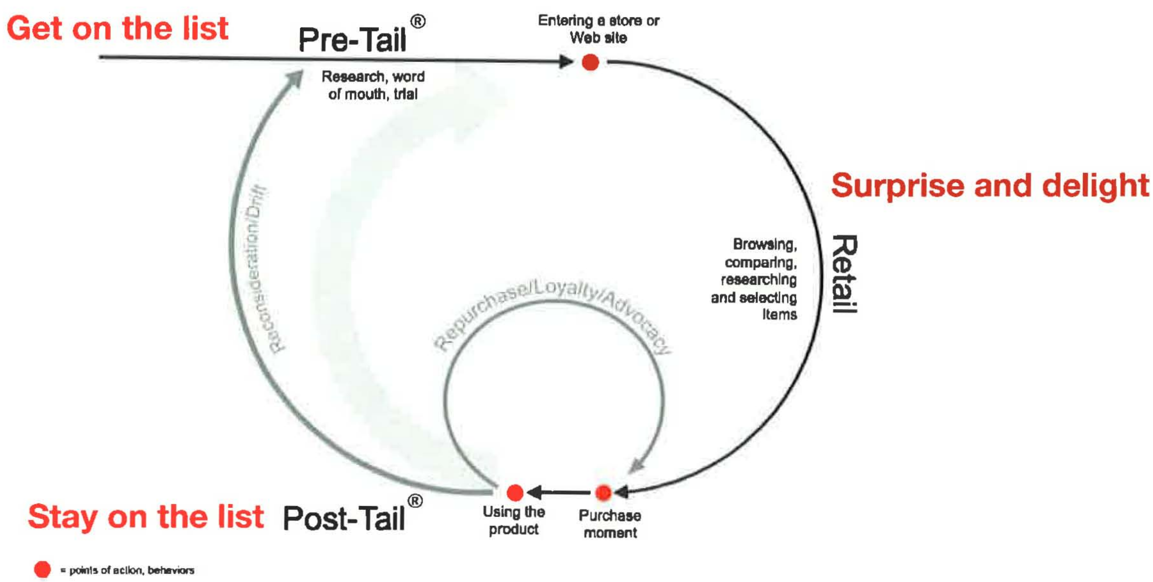
Pre-Tail to Retail – Get on the list:
Utilize a mixture of awareness media to create excitement, intrigue and push to purchase.

TV, OOH, Radio, Digital, Print

Pre-Tail to Retail – Surprise and delight:
Create events in key markets by bringing selling trailers to relevant gift buying areas. Partner with radio stations to bring the spirit of gift giving to life in retail. Utilize social media to fuel and spread interest via mobile check-ins.

Overlay our awareness media with strong retail presence, especially in convenience stores to move from consideration to encourage product trial, per your objectives. Based on experience from the Illinois Lottery, we know that time at the counter/checkout is the biggest opportunity as C-store goers are mission shoppers. Counter cards and point-of-sale items are key to the communication strategy. Overlay GTECH retail efforts to maximize this opportunity including the digital kiosks. Additionally, driving consumers from the gas pumps into the store is beneficial to both the Lottery and the retailer.

Retail to Post-Tail – Stay on the list:
Retain incremental/lapsed/light holiday purchasers by continuing the conversation via social and mobile to create advocates and repeat behavior.



Media Refinement
- Creative Alignment
  - Based on the final creative, the media plan would be customized to bring the message to life in the most appropriate places.
- Market Mix
  - Analysis of the markets would lead to the distribution of funds to maximize ROI. While providing coverage to the entire state is important, recommend optimizing for increased ROI. Contributing factors may include sales contribution, media costs, market nuances, ethnic composition, online vs. instant games preference and GTECH retailer partnerships.
- Ongoing Optimization
  - Media plans today must be fluid in nature to allow for continual optimization. All elements will be monitored; however, the digital piece including mobile and social will be continually measured and adjusted based on third-party tracking/reporting and social sentiment. All of this reporting would be monitored via a "Dashboard" as described in "Evaluation of Campaign Effectiveness."

8.1 CREATIVE ASSIGNMENT

Media Plan

Based on our Media Strategy, we are recommending the following media plan for the Holiday Scratch-Off campaign.

A18-49		Description	November				December					Net Total $
			29	5	12	19	26	3	10	17	24	
Get on the List		**Pre-tail elements for awareness and consideration**										
TV	Core Buy :30/:15	Weekly GRPs by Market Grouping			50-100 / week			50-100 / week				$ 1,500,000
	Hispanic :30s	Weekly GRPs by Market Grouping			30 / week			30 / week				$ 100,000
Radio	Core Buy :60	Weekly GRPs by Market Grouping			50-100 / week			50-100 / week				$ 350,000
	Hispanic :60	Weekly GRPs by Market Grouping			30 / week			30 / week				$ 50,000
Traffic Radio		Drive time - Purchase Reminder		20 / week								$ 60,000
OOH		Custom Market Mix		25 Showing				25 Showing				$ 600,000
Print	FP4C	Gift guides										$ 50,000
Digital/Mobile		Gifting Relevance	Geo Target -- Portals, Networks = Contextual/Behavioral Targeting, Lifestyle Sites, Local Sites Overlay in Key Markets									$ 500,000
Social		Holiday Facebook, Posting	Content Development and Posting									$ -
Surprise and Delight		**Retail elements including selIng events**										
Events/Stunt		Malls, Community Events					Creative specific alignment					$ 400,000
Remotes/Added Value		C-Stores/Station Events					Added Value Heavy Up Window					$ 40,000
At retail		C-store elements					Traffic/Purchase Drivers (Gas Pump, Clings)					$ 340,000
GTECH at Retail		Core elements					Retailer Programs					$ -
POS		Retailer Education	Holiday scratch-off kit for retailer									$ -
Mobile		Checkins/text programs	Social content fuel from events, Text to win programs									$ 100,000
Social		Event sharing, photos, posting	Content Development and Posting									$ -
Stay on the List		**Post-tail elements to continue conversation and repeat purchases**										
Social		Postings, Games	Content Development and Posting									$ -
Digital		Loyalty development	Email/CRM program									$ 50,000
Mobile		Text follow up	Continue text conversation									$ 10,000
Media Total												$ 4,150,000
Production Total												$ 850,000
GRAND TOTAL												**$ 5,000,000**

All media costs are non-negotiated for directional purposes. Market conditions at time of purchase, market groupings and appropriate ethnic overlay impact costs. estimates.

8.1 CREATIVE ASSIGNMENT

Budget

We are recommending the following split between production and media investment to support the Holiday Scratch-Off campaign.

$4,150,000	Media Investment
$ 850,000	Production Costs
$5,000,000	Total Budget

8.1 CREATIVE ASSIGNMENT

Concept 1: Happy Scratching
It's a simple truth that playing Scratch-Off games makes people happy. No matter what happens, it's the fun of playing the game that makes them such an incredible gift. Winning is just a really amazing bonus.

Concept 1: Happy Scratching

Pre-Tail

"HAPPY SCRATCHING" :30 TV

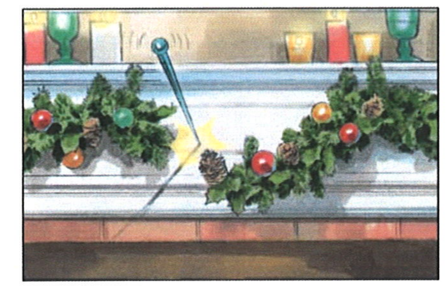
When you give Texas Lottery Scratch-offs this holiday season, great things can happen. This spot shows how scratch-off tickets make great gifts due to the pure joy of playing.

Open on a woman in a living room with her family during a holiday party...

...she scratches her ticket, wins...

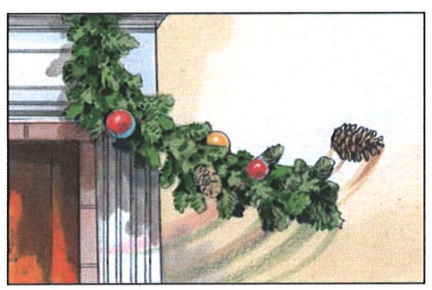
...and jumps up, screaming loudly in joy. Her grandmother is knitting a stocking behind her, is startled...

...and flings her crocheting needle across the room.

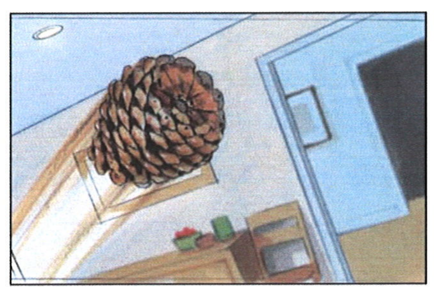


The crocheting needle cuts down a garland...

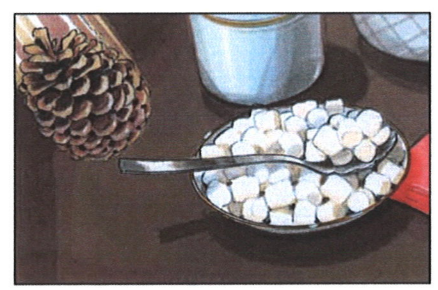
0 - - - 5 - - - 10



...which swings down...

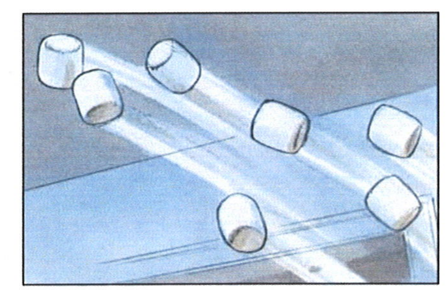


...flinging a pinecone across the room.



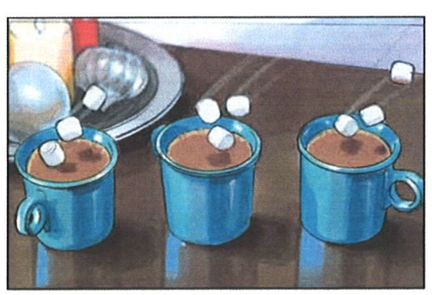
The pinecone hits a spoon that's in a bowl of marshmallows...

...flinging the marshmallows out...



...they fly across the room...

12 - - - 14 - - - 16



...and land perfectly in everyone's hot chocolate.

The family watches this happen with no emotion, then turn and look at each other...

...and begin cheering for the winning scratch-off ticket, not for the sensational chain reaction that just occurred.

VO: *"Happy Scratching."*

VO: *"Give more joy this season with scratch-off tickets from the Texas Lottery."*
Art Card: Texas Lottery Logo

18 - - - 22 - - - 25 - - - 30

8.1 CREATIVE ASSIGNMENT

Concept 1: Happy Scratching

Pre-Tail

Radio
When you give Texas Lottery Scratch-Offs this holiday, great things can happen. This :60 radio features some unexpected surprises caused by giving the gift of lottery.

HUSB: "Hey honey, I got you a holiday Scratch-Off ticket."

WIFE: "Oh nice. I'm going to scratch it right now."

HUSB: "Sure. Go ahead."

SFX: SCRATCHING

WIFE: "Oh wow."

HUSB: "What?"

SFX: FURIOUS SCRATCHING

WIFE: "I think I won!"

"I did! I won! I won!"

"Ahhhhhhhhhh!!!!!!!!" *(Screams incredibly loud)*

HUSB: You won? YES!

WIFE: "Ahhhhhhhhhh!!!!!!!!" *(Continues screaming)*

SFX: CRASH OF A VASE

HUSB: Oh no, your scream broke our vase!

WIFE: "Ahhhhhhhhhh!!!!!!!!" *(Continues screaming)*

HUSB: But wait! There's my wedding ring. It must have been in the vase. We've been looking for this for months!

WIFE: "Wooooooooooo!!!!!!!!" *(Continues screaming)*

SFX: DOG BARKS, DOGGIE DOOR OPENS

HUSB: "Puddles! Our lost dog came back! Your cheers must have guided her home!"

WIFE: "Yaaaaaaaaayyyyy!!!!!!!!" *(Continues screaming until announcer cuts in)*

ANNCR: "Great things can happen this holiday when you give Scratch-Off tickets from the Texas Lottery. Happy scratching.

LEGAL: Please play responsibly. For detailed game odds and information, visit txlottery.org. Or call 1-800-37LOTTO. Must be 18 or older to purchase a ticket. The Texas Lottery supports Texas education.

8.1 CREATIVE ASSIGNMENT

Concept 1: Happy Scratching

Pre-Tail

Out of Home – Billboard
Billboards instantly remind people how happy a Scratch-Off can make others around the holidays.

8.1 CREATIVE ASSIGNMENT

Concept 1: Happy Scratching

Pre-Tail

Out of Home – Bus Shelter
Ads placed in bus shelters showcase holiday games and encourage customers to make a purchase through a very merry call-to-action.

8.1 CREATIVE ASSIGNMENT

Concept 1: Happy Scratching

Pre-Tail

Out of Home – Stunt
Projectors at street level let pedestrians do the advertising by giving them a fun way to project themselves on the sides of buildings and make their happy smiles larger than life.

8.1 CREATIVE ASSIGNMENT

Concept 1: Happy Scratching

Pre-Tail

Event/Promotion – Photo Booth
Photo booths placed in areas of high foot traffic give prospective players a fun way to take photos with their friends and purchase lottery tickets at the same time. Photos can be printed or shared on Facebook instantly.

8.1 CREATIVE ASSIGNMENT

Concept 1: Happy Scratching

Pre-Tail

Retail

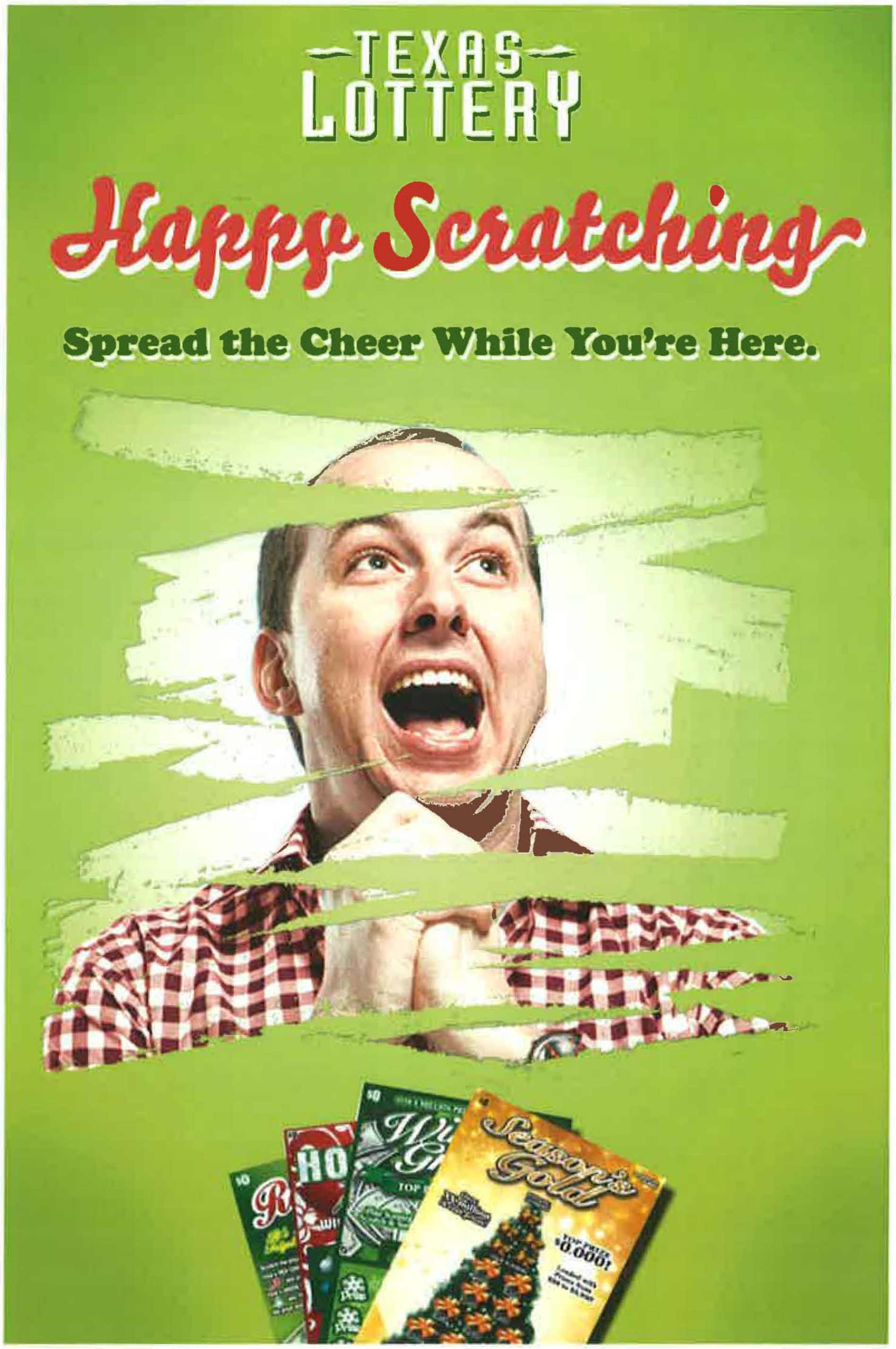
Store – Pump Topper
Signage at the gas pump reinforces the "Happy Scratching" gift-giving message and encourages customers to go inside the retailer and pick up a lottery ticket today.

8.1 CREATIVE ASSIGNMENT

Concept 1: Happy Scratching

Retail

Store – Window Touch Point
Window posters reinforce the "Happy Scratching" gift-giving message by reminding customers how happy a Scratch-Off can make people.



8.1 CREATIVE ASSIGNMENT

Concept 1: Happy Scratching

Retail

Store – Window Touch Point
Window posters reinforce the "Happy Scratching" gift-giving message by reminding customers how happy a Scratch-Off can make people.

8.1 CREATIVE ASSIGNMENT

Concept 1: Happy Scratching

Retail

Store – Register Touch Point
Very merry signage at the register showcases holiday games and encourages customers to make a purchase through a very merry call-to-action.

8.1 CREATIVE ASSIGNMENT

Pre-Tail

Post-Tail

Concept 1: Happy Scratching

Web Banner
Online ads give website visitors a fun way to test their happy scratching skills. Next they are driven to the Texas Lottery website where they can learn more about all the holiday games.

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8.1 CREATIVE ASSIGNMENT

Concept 1: Happy Scratching

Post-Tail

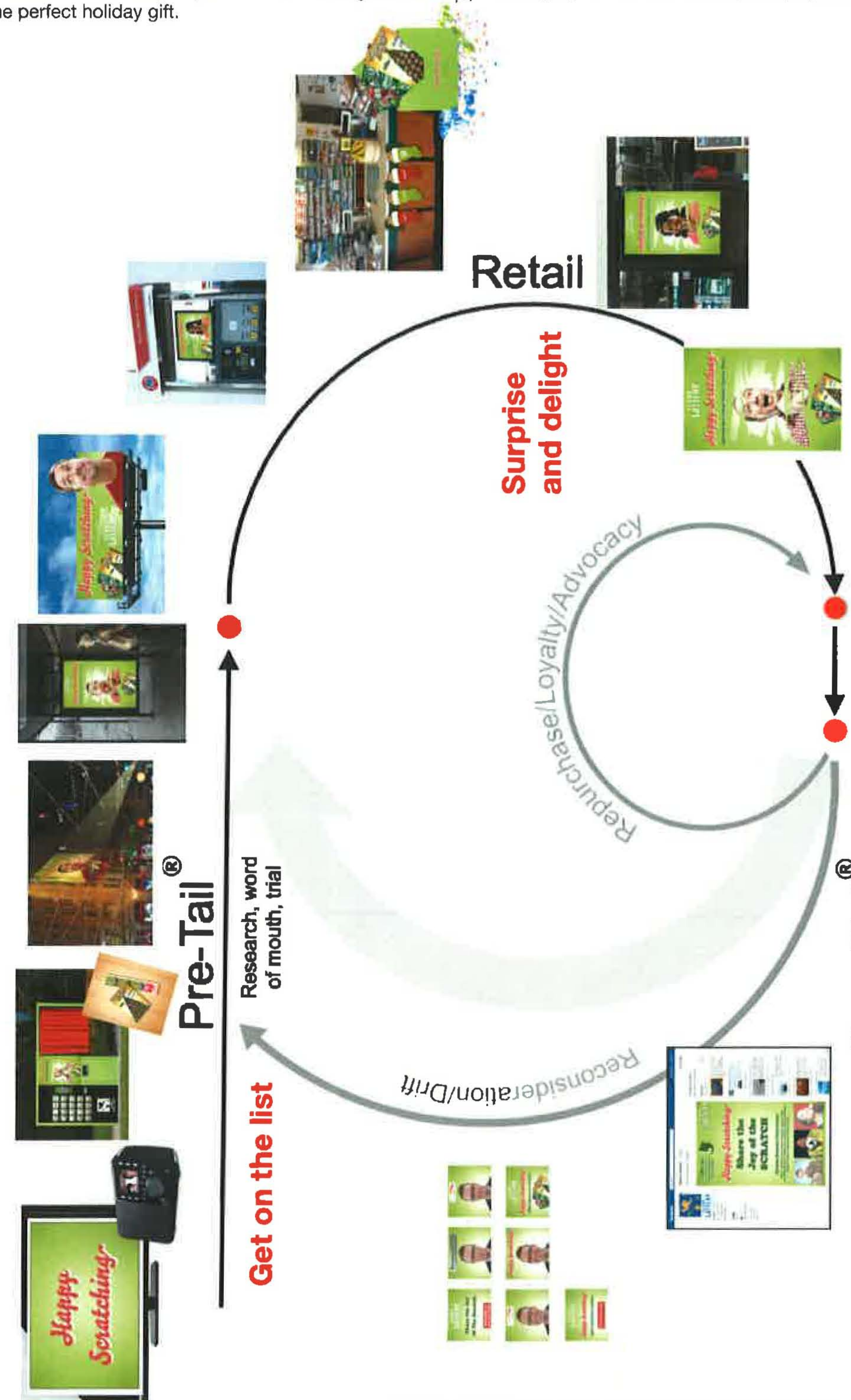
Facebook App

Texas Lottery's Facebook page has a Winning Moments app that gives visitors a way to upload their happiest reaction videos for a chance to win a special mystery prize.

8.1 CREATIVE ASSIGNMENT

Concept 1: Happy Scratching

The following is a summary of the Happy Scratching concept against The Shopper Continuum® to demonstrate how we are providing an appealing selection and variety of products for existing customers, encouraging trial for new and lapsed players and positioning the products as the perfect holiday gift.



8.1 CREATIVE ASSIGNMENT

Concept 2: Wishing You Luck
There's one thing that no one ever seems to have enough of: Good Luck. It's always welcome. Always fits perfectly. Never goes out of style. And you can never have too much of it. Ever. So this holiday, give the gift that everyone can use. Give the gift of luck.

8.1 CREATIVE ASSIGNMENT

Concept 2: Wishing You Luck

Pre-Tail

Radio
:60 radio with donut for announcer and legal at the end.
We'll take a traditional holiday song and rock it up by having a Texas indie band cover it. So we'll have a really cool rendition of Jingle Bells, Sleigh Ride, Deck the Halls, etc. Of course, we'll let them put their own unique spin on it to capture real Texas uniqueness.
At the chorus, we'll break into fun uplifting wishes of good luck from the band members themselves.

MUSIC: WE'LL TAKE A TRADITIONAL HOLIDAY SONG AND ROCK IT UP BY HAVING A TEXAS INDIE BAND COVER IT. SO WE'LL HAVE A REALLY COOL RENDITION OF JINGLE BELLS, SLEIGH RIDE, DECK THE HALLS, ETC. OF COURSE, WE'LL LET THEM PUT THEIR OWN SPIN ON IT TO TRULY CAPTURE THE UNIQUENESS OF A TEXAS HOLIDAY.

ANNCR: *And now a little holiday inspiration from The Texas Lottery.*

SING: *Deck the halls with boughs of holly*
Falalala...lalalala

'Tis the season to be jolly
Falalala...lalalala

Don we now our lucky apparel
Falalala...lalalala

Toll the ancient Yuletide carol
Falalala...lalalala

ANNCR: *There're few things no one ever seems to have enough of: luck, hope and good wishes. So share them freely this holiday. Give everyone on your list the gift of luck and hope with Scratch-Offs from The Texas Lottery. You could be their lucky charm!*

SING: *Falalala...lalalala......(Music continues under as we hear shout-outs from the band members)*

SHOUT-OUTS FROM BAND:
Good luck, everybody!
Hope it's a great one!

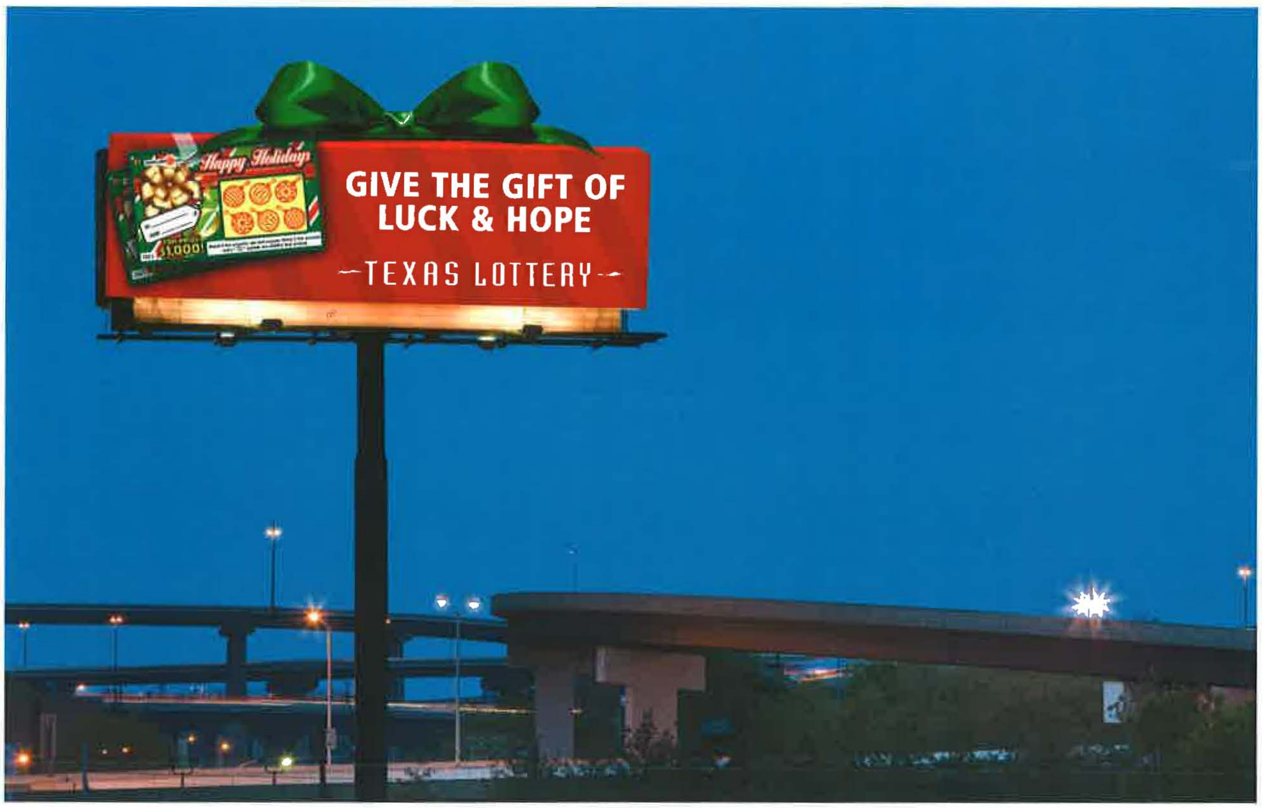
LEGAL: *Please play responsibly. For detailed game odds and information, visit txlottery.org. Or call 1-800-37LOTTO. Must be 18 or older to purchase a ticket. The Texas Lottery supports Texas education.*

8.1 CREATIVE ASSIGNMENT

Concept 2: Wishing You Luck

Pre-Tail

Out Of Home – Billboard
Billboards will remind everyone to give the gift of luck and hope – in Texas Lottery Scratch-Offs.



8.1 CREATIVE ASSIGNMENT

Concept 2: Wishing You Luck

Pre-Tail

Out Of Home – Bus Shelter
Ads placed in bus shelters encourage Texans to put holiday Scratch-Offs on their shopping list so they can give the gift of luck and hope this holiday season.

8.1 CREATIVE ASSIGNMENT

Concept 2: Wishing You Luck

Pre-Tail

Out Of Home Guerrilla Tactics – Pop-up concerts
A Texas Lottery branded backdrop could pop up anywhere (think tree lighting ceremonies, lunch time at office parks, college campuses etc.) and feature an impromptu concert featuring a Texas indie band singing their twist on holiday songs and wishing the world luck, hope and joy. A Texas Lottery team will also be on hand to sell Scratch-Offs in gift boxes to give to loved ones and friends and for those last-minute stocking stuffers.

8.1 CREATIVE ASSIGNMENT

Concept 2: Wishing You Luck

Pre-Tail

Out Of Home – Mobile Unit
A Texas Lottery branded mobile unit travels to various public locations (e.g., shopping centers, malls, events, etc.). A Texas Lottery team will be on-site to wrap gifts and help deliver the gift of joy and luck by adding a lottery ticket to every present.

8.1 CREATIVE ASSIGNMENT

Concept 2: Wishing You Luck

Pre-Tail

Retail

Store – Pump Topper
Signage outside at the gas pump will remind customers to give the gift of luck and hope in Texas Lottery Scratch-Offs.

8.1 CREATIVE ASSIGNMENT

Retail

Concept 2: Wishing You Luck

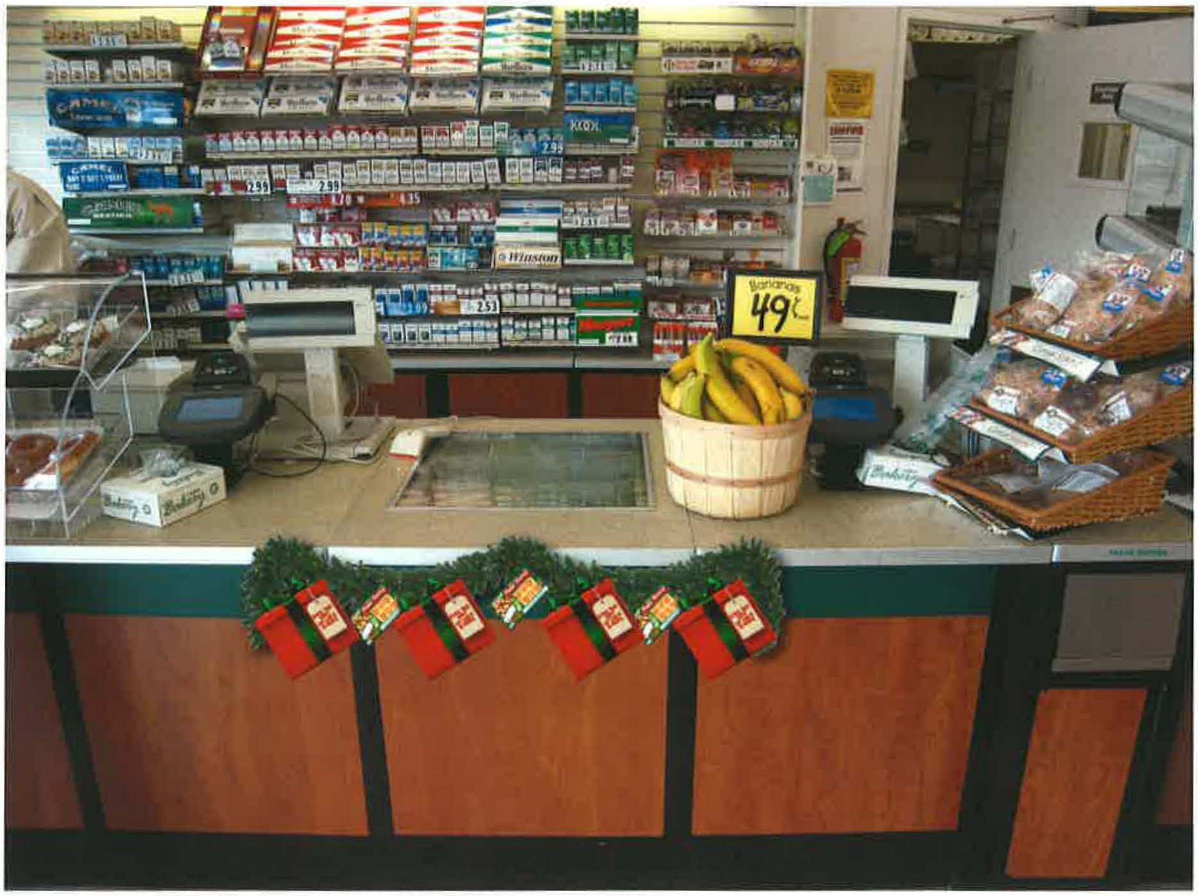
Store – Window Touch Point
Window posters will remind customers to give the gift of luck and hope with Texas Lottery Scratch-Offs.

8.1 CREATIVE ASSIGNMENT

Retail

Concept 2: Wishing You Luck

Store – Register Touch Point
Garland at the register will remind customers to give the gift of luck and hope – in Texas Lottery Scratch-Offs. Also displaying beautiful little gift boxes to deliver them in.



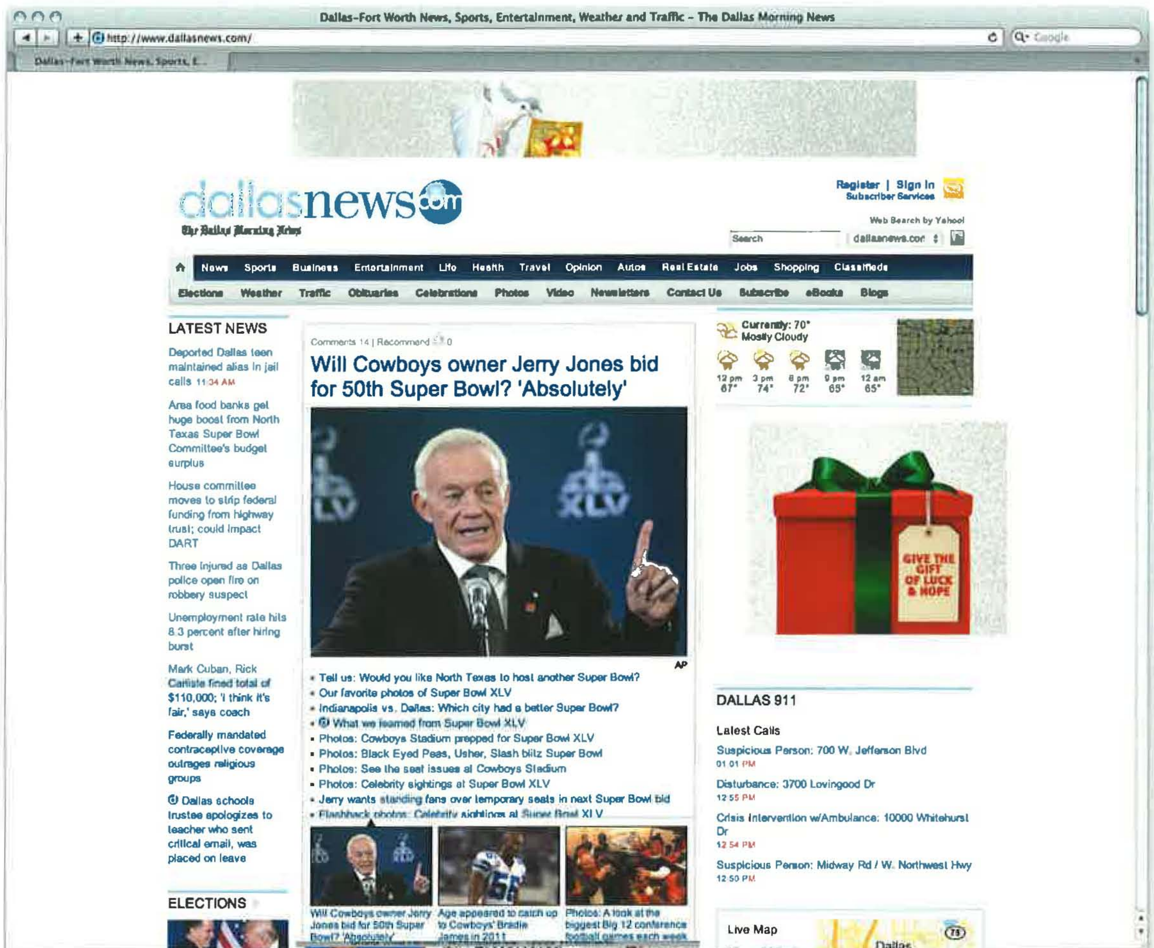
8.1 CREATIVE ASSIGNMENT

Pre-Tail

Post-Tail

Concept 2: Wishing You Luck

Web Banners
Online ads will give website visitors festive reminders to give the gift of luck, joy and hope through Texas Lottery Scratch-Offs.



8.1 CREATIVE ASSIGNMENT

Concept 2: Wishing You Luck

Pre-Tail

Post-Tail

Web Banners
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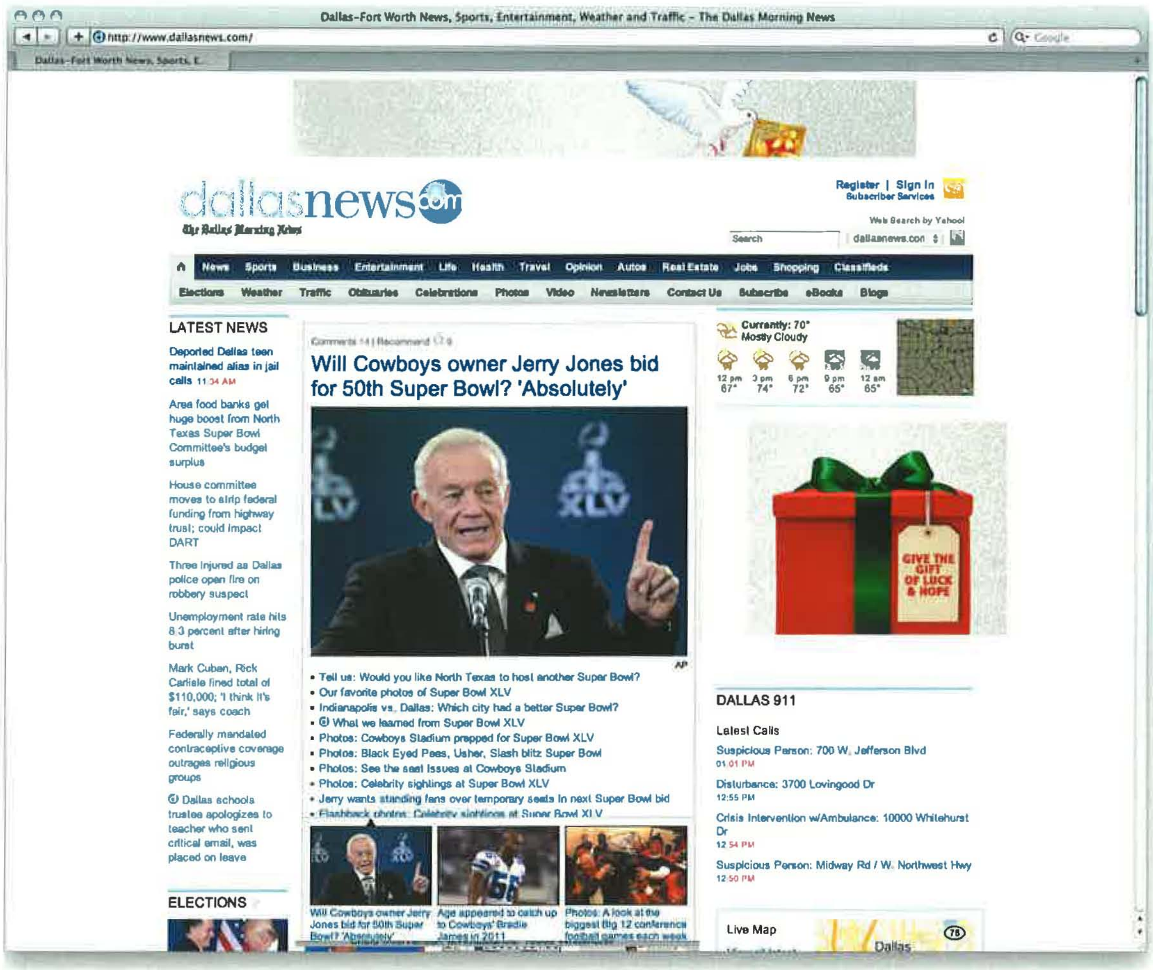

8.1 CREATIVE ASSIGNMENT

Pre-Tail

Post-Tail

Concept 2: Wishing You Luck

Web Banners
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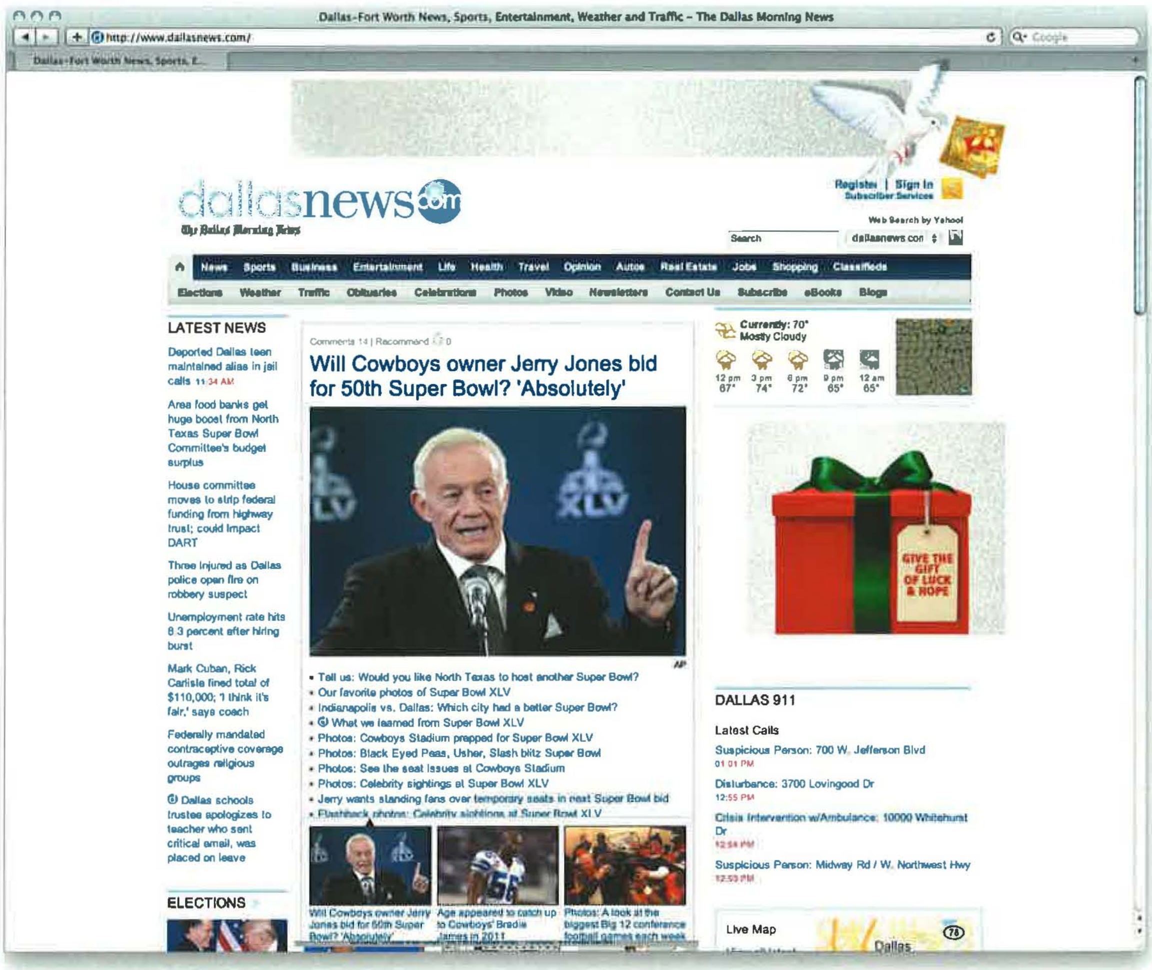

8.1 CREATIVE ASSIGNMENT

Concept 2: Wishing You Luck

Pre-Tail

Post-Tail

Web Banners
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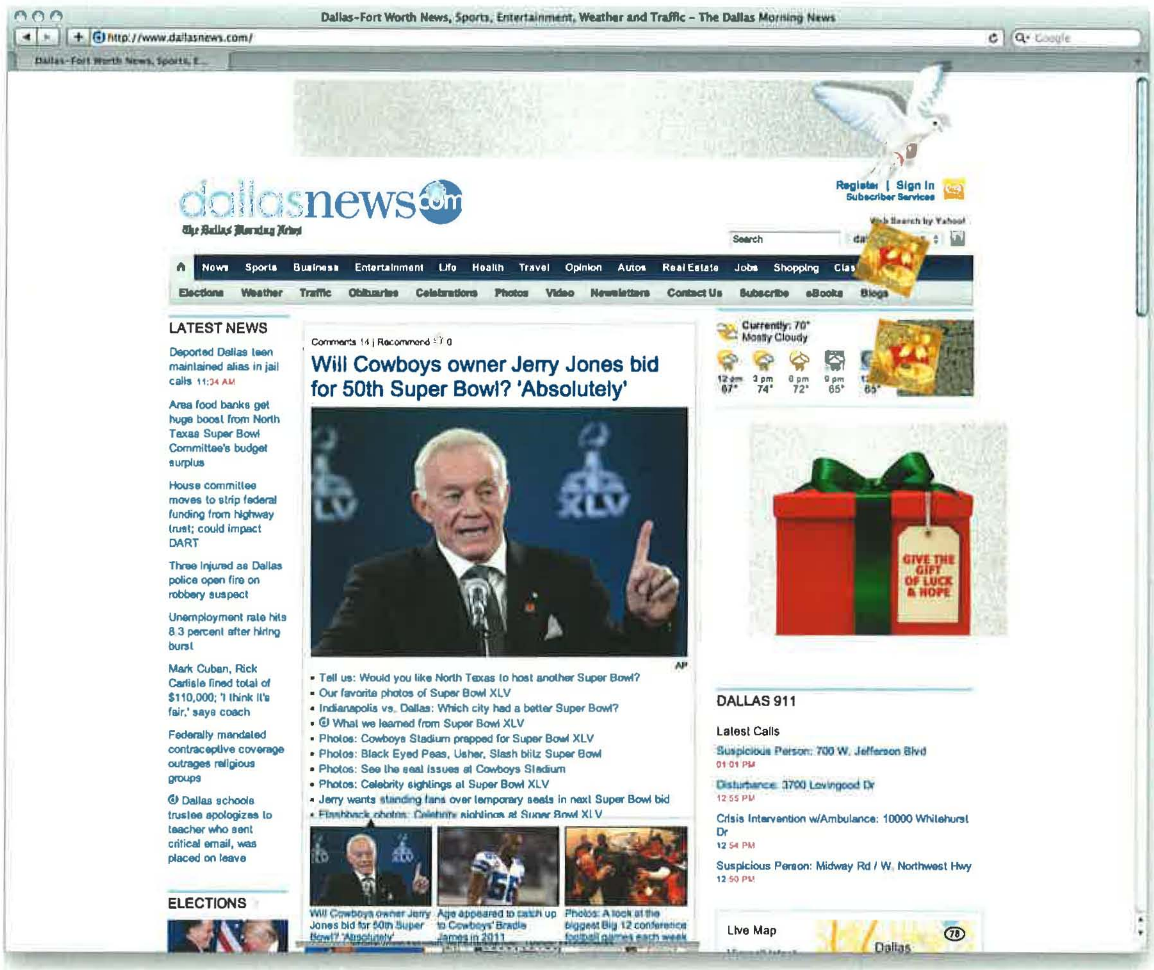


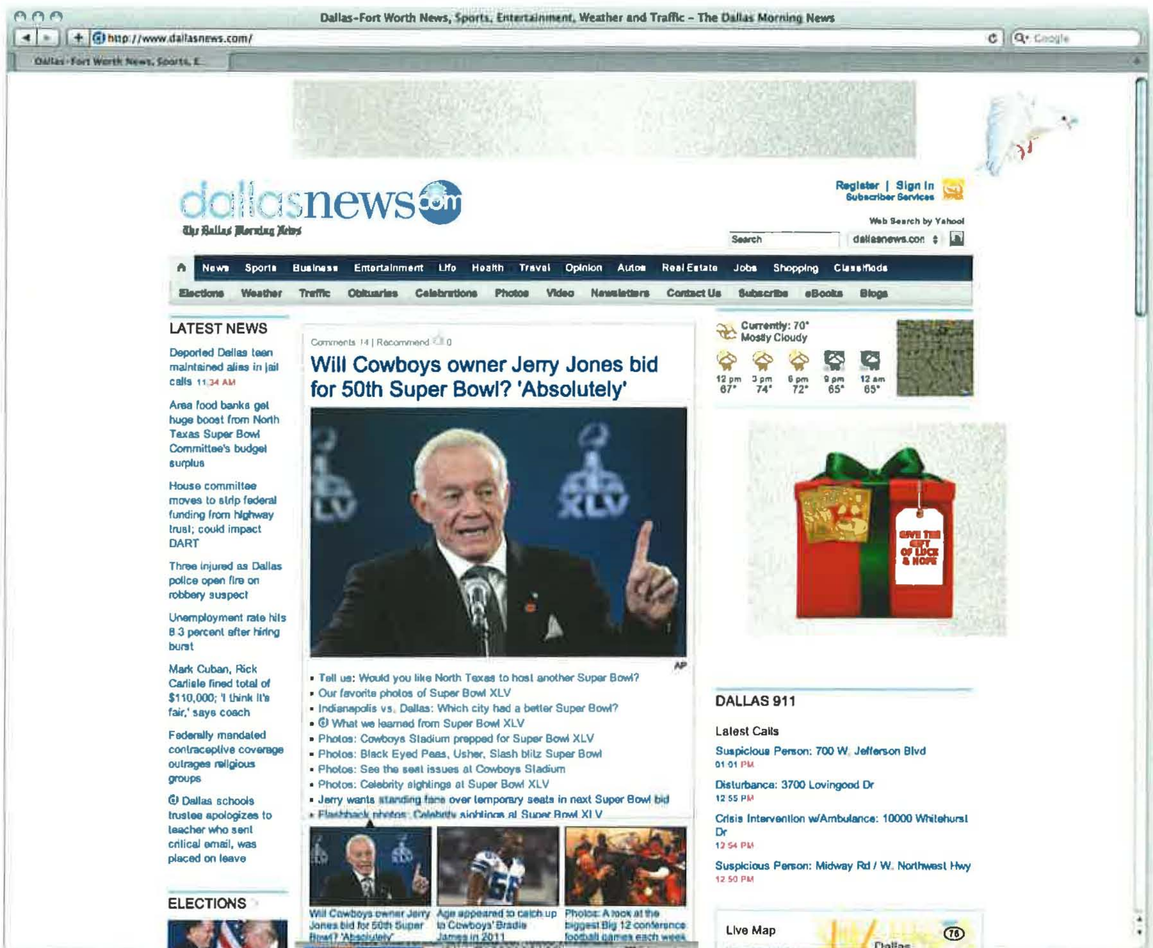
8.1 CREATIVE ASSIGNMENT

Concept 2: Wishing You Luck

Pre-Tail

Post-Tail

Web Banners
Online ads will give website visitors festive reminders to give the gift of luck, joy and hope through Texas Lottery Scratch-Offs.



8.1 CREATIVE ASSIGNMENT

Concept 2: Wishing You Luck

Pre-Tail

Post-Tail

Web Banners
Online ads will give website visitors festive reminders to give the gift of luck, joy and hope through Texas Lottery Scratch-Offs.

8.1 CREATIVE ASSIGNMENT

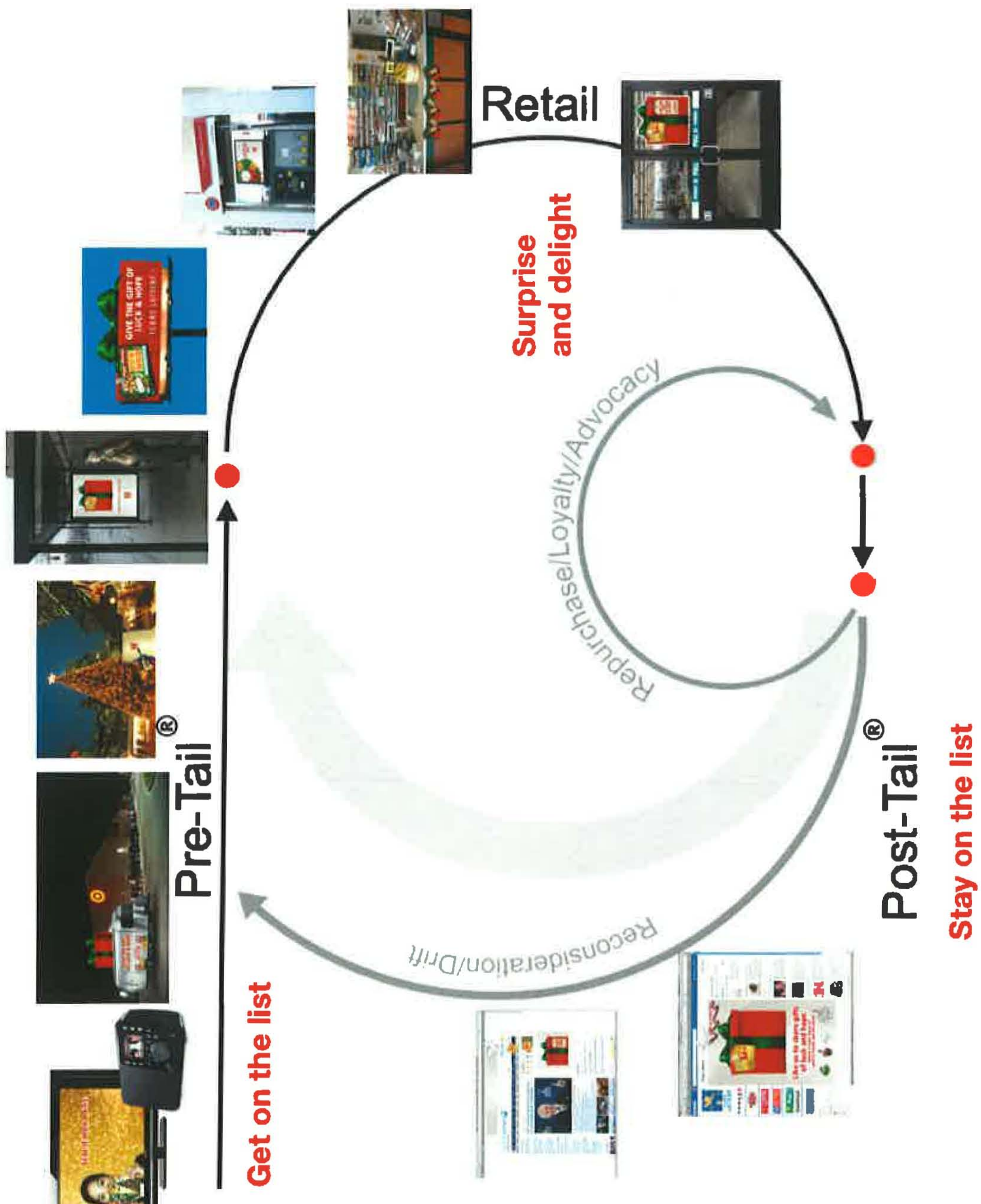
Concept 2: Wishing You Luck

Post-Tail

Facebook App
Texas Lottery's Facebook page has a "Share Luck, Hope and Joy with the World" app that gives visitors a way to upload lucky charms and send to all their friends.

8.1 CREATIVE ASSIGNMENT

Concept 2: Wishing You Luck
The following is a summary of the Wishing You Luck concept against The Shopper Continuum® to demonstrate how we are providing an appealing selection and variety of products for existing customers, encouraging trial for new and lapsed players and positioning the products as the perfect holiday gift.



8.1 CREATIVE ASSIGNMENT

Concept 3: The Ungiftables
The Ungiftables. Everybody knows one. There's the father-in-law who has everything. The wife who returns everything. The last-minute guest. The friend you haven't seen since college. The list goes on and on. But what's the one gift everyone loves? Texas Lottery Scratch-Offs. They're the perfect gift for everyone on your list.

8.1 CREATIVE ASSIGNMENT

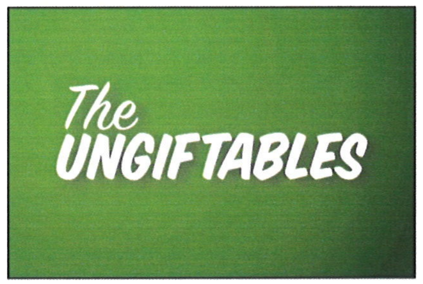
Concept 3: The Ungiftables

Pre-Tail

"The Ungiftables" :30 TV

The Ungiftables. Everybody knows one. There's the father-in-law who has everything. The wife who returns everything. The last-minute guest. The friend you haven't seen since college. The list goes on and on. But what's the one gift everyone loves? Texas Lottery Scratch-offs. They're the perfect gift for everyone on your list.

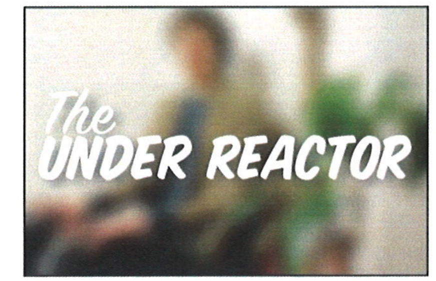
VO: *The Texas Lottery brings you:*



VO:*The Ungiftables.*

VO: *There's The New Boyfriend,*

MIDDLE-AGED WOMAN IS INTRODUCING HER MUCH YOUNGER BOYFRIEND TO HER GROWN CHILDREN FOR THE FIRST TIME. *"Kids, this is Billy. We're getting married!"*



VO: *The Under Reactor,*

0 ---------- 5 ---------- 10

OBVIOUS COMIC BOOK FAN OPENS VINTAGE COMIC. GUY SAYS QUIETLY AND MONOTONE, *"Oh, issue #1? Very neat."*

VO: *The Last-Minute Guest*

FAMILY GATHERED FOR HOLIDAY DINNER AT HOME. PAN PAST THEM OVER TO THE KIDS TABLE WHERE THE LAST-MINUTE GUEST IS SITTING.

VO: *And The Returner.*

MAN, HOLDING TEAPOT, SAYS EXCITEDLY TO GIFT GIVER. *"A teapot! And a gift receipt!"*

12 ---------- 14 ---------- 16

VO: *So this holiday, give scratch-off tickets from The Texas Lottery.*

VO: *They're a great gift for everyone. Even those guys.*

[MONTAGE OF AFOREMENTIONED PEOPLE SCRATCHING LOTTERY TICKETS AND THEIR EXCITEMENT]

Art Card: Texas Lottery Logo

22 ---------- 25 ---------- 30

8.1 CREATIVE ASSIGNMENT

Concept 3: The Ungiftables

Pre-Tail

Radio
This :60 radio spot features "The Ungiftables." Everyone knows one. They're the folks that you just can't win with when it comes to gift giving. Until now. Thanks to Texas Lottery Scratch-Offs, you've got the perfect gift for everyone on your list.

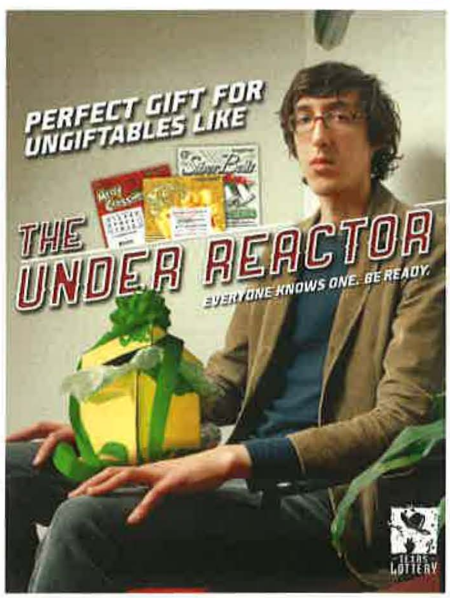
MUSIC:	UPBEAT, SPRINKLED WITH HOLIDAY; UNDERNEATH AND THROUGHOUT.
ANNCR:	*This holiday, the Texas Lottery brings you: The Ungiftables. Everyone knows one. There's the "Has Everything."*
MAN:	(very polite) *Thanks, honey! Another cordless drill. I haven't gotten one of these since...Father's Day.*
ANNCR:	*And there's "The Chronic Giver."*
WOMAN:	*I know you said not to get you anything, but...*
ANNCR:	*And don't forget about "The In-Between Sizes Guy."*
MAN:	*I'll just have it taken in here. And let out there. And maybe I'll grow into it here. But great shirt!*
ANNCR:	*So grab a stack of Scratch-Offs. Slide 'em in their stockings or stick a bow on top.* *Just have 'em on hand – because you never know when you might reconnect with that "Long-Lost Roommate"...*
	Rustling of a gift being opened.
GAL:	*...what's it been, twenty years – oh, well, look at that. Banana clips.*
ANNCR:	*Scratch-Offs from the Texas Lottery. They're a great gift for everyone. Even those guys.*
	More rustling.
GAL:	(surprised) *and...a tube top?*
LEGAL:	*Please play responsibly. For detailed game odds and information, visit txlottery.org.* *Or call 1-800-37LOTTO. Must be 18 or older to purchase a ticket. The Texas Lottery supports Texas education.*

8.1 CREATIVE ASSIGNMENT

Retail

Concept 3: The Ungiftables

Store – Window Touch Point
Window posters will remind customers that everyone knows an "Ungiftable" – so come inside and buy them the gift everyone loves: Texas Lottery Scratch-Offs.



8.1 CREATIVE ASSIGNMENT

Retail

Concept 3: The Ungiftables

Store – Register Touch Point
Signage at the register will remind customers that everyone knows an "Ungiftable" – so stock up this instant on the gift everyone loves: Texas Lottery Scratch-Offs.

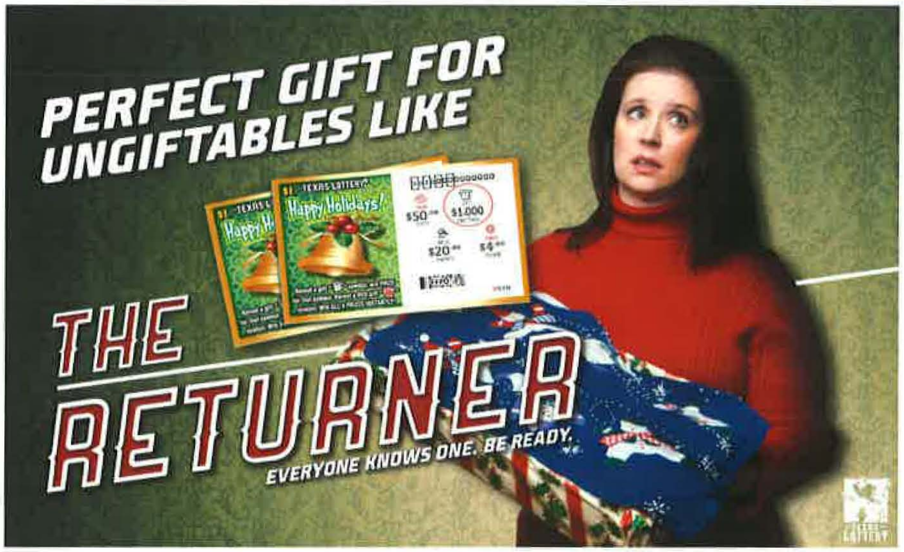
8.1 CREATIVE ASSIGNMENT

Concept 3: The Ungiftables

Pre-Tail

Retail

Store – Pump Topper
Signage outside at the gas pump will remind customers that everyone knows an "Ungiftable" – so come inside and buy them the gift everyone loves: Texas Lottery Scratch-Offs.



8.1 CREATIVE ASSIGNMENT

Concept 3: The Ungiftables

Pre-Tail

Out Of Home – Billboard
Billboards remind people that the perfect gift for the Ungiftables in your life are Scratch-Offs from the Texas Lottery.

8.1 CREATIVE ASSIGNMENT

Concept 3: The Ungiftables

Pre-Tail

Out Of Home – Mall Kiosk
Texas Lottery kiosks are placed in high-traffic holiday locations such as malls. The kiosk is a parody of a counseling center complete with Texas Lottery "Counselors" on hand to help you identify the Ungiftables in your life. Counselors then recommend the perfect Scratch-Offs for you to give. Customers can buy tickets on the spot.

8.1 CREATIVE ASSIGNMENT

Concept 3: The Ungiftables

Pre-Tail

Out Of Home – Mall "Movie" Posters
Parodies of movie posters will be placed in the vicinity of the **Out Of Home – Mall Kiosk**. The posters call attention to the Ungiftables and that Texas Lottery Scratch-Offs are the perfect gift for everyone on your list.

8.1 CREATIVE ASSIGNMENT

Concept 3: The Ungiftables

Pre-Tail

Out Of Home – Mobile Unit
A Texas Lottery branded mobile unit travels to various public locations (e.g., shopping centers, malls, events, etc.). A Texas Lottery street team is on hand to help you identify which Texas Lottery Scratch-Offs would make the perfect gift for the Ungiftables in your life. Customers are able to purchase lottery tickets on the spot.

8.1 CREATIVE ASSIGNMENT

Pre-Tail

Post-Tail

Concept 3: The Ungiftables

Microsite
Ad units will lead users to the Texas Lottery "Ungiftables" microsite. Here, users can watch short films about various Ungiftables that everyone can relate to. User can then choose a film and post it on their Facebook wall or send to friends. This helps create free buzz about lottery tickets as being the perfect holiday gift.

8.1 CREATIVE ASSIGNMENT

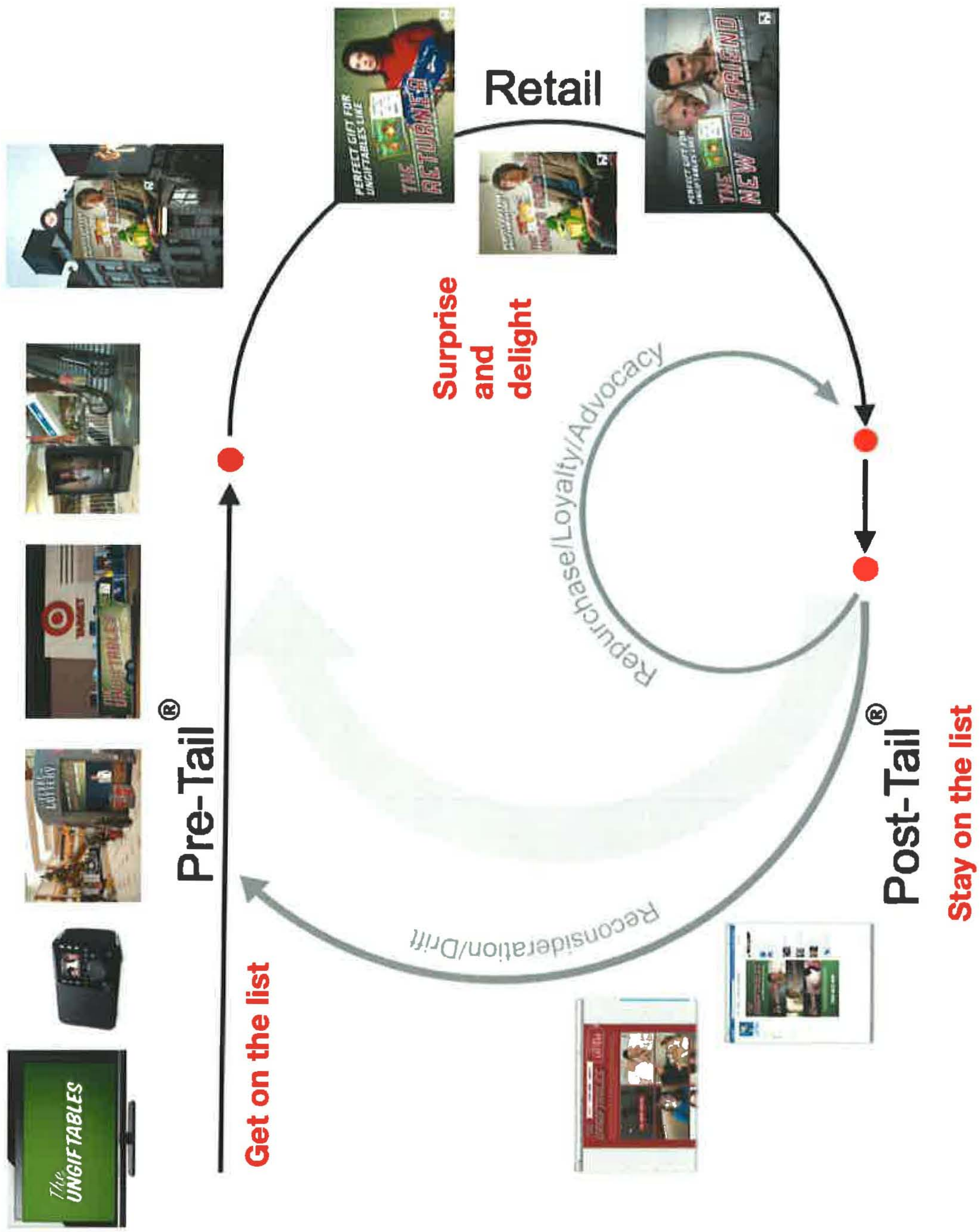
Concept 3: The Ungiftables

Post-Tail

Facebook App
Texas Lottery's Facebook page has a "Know Your Ungiftables" app which lets fans take tests to distinguish what type of Ungiftable they're shopping for. Results are then matched with the perfect Texas Lottery Scratch-Off recommendation.

8.1 CREATIVE ASSIGNMENT

Concept 3: The Ungiftables
The following is a summary of the Ungiftables concept against The Shopper Continuum® to demonstrate how we are providing an appealing selection and variety of products for existing customers, encouraging trial for new and lapsed players and positioning the products as the perfect holiday gift.



8.1 CREATIVE ASSIGNMENT

Evaluation of Campaign Effectiveness

We evaluate campaign effectiveness at two stages:

Pre-launch (What we call "Creative Development Research)
Post-launch or In-Market

Pre-launch

We begin with the pre-launch or creative development research. What we do here is reveal creative work in a rough form to our audience (typically in focus groups) and then gauge effectiveness on several levels, including persuasion, involvement, and salience. What is terrific about this pre-launch approach is that, because the creative work is in rough form, any learning gained can be used to optimize the final creative.

In fact, we can provide a real live example of this approach in that we did this with the creative work provided here. As mentioned in the strategic setup above, we conducted focus groups with a diverse set of Today's Texans and presented several creative concepts in rough form to gauge their effectiveness.

That there are only three concepts presented here and not four is a result of our dropping one idea after these focus groups. We did that because the consensus was that it was only lukewarm appealing and not an idea that they thought they would pay attention to.

For the other three ideas, we discovered that one concept – "The Ungiftables" – had greater appeal. This was because it was very clear in its messaging, was an idea and visual representation that they could relate to, and many in the groups agreed that this concept would cause them to have a few extra Scratch-Offs on hand during the holidays just in case they needed to provide a gift they hadn't anticipated. Also, in the spirit of creative *development* research and that this is a great opportunity to optimize work, we deleted and replaced a couple of early visuals in this concept because they caused some confusion with our focus group audience.

The other two preferred concepts were also slightly revised after the focus groups. For instance, on "Wishing You Luck," our focus group Texans felt that in the early interaction tested they weren't getting that what was happening in the concept was necessarily happening during the holiday. So the revised concept seen here had several holiday cues added so that no one could not see that this was happening over the holidays. Finally, with "Happy Scratching," a couple of frames in the concepts were revised because one annoyed some people and the other contained a "family" that the focus group participants didn't believe were realistic enough.

8.1 CREATIVE ASSIGNMENT

Evaluation of Campaign Effectiveness (continued)

Post-launch

Post-launch or In-Market campaign effectiveness will be gauged against the primary goal of increased trial of holiday Scratch-Offs and a secondary goal of increased awareness of the holiday Scratch-Offs. Also, for efficiencies' sake, where available we will make use of existing Texas Lottery measurement practices (e.g., monitoring advertising expense ROI) to understand whether we are achieving our goals.

We'll begin by comparing markets with communications YOY sales to those without communications. For the same period we will also measure and monitor increased trial of holiday Scratch-Offs.

The agency will also follow the Texas Lottery practice of monitoring the ratio of advertising expenses to net Scratch-Off sales in comparison to holiday seasons in years past.

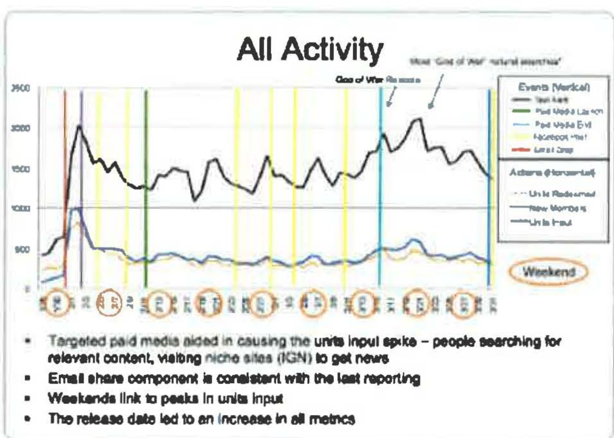
To determine POP effectiveness we will compare retail sales of those with POP materials against those without. Additionally, the agency will leverage insights learned from the Retail Research Survey Project to determine retailers' perceptions of success of the holiday Scratch-Off program.

To track awareness of the holiday Scratch-Offs, we would recommend conducting an awareness tracking study. Given that the Texas Lottery already conducts such an awareness study, we would utilize this on-going study to measure our advertising and program impact. In addition to tracking growth in overall awareness, we would also compare changes in YOY awareness levels of the Lottery and holiday Scratch-Offs in those markets with TV and radio against those without.

Along with the tracking studies we would also recommend quarterly qualitative focus groups with audiences that reflect Today's Texan. These would give us additional information regarding awareness as well as determine likeability and saliency of holiday Scratch-Off.

We would also recommend monitoring increases in key-store visits, website visits, and requests for materials and brochures.

Monitoring
So as to make all of this information (and more) available to you in an accessible and user-friendly way, Integer recommends developing a fully customizable dashboard tool to track success metrics. By utilizing our preferred partner software, detailed amounts of sales data could be analyzed against the media spend, social monitoring and events. This powerful information would inform business decisions and maximize deployment of marketing funds. Additionally, information could be drilled down by various factors including products, retailer and jackpot sizes informing creative and media decisions, as well as consumer/market trends.



Example dashboard

Campaign Guidelines
We have included all discussions and examples related to the creative assignment have been included. Thank you for the resources you provided in preparing the creative response; they were very helpful.

8.2 CLIENT CASE EXAMPLES

Confidentiality Claimed
PIA §552.110

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PIA §552.110

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Confidentiality Claimed
PIA §552.110

integer

Thank you for the opportunity!

ATTACHMENT A
PROPOSER'S COMMITMENT

I hereby commit The Integer Group
(Company Name)

to provide the goods and services described in the attached Proposal for Advertising Services required by the Request for Proposals for the Texas Lottery Commission.

Signature: Jan Gittemeier

Title: Chief Operating Officer

Date: 2/17/12

ATTACHMENT D-1
BACKGROUND INFORMATION CERTIFICATION

Texas Government Code § 466.155

Pursuant to Texas Government Code §466.103, the Executive Director of the Texas Lottery Commission may not award a contract for the purchase or lease of facilities, goods or services related to lottery operations to a person who would be denied a license as a sales agent under Texas Government Code §466.155.

The Integer Group

(Company Name)

certifies that it has reviewed Texas Government Code §466.155 and that it would not be denied a license as a sales agent pursuant to said section.

Jan Gittemeier

(signature of person authorized to contractually bind the Proposer)

JAN Gittemeier

(printed name)

Chief Financial Officer

(title)

2-17-12

(date)

By signing below, I certify that the information provided on this form is correct to the best of my knowledge and ____ THE INTEGER GROUP ____ is not ineligible for a sales license under the eligibility standards described above. I understand that providing false or incomplete information may be grounds for termination of any contract. ___ THE INTEGER GROUP ___ has read and agrees to abide by the requirements of section 466.155 of the Texas Government Code. I understand that owners/officers/partners/directors, as designated by the Texas Lottery, must furnish a complete legible set of fingerprints, and that failure to do so will result in the termination of any contract. The Texas Lottery is authorized to obtain criminal history records.

sign here Joan Gettemeier Chief Operating Officer 2-17-12

Signature of person authorized to contractually bind Proposer | Title | Date

The Integer Group LLC

Corporation or Legal Business Name

OMNICOM GROUP INC (OMC)

10-K

Annual report pursuant to section 13 and 15(d)
Filed on 02/23/2011
Filed Period 12/31/2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR FISCAL YEAR ENDED DECEMBER 31, 2010

Commission File Number: 1-10551

OMNICOM GROUP INC.

(Exact name of registrant as specified in its charter)

New York (State or other jurisdiction of incorporation or organization)	13-1514814 (I.R.S. Employer Identification No.)
437 Madison Avenue, New York, NY (Address of principal executive offices)	10022 (Zip Code)

Registrant's telephone number, including area code: (212) 415-3600

Securities Registered Pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $.15 Par Value	New York Stock Exchange

Securities Registered Pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every interactive data file required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding twelve months (or for such shorter periods that the registrant was required to submit and post such files).

Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes ¡ No

Yes ☐ No ☒

The aggregate market value of the voting and non-voting common stock held by non-affiliates as of June 30, 2010 was $10,317,000,000.

As of February 15, 2011, 284,035,000 shares of Omnicom Common Stock, $.15 par value, were outstanding.

Certain portions of Omnicom's definitive proxy statement relating to its annual meeting of shareholders scheduled to be held on May 24, 2011 are incorporated by reference into Part III of this report.

OMNICOM GROUP INC.

ANNUAL REPORT ON FORM 10-K FOR

THE YEAR ENDED DECEMBER 31, 2010

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* The information regarding Executive Officers of the Registrant is included in Part I, Item 1, "Business." Additional information called for by Items 10, 11, 12, 13 and 14, to the extent not included in this document, is incorporated herein by reference to the information to be included under the captions "Corporate Governance," "Transactions with Related Persons," "Executive Compensation" and "Stock Ownership" in our definitive proxy statement, which is expected to be filed by April 14, 2011.

FORWARD LOOKING STATEMENTS

Certain of the statements in this Annual Report on Form 10-K constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. In addition, from time to time, we or our representatives have made or may make forward-looking statements, orally or in writing. These statements relate to future events or future financial performance and involve known and unknown risks and other factors that may cause our actual or our industry's results, levels of activity or achievement to be materially different from those expressed or implied by any forward-looking statements. These risks and uncertainties, including those resulting from specific factors identified under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," include, but are not limited to, our future financial position and results of operations, future global economic conditions and conditions in the credit markets, losses on media purchases and production costs incurred on behalf of clients, reductions in client spending and/or a slowdown in client payments, competitive factors, changes in client communication requirements, managing conflicts of interest, the hiring and retention of personnel, maintaining a highly skilled workforce, our ability to attract new clients and retain existing clients, reliance on information technology systems, changes in government regulations impacting our advertising and marketing strategies, risks associated with assumptions we make in connection with our critical accounting estimates, legal proceedings, settlements, investigations and claims, and our international operations, which are subject to the risks of currency fluctuations and foreign exchange controls. In some cases, forward-looking statements can be identified by terminology such as "may," "will," "could," "would," "should," "expect," "plan," "anticipate," "intend," "believe," "estimate," "predict," "potential" or "continue" or the negative of those terms or other comparable terminology. These statements are our present expectations. Actual events or results may differ. We undertake no obligation to update or revise any forward-looking statement, except as required by law.

AVAILABLE INFORMATION

Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to those reports are available free of charge in the Investor Relations section of our website at www.omnicomgroup.com, as soon as is reasonably practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission, or the SEC. The information found on our website is not part of this or any other report we file with or furnish to the SEC. Any document that we file with or furnish to the SEC may also be read and copied at the SEC's Public Reference Room located at Room 1580, 100 F Street, N.E., Washington, DC 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our filings are also available at the SEC's website at www.sec.gov and at the offices of the New York Stock Exchange.

PART I

Introduction

This report is both our 2010 annual report to shareholders and our 2010 Annual Report on Form 10-K required under the federal securities laws.

We are a strategic holding company, providing professional services to clients through multiple agencies operating in all major markets around the world. Our companies provide advertising, marketing and corporate communications services. The terms "Omnicom," "we," "our" and "us" each refer to Omnicom Group Inc. and our subsidiaries unless the context indicates otherwise.

Item 1. Business

Our Business: Omnicom, a strategic holding company, was formed in 1986 by the merger of several leading advertising, marketing and corporate communications companies. We are one of the world's largest advertising, marketing and corporate communications companies and we operate in a highly competitive industry. The proliferation of media channels, including the rapid development of interactive technologies and mediums, along with their integration within all offerings, has fragmented consumer audiences targeted by our clients. These developments make it increasingly more difficult for marketers to reach their target audiences in a cost-effective way, causing them to turn to marketing service providers such as Omnicom for a customized mix of advertising and marketing communications services designed to make the best use of their total marketing expenditures.

Our agencies operate in all major markets around the world and provide a comprehensive range of services which we group into four fundamental disciplines: traditional media advertising; customer relationship management ("CRM"); public relations; and specialty communications. The services included in these disciplines are:

advertising
brand consultancy
corporate social responsibility consulting
crisis communications
custom publishing
database management
digital and interactive marketing
direct marketing
entertainment marketing
environmental design
experiential marketing
field marketing
financial / corporate business-to-business advertising
graphic arts
healthcare communications
instore design
investor relations
marketing research
media planning and buying
mobile marketing services
multi-cultural marketing
non-profit marketing
organizational communications
package design
product placement
promotional marketing
public affairs
public relations
recruitment communications
reputation consulting
retail marketing
search engine marketing
social media marketing
sports and event marketing

Although the medium used to reach a client's target audience may differ across each of these disciplines, we develop and deliver the marketing message in a similar way by providing client-specific consulting services.

Our business model was built and continues to evolve around our clients. While our agencies operate under different names and frame their ideas in different disciplines, we organize our services around our clients. The fundamental premise of our business is to deliver our services and allocate our resources based on the specific requirements of our clients. As clients increase their demands for marketing effectiveness and efficiency, they have tended to consolidate their business with larger, multi-disciplinary agencies or integrated groups of agencies. Accordingly, our business model demands that multiple agencies within Omnicom collaborate in formal and informal virtual networks that cut across internal organizational structures to execute against our clients' specific marketing requirements. We believe that this organizational philosophy, and our ability to execute it, differentiates us from our competitors.

Our agency networks and our virtual networks provide us with the ability to integrate services across all disciplines and geographies. This means that the delivery of our services can, and does, take place across agencies, networks and geographic regions simultaneously. Further, we believe that our virtual network strategy facilitates better integration of services required by the demands of the marketplace for advertising and marketing communications services. Our over-arching business strategy is to continue to use our virtual networks to grow our business relationships with our clients.

The various components of our business and material factors that affected us in 2010 are discussed in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations", or MD&A, of this report. None of our acquisitions or dispositions in 2010, 2009 or 2008 were material to our consolidated financial position or results of operations. For information concerning our acquisitions, see Note 4 to our consolidated financial statements.

Geographic Regions and Segments: Our revenue is almost evenly divided between our U.S. and non-U.S. operations. For financial information concerning domestic and foreign operations and segment reporting, see our MD&A and Note 7 to our consolidated financial statements.

Our Clients: Consistent with our fundamental business strategy, our agencies serve similar clients, in similar industries, and in many cases the same clients, across a variety of geographic regions and locations. Our clients participate in virtually every industry sector of the global economy. Furthermore, in many cases, our agencies or networks serve different brand and/or product groups within the same clients served by our other agencies or networks. For example, our largest client was served by more than 100 of our agencies in 2010 and represented 3.0% of our 2010 revenue. No other client accounted for more than 2.4% of our 2010 revenue. Our top 100 clients ranked by revenue were each served, on average, by more than 50 of our agencies in 2010 and collectively represented 50.6% of our 2010 revenue.

Our Employees: At December 31, 2010, we employed approximately 65,500 people. We are not party to any significant collective bargaining agreements. The skill-sets of our workforce across our agencies and within each discipline are similar. Common to all is the ability to understand a client's brand or product and their selling proposition and to develop a unique message to communicate the value of the brand or product to the client's target audience. Recognizing the importance of this core competency, we have established tailored training and education programs for our service professionals around this competency. See our MD&A for a discussion of the effect of salary and related costs on our results of operations.

Executive Officers of the Registrant: Our executive officers as of February 15, 2011 are:

Name	Position	Age
Bruce Crawford	Chairman of the Board	82
John D. Wren	President and Chief Executive Officer	58
Randall J. Weisenburger	Executive Vice President and Chief Financial Officer	52
Peter Mead	Vice Chairman	71
Philip J. Angelastro	Senior Vice President Finance and Controller	46
Michael J. O'Brien	Senior Vice President, General Counsel and Secretary	49
Dennis Hewitt	Treasurer	66

Each executive officer has held his present position for at least five years.

Additional information about our directors and executive officers appears under the captions "Corporate Governance," "Transactions with Related Persons," "Election of Directors," "Executive Compensation" and "Stock Ownership" in our definitive proxy statement, which is expected to be filed by April 14, 2011.

Item 1A. Risk Factors

Future global economic conditions could adversely impact our business and results of operations and financial position.

In 2010, our revenue increased 7.0% compared to 2009. The increase reflects an improvement in business conditions in our industry over 2009. However, the pace of the global economic recovery is uneven and a future economic downturn could renew reductions in client spending levels and adversely affect our results of operations and financial position. We will continue to closely monitor economic conditions, client spending and other factors, and will take actions available to us to improve our cost structure and manage working capital. In the current environment there can be no assurance of the effects of future economic conditions, client spending patterns, client creditworthiness and other developments on us and whether or to what extent our efforts to respond will be effective.

Conditions in the credit markets could adversely impact our results of operations and financial position.

Turmoil in the credit markets or a contraction in the availability of credit would make it more difficult for businesses to meet their capital requirements and could lead clients to change their financial relationship with their vendors, including us. If that were to occur, we may require additional financing to fund our day-to-day working capital requirements. There is no assurance that such additional financing will be available on favorable terms, if at all. This could materially adversely impact our results of operations and financial position.

In a period of severe economic downturn, the risk of a material loss related to media purchases and production costs incurred on behalf of our clients could significantly increase.

In the normal course of business, we often enter into contractual commitments with media providers and agreements with production companies on behalf of our clients at levels that substantially exceed our revenue in connection with the services provided. Many of our agencies purchase media for our clients and act as an agent for a disclosed principal. The media commitments are included in accounts payable when the media services are delivered by the media providers. While operating practices vary by country, media type and media vendor, in the United States and certain foreign markets many of our contracts with media providers specify that if our client defaults on its payment obligation then we are not liable to the media providers under the legal theory of sequential liability until we have been paid for the media by our client. In other countries, we manage our risk in other ways, including evaluating and monitoring our clients' creditworthiness and, in many cases, requiring credit insurance or payment in advance. Further, in cases where we are committed to a media purchase and it becomes apparent that a client may be unable to pay for the media, options are potentially available to us in the marketplace in addition to those cited above to mitigate the potential loss, including negotiating with media providers. In addition, our agencies incur production costs on behalf of clients. We usually act as an agent for a disclosed principal in the procurement of these services. We manage the risk of payment default by the client by having the production companies be subject to sequential liability or requiring at least partial payment in advance. However, the agreements entered into, as well as the production costs incurred are unique to each client. The risk of a material loss could significantly increase in periods of severe economic downturn. Such a loss could have a material adverse effect on our results of operations and financial position.

A reduction in client spending and a slowdown in client payments could have a material adverse effect on our working capital.

The recent global recession caused a reduction in the volume of client spending and/or a delay in the time our clients took to pay us, negatively affecting our working capital. Renewed global economic uncertainty could cause our clients to take the same or additional actions that would negatively affect our working capital. Consequently, we could need to obtain additional financing in such circumstances. There is no assurance that such additional financing would be available on favorable terms, if at all. Such circumstances could therefore have a material adverse effect on our results of operations and financial position.

Companies periodically review and change their advertising, marketing and corporate communications services business models and relationships. If we are unable to remain competitive or retain key clients, our business and financial results may be materially adversely affected.

The markets in which we participate are highly competitive. Key competitive considerations for retaining existing business and winning new business include our ability to develop marketing solutions that meet client needs, the quality and effectiveness of the services we offer and our ability to efficiently serve clients, particularly large international clients, on a broad geographic basis. While many of our client relationships are long-standing, from time to time clients put their advertising, marketing and corporate communications services business up for competitive review. We have won and lost accounts in the past as a result of these reviews. To the extent that we are not able to remain competitive or retain key clients, our revenue may be adversely affected, which could have a material adverse effect on our results of operations and financial position.

The success of our acquiring and retaining clients depends on our ability to avoid and manage conflicts of interest arising out of other client relationships, retention of key personnel and maintaining a highly skilled workforce.

Our ability to retain existing clients and to attract new clients may, in some cases, be limited by clients' perceptions of, or policies concerning, conflicts of interest arising out of other client relationships. If we are unable to maintain multiple agencies to manage multiple client relationships and avoid potential conflicts of interests, our business, results of operations and financial position may be materially adversely affected.

Our employees are our most important assets. Our ability to attract and retain key personnel is an important aspect of our competitiveness. If we are unable to attract and retain key personnel, our ability to provide our services in the manner our customers have come to expect may be adversely affected, which could harm our reputation and result in a loss of clients, which could have a material adverse effect on our results of operations and financial position.

Further, as the evolution of our business continues to become integrated with the digital marketplace, we are increasingly dependent on the technical skills of a highly skilled workforce and their ability to maintain the skills necessary to serve our clients.

We received approximately 50.6% of our revenue from our 100 largest clients in 2010, and the loss of several of these clients could adversely impact our results of operations and financial position.

Our clients generally are able to reduce advertising and marketing spending or cancel projects at any time on short notice for any reason. It is possible that our clients could reduce spending in comparison with historical patterns, or they could reduce future spending. A significant reduction in advertising and marketing spending by our largest clients, or the loss of several of our largest clients, if not replaced by new clients or an increase in business from existing clients, would adversely affect our revenue and could have a material adverse effect on our results of operations and financial position.

We rely extensively on information technology systems.

We rely on information technology systems and infrastructure to process transactions, summarize results and manage our business, including maintaining client marketing and advertising strategies. The size and complexity of our technology systems make them potentially vulnerable to breakdown, malicious intrusion and random attack. Likewise, data privacy breaches by employees and others with or without permitted access to our systems may pose a risk that sensitive data may be exposed to unauthorized persons or to the public. While we have invested heavily in the protection of data and information technology systems, there can be no assurance that our efforts will prevent breakdowns or breaches in our systems that could adversely affect our reputation or business.

Government regulations and consumer advocates may limit the scope of the content of our services, which could affect our ability to meet our clients' needs, which could have a material adverse effect on our results of operations and financial position.

Government agencies and consumer groups directly or indirectly affect or attempt to affect the scope, content and manner of presentation of advertising, marketing and corporate communications services, through regulation or other governmental action. Any limitation on the scope of the content of our services could affect our ability to meet our clients' needs, which could have a material adverse effect on our results of operations and financial position. In addition, there has been an increasing tendency on the part of businesses to resort to the judicial system to challenge advertising practices. Such claims by businesses or governmental agencies could have a material adverse effect on our results of operations and financial position in the future.

Government or legislative action may limit the tax deductibility of advertising expenditures by certain industries or for certain products and services. These actions could cause our clients affected by such actions to reduce their spending on our services which could have a material adverse effect on our results of operations and financial position.

Laws and regulations, related to user privacy, use of personal information and internet tracking technologies have been proposed or enacted in the United States and certain international markets. These laws and regulations could affect the acceptance of the internet as an advertising medium. These actions could affect our business and reduce demand for certain of our services, which could have a material adverse effect on our results of operations and financial position.

We are a global service business and face certain risks of doing business abroad, including political instability and foreign exchange controls, which could have a material adverse effect on our results of operations and financial position.

We face a number of risks normally associated with global services businesses. The operational and financial performance of our businesses are typically tied to overall economic and regional market conditions, competition for client assignments and talented staff, new business wins and losses and the risks associated with extensive international operations. The risks of doing business abroad, including political instability and foreign exchange controls, do not affect domestic-focused firms. These risks could have a material adverse affect on our results of operations and financial position. For financial information on our operations by geographic area, see Note 7 to our consolidated financial statements.

We are exposed to risks from operating in developing countries.

We conduct business in numerous developing countries around the world. Some of the risks associated with conducting business in developing countries include: slower payment of invoices; nationalization; social, political and economic instability; and currency repatriation restrictions. In addition, commercial laws in some developing countries can be vague, inconsistently administered and retroactively applied. If we are deemed not to be in compliance with applicable laws in developing countries where we conduct business, our prospects and business in those countries could be harmed, which could then have a material adverse impact on our results of operations and financial position.

Holders of our convertible notes have the right to cause us to repurchase up to $660 million of notes, in whole or in part, at specified dates in the future.

In August 2011, $252.7 million of our Convertible Notes due July 31, 2032 ("2032 Notes") may be put back to us for repurchase and in June 2013, $406.7 million of our Convertible Notes due July 1, 2038 ("2038 Notes") may be put back to us for repurchase. If we are required to satisfy one or more puts to repurchase our convertible notes, we expect to have sufficient available cash and unused credit commitments to fund the puts. We also believe that we will have sufficient capacity under our credit facility to meet our cash requirements for our normal business operations after any put. However, in the event that our credit facility or our cash flow from operations were to decrease, we may need to seek additional funding. There is no assurance that such additional financing would be available on comparable terms, if at all.

Downgrades of our debt credit ratings could adversely affect us.

Standard and Poor's Rating Service currently rates our long-term debt BBB+, Moody's Investors Service rates our long-term debt Baa1 and Fitch Ratings rates our long-term debt A-. Our short-term debt ratings are A2, P2 and F2 by the respective agencies. Our outstanding senior notes, convertible notes and bank credit facility do not contain provisions that require acceleration of cash payment upon a ratings downgrade. The interest rates and fees on our bank credit facility, however, would increase if our long-term debt credit rating is downgraded.

Additionally, our access to the capital markets could be adversely affected by downgrades in our short-term or long-term debt credit ratings. Furthermore, the 2032 Notes and 2038 Notes are convertible at specified ratios if, in the case of the 2032 Notes, our long-term debt credit ratings are downgraded to BBB or lower by Standard & Poor's Ratings Service, or Baa3 or lower by Moody's Investors Service or in the case of the 2038 Notes to BBB- or lower by S&P, and Ba1 or lower by Moody's. These events would not, however, result in an adjustment of the number of shares issuable upon conversion and would not accelerate the holder's right to cause us to repurchase the notes.

We may be unsuccessful in evaluating material risks involved in completed and future acquisitions.

We regularly evaluate potential acquisition of businesses that we believe are complementary to our businesses and client needs. As part of the evaluation, we conduct business, legal and financial due diligence with the goal of identifying and evaluating material risks involved in any particular transaction. Despite our efforts, we may be unsuccessful in ascertaining or evaluating all such risks. As a result, we might not realize the intended advantages of any given acquisition. If we fail to identify certain material risks from one or more acquisitions, our results of operations and financial position could be adversely affected.

Goodwill may become impaired.

In accordance with U.S. generally accepted accounting principles, or U.S. GAAP or GAAP, we have recorded a significant amount of goodwill in our consolidated financial statements resulting from our acquisition activities, which principally represents the specialized know-how of the workforce at the acquired businesses. As discussed in Note 3 to our consolidated financial statements, we test the carrying value of goodwill for impairment at least annually at the end of the second quarter and whenever events or circumstances indicate the carrying value may not be recoverable. The estimates and assumptions about future results of operations and cash flows made in connection with the impairment testing could differ from future actual results of operations and cash flows. While we have concluded, for each year presented in our financial statements included in this report, that our goodwill is not impaired, future events could cause us to conclude that the asset values associated with a given operation may become impaired. Any resulting non-cash impairment loss could have a material adverse effect on our results of operations and financial position.

We could be affected by future laws or regulations enacted in response to climate change concerns and other actions.

Although our businesses may not be directly affected by current cap and trade laws and current requirements to reduce emissions, we could be in the future. However, we could also be affected indirectly by increased prices for goods or services provided to us by companies that are directly affected by these laws and regulations and pass their increased costs through to their customers. Additionally, to comply with potential future changes in environmental laws and regulations, we may need to incur additional costs. At this time, we cannot estimate what impact such costs may have on our results of operations and financial position.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We maintain office space in major cities around the world. The facility requirements of our businesses are similar across geographic regions and disciplines. Our facilities are primarily used for office and administrative purposes by our employees in performing professional services and we believe that our facilities are in suitable and well-maintained condition for our current operations. Our principal corporate offices are at 437 Madison Avenue, New York, New York and One East Weaver Street, Greenwich, Connecticut. We also maintain executive offices in London, England; Shanghai, China; and Singapore.

We lease substantially all our office facilities under operating leases that expire at various dates. Leases are generally denominated in the local currency of the operating business. Office base rent expense was $358.1 million in 2010, $377.1 million in 2009 and $386.9 million in 2008 that reflects a reduction of rent received from non-cancelable third-party subleases of $16.3 million, $18.9 million and $22.8 million, respectively.

Future minimum office base rent under terms of non-cancelable operating leases, reduced by rent receivable from existing non-cancelable third-party subleases, are (dollars in millions):

	Net Rent
2011	$330.9
2012	278.4
2013	232.4
2014	189.0
2015	149.8
Thereafter	446.9

See Note 16 to our consolidated financial statements for a discussion of our lease commitments and our MD&A for the impact of leases on our operating expenses.

Item 3. Legal Proceedings

We are involved from time to time in various legal proceedings in the ordinary course of business. We do not presently expect that these proceedings will have a material adverse effect on our results of operations or financial position.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock is listed on the New York Stock Exchange under the symbol "OMC." On February 15, 2011, there were 2,783 holders of record of our common stock.

The range of quarterly high and low sales prices reported on the New York Stock Exchange Composite Tape for our common stock and the dividends paid per share for 2010 and 2009 were:

	High	Low	Dividends Paid Per Share
2010			
First Quarter	$ 40.29	$ 34.54	$ 0.20
Second Quarter	44.08	34.18	0.20
Third Quarter	40.00	33.50	0.20
Fourth Quarter	47.88	38.54	0.20
2009			
First Quarter	$ 28.80	$ 20.09	$ 0.15
Second Quarter	33.21	23.01	0.15
Third Quarter	38.49	29.71	0.15
Fourth Quarter	39.99	34.24	0.15

Stock repurchase activity during the three months ended December 31, 2010 was:

Period:	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
October 2010	4,234,823	$ 42.42	—	—
November 2010	11,636,726	45.56	—	—
December 2010	417,637	46.06	—	—
Total	16,289,186	$ 44.76	—	—

During the quarter ended December 31, 2010, 15,338,000 shares of our common stock were purchased in the open market for general corporate purposes and 951,186 shares of our common stock were withheld from employees to satisfy estimated tax obligations primarily related to stock option exercises. The value of the common stock withheld was based upon the closing price of our common stock on the exercise dates.

There were no unregistered sales of equity securities during the three months ended December 31, 2010.

Item 6. Selected Financial Data

The following selected financial data should be read in conjunction with our consolidated financial statements and related notes that begin on page F-1 of this report, as well as our MD&A.

	(Dollars in millions, except per share amounts)				
For the years ended December 31:	**2010**	**2009**	**2008**	**2007**	**2006**
Revenue	$ 12,542.5	$ 11,720.7	$ 13,359.9	$ 12,694.0	$ 11,376.9
Operating Income	1,460.2	1,374.9	1,689.4	1,659.1	1,483.5
Net Income - Omnicom Group Inc	827.7	793.0	1,000.3	975.7	857.9
Net Income Per Common Share - Omnicom Group Inc.:					
Basic	2.74	2.54	3.17	2.95	2.47
Diluted	2.70	2.53	3.14	2.93	2.46
Dividends Declared Per Common Share	0.80	0.60	0.60	0.575	0.50

	(Dollars in millions)				
At December 31:	**2010**	**2009**	**2008**	**2007**	**2006**
Cash and cash equivalents and short-term investments	$ 2,300.0	$ 1,594.8	$ 1,112.4	$ 1,841.0	$ 1,928.8
Total Assets	19,566.1	17,920.7	17,318.4	19,271.7	17,804.7
Long-Term Obligations:					
Long-term notes payable	2,465.1	1,494.6	1,012.8	1,013.2	1,013.2
Convertible debt	659.5	726.0	2,041.5	2,041.5	2,041.5
Long-term liabilities	576.5	462.0	444.4	481.2	305.8
Total Shareholders' Equity	3,580.5	4,194.8	3,522.8	4,091.7	3,871.3

In June 2007, pursuant to a two-for-one stock split which was effected in the form of a 100% stock dividend, each shareholder received one additional share of Omnicom Group Inc. common stock for each share held. In connection with the stock split, dividends declared per common share and Net Income per Common Share - Omnicom Group Inc. amounts for 2007 and 2006 have been adjusted to reflect the stock split.

Effective January 1, 2009, we retrospectively adopted new accounting standards included in the FASB Accounting Standards Codification, or ASC, Topic 260, Earnings Per Share, with respect to allocating earnings to participating securities in applying the two-class method of calculating earnings per share. Net Income Per Common Share -Omnicom Group Inc. amounts for 2008, 2007 and 2006 have been restated in accordance with the new accounting standard.

Additionally, effective January 1, 2009, we retrospectively adopted new accounting standards included in ASC Topic 470, Debt, with respect to our convertible debt to separately account for the liability and equity components. On adoption, we recorded additional interest expense, net of income taxes, of $6.1 million in 2006. This amount represents the amount of the fair value of embedded conversion options. Net Income - Omnicom Group Inc. and Net Income per Common Share - Omnicom Group Inc. for 2006 has been restated to reflect the adoption of the new accounting standard.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations
Executive Summary

We are a strategic holding company. We provide professional services to clients through multiple agencies around the world. On a global, pan-regional and local basis, our agencies provide these services in the following disciplines: traditional media advertising, CRM, public relations and specialty communications. Our business model was built and continues to evolve around our clients. While our agencies operate under different names and frame their ideas in different disciplines, we organize our services around our clients. The fundamental premise of our business is that our clients' specific requirements should be the central focus in how we deliver our services and allocate our resources. This client-centric business model results in multiple agencies collaborating in formal and informal virtual networks that cut across internal organizational structures to deliver consistent brand messages for a specific client and execute against each of our client's specific marketing requirements. We continually seek to grow our business with our existing clients by maintaining our client-centric approach, as well as expanding our existing business relationships into new markets and with new clients. In addition, we pursue selective acquisitions of complementary businesses with strong, entrepreneurial management teams that typically currently serve or have the ability to serve our existing client base.

As one of the world's leading advertising, marketing and corporate communications companies, we operate in all major markets of the global economy. We have a large and diverse client base. Our largest client represented 3.0% of our 2010 revenue and no other client accounted for more than 2.4% of our 2010 revenue. Our top 100 clients accounted for 50.6% of our 2010 revenue. Our business is spread across a significant number of industry sectors with no one industry comprising more than 16% of our 2010 revenue from our 1,000 largest clients. Although our revenue is generally balanced between the U.S. and international markets and we have a large and diverse client base, we are not immune to general economic downturns.

In 2010, our revenue increased 7.0% compared to 2009. The increase reflects an improvement in business conditions in our industry over 2009. Revenue increased across all our disciplines driven by economic recovery in the U.S. and continued growth in the emerging markets in Asia and Latin America. In Europe, we experienced a moderate increase in revenue in the U.K., while economic recovery has lagged in our Euro markets. We will continue to closely monitor economic conditions, client spending and other factors and, in response, take actions available to us to improve our cost structure and manage working capital. In the current economic environment, there can be no assurance as to the effects on us of future economic conditions, client spending patterns, client creditworthiness and other developments and whether and to what extent our efforts to respond will be effective.

Certain business trends have had a positive impact on our business and industry. These trends include our clients increasingly expanding the focus of their brand strategies from national markets to pan-regional and global markets and integrating traditional and non-traditional marketing channels, as well as utilizing interactive technologies and new media outlets. Additionally, in an effort to gain greater efficiency and effectiveness from their total marketing budgets, clients are increasingly requiring greater coordination of marketing activities and concentrating these activities with a smaller number of service providers. We believe these trends have benefitted our business in the past and, over the medium and long term, will continue to provide a competitive advantage to us.

In 2011, barring unforeseen events and excluding foreign exchange impacts, we expect our revenues to increase as a result of continuing increases in client spending and the contribution of several small acquisitions we completed in the fourth quarter of 2010. We will continue to identify acquisition candidates that will build upon the core capabilities of our strategic business platforms, expand our operations in the emerging markets and enhance our capabilities to leverage new technologies. In early February 2011, we acquired a controlling interest in the Clemenger Group, our affiliate in Australia and New Zealand. The additional 27% acquired brings our ownership up to almost 75%. In connection with this transaction, in the first quarter of 2011 we expect to record a non-cash gain of approximately $120 million resulting from the remeasurement of the carrying value of our equity interest to the acquisition date fair value. We believe that this acquisition will help us further develop our combined businesses throughout the Asia Pacific region.

We have an objective of improving margins to 2007 levels. In connection with achieving this goal, we are in the process of a strategic review of our businesses that is focused on improving our strategic position and operations. As part of this process, we are evaluating our agencies to identify non-core and underperforming businesses that need to be repositioned or considered for disposal. We expect that these actions will reduce revenue in the range of $250 million to $300 million on an annual basis. We believe that on an annual basis, the reduction in revenue will approximately equal the increase in revenue from our recent acquisitions. We are also pursuing numerous operational consolidations to further drive efficiencies in our back office functions. As a result of the actions to be taken in connection with our strategic review, in the first quarter of 2011 we expect to incur charges ranging from $90 million to $110 million for severance, lease termination and asset impairment costs.

Given our size and breadth, we manage our business by monitoring several financial indicators. The key indicators that we analyze are revenue and operating expenses.

We analyze revenue growth by reviewing the components and mix of the growth, including growth by major geographic location, growth by discipline, growth from currency fluctuations, growth from acquisitions and growth from our largest clients, and growth by client industry group.

In recent years, our revenue has been divided almost evenly between our domestic and international operations. In 2010, our revenue increased 7.0%, of which 0.1% was related to changes in foreign exchange rates, 0.5% was related to acquisitions, net of dispositions and 6.4% was from organic growth. Across our geographic markets revenue increased 8.2% in the U.S., 4.3% in the U.K. and 18.7% in our other markets, primarily Asia and Latin America, while in our Euro markets revenue decreased 3.6%. The increase in revenue in 2010 compared to 2009, in our four fundamental disciplines was: traditional media advertising, 7.1%; CRM, 6.5%; public relations, 6.5% and specialty communications, 9.2%.

We measure operating expenses in two distinct cost categories: salary and service costs, and office and general expenses. Salary and service costs are primarily comprised of employee compensation and related costs and direct service costs. Office and general expenses are primarily comprised of rent and occupancy costs, technology costs, depreciation and amortization and other overhead expenses. Each of our agencies requires professionals with a skill set that is similar across our disciplines. At the core of this skill set is the ability to understand a client's brand or product and their selling proposition, and to develop a unique message to communicate the value of the brand or product to the client's target audience. The facility requirements of our agencies are similar across geographic regions and disciplines, and their technology requirements are generally limited to personal computers, servers and off-the-shelf software.

Because we are a service business, we monitor salary and service costs and office and general costs as a percentage of revenue. Salary and service costs tend to fluctuate in conjunction with changes in revenue. Salary and service costs as a percentage of revenue increased to 73.5% in 2010 compared to 72.1% in 2009. The increase in salary and service costs resulted primarily from a combination of a change in our business mix and increased compensation costs, primarily related to freelance labor and incentive compensation, partially offset by a decrease in severance costs. Office and general expenses are less directly linked to changes in our revenue than salary and service costs. Office and general expenses decreased to 14.9% of revenue in 2010 compared to 16.2% in 2009.

Net income - Omnicom Group Inc. in 2010 increased $34.7 million or 4.4% to $827.7 million from $793.0 million in 2009. The period-over-period increase in net income - Omnicom Group Inc. is principally due to the factors described above, partially offset by an increase in pre-tax net interest expense for 2010 of $9.1 million. Diluted net income per common share - Omnicom Group Inc. increased 6.7 % to $2.70 in 2010, as compared to $2.53 in the prior year period. The year-over-year increase in diluted net income per common share - Omnicom Group Inc. is due to the factors described above as well as the impact of the reduction in our weighted average common shares outstanding. This reduction was the result of our purchases of our common stock during 2010, net of stock option exercise and shares issued under our employee stock purchase plan.

Critical Accounting Policies and New Accounting Standards

Critical Accounting Policies

We have prepared the following summary of our critical accounting policies to assist the reader in better understanding our financial statements and the related discussion in this MD&A. We believe that the following policies may involve a higher degree of judgment and complexity in their application and represent the critical accounting policies used in the preparation of our financial statements. Readers are encouraged to consider this summary together with our consolidated financial statements and the related notes, including our discussion in Note 3 setting forth our accounting policies in greater detail, for a more complete understanding of critical accounting policies discussed below.

Estimates: Our financial statements are prepared in conformity with U.S. GAAP and require us to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities including valuation allowances for receivables and deferred tax assets, accruals for incentive compensation and the disclosure of contingent liabilities at the date of the financial statements, as well as the reported amounts of revenue and expense during the reporting period. A fair value approach is used in testing goodwill for impairment and when evaluating our cost-method investments to determine if an other-than-temporary impairment has occurred.

Acquisitions and Goodwill: We have made and expect to continue to make selective acquisitions. In making acquisitions, the price we pay is based on an evaluation of various factors, including specialized know-how, reputation, competitive position, geographic coverage and service offerings, as well as our experience and judgment.

Business combinations are accounted for using the acquisition method and, accordingly, the identifiable assets acquired, the liabilities assumed and any noncontrolling interest in the acquired business are recorded at their acquisition date fair values. In circumstances where control is obtained and less than 100% of an entity is acquired, we record 100% of the goodwill acquired. Acquisition related costs, including advisory, legal, accounting, valuation and other costs are expensed as incurred. Any liability for contingent purchase price obligations (earn-outs) are recorded at the acquisition date at fair value. Changes in the fair value of the earn-out liability are recorded in our results of operations. The results of operations of acquired businesses are included in our results of operations from the acquisition date. In 2010, we completed seven acquisitions of new subsidiaries and made additional investments in businesses in which we had an existing minority ownership interest. Total goodwill additions from these transactions were $123.6 million. In addition and unrelated to the acquisitions completed in 2010, we made or accrued contingent purchase price payments of $117.2 million, which were included in goodwill.

A summary of our contingent purchase price obligations for acquisitions completed prior to January 1, 2009 is discussed in the "Liquidity and Capital Resources" section of this MD&A. The amount of contingent purchase price obligations is based on future performance. Contingent purchase price obligations for acquisitions completed prior to January 1, 2009 are accrued, in accordance with U.S. GAAP, when the contingency is resolved and payment is certain.

Our acquisition strategy is focused on acquiring the expertise of an assembled workforce in order to continue to build upon the core capabilities of our various strategic business platforms and agency brands through the expansion of their geographic reach and/or their service capabilities to better serve our clients. Additional key factors we consider include the competitive position and specialized know-how of the acquisition targets. Accordingly, as is typical in most service businesses, a substantial portion of the intangible asset value we acquire is the know-how of the people, which is treated as part of goodwill and is not valued separately. For each acquisition, we undertake a detailed review to identify other intangible assets and a valuation is performed for all such identified assets. A significant portion of the identifiable intangible assets acquired is derived from customer relationships, including the related customer contracts, as well as trade names. In valuing these identified intangible assets, we typically use an income approach and consider comparable market participant measurements. The expected benefits of our acquisitions are typically shared across multiple agencies as they work together to integrate the acquired agency into our client service strategy.

We evaluate goodwill for impairment at least annually at the end of the second quarter of the year. We identified our regional reporting units as components of our operating segments, which are our five agency networks. The regional reporting units of each agency network are responsible for the agencies in their region. They report to the segment managers and facilitate the administrative and logistical requirements of our client-centric strategy for delivering services to clients in their regions. We have concluded that for each of our operating segments, their regional reporting units had similar economic characteristics and should be aggregated for purposes of testing goodwill for impairment at the operating segment level. Our conclusion was based on a detailed analysis of the aggregation criteria set forth in the ASC. Consistent with our fundamental business strategy, the agencies within our regional reporting units serve similar clients in similar industries, and in many cases the same clients. In addition, the agencies within our regional reporting units have similar economic characteristics, as the main economic components of each agency are employee compensation and related costs and direct service costs associated with providing professional services and office and general costs, which include rent and occupancy costs, technology costs that are generally limited to purchased computers, servers and off-the-shelf software and other overhead costs. Finally, the expected benefits of our acquisitions are typically shared across multiple agencies and regions as they work together to integrate the acquired agency into our client service strategy.

Estimates and Assumptions - Goodwill Impairment Review: We use the following valuation methodologies to determine the fair value of our reporting units: (1) the income approach which utilizes discounted expected future cash flows, (2) comparative market participant multiples for EBITDA (earnings before interest expense, income taxes, depreciation and amortization), and (3) when available, consideration of recent and similar purchase acquisition transactions.

In applying the income approach, we use estimates to derive the expected discounted cash flows ("DCF") for each reporting unit that serves as the basis of our valuation. These estimates and assumptions include revenue growth and operating margin, EBITDA, tax rates, capital expenditures, weighted average cost of capital and related discount rates and expected long-term cash flow growth rates. All these estimates and assumptions are affected by conditions specific to our businesses, economic conditions related to the industry in which we operate, as well as conditions in the global economy. The assumptions which have the most significant effect on our valuations derived using a DCF methodology are: (1) the expected long-term growth rate of our reporting units' cash flows and (2) the weighted average cost of capital ("WACC").

The range of assumptions used for the long-term growth rate and WACC in our evaluation as of June 30, 2010 and 2009 were:

	June 30	
	2010	2009
Long-Term Growth Rate	4.0%	4.5%
WACC	10.3% - 10.9%	11.1% - 11.8%

Long-term growth rates represent our estimate of a conservative long-term growth rate for the industry in which we operate and the global economy. The average historical revenue growth rate of our reporting units for the past nine years was approximately 7.7% and the average nominal GDP growth of the countries comprising our major markets that account for substantially all of our revenue ("Average Nominal GDP") was 4.9% over the same period. We considered this history when determining the long-term growth rates to be used in our annual impairment test at June 30, 2010. We believe marketing expenditures over the long term have a high correlation to GDP. We also believe, based on our historical performance, that our long-term growth rate will exceed Average Nominal GDP growth. For our annual test as of June 30, 2010, beginning in 2016, we used an estimated long-term growth rate of 4.0% for all of our reporting units.

When performing our annual impairment test as of June 30, 2010 and estimating the future cash flows of all of our reporting units, we also considered the changes in the economic outlook in mid-year 2010. We experienced an increase in our revenue in the first half of 2010 of 6.1%, of which 2.0% was due to foreign exchange movements. This led us to estimate growth rates for the subsequent five years that reflect current business conditions and increase gradually throughout this period.

The risk-adjusted discount rate used in our DCF analysis represents the estimated WACC for each of our reporting units. The WACC is comprised of (1) a risk-free rate of return, (2) a business risk index ascribed to us and to companies in our industry comparable to our reporting units based on a market derived variable that measures the volatility of the share price of equity securities relative to the volatility of the overall equity market, (3) an equity risk premium that is based on the rate of return on equity of publicly traded companies with business characteristics comparable to our reporting units, and (4) the current after-tax market rate of return on debt of companies with business characteristics similar to our reporting units, each weighted by the relative market value percentages of our equity and debt. The reduction in the WACC used at June 30, 2010 compared to June 30, 2009 was primarily the result of a decrease in the long-term U.S. Treasury bond, the risk-free rate of return used.

Sensitivity Analysis and Conclusion - Goodwill Impairment Review: Consistent with our fundamental business strategy, the agencies within our reporting units serve similar clients in similar industries, and in many cases the same clients. In addition, the agencies within our reporting units have similar economic characteristics, as the main economic components of each agency are employee compensation and related costs and direct service costs associated with providing professional services, and office and general costs, which include rent and occupancy costs, technology costs and other overhead costs.

Our reporting units do vary in size with respect to revenue and the amount of debt allocated to them. These differences drive the variations in fair value among our reporting units. In addition, these differences as well as differences in book value, including goodwill, cause the variations in the amount by which fair value exceeds book value among the reporting units. The reporting unit goodwill balances and debt vary by reporting unit primarily because our three legacy agency networks were acquired at the formation of Omnicom and were accounted for as a pooling of interests that did not result in any additional debt or goodwill being recorded. The remaining two agency networks, including Reporting Unit 5, were built through a combination of internal growth and acquisitions that were accounted for as purchase transactions and as a result, they have a relatively higher amount of goodwill and debt.

The decline in the fair value of our reporting units that would need to occur in order to fail step one of our goodwill impairment test (the "Threshold") is as follows (dollars in millions):

	June 30, 2010		June 30, 2009	
Reporting Units	**Goodwill**	**Threshold**	**Goodwill**	**Threshold**
1 and 2	$1,792.6	>60%	$1,769.9	>55%
3 and 4	$2,112.6	>70%	$2,099.2	>70%
5	$3,565.7	>55%	$3,577.5	>50%

Based on the analysis described above, we concluded that our goodwill was not impaired as of June 30, 2010 because the fair values of each of our reporting units were substantially in excess of their respective net book values. Notwithstanding our belief that the assumptions we used in our impairment testing for our WACC and long-term growth rate are reasonable, we performed a sensitivity analysis for each of our reporting units. The results of this sensitivity analysis for our annual impairment test as of June 30, 2010 revealed that if our WACC was increased by 1%, and/or our long-term growth rate was decreased by 1%, the fair value of each of our reporting units would continue to be substantially in excess of their respective net book values and pass step one of the impairment test.

We plan to continue to perform our impairment test at the end of the second quarter of each year unless certain events or circumstances trigger the need for an interim evaluation for impairment. The estimates we use in testing our goodwill for impairment do not constitute forecasts or projections of future results of operations, but rather are estimates and assumptions based on historical results and assessments of macroeconomic factors affecting our reporting units. We believe that our estimates and assumptions are reasonable, but they are subject to change from period to period. Actual results of operations and other factors will likely differ from the estimates used in our discounted cash flow valuation and it is possible that differences could be material. A change in the estimates we use could result in a decline in the estimated fair value of one or more of our reporting units from the amounts derived as of our latest valuation and could cause us to fail step one of our goodwill impairment test if the estimated fair value for the reporting unit is less than the carrying value of the net assets of the reporting unit, including its goodwill. A large decline in estimated fair value of a reporting unit could result in a non-cash impairment charge and may have an adverse effect on our results of operations and financial position.

Additional information about acquisitions and goodwill appears in Notes 3 and 5 to our consolidated financial statements.

Revenue Recognition: We recognize revenue in accordance with ASC Topic 605, Revenue Recognition, and applicable SEC Staff Accounting Bulletins. Substantially all of our revenue is derived from fees for services or a rate per hour or equivalent basis. Revenue is realized when the service is performed in accordance with terms of each client arrangement, upon completion of the earnings process and when collection is reasonably assured. We record revenue net of sales, use and value added taxes. Certain of our businesses earn a portion of their revenue as commissions based upon performance in accordance with client arrangements. These principles are the foundation of our revenue recognition policy and apply to all client arrangements in each of our service disciplines – traditional media advertising, CRM, public relations and specialty communications.

More specifically, our policy requires the following key elements to be satisfied prior to recognizing revenue: persuasive evidence of an arrangement must exist; the sales price must be fixed or determinable; delivery, performance and acceptance must be in accordance with the client arrangement; and collection is reasonably assured. Because the services that we provide across each of our disciplines are similar and delivered to clients in similar ways, all of the key elements in revenue recognition apply to client arrangements in each of our four disciplines.

In the majority of our businesses, we act as an agent and record revenue equal to the net amount retained, when the fee or commission is earned. Although we may bear credit risk in respect of these activities, the arrangements with our clients are such that we act as an agent on their behalf. In these cases, costs incurred with external suppliers are excluded from our revenue. In certain arrangements, we act as principal and we contract directly with suppliers for media payments and third-party production costs and are responsible for payment. In these arrangements, revenue is recorded at the gross amount billed since revenue has been earned for the sale of goods or services.

A portion of our client contractual arrangements include performance incentive provisions designed to link a portion of our revenue to our performance relative to both quantitative and qualitative goals. We recognize this portion of revenue when the specific quantitative goals are achieved, or when our performance against qualitative goals is determined by our clients. Additional information about our revenue recognition policy appears in Note 3 to our consolidated financial statements.

Employee Share-Based Compensation: Employee share-based compensation is measured at the grant date fair value based on the fair value of the award. We use the Black-Scholes option valuation model to determine the fair value of share-based compensation awards. This valuation model uses several assumptions and estimates such as expected life, rate of risk free interest, volatility and dividend yield. If different assumptions and estimates were used to determine the fair value, our actual results of operations and cash flows would likely differ from the estimates used and it is possible that differences and changes could be material. Additional information about these assumptions and estimates appears in Note 3 to our consolidated financial statements.

Share-based employee compensation expense for the years ended December 31, 2010, 2009 and 2008 was $69.3 million, $78.6 million and $59.3 million, respectively. Information about our specific awards and stock plans can be found in Note 10 to our consolidated financial statements.

New Accounting Standards

Additional information regarding new accounting guidance can be found in Note 2 to our consolidated financial statements. Note 3 to our consolidated financial statements provides a summary of our significant accounting policies.

Financial Results from Operations - 2010 Compared with 2009

	Year Ended December 31, (Dollars in millions, except per share amounts)	
	2010	2009
Revenue	$ 12,542.5	$ 11,720.7
Operating Expenses:		
Salary and service costs	9,214.2	8,450.6
Office and general expenses	1,868.1	1,895.2
	11,082.3	10,345.8
Operating Income	1,460.2	1,374.9
Interest Expense	134.7	122.2
Interest Income	24.9	21.5
Income Before Income Taxes and Income from Equity Method Investments	1,350.4	1,274.2
Income Tax Expense	460.2	433.6
Income from Equity Method Investments	33.5	30.8
Net Income	923.7	871.4
Less: Net Income Attributed to Noncontrolling Interests	96.0	78.4
Net Income - Omnicom Group Inc	$ 827.7	$ 793.0
Net Income Per Common Share - Omnicom Group Inc.:		
Basic	$ 2.74	$ 2.54
Diluted	2.70	2.53
Dividends Declared Per Common Share	$ 0.80	$ 0.60

Revenue: Our 2010 revenue increased 7.0% to $12,542.5 million from $11,720.7 million in 2009. Foreign exchange impacts increased revenue by $17.1 million, acquisitions net of dispositions increased revenue by $55.6 million and organic growth increased revenue by $749.1 million. The components of total 2010 revenue changes in the U.S. ("domestic") and the remainder of the world ("international") were (dollars in millions):

	Total		Domestic		International	
	$	%	$	%	$	%
December 31, 2009	$ 11,720.7	—	$ 6,178.4	—	$ 5,542.3	—
Components of revenue change:						
Foreign exchange impact	17.1	0.1%	—	—	17.1	0.3%
Acquisitions, net of dispositions	55.6	0.5%	(30.7)	(0.5)%	86.3	1.6%
Organic growth	749.1	6.4%	535.4	8.7%	213.7	3.9%
December 31, 2010	$ 12,542.5	7.0%	$ 6,683.1	8.2%	$ 5,859.4	5.7%

The components and percentages are calculated as follows:

- The foreign exchange impact is calculated by first converting the current period's local currency revenue using the average exchange rates from the equivalent prior period to arrive at a constant currency revenue ($12,525.4 million for the Total column in the table for the year). The foreign exchange impact equals the difference between the current period revenue in U.S. Dollars and the current period revenue in constant currency ($12.542.5 million less $12,525.4 million for the Total column in the table for the year).
- The acquisition component is calculated by aggregating the applicable prior period revenue of the acquired businesses, less revenue of any business included in the prior period revenue that was disposed of subsequent to the prior period.
- Organic growth is calculated by subtracting both the foreign exchange and acquisition revenue components from total revenue growth.
- The percentage change is calculated by dividing the individual component amount by the prior period revenue base of that component ($11,720.7 million for the Total column in the table for the year).

Revenue in 2010 and the percentage change from 2009 in our primary geographic markets were (dollars in millions):

	Revenue	% Change
United States	$ 6,683.1	8.2%
Euro Markets	2,459.3	(3.6)%
United Kingdom	1,090.2	4.3%
Other	2,309.9	18.7%
Total	$ 12,542.5	7.0%

Foreign exchange impacts increased our 2010 revenue by $17.1 million. The most significant impacts resulted from the weakening of the U.S. Dollar against the Canadian Dollar, Brazilian Real, Australian Dollar, South African Rand and Japanese Yen, partially offset by the strengthening of the U.S. Dollar against the Euro and British Pound.

Assuming exchange rates at February 15, 2011 remain unchanged, we expect foreign exchange impacts to increase our full year 2011 revenue by approximately 1%.

Additional geographic information relating to our business is contained in Note 7 to our consolidated financial statements.

Due to a variety of factors, in the normal course, our agencies both gain and lose business from clients each year. The net result in 2010 was an overall gain in new business. Under our client-centric approach, we seek to broaden our relationships with our largest clients. Revenue from our single largest client represented 3.0% and 3.1% of our revenue in 2010 and 2009, respectively. No other client represented more than 2.4% of revenue in 2010 or more than 2.5% of revenue in 2009. Our ten largest and 100 largest clients represented 18.0% and 50.6% of our 2010 revenue, respectively, and 17.8% and 50.4% of our 2009 revenue, respectively.

Driven by our clients' continuous demand for more effective and efficient branding activities, we strive to provide an extensive range of advertising, marketing and corporate communications services through various client-centric networks that are organized to meet specific client objectives. These services include advertising, brand consultancy, crisis communications, custom publishing, database management, digital and interactive marketing, direct marketing, entertainment marketing, environmental design, experiential marketing, field marketing, financial / corporate business-to-business advertising, graphic arts, healthcare communications, instore design, investor relations, marketing research, media planning and buying, mobile marketing services, multi-cultural marketing, nonprofit marketing, organizational communications, package design, product placement, promotional marketing, public affairs, public relations, recruitment communications, reputation consulting, retail marketing, search engine marketing, social media marketing and sports and event marketing. In an effort to monitor the changing needs of our clients and to further expand the scope of our services to key clients, we monitor revenue across a broad range of disciplines and group them into four disciplines: traditional media advertising; CRM; public relations; and specialty communications. Revenue for 2010 and 2009 and revenue change for our four disciplines were:

	Year Ended December 31, (Dollars in millions)					
	2010		2009		2010 vs 2009	
	Revenue	% of Revenue	Revenue	% of Revenue	$ Change	% Change
Traditional media advertising	$ 5,679.0	45.3%	$ 5,301.4	45.2%	$ 377.6	7.1%
CRM	4,547.9	36.3%	4,272.3	36.5%	275.6	6.5%
Public relations	1,145.7	9.1%	1,075.3	9.2%	70.4	6.5%
Specialty communications	1,169.9	9.3%	1,071.7	9.1%	98.2	9.2%
	$ 12,542.5		$ 11,720.7		$ 821.8	7.0%

Operating Expenses: Our 2010 operating expenses increased $736.5 million, or 7.1%, to $11,082.3 million from $10,345.8 million in 2009, as shown below.

	Year Ended December 31, (Dollars in millions)							
	2010			2009			2010 vs 2009	
	$	% of Revenue	% of Total Operating Expenses	$	% of Revenue	% of Total Operating Expenses	$ Change	% Change
Revenue	$ 12,542.5			$ 11,720.7			$ 821.8	7.0%
Operating Expenses:								
Salary and service costs	9,214.2	73.5%	83.1%	8,450.6	72.1%	81.7%	763.6	9.0%
Office and general expenses	1,868.1	14.9%	16.9%	1,895.2	16.2%	18.3%	(27.1)	(1.4)%
Total Operating Expenses	11,082.3	88.4%		10,345.8	88.3%		736.5	7.1%
Operating Income	$ 1,460.2	11.6%		$ 1,374.9	11.7%		$ 85.3	6.2%

Salary and services costs are comprised of employee compensation and related costs and direct service costs. Salary and service costs increased $763.6 million in 2010 compared to 2009. Salary and service costs as a percentage of revenue increased to 73.5% in 2010 compared to 72.1% in 2009. This increase resulted primarily from a combination of a change in our business mix and increased compensation costs, primarily related to freelance labor and incentive compensation, partially offset by a decrease in severance costs.

Office and general expenses decreased $27.1 million in 2010 compared to 2009. Office and general expenses as a percentage of revenue decreased 1.3% in 2010 compared to 2009. These costs are comprised of rent and occupancy costs, technology costs, depreciation and amortization and other overhead expenses, and are less directly linked to changes in our revenue. Included in office and general expenses is a $26.0 million non-cash gain resulting from the remeasurement to fair value of our existing ownership interests in affiliates in the Middle East and South America in which we acquired a controlling interest, bringing our ownership up to 68.6% and 100%, respectively. Further, we recorded a $13.0 million charge primarily related to fixed asset impairment and other costs on the disposal of certain underperforming businesses in Europe.

Net Interest Expense: Net interest expense increased to $109.8 million in 2010, as compared to $100.7 million in 2009. Gross interest expense increased $12.5 million to $134.7 million. The increase was primarily due to increased interest resulting from our 6.25% Senior Notes issued in July 2009, our 4.45% Senior Notes issued in August 2010 and amortization of supplemental interest payments made on our Convertible Notes due 2038. This increase was partially offset by lower interest expense resulting from no borrowings under our credit facility during 2010 and decreases in amortization of supplemental interest payments made in prior periods on our Convertible Notes due 2031 and our Convertible Notes due 2032, as well as a net reduction in interest expense on our 2016 Notes resulting from our interest rate swap entered into in August 2010. Gross interest income increased $3.4 million to $24.9 million in 2010. This increase was attributable to higher foreign cash balances available for investment and higher investment rates.

See "Liquidity and Capital Resources" and "Quantitative and Qualitative Disclosures About Market Risk" for a discussion of our indebtedness and related matters.

Income Taxes: Our 2010 consolidated effective income tax rate was 34.1%, which increased slightly from the 2009 rate of 34.0%.

Net Income Per Common Share - Omnicom Group Inc.: For the foregoing reasons, our net income - Omnicom Group Inc. in 2010 increased $34.7 million, or 4.4%, to $827.7 million from $793.0 million in 2009. Diluted net income per common share - Omnicom Group Inc. increased 6.7% to $2.70 in 2010, as compared to $2.53 in the prior year. The year-over-year increase in diluted net income per common share - Omnicom Group Inc. is due to the factors described above, as well as the impact of the reduction in our weighted average common shares outstanding. This reduction was the result of our purchases of our common stock during 2010, net of stock option exercises and shares issued under our employee stock purchase plan.

Financial Results from Operations - 2009 Compared with 2008

	Year Ended December 31, (Dollars in millions, except per share amounts)	
	2009	2008
Revenue	$ 11,720.7	$ 13,359.9
Operating Expenses:		
Salary and service costs	8,450.6	9,560.2
Office and general expenses	1,895.2	2,110.3
	10,345.8	11,670.5
Operating Income	1,374.9	1,689.4
Interest Expense	122.2	124.6
Interest Income	21.5	50.3
Income Before Income Taxes and Income from Equity Method Investments	1,274.2	1,615.1
Income Tax Expense	433.6	542.7
Income from Equity Method Investments	30.8	42.0
Net Income	871.4	1,114.4
Less: Net Income Attributed to Noncontrolling Interests	78.4	114.1
Net Income - Omnicom Group Inc	$ 793.0	$ 1,000.3
Net Income Per Common Share - Omnicom Group Inc.:		
Basic	$ 2.54	$ 3.17
Diluted	2.53	3.14
Dividends Declared Per Common Share	$ 0.60	$ 0.60

Fourth Quarter 2009: In the fourth quarter of 2009, we recorded a net gain of $32.4 million related to transactions with affiliated companies. The net gain was comprised of a $41.3 million non-cash gain resulting from the remeasurement to fair value of our ownership interest in an affiliated company in which we acquired a controlling interest, bringing our ownership up to 85%, in December 2009 and was partially offset by impairment charges of $8.9 million principally related to the loss on the sale of an investment in an affiliated company in January 2010. Also in the fourth quarter of 2009, we took a charge of $33.2 million in connection with the loss in the quarter of a significant client in the automotive sector, primarily for severance and lease termination costs. Salary and service costs for 2009 reflect an increase in severance costs of $15.4 million related to the client loss. Office and general expenses for 2009 reflect a decrease of $14.6 million related to the remeasurement gain of $41.3 million, offset by lease termination costs of $17.8 million related to the client loss and the impairment charges of $8.9 million on investments in affiliated companies.

Revenue: Our 2009 revenue decreased 12.3% to $11,720.7 million from $13,359.9 million in 2008. Foreign exchange impacts decreased revenue by $454.3 million, acquisitions net of dispositions, decreased revenue by $30.8 million and organic growth decreased revenue by $1,154.1 million. The components of total 2009 revenue changes in the U.S. ("domestic") and the remainder of the world ("international") were (dollars in millions):

	Total		Domestic		International	
	$	%	$	%	$	%
December 31, 2008	$ 13,359.9	—	$ 6,890.0	—	$ 6,469.9	—
Components of revenue change:						
Foreign exchange impact	(454.3)	(3.4)%	—	—	(454.3)	(7.0)%
Acquisitions, net of dispositions	(30.8)	(0.2)%	(41.0)	(0.6)%	10.2	0.2%
Organic growth	(1,154.1)	(8.7)%	(670.6)	(9.7)%	(483.5)	(7.5)%
December 31, 2009	$ 11,720.7	(12.3)%	$ 6,178.4	(10.3)%	$ 5,542.3	(14.3)%

The components and percentages are calculated as follows:

- The foreign exchange impact is calculated by first converting the current period's local currency revenue using the average exchange rates from the equivalent prior period to arrive at a constant currency revenue ($12,175.0 million for the Total column in the table for the year). The foreign exchange impact equals the difference between the current period revenue in U.S. Dollars and the current period revenue in constant currency ($11,720.7 million less $12,175.0 million for the Total column in the table for the year).
- The acquisition component is calculated by aggregating the applicable prior period revenue of the acquired businesses, less revenue of any business included in the prior period revenue that was disposed of subsequent to the prior period.
- Organic growth is calculated by subtracting both the foreign exchange and acquisition revenue components from total revenue growth.
- The percentage change is calculated by dividing the individual component amount by the prior period revenue base of that component ($13,359.9 million for the Total column in the table for the year).

Revenue in 2009 and the percentage change from 2008 in our primary geographic markets were (dollars in millions):

	Revenue	% Change
United States	$ 6,178.4	(10.3)%
Euro Markets	2,551.3	(14.6)%
United Kingdom	1,045.3	(21.1)%
Other	1,945.7	(9.7)%
Total	$ 11,720.7	(12.3)%

For the full year 2009, foreign exchange impacts decreased our revenue by $454.3 million. Beginning late in the third quarter of 2008 and continuing through the third quarter of 2009, the U.S. Dollar strengthened against most other major currencies, such as the British Pound, Euro, Canadian Dollar, Brazilian Real and Australian Dollar.

For the fourth quarter of 2009, foreign exchange impacts increased our international revenue by $130.5 million. The most significant impacts resulted from the weakening of the U.S. Dollar against the British Pound, Euro, Brazilian Real, Australian Dollar, and Korean Won.

Additional geographic information relating to our business is contained in Note 7 to our consolidated financial statements.

Due to a variety of factors, in the normal course, our agencies both gain and lose business from clients each year. The net result in 2009 was an overall gain in new business. Under our client-centric approach, we seek to broaden our relationships with our largest clients. Revenue from our single largest client represented 3.1% and 2.8% of our revenue in 2009 and 2008, respectively. No other client represented more than 2.5% of revenue in 2009 or more than 2.1% of revenue in 2008. Our ten largest and 100 largest clients represented 17.8% and 50.4% of our 2009 revenue, respectively, and 16.7% and 47.4% of our 2008 revenue, respectively.

Driven by our clients' continuous demand for more effective and efficient branding activities, we strive to provide an extensive range of advertising, marketing and corporate communications services through various client-centric networks that are organized to meet specific client objectives. These services include advertising, brand consultancy, crisis communications, custom publishing, database management, digital and interactive marketing, direct marketing, entertainment marketing, environmental design, experiential marketing, field marketing, financial / corporate business-to-business advertising, graphic arts, healthcare communications, instore design, investor relations, marketing research, media planning and buying, mobile marketing services, multi-cultural marketing, nonprofit marketing, organizational communications, package design, product placement, promotional marketing, public affairs, public relations, recruitment communications, reputation consulting, retail marketing, search engine marketing, social media marketing and sports and event marketing. In an effort to monitor the changing needs of our clients and to further expand the scope of our services to key clients, we monitor revenue across a broad range of disciplines and group them into the four disciplines: traditional media advertising; CRM; public relations; and specialty communications. Revenue for 2009 and 2008 and revenue change for our four disciplines were:

	Year Ended December 31, (Dollars in millions)					
	2009		2008		2009 vs 2008	
	Revenue	% of Revenue	Revenue	% of Revenue	$ Change	% Change
Traditional media advertising	$ 5,301.4	45.2%	$ 5,908.4	44.2%	$ (607.0)	(10.3)%
CRM	4,272.3	36.5%	4,898.0	36.7%	(625.7)	(12.8)%
Public relations	1,075.3	9.2%	1,261.7	9.4%	(186.4)	(14.8)%
Specialty communications	1,071.7	9.1%	1,291.8	9.7%	(220.1)	(17.0)%
	$ 11,720.7		$ 13,359.9		$ (1,639.2)	(12.3)%

Operating Expenses: Our 2009 operating expenses decreased $1,324.7 million, or 11.4%, to $10,345.8 million from $11,670.5 million in 2008, as shown below.

	Year Ended December 31, (Dollars in millions)							
	2009			2008			2009 vs 2008	
	$	% of Revenue	% of Total Operating Expenses	$	% of Revenue	% of Total Operating Expenses	$ Change	% Change
Revenue	$ 11,720.7			$ 13,359.9			$ (1,639.2)	(12.3)%
Operating Expenses:								
Salary and service costs	8,450.6	72.1%	81.7%	9,560.2	71.6%	81.9%	(1,109.6)	(11.6)%
Office and general expenses	1,895.2	16.2%	18.3%	2,110.3	15.8%	18.1%	(215.1)	(10.2)%
Total Operating Expenses	10,345.8	88.3%		11,670.5	87.4%		(1,324.7)	(11.4)%
Operating Income	$ 1,374.9	11.7%		$ 1,689.4	12.6%		$ (314.5)	(18.6)%

Salary and services costs are comprised of employee compensation and related costs and direct service costs. Salary and service costs decreased $1,109.6 million in 2009 compared to 2008. This reflects actions we took to reduce our workforce and contain compensation related costs in the face of reduced client spending. Salary and service costs as a percentage of revenue increased slightly to 72.1% in 2009 compared to 71.6% in 2008, principally due to the year-over-year increase in severance costs of $31.4 million that included severance costs recorded in the fourth quarter of $15.4 million related to the loss in the quarter of a client in the automotive sector.

Office and general expenses represented 18.3% and 18.1% of our operating expenses in 2009 and 2008, respectively. Office and general expenses as a percentage of revenue increased 0.4% in 2009 compared to 2008. These costs are comprised of rent and occupancy costs, technology costs, depreciation and amortization and other overhead expenses, and are less directly linked to changes in our revenue. Excluding the net impact of the remeasurement gain, lease termination costs and impairment charges in the fourth quarter of 2009 totaling $14.6 million, office and general expenses decreased $200.5 million in 2009 compared to 2008. This decrease was primarily a result of our cost containment activities.

Net Interest Expense: Our net interest expense increased to $100.7 million in 2009, as compared to $74.3 million in 2008. Gross interest expense decreased $2.4 million to $122.2 million. The decrease was primarily due to lower interest rates and lower borrowings under our credit facility and commercial paper issuances that substantially offset the increased interest resulting from our 6.25% Senior Notes issued on July 1, 2009. Our gross interest income decreased $28.8 million to $21.5 million in 2009. This decrease was attributable to lower investment rates and foreign exchange impacts on the interest earned on our foreign cash balances.

See "Liquidity and Capital Resources" and "Quantitative and Qualitative Disclosures About Market Risk" for a discussion of our indebtedness and related matters.

Income Taxes: Our 2009 consolidated effective income tax rate was 34.0%, which is slightly higher than our 2008 rate of 33.6%. The increase in our effective tax rate was caused by higher foreign taxes, including a tax expense incurred in 2009 of $12.9 million due to the resolution of an uncertain tax position for a foreign subsidiary. This was substantially offset by a reduction in income tax expense in 2009 of $11.0 million from the recognition of foreign income tax credits.

Net Income Per Common Share - Omnicom Group Inc.: For the foregoing reasons, our net income - Omnicom Group Inc. in 2009 decreased $207.3 million, or 20.7%, to $793.0 million from $1,000.3 million in 2008. Diluted net income per common share - Omnicom Group Inc. decreased 19.4% to $2.53 in 2009, as compared to $3.14 in the prior year. This period-over-period decrease was smaller than the decrease in net income - Omnicom Group Inc. due to the reduction in our weighted average common shares outstanding.

Liquidity and Capital Resources

Cash Sources and Requirements, Including Contractual Obligations

Historically, the majority of our non-discretionary cash requirements have been funded from operating cash flow, cash on hand and short-term investments. Working capital is our principal non-discretionary funding requirement. In addition, we have contractual obligations related to our senior notes and convertible notes, our recurring business operations, primarily related to lease obligations, as well as certain contingent acquisition obligations related to acquisitions made in prior years.

Our principal discretionary cash requirements include dividend payments to our shareholders, payments for strategic acquisitions, capital expenditures and repurchases of our common stock. Our discretionary spending is funded from operating cash flow, cash on hand and short-term investments. In addition, depending on the level of discretionary spending, we may use other sources of available funding, such as the issuance of commercial paper and borrowing under our credit facility or other long-term borrowings to finance these activities. However, we expect that over the course of 2011 we should be able to fund both our discretionary and non-discretionary cash requirements without incurring additional long-term debt.

We have a seasonal cash requirement, peaking during the second quarter, primarily due to the timing of payments for incentive compensation, income taxes and contingent acquisition obligations. This typically will result in a net borrowing requirement that decreases over the course of the year. We expect that all our treasury centers will have cash invested at the end of the calendar year. At December 31, 2010, our cash and cash equivalents increased by $701.7 million from December 31, 2009. The components of the increase in 2010 are (dollars in millions):

Sources		
Cash flow from operations		$ 1,488.0
Less change in working capital		(310.3)
Principal cash sources		1,177.7
Uses		
Capital expenditures	$ (153.7)	
Dividends paid	(229.7)	
Acquisition payments, including contingent acquisition obligations of $107.7, net of cash acquired	(152.1)	
Repurchase of common stock of $1,296.0, net of proceeds from stock option exercises and stock sold to our employee stock purchase plan of $123.1 and tax benefits of $44.6	(1,128.3)	
Principal discretionary cash uses		(1,663.8)
Discretionary cash uses in excess of principal cash sources		(486.1)
Exchange rate changes		44.7
Financing activities and other		832.8
Add back change in working capital		310.3
Increase in cash and cash equivalents		$ 701.7

Principal Cash Sources and Principal Discretionary Cash Uses amounts are non-GAAP financial measures. These amounts exclude changes in working capital and other investing and financing activities, including commercial paper issuances and redemptions used to fund working capital changes and discretionary cash uses. This presentation reflects the metrics used by us to assess our sources and uses of cash and was derived from our consolidated statements of cash flows. We believe that this presentation is meaningful for understanding our primary sources and primary uses of that cash flow. Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with U.S. GAAP. Non-GAAP financial measures as reported by us may not be comparable to similarly titled amounts reported by other companies. Additional information regarding our cash flows can be found in our consolidated financial statements.

Cash Management

We manage our cash and liquidity centrally through our regional treasury centers in North America, Europe and Asia. The regional treasury centers are managed by our wholly-owned finance subsidiaries. Each day, operations with excess funds invest these funds with their regional treasury center. Likewise, operations that require funding borrow funds from their regional treasury center. The treasury centers aggregate the net position, which is either invested with or borrowed from third parties. To the extent that our treasury centers require liquidity, they have the ability to access local currency uncommitted lines of credit, our $2.0 billion credit facility or, depending on market conditions at the time, issue up to $1.5 billion of U.S. Dollar-denominated commercial paper. This process enables us to more efficiently manage our debt balances and effectively utilize our cash, as well as better manage our risk to foreign exchange changes.

In certain countries where we either do not conduct treasury operations or it is not feasible for one of our treasury centers to fund net borrowing requirements on an intercompany basis, we arrange for uncommitted local credit lines in those countries.

Our cash and cash equivalents increased $701.7 million and our short-term investments increased $3.5 million from the prior year. Short-term investments principally consist of time deposits with financial institutions that we expect to convert into cash in our current operating cycle, generally within one year.

At December 31, 2010, $715.3 million of our cash and cash equivalents was held in the United States and the remainder was held internationally, primarily in Canada, the United Kingdom and Hong Kong. The majority of our offshore cash is available to us as a source of funds, net of any tax obligations or assessments.

Unrepatriated cumulative earnings of certain foreign subsidiaries are considered to be invested indefinitely outside the United States. In managing our day-to-day liquidity and our long-term capital structure, we do not rely on the unrepatriated earnings as a source of funds. We have not provided for U.S. federal and state income taxes on these undistributed foreign earnings. Determination of the amount of this tax liability is based on the rate differential of the U.S. income taxes in excess of the foreign taxes on any remittances of the undistributed earnings and is not practicable because of the complexities associated with its hypothetical calculation. Changes in U.S. tax rules and regulations covering international operations and foreign tax credits may affect our future reported financial results or the way we conduct our business.

During 2010, we opportunistically accessed the capital markets and issued $1.0 billion aggregate principal amount of 4.45% Senior Notes due August 15, 2020 and repurchased $66.5 million of our Convertible Notes. Our cash and cash equivalents and short-term investments increased $705.2 million from the prior year end. As a result, our net debt position, which we define as total debt outstanding less cash and short-term investments, increased $213.3 million as compared to the prior year-end, as follows (dollars in millions):

	2010	2009
Debt:		
Short-term borrowings (due less than one year)	$ 50.2	$ 19.3
Commercial paper	—	—
5.90% Senior Notes due April 15, 2016	1,000.0	1,000.0
6.25% Senior Notes due July 15, 2019	500.0	500.0
4.45% Senior Notes due August 15, 2020	1,000.0	—
Convertible notes due February 7, 2031	0.1	5.8
Convertible notes due July 31, 2032	252.7	252.7
Convertible notes due June 15, 2033	0.1	0.1
Convertible notes due July 1, 2038	406.6	467.4
Other debt	1.5	18.6
Unamortized discount on Senior Notes	(8.7)	(6.2)
Fair value hedge adjustment on Senior Notes due 2016	(26.3)	—
Total debt	3,176.2	2,257.7
Cash and cash equivalents and short-term investments	2,300.0	1,594.8
Net debt	$ 876.2	$ 662.9

Net Debt is a non-GAAP financial measure. We believe this presentation, together with the comparable U.S. GAAP measures, reflects one of the key metrics used by us to assess our cash management. Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with U.S. GAAP. Non-GAAP financial measures as reported by us may not be comparable to similarly titled amounts reported by other companies.

Debt Instruments, Guarantees and Related Covenants

In December 2010, we entered into a new credit facility expiring on December 9, 2013 with a consortium of banks led by Citibank, JPMorgan Chase and Bank of America providing borrowing capacity of up to $2.0 billion as described in Note 6 to our consolidated financial statements. The credit facility replaced our $2.5 billion credit facility that was due to expire in June 2011. Our credit facility provides support for our commercial paper issuances, as well as back-up liquidity in the event any of our convertible notes are put back to us. During 2010 and 2009, we repurchased a total of $1,382.0 million of convertible notes that were put. At December 31, 2010, the outstanding convertible notes totaled $659.5 million. Depending on market conditions at the time, we typically fund our daily borrowing needs by issuing commercial paper, borrowing under our uncommitted lines of credit or borrowing under our credit facility.

For the three years ended December 31, 2010, commercial paper issuances and borrowings under our committed credit facility were (dollars in millions):

	2010	2009	2008
Commercial paper:			
Average amount outstanding during the year	$ 406.5	$ 180.3	$ 175.8
Maximum amount outstanding during the year	$ 1,050.6	$ 618.0	$ 743.0
Total borrowings during the year	$ 13,319.2	$ 12,703.3	$ 14,735.0
Amount outstanding at December 31	—	—	—
Weighted average interest rate	0.40%	0.72%	3.43%
Average days outstanding	11.1	5.2	4.4
Committed credit facility:			
Average amount outstanding during the year	—	$ 753.3	$ 554.9
Maximum amount outstanding during the year	—	$ 1,500.0	$ 1,150.0
Total borrowings during the year	—	$ 21,562.0	$ 13,400.0
Amount outstanding at December 31	—	—	—
Weighted average interest rate	—	0.61%	2.88%
Average days outstanding	—	12.4	14.9

The combined maximum amount outstanding for our commercial paper and credit facility borrowings was $1,050.6 million for 2010, $1,757.8 million for 2009 and $1,254.2 million for 2008.

At December 31, 2010, short-term borrowings of $50.2 million outstanding were comprised of bank overdrafts and credit lines by our international subsidiaries. The bank overdrafts and credit lines are treated as unsecured loans pursuant to the bank agreements supporting the facilities.

Our credit facility contains financial covenants that restrict our ability to incur indebtedness as defined in the agreement. These financial covenants limit the ratio of total consolidated indebtedness to total consolidated EBITDA (under our credit agreement, EBITDA is defined as earnings before interest, taxes, depreciation and amortization) to no more than 3.0 times. In addition, we are required to maintain a minimum ratio of EBITDA to interest expense of at least 5.0 times. At December 31, 2010, we were in compliance with these covenants, as our ratio of debt to EBITDA was 1.9 times and our ratio of EBITDA to interest expense was 12.7 times. In addition, our credit facility does not limit our ability to declare or pay dividends.

In August 2010, we issued $1.0 billion aggregate principal amount of 4.45% Senior Notes due August 15, 2020. The proceeds from the issuance before deducting underwriting commissions and offering expenses were $996.5 million.

Standard and Poor's Rating Service currently rates our long-term debt BBB+, Moody's Investors Service rates our long-term debt Baa1 and Fitch Ratings rates our long-term debt A-. Our short-term debt credit ratings are A2, P2 and F2 by the respective agencies. Our outstanding 5.90% Senior Notes due April 15, 2016, 6.25% Senior Notes due July 15, 2019, 4.45% Senior Notes due August 15, 2020 (collectively "Senior Notes"), convertible notes and credit facility do not contain provisions that require acceleration of cash payments should our debt credit ratings be downgraded. The interest rates and fees on our credit facility, however, will increase if our long-term debt credit ratings are lowered.

Our Senior Notes and convertible notes were co-issued by us and two of our wholly owned finance subsidiaries, Omnicom Capital Inc. ("OCI") and Omnicom Finance Inc. ("OFI"), as co-obligors. Our Senior Notes and convertible notes are a joint and several liability of the issuer and the co-obligors and we unconditionally guarantee the obligations of OCI and OFI with respect to the Senior Notes and the convertible notes. Our Senior Notes are senior unsecured notes that rank in equal right of payment with all existing and future unsecured senior indebtedness.

OCI and OFI provide funding for our operations by incurring debt and lending the proceeds to our operating subsidiaries. OCI and OFI's assets consist of intercompany loans made to our operating subsidiaries and the related interest receivable. There are no restrictions in the Senior Notes or convertible note indentures on the ability of OCI, OFI or us to obtain funds from our subsidiaries through dividends, loans or advances.

In June 2010, we amended the indenture relating to our 2038 Notes to permit us to redeem our 2038 Notes on June 17, 2013 and June 15, 2018. After June 15, 2018, we can redeem the 2038 Notes at any time. Additionally, holders of $403.2 million of our 2038 Notes agreed to waive their right to contingent cash interest, if payable, from December 15, 2010 through and including December 15, 2013. Holders of $3.4 million of our 2038 Notes did not put their notes to us for purchase and did not consent to the amendments and $60.8 million aggregate principal amount of the 2038 Notes were repurchased and retired.

In August 2010, we entered into a series of interest rate swap agreements to hedge the risk of changes in fair value of the $1 billion aggregate principal amount of our 5.90% Senior Notes due April 15, 2016 ("2016 Notes") attributable to changes in the benchmark interest rate. Under the terms of these agreements, we will receive fixed interest rate payments and will make variable interest rate payments on the total principal amount of the 2016 Notes. These agreements effectively convert the 2016 Notes from fixed rate debt to floating rate debt from the inception of the swaps through the maturity of the 2016 Notes. The swaps qualify as a hedge for accounting purposes at inception and at December 31, 2010 and are designated as a fair value hedge on the 2016 Notes. The variable interest rate we pay is based on the one month and three month U.S. LIBOR rate, flat. The fixed rate we receive is 1.766%. The swaps mature on April 15, 2016, the same day as the 2016 Notes. The swaps are recorded in our balance sheet at fair value and the change in the fair value of the swaps and the change in the fair value of the 2016 Notes (the hedged item) are recorded in earnings as an adjustment to interest expense. We will continue to evaluate these arrangements for hedge accounting treatment. At December 31, 2010, we recorded a liability of $24.2 million representing the fair value of the swaps and we also recorded a decrease in the carrying value of the 2016 Notes of $26.3 million reflecting the change in fair value of the 2016 Notes from the inception of the fair value hedge. The net change in fair value of the swap and the carrying value of the 2016 Notes and any hedge ineffectiveness was not material to our results of operations.

From time to time, we have made non-contractual supplemental interest payments to holders of our convertible notes who did not put their notes back to us for repurchase on the respective put date or who agreed to certain amendments to the convertible note indentures. The supplemental interest payments are amortized to interest expense ratably over the period to the next put date. See Note 6 to our consolidated financial statements.

Holders of our convertible notes exercised their right to put their notes to us for repurchase at par on the respective put date. For the two years ended December 31, 2010, the following repurchases were made (dollars in millions):

	2010	2009
2031 Notes	$ 5.7	$ 841.2
2032 Notes	—	474.3
2038 Notes	60.8	—
	$ 66.5	$ 1,315.5

At December 31, 2010, outstanding debt and amounts available under our credit facility were (dollars in millions):

	Debt Outstanding	Available Credit
Short-term borrowings (due in less than one year)	$ 50.2	$ —
Commercial paper issued under $2.0 billion credit facility due December 9, 2013	—	2,000.0
5.90% Senior Notes due April 15, 2016	1,000.0	—
6.25% Senior Notes due July 15, 2019	500.0	—
4.45% Senior Notes due August 15, 2020	1,000.0	—
Convertible notes due February 7, 2031	0.1	—
Convertible notes due July 31, 2032	252.7	—
Convertible notes due June 15, 2033	0.1	—
Convertible notes due July 1, 2038	406.6	—
Other debt	1.5	—
Unamortized discount on Senior Notes	(8.7)	
Fair value hedge adjustment on Senior Notes due 2016	(26.3)	
Total	$ 3,176.2	$ 2,000.0

Looking forward to 2011, we expect to continue to use our cash flow from operations to pay dividends and make capital expenditures, as well as to repurchase our common stock and fund acquisitions. Additional information about our indebtedness is included in Note 6 to our consolidated financial statements.

Credit Markets and Availability of Credit

In December 2010, we entered into a new three-year credit facility providing borrowing capacity of $2.0 billion. The credit facility replaced our $2.5 billion credit facility that was due to expire in June 2011. During the term of the prior credit facility, a maximum of $2.0 billion of our convertible notes could have been put back to us. During the term of the new credit facility, a maximum of $660 million of convertible notes can be put back to us. Accordingly, we decreased the amount of our new credit facility by $500 million to $2.0 billion. We believe the reduced amount is sufficient to satisfy the potential put of the total amount of convertible notes outstanding, as well as provide the required support for issuances under our $1.5 billion commercial paper program.

We will continue to take actions available to us to respond to changing economic conditions and we will continue to actively manage our discretionary expenditures. We will continue to monitor and manage the level of credit made available to our clients. We believe that these actions, in addition to the availability of our $2.0 billion credit facility, are sufficient to fund our near-term working capital needs and our discretionary spending. For additional information about our credit facility, see Note 6 to our consolidated financial statements.

In funding our day-to-day liquidity, we have historically been a participant in the commercial paper market. We expect to continue funding our day-to-day liquidity need through the commercial paper market. However, prior disruptions in the credit markets led to periods of illiquidity in the commercial paper market and higher credit spreads. During these periods of disruption, to mitigate these conditions and to fund our day-to-day liquidity, we used our uncommitted lines of credit and borrowed under our credit facility. We will continue to closely monitor our liquidity and the credit markets. We cannot predict with any certainty the impact on us of any future disruptions in the credit markets.

Contractual Obligations and Other Commercial Commitments

We enter into numerous contractual and commercial undertakings in the normal course of business. The following tables should be read in conjunction with our consolidated financial statements.

Contractual obligations at December 31, 2010 are (dollars in millions):

	Total Obligation	Obligation Due 2011	2012 - 2013	2014 - 2015	After 2015
Long-term notes payable	$ 2,501.5	$ 1.4	$ —	$ 0.1	$ 2,500.0
Interest on long-term notes payable	1,007.4	134.7	269.5	269.5	333.7
Convertible notes	659.5	0.1	659.4	—	—
Lease obligations	1,747.0	388.0	561.2	348.6	449.2
Uncertain tax positions	165.1	11.3	41.1	112.7	—
	$ 6,080.5	$ 535.5	$ 1,531.2	$ 730.9	$ 3,282.9

Contractual commitments at December 31, 2010 are (dollars in millions):

	Total Commitment	Commitment Expires 2011	2012 - 2013	2014 - 2015	After 2015
Standby letters of credit	$ 7.1	$ 2.9	$ 2.2	$ 1.6	$ 0.4
Guarantees	27.2	21.5	1.3	2.3	2.1
	$ 34.3	$ 24.4	$ 3.5	$ 3.9	$ 2.5

The liability for uncertain tax positions is subject to uncertainty as to when or if the liability will be paid. We have assigned the liability to the period(s) presented based on our judgment as to when these liabilities will be resolved by the appropriate taxing authorities.

Holders of the convertible notes have the right to cause us to repurchase up to the entire aggregate face amount of the notes then outstanding for par value at certain dates in the future. The next date holders of our 2032 Notes may put the notes back to us for cash is August 2011. The next date on which holders of our 2038 Notes may put the notes back to us for cash is June 2013. If these rights were exercised at the earliest possible future date $252.7 million of convertible notes could be due in 2011 and $ 406.7 million could be due in 2013. At December 31, 2010, we classified our convertible notes as long-term in our consolidated balance sheet because our credit facility does not expire until December 2013 and it is our intention to fund any put with our credit facility.

In the normal course of business, we often enter into contractual commitments with media providers and agreements with production companies on behalf of our clients at levels that substantially exceed our revenue in connection with the services we provide. Many of our agencies purchase media for our clients and act as an agent for a disclosed principal. These commitments are included in accounts payable when the media services are delivered by the media providers. While operating practices vary by country, media type and media vendor, in the United States and certain foreign markets many of our contracts with media providers specify that if our client defaults on its payment obligation, then we are not liable to the media providers under the legal theory of sequential liability until we have been paid for the media by our client. In other countries, we manage our risk in other ways, including evaluating and monitoring our clients' creditworthiness and, in many cases, requiring credit insurance or payment in advance. Further, in cases where we are committed to a media purchase and it becomes apparent that a client may be unable to pay for the media, options are potentially available to us in the marketplace, in addition to those cited above to mitigate the potential loss, including negotiating with media providers. In addition, our agencies incur production costs on behalf of clients. We usually act as an agent for a disclosed principal in the procurement of these services. We manage the risk of payment default by the client by having the production companies be subject to sequential liability or requiring at least partial payment in advance. However, the agreements entered into, as well as the production costs incurred are unique to each client. We have not experienced a material loss related to media purchases or production costs incurred on behalf of our clients. However, the risk of a material loss could significantly increase in a severe economic downturn.

Pension and Postemployment Funding: The unfunded benefit obligation for our defined benefit pension plans and postemployment arrangements at December 31, 2010 was $180.8 million. During 2010, we contributed $7.5 million to our defined benefit pension plans and paid $10.0 million in benefits for our postemployment arrangements. We do not expect these payments to increase significantly in 2011.

Contingent Acquisition Obligations: Certain of our acquisitions are structured with contingent purchase price obligations, often referred to as earn-outs. We utilize contingent purchase price structures in an effort to minimize the risk associated with potential future negative changes in the performance of the acquired business during the post-acquisition transition period. These payments are not contingent upon future employment. At December 31, 2010, the amount of future contingent purchase price payments that we would be required to pay for acquisitions completed prior to January 1, 2009, assuming that the businesses perform over the relevant future periods at their current profit levels, is approximately $115 million. The ultimate amounts payable cannot be predicted with reasonable certainty because they are dependent upon future results of operations of the subject businesses and are subject to changes in foreign currency exchange rates. In accordance with U.S. GAAP, we have not recorded a liability for these items in our consolidated balance sheet since the definitive amount was not determinable or distributable prior to January 1, 2009. Actual results can differ from these estimates and the actual amounts that we pay are likely to be different from these estimates. Our obligations change from period to period primarily as a result of payments made during the current period, changes in the performance of the acquired businesses and changes in foreign currency exchange rates. These differences could be significant. The contingent purchase price obligations as of December 31, 2010, calculated assuming that the acquired businesses perform over the relevant future periods at their current profit levels, are (dollars in millions):

2011	2012	2013	Total
$76	$32	$7	$115

Contingent purchase price obligations related to acquisitions completed subsequent to December 31, 2008 are recorded as liabilities at fair value in our consolidated balance sheet and are remeasured at each reporting period. Changes in fair value of the liability are recorded in our results of operations. These liabilities are not included in the above amounts.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

As a global service business, we operate in multiple foreign currencies and issue debt in the capital markets. In the normal course of business, we are exposed to the impact of interest rate changes and foreign currency fluctuations. We limit these risks through risk management policies and procedures, including the use of derivatives. For interest rate exposure, derivatives are used to manage the related cost of debt. For foreign currency exposure, derivatives are used to better manage the cash flow volatility arising from foreign exchange rate fluctuations.

As a result of using derivative instruments, we are exposed to the risk that counterparties to derivative contracts will fail to meet their contractual obligations. To mitigate the counterparty credit risk, we have a policy of only entering into contracts with carefully selected major financial institutions based on credit ratings and other factors.

We evaluate the effects of changes in interest rates and foreign currency exchange rates and other relevant market risks on our derivative instruments. We periodically determine the potential loss from market risk on our derivative instruments by performing a value-at-risk analysis. Value-at-risk is a statistical model that utilizes historical currency exchange and interest rate data to measure the potential impact on future earnings of our derivative financial instruments. The value-at-risk analysis on our derivative financial instruments at December 31, 2010 indicated that the risk of loss was immaterial.

Foreign Exchange

Our results of operations are subject to risk from the translation to the U.S. Dollar of the revenue and expenses of our foreign operations, which are generally denominated in the local currency. The effects of currency exchange rate fluctuation on the translation of our results of operations are discussed in Note 20 of our consolidated financial statements. For the most part, our revenue and the expenses incurred related to that revenue are denominated in the same currency. This minimizes the impact that fluctuations in exchange rates will have on our results of operations.

While our agencies conduct business in more than 70 different currencies, our major non-U.S. currency markets are the European Monetary Union (EMU), the United Kingdom, Japan, Brazil and Canada. As an integral part of our treasury operations, we centralize our cash and use a multicurrency pool arrangement to manage the foreign exchange risk of the intercompany cash movements between subsidiaries operating in different currency markets from that of the treasury centers from which they borrow or invest funds.

In certain circumstances, instead of using a multicurrency pool, operations can borrow or invest on an intercompany basis with an intercompany treasury center operating in a different currency. To manage the foreign exchange risk associated with these transactions, we enter into forward foreign exchange contracts with third party banks. At December 31, 2010, we had forward foreign exchange contracts outstanding with an aggregate notional principal of $1,300.0 million mitigating the foreign exchange risk of these intercompany borrowings and investments.

Furthermore, we use forward foreign exchange contracts to mitigate the foreign currency risk associated with activities when operating expenses and revenue are not denominated in the same currency. In these instances, amounts are promptly settled or hedged in the foreign currency market with forward contracts. At December 31, 2010, we had forward foreign exchange contracts outstanding with an aggregate notional principal of $51.8 million related to these activities.

The forward foreign exchange contracts discussed above were entered into for the purpose of hedging certain specific currency risks. These risks are primarily the result of the temporary movement of money from one local market to another as part of our cash management program. As a result of these financial instruments, we reduced financial risk in exchange for foregoing any gain (reward) which might have occurred if the markets moved favorably.

Interest Rate Risk

From time to time, we issue debt in the capital markets. In 2010, to manage our overall interest cost, we used interest-rate swaps to convert specific fixed-rate debt into variable-rate debt and designated the swaps as a fair value hedge. See Note 6 to our consolidated financial statements for a discussion of our interest rate swaps. At December 31, 2010, the total notional amount of our interest rate swaps was $1.0 billion.

The holders of our convertible notes have the right on specific dates to cause us to repurchase up to the aggregate principal amount outstanding. The next date on which holders of our 2032 Notes can put the notes back to us for cash is August 2011 and the next date on which holders of our 2038 Notes can put the notes back to us for cash is June 2013. As we have done on prior occasions, we may offer the holders of our convertible notes a supplemental interest payment or other incentives to induce them not to put the convertible notes to us.

If we were to decide to pay a supplemental interest payment, the amount incurred would be based on a combination of market factors at the time of the applicable put date, including our stock price, short-term interest rates and a factor for credit risk.

If our outstanding convertible notes are put back to us, based on our current financial condition and expectations, we expect to have sufficient available cash and unused credit to fund any put. Although such borrowings would reduce the amount available under our credit facility to fund our cash requirements, we believe that we have sufficient capacity under these commitments to meet our cash requirements for the normal course of our business operations after the put. Additionally, if the convertible notes are put back to us, our interest expense will change. The extent, if any, of the increase or decrease in interest expense will depend on the portion of the amount repurchased that was refinanced, when we refinance, the type of instrument we use to refinance and the term of the refinancing.

Even if we were to replace the convertible notes with another form of debt on a dollar-for-dollar basis, it would have no impact on either our debt to capital ratios or our debt to EBITDA ratio. If we were to replace our convertible notes with interest-bearing debt at prevailing rates, this may result in an increase in interest expense that would negatively impact our coverage ratios, such as EBITDA to interest expense. However, the coverage ratios applicable to our credit facilities and ratings levels are currently well within the thresholds. If either our ratio of debt to EBITDA was to increase 50% or our ratio of EBITDA to interest expense was to halve, we would still be in compliance with these covenants. Therefore, based on our current coverage ratios, our present expectations of our future operating cash flows and expected access to debt and equity capital markets, we believe any increase in interest expense and reduction in coverage ratios would still place us comfortably above the coverage ratio requirements.

Credit Risk

We provide marketing and corporate communications services to thousands of clients who operate in nearly every industry sector and in the normal course of business we grant credit to qualified clients. Due to the diversified nature of our client base, we do not believe that we are exposed to a concentration of credit risk as our largest client accounted for 3.0% of our revenue, and no other client accounted for more than 2.4% of our revenue for 2010. However, during periods of economic downturn, the credit profiles of our clients could change.

In the normal course of business, we often enter into contractual commitments with media providers and agreements with production companies on behalf of our clients at levels that substantially exceed our revenue in connection with the services we provide. Many of our agencies purchase media for our clients and act as an agent for a disclosed principal. These commitments are included in accounts payable when the media services are delivered by the media providers. While operating practices vary by country, media type and media vendor, in the United States and certain foreign markets many of our contracts with media providers specify that if our client defaults on its payment obligation then we are not liable to the media providers under the legal theory of sequential liability until we have been paid for the media by our client. In other countries, we manage our risk in other ways, including evaluating and monitoring our clients' creditworthiness and, in many cases, requiring credit insurance or payment in advance. Further, in cases where we are committed to a media purchase and it becomes apparent that a client may be unable to pay for the media, options are potentially available to us in the marketplace, in addition to those cited above to mitigate the potential loss, including negotiating with media providers. In addition, our agencies incur production costs on behalf of clients. We usually act as an agent for a disclosed principal in the procurement of these services. We manage the risk of payment default by the client by having the production companies be subject to sequential liability or requiring at least partial payment in advance. However, the agreements entered into, as well as the production costs incurred are unique to each client. We have not experienced a material loss related to media purchases or on production costs incurred on behalf of our clients. However, the risk of a material loss could increase in a significant economic downturn.

Item 8. Financial Statements and Supplementary Data

Our financial statements and supplementary data are included at the end of this report beginning on page F-1. See the index appearing on the following pages of this report.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

We maintain disclosure controls and procedures designed to ensure that information required to be disclosed in our SEC reports is recorded, processed, summarized and reported within applicable time periods. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in our reports that we file or submit under the Securities Exchange Act of 1934 as amended, or the Exchange Act, is accumulated and communicated to management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosure. We conducted an evaluation of the effectiveness of our disclosure controls and procedures as of December 31, 2010. Based on that evaluation, our CEO and CFO concluded that, as of December 31, 2010, our disclosure controls and procedures are effective to ensure that decisions can be made timely with respect to required disclosures, as well as ensuring that the recording, processing, summarization and reporting of information required to be included in our Annual Report on Form 10-K for the year ended December 31, 2010 is appropriate.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision of management and with the participation of our CEO, CFO and our agencies, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission published in 1987. Based on that evaluation, our CEO and CFO concluded that our internal control over financial reporting was effective as of December 31, 2010. There have not been any changes in our internal control over financial reporting during our most recent fiscal quarter that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

KPMG LLP, an independent registered public accounting firm that audited our consolidated financial statements included in this Annual Report on Form 10-K, has issued an attestation report on Omnicom's internal control over financial reporting as of December 31, 2010, dated February 23, 2011.

Item 9B. Other Information

None.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a)(1) **Financial Statements:**

(a)(2) **Financial Statement Schedules:**

All other schedules are omitted because they are not applicable.

(a)(3) **Exhibits:**

Exhibit Numbers	Description
3(i)	Restated Certificate of Incorporation (Exhibit 3.1 to our Quarterly Report on Form 10-Q (File No. 1-10551) for the quarter ended June 30, 2003 and incorporated herein by reference).
3(ii)	Amended and Restated By-laws (Exhibit 3.2 to our Current Report on Form 8-K (File No. 1- 10551) dated May 27, 2010 and incorporated herein by reference).
4.1	Indenture, dated March 6, 2002, between Omnicom Group Inc. and JPMorgan Chase Bank, as trustee, in connection with our issuance of $900 million Zero Coupon Zero Yield Convertible notes due 2032 ("2032 Indenture") (Exhibit 4.6 to our Annual Report on Form 10-K (File No. 1- 10551) for the year ended December 31, 2001 and incorporated herein by reference).
4.2	Form of Zero Coupon Zero Yield Convertible Notes due 2032 (included in Exhibit 4.1 above).
4.3	First Supplemental Indenture to the 2032 Indenture, dated as of February 13, 2004, among Omnicom Group Inc., Omnicom Capital Inc., Omnicom Finance Inc. and JPMorgan Chase Bank, as trustee (Exhibit 4.3 to our Registration Statement on Form S-3 (Registration No. 333-112840) and incorporated herein by reference).
4.4	Second Supplemental Indenture to the 2032 Indenture, dated August 12, 2004, among Omnicom Group Inc., Omnicom Capital Inc., Omnicom Finance Inc. and JPMorgan Chase Bank, as trustee (Exhibit 4.1 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2004 ("September 30, 2004 10-Q") and incorporated herein by reference).
4.5	Third Supplemental Indenture to the 2032 Indenture, dated November 4, 2004, among Omnicom Group Inc., Omnicom Capital Inc., Omnicom Finance Inc. and JPMorgan Chase Bank, as trustee (Exhibit 4.3 to our September 30, 2004 10-Q and incorporated herein by reference).

4.6 Fourth Supplemental Indenture to the 2032 Indenture, dated July 10, 2008 among Omnicom Group Inc., Omnicom Capital Inc., Omnicom Finance Inc. and Deutsche Bank Trust Company Americas, as trustee (Exhibit 99.2 to our Current Report on Form 8-K (File No. 1-10551) dated July 15, 2008 and incorporated herein by reference).

4.7 Fifth Supplemental Indenture to the 2032 Indenture, dated August 8, 2008, among Omnicom Group Inc., Omnicom Capital Inc., Omnicom Finance Inc. and Deutsche Bank Trust Company Americas, as trustee (Exhibit 99.1 to our Current Report on Form 8-K (File No. 1-10551) dated August 14, 2008 and incorporated herein by reference).

4.8 Indenture, dated as of June 10, 2003, between Omnicom Group Inc. and JPMorgan Chase Bank, as trustee, in connection with our issuance of $600 million Zero Coupon Zero Yield Convertible Notes due 2033 ("2033 Indenture") (Exhibit 4.1 to our Registration Statement on Form S-3 (Registration No. 333-108611) and incorporated herein by reference).

4.9 Form of the Zero Coupon Zero Yield Convertible Notes due 2033 (included in Exhibit 4.8 above).

4.10 First Supplemental Indenture to the 2033 Indenture, dated as of November 5, 2003, among Omnicom Group Inc., Omnicom Capital Inc., Omnicom Finance Inc. and JPMorgan Chase Bank, as trustee (Exhibit 4.4 to our Registration Statement on Form S-3 (Registration No. 333-108611) and incorporated herein by reference).

4.11 Second Supplemental Indenture to the 2033 Indenture, dated as of November 4, 2004, among Omnicom Group Inc., Omnicom Capital Inc., Omnicom Finance Inc. and JPMorgan Chase Bank, as trustee (Exhibit 4.4 to our September 30, 2004 10-Q and incorporated herein by reference).

4.12 Third Supplemental Indenture to the 2033 Indenture, dated November 10, 2004, among Omnicom Group Inc., Omnicom Capital Inc., Omnicom Finance Inc. and JPMorgan Chase Bank, as trustee (Exhibit 4.1 to our Current Report Form 8-K (File No. 1-10551) dated November 10, 2004 and incorporated herein by reference).

4.13 Fourth Supplemental Indenture to the 2033 Indenture, dated June 30, 2006, among Omnicom Group Inc., Omnicom Capital Inc., Omnicom Finance Inc. and JPMorgan Chase Bank, N.A., as trustee (Exhibit 4.1 to our Current Report on Form 8-K (File No. 1-10551) dated July 7, 2006 and incorporated herein by reference).

4.14 Fifth Supplemental Indenture to the 2033 Indenture, dated June 8, 2010, among Omnicom Group Inc., Omnicom Capital Inc., Omnicom Finance Inc. and Deutsche Bank Trust Company Americas, as trustee (Exhibit 10.1 to our Current Report on the Form 8-K (File No. 1-10551) dated June 10, 2010 and incorporated herein by reference).

4.15 Sixth Supplemental Indenture to the 2033 Indenture, dated June 21, 2010, among Omnicom Group Inc., Omnicom Capital Inc., Omnicom Finance Inc. and Deutsche Bank Trust Company Americas, as trustee (Exhibit 10.1 to our Current Report on Form 8-K (File No. 1-10551) dated June 22, 2010 and incorporated herein by reference).

4.16 Form of Senior Debt Securities Indenture (Exhibit 4.1 to our Registration Statement on Form S-3 (Registration No. 333-132625) dated March 22, 2006 and incorporated herein by reference).

4.17 First Supplemental Indenture, dated as of March 29, 2006, among Omnicom Group Inc., Omnicom Capital Inc., Omnicom Finance Inc. and JPMorgan Chase Bank, N.A., as trustee, in connection with our issuance of $1.0 billion 5.90% Notes due 2016 (Exhibit 4.2 to our Current Report on Form 8-K (File No. 1-10551) dated March 29, 2006 ("March 29, 2006 8-K") and incorporated herein by reference).

Form of 5.90% Notes due 2016 (Exhibit 4.3 to the March 29, 2006 8-K and incorporated herein by reference).

4.19 Indenture, dated as of July 1, 2009, among Omnicom Group Inc., Omnicom Capital Inc., Omnicom Finance Inc. and Deutsche Bank Trust Company Americas, as trustee ("2009 Base Indenture") (Exhibit 4.1 to our Current Report on Form 8-K (File No. 1-10551), dated July 1, 2009 ("July 1, 2009 8-K") and incorporated herein by reference).

4.20 First Supplemental Indenture to the 2009 Base Indenture, dated as of July 1, 2009, among Omnicom Group Inc., Omnicom Capital Inc., Omnicom Finance Inc. and Deutsche Bank Trust Company Americas, as trustee, in connection with our issuance of $500 million 6.25% Senior Notes due 2019 (Exhibit 4.2 to the July 1, 2009 8-K and incorporated herein by reference).

4.21 Second Supplemental Indenture to the 2009 Base Indenture, dated as of August 5, 2010, among Omnicom Group Inc., Omnicom Capital Inc., Omnicom Finance Inc. and Deutsche Bank Trust Company Americas, as trustee, in connection with our issuance of $1.0 billion 4.45% Senior Notes due 2020 (Exhibit 4.1 to our Current Report on Form 8-K (File No. 1-10551) dated August 5, 2010 ("August 5, 2010 8-K") and incorporated herein by reference).

4.22 Form of 6.25% Notes due 2019 (Exhibit 4.3 to the July 1, 2009 8-K and incorporated herein by reference).

4.23 Form of 4.45% Notes due 2020 (Exhibit 4.2 to the August 5, 2010 8-K and incorporated herein by reference).

10.1 Amended and Restated Three Year Credit Agreement (the "Agreement"), dated as of December 9, 2010, by and among Omnicom Group Inc., Omnicom Finance Inc., Omnicom Capital Inc., Omnicom Finance plc, the banks, financial institutions and other institutional lenders and initial issuing banks listed on the signature pages of the Agreement, Citigroup Global Markets Inc., J.P. Morgan Securities Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as lead arrangers and book managers, J.P. Morgan Chase Bank, N.A. and Bank of America, N.A., as syndication agents, HSBC Bank USA, National Association, Wells Fargo Bank, National Association and Banco Bilbao Vizcaya Argentaria S.A., New York Branch, as documentation agents and Citibank, N.A., as administrative agent for the lenders (Exhibit 10.1 to our Current Report on Form 8-K (File No. 1-10551) dated December 10, 2010 and incorporated herein by reference).

10.2 Instrument of Resignation, Appointment and Acceptance, dated as of October 5, 2006, among us, Omnicom Capital Inc., Omnicom Finance Inc., JPMorgan Chase Bank, N.A. and Deutsche Bank Trust Company Americas (Exhibit 10.1 to our Current Report on Form 8-K (File No. 1-10551) dated October 11, 2006 and incorporated herein by reference).

10.3 Amended and Restated 1998 Incentive Compensation Plan (Exhibit B to our Proxy Statement (File No. 1-10551) filed on April 10, 2000 and incorporated herein by reference).

10.4 Director Equity Plan for Non-employee Directors (Appendix B to our Proxy Statement (File No. 1-10551) filed on April 23, 2004 and incorporated herein by reference).

10.5 Standard form of our Executive Salary Continuation Plan Agreement (Exhibit 10.24 to our Annual Report on Form 10-K (File No. 1-10551) for the year ended December 31, 1998 and incorporated herein by reference).

10.6 Standard form of the Director Indemnification Agreement (Exhibit 10.25 to our Annual Report on Form 10-K (File No. 1-10551) for the year ended December 31, 1989 and incorporated herein by reference).

10.7 Long-Term Shareholder Value Plan (Exhibit 4.4 to our Registration Statement on Form S-8 (Registration No. 333-84498) and incorporated herein by reference).

10.8 Equity Incentive Plan (Exhibit 4.3 to our Registration Statement on Form S-8 (Registration No. 333-108063) and incorporated herein by reference).

10.9 Senior Management Incentive Plan as amended and restated on December 4, 2008 (Exhibit 10.9 to our Annual Report on Form 10-K (File No. 1-10551) for the year ended December 31, 2008 ("2008 10-K") and incorporated herein by reference).

10.10 Omnicom Group Inc. SERCR Plan, as amended and restated on March 29, 2010 (Exhibit 10.1 to our Current Report on Form 8-K (File No. 1-10551) dated April 1, 2010 and incorporated herein by reference).

10.11 Form of Award Agreement under the Omnicom Group Inc. SERCR Plan (Exhibit 10.2 to our Current Report on Form 8-K (File No. 1-10551) dated December 13, 2006 and incorporated herein by reference).

10.12 Omnicom Group Inc. Amended and Restated 2007 Incentive Award Plan (Appendix A to our Proxy Statement (File No. 1-10551) filed on April 15, 2010 and incorporated herein by reference).

10.13 Form of Indemnification Agreement (Exhibit 10.1 to our Quarterly Report on Form 10-Q (File No. 1-10551) for the quarter ended June 30, 2007 and incorporated herein by reference).

10.14 Form of Amendment to the Executive Salary Continuation Plan Agreement (Exhibit 10.14 to the 2008 10-K and incorporated herein by reference).

10.15 Director Compensation and Deferred Stock Program (Exhibit 10.15 to the 2008 10-K and incorporated herein by reference).

10.16 Restricted Stock Unit Deferred Compensation Plan (Exhibit 10.16 to the 2008 10-K and incorporated herein by reference).

10.17 Restricted Stock Deferred Compensation Plan (Exhibit 10.17 to the 2008 10-K and incorporated herein by reference).

10.18 Amendment No. 1 to the Restricted Stock Deferred Compensation Plan (Exhibit 10.18 to the 2008 10-K and incorporated herein by reference).

10.19 Amendment No. 2 to the Restricted Stock Deferred Compensation Plan (Exhibit 10.19 to the 2008 10-K and incorporated herein by reference).

10.20 Form of Grant Notice and Option Agreement.

10.21 Form of Grant Notice and Restricted Stock Agreement.

10.22 Form of Grant Notice and Restricted Stock Unit Agreement.

12.1 Ratio of Earnings to Fixed Charges.

21.1 Subsidiaries of the Registrant.

23.1 Consent of KPMG LLP.

31.1 Certification of Chief Executive Officer and President required by Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended.

31.2 Certification of Executive Vice President and Chief Financial Officer required by Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended.

32.1 Certification of the Chief Executive Officer and President and the Executive Vice President and Chief Financial Officer required by Rule 13a-14(b) under the Securities Exchange Act of 1934, as amended, and 18 U.S.C. §1350.

101. Interactive Data File.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

February 23, 2011

OMNICOM GROUP INC.

BY: /s/ RANDALL J. WEISENBURGER

Randall J. Weisenburger
Executive Vice President and Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ BRUCE CRAWFORD **(Bruce Crawford)**	Chairman and Director	February 23, 2011
/s/ JOHN D. WREN **(John D. Wren)**	Chief Executive Officer and President and Director	February 23, 2011
/s/ RANDALL J. WEISENBURGER **(Randall J. Weisenburger)**	Executive Vice President and Chief Financial Officer	February 23, 2011
/s/ PHILIP J. ANGELASTRO **(Philip J. Angelastro)**	Senior Vice President Finance and Controller (Principal Accounting Officer)	February 23, 2011
/s/ ALAN R. BATKIN **(Alan R. Batkin)**	Director	February 23, 2011
/s/ ROBERT CHARLES CLARK **(Robert Charles Clark)**	Director	February 23, 2011
/s/ LEONARD S. COLEMAN, JR. **(Leonard S. Coleman, Jr.)**	Director	February 23, 2011
/s/ ERROL M. COOK **(Errol M. Cook)**	Director	February 23, 2011
/s/ SUSAN S. DENISON **(Susan S. Denison)**	Director	February 23, 2011
/s/ MICHAEL A. HENNING **(Michael A. Henning)**	Director	February 23, 2011
/s/ JOHN R. MURPHY **(John R. Murphy)**	Director	February 23, 2011
/s/ JOHN R. PURCELL **(John R. Purcell)**	Director	February 23, 2011
/s/ LINDA JOHNSON RICE **(Linda Johnson Rice)**	Director	February 23, 2011
/s/ GARY L. ROUBOS **(Gary L. Roubos)**	Director	February 23, 2011

MANAGEMENT REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for the preparation of Omnicom's consolidated financial statements and related information. Management uses its best judgment to ensure that the consolidated financial statements present fairly, in all material respects, Omnicom's consolidated financial position and results of operations in conformity with U.S. generally accepted accounting principles.

The financial statements have been audited by an independent registered public accounting firm in accordance with the standards of the Public Company Accounting Oversight Board. Their report expresses the independent accountant's judgment as to the fairness of management's reported operating results, cash flows and financial position. This judgment is based on the procedures described in the second paragraph of their report.

Omnicom management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Securities Exchange Act Rule 13a-15(f). Under the supervision of management and with the participation of our CEO, CFO and our agencies, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission published in 1987. Based on that evaluation, our CEO and CFO concluded that our internal control over financial reporting was effective as of December 31, 2010. KPMG LLP, an independent registered public accounting firm that audited our consolidated financial statements included in this Annual Report on Form 10-K, has issued an attestation report on Omnicom's internal control over financial reporting as of December 31, 2010, dated February 23, 2011.

There have not been any changes in our internal control over financial reporting during our fourth fiscal quarter that have materially affected or are reasonably likely to affect our internal control over financial reporting.

The Board of Directors of Omnicom has an Audit Committee comprised of four non-management directors. The Committee meets periodically with financial management, Internal Audit and the independent auditors to review accounting, control, audit and financial reporting matters.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of

Omnicom Group Inc.:

We have audited the accompanying consolidated balance sheets of Omnicom Group Inc. and subsidiaries (the "Company") as of December 31, 2010 and 2009, and the related consolidated statements of income, equity and comprehensive income and cash flows for each of the years in the three-year period ended December 31, 2010. In connection with our audits of the consolidated financial statements, we also have audited financial statement schedule II. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Omnicom Group Inc. and subsidiaries as of December 31, 2010 and 2009, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2010, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule on page S-1, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Omnicom Group Inc.'s internal control over financial reporting as of December 31, 2010, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 23, 2011 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

As discussed in Note 3 to the consolidated financial statements, Omnicom Group Inc. and subsidiaries changed its method of accounting for business combinations due to the adoption of Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards No. 141 (Revised 2007), "Business Combinations" (included in FASB Accounting Standards Codification Topic 805, "Business Combinations") on January 1, 2009.

/s/ KPMG LLP

New York, New York

February 23, 2011

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of

Omnicom Group Inc.:

We have audited Omnicom Group Inc. and subsidiaries' (the "Company") internal control over financial reporting as of December 31, 2010, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Omnicom Group Inc. and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2010, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Omnicom Group Inc. and subsidiaries as of December 31, 2010 and 2009, and the related consolidated statements of income, equity and comprehensive income and cash flows for each of the years in the three-year period ended December 31, 2010, and our report dated February 23, 2011 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

New York, New York

February 23, 2011

OMNICOM GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31, (Dollars in millions, except per share data)		
	2010	2009	2008
REVENUE	$ 12,542.5	$ 11,720.7	$ 13,359.9
OPERATING EXPENSES	11,082.3	10,345.8	11,670.5
OPERATING INCOME	1,460.2	1,374.9	1,689.4
INTEREST EXPENSE	134.7	122.2	124.6
INTEREST INCOME	24.9	21.5	50.3
INCOME BEFORE INCOME TAXES AND INCOME FROM EQUITY METHOD INVESTMENTS	1,350.4	1,274.2	1,615.1
INCOME TAX EXPENSE	460.2	433.6	542.7
INCOME FROM EQUITY METHOD INVESTMENTS	33.5	30.8	42.0
NET INCOME	923.7	871.4	1,114.4
LESS: NET INCOME ATTRIBUTED TO NONCONTROLLING INTERESTS	96.0	78.4	114.1
NET INCOME - OMNICOM GROUP INC	$ 827.7	$ 793.0	$ 1,000.3
NET INCOME PER COMMON SHARE - OMNICOM GROUP INC.:			
Basic	$ 2.74	$ 2.54	$ 3.17
Diluted	$ 2.70	$ 2.53	$ 3.14

The accompanying notes to the consolidated financial statements are an integral part of these statements.

OMNICOM GROUP INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31, (Dollars in millions, except per share data)	
	2010	2009
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 2,288.7	$ 1,587.0
Short-term investments at cost	11.3	7.8
Accounts receivable, net of allowance for doubtful accounts of $46.7 and $59.5	5,977.2	5,574.1
Work in process	707.6	607.6
Other current assets	1,209.3	1,012.0
Total Current Assets	10,194.1	8,788.5
PROPERTY, PLANT AND EQUIPMENT at cost, less accumulated depreciation of $1,168.3 and $1,146.7	653.3	677.3
INVESTMENTS IN AFFILIATES	299.1	299.4
GOODWILL	7,809.1	7,641.2
INTANGIBLE ASSETS, net of accumulated amortization of $354.8 and $316.1	278.2	220.8
DEFERRED TAX ASSETS	14.2	40.0
OTHER ASSETS	318.1	253.5
TOTAL ASSETS	$ 19,566.1	$ 17,920.7
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 7,726.9	$ 7,143.9
Customer advances	1,187.1	1,059.3
Current portion of debt	1.4	17.8
Short-term borrowings	50.2	19.3
Taxes payable	176.3	156.7
Other current liabilities	1,881.2	1,685.5
Total Current Liabilities	11,023.1	10,082.5
LONG-TERM NOTES PAYABLE	2,465.1	1,494.6
CONVERTIBLE DEBT	659.5	726.0
LONG-TERM LIABILITIES	576.5	462.0
LONG-TERM DEFERRED TAX LIABILITIES	747.7	488.1
COMMITMENTS AND CONTINGENT LIABILITIES (SEE NOTE 17)		
TEMPORARY EQUITY - REDEEMABLE NONCONTROLLING INTERESTS	201.1	214.7
EQUITY:		
Shareholders' Equity:		
Preferred stock, $1.00 par value, 7.5 million shares authorized, none issued	—	—
Common stock, $0.15 par value, 1.0 billion shares authorized, 397.2 million and 397.2 million shares issued, with 285.5 million and 308.4 million shares outstanding	59.6	59.6
Additional paid-in capital	1,271.9	1,408.2
Retained earnings	7,052.5	6,465.4
Accumulated other comprehensive income (loss)	(106.4)	(8.0)
Treasury stock, at cost, 111.7 million and 88.8 million shares	(4,697.1)	(3,730.4)
Total Shareholders' Equity	3,580.5	4,194.8
Noncontrolling interests	312.6	258.0
Total Equity	3,893.1	4,452.8
TOTAL LIABILITIES AND EQUITY	$ 19,566.1	$ 17,920.7

The accompanying notes to the consolidated financial statements are an integral part of these statements.

OMNICOM GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY AND COMPREHENSIVE INCOME

Three Years Ended December 31, 2010

(Dollars in millions)

	Omnicom Group Inc.								
	Common Stock								
	Shares	Par Value	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance December 31, 2007	397,225,082	$ 59.6	$ 1,648.0	$ 5,049.0	$ 430.7	$ (3,095.6)	$ 4,091.7	$ 242.1	$ 4,333.8
Net Income				1,000.3			1,000.3	114.1	1,114.4
Unrealized holding loss on securities, net of tax of $(7.9)					(12.0)		(12.0)	—	(12.0)
Foreign currency transaction and translation adjustments, net of tax of $(358.2)					(654.9)		(654.9)	(10.6)	(665.5)
Defined benefit plans adjustment, net of tax of $(5.7)					(11.1)		(11.1)	—	(11.1)
Comprehensive income							322.3	103.5	425.8
Dividends to noncontrolling interests								(107.9)	(107.9)
Acquisition of noncontrolling interests								(7.1)	(7.1)
Common stock dividends declared ($0.60 per share)				(189.7)			(189.7)	—	(189.7)
Share-based compensation			59.3				59.3	—	59.3
Stock issued, share-based compensation			(78.2)			164.2	86.0	—	86.0
Treasury stock acquired						(846.8)	(846.8)	—	(846.8)
Cancellation of shares	(2,004)		(0.1)			0.1	—	—	—
Balance December 31, 2008	397,223,078	59.6	1,629.0	5,859.6	(247.3)	(3,778.1)	3,522.8	230.6	3,753.4
Net Income				793.0			793.0	78.4	871.4
Unrealized holding loss on securities, net of tax of $(1.9)					(2.9)		(2.9)	—	(2.9)
Foreign currency transaction and translation adjustments, net of tax $134.3					240.1		240.1	9.4	249.5
Defined benefit plans adjustment, net of tax of $1.7					2.1		2.1	—	2.1
Comprehensive income							1,032.3	87.8	1,120.1
Dividends to noncontrolling interests								(91.7)	(91.7)
Acquisition of noncontrolling interests			(25.6)				(25.6)	(7.1)	(32.7)
Increase in noncontrolling interests from business combinations								38.4	38.4
Adoption of and changes in temporary equity			(210.3)				(210.3)		(210.3)
Common stock dividends declared ($0.60 per share)				(187.2)			(187.2)	—	(187.2)
Share-based compensation			78.6				78.6	—	78.6
Stock issued, share-based compensation			(63.5)			62.7	(0.8)	—	(0.8)
Treasury stock acquired						(15.0)	(15.0)	—	(15.0)
Cancellation of shares	(5,638)						—	—	—
Balance December 31, 2009	397,217,440	59.6	1,408.2	6,465.4	(8.0)	(3,730.4)	4,194.8	258.0	4,452.8
Net Income				827.7			827.7	96.0	923.7
Unrealized holding gain on securities, net of tax of $0.1					0.1		0.1	—	0.1
Foreign currency transaction and translation adjustments, net of tax $(37.6)					(84.9)		(84.9)	11.9	(73.0)
Defined benefit plans adjustment, net of tax of $(9.0)					(13.6)		(13.6)	—	(13.6)
Comprehensive income							729.3	107.9	837.2
Dividends to noncontrolling interests								(81.0)	(81.0)
Acquisition of noncontrolling interests			(23.8)				(23.8)	(6.7)	(30.5)
Increase in noncontrolling interests from business combinations								34.4	34.4
Changes in temporary equity			11.2				11.2		11.2
Common stock dividends declared ($0.80 per share)				(240.6)			(240.6)	—	(240.6)
Share-based compensation			69.3				69.3	—	69.3

Stock issued, share-based compensation			(193.0)			329.3	136.3	—	136.3
Treasury stock acquired						(1,296.0)	(1,296.0)	—	(1,296.0)
Balance December 31, 2010	397,217,440	$ 59.6	$ 1,271.9	$ 7,052.5	$ (106.4)	$ (4,697.1)	$ 3,580.5	$ 312.6	$ 3,893.1

The accompanying notes to the consolidated financial statements are an integral part of these statements.

OMNICOM GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31, (Dollars in millions)		
	2010	2009	2008
Cash Flows from Operating Activities:			
Net income	$ 923.7	$ 871.4	$ 1,114.4
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	182.2	186.5	182.8
Amortization of intangible assets	70.8	56.3	53.1
Income from equity method investments, net of dividends received	(7.2)	(9.2)	(14.7)
Remeasurement gain, equity interest in acquiree	(26.0)	(41.3)	—
Provision for doubtful accounts	9.5	24.9	26.5
Share-based compensation	69.3	78.6	59.3
Excess tax benefit from share-based compensation	(44.6)	—	(12.9)
Change in operating capital	310.3	564.4	(14.3)
Net Cash Provided by Operating Activities	1,488.0	1,731.6	1,394.2
Cash Flows from Investing Activities:			
Payments to acquire property, plant and equipment	(153.7)	(130.6)	(212.2)
Payments to acquire businesses and interests in affiliates, net of cash acquired	(152.1)	(137.4)	(362.2)
Payments to acquire short-term investments	(5.6)	(3.2)	(13.1)
Payments for settlement of net investment hedge	—	—	(50.8)
Proceeds from sales of short-term investments	17.7	45.2	40.9
Net Cash Used in Investing Activities	(293.7)	(226.0)	(597.4)
Cash Flows from Financing Activities:			
Proceeds from short-term debt	35.0	2.5	5.1
Proceeds from issuance of long-term notes payable	990.1	497.3	2.4
Repayments of convertible debt	(66.5)	(1,315.5)	(2.0)
Payments of dividends	(229.7)	(187.1)	(192.0)
Payments for repurchase of common stock	(1,296.0)	(15.0)	(846.8)
Proceeds from stock plans	123.1	18.6	86.0
Payments for acquisition of additional noncontrolling interests	(32.1)	(20.8)	(82.6)
Payments of dividends to shareholders of noncontrolling interests	(81.0)	(91.7)	(107.9)
Excess tax benefit on share-based compensation	44.6	—	12.9
Other, net	(24.8)	(16.3)	(11.5)
Net Cash Used in Financing Activities	(537.3)	(1,128.0)	(1,136.4)
Effect of exchange rate changes on cash and cash equivalents	44.7	112.1	(356.3)
Net Increase (Decrease) in Cash and Cash Equivalents	701.7	489.7	(695.9)
Cash and Cash Equivalents at Beginning of Year	1,587.0	1,097.3	1,793.2
Cash and Cash Equivalents at End of Year	$ 2,288.7	$ 1,587.0	$ 1,097.3

The accompanying notes to the consolidated financial statements are an integral part of these statements.

1. Presentation of Financial Statements

The terms "Omnicom," "we," "our" and "us" each refer to Omnicom Group Inc. and our subsidiaries, unless the context indicates otherwise. The accompanying consolidated financial statements are prepared in conformity with generally accepted accounting principles in the United States of America ("U.S. GAAP"). Intercompany balances and transactions have been eliminated.

The preparation of financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

2. New Accounting Standards

On January 1, 2010, we adopted Accounting Standards Update ("ASU") 2009-17, Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities ("ASU 2009-17"). ASU 2009-17 revised factors that should be considered by a reporting entity when determining whether an entity that is insufficiently capitalized or is not controlled through voting (or similar rights) should be consolidated. ASU 2009-17 also includes revised financial statement disclosures regarding the reporting entity's involvement and risk exposure. The adoption of ASU 2009-17 did not have a significant impact on our results of operations or financial position.

In December 2010, the FASB issued ASU 2010-28, Intangibles - Goodwill and Other (Topic 350): When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts ("ASU 2010-28"). Upon adoption of ASU 2010-28, an entity with reporting units that have carrying amounts that are zero or negative is required to assess the likelihood of the reporting units' goodwill impairment. ASU 2010-28 is effective January 1, 2011 and we do not believe that the adoption of ASU 2010-28 will have a significant impact on our results of operations and financial position.

3. Significant Accounting Policies

Revenue Recognition. We recognize revenue in accordance with the FASB Accounting Standards Codification ("ASC") Topic 605, Revenue Recognition, and applicable SEC Staff Accounting Bulletins. Substantially all of our revenue is derived from fees for services or a rate per hour, or equivalent basis. Revenue is realized when the service is performed in accordance with terms of each client arrangement, upon completion of the earnings process and when collection is reasonably assured. We record revenue net of sales, use and value added taxes. Certain of our businesses earn a portion of their revenue as commissions based upon performance in accordance with client arrangements. These principles are the foundation of our revenue recognition policy and apply to all client arrangements in each of our service disciplines - traditional media advertising, customer relationship management, public relations and specialty communications. Because the services that we provide across each of our disciplines are similar and delivered to clients in similar ways, all of the key elements of our revenue recognition policy apply to client arrangements in each of our four disciplines.

In the majority of our businesses, we act as an agent and record revenue equal to the net amount retained when the fee or commission is earned. Although we may bear credit risk in respect of these activities, the arrangements with our clients are such that we act as an agent on their behalf. In these cases, costs incurred with external suppliers are excluded from our revenue. In certain arrangements, we act as principal and we contract directly with suppliers for media payments and production costs and are responsible for payment. In these arrangements, revenue is recorded at the gross amount billed since revenue has been earned for the sale of goods or services.

A portion of our client contractual arrangements include performance incentive provisions designed to link a portion of our revenue to our performance relative to both quantitative and qualitative goals. We recognize this portion of revenue when specific quantitative goals are achieved, or when our performance against qualitative goals is determined by our clients.

Operating Expenses. Operating expenses are comprised of salary and service costs and office and general expenses. Salary and service costs are comprised of employee compensation and related costs and direct service costs. Office and general costs are comprised of rent and occupancy costs, technology costs, depreciation and amortization and other overhead expenses.

The components of operating expenses for the three years ended December 31, 2010 were (dollars in millions):

	2010	2009	2008
Salary and service costs	$ 9,214.2	$ 8,450.6	$ 9,560.2
Office and general expenses	1,868.1	1,895.2	2,110.3
Operating expenses	$ 11,082.3	$ 10,345.8	$ 11,670.5

Cash and Cash Equivalents. Cash equivalents consist of highly liquid investments with original maturity dates of three months or less at the time of purchase, including overnight interest-bearing deposits, commercial paper and money market instruments.

Short-Term Investments. Short-term investments consist principally of time deposits with financial institutions that we expect to convert into cash within our current operating cycle, generally within one year. Short-term investments are carried at cost, which approximates fair value.

Work in Process. Work in process consists principally of costs incurred on behalf of clients in providing advertising, marketing and corporate communications services to clients, but have not yet been billed. Such amounts are billed to clients at various times over the course of the production process.

Available-for-Sale Securities. Available-for-sale securities are comprised of investments in publicly traded securities and are carried at quoted market prices. Unrealized gains and losses are recorded as a component of accumulated other comprehensive income in shareholders' equity, net of deferred income taxes.

Property, Plant and Equipment. Property, plant and equipment are carried at cost and depreciated on a straight-line basis over their estimated useful lives. The estimated useful lives generally range from seven to ten years for furniture and three to five years for equipment. Leasehold improvements are amortized on a straight-line basis over the shorter of the related lease term or the estimated useful life of the asset. Capital leases are amortized on a straight-line basis over the lease term.

Cost Method Investments. Investments in non-public companies in which we own less than a 20% equity interest and where we do not exercise significant influence over the operating and financial policies of the investee are accounted for using the cost method of accounting. These minority ownership interests are included in other assets in our consolidated balance sheet. We periodically evaluate these investments to determine if there has been other than temporary declines below carrying value. A variety of factors are considered when determining if a decline in fair value below carrying value is other than temporary, including, among others, the financial condition and prospects of the investee, as well as our investment intent.

Equity Method Investments. Investments in affiliates in which we have an ownership of less than 50% and have significant influence over the operating and financial policies of the affiliate are accounted for using the equity method of accounting. The affiliated companies offer marketing and corporate communications services similar to those offered by our operating companies. The excess of the cost of our ownership interest in the equity of these affiliates over our share of the fair value of their net assets at the acquisition date is recognized as goodwill and included in the carrying amount of our investment. Equity method goodwill is not amortized. We periodically evaluate these investments to determine if there has been other than temporary declines below carrying value. A variety of factors are considered when determining if a decline in fair value below carrying value is other than temporary, including, among others, the financial condition and prospects of the investee, as well as our investment intent.

Goodwill and Other Intangible Assets. Goodwill represents the excess of the acquisition cost over the fair value of the net assets acquired. Goodwill is not amortized, but is periodically tested for impairment.

Identifiable intangible assets consist primarily of customer relationships, including the related customer contracts, as well as trade names, and are amortized over their estimated useful lives ranging from five to ten years. We consider a number of factors in determining the useful lives and amortization method, including the pattern in which the economic benefits are consumed, as well as trade name recognition and customer attrition. No residual value is estimated for these intangible assets.

We review the carrying value of goodwill for impairment at least annually as of the end of the second quarter and whenever events or circumstances indicate the carrying value may not be recoverable. There is a two-step test for goodwill impairment. In the first step, we compare the fair value of each reporting unit to its carrying value, including goodwill. If the fair value of the reporting unit is equal to or greater than its carrying value, goodwill is not impaired and no further testing is required. If the carrying value exceeds fair value, then the second step of the impairment test is performed in order to determine the implied fair value of the reporting unit's goodwill. Goodwill of a reporting unit is impaired when its carrying value exceeds its implied fair value. Impaired goodwill is written down to its implied fair value with a charge to expense in the period the impairment is identified.

We identified our regional reporting units as components of our operating segments, which are our five networks. The regional reporting units of each agency network are responsible for the agencies in their region. They report to the segment managers and facilitate the administrative and logistical requirements of our client-centric strategy for delivering services to clients in their regions. We have concluded that for each of our operating segments, their regional reporting units had similar economic characteristics and should be aggregated for purposes of testing goodwill for impairment at the operating segment level. Our conclusion was based on a detailed analysis of the aggregation criteria set forth in ASC Topic 280, Segment Reporting, and the guidance set forth in ASC Topic 350, Intangibles - Goodwill and Other. Consistent with our fundamental business strategy, the agencies within our regional reporting units serve similar clients in similar industries, and in many cases the same clients. In addition, the agencies within our regional reporting units have similar economic characteristics, as the main economic components of each agency are employee compensation and related costs and direct service costs associated with providing professional services, and office and general costs, which include rent and occupancy costs, technology costs that are generally limited to personal computers, servers and off-the-shelf software and other overhead costs. Finally, the expected benefits of our acquisitions are typically shared across multiple agencies and regions as they work together to integrate the acquired agency into our client service strategy. We use the following valuation methodologies to determine the fair value of our reporting units: (1) the income approach which utilizes discounted expected future cash flows, (2) comparative market participant multiples of EBITDA (earnings before interest, income taxes, depreciation and amortization), and (3) when available, consideration of recent and similar purchase acquisition transactions.

Based on the results of our annual impairment review, we concluded that our goodwill was not impaired as of June 30, 2010 and 2009, because the fair values of each of our reporting units were substantially in excess of their respective net book values. Subsequent to our annual evaluation of the carrying value of goodwill at the end of the second quarter of 2010, there were no events or circumstances that triggered the need for an interim evaluation for impairment.

Temporary Equity - Redeemable Noncontrolling Interests. Owners of noncontrolling interests in certain of our subsidiaries have the right in certain circumstances to require us to purchase additional ownership interests at fair value as defined in the applicable agreements. The intent of the parties is to approximate fair value at the time of redemption by using a multiple of earnings that is consistent with generally accepted valuation practices by market participants in our industry. These contingent redemption rights are embedded in the equity security at issuance, are not free-standing instruments, do not represent a de facto financing and are not under our control.

Treasury Stock. Repurchases of our common stock are accounted for at cost. Reissued treasury shares, primarily in connection with employee share-based compensation plans, are accounted for at average cost. Gains or losses on reissued treasury shares are accounted for as additional paid-in capital and do not affect our results of operations.

Business Combinations. Effective January 1, 2009, we adopted new accounting standards included in ASC Topic 805, Business Combinations ("ASC 805"). Under ASC 805, business combinations are accounted for using the acquisition method and accordingly, the assets acquired, including identified intangible assets, the liabilities assumed and any noncontrolling interest in the acquired business are recorded at their acquisition date fair values. In circumstances where control is obtained and less than 100% of an entity is acquired, we record 100% of the goodwill acquired. Acquisition-related costs, including advisory, legal, accounting, valuation and other costs are expensed as incurred. For acquisitions subsequent to December 31, 2008, any liability for contingent purchase price obligations (earn-outs) is recorded at the acquisition date at fair value. Changes in the fair value of the earn-out liability are recorded in our results of operations. The results of operations of acquired businesses are included in our results of operations from the acquisition date.

Subsidiary and Affiliate Stock Transactions. Transactions involving the purchase, sale or issuance of stock of a subsidiary where control is maintained are recorded as an increase or decrease in additional paid-in capital. Gains and losses from transactions involving subsidiary stock where control is lost are recorded in results of operations.

Gains and losses from transactions involving stock of an affiliate are recorded in results of operations until control is achieved. In circumstances where the purchase of affiliate stock results in obtaining control, the existing carrying value of the affiliate is remeasured to the acquisition date fair value and any gain or loss is recognized in results of operations.

Foreign Currency Transactions and Translation. Substantially all of our foreign subsidiaries use their local currency as their functional currency. Assets and liabilities recorded in foreign currencies are translated at the exchange rate on the balance sheet date. Revenue and expenses are translated at average exchange rates for the year. The impact of the translation of the balance sheets of our foreign subsidiaries to U.S. Dollar statements is included in accumulated other comprehensive income. Net foreign currency transaction gains recorded in results of operations were $3.8 million in 2010, $6.1 million in 2009 and $15.3 million in 2008.

Net Income Per Common Share. Net income per common share - Omnicom Group Inc. is based upon the weighted average number of common shares outstanding during each year. Diluted net income per common share -Omnicom Group Inc. is based on the weighted average number of common shares outstanding, plus, if dilutive, common share equivalents which include outstanding stock options and restricted shares.

Net income per common share is calculated using the two-class method, which is an earnings allocation method for computing net income per common share when an entity's capital structure includes common stock and participating securities. The application of the two-class method is required because our unvested restricted stock awards receive non-forfeitable dividends at the same rate as our common stock and therefore are considered participating securities. Under two-class method, basic and diluted net income per common share is reduced for a presumed hypothetical distribution of earnings to holders of our unvested restricted stock.

Effective January 1, 2009, we retrospectively adopted revised accounting standards included in ASC Topic 260, Earnings Per Share, that required retrospective application to all prior period net income per common share calculations to allocate earnings to unvested share-based awards that contain rights to non-forfeitable dividends. Basic and fully diluted net income per common share - Omnicom Group Inc. for the year ended December 31, 2008 were reduced by $0.03 as a result of the adoption of the new standard.

Income Taxes. We file a consolidated U.S. income tax return and tax returns in various state and local jurisdictions. Our subsidiaries also file tax returns in various foreign jurisdictions. Our principal foreign jurisdictions include the United Kingdom, France and Germany. We have not provided U.S. federal and state income taxes on cumulative earnings of non-U.S. subsidiaries that have been reinvested indefinitely. Provision has been made for income taxes on the distribution of earnings of international subsidiaries and affiliates. Interest and penalties related to tax positions taken in our tax returns are recorded in income tax expense.

Deferred income taxes are provided for the temporary difference between the financial reporting basis and tax basis of our assets and liabilities. Deferred income taxes are measured using the enacted tax rates that are assumed to be in effect when the differences reverse. Deferred tax assets result principally from recording certain expenses in the financial statements which are not currently deductible for tax purposes, including employee stock-based compensation expense and from differences between the tax and book basis of assets and liabilities recorded in connection with acquisitions, as well as tax loss and credit carryforwards. Deferred tax liabilities result principally from expenses arising from financial instruments which are currently deductible for tax purposes but have not been expensed in the financial statements and basis differences arising from tangible and deductible intangible assets.

We maintain valuation allowances where it is more likely than not that all or a portion of a deferred tax asset will not be realized. In determining whether a valuation allowance is warranted, we evaluate factors such as prior earnings history, expected future earnings, carry-back and carry-forward periods and tax strategies that could potentially enhance the likelihood of the realization of a deferred tax asset.

Employee Share-Based Compensation. Employee share-based compensation, primarily arising from awards of stock options and restricted stock, is measured at the grant date fair value. We use the Black-Scholes option valuation model to determine the fair value of share-based compensation awards. Share-based compensation expense is recognized in our results of operations over the requisite service periods. See Note 10 for additional information regarding our specific award plans and estimates and assumptions used to determine fair value of our share-based compensation awards.

Salary Continuation Agreements. Arrangements with certain present and former employees provide for continuing payments for periods up to 10 years after cessation of full-time employment in consideration for agreement by the employees not to compete with us and to render consulting services during the postemployment period. Such payments are subject to certain limitations, including our operating performance during the postemployment period, represent the fair value of the services rendered and are expensed in such periods.

Severance. The liability for one-time termination benefits, such as severance pay or benefit payouts, is measured and recognized at fair value in the period during which the liability was incurred. Subsequent changes to the liability are recognized in results of operations in the period of change.

Defined Benefit Pension Plans and Postemployment Arrangements. The funded status of our defined benefit plans is recognized in our consolidated balance sheet. Funded status is measured as the difference between the fair value of plan assets and the benefit obligation at December 31, the measurement date. The benefit obligation is the projected benefit obligation ("PBO"), which represents the actuarial present value of benefits expected to be paid upon retirement based on estimated future compensation levels. The fair value of plan assets, if any, represents the current market value. Overfunded plans where the fair value of plan assets exceeds the benefit obligation are aggregated and recorded as a prepaid pension asset equal to the excess. Underfunded plans where the benefit obligation exceeds the fair value of plan assets are aggregated and recorded as a liability equal to the excess.

The liability for our postemployment arrangements is recognized in our consolidated balance sheet. The benefit obligation of our postemployment arrangements is the PBO and these arrangements are not funded.

The current portion of the benefit obligations of our defined benefit plans and postemployment arrangements represents the actuarial present value of benefits payable in the next twelve months that exceed the fair value of plan assets. This obligation is recorded in other current liabilities in our consolidated balance sheet.

Deferred Compensation. Certain of our subsidiaries have individual deferred compensation arrangements with certain executives that provide for payments over varying terms upon retirement, cessation of employment or death. The cost of these arrangements is accrued during the employee's service period.

Concentration of Credit Risk. We provide marketing and corporate communications services to thousands of clients who operate in nearly every industry sector and we grant credit to qualified clients in the normal course of business. Due to the diversified nature of our client base, we do not believe that we are exposed to a concentration of credit risk as our largest client accounted for 3.0% of our 2010 revenue and no other client accounted for more than 2.4% of our 2010 revenue.

Derivative Financial Instruments. All derivative instruments (including certain derivative instruments embedded in other contracts) are recorded in our consolidated balance sheet at fair value as either an asset or liability.

Our derivative financial instruments consist principally of forward foreign exchange contracts and interest rate swaps. Derivatives qualify for hedge accounting if: (1) the hedging instrument is designated as a hedge at inception; (2) the hedged exposure is specifically identifiable and exposes us to risk; and (3) a change in fair value of the derivative financial instrument and an opposite change in the fair value of the hedged exposure will have a high degree of correlation. The method of assessing hedge effectiveness and measuring hedge ineffectiveness is formally documented at hedge inception. Hedge effectiveness is assessed and hedge ineffectiveness is measured at least quarterly throughout the designated hedge period.

If the derivative is a hedge, depending on the nature of the hedge, changes in the fair value of the derivative will either be offset against the change in fair value of the hedged assets, liabilities or firm commitments through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of the change in fair value of a derivative used as hedge is immediately recognized in results of operations.

We execute forward foreign exchange contracts in the same currency as the related exposure, whereby 100% correlation is achieved based on spot rates. Gains and losses on derivative financial instruments which are hedges of foreign currency assets or liabilities are recorded at market value and changes in market value are recognized in results of operations in the current period.

Fair Value. We apply the fair value measurement guidance of ASC Topic 820, Fair Value Measurements and Disclosures, for our financial assets and liabilities that are required to be measured at fair value and for our nonfinancial assets and liabilities that are not required to be measured at fair value on a recurring basis, including goodwill and other identifiable intangible assets. The measurement of fair value requires the use of techniques based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect our market assumptions. The inputs create the following fair value hierarchy:

- Level 1 — Quoted prices for identical instruments in active markets.
- Level 2 — Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations where inputs are observable or where significant value drivers are observable.
- Level 3 — Instruments where significant value drivers are unobservable to third parties.

When available, we use quoted market prices to determine the fair value of our financial instruments and classify such items in Level 1. In some cases, we use quoted market prices for similar instruments in active markets and classify such items in Level 2.

In determining the fair value of financial instruments, we consider certain market valuation adjustments that market participants would consider in determining fair value, including: counterparty credit risk adjustments applied to financial instruments, taking into account the actual credit risk of the counterparty as observed in the credit default swap market and credit risk adjustments applied to reflect our own credit risk when valuing liabilities measured at fair value.

4. Business Combinations

In 2010, we completed seven acquisitions of new subsidiaries and made additional investments in companies in which we had an existing minority ownership interest. Total goodwill additions for these transactions were $123.6 million. In addition and unrelated to the acquisitions completed in 2010, we made or accrued contingent purchase price payments of $117.2 million, which were included in goodwill. Approximately $98.4 million of the goodwill recorded in these acquisitions is expected to be deductible for income tax purposes. Further, we also acquired additional equity in certain of our majority owned subsidiaries. These transactions are accounted for as equity transactions and no additional goodwill was recorded. None of our acquisitions in 2010 were material to our results of operations or financial position.

Valuation of the acquired companies is based on a number of factors, including specialized know-how, reputation, geographic coverage, competitive position and service offerings. Our acquisition strategy is focused on acquiring the expertise of an assembled workforce in order to continue to build upon the core capabilities of our various strategic business platforms, including the expansion of their geographic area and/or their service capabilities to better serve our clients. Consistent with our acquisition strategy and past practice, most of our acquisitions include an initial payment at the time of closing and provide for future additional contingent purchase price payments (earn-outs). Contingent payments for these transactions, as well as certain acquisitions completed in prior years, are derived using the performance of the acquired entity and are based on pre-determined formulas. These payments are not contingent upon future employment. Contingent purchase price obligations for acquisitions completed prior to January 1, 2009 are accrued when the contingency is resolved and payment is certain. Contingent purchase price obligations related to acquisitions completed subsequent to December 31, 2008 are recorded as liabilities at fair value and are remeasured at each reporting period. Changes in fair value of the liability are recorded in results of operations.

For each acquisition, we undertake a detailed review to identify other intangible assets and a valuation is performed for all such identified assets. We use several market participant measurements to determine fair value. This approach includes consideration of similar and recent transactions, as well as utilizing discounted expected cash flow methodologies and when available and as appropriate, we use comparative market multiples to supplement our analysis. As is typical for most service businesses, a substantial portion of the intangible asset value we acquire is the specialized know-how of the workforce, which is treated as part of goodwill and is not required to be valued separately. A significant portion of the identifiable intangible assets acquired is derived from customer relationships, including the related customer contracts, as well as trade names. In executing our acquisition strategy, one of the primary drivers in identifying and executing a specific transaction is the existence of, or the ability to, expand our existing client relationships. The expected benefits of our acquisitions are typically shared across multiple agencies and regions.

5. Intangible Assets

Intangible assets at December 31, 2010 and 2009 were (dollars in millions):

	2010			2009		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Intangible assets subject to impairment tests:						
Goodwill	$ 8,386.7	$ 577.6	$ 7,809.1	$ 8,231.6	$ 590.4	$ 7,641.2
Other identifiable intangible assets subject to amortization:						
Purchased and internally developed software	$ 260.5	$ 205.3	$ 55.2	$ 266.2	$ 202.7	$ 63.5
Customer related and other	372.5	149.5	223.0	270.7	113.4	157.3
	$ 633.0	$ 354.8	$ 278.2	$ 536.9	$ 316.1	$ 220.8

Changes in goodwill for the years ended December 31, 2010 and 2009 were (dollars in millions):

	2010	2009
Balance January 1	$ 7,641.2	$ 7,220.2
Acquisitions	275.3	246.7
Dispositions	(8.9)	(11.3)
Foreign currency translation	(98.5)	185.6
Balance December 31	$ 7,809.1	$ 7,641.2

There were no goodwill impairment losses recorded in 2010 or 2009 and there are no accumulated goodwill impairment losses. Goodwill related to acquisitions completed during 2010 and 2009 included $34.5 million and $36.9 million related to goodwill associated with noncontrolling interests, respectively.

6. Debt

Lines of Credit

In December 2010, we entered into a new credit facility expiring on December 9, 2013 with a consortium of banks led by Citibank, JPMorgan Chase and Bank of America providing borrowing capacity of up to $2.0 billion. The credit facility replaced our $2.5 billion credit facility that was due to expire in June 2011. The $2.0 billion credit facility provides support for up to $1.5 billion of commercial paper issuances, as well as back-up liquidity in the event any of our convertible notes are put back to us. We have the ability to classify outstanding borrowings, if any, under our credit facility as long-term debt.

At December 31, 2010 and 2009, we had various uncommitted lines of credit aggregating $610.4 million and $363.3 million, respectively. Interest rates and borrowing terms under these lines vary from country to country.

Our available lines of credit, none of which were used at December 31, 2010 and 2009 were (dollars in millions):

	2010	2009
Credit facility	$ 2,000.0	$ 2,500.0
Uncommitted lines of credit	610.4	363.3
Available and unused lines of credit	$ 2,610.4	$ 2,863.3

The $2.0 billion credit facility contains financial covenants limiting the ratio of total consolidated indebtedness to total consolidated EBITDA (for purposes of these covenants EBITDA is defined as earnings before interest, taxes, depreciation and amortization) to no more than 3.0 times. In addition, we are required to maintain a minimum ratio of EBITDA to interest expense of at least 5.0 times. At December 31, 2010, our ratio of debt to EBITDA was 1.9 times and our ratio of EBITDA to interest expense was 12.7 times. We were in compliance with these covenants. The credit facility does not limit our ability to declare or pay dividends.

Short-Term Borrowings

Short-term borrowings of $50.2 million and $19.3 million at December 31, 2010 and 2009, respectively are primarily composed of bank overdrafts and credit lines of our international subsidiaries. The bank overdrafts and credit lines are treated as unsecured loans pursuant to the bank agreements supporting the facilities. At December 31, 2010 and 2009, the weighted average interest rate on these bank loans was 5.4% and 8.0%, respectively.

Debt - General

Our wholly-owned finance subsidiaries Omnicom Capital Inc. ("OCI") and Omnicom Finance Inc. ("OFI") are co-issuers and co-obligors of our 5.90% Senior Notes due April 15, 2016, 6.25% Senior Notes due July 15, 2019 and 4.45% Senior Notes due August 15, 2020 (collectively "Senior Notes") and Convertible Debt. OCI and OFI provide funding for our operations by incurring debt and lending the proceeds to our operating subsidiaries. OCI and OFI's assets consist of intercompany loans made to our operating subsidiaries and the related interest receivable. There are no restrictions on the ability of OCI, OFI or us to obtain funds from our subsidiaries through dividends, loans or advances. The Senior Notes and Convertible Debt are a joint and several liability of us, OCI and OFI, and we unconditionally guarantee the obligations of OCI and OFI with respect to the Senior Notes and Convertible Debt. Our Senior Notes are senior unsecured notes that rank in equal right of payment with all existing and future unsecured senior indebtedness.

Long-Term Notes Payable

Long-term notes payable at December 31, 2010 and 2009 were (dollars in millions):

	2010	2009
5.90% Senior Notes due April 15, 2016	$ 1,000.0	$ 1,000.0
6.25% Senior Notes due July 15, 2019	500.0	500.0
4.45% Senior Notes due August 15, 2020	1,000.0	—
Other notes and loans at rates from 2.8% to 9.0%, due through 2015	1.5	18.6
	2,501.5	1,518.6
Unamortized discount on Senior Notes	(8.7)	(6.2)
Fair value hedge adjustment on Senior Notes due 2016	(26.3)	—
	2,466.5	1,512.4
Less current portion	1.4	17.8
Long-term notes payable	$ 2,465.1	$ 1,494.6

In July 2009, we issued $500 million aggregate principal amount of 6.25% Senior Notes due July 15, 2019. The proceeds from the issuance before deducting underwriting commissions and offering expenses were $496.7 million.

In August 2010, we issued $1.0 billion aggregate principal amount of 4.45% Senior Notes due August 15, 2020. The proceeds from the issuance before deducting underwriting commissions and offering expenses were $996.5 million.

In August 2010, we entered into a series of interest rate swap agreements to hedge the risk of changes in fair value of the $1 billion aggregate principal amount of our 5.90% Senior Notes due April 15, 2016 ("2016 Notes") attributable to changes in the benchmark interest rate. Under the terms of these agreements, we will receive fixed interest rate payments and will make variable interest rate payments on the total principal amount of the 2016 Notes. These agreements effectively convert the 2016 Notes from fixed rate debt to floating rate debt from the inception of the swaps through the maturity of the 2016 Notes. The swaps qualify as a hedge for accounting purposes at inception and at December 31, 2010 and are designated as a fair value hedge on the 2016 Notes. The variable interest rate we pay is based on the one month and three month U.S. LIBOR rate, flat. The fixed rate we receive is 1.766%. The swaps mature on April 15, 2016, the same day as the 2016 Notes. The swaps are recorded in our balance sheet at fair value and the change in the fair value of the swaps and the change in the fair value of the 2016 Notes (the hedged item) are recorded in earnings as an adjustment to interest expense. We will continue to evaluate these arrangements for hedge accounting treatment. At December 31, 2010, we recorded a liability of $24.2 million, representing the fair value of the swaps, and we recorded a decrease in the carrying value of the 2016 Notes of $26.3 million reflecting the change in fair value of the 2016 Notes from the inception of the fair value hedge. The net change in fair value of the swap and the carrying value of the 2016 Notes and any hedge ineffectiveness was not material to our results of operations.

Convertible Debt

Convertible debt at December 31, 2010 and 2009 was (dollars in millions):

	2010	2009
Convertible Notes - due February 7, 2031	$ 0.1	$ 5.8
Convertible Notes - due July 31, 2032	252.7	252.7
Convertible Notes - due June 15, 2033	0.1	0.1
Convertible Notes - due July 1, 2038	406.6	467.4
	659.5	726.0
Less current portion	—	—
Convertible debt	$ 659.5	$ 726.0

2031 Notes: In February 2001, we issued $850 million aggregate principal amount of Liquid Yield Option Notes due February 7, 2031 ("2031 Notes"). In prior years, $3.0 million of notes were put back to us.

In February 2009, holders of $841.2 million aggregate principal amount of our 2031 Notes put their notes back to us for purchase at par. We borrowed from unaffiliated equity investors in a partnership we controlled to fund the purchase of the 2031 Notes. We repurchased and retired $295.2 million of the 2031 Notes that had been put. We loaned the partnership $493.4 million and contributed $25.8 million as an equity investment. The partnership used the proceeds from the loan which it combined with the total contributed equity to purchase the remaining $546.0 million of the 2031 Notes that were put. The loan made to the partnership bore interest at 3.35% per annum. In consolidation, interest income from the loan offset interest expense from the amortization of the supplemental interest payment of $27.3 million made to the partnership resulting in net interest expense of $7.0 million for the year ended December 31, 2009. In December 2009, the partnership was liquidated and the remaining $546.0 million of the 2031 Notes held by the partnership were permanently retired and the loan was repaid.

In February 2010, holders of $5.7 million aggregate principal amount of our 2031 Notes due put their notes to us for purchase at par. On February 1, 2011, the remaining 2031 Notes were redeemed.

2032 Notes: In March 2002, we issued $900 million aggregate principal amount of Zero Coupon Zero Yield Convertible Notes due July 31, 2032 ("2032 Notes"). As senior unsecured obligations, these notes were potentially convertible into 4.6 million shares of our common stock at December 31, 2010, implying a conversion price of $55.01 per common share, subject to normal anti-dilution adjustments. These notes are convertible at a specified ratio only upon the occurrence of certain events, including: if our common shares trade above certain levels; if we effect extraordinary transactions; or if our long-term debt credit ratings are downgraded from their December 31, 2010 level to BBB or lower by S&P, or to Baa3 or lower by Moody's. These events would not, however, result in an adjustment of the number of shares issuable upon conversion. Holders of these notes have the right to put the notes back to us for cash in August of each year. There are no events that accelerate the noteholders' put rights. Beginning in August 2007 and every six months thereafter, if the market price of our common shares exceeds certain thresholds, we may be required to pay contingent cash interest. In July 2008, we amended the indenture relating to our 2032 Notes to waive the noteholders' right to contingent cash interest payable from October 31, 2008 through and including August 1, 2010. At December 31, 2010, no contingent cash interest is due. In 2009, $474.3 million of the 2032 Notes were put back to us and in years previous to that, $173.0 million principal amount of the 2032 Notes were put back to us.

2038 Notes: In June 2003, we issued $600 million aggregate principal amount of Zero Coupon Zero Yield Convertible Notes due June 15, 2033 ("2033 Notes"). As senior unsecured obligations, these notes were potentially convertible into 7.9 million shares of our common stock at December 31, 2010, implying a conversion price of $51.50 per common share, subject to normal anti-dilution adjustments. These notes are convertible at the specified ratio only upon the occurrence of certain events, including: if our common shares trade above certain levels, if we effect extraordinary transactions or if our long-term debt credit ratings are downgraded from their December 31, 2010 level to Ba1 or lower by Moody's or BBB- or lower by S&P. The occurrence of these events will not result in an adjustment of the number of shares issuable upon conversion. Holders of these notes have the right to put the notes back to us for cash on June 15, 2013, 2018 and 2023 and on each June 15 annually thereafter through June 15, 2037 and we have a right to redeem the notes for cash on June 17, 2013 and June 15, 2018. After June 15, 2018, we can redeem the 2038 Notes at any time. There are no events that accelerate the noteholders' put rights. Beginning in June 2010, if the market price of our common shares exceeds certain thresholds, we may be required to pay contingent cash interest. In June 2006, $132.5 million of our 2033 Notes were put back to us.

In June 2006, substantially all of the 2033 Notes were amended to extend the maturity of the notes from June 15, 2033 to July 1, 2038. The amendments conformed other terms of the notes for the extension of the maturity date, as well as amending the comparable yield. The amended notes are referred to as our Zero Coupon Zero Yield Convertible Notes due 2038 ("2038 Notes").

In June 2010, we amended the indenture relating to our 2038 Notes. Noteholders of $403.2 million aggregate principal amount of our 2038 Notes agreed to waive their right to contingent cash interest, if payable, from December 15, 2010 through and including December 15, 2013. Holders of $3.4 million of our 2038 Notes did not put their notes to us for purchase, did not consent to the amendments and $60.8 million aggregate principal amount of the 2038 Notes were repurchased and retired.

In the event the noteholders exercise their conversion right, the conversion obligation is equal to a conversion value determined on the day of conversion, calculated by multiplying the share price at the close of business on that day by the underlying number of shares into which the note converts. We satisfy the conversion value by paying the initial principal amount of the note in cash and the balance of the conversion value in cash or shares, at our option. We can only satisfy a put obligation in cash.

Our 2032 and 2038 Notes (collectively the "Convertible Notes") provide the noteholders with certain rights that we consider to be embedded derivatives. Embedded derivatives could be required to be bifurcated and accounted for separately from the underlying host instrument. The noteholders' rights considered for bifurcation were: (1) an embedded conversion option to convert the bonds into shares of our common stock; (2) the right to put the Convertible Notes back to us for repayment (noteholders' put right) and our agreement to not call the Convertible Notes up to specified dates (no call right); and (3) the right to collect contingent cash interest from us if certain criteria are met. As discussed below, the embedded derivatives were not required to be bifurcated or had no impact on the carrying value of the Convertible Notes and accordingly, the Convertible Notes are carried at their value due at maturity.

The embedded conversion options qualified for the exception covering convertible bonds and we are not required to separately account for the embedded conversion option. The embedded conversion options met the criteria and would, if converted, be accounted for in equity as if they were freestanding derivatives. We are not required to separately value and account for the noteholders' put right and the no call right. These rights were considered to be clearly and closely related to the underlying Convertible Notes and are not contingently exercisable. Additionally, the debt was not issued with a substantial discount or premium. Lastly, the noteholders' right to collect contingent cash interest is a derivative and is required to be marked to market value each reporting period with changes recorded in interest expense. The value of this right is primarily linked to the price of our common stock and not the debt host contract. Therefore, the right to collect contingent cash interest is not clearly and closely related to our debt and is required to be accounted for separately.

From time to time, we have made non-contractual supplemental interest payments to holders of our convertible debt who did not put their notes back to us for repurchase on the respective put dates or who agreed to certain amendments to the convertible note indentures. The supplemental interest payments are amortized to interest expense ratably over the period to the next put date. For the three years ended December 31, 2010, the following supplemental interest payments were paid (dollars in millions):

	2010	2009	2008
2031 Notes	$ —	$ 27.6	$ 7.6
2032 Notes	5.7	7.6	18.1
2038 Notes	20.2	—	—
	$ 25.9	$ 35.2	$ 25.7

Interest Expense

The components of interest expense for the three years ended December 31, 2010 were (dollars in millions):

	2010	2009	2008
Long-term notes payable	$ 106.7	$ 78.0	$ 62.9
Amortization of supplemental interest payments	10.5	22.7	17.0
Credit facility and commercial paper	1.8	5.7	21.6
Fees	5.7	5.1	5.6
Other	10.0	10.7	17.5
	$ 134.7	$ 122.2	$ 124.6

Maturities

The aggregate stated maturities of our long-term notes payable and convertible debt at December 31, 2010 are (dollars in millions):

2011	$ 1.4
2012	—
2013	—
2014	—
2015	0.1
Thereafter	3,159.5

7. Segment Reporting

Our wholly and partially owned agencies operate within the advertising, marketing and corporate communications services industry. These agencies are organized into agency networks, virtual client networks, regional reporting units and operating groups. Consistent with our fundamental business strategy, our agencies serve similar clients, in similar industries, and in many cases the same clients across a variety of geographic regions. In addition, our agency networks have similar economic characteristics and similar long-term operating margins, as the main economic components of each agency are employee compensation and related costs and direct service costs associated with providing professional services and office and general costs which include rent and occupancy costs, technology costs and other overhead costs. Therefore, given these similarities, we aggregate our operating segments, which are our five agency networks, into one reporting segment.

A summary of revenue and long-lived assets and goodwill by geographic area for the years ended December 31, 2010, 2009 and 2008 is (dollars in millions):

	Americas	EMEA	Asia/Australia
2010			
Revenue	$ 7,459.0	$ 4,129.1	$ 954.4
Long-Lived Assets and Goodwill	5,805.9	2,526.0	130.5
2009			
Revenue	$ 6,855.0	$ 4,076.5	$ 789.2
Long-Lived Assets and Goodwill	5,642.3	2,549.0	127.2
2008			
Revenue	$ 7,644.7	$ 4,869.5	$ 845.7
Long-Lived Assets and Goodwill	5,468.5	2,352.1	119.2

The Americas is primarily comprised of the U.S., Canada and Latin American countries. EMEA is primarily comprised of various Euro currency countries, the United Kingdom, the Middle-East and Africa and other European countries that have not adopted the European Union Monetary standard. Asia/Australia is primarily comprised of China, Japan, Korea, Singapore, Australia and other Asian countries.

8. Cost Method Investments

At December 31, 2010 and 2009, the carrying value of our cost method investments was $24.8 million and $27.3 million, respectively and are included in other assets in our consolidated balance sheet.

9. Equity Method Investments

For the years ended December 31, 2010, 2009 and 2008, our equity interest in the net income of our equity method investments was $33.5 million, $30.8 million and $42.0 million, respectively, and at December 31, 2010 and 2009, our equity interest in the net assets of our equity method investments was $169.1 million and $156.9 million, respectively. Our equity method investments are not material to our results of operations or financial position and therefore, summarized financial information is not required to be presented.

In 2010, we recorded a $26.0 million non-cash gain resulting from the remeasurement to fair value of our existing ownership interests in affiliates in the Middle East and South America in which we acquired a controlling interest bringing our ownership up to 68.6% and 100%, respectively. In 2009, we recorded a non-cash gain of $41.3 million resulting from the remeasurement to fair value of our existing ownership interest in a Middle East affiliate in which we acquired a controlling interest, bringing our ownership up to 85%. The difference between the fair value of our shares at the acquisition date and the carrying value of our investment held prior to the acquisition resulted in the remeasurement gain. The purchase prices were negotiated at fair value in arms-length transactions. In addition, we performed a valuation of the businesses and confirmed the fair values used to determine the remeasurement gain. We used the following valuation methodologies to confirm the fair values: the income approach which utilized discounted expected future cash flows and comparative market participant multiples of EBITDA (earnings before interest, income taxes, depreciation and amortization).

10. Share-Based Compensation Plans

The Omnicom Group Inc. 2007 Incentive Award Plan ("2007 Plan") provides for the award of stock options, restricted stock and other awards. On adoption of the 2007 Plan, no new awards can be granted under any of our prior plans. In 2010, the shareholders approved an amendment to increase the maximum of shares available for issuance under the 2007 Plan at December 31, 2009 to 17.0 million shares plus any shares awarded under the 2007 Plan or any prior plan that have been forfeited or have expired. The terms of each award and the exercise date are determined by the Compensation Committee of the Board of Directors. The 2007 Plan does not permit the holder of an award to elect cash settlement under any circumstances. At December 31, 2010, 17.6 million shares of our common stock are available for grant under the 2007 Plan.

Share-based employee compensation expense in 2010, 2009 and 2008, was $69.3 million, $78.6 million and $59.3 million, respectively. At December 31, 2010, unamortized share-based employee compensation that will be expensed over the next five years is $133.9 million.

Stock Options

Under the 2007 Plan, the exercise price of stock option awards may not be less than 100% of the market price of our common stock at the date of grant and the option term cannot be longer than ten years from the date of grant. Generally, stock option grants vest 30% on the first two anniversary dates of the grant and 40% three years from the grant date. Option activity for the three years ended December 31, 2010 was:

	2010		2009		2008	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Balance January 1	40,832,715	$ 29.37	23,398,301	$ 36.87	21,711,535	$ 38.26
Options granted under 2007 Plan	335,000	38.86	22,620,000	23.73	3,520,000	25.48
Options exercised	(14,125,525)	33.03	(545,586)	31.18	(1,630,734)	30.40
Options forfeited	(2,528,600)	36.58	(4,640,000)	39.52	(202,500)	40.57
Balance December 31	24,513,590	$ 26.64	40,832,715	$ 29.37	23,398,301	$ 36.87
Options exercisable December 31	7,885,090	$ 31.80	16,325,715	$ 37.46	19,794,301	$ 38.82

Options outstanding and options exercisable at December 31, 2010 were:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Shares	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
$23.40 to $29.99	20,074,990	8.2 years	$ 23.70	4,176,990	$ 24.15
$30.00 to $44.99	2,711,600	3.1 years	$ 35.29	2,031,100	$ 34.79
$45.00 to $52.83	1,727,000	1.7 years	$ 47.18	1,677,000	$ 47.21
	24,513,590			7,885,090	

The fair value of each option grant was determined on the date of grant using the Black-Scholes option valuation model and is typically amortized to expense over the vesting period. The Black-Scholes assumptions (without adjusting for the risk of forfeiture and lack of liquidity) and the weighted average fair value per share for options granted were:

	2010	2009	2008
Expected option lives	5.0 years	5.0 years	5.0 years
Risk free interest rate	1.8% - 2.6%	1.7% - 2.5%	1.5%
Expected volatility	24.7% - 27.0%	19.6% - 24.1%	19.3% - 19.4%
Dividend yield	1.9% - 2.4%	1.5% - 2.5%	2.3%
Weighted average fair value per option granted	$8.25	$3.62	$3.78

Restricted Shares

Restricted stock activity for the three years ended December 31, 2010 was:

	2010	2009	2008
Balance January 1	3,471,929	4,473,981	4,297,967
Shares granted	868,273	664,217	1,800,992
Shares vested	(1,089,136)	(1,426,456)	(1,232,061)
Shares forfeited	(224,980)	(239,813)	(392,917)
Balance December 31	3,026,086	3,471,929	4,473,981
Weighted average per share fair value of shares granted	$ 36.63	$ 32.87	$ 44.72
Weighted average per share fair value at December 31	$ 41.79	$ 44.04	$ 45.70

All restricted shares are sold at a price per share equal to par value. The difference between par value and the market value on the date of the grant is charged to additional paid-in capital and is amortized to expense over the restriction period. Restricted shares typically vest at 20% per year, provided the employee remains employed by us.

Restricted shares may not be sold, transferred, pledged or otherwise encumbered until the forfeiture restrictions lapse. Under most circumstances, the employee must resell the shares to us at par value if the employee ceases employment prior to the end of the restriction period.

ESPP

We have an employee stock purchase plan ("ESPP") that enables employees to purchase our common stock through payroll deductions over each plan quarter at 95% of the market price on the last trading day of the plan quarter. Prior to December 1, 2008, the employee purchase price was 85% of the market price on the last trading day of the plan quarter. Purchases are limited to 10% of eligible compensation as defined by the Employee Retirement Income Security Act of 1974 ("ERISA"). During 2010, 2009 and 2008, employees purchased 267,931 shares, 418,237 shares and 658,681 shares, respectively, all of which were treasury shares, for which $9.7 million, $12.0 million and $22.4 million, respectively, was paid to us. At December 31, 2010, 9,717,614 shares are available for the ESPP.

11. Income Taxes

We file a consolidated U.S. income tax return and tax returns in various state and local jurisdictions. Our subsidiaries also file tax returns in various foreign jurisdictions. The principal foreign jurisdictions include the United Kingdom, France and Germany. The Internal Revenue Service ("IRS") has completed its examination of our federal tax returns through 2004 and has commenced an examination of our federal tax returns from 2005 through 2007. In addition, our subsidiaries' tax returns in the United Kingdom, France and Germany have been examined through 2002, 2004 and 2002, respectively.

Income before income taxes for the three years ended December 31, 2010 was (dollars in millions):

	2010	2009	2008
Domestic	$ 573.2	$ 598.8	$ 751.9
International	777.2	675.4	863.2
	$ 1,350.4	$ 1,274.2	$ 1,615.1

Income tax expense for the three years ended December 31, 2010 was (dollars in millions):

	2010	2009	2008
Current:			
Federal	$ 107.2	$ 58.2	$ 101.6
State and local	11.7	11.8	16.1
International	233.1	198.5	224.0
	352.0	268.5	341.7
Deferred:			
Federal	98.9	146.9	161.6
State and local	3.6	14.2	22.0
International	5.7	4.0	17.4
	108.2	165.1	201.0
	$ 460.2	$ 433.6	$ 542.7

A reconciliation from the statutory U.S. federal income tax rate to our effective tax rate is:

	2010	2009	2008
Statutory U.S. federal income tax rate	35.0%	35.0%	35.0%
State and local taxes on income, net of federal income tax benefit	0.7	1.3	1.5
International subsidiaries' tax rate differentials	(2.1)	(2.7)	(3.7)
Other	0.5	0.4	0.8
Effective rate	34.1%	34.0%	33.6%

Included in income tax expense in 2010, 2009 and 2008 were $3.9 million, $3.8 million and $0.7 million, respectively, of interest, net of tax benefit, and penalties related to tax positions taken on our tax returns. At December 31, 2010 and 2009, the amount of accrued interest and penalties were $13.0 million and $15.6 million, respectively.

The components of deferred tax assets and liabilities at December 31, 2010 and 2009 were (dollars in millions):

	2010	2009
Deferred tax assets:		
Compensation and severance	$ 257.6	$ 261.5
Tax loss and credit carryforwards	112.6	181.7
Basis differences arising from acquisitions	23.8	32.7
Basis differences from short-term assets and liabilities	27.7	35.1
Basis differences arising from investments	—	8.4
Other	9.8	9.8
Gross deferred tax assets	431.5	529.2
Valuation allowance	(24.6)	(67.8)
Net deferred tax assets	$ 406.9	$ 461.4
Deferred tax liabilities:		
Basis differences arising from investments	$ 6.7	$ —
Basis differences arising from foreign subsidiaries and affiliates	85.0	6.4
Financial instruments	458.2	431.9
Basis differences arising from tangible and deductible intangible assets	449.2	367.0
Total deferred tax liabilities	$ 999.1	$ 805.3
Net deferred tax liability	$ 592.2	$ 343.9

A significant portion of the deferred tax liability for financial instruments at December 31, 2010 and 2009, the majority of which is included in long-term deferred tax liabilities, relates to our convertible notes.

At December 31, 2010 and 2009, net deferred tax assets and deferred tax liabilities are classified in our consolidated balance sheet as follows (dollars in millions):

	2010	2009
Other current assets - deferred taxes	$ 141.3	$ 104.2
Deferred tax assets	14.2	40.0
Long-term deferred tax liabilities	(747.7)	(488.1)
Total deferred tax liability	$ (592.2)	$ (343.9)

The American Recovery and Reinvestment Act of 2009 ("ARRA") provides an election where qualifying cancellation of indebtedness income can be deferred and included in taxable income ratably over the five taxable years beginning in 2014 and ending in 2018. In 2009, we retired $841.2 million of our 2031 Notes and $474.3 million of our 2032 Notes resulting in a tax liability of approximately $328 million. In 2010, we retired an additional $5.7 million of our 2031 Notes and $60.8 million of our 2038 Notes resulting in a tax liability of $12.0 million. These liabilities, which were previously recorded, are included in our balance sheet in deferred tax liabilities. In accordance with the ARRA, we expect to pay the liability during the deferral period beginning in 2014 and continuing through 2018.

We have concluded that it is more likely than not that we will be able to realize our net deferred tax assets in future periods because results of future operations are expected to generate sufficient taxable income. The valuation allowance of $24.6 million and $67.8 million at December 31, 2010 and 2009, respectively, relates to tax loss and credit carryforwards in the U.S. and international jurisdictions. During 2010, we reduced our deferred tax asset balance by approximately $30.5 million as a result of our utilization of tax loss and credit carryforwards. Additionally, as a result of a change in 2010 in a foreign tax law that eliminated the ability to utilize approximately $39.0 million of tax loss and credit carryforwards, we reduced both our deferred tax asset balance and the corresponding valuation allowance by the same amount. Our tax loss and credit carryforwards are available to us for periods ranging from 5 to 20 years, which is in excess of the forecasted utilization of such carryforwards. To the extent that our actual future tax deductions for share-based compensation are less than the deferred tax assets resulting from recording book share-based compensation expense, we expect to have a sufficient pool of windfall tax benefits within our hypothetical additional paid-in-capital (the "APIC Pool") available to offset any potential future shortfalls. The APIC Pool resulted from the amount by which our prior year tax deductions exceeded the cumulative book share-based compensation expense recognized in our financial statements.

We have not provided U.S. federal and state income taxes on cumulative earnings of certain foreign subsidiaries that have been indefinitely reinvested outside the United States. Determination of the amount of this tax liability on the rate differential of the U.S. income taxes in excess of the foreign taxes on any remittances of the undistributed earnings is not practicable because of the complexities associated with its hypothetical calculation. Changes in U.S. tax rules and regulations covering international operations and foreign tax credits may affect our future reported financial results or the way we conduct our business.

In August 2010, the Education Jobs and Medicaid Assistance Act was enacted. The act contains changes to international tax rules. We do not expect that the act will have a significant impact on our annual effective tax rate.

A reconciliation of our unrecognized tax benefits is as follows (dollars in millions):

	2010	2009
Balance January 1	$ 202.8	$ 65.3
Additions:		
Current year tax positions	11.4	15.9
Prior year tax positions	18.3	124.6
Reduction of prior year tax positions	(38.8)	(2.0)
Settlements	(24.1)	(1.8)
Lapse of statute of limitations	(2.6)	(0.7)
Foreign currency translation	(1.9)	1.5
Balance December 31	$ 165.1	$ 202.8

Approximately $72.4 million and $87.8 million of the total liability for uncertain tax positions recorded in our consolidated balance sheets at December 31, 2010 and 2009, respectively, would affect our effective tax rate upon resolution of the uncertain tax positions. During 2009, an uncertain tax position for a foreign subsidiary was resolved. This resolution, which we did not expect to occur until 2010 or 2011, resulted in an increase of $12.9 million, including interest, in both income tax expense and unrecognized tax benefits. Also during 2009, we recorded an increase in our deferred tax assets and a reduction in income tax expense of $11.0 million, resulting from recognition of tax credits from a foreign jurisdiction.

In 2009, we reclassified $99.8 million of long-term deferred tax liabilities relating to certain temporary state income tax deductions that may be challenged by the taxing authorities to unrecognized tax benefits. Previously, these temporary deductions were included in long-term deferred tax liabilities. Accordingly, there was no impact to our effective tax rate. Any loss of these deductions will not affect our effective tax rate upon resolution.

12. Pension and Other Postemployment Benefits

Defined Contribution Plans

Our domestic and international subsidiaries provide retirement benefits for their employees primarily through defined contribution profit sharing and savings plans. Contributions to these plans, which are determined by the boards of directors of the subsidiaries, vary by subsidiary and have generally been in amounts up to the maximum percentage of total eligible compensation of participating employees that is deductible for income tax purposes. Contribution expense for these plans were $83.9 million in 2010, $75.7 million in 2009, and $96.7 million in 2008.

Defined Benefit Pension Plans

Certain of our subsidiaries sponsor noncontributory defined benefit pension plans, including two pension plans related to our U.S. businesses and twenty-seven pension plans related to our non-U.S. businesses. These plans provide benefits to employees based on formulas recognizing length of service and earnings. The U.S. pension plans cover approximately 1,400 participants and are closed to new participants. Effective January 1, 2011, the U.S. plans will not accrue future benefit credits. The non-U.S. pension plans cover approximately 4,900 participants, are not covered by ERISA and include plans required by local laws.

In addition, we have a Senior Executive Restrictive Covenant and Retention Plan (the "Retention Plan") for certain executive officers of Omnicom selected to participate by the Compensation Committee of the Board of Directors. The Retention Plan was adopted to secure non-competition, non-solicitation, non-disparagement and ongoing consulting services from such executive officers, and to strengthen the retention aspect of executive officer compensation. The Retention Plan provides for annual payments to the participants or to their beneficiaries upon termination following at least seven years of service with Omnicom or its subsidiaries. A participant's annual benefit is payable for 15 consecutive calendar years following termination, but in no event prior to age 55. The annual benefit is equal to the lesser of (i) the participant's final average pay times an applicable percentage, which is based upon the executive's years of service as an executive officer, not to exceed 35% or (ii) $1.5 million. The Retention Plan is unfunded.

The assets, liabilities and expense associated with these plans are not material to our results of operations or financial position.

The components of net periodic benefit cost for the three years ended December 31, 2010 were (dollars in millions):

	2010	2009	2008
Service cost	$ 3.9	$ 4.4	$ 7.1
Interest cost	6.1	6.7	7.0
Expected return on plan assets	(3.5)	(3.6)	(5.4)
Amortization of prior service cost	2.5	2.5	2.1
Amortization of actuarial (gains) losses	0.6	1.6	0.8
Curtailments and settlements	1.2	1.4	0.8
	$ 10.8	$ 13.0	$ 12.4

Included in accumulated other comprehensive income at December 31, 2010 and 2009 were unrecognized actuarial gains and losses and unrecognized prior service cost of $44.7 million, $27.5 million net of tax and $41.0 million, $25.8 million net of tax, respectively, that have not yet been recognized in net periodic benefit cost.

The unrecognized actuarial gains and losses and unrecognized prior service cost included in accumulated other comprehensive income and expected to be recognized in net periodic benefit cost in 2011 is $4.4 million.

The weighted average assumptions used to determine the net periodic benefit cost for our defined benefit pension plans for the three years ended December 31, 2010 were:

	2010	2009	2008
Discount rate	4.96%	5.33%	5.09%
Compensation increases	1.91%	1.88%	3.19%
Expected return on plan assets	5.18%	5.64%	5.77%

The expected long-term rate of return for plan assets for our U.S. plans is based on several factors, including current and expected asset allocations, historical and expected returns on various asset classes and current, and future market conditions. A total return investment approach using a mix of equities and fixed income investments maximizes the long-term return. This strategy is intended to minimize plan expense by achieving long-term returns in excess of the growth in plan liabilities over time. The discount rate used to compute net periodic benefit cost is based on yields of available high-quality bonds and reflects the expected cash flow as of the measurement date.

The expected returns on plan assets and discount rates for our non-U.S. plans are based on local factors, including each plan's investment approach, local interest rates and plan participant profiles.

Experience gains and losses and the effects of changes in actuarial assumptions are amortized over a period no longer than the expected average future service of active employees.

Our funding policy is to contribute amounts sufficient to meet minimum funding requirements in accordance with the applicable employee benefit and tax laws that the plans are subject to, plus such additional amounts as we may determine to be appropriate. In 2010, 2009 and 2008, we contributed $7.5 million, $6.4 million, $5.9 million, respectively, to our defined benefit pension plans. We do not expect our 2011 contributions to differ materially from our 2010 contributions.

At December 31, 2010 and 2009, the benefit obligation, fair value of plan assets and the funded status of our defined benefit pension plans were (dollars in millions):

	2010	2009
Benefit Obligation		
Benefit obligation January 1	$ 120.9	$ 134.2
Service cost	3.9	4.4
Interest cost	6.1	6.7
Plan amendments	2.6	—
Actuarial (gains) losses	7.2	1.2
Benefits paid	(10.3)	(26.4)
Foreign currency translation	(0.4)	0.8
Benefit obligation December 31	$ 130.0	$ 120.9
Fair Value of Plan Assets		
Fair value of assets January 1	$ 52.4	$ 64.4
Actual return on plan assets	4.5	7.3
Employer contributions	7.5	6.4
Benefits paid	(10.3)	(26.4)
Foreign currency translation	(0.2)	0.7
Fair value of plan assets December 31	$ 53.9	$ 52.4
Funded Status December 31	$ (76.1)	$ (68.5)

At December 31, 2010 and 2009 amounts recorded in our consolidated balance sheet were (dollars in millions):

	2010	2009
Other assets	$ 3.0	$ 1.3
Other current liabilities	(1.1)	(1.9)
Long-term liabilities	(78.0)	(67.9)
	$ (76.1)	$ (68.5)

At December 31, 2010 and 2009, the accumulated benefit obligations for our defined benefit pension plans were $119.2 million and $111.7 million, respectively.

At December 31, 2010 and 2009, defined benefit pension plans with benefit obligations in excess of plan assets were (dollars in millions):

	2010	2009
Benefit obligation	$ 114.1	$ 109.1
Plan assets	35.0	39.3
	$ 79.1	$ 69.8

At December 31, 2010 and 2009, the weighted average assumptions used to determine the benefit obligation were:

	2010	2009
Discount rate	4.42%	5.29%
Compensation increases	1.60%	1.88%

The estimated future benefit payments expected to be paid are (dollars in millions):

2011	2012	2013	2014	2015	2016-2020	Thereafter
$4.2	$4.2	$5.1	$6.7	$5.8	$35.6	$68.4

The fair value of plan assets at December 31, 2010 and 2009 were (dollars in millions):

	Level 1	Level 2	Level 3	Total
2010:				
Cash	$ 1.0			$ 1.0
Mutual funds (a)	24.9			24.9
Unit trusts (b)	18.8			18.8
Insurance contracts (c)	—		$ 6.1	6.1
Other (d)	—	$ 3.1	—	3.1
	$ 44.7	$ 3.1	$ 6.1	$ 53.9

(a) Equity funds represent 63% of the total and are primarily composed of U.S. large-cap and mid-cap companies, international companies and emerging market companies. Debt funds represent 37% of the total and are primarily composed of U.S. Treasury securities, corporate debt and mortgage securities.

(b) Equity funds represent 54% of the total and are primarily composed of U.K. large-cap companies and U.K., U.S. and Euro zone equity index funds. Debt funds represent 46% of the total and are composed of U.K. Gilts and U.K. and Euro zone corporate bonds.

(c) Insurance contracts are primarily composed of guaranteed insurance contracts in Japan and Korea.

(d) Commingled short-term investment funds.

	Level 1	Level 2	Level 3	Total
2009:				
Cash	$ 0.2			$ 0.2
Mutual funds (a)	28.5			28.5
Unit trusts (b)	17.9			17.9
Insurance contracts (c)			$ 5.6	5.6
Other	—	$ 0.2	—	0.2
	$ 46.6	$ 0.2	$ 5.6	$ 52.4

(a) Equity funds represent 76% of the total and are primarily composed of U.S. large-cap and mid-cap companies, international companies and emerging market companies. Debt funds represent 24% of the total and are primarily composed of U.S. Treasury securities, corporate debt and mortgage securities.

(b) Equity funds represent 51% of the total and are primarily composed of U.K. large-cap companies and U.K., U.S. and Euro zone equity index funds. Debt funds represent 49% of the total and are composed of U.K. Gilts and U.K. and Euro zone corporate bonds.

(c) Insurance contracts are primarily composed of guaranteed insurance contracts in Japan and Korea.

At December 31, 2010 and 2009, the fair value of plan assets measured using Level 3 inputs were (dollars in millions):

	2010	2009
Beginning balance January 1	$ 5.6	$ 5.8
Actual return on assets	0.1	0.1
Purchases, sales and settlements, net	0.4	(0.3)
Balance December 31	$ 6.1	$ 5.6

The weighted average asset allocations at December 31, 2010 and 2009 were:

	2010		2009
	Target Allocation	Actual Allocation	Actual Allocation
Cash	3 %	2 %	1 %
Mutual funds	49	46	54
Unit trusts	34	35	34
Insurance contracts	11	11	11
Other	3	6	—
	100 %	100 %	100 %

Risk tolerance for these plans is established through careful consideration of plan liabilities, funded status and evaluation of the overall investment environment. The investment portfolios contain a diversified blend of equity and fixed-income investments. Equity investments are diversified across geography and market capitalization through investment in large and small capitalization U.S. and international equities and U.S. and international debt securities. Investment risk is measured and monitored on an ongoing basis through annual liability measurements, and periodic asset / liability studies and investment portfolio reviews.

Postemployment Arrangements

We have executive retirement agreements under which benefits will be paid to participants or to their beneficiaries over periods up to 10 years beginning after cessation of full-time employment. In December 2010, the Compensation Committee of the Board of Directors increased the number of employees eligible to participate in these agreements. As a result of this action, we recorded an increase in the benefit obligation for our postemployment arrangements of $20.4 million in 2010.

The components of net periodic benefit cost for the three years ended December 31, 2010 were (dollars in millions):

	2010	2009	2008
Service cost	$ 1.8	$ 1.8	$ 2.0
Interest cost	3.9	4.0	4.2
Expected return on plan assets	N/A	N/A	N/A
Amortization of prior service cost	0.6	0.8	0.6
Amortization of actuarial (gains) losses	1.0	0.5	0.3
Other	—	—	—
	$ 7.3	$ 7.1	$ 7.1

Included in accumulated other comprehensive income at December, 31, 2010 and 2009 were unrecognized actuarial gains and losses and unrecognized prior services cost of $45.0 million, $27.0 million net of income taxes and $25.1 million, $15.1 million net of income taxes, respectively, that have not yet been recognized in the net periodic benefit cost.

The unrecognized actuarial gains and losses and unrecognized prior service cost included in accumulated other comprehensive income and expected to be recognized in net periodic benefit cost in 2011 is $2.8 million.

The weighted average assumptions used to determine the net periodic benefit cost for our postemployment arrangements for the three years ended December 31, 2010 were:

	2010	2009	2008
Discount rate	5.0 %	5.25 %	5.75 %
Compensation increases	3.5 %	3.5 %	3.5 %
Expected return on assets	N/A	N/A	N/A

We amortize experience gains and losses and effects of changes in actuarial assumptions over a period no longer than the expected average future service of active employees.

Our postemployment arrangements are unfunded and benefits are paid when due. The benefit obligation is recognized as a liability in our consolidated balance sheet. At December 31, 2010 and 2009, the benefit obligation for our postemployment arrangements was (dollars in millions):

	2010	2009
Benefit Obligation		
Benefit obligation January 1	$ 87.7	$ 86.6
Service cost	1.8	1.8
Interest cost	3.9	4.0
Plan amendment	20.4	2.0
Actuarial (gains) losses	0.9	3.4
Benefits paid	(10.0)	(10.1)
Benefit obligation December 31	$ 104.7	$ 87.7

At December 31, 2010 and 2009, the liability for postemployment arrangements was classified as follows (dollars in millions):

	2010	2009
Other current liabilities	$ 10.7	$ 9.9
Long-term liabilities	94.0	77.8
	$ 104.7	$ 87.7

At December 31, 2010 and 2009, the weighted average assumptions used to determine the benefit obligation were:

	2010	2009
Discount rate	5.0 %	5.0 %
Compensation increases	3.5 %	3.5 %

The estimated future benefit payments expected to be paid are (dollars in millions):

2011	2012	2013	2014	2015	2016-2020	Thereafter
$10.7	$10.3	$9.5	$8.0	$6.9	$30.1	$29.2

13. Net Income Per Common Share

The computations of basic and diluted net income per common share - Omnicom Group Inc. for the three years ended December 31, 2010 were:

	2010	2009	2008
Net Income Available for Common Shares (in millions):			
Net Income - Omnicom Group Inc.	$ 827.7	$ 793.0	$ 1,000.3
Net income allocated to participating securities	8.0	9.1	13.1
Net Income available for common shares	$ 819.7	$ 783.9	$ 987.2
Weighted Average Shares (in millions):			
Basic	299.6	308.2	313.0
Diluted stock options and restricted shares	3.9	2.2	1.8
Diluted	303.5	310.4	314.8
Anti-dilutive stock options and restricted shares	3.0	10.9	6.9
Net Income per Common Share - Omnicom Group Inc.			
Basic	$ 2.74	$ 2.54	$ 3.17
Diluted	2.70	2.53	3.14

14. Supplemental Cash Flow Data

Changes in operating capital for the three years ended December 31, 2010 were (dollars in millions):

	2010	2009	2008
(Increase) decrease in accounts receivable	$ (292.4)	$ 410.9	$ 689.9
(Increase) decrease in work in progress and other current assets	(209.7)	113.9	59.2
Increase (decrease) in accounts payable	455.9	(10.2)	(778.3)
Increase (decrease) in customer advances and other current liabilities	183.2	(75.9)	(89.8)
Change in other assets and liabilities, net	173.3	125.7	104.7
Total change in operating capital	$ 310.3	$ 564.4	$ (14.3)
Income taxes paid	$ 293.3	$ 270.4	$ 411.4
Interest paid	140.8	86.8	126.3

15. Noncontrolling Interests

Changes in our ownership interests in our less than 100% owned subsidiaries during the three years ended December 31, 2010, were (dollars in millions):

	2010	2009	2008
Net income attributed to Omnicom Group Inc	$ 827.7	$ 793.0	$ 1,000.3
Transfers (to) from noncontrolling interests:			
Increase in additional paid-in capital from sale of shares in noncontrolling interests	2.2	—	—
Decrease in additional paid-in capital from purchase of shares in noncontrolling interests	(26.0)	(25.6)	—
Net transfers (to) from noncontrolling interests	(23.8)	(25.6)	—
Changes in net income attributed to Omnicom Group Inc. and transfers (to) from noncontrolling interests	$ 803.9	$ 767.4	$ 1,000.3

16. Leases

We lease substantially all our office facilities and certain equipment under operating and capital leases that expire at various dates. Office leases may include provisions for additional renewal periods at our option. In circumstances where the exercise of the renewal option is reasonably assured, the renewal periods are included in the determination of the expected lease term. Office leases may include scheduled increases and escalation clauses and other concessions, such as rent holidays and landlord / tenant incentives and improvement allowances. Scheduled rent increases are recognized on a straight-line basis over the expected lease term. Rent holidays and landlord / tenant incentives and improvement allowances are recorded as deferred rent and are amortized to rent expense on a straight-line basis over the expected lease term. Certain office leases require payment of real estate taxes and other occupancy costs, which may be subject to escalation. These costs are not included in rent expense. Leasehold improvements made at inception or during the lease term are amortized over the shorter of the asset life or the lease term, which may include renewal periods where the renewal is reasonably assured. Rent expense for the three years ended December 31, 2010, was (dollars in millions):

	2010	2009	2008
Office rent	$ 374.4	$ 396.0	$ 409.7
Third party sublease rent	(16.3)	(18.9)	(22.8)
Total office rent	358.1	377.1	386.9
Equipment rent	46.4	65.6	103.7
Total rent	$ 404.5	$ 442.7	$ 490.6

Future minimum office and equipment base rent under terms of non-cancelable operating and capital leases, reduced by third party sublease rent to be received from existing non-cancelable subleases, were (dollars in millions):

	Operating Leases		
	Gross Rent	Sublease Rent	Net Rent
2011	$ 375.1	$ (8.5)	$ 366.6
2012	302.4	(4.4)	298.0
2013	242.9	(2.9)	240.0
2014	193.7	(2.5)	191.2
2015	152.0	(1.5)	150.5
Thereafter	447.3	(0.3)	447.0
	$ 1,713.4	$ (20.1)	$ 1,693.3

	Capital Leases
2011	$ 21.4
2012	14.9
2013	8.3
2014	3.9
2015	3.0
Thereafter	2.2
Total minimum lease payments	53.7
Less interest component	2.7
Present value of minimum lease payments	$ 51.0

At December 31, 2010, the current and long-term portions of our capital lease obligation were $20.3 million and $30.7 million, respectively.

Property under capital leases at December 31, 2010 and 2009 was $94.6 million and $69.1, respectively. Accumulated amortization of property under capital leases at December 31, 2010 and 2009 was $46.0 million and $27.3 million, respectively. Amortization expense for property under capital leases was $23.0 million in 2010, $17.0 million in 2009 and $8.5 million in 2008.

17. Temporary Equity - Redeemable Noncontrolling Interests

Owners of noncontrolling interests in certain of our subsidiaries have the right in certain circumstances to require us to purchase additional ownership interests at fair value as defined in the applicable agreements. Assuming that the subsidiaries perform over the relevant periods at their current profit levels, at December 31, 2010, the aggregate estimated maximum amount we could be required to pay in future periods is approximately $201.1 million, of which approximately $158.4 million relates to obligations that are currently exercisable by the holders. If these rights are exercised, there would be an increase in the net income attributable to Omnicom Group Inc. as a result of our increased ownership and the reduction of net income attributable to noncontrolling interests. The ultimate amount paid could be significantly different because the redemption amount is primarily dependent on the future results of operations of the subject businesses, the timing of the exercise of these rights and changes in foreign currency exchange rates.

18. Commitments and Contingent Liabilities

Legal Proceedings:

We are involved from time to time in various legal proceedings in the ordinary course of business. We do not presently expect that these proceedings will have a material adverse effect on our results of operations or financial position.

19. Fair Value

Financial assets and liabilities that are measured at fair value on a recurring basis at December 31, 2010 and 2009 were (dollars in millions):

	Level 1	Level 2	Level 3	Total
2010:				
Assets:				
Cash and cash equivalents	$ 2,288.7			$ 2,288.7
Short-term investments	11.3			11.3
Forward foreign exchange contracts		$ 7.2		7.2
Available-for-sale securities	3.4			3.4
Liabilities:				
Interest rate swaps		$ 24.2		$ 24.2
2009:				
Assets:				
Cash and cash equivalents	$ 1,587.0			$ 1,587.0
Short-term investments	7.8			7.8
Available-for-sale securities	4.0			4.0
Liabilities:				
Forward foreign exchange contracts		$ 3.3		$ 3.3

At December 31, 2010, forward foreign exchange contracts are included in other current assets, available-for-sale securities are included in other assets and interest rate swaps are included in long-term liabilities in our consolidated balance sheet. At December 31, 2009, available-for-sale securities were included in other assets and forward foreign exchange contracts were included in other current liabilities in our consolidated balance sheet.

The carrying amounts and fair value of our financial instruments at December 31, 2010 and 2009 were (dollars in millions):

	2010		2009	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets:				
Cash and cash equivalents	$ 2,288.7	$ 2,288.7	$ 1,587.0	$ 1,587.0
Short-term investments	11.3	11.3	7.8	7.8
Forward foreign exchange contracts	7.2	7.2	—	—
Available-for-sale securities	3.4	3.4	4.0	4.0
Cost method investments	24.8	24.8	27.3	27.3
Liabilities:				
Short-term borrowings	$ 50.2	$ 50.2	$ 19.3	$ 19.3
Forward foreign exchange contracts	—	—	3.3	3.3
Interest rate swaps	24.2	24.2	—	—
Debt	3,126.0	3,328.0	2,238.4	2,324.4

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate that value.

Short-term investments:

Short-term investments consist primarily of time deposits with financial institutions that we expect to convert into cash in our current operating cycle, generally within one year. Short-term investments are carried at cost, which approximates fair value.

Forward foreign exchange contracts:

The estimated fair values of derivative positions in forward foreign exchange contracts are based on quotations received from third party banks and represent the net amount required to terminate the positions, taking into consideration market rates and counterparty credit risk.

Available-for-sale securities:

Available-for-sale securities are carried at quoted market prices.

Cost method investments:

Cost method investments are carried at cost, which approximates or is less than fair value.

Short-term borrowings:

Short-term borrowings consist of bank overdrafts and credit lines of our international subsidiaries. Due to the short-term nature of these instruments, carrying value approximates fair value.

Interest rate swaps:

Our interest rate swaps are fair value hedges where the fair value is derived from the present value of future cash flows using valuation models that are based on readily observable market data such as interest rates and yield curves, taking into consideration counterparty credit risk.

Debt:

Our long-term debt includes fixed rate debt and convertible debt. The fair value of these instruments is based on quoted market prices.

20. Derivative Instruments and Hedging Activities

As a global service business, we operate in multiple foreign currencies and issue debt in the capital markets. In the normal course of business, we are exposed to the impact of interest rate changes and foreign currency fluctuations. We limit these risks through risk management policies and procedures, including the use of derivatives. For interest rate exposure, derivatives are used to manage the related cost of debt. For foreign currency exposure, derivatives are used to better manage the cash flow volatility arising from foreign exchange rate fluctuations.

As a result of using derivative instruments, we are exposed to the risk that counterparties to derivative contracts will fail to meet their contractual obligations. To mitigate the counterparty credit risk, we have a policy of only entering into contracts with carefully selected major financial institutions based on credit ratings and other factors.

We evaluate the effects of changes in interest rates and foreign currency exchange rates and other relevant market risks on our derivative instruments. We periodically determine the potential loss from market risk on our derivative instruments by performing a value-at-risk analysis. Value-at-risk is a statistical model that utilizes historical currency exchange and interest rate data to measure the potential impact on future earnings of derivative financial instruments. The value-at-risk analysis on our derivative financial instruments at December 31, 2010 indicated that the risk of loss was immaterial.

Interest Rate Risk

From time to time, we issue debt in the capital markets. In 2010, to manage our overall interest cost, we used interest rate swaps to convert specific fixed-rate debt into variable-rate debt (fair value hedge). See Note 6 for a discussion of our interest rate swaps. At December 31, 2010, the total notional amount of our interest rate swaps was $1.0 billion. For the year ended December 31, 2010, our interest rate swaps reduced interest expense by $5.0 million.

Foreign Exchange Risk

Our regional treasury centers centralize and manage the cash of our foreign operations. These centers use short-term forward foreign exchange contracts to hedge the foreign currency exchange risk of intercompany cash movements between businesses operating in different functional currencies from the regional treasury centers from which they borrow or invest funds. Additionally, the regional treasury centers use forward foreign exchange contracts to mitigate the foreign currency risk associated with activities when operating expenses and revenue are not denominated in the same currency. In these instances, amounts are promptly settled or hedged with forward foreign exchange contracts. At December 31, 2010 and 2009, the total value of the intercompany receivable and payables hedged by forward foreign exchange contracts was $1,351.8 million and $900.7 million, respectively. The notional value of forward foreign exchange contracts to purchase currencies, principally British Pounds, Euros, Japanese Yen and Korean Won, at December 31, 2010 and 2009, was $679.5 million and $448.7 million, respectively. The notional value of forward foreign exchange contracts to sell currencies, principally U.S. Dollars, at December 31, 2010 and 2009, was $672.3 million and $452.0 million, respectively. See Note 19 for a discussion of the fair value of these instruments.

The terms of our forward contracts are generally less than 90 days. The changes in the fair value of these contracts and of the underlying exposures generally offset and are included in our results of operations.

The foreign currency contracts that existed during 2010 and 2009 were entered into for the purpose of seeking to mitigate the risk of certain specific adverse currency risks. As a result of these financial instruments, we reduced financial risk in exchange for foregoing any gain (reward) that might have occurred if the markets moved favorably. In using these contracts, management exchanged the risks of the financial markets for counterparty risk.

During 2008, we terminated all of our Euro and Yen cross currency interest rate swaps. The effect on our results of operations was not significant. The payment to terminate the swaps and settle the liability of $50.8 million is reflected as a component of investing activities in our consolidated statement of cash flows. These swaps were used to effectively hedge our net investment in certain Euro denominated and Yen denominated subsidiaries.

21. Subsequent Events

We have evaluated events subsequent to the balance sheet and determined there have not been any events that have occurred that would require adjustment to or disclosure in our consolidated financial statements.

OMNICOM GROUP INC. AND SUBSIDIARIES
Quarterly Results of Operations (Unaudited)

The Company's unaudited quarterly results of operations for the years ended December 31, 2010 and 2009 were (dollars in millions, except for per share amounts):

	Quarter			
	First	Second	Third	Fourth
Revenue				
2010	$ 2,920.0	$ 3,041.2	$ 2,994.6	$ 3,586.7
2009	2,746.6	2,870.7	2,837.6	3,265.8
Operating Income				
2010	291.0	415.4	314.1	439.7
2009	282.4	398.1	294.8	399.6
Net Income - Omnicom Group Inc.				
2010	163.4	243.3	174.6	246.4
2009	164.5	233.4	165.6	229.5
Net Income Per Share Omnicom Group Inc. - Basic				
2010	0.53	0.80	0.58	0.84
2009	0.53	0.75	0.53	0.74
Net Income Per Share Omnicom Group Inc. - Diluted				
2010	0.52	0.79	0.57	0.83
2009	0.53	0.75	0.53	0.73

OMNICOM GROUP INC. AND SUBSIDIARIES

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

For the Three Years Ended December 31, 2010

(Dollars in millions)

Column A	Column B	Column C	Column D	Column D	Column E
Description	Balance at Beginning of Period	Charged to Costs and Expenses	Removal of Uncollectible Receivables (1)	Translation Adjustments (Increase) Decrease	Balance at End of Period
Valuation accounts deducted from assets to which they apply — Allowance for doubtful accounts:					
December 31, 2010	$ 59.5	$ 9.5	$ 21.8	$ 0.5	$ 46.7
December 31, 2009	59.9	24.9	26.7	(1.4)	59.5
December 31, 2008	54.7	26.5	17.9	3.4	59.9

(1) Net of acquisition date balances in allowance for doubtful accounts of companies acquired of $0.1 million in 2008.

Exhibit 10.20

OMNICOM GROUP INC.
AMENDED AND RESTATED 2007 INCENTIVE AWARD PLAN
OPTION AGREEMENT

GRANT NOTICE

Unless otherwise defined herein, the terms defined in the Omnicom Group Inc. Amended and Restated 2007 Incentive Award Plan (as amended, restated or otherwise modified from time to time, the "**Plan**") shall have the same defined meanings in this Grant Notice (the "**Grant Notice**") and the Option Agreement attached as Exhibit A to this Grant Notice (collectively, the "**Agreement**").

You have been granted an award of an Option to purchase shares of Stock, subject to the terms and conditions of the Plan and this Agreement.

Employee:	
Grant Date:	
Number of shares of Stock subject to Option:	
Exercise Price Per share of Stock:	
Vesting Schedule:	The Option will not be exercisable after the tenth anniversary of the Grant Date. Subject to the Employee remaining in the continuous employ of Omnicom or an Omnicom Affiliate through the applicable Vesting Date and subject to the terms of the Agreement and the Plan, the Option shall become vested and exercisable as to 30% of the Option on each of the first two anniversaries of the Grant Date and the remainder of the Option on the third anniversary of the Grant Date (each such date being referred to herein as a "**Vesting Date**").

Your signature below, which may be accomplished through electronic means approved by Omnicom, indicates your agreement and understanding that the Options are subject to all of the terms and conditions contained in this Agreement, including the Grant Notice, the Option Agreement attached as Exhibit A to this Grant Notice, the Plan and the restrictive covenants set forth in Section 6 of Exhibit A. **ACCORDINGLY, PLEASE BE SURE TO READ ALL OF EXHIBIT A, WHICH CONTAINS THE SPECIFIC TERMS AND CONDITIONS OF THE OPTION.**

EMPLOYEE:	**OMNICOM GROUP INC.**
By: ________________	By: ________________
Print Name: ________________	Name:
Title:	Title:

EXHIBIT A

OMNICOM GROUP INC.

AMENDED AND RESTATED 2007 INCENTIVE AWARD PLAN

OPTION AGREEMENT

1. **Grant**. Effective as of the Grant Date Omnicom hereby grants to the Employee, and the Employee hereby accepts, an award of an Option to purchase that number of shares of Stock and at the price per share of Stock (the "***Option Price***") set forth in the Grant Notice, subject to the terms of the Plan and this Agreement. The Option is a Non-Qualified Stock Option and is not an Incentive Stock Option. Shares of Stock acquired upon exercise of the Option (in whole or in part) are referred to herein as the "***Option Shares***."

2. **Rights as a Shareholder**. The Employee shall have no rights as a shareholder with respect to an Option or any Option Shares unless and until shares evidencing such Option Shares have been transferred into the Employee's brokerage account or participant trust (the "***Employee's Brokerage Account***") maintained with the administrator of the Plan ("***Omnicom's Agent***") or, at Omnicom's sole discretion, stock certificate(s) evidencing such Option Shares have been issued to the Employee. Except as the Committee may determine, no adjustments shall be made for dividends or other distributions for which the record date is prior to the date of transfer of shares evidencing Option Shares into the Employee's Brokerage Account or the date of issuance of such stock certificate(s) to the Employee, as applicable.

3. **Vesting and Forfeiture; Manner of Exercise**.

a) The Option shall not be exercisable after the tenth anniversary of the Grant Date. The Employee shall vest in the Option and the Option shall become exercisable in accordance with the vesting schedule set forth in the Grant Notice; subject to paragraph (b) below. The Employee shall not have the right to exercise the Option until the date the applicable portion of the Option becomes vested and exercisable. The ability to exercise shall be cumulative and shall apply to any Option (or portion thereof) not previously exercised until the cancellation or termination of the Option.

b) Subject to Article 11 of the Plan, in the event of a Termination of Employment, to the extent not exercised prior thereto, the Option shall automatically be cancelled and shall be of no further force or effect, except that:

(i) In the event of a Termination of Employment prior to a Vesting Date by reason of the death of the Employee, the Option shall immediately become vested and exercisable in full on the Termination Date and shall remain exercisable until the tenth anniversary of the Grant Date;

(ii) In the event of a Termination of Employment prior to a Vesting Date by reason of the Disability of the Employee, a portion of the Option shall immediately become vested and exercisable on the Termination Date and shall remain exercisable until the tenth anniversary of the Grant Date, such portion (rounded up to the nearest full Option Share) to be equal to the sum for each remaining Vesting Date of (x) the total number of Option Shares for which the Option would become exercisable on such Vesting Date multiplied by (y) a fraction, (A) the numerator of which shall be the number of full calendar months between the Grant Date and the

Termination Date and (B) the denominator of which shall be the number of full calendar months between the Grant Date and such Vesting Date; and

(iii) In the event of a Termination of Employment after the first anniversary of the Grant Date by reason of the Retirement of the Employee, the Option shall immediately become exercisable in full but may only be exercised during the 36-month period immediately following such date of termination or, if sooner, the tenth anniversary of the Grant Date.

c) The Employee acknowledges that upon a Change in Control prior to a Vesting Date, Article 11 of the Plan shall govern.

d) The exercise of the Option shall be governed by the terms of this Agreement and the terms of the Plan, including, without limitation, the provisions of Article V of the Plan.

e) Any exercisable portion of the Option or the entire Option, if then wholly exercisable, may be exercised in whole or in part at any time prior to the time when the Option or portion thereof becomes unexercisable.

f) The Option may be exercised, in whole or in part, by contacting Omnicom's Agent either online or by telephone and giving notice (the "***Notice***") of the manner by which the Employee desires to exercise the Option. The date that the Notice is given to Omnicom's Agent (or the date that the Omnicom Notice is given to Omnicom, as provided in paragraph (g) below) shall be the "***Date of Exercise***" of such Option. The Employee is responsible for (i) the full payment of the Option Price with respect to the portion of the Option being exercised and (ii) the full payment of any amounts required to be withheld pursuant to applicable federal state and local income tax laws in connection with such exercise (the "***Withholding Amounts***"). To the extent permitted by law or the applicable listing rules, if any, the Employee may elect in the Notice to pay the Option Price and the Withholding Amounts: (i) in cash, (ii) with the consent of the Committee and subject to such terms and conditions as Omnicom's Agent may impose, by delivering shares of Stock, duly endorsed for transfer to Omnicom, having a Fair Market Value on the Date of Exercise equal to that portion of the Option Price and Withholding Amounts being paid by delivery of such shares, (iii) through a combination of cash and shares of Stock as so valued, or (iv) by a cashless exercise by authorizing Omnicom's Agent to sell Option Shares and remit to Omnicom a sufficient portion of the sale proceeds to pay the Option Price and Withholding Amounts.

g) Notwithstanding the foregoing, in the event that there is no Omnicom Agent, the Option may be exercised, in whole or in part, by the delivery to Omnicom of written notice of such exercise (the "***Omnicom Notice***") accompanied by (i) full payment of the Option Price with respect to that portion of the Option being exercised, and (ii) full payment of any Withholding Amounts. To the extent permitted by law or the applicable listing rules, if any, the Employee may elect in the Omnicom Notice to pay the Option Price and the Withholding Amounts: (i) in cash, or (ii) with the consent of the Committee and subject to such terms and conditions as Omnicom may impose, by delivering to Omnicom shares of Stock, duly endorsed for transfer to Omnicom, having a Fair Market Value on the Date of Exercise equal to that portion of the Option Price and Withholding Amounts being paid by delivery of such shares.

4. **Definitions**. For purposes of this Agreement, the terms set forth below shall have the following meanings:

a) "*Affiliate*" of Omnicom or the Company, as the case may be, shall mean any person, firm, corporation or other form of entity that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with Omnicom or the Company, as the case may be as determined by Omnicom.

b) "*Client*" shall mean any person, firm, corporation or other form of entity to whom any member of the Group (i) rendered services at any time during the Employment Period or (ii) had made a Pitch at any time during the Employment Period, or the six months immediately following, the Termination Date.

c) "*Company*" means the Omnicom Affiliate by whom the Employee is employed as of the date of this Agreement and each other Omnicom Affiliate by whom the Employee is employed at any time during the Employment Period notwithstanding anything in the Plan to the contrary.

d) "*Employee*" means the Employee set forth in the Grant Notice.

e) "*Employment Period*" means the period that the Employee is employed by any member of the Group.

f) "*Grant Date*" means the Grant Date set forth in the Grant Notice.

g) "*Group*" means (i) if the Company operates within an Omnicom network, all of the companies, group of companies and divisions operating under a global or national brand of such Omnicom network, and (ii) if the Company operates as part of a division or separate company independent of an Omnicom network, all companies and divisions operating under such independent brand.

h) "*Pitch*" means a new business presentation or similar offering of services; provided, however, a general mailing or an incidental contact shall not be deemed a Pitch.

i) "*Restricted Client*" shall mean any person, firm, corporation or other form of entity to whom any member of the Group (i) rendered services at any time during the one-year period prior to the Termination Date, or (ii) had made a Pitch at any time during the one-year period immediately preceding, or the six months immediately following, the Termination Date.

j) "*Retirement*" means a Termination of Employment by reason of an Employee's retirement, other than by reason of Disability, at a time when the Employee's aggregate years of service with Omnicom, any predecessor to Omnicom, or any Omnicom Affiliate plus his or her chronological age equals eighty (80) or more.

k) "*Termination Date*" means the date on which the Termination of Employment occurs.

l) "*Termination of Employment*" means the time when the Employee is no longer employed by any Omnicom Affiliate for any reason whatsoever, as determined by Omnicom or an Omnicom Affiliate.

5. **Nontransferability**. No right or interest of the Employee in the Option may be pledged, encumbered, or hypothecated to or in favor of any party other than Omnicom or an Omnicom

Affiliate, or shall be subject to any lien, obligation, or liability of the Employee to any other party other than Omnicom or an Omnicom Affiliate. The Option shall not be assigned, transferred, or otherwise disposed of by the Employee other than by will or the laws of descent and distribution or pursuant to beneficiary designation procedures approved from time to time by the Committee. Notwithstanding the foregoing, to the extent and under such terms and conditions as determined by the Committee, the Employee may assign or transfer the Option (each transferee thereof, a "***Permitted Assignee***") (i) to the Employee's spouse, children or grandchildren (including any adopted and step children or grandchildren), parents, grandparents or siblings, (ii) to a trust for the benefit of the Employee and/or one or more of the Persons referred to in clause (i), (iii) to a partnership, limited liability company or corporation in which the Employee or the Persons referred to in clause (i) are the only partners, members or shareholders or (iv) for charitable donations; provided, however, that such Permitted Assignee shall be bound by and subject to all of the terms and conditions of the Plan and this Agreement relating to the transferred Option and shall execute an agreement satisfactory to Omnicom evidencing such obligations; and provided further that the Employee shall remain bound by the terms and conditions of the Plan.

6. **Non-Solicitation/Non-Servicing and Protection of Confidential Information Agreement.**

a) In consideration for and in order to be eligible to receive the voluntary grant of the Option provided in this Agreement, except on behalf of a member of the Group, the Employee will not, as an individual, employee, consultant, independent contractor, partner, shareholder, member or in association with any other person, firm, corporation or other form of entity, directly or indirectly, and regardless of the Employee continuing to be employed by a member of the Group or the reason for the Employee ceasing to be so employed by any member of the Group:

(i) during the Employment Period, directly or indirectly, solicit business on behalf of, render any services to, engage in, or have any ownership interests or other affiliation in, any business or other endeavor, which is engaged in the business of the same nature as or competitive with any member of the Group; provided, however, that nothing contained in this clause (i) shall be deemed to prevent the undersigned from owning less than ¼ of 1% of the shares of any publicly held corporation engaged in any such business;

(ii) if either (A) any portion of the Option has vested under this Agreement or (B) a voluntary Termination of Employment occurs, then for a one-year period following the Termination Date, solicit, render services to or for, or accept from, any Restricted Client, any business of the type performed by any member of the Group for such Restricted Client or persuade or attempt in any manner to persuade any Restricted Client to cease to do business or to reduce the amount of business which any such Restricted Client has customarily done or is reasonably expected to do with members of the Group; provided, *however*, that solely with respect to this Section 6(a)(ii), the definition of Restricted Client shall be limited to the particular product, brand or service of such Restricted Client in respect of which at any time during the one-year period prior to the Termination Date, the Employee (A) had a servicing relationship, supervisory responsibility or other involvement, or (B) participated in, supervised or had any responsibility or other involvement in a Pitch; and

(iii) if either (A) any portion of the Option has vested under this Agreement or (B) a voluntary Termination of Employment occurs, then for a one-year period following the Termination Date, employ as an employee or retain as a consultant any person, firm, corporation or other form of entity who is then or at any time during the one-year period prior to the Termination Date was, an employee of or exclusive consultant to a member of the Group, or persuade or attempt to persuade any employee of or exclusive consultant to a member of the Group to leave the employ of such member of the Group or to become employed as an employee or retained as a consultant by any other person, firm, corporation or other form of entity; provided, however, a solicitation pursuant to general recruitment advertising that is not directed at the employees or exclusive consultants of any member of the Group shall not be deemed to be a breach of this provision.

b) As a professional in a highly service-oriented and creative business, the Employee understands and agrees that his/her position with the Company requires and will continue to require services which are of a special character and which places him/her in a position of confidence and trust with the Clients and employees of members of the Group. The Employee further acknowledges that his/her services to the Clients necessarily require that the Employee have access to Confidential Information (as defined below) of members of the Group and their respective Clients and that, in the course of his/her employment with or rendering of services to the Company, the Employee will develop personal relationships with the Clients and knowledge of those Clients' affairs and requirements. Accordingly, the Employee acknowledges that the type and periods of restrictions imposed in this Agreement are fair and reasonable and are reasonably required in order to protect and maintain the proprietary interests of the members of the Group, other legitimate business interests of members of the Group, and the goodwill associated with the members of the Group. The Employee further understands and agrees that the Restricted Clients may be serviced from any location and accordingly it is reasonable that the covenants set forth herein are not limited by narrow geographic area but generally by the location of such Restricted Clients. In the event that any covenant contained in this Agreement shall be determined by any court or other tribunal of competent jurisdiction to be unenforceable by reason of its extending for too great a period of time or over too great a geographical area or by reason of its being too extensive in any other respect, (i) such covenant shall be interpreted to extend only over the maximum period of time for which it may be enforceable and/or over the maximum geographical area as to which it may be enforceable and/or to the maximum extent in all other respects as to which it may be enforceable, all as determined by such court or other tribunal making such determination, and (ii) in its reduced form, such covenant shall then be enforceable, but such reduced form of covenant shall only apply with respect to the operation of such covenant in the particular jurisdiction in or for which such adjudication is made.

c) The Employee hereby acknowledges and agrees that for so long as the Employee has been employed by the Company (which term, as used in this Section 6(c) and Section 6(d) shall be deemed to include any Affiliate of the Company), the Employee has acquired and will continue to acquire and have access to confidential or proprietary information about the Company and/or its Clients, including but not limited to, trade secrets, methods, models, passwords, access to computer files, financial information and records, computer software programs, agreements and/or contracts between the Company and its Clients, Client contacts, creative policies and ideas, advertising campaigns, public relations campaigns, creative and media materials, graphic design, budgets, practices, concepts, strategies, methods of operation, financial or business projections of the Company, and information about or received from its Clients (collectively, "***Confidential Information***"). Accordingly, in consideration for and in order to be eligible to receive the voluntary grant of the Option provided in this Agreement, for so long as the Employee is employed by a member of the Group and thereafter, the Employee will retain in strictest confidence all Confidential Information and shall not disclose any such

Confidential Information to anyone outside the members of the Group and Omnicom, except in the course of the Employee's duties for the Company or with Omnicom's express written consent. The Employee hereby acknowledges that he/she is aware that such Confidential Information is not readily available to the public, and agrees that he/she will not at any time utilize such Confidential Information for his/her own benefit or for the benefit of third parties.

d) The Employee hereby acknowledges and agrees that all materials created or modified by the Employee for so long as the Employee is employed by the Company, including, without limitation, all works of authorship, inventions, processes, ideas, methods, concepts and other tangible and intangible materials (collectively, "***Work Product***"), shall be "work for hire" and that the Company and/or Omnicom shall be the exclusive owner of the Work Product and all intellectual property rights associated with the Work Product, including all trademarks, patents or copyrights contained therein. To the extent any Work Product does not qualify as "work for hire", the Employee hereby assigns ownership of all such Work Product to the Company and/or Omnicom and agrees to take all reasonable measures, at the Company's expense, to perfect such rights in the Company and/or Omnicom. The Employee hereby appoints the Company and/or Omnicom as his/her attorney-in-fact with the limited power to execute assignments of such Work Product. If the Employee is an employee in the State of California, the parties hereto agree and acknowledge that the terms of this paragraph shall be subject to the terms of Section 2870 of the California Labor Code, a copy of which is annexed to this Agreement. The Employee hereby agrees to advise the Company and/or Omnicom promptly in writing of any inventions that he/she believes meet the criteria set forth in Section 2870.

e) Each of the covenants and agreements contained in this Section 6 (collectively, the "***Protective Covenants***") is separate, distinct and severable. All rights, remedies and benefits expressly provided for in this Section 6 are cumulative and are not exclusive of any rights, remedies or benefits provided for by law, in this Section 6 or otherwise, and the exercise of any remedy by a party hereto shall not be deemed an election to the exclusion of any other remedy (any such claim by the other party being hereby waived). The provisions of this Section 6 are not in lieu of, but are in addition to the continuing obligations of the Employee (which the Employee hereby acknowledges) to not use or disclose Confidential Information known to the Employee until any particular piece of Confidential Information becomes generally known to the public (through no action of the Employee), whereupon the restriction on use and disclosure shall cease as to that particular item. The existence of any claim, demand, action or cause of action that the Employee may have against Omnicom or any of its Affiliates, whether predicated pursuant to this Section 6 or otherwise, shall not constitute a defense to the enforcement of the provisions of this Section 6 or any other provision or provisions of this Agreement. The covenants contained in this Section 6 for the benefit of Omnicom and the members of the Group, shall survive any termination of this Agreement and may be waived in whole or in part by Omnicom without the consent of any other person, firm, corporation or other form of entity. The temporal duration of the Protective Covenants shall not expire, and shall be tolled, during any period in which the Employee is in violation of any of such Protective Covenants, and all such Protective Covenants shall automatically be extended by the period of such violation. The Employee further acknowledges that he/she is a highly regarded employee who considered the terms and conditions upon which he/she is electing to be granted the Option and that he/she has been advised and has had the opportunity to obtain counsel of his/her choice in connection with reviewing and executing this Agreement.

f) By acceptance of the grant of the Option, the Employee agrees that if the Employee were, without authority, to use or disclose Confidential Information, or otherwise breach any of the Protective Covenants, or threaten to do so, in addition to all other available remedies (including without limitation seeking such damages as it can show it has sustained by reason of such breach), (i) Omnicom and/or any member of the Group shall be entitled to specific performance and injunctive and other appropriate relief (without being required to post bond or other security and without having to prove the inadequacy of the available remedies at law) to prevent the Employee from doing so, and/or (ii) Omnicom (by action of the Chairman, Chief Executive Officer, President, Chief Financial Officer or General Counsel of Omnicom) may cause any or all of the following actions to occur: (x) the Option granted hereunder shall become void, shall be forfeited and shall terminate effective the date on which the Employee entered into such activity, (y) any shares of Stock acquired by the Employee pursuant to the exercise of the Option granted hereunder shall be forfeited and returned to Omnicom, and (z) any gain realized by the Employee from the sale or transfer of shares of Stock acquired through the exercise of the Option granted hereunder, shall be returned by the Employee to Omnicom. The Employee acknowledges that the harm caused to Omnicom and/or members of the Group by the breach or anticipated breach of this Agreement is by its nature irreparable because, among other things, it is not readily susceptible of proof as to the monetary harm that would ensue. The Employee consents that any interim or final equitable relief entered by a court of competent jurisdiction shall, at the request of Omnicom and/or a member of the Group be entered on consent and enforced by any court having jurisdiction over the Employee, without prejudice to any rights either party may have to appeal from the proceedings that resulted in any grant of such relief.

g) During the Employment Period and the one-year period after the Termination Date, prior to accepting employment with any subsequent employer, the Employee shall notify any prospective employer in writing of his/her obligations under this Agreement. In addition, immediately after accepting employment with a subsequent employer, the Employee shall provide Omnicom with a copy of the notice that was sent by him/her to such subsequent employer.

h) The Employee acknowledges and agrees that if Employee has received an equity award (including any restricted stock, restricted stock unit or stock option award) from Omnicom during or after 2005 pursuant to the Plan or any other current or former equity plan of Omnicom, the Employee has previously agreed to restrictions similar to those set forth in this Section 6 (the "***Prior Restrictions***") and such Prior Restrictions shall remain in full force and effect and shall be in addition to the Employee's obligations under this Section 6.

7. **Investment Representation and Compliance With Applicable Law**. The Employee hereby represents and covenants that (a) the Option Shares will be acquired for investment and not with a view to the distribution thereof within the meaning of the Securities Act, unless such acquisition has been registered under the Securities Act and any applicable state securities law; and (b) any subsequent sale of any such Option Shares, unless their acquisition had been so registered, shall be made either pursuant to an effective registration statement under the Securities Act and any applicable state securities laws, or pursuant to an exemption from registration under the Securities Act and such state securities laws.

8. **No Understandings as to Employment**. Nothing in the Plan, in the grant of the Option or in this Agreement shall constitute or be evidence of any understanding, express or implied, on the part of the Company, Omnicom or any Omnicom Affiliate to employ the Employee for any period or shall interfere with or restrict in any way the rights of the Company, Omnicom and the Omnicom Affiliates to discharge the Employee at any time for any reason whatsoever, with or without cause.

9. **Plan Incorporated**. The Employee accepts the grant of the Option herein subject to all of the provisions of the Plan, which are incorporated into this Agreement, including the provisions that authorize the Committee to administer and interpret the Plan and which provide that the Committee's decisions, determinations and interpretations with respect to the Plan are final and conclusive on all persons affected hereby. In the event of a conflict between the provisions of this Agreement and the provisions of the Plan, the provisions of the Plan shall govern. Terms not otherwise defined in this Agreement shall have the meanings ascribed in the Plan.

10. **Amendment**. The Option may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Board or the Committee, provided that, except as provided by Article 11 of the Plan, neither the amendment, modification, suspension nor termination of this Agreement shall, without the consent of the Employee, adversely alter or impair any rights or obligations of the Employee under this Agreement with respect to the Option in any material way.

11. **Assignment.** The parties hereto agree that Omnicom shall have the right to assign this Agreement, and accordingly, this Agreement shall inure to the benefit of, and may be enforced by, any and all successors and assigns of Omnicom, including, without limitation, by asset assignment, stock sale, merger, consolidation or other corporate reorganization. Subject to Section 5, the Employee agrees that his/her obligations under this Agreement are personal to him/ her, and the Employee shall not have the right to assign or otherwise transfer his/her obligations hereunder. Any purported assignment or transfer by the Employee shall be void and ineffective.

12. **Governing Law**. The interpretation and construction of this Agreement, and all matters relating hereto (including, without limitation, the validity or enforcement of this Agreement), shall be governed by the laws of New York without regard to any conflicts or choice of laws provisions of the State of New York that would result in the application of the law of any other jurisdiction.

13. **Notice**. Any notice to be given to Omnicom under the terms of this Agreement shall be addressed to the Office of the General Counsel of Omnicom at 437 Madison Avenue, New York, New York 10022, and any notice to be given to the Employee shall be addressed to the Employee at the address set forth beneath his or her signature hereto, or at such other address for a party as such party may hereafter designate in writing to the other. Any such notice shall be deemed to have been duly given if mailed, postage prepaid, addressed as aforesaid.

14. **Headings**. All section titles and captions in this Agreement are for convenience only, shall not be deemed part of this Agreement, and in no way shall define, limit, extend or describe the scope or intent of any provisions of this Agreement.

15. **Further Assurances**. The parties shall execute all documents, provide all information, and take or refrain from taking all actions as may be reasonably necessary or appropriate to achieve the purposes of this Agreement. The Employee acknowledges that any sale of Option Shares following the date of vesting shall be further evidence of Employee's acceptance of the terms of this Agreement, including Section 6 of this Agreement.

16. **Entire Agreement**. This Agreement, including the Grant Notice and this Option Agreement attached as Exhibit A to the Grant Notice, subject to the terms and conditions of the Plan, constitute the entire agreement among the parties hereto pertaining to the subject matter hereof and supersedes all prior agreements and understandings pertaining thereto. Notwithstanding the foregoing,

any other confidentiality agreement, non-solicitation/non-servicing agreement or any other type of restrictive covenant agreement that the Employee has entered into prior to the date hereof or may enter into after the date hereof with Omnicom or one of its Affiliates shall remain in full force and effect. No oral understandings, oral statements, oral promises or oral inducements between the parties hereto relating to this Agreement exist. No representations, warranties, covenants or conditions, express or implied, whether by statute or otherwise, other than as set forth in this Agreement, have been made by the parties hereto.

17. **Remedies**. No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute waiver of any such breach or any other covenant, duty, agreement or condition.

18. **Acceptance; Counterparts**. The Employee acknowledges and agrees that the Employee's acceptance of the terms of this Agreement through electronic means shall have the same force and effect as an acceptance made in writing. This Agreement may be executed in two or more counterparts, or by facsimile transmission, each of which shall be deemed to be an original and all of which taken together shall constitute one and the same instrument.

19. **Waiver**. By signing and returning this Agreement, the Employee agrees that the Employee's rights in respect of the Option and the underlying Option Shares (including upon Termination of Employment) shall be defined solely by the Plan and the provisions of this Agreement. Accordingly, the Employee waives all other claims he/she may have against Omnicom or any of its Affiliates, and their respective officers, directors, agents and employees for any losses or damages arising out of the forfeiture of the Option and/or any Option Shares as a result of such Termination of Employment, or otherwise in relation to the Plan with respect to such Option and/or Option Shares.

20. **Third Party Beneficiaries**. Nothing in this Agreement is intended to confer upon any other person except the Employee, Omnicom and the Affiliates of Omnicom, any rights or remedies hereunder or shall create any third party beneficiary rights in any person (other than Affiliates of Omnicom).

21. **No Strict Construction**. The language used in this Agreement will be deemed to be the language chosen by the parties hereto to express their mutual intent, and no rule of law or contract interpretation that provides that in the case of ambiguity or uncertainty a provision should be construed against the draftsman will be applied against any party hereto. The provisions of this Agreement shall be construed according to their fair meaning and neither for nor against any party hereto irrespective of which party caused such provisions to be drafted.

22. **Committee Authority.** The Committee shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules. All actions taken and all interpretations and determinations made by the Committee in good faith shall be final and binding upon the Employee, Omnicom and all other interested persons. No member of the Committee shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Agreement.

23. **Agreement Severable**. In the event that any provision in this Agreement is held invalid or unenforceable, such provision shall be severable from, and such invalidity or unenforceability shall not be construed to have any effect on, the remaining provisions of this Agreement.

24. **Employee Data Privacy.**

a) The Employee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Employee's personal data as described in this document by Omnicom and/or the Company for the exclusive purpose of implementing, administering and managing the Employee's participation in the Plan.

b) The Employee understands that Omnicom and/or the Company hold certain personal information, including, but not limited to, name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any Shares or directorships held in the Company or any of its Affiliates, details of all entitlement to this Option and Option Shares awarded, canceled, exercised, vested, unvested or outstanding in the Employee's favor ("***Data***"), for the purpose of implementing, administering and managing the Plan.

c) The Employee understands that Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in the Employee's country or elsewhere, and that the recipient's country may have different data privacy laws and protections than the Employee's country. The Employee understands that the Employee may request a list with the names and addresses of any potential recipients of the Data by contacting the Employee's local human resources representative.

d) The Employee authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Employee's participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party. The Employee understands that Data shall be held only as long as is necessary to implement, administer and manage the Employee's participation in the Plan. The Employee understands that the Employee may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Employee's local human resources representative. The Employee understands, however, that refusing or withdrawing consent may affect the Employee's ability to participate in the Plan. For more information on the consequences of the refusal to consent or withdrawal of consent, the Employee understands that the Employee may contact the Employee's local human resources representative.

* * * * * *

California Labor Code Section 2870

Employment agreements; assignment of rights

(a) Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his rights in an invention to his employer shall not apply to an invention that the employee developed entirely on his own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either:

(ii) relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or

(iii) result from any work performed by the employee for the employer.

(b) To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable.

Exhibit 10.21

OMNICOM GROUP INC.

AMENDED AND RESTATED 2007 INCENTIVE AWARD PLAN

RESTRICTED STOCK AGREEMENT

GRANT NOTICE

Unless otherwise defined herein, the terms defined in the Omnicom Group Inc. Amended and Restated 2007 Incentive Award Plan (as amended, restated or otherwise modified from time to time, the "**Plan**") shall have the same defined meanings in this Grant Notice (the "**Grant Notice**") and the Restricted Stock Agreement attached as Exhibit A to this Grant Notice (collectively, the "**Agreement**").

You have been granted shares of Restricted Stock (the "**Restricted Shares**"), subject to the terms and conditions of the Plan and this Agreement.

Employee:	
Grant Date:	
Total Number of Restricted Shares:	
Vesting Schedule:	Subject to the Employee remaining an Employee through the applicable Vesting Date and subject to the terms of the Agreement and the Plan, the Restricted Shares shall vest as to 20% of the Restricted Shares on (i) the first anniversary date of the Grant Date and (ii) each of the next four anniversary dates of the Grant Date (each of such dates being referred to herein as a "**Vesting Date**").

Your signature below, which may be accomplished through electronic means approved by Omnicom, indicates your agreement and understanding that the Restricted Shares are subject to all of the terms and conditions contained in this Agreement, including the Grant Notice, the Restricted Stock Agreement attached as Exhibit A to this Grant Notice, the Plan and the restrictive covenants set forth in Section 6 of Exhibit A. **ACCORDINGLY, PLEASE BE SURE TO READ ALL OF EXHIBIT A, WHICH CONTAINS THE SPECIFIC TERMS AND CONDITIONS OF THE RESTRICTED SHARES.**

OMNICOM GROUP INC.

By:______________________________

Name:
Title:

EMPLOYEE: ______________________________

EXHIBIT A

OMNICOM GROUP INC.
AMENDED AND RESTATED 2007 INCENTIVE AWARD PLAN
RESTRICTED STOCK AGREEMENT

1. **Grant**. In consideration of the Employee's past and/or continued employment with or service to Omnicom, and for other good and valuable consideration, which the Committee has determined exceeds the aggregate par value of the Stock subject to the Award, as of the Grant Date, Omnicom has granted the Employee that number of Restricted Shares set forth in the Grant Notice. The Restricted Shares shall be deemed to include associated Stock Dividends (as defined below).

2. **Ownership, Rights as a Shareholder and Custody**. The Employee is the owner of the Restricted Shares and has all the rights of a shareholder with respect thereto, including the right to vote such Restricted Shares and to receive all dividends or other distributions paid with respect to such Restricted Shares; provided, that, dividends and distributions in shares of Stock (the "**Stock Dividends**") shall be subject to restrictions and a risk of forfeiture to the same extent as the Restricted Shares with respect to which such Stock Dividends have been distributed. Accordingly, the Employee shall only be entitled to receive such Stock Dividends when the Restricted Shares (with respect to which such Stock Dividends have been distributed) vest pursuant to Section 3 below. Such ownership of Restricted Shares and Stock Dividends shall be evidenced by book entries on the records of Omnicom or its transfer agents or registrars. Promptly following the vesting of Restricted Shares pursuant to this Agreement, shares evidencing such Restricted Shares and Stock Dividends shall be transferred into the Employee's brokerage account or participant trust maintained with the administrator of the Plan ("**Employee's Brokerage Account**") or, at Omnicom's sole discretion, stock certificate(s) shall be issued and delivered to the Employee (or his/her permitted transferees) by Omnicom.

3. **Vesting and Forfeiture.**

a) The Employee shall vest in the Restricted Shares in accordance with the vesting schedule set forth in the Grant Notice; *provided, that,* subject to paragraphs (b) – (d) below, in the event the Employee incurs a Termination of Employment, the Employee's right to vest in the Restricted Shares and to receive the Shares related thereto shall terminate effective as of the date of such Termination of Employment and the Employee shall have no further rights to such Restricted Shares.

b) In the event of a Termination of Employment prior to a Vesting Date by reason of the death of the Employee, all of the Restricted Shares not yet vested shall vest and become transferable and nonforfeitable on the Termination Date.

c) In the event of a Termination of Employment prior to a Vesting Date by reason of the Disability of the Employee, a portion of the then unvested Restricted Shares shall vest and become transferable and nonforfeitable on the Termination Date, such portion (rounded up to the nearest full Restricted Share) to be equal to the sum for each remaining Vesting Date of (i) the total number of Restricted Shares which would vest on such Vesting Date multiplied by (ii) a fraction, (A) the numerator of which shall be the number of full calendar months between the Grant Date and the Termination Date and (B) the denominator of which shall be the number of full calendar months between the Grant Date and such Vesting Date.

d) The Employee acknowledges that upon a Change in Control prior to a Vesting Date, Article 11 of the Plan shall govern.

e) Any Restricted Shares not vested on the Termination Date shall be immediately forfeited without consideration.

f) Notwithstanding any other provision of this Agreement (including without limitation Section 2 above):

(i) The Employee is ultimately liable and responsible for all taxes owed in connection with the Restricted Stock, regardless of any action Omnicom or any Omnicom Affiliate takes with respect to any tax withholding obligations that arise in connection with the Restricted Stock. Neither Omnicom nor any of its Affiliates makes any representation or undertaking regarding the treatment of any tax associated with the awarding or vesting of the Restricted Stock or the subsequent sale of vested Shares. Omnicom and its Affiliates do not commit and are under no obligation to structure the Restricted Stock to reduce or eliminate the Employee's tax liability.

(ii) Prior to any event in connection with the Restricted Stock (e.g., vesting) that Omnicom determines may result in any domestic or foreign tax withholding obligation, whether national, federal, state or local, including any social tax obligation (the "**Tax Withholding Obligation**"), the Employee shall make arrangements satisfactory to Omnicom for the satisfaction of any Tax Withholding Obligation that arise in connection with his/her Restricted Stock, including, without limitation, by electing to have the administrator of the Plan withhold a portion of the vested Shares on the Vesting Date in payment of the relevant withholding taxes or maintaining sufficient cash in Employee's Brokerage Account for payment of the relevant withholding taxes. In the event Shares are withheld for the satisfaction of any Tax Withholding Obligation, the number of Shares to be withheld shall equal the quotient of (A) the amount of the Tax Withholding Obligation, and (B) the Fair Market Value of the Shares on the Vesting Date.

g) Omnicom may refuse to issue any shares of Stock to the Employee until such Employee satisfies the Tax Withholding Obligation. To the maximum extent permitted by law, Omnicom has the right to retain without notice from shares of Stock transferable upon vesting or from salary payable to the Employee, shares of Stock or cash having a value sufficient to satisfy the Tax Withholding Obligation.

4. **Definitions**. For purposes of this Agreement, the terms set forth below shall have the following meanings:

a) "**Affiliate**" of Omnicom or the Company, as the case may be, shall mean any person, firm, corporation or other form of entity that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with Omnicom or the Company, as the case may be as determined by Omnicom.

b) "**Client**" shall mean any person, firm, corporation or other form of entity to whom any member of the Group (i) rendered services at any time during the Employment Period or (ii) had made a Pitch at any time during the Employment Period, or the six months immediately following, the Termination Date.

c) "**Company**" means the Omnicom Affiliate by whom the Employee is employed as of the date of this Agreement and each other Omnicom Affiliate by whom the Employee is employed at any time during the Employment Period, notwithstanding anything in the Plan to the contrary.

d) "**Employee**" means the Employee set forth in the Grant Notice.

e) "**Employment Period**" means the period that the Employee is employed by any member of the Group.

f) "**Grant Date**" means the Grant Date set forth in the Grant Notice.

g) "**Group**" means (i) if the Company operates within an Omnicom network, all of the companies, group of companies and divisions operating under a global or national brand of such Omnicom network, and (ii) if the Company operates as part of a division or separate company independent of an Omnicom network, all companies and divisions operating under such independent brand.

h) "**Pitch**" means a new business presentation or similar offering of services; provided, however, a general mailing or an incidental contact shall not be deemed a Pitch.

i) "**Restricted Client**" shall mean any person, firm, corporation or other form of entity to whom any member of the Group (i) rendered services at any time during the one-year period prior to the Termination Date, or (ii) had made a Pitch at any time during the one-year period immediately preceding, or the six months immediately following, the Termination Date.

j) "**Termination Date**" means the date on which the Termination of Employment occurs.

k) "**Termination of Employment**" means the time when the Employee is no longer employed by any Omnicom Affiliate for any reason whatsoever, as determined by Omnicom or an Omnicom Affiliate.

5. **Nontransferability**. No right or interest of the Employee in the Restricted Shares not yet vested may be pledged, encumbered, or hypothecated to or in favor of any party other than Omnicom or an Omnicom Affiliate, or shall be subject to any lien, obligation, or liability of the Employee to any other party other than Omnicom or an Omnicom Affiliate. No Restricted Share not yet vested shall be assigned, transferred, or otherwise disposed of by the Employee other than by will or the laws of descent and distribution or pursuant to beneficiary

designation procedures approved from time to time by the Committee. Notwithstanding the foregoing, to the extent and under such terms and conditions as determined by the Committee, the Employee may assign or transfer the Restricted Shares not yet vested (each transferee thereof, a "**Permitted Assignee**") (i) to the Employee's spouse, children or grandchildren (including any adopted and step children or grandchildren), parents, grandparents or siblings, (ii) to a trust for the benefit of the Employee and/or one or more of the Persons referred to in clause (i), (iii) to a partnership, limited liability company or corporation in which the Employee or the Persons referred to in clause (i) are the only partners, members or shareholders or (iv) for charitable donations; provided, however, that such Permitted Assignee shall be bound by and subject to all of the terms and conditions of the Plan and this Agreement relating to the transferred Restricted Shares and shall execute an agreement satisfactory to Omnicom evidencing such obligations; and provided further that the Employee shall remain bound by the terms and conditions of the Plan.

6. **Non-Solicitation/Non-Servicing and Protection of Confidential Information Agreement.**

a) In consideration for and in order to be eligible to receive the voluntary grant of the Restricted Shares provided in this Agreement, except on behalf of a member of the Group, the Employee will not, as an individual, employee, consultant, independent contractor, partner, shareholder, member or in association with any other person, firm, corporation or other form of entity, directly or indirectly, and regardless of the Employee continuing to be employed by a member of the Group or the reason for the Employee ceasing to be so employed by any member of the Group:

(i) during the Employment Period, directly or indirectly, solicit business on behalf of, render any services to, engage in, or have any ownership interests or other affiliation in, any business or other endeavor, which is engaged in the business of the same nature as or competitive with any member of the Group; provided, however, that nothing contained in this clause (i) shall be deemed to prevent the undersigned from owning less than ¼ of 1% of the shares of any publicly held corporation engaged in any such business;

(ii) if either (A) any Restricted Shares have vested under this Agreement, or (B) a voluntary Termination of Employment occurs, then for a one-year period following the Termination Date, solicit, render services to or for, or accept from, any Restricted Client, any business of the type performed by any member of the Group for such Restricted Client or persuade or attempt in any manner to persuade any Restricted Client to cease to do business or to reduce the amount of business which any such Restricted Client has customarily done or is reasonably expected to do with members of the Group; provided, *however*, that solely with respect to this Section 6(a)(ii), the definition of Restricted Client shall be limited to the particular product, brand or service of such Restricted Client in respect of which at any time during the one-year period prior to the Termination Date, the Employee (A) had a servicing relationship, supervisory responsibility or other involvement, or (B) participated in, supervised or had any responsibility or other involvement in a Pitch; and

(iii) if either (A) any Restricted Shares have vested under this Agreement, or (B) a voluntary Termination of Employment occurs, then for a one-year period following the Termination Date, employ as an employee or retain as a consultant any person, firm, corporation or other form of entity who is then or at any time during the one-year period prior to the Termination Date was, an employee of or exclusive consultant to a member of the Group, or persuade or attempt to persuade any employee of or exclusive consultant to a member of the Group to leave the employ of such member of the Group or to become employed as an employee or retained as a consultant by any other person, firm, corporation or other form of entity; provided, however, a solicitation pursuant to general recruitment advertising that is not directed at the employees or exclusive consultants of any member of the Group shall not be deemed to be a breach of this provision.

b) As a professional in a highly service-oriented and creative business, the Employee understands and agrees that his/her position with the Company requires and will continue to require services which are of a special character and which places him/her in a position of confidence and trust with the Clients and employees of members of the Group. The Employee further acknowledges that his/her services to the Clients necessarily require that the Employee have access to Confidential Information (as defined below) of members of the Group and their respective Clients and that, in the course of his/her employment with or rendering of services to the Company, the Employee will develop personal relationships with the Clients and knowledge of those Clients' affairs and requirements. Accordingly, the Employee acknowledges that the type and periods of restrictions imposed in this Agreement are fair and reasonable and are reasonably required in order to protect and maintain the proprietary interests of the members of the Group, other legitimate business interests of members of the Group, and the goodwill associated with the members of the Group. The Employee further understands and agrees that the Restricted Clients may be serviced from any location and accordingly it is reasonable that the covenants set forth herein are not limited by narrow geographic area but generally by the location of such Restricted Clients. In the event that any covenant contained in this Agreement shall be determined by any court or other tribunal of competent jurisdiction to be unenforceable by reason of its extending for too great a period of time or over too great a geographical area or by reason of its being too extensive in any other respect, (i) such covenant shall be interpreted to extend only over the maximum period of time for which it may be enforceable and/or over the maximum geographical area as to which it may be enforceable and/or to the maximum extent in all other respects as to which it may be enforceable, all as determined by such court or other tribunal making such determination, and (ii) in its reduced form, such covenant shall then be enforceable, but such reduced form of covenant shall only apply with respect to the operation of such covenant in the particular jurisdiction in or for which such adjudication is made.

c) The Employee hereby acknowledges and agrees that for so long as the Employee has been employed by the Company (which term, as used in this Section 6(c) and Section 6(d) shall be deemed to include any Affiliate of the Company), the Employee has acquired and will continue to acquire and have access to confidential or proprietary information about the Company and/or its Clients, including but not limited to, trade secrets, methods, models, passwords, access to computer files, financial information and records, computer software programs, agreements and/or contracts between the Company and its Clients, Client contacts, creative policies and ideas, advertising campaigns, public relations campaigns, creative and media materials, graphic design, budgets, practices, concepts, strategies, methods of operation, financial or business projections of the Company, and information about or received from its Clients (collectively, "**Confidential Information**"). Accordingly, in consideration for and in order to be eligible to receive the voluntary grant of the Restricted Shares provided in this Agreement, for so long as the Employee is employed by a member of the Group and thereafter, the Employee will retain in strictest confidence all Confidential Information and shall not disclose any such Confidential Information to anyone outside the members of the Group and Omnicom, except in the course of the Employee's duties for the Company or with Omnicom's express written consent. The Employee hereby acknowledges that he/she is aware that such Confidential Information is not readily available to the public, and agrees that he/she will not at any time utilize such Confidential Information for his/her own benefit or for the benefit of third parties.

d) The Employee hereby acknowledges and agrees that all materials created or modified by the Employee for so long as the Employee is employed by the Company, including, without limitation, all works of authorship, inventions, processes, ideas, methods, concepts and other tangible and intangible materials (collectively, "**Work Product**"), shall be "work for hire" and that the Company and/or Omnicom shall be the exclusive owner of the Work Product and all intellectual property rights associated with the Work Product, including all trademarks, patents or copyrights contained therein. To the extent any Work Product does not qualify as "work for hire", the Employee hereby assigns ownership of all such Work Product to the Company and/or Omnicom and agrees to take all reasonable measures, at the Company's expense, to perfect such rights in the Company and/or Omnicom. The Employee hereby appoints the Company and/or Omnicom as his/her attorney-in-fact with the limited power to execute assignments of such Work Product. If the Employee is an employee in the State of California, the parties hereto agree and acknowledge that the terms of this paragraph shall be subject to the terms of Section 2870 of the California Labor Code, a copy of which is annexed to this Agreement. The Employee hereby agrees to advise the Company and/or Omnicom promptly in writing of any inventions that he/she believes meet the criteria set forth in Section 2870.

e) Each of the covenants and agreements contained in this Section 6 (collectively, the "**Protective Covenants**") is separate, distinct and severable. All rights, remedies and benefits expressly provided for in this Section 6 are cumulative and are not exclusive of any rights, remedies or benefits provided for by law, in this Section 6 or otherwise, and the exercise of any remedy by a party hereto shall not be deemed an election to the exclusion of any other remedy (any such claim by the other party being hereby waived). The provisions of this Section 6 are not in lieu of, but are in addition to the continuing obligations of the Employee (which the Employee hereby acknowledges) to not use or disclose Confidential Information known to the Employee until any particular piece of Confidential Information becomes generally known to the public (through no action of the Employee), whereupon the restriction on use and disclosure shall cease as to that particular item. The existence of any claim, demand, action or cause of action that the Employee may have against Omnicom or any of its Affiliates, whether predicated pursuant to this Section 6 or otherwise, shall not constitute a defense to the enforcement of the provisions of this Section 6 or any other provision or provisions of this Agreement. The covenants contained in this Section 6 for the benefit of Omnicom and the members of the Group, shall survive any termination of this Agreement and may be waived in whole or in part by Omnicom without the consent of any other person, firm, corporation or other form of entity. The temporal duration of the Protective Covenants shall not expire, and shall be tolled, during any period in which the Employee is in violation of any of such Protective Covenants, and all such Protective Covenants shall automatically be extended by the period of such violation. The Employee further acknowledges that he/she is a highly regarded employee who considered the terms and conditions upon which he/she is electing to be granted the Restricted Shares and that he/she has been advised and has had the opportunity to obtain counsel of his/her choice in connection with reviewing and executing this Agreement.

f) By acceptance of the grant of Restricted Shares, the Employee agrees that if the Employee were, without authority, to use or disclose Confidential Information, or otherwise breach any of the Protective Covenants, or threaten to do so, in addition to all other available remedies (including without limitation seeking such damages as it can show it has sustained by reason of such breach), (i) Omnicom and/or any member of the Group shall be entitled to specific performance and injunctive and other appropriate relief (without being required to post bond or other security and without having to prove the inadequacy of the available remedies at law) to prevent the Employee from doing so, and/or (ii) Omnicom (by action of the Chairman, Chief Executive Officer, President, Chief Financial Officer or General Counsel of Omnicom) may cause any or all of the following actions to occur: (x) the Restricted Shares granted hereunder shall become void, shall be forfeited and shall terminate effective the date on which the Employee entered into such activity, (y) any vested shares of Stock acquired by the Employee pursuant to the grant hereunder shall be forfeited and returned to Omnicom, and (z) any gain realized by the Employee from the sale or transfer of shares of Stock acquired through the grant hereunder, shall be returned by the Employee to Omnicom. The Employee acknowledges that the harm caused to Omnicom and/or members of the Group by the breach or anticipated breach of this Agreement is by its nature irreparable because, among other things, it is not readily susceptible of proof as to the monetary harm that would ensue. The Employee consents that any interim or final equitable relief entered by a court of competent jurisdiction shall, at the request of Omnicom and/or a member of the Group be entered on consent and enforced by any court having jurisdiction over the Employee, without prejudice to any rights either party may have to appeal from the proceedings that resulted in any grant of such relief.

g) During the Employment Period and the one-year period after the Termination Date, prior to accepting employment with any subsequent employer, the Employee shall notify any prospective employer in writing of his/her obligations under this Agreement. In addition, immediately after accepting employment with a subsequent employer, the Employee shall provide Omnicom with a copy of the notice that was sent by him/her to such subsequent employer.

h) The Employee acknowledges and agrees that if Employee has received an equity award (including any restricted stock, restricted stock unit or stock option award) from Omnicom during or after 2005 pursuant to the Plan or any other current or former equity plan of Omnicom, the Employee has previously agreed to restrictions similar to those set forth in this Section 6 (the "**Prior Restrictions**") and such Prior Restrictions shall remain in full force and effect and shall be in addition to the Employee's obligations under this Section 6.

7. **Investment Representation and Compliance With Applicable Law**. The Employee hereby represents and covenants that (a) the Restricted Shares will be acquired for investment and not with a view to the distribution thereof within the meaning of the Securities Act, unless such acquisition has been registered under the Securities Act and any applicable state securities law; and (b) any subsequent sale of any such Restricted Shares, unless their acquisition had been so registered, shall be made either pursuant to an effective registration statement under the Securities Act and any applicable state securities laws, or pursuant to an exemption from registration under the Securities Act and such state securities laws.

8. **No Understandings as to Employment.** Nothing in the grant of the Restricted Shares or in this Agreement shall constitute or be evidence of any understanding, express or implied, on the part of the Company, Omnicom or any Omnicom Affiliate to employ the Employee for any period or shall interfere with or restrict in any way the rights of the Company, Omnicom and the Omnicom Affiliates to discharge the Employee at any time for any reason whatsoever, with or without cause.

9. **Plan Incorporated**. The Employee accepts the Restricted Shares herein subject to all of the provisions of the Plan, which are incorporated into this Agreement, including the provisions that authorize the Committee to administer and interpret the Plan and which provide that the Committee's decisions, determinations and interpretations with respect to the Plan are final and conclusive on all persons affected hereby. In the event of a conflict between the provisions of this Agreement and the provisions of the Plan, the provisions of the Plan shall govern. Terms not otherwise defined in this Agreement shall have the meanings ascribed in the Plan.

10. **Amendment**. The award of Restricted Shares may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Board or the Committee, provided that, except as provided by Article 11 of the Plan, neither the amendment, modification, suspension nor termination of this Agreement shall, without the consent of the Employee, adversely alter or impair any rights or obligations of the Employee under this Agreement with respect to the award of Restricted Shares in any material way.

11. **Assignment.** The parties hereto agree that Omnicom shall have the right to assign this Agreement, and accordingly, this Agreement shall inure to the benefit of, and may be enforced by, any and all successors and assigns of Omnicom, including, without limitation, by asset assignment, stock sale, merger, consolidation or other corporate reorganization. Subject to Section 5, the Employee agrees that his/her obligations under this Agreement are personal to him/her, and the Employee shall not have the right to assign or otherwise transfer his/her obligations hereunder. Any purported assignment or transfer by the Employee shall be void and ineffective.

12. **Governing Law**. The interpretation and construction of this Agreement, and all matters relating hereto (including, without limitation, the validity or enforcement of this Agreement), shall be governed by the laws of New York without regard to any conflicts or choice of laws provisions of the State of New York that would result in the application of the law of any other jurisdiction.

13. **Notice.** Any notice to be given to Omnicom under the terms of this Agreement shall be addressed to the Office of the General Counsel of Omnicom at 437 Madison Avenue, New York, New York 10022, and any notice to be given to the Employee shall be addressed to the Employee at the address set forth beneath his or her signature hereto, or at such other address for a party as such party may hereafter designate in writing to the other. Any such notice shall be deemed to have been duly given if mailed, postage prepaid, addressed as aforesaid.

14. **Headings.** All section titles and captions in this Agreement are for convenience only, shall not be deemed part of this Agreement, and in no way shall define, limit, extend or describe the scope or intent of any provisions of this Agreement.

15. **Further Assurances.** The parties shall execute all documents, provide all information, and take or refrain from taking all actions as may be reasonably necessary or appropriate to achieve the purposes of this Agreement. The Employee acknowledges that any sale of Restricted Shares following the date of vesting shall be further evidence of Employee's acceptance of the terms of this Agreement, including Section 6 of this Agreement.

16. **Entire Agreement.** This Agreement, including the Grant Notice and this Restricted Stock Agreement attached as Exhibit A to the Grant Notice, subject to the terms and conditions of the Plan, constitute the entire agreement among the parties hereto pertaining to the subject matter hereof and supersede all prior agreements and understandings pertaining thereto. Notwithstanding the foregoing, any other confidentiality agreement, non-solicitation/non-servicing agreement or any other type of restrictive covenant agreement that the Employee has entered into prior to the date hereof or may enter into after the date hereof with Omnicom or one of its Affiliates shall remain in full force and effect. No oral understandings, oral statements, oral promises or oral inducements between the parties hereto relating to this Agreement exist. No representations, warranties, covenants or conditions, express or implied, whether by statute or otherwise, other than as set forth in this Agreement, have been made by the parties hereto.

17. **Remedies.** No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute waiver of any such breach or any other covenant, duty, agreement or condition.

18. **Acceptance; Counterparts**. The Employee acknowledges and agrees that the Employee's acceptance of the terms of this Agreement through electronic means shall have the same force and effect as an acceptance made in writing. This Agreement may be executed in two or more counterparts, or by facsimile transmission, each of which shall be deemed to be an original and all of which taken together shall constitute one and the same instrument.

19. **Waiver.** By signing and returning this Agreement, the Employee agrees that the Employee's rights in respect of the Restricted Shares (including upon Termination of Employment) shall be defined solely by the Plan and the provisions of this Agreement. Accordingly, the Employee waives all other claims he/she may have against Omnicom or any of its Affiliates, and their respective officers, directors, agents and employees for any losses or

damages arising out of the forfeiture of any Restricted Shares as a result of such Termination of Employment, or otherwise in relation to the Plan with respect to such Restricted Shares.

20. **Third Party Beneficiaries.** Nothing in this Agreement is intended to confer upon any other person except the Employee, Omnicom and the Affiliates of Omnicom any rights or remedies hereunder or shall create any third party beneficiary rights in any person (other than Affiliates of Omnicom).

21. **No Strict Construction.** The language used in this Agreement will be deemed to be the language chosen by the parties hereto to express their mutual intent, and no rule of law or contract interpretation that provides that in the case of ambiguity or uncertainty a provision should be construed against the draftsman will be applied against any party hereto. The provisions of this Agreement shall be construed according to their fair meaning and neither for nor against any party hereto irrespective of which party caused such provisions to be drafted.

22. **Committee Authority**. The Committee shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules. All actions taken and all interpretations and determinations made by the Committee in good faith shall be final and binding upon the Employee, Omnicom and all other interested persons. No member of the Committee shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Agreement.

23. **Agreement Severable.** In the event that any provision in this Agreement is held invalid or unenforceable, such provision shall be severable from, and such invalidity or unenforceability shall not be construed to have any effect on, the remaining provisions of this Agreement.

24. **Employee Data Privacy**.

a) The Employee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Employee's personal data as described in this document by Omnicom and/or the Company for the exclusive purpose of implementing, administering and managing the Employee's participation in the Plan.

b) The Employee understands that Omnicom and/or the Company hold certain personal information, including, but not limited to, name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any Shares or directorships held in the Company or any of its Affiliates, details of all entitlement to Restricted Shares and Shares awarded, canceled, exercised, vested, unvested or outstanding in the Employee's favor (**"Data"**), for the purpose of implementing, administering and managing the Plan.

c) The Employee understands that Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in the Employee's country or elsewhere, and that the recipient's country may have different data privacy laws and protections than the Employee's country. The Employee understands that the Employee may request a list with the names and addresses of any potential recipients of the Data by contacting the Employee's local human resources representative.

d) The Employee authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Employee's participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party. The Employee understands that Data shall be held only as long as is necessary to implement, administer and manage the Employee's participation in the Plan. The Employee understands that the Employee may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Employee's local human resources representative. The Employee understands, however, that refusing or withdrawing consent may affect the Employee's ability to participate in the Plan. For more information on the consequences of the refusal to consent or withdrawal of consent, the Employee understands that the Employee may contact the Employee's local human resources representative.

* * * * * *

Annex I

to Restricted Stock Agreement

California Labor Code Section 2870

Employment agreements; assignment of rights

(a) Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his rights in an invention to his employer shall not apply to an invention that the employee developed entirely on his own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either:

(ii) relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or

(iii) result from any work performed by the employee for the employer.

(b) To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable.

OMNICOM GROUP INC.

AMENDED AND RESTATED 2007 INCENTIVE AWARD PLAN

RESTRICTED STOCK UNIT AGREEMENT

GRANT NOTICE

Unless otherwise defined herein, the terms defined in the Omnicom Group Inc. Amended and Restated 2007 Incentive Award Plan (as amended, restated or otherwise modified from time to time, the "**Plan**") shall have the same defined meanings in this Grant Notice (the "**Grant Notice**") and the Restricted Stock Unit Agreement attached as Exhibit A to this Grant Notice (collectively, the "**Agreement**").

You have been granted Restricted Stock Units ("***RSUs***"), subject to the terms and conditions of the Plan and this Agreement.

Employee:	
Grant Date:	
Total Number of RSUs:	
Vesting Schedule:	Subject to the Employee remaining an Employee through the applicable Vesting Date and subject to the terms of the Agreement and the Plan, the RSUs shall vest as to 20% of the RSUs on (i) the first anniversary date of the Grant Date and (ii) each of the next four anniversary dates of the Grant Date (each of such dates being referred to herein as a "**Vesting Date**").

Your signature below, which may be accomplished through electronic means approved by Omnicom, indicates your agreement and understanding that the RSUs are subject to all of the terms and conditions contained in this Agreement, including the Grant Notice, the Restricted Stock Unit Agreement attached as Exhibit A to this Grant Notice, the Plan and the restrictive covenants set forth in Section 6 of Exhibit A. **ACCORDINGLY, PLEASE BE SURE TO READ ALL OF EXHIBIT A, WHICH CONTAINS THE SPECIFIC TERMS AND CONDITIONS OF THE RSUs.**

OMNICOM GROUP INC.

By:______________________________

Name:
Title:

EMPLOYEE: ______________________________

<u>EXHIBIT A</u>

OMNICOM GROUP INC.

AMENDED AND RESTATED 2007 INCENTIVE AWARD PLAN

RESTRICTED STOCK UNIT AGREEMENT

1. **<u>Award of RSUs</u>**. Omnicom has granted the Employee that number of RSUs set forth in the Grant Notice. Each RSU represents the right to receive one Share. However, unless and until the RSUs have vested, the Employee shall have no right to the payment of any Shares subject thereto. Prior to the actual payment of any Shares, such RSUs shall represent an unsecured obligation of Omnicom, payable (if at all) only from the general assets of Omnicom.

2. **<u>Dividend Equivalents, Rights as Shareholder and Custody</u>**.

a) With respect to each RSU that is outstanding on the record date (the "**Record Date**") of any dividend or other distribution paid with respect to shares of Stock, the Employee shall be entitled to receive such dividend or other distribution as follows:

(i) if the dividends or other distributions are paid in cash to the stockholders of Omnicom, the Employee shall automatically receive a cash payment equal to the cash payment that the Employee would have received if the RSUs with respect to which the Employee is receiving the dividend or other distribution had already been settled in shares of Stock, less applicable tax withholding; and

(ii) if any such dividends or distributions are paid to the stockholders of Omnicom in shares of Stock, the Employee shall receive a number of RSUs equal to the number of shares of Stock the Employee would have received if the RSUs with respect to which the Employee is receiving the dividend had already been settled in shares of Stock. Any such additional RSUs shall be subject to the same vesting requirements and restrictions on transferability as the RSUs with respect to which they were distributed and shall be considered RSUs under the terms of this Agreement.

(iii) Notwithstanding the foregoing, if the Employee is entitled to such dividend or other distribution as a result of holding shares of Stock issued with respect to the settlement of RSUs on or after the Record Date but prior to the payment of the applicable dividend or other distribution (the "**Settled RSUs**"), then the Employee shall not also be entitled to receive dividends or other distributions under this Section 2(a) with respect to the Settled RSUs.

b) No Shares shall be issued to the Employee prior to the date on which the RSUs vest. Promptly following the vesting of RSUs pursuant to this Agreement, Shares evidencing such RSUs shall be transferred into Employee's brokerage account or participant trust maintained with the administrator of the Plan (the "**Brokerage Account**") or, at Omnicom's sole discretion, stock certificate(s) shall be issued and delivered to the Employee (or his/her permitted transferees) by Omnicom. Neither the Employee nor any person claiming under or through the Employee shall have any of the rights or privileges of a stockholder of Omnicom in respect of any Shares deliverable hereunder unless and until Shares have been deposited in Employee's Brokerage Account or certificates representing such Shares (which may be in book entry form) have been issued and recorded on the records of Omnicom or its transfer agents or registrars, and delivered to the Employee. Except as otherwise provided herein, after such issuance, recordation and delivery, the Employee shall have all the rights of a stockholder of Omnicom with respect to voting such Shares and the receipt of dividends and distributions on such Shares.

3. **Vesting and Forfeiture; Tax Withholding; Committee Discretion.**

a) The Employee shall vest in the RSUs in accordance with the vesting schedule set forth in the Grant Notice; *provided, that,* subject to paragraphs (b) – (d) below, in the event the Employee incurs a Termination of Employment, the Employee's right to vest in the RSUs and to receive the Shares related thereto shall terminate effective as of the date of such Termination of Employment and the Employee shall have no further rights to such RSUs or the related Shares.

b) In the event of a Termination of Employment prior to a Vesting Date by reason of the death of the Employee, all of the RSUs not yet vested shall vest and become nonforfeitable on the Termination Date.

c) In the event of a Termination of Employment prior to a Vesting Date by reason of the Disability of the Employee, a portion of the then unvested RSUs shall vest and become nonforfeitable on the Termination Date, such portion (rounded up to the nearest full RSU) to be equal to the sum for each remaining Vesting Date of (i) the total number of RSUs which would vest on such Vesting Date multiplied by (ii) a fraction, (A) the numerator of which shall be the number of full calendar months between the Grant Date and the Termination Date and (B) the denominator of which shall be the number of full calendar months between the Grant Date and such Vesting Date.

d) The Employee acknowledges that upon a Change in Control prior to a Vesting Date, Article 11 of the Plan shall govern.

e) Notwithstanding any other provision of this Agreement (including without limitation Section 2(b) above):

(i) The Employee is ultimately liable and responsible for all taxes owed in connection with the RSUs, regardless of any action Omnicom or any Omnicom Affiliate takes with respect to any tax withholding obligations that arise in connection with the RSUs. Neither Omnicom nor any of its Affiliates makes any representation or undertaking regarding the treatment of any tax associated with the awarding or vesting of the RSUs or the subsequent sale of Shares issuable pursuant to the RSUs. Omnicom and its Affiliates do not commit and are under no obligation to structure the RSUs to reduce or eliminate the Employee's tax liability.

(ii) Prior to any event in connection with the RSU (e.g., vesting) that Omnicom determines may result in any domestic or foreign tax withholding obligation, whether national, federal, state or local, including any social tax obligation (the "**Tax Withholding Obligation**"), the Employee shall make arrangements satisfactory to Omnicom for the satisfaction of any Tax Withholding Obligation that arise in connection with his/her RSUs, including, without limitation, by electing to have the administrator of the Plan withhold a portion of the vested Shares on the Vesting Date in payment of the relevant withholding taxes or maintaining sufficient cash in Employee's Brokerage Account for payment of the relevant withholding taxes. In the event Shares are withheld for the satisfaction of any Tax Withholding Obligation, the number of Shares to be withheld shall equal the quotient of (A) the amount of the Tax Withholding Obligation, and (B) the Fair Market Value of the Shares on the Vesting Date.

(iii) Omnicom may refuse to issue any shares of Stock to the Employee until such Employee satisfies the Tax Withholding Obligation. To the maximum extent permitted by law, Omnicom has the right to retain without notice from shares of Stock issuable under the RSUs or from salary payable to the Employee, shares of Stock or cash having a value sufficient to satisfy the Tax Withholding Obligation.

4. **Definitions**. For purposes of this Agreement, the terms set forth below shall have the following meanings:

a) "**Affiliate**" of Omnicom or the Company, as the case may be, shall mean any person, firm, corporation or other form of entity that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with Omnicom or the Company, as the case may be as determined by Omnicom.

b) "**Client**" means any person, firm, corporation or other form of entity to whom any member of the Group (i) rendered services at any time during the Employment Period or (ii) had made a Pitch at any time during the Employment Period, or the six months immediately following, the Termination Date.

c) "**Company**" means the Omnicom Affiliate by whom the Employee is employed as of the date of this Agreement and each other Omnicom Affiliate by whom the Employee is employed at any time during the Employment Period, notwithstanding anything in the Plan to the contrary.

d) "**Employee**" means the Employee set forth in the Grant Notice.

e) "**Employment Period**" means the period that the Employee is employed by any member of the Group.

f) "**Group**" means (i) if the Company operates within an Omnicom network, all of the companies, group of companies and divisions operating under a global or national brand of such Omnicom network, and (ii) if the Company operates as part of a division or separate company independent of an Omnicom network, all companies and divisions operating under such independent brand.

g) "**Omnicom**" means Omnicom Group Inc., a New York corporation.

h) "**Pitch**" means a new business presentation or similar offering of services; provided, however, a general mailing or an incidental contact shall not be deemed a Pitch.

i) "**Restricted Client**" means any person, firm, corporation or other form of entity to whom any member of the Group (i) rendered services at any time during the one-year period prior to the Termination Date, or (ii) had made a Pitch at any time during the one-year period immediately preceding, or the six months immediately following, the Termination Date.

j) "**Share**" means a share of Stock.

k) "**Termination Date**" means the date on which the Termination of Employment occurs.

l) "**Termination of Employment**" means the time when the Employee is no longer employed by any Omnicom Affiliate for any reason whatsoever, as determined by Omnicom or an Omnicom Affiliate.

5. **Nontransferability**. No right or interest of the Employee in the RSUs not yet vested may be pledged, encumbered, or hypothecated to or in favor of any party other than Omnicom or an Omnicom Affiliate, or shall be subject to any lien, obligation, or liability of the Employee to any other party other than Omnicom or an Omnicom Affiliate. No RSU not yet vested shall be assigned, transferred, or otherwise disposed of by the Employee other than by will or the laws of descent and distribution or pursuant to beneficiary designation procedures approved from time to time by the Committee. Notwithstanding the foregoing, to the extent and under such terms and conditions as determined by the Committee, the Employee may assign or transfer the RSUs not yet vested (each transferee thereof, a "**Permitted Assignee**") (i) to the Employee's spouse, children or grandchildren (including any adopted and step children or grandchildren), parents, grandparents or siblings, (ii) to a trust for the benefit of the Employee and/or one or more of the persons referred to in clause (i), (iii) to a partnership, limited liability company or corporation in which the Employee or the persons referred to in clause (i) are the only partners, members or shareholders or (iv) for charitable donations; provided, however, that such Permitted Assignee shall be bound by and subject to all of the terms and conditions of the Plan and this Agreement relating to the transferred RSUs and shall execute an agreement satisfactory to Omnicom evidencing such obligations; and provided further that the Employee shall remain bound by the terms and conditions of the Plan.

6. **Non-Solicitation/Non-Servicing and Protection of Confidential Information Agreement**.

a) In consideration for and in order to be eligible to receive the voluntary grant of the RSUs provided in this Agreement, except on behalf of a member of the Group, the Employee will not, as an individual, employee, consultant, independent contractor, partner, shareholder, member or in association with any other person, firm, corporation or other form of entity, directly or indirectly, and regardless of the Employee continuing to be employed by a member of the Group or the reason for the Employee ceasing to be so employed by any member of the Group:

(i) during the Employment Period, directly or indirectly, solicit business on behalf of, render any services to, engage in, or have any ownership interests or other affiliation in, any business or other endeavor, which is engaged in the business of the same nature as or competitive with any member of the Group; provided, however, that nothing contained in this clause (i) shall be deemed to prevent the undersigned from owning less than ¼ of 1% of the shares of any publicly held corporation engaged in any such business;

(ii) if either (A) any RSUs have vested under this Agreement, or (B) a voluntary Termination of Employment occurs, then for a one-year period following the Termination Date, solicit, render services to or for, or accept from, any Restricted Client, any business of the type performed by any member of the Group for such Restricted Client or persuade or attempt in any manner to persuade any Restricted Client to cease to do business or to reduce the amount of business which any such Restricted Client has customarily done or is reasonably expected to do with members of the Group; provided, *however*, that solely with respect to this Section 6(a)(ii), the definition of Restricted Client shall be limited to the particular product, brand or service of such Restricted Client in respect of which at any time during the one-year period prior to the Termination Date, the Employee (A) had a servicing relationship, supervisory responsibility or other involvement, or (B) participated in, supervised or had any responsibility or other involvement in a Pitch; and

(iii) if either (A) any RSUs have vested under this Agreement, or (B) a voluntary Termination of Employment occurs, then for a one-year period following the Termination Date, employ as an employee or retain as a consultant any person, firm, corporation or other form of entity who is then or at any time during the one-year period prior to the Termination Date was, an employee of or exclusive consultant to a member of the Group, or persuade or attempt to persuade any employee of or exclusive consultant to a member of the Group to leave the employ of such member of the Group or to become employed as an employee or retained as a consultant by any other person, firm, corporation or other form of entity; provided, however, a solicitation pursuant to general recruitment advertising that is not directed at the employees or exclusive consultants of any member of the Group shall not be deemed to be a breach of this provision.

b) As a professional in a highly service-oriented and creative business, the Employee understands and agrees that his/her position with the Company requires and will continue to require services which are of a special character and which places him/her in a position of confidence and trust with the Clients and employees of members of the Group. The Employee further acknowledges that his/her services to the Clients necessarily require that the Employee have access to Confidential Information (as defined below) of members of the Group and their respective Clients and that, in the course of his/her employment with or rendering of services to the Company, the Employee will develop personal relationships with the Clients and knowledge of those Clients' affairs and requirements. Accordingly, the Employee acknowledges that the type and periods of restrictions imposed in this Agreement are fair and reasonable and are reasonably required in order to protect and maintain the proprietary interests of the members of the Group, other legitimate business interests of members of the Group, and the goodwill associated with the members of the Group. The Employee further understands and agrees that the Restricted Clients may be serviced from any location and accordingly it is reasonable that the covenants set forth herein are not limited by narrow geographic area but generally by the location of such Restricted Clients. In the event that any covenant contained in this Agreement shall be determined by any court or other tribunal of competent jurisdiction to be unenforceable by reason of its extending for too great a period of time or over too great a geographical area or by reason of its being too extensive in any other respect, (i) such covenant shall be interpreted to extend only over the maximum period of time for which it may be enforceable and/or over the maximum geographical area as to which it may be enforceable and/or to the maximum extent in all other respects as to which it may be enforceable, all as determined by such court or other tribunal making such determination, and (ii) in its reduced form, such covenant shall then be enforceable, but such reduced form of covenant shall only apply with respect to the operation of such covenant in the particular jurisdiction in or for which such adjudication is made.

c) The Employee hereby acknowledges and agrees that for so long as the Employee has been employed by the Company (which term, as used in this Section 6(c) and Section 6(d) shall be deemed to include any Affiliate of the Company), the Employee has acquired and shall continue to acquire and have access to confidential or proprietary information about the Company and/or its Clients, including but not limited to, trade secrets, methods, models, passwords, access to computer files, financial information and records, computer software programs, agreements and/or contracts between the Company and its Clients, Client contacts, creative policies and ideas, advertising campaigns, public relations campaigns, creative and media materials, graphic design, budgets, practices, concepts, strategies, methods of operation, financial or business projections of the Company, and information about or received from its Clients (collectively, "**Confidential Information**"). Accordingly, in consideration for and in order to be eligible to receive the voluntary grant of the RSUs provided in this Agreement, for so long as the Employee is employed by a member of the Group and thereafter, the Employee will retain in strictest confidence all Confidential Information and shall not disclose any such Confidential Information to anyone outside the members of the Group and Omnicom, except in the course of the Employee's duties for the Company or with Omnicom's express written consent. The Employee hereby acknowledges that he/she is aware that such Confidential Information is not readily available to the public, and agrees that he/she will not at any time utilize such Confidential Information for his/her own benefit or for the benefit of third parties.

d) The Employee hereby acknowledges and agrees that all materials created or modified by the Employee for so long as the Employee is employed by the Company, including, without limitation, all works of authorship, inventions, processes, ideas, methods, concepts and other tangible and intangible materials (collectively, "**Work Product**"), shall be "work for hire" and that the Company and/or Omnicom shall be the exclusive owner of the Work Product and all intellectual property rights associated with the Work Product, including all trademarks, patents or copyrights contained therein. To the extent any Work Product does not qualify as "work for hire", the Employee hereby assigns ownership of all such Work Product to the Company and/or Omnicom and agrees to take all reasonable measures, at the Company's expense, to perfect such rights in the Company and/or Omnicom. The Employee hereby appoints the Company and/or Omnicom as his/her attorney-in-fact with the limited power to execute assignments of such Work Product. If the Employee is an employee in the State of California, the parties hereto agree and acknowledge that the terms of this paragraph shall be subject to the terms of Section 2870 of the California Labor Code, a copy of which is annexed to this Agreement. The Employee hereby agrees to advise the Company and/or Omnicom promptly in writing of any inventions that he/she believes meet the criteria set forth in Section 2870.

e) Each of the covenants and agreements contained in this Section 6 (collectively, the "**Protective Covenants**") is separate, distinct and severable. All rights, remedies and benefits expressly provided for in this Section 6 are cumulative and are not exclusive of any rights, remedies or benefits provided for by law, in this Section 6 or otherwise, and the exercise of any remedy by a party hereto shall not be deemed an election to the exclusion of any other remedy (any such claim by the other party being hereby waived). The provisions of this Section 6 are not in lieu of, but are in addition to the continuing obligations of the Employee (which the Employee hereby acknowledges) to not use or disclose Confidential Information known to the Employee until any particular piece of Confidential Information becomes generally known to the public (through no action of the Employee), whereupon the restriction on use and disclosure shall cease as to that particular item. The existence of any claim, demand, action or cause of action that the Employee may have against Omnicom or any of its Affiliates, whether predicated pursuant to this Section 6 or otherwise, shall not constitute a defense to the enforcement of the provisions of this Section 6 or any other provision or provisions of this Agreement. The covenants contained in this Section 6 for the benefit of Omnicom and the members of the Group, shall survive any termination of this Agreement and may be waived in whole or in part by Omnicom without the consent of any other person, firm, corporation or other form of entity. The temporal duration of the Protective Covenants shall not expire, and shall be tolled, during any period in which the Employee is in violation of any of such Protective Covenants, and all such Protective Covenants shall automatically be extended by the period of such violation. The Employee further acknowledges that he/she is a highly regarded employee who considered the terms and conditions upon which he/she is electing to be granted the RSUs and that he/she has been advised and has had the opportunity to obtain counsel of his/her choice in connection with reviewing and executing this Agreement.

f) By acceptance of the grant of RSUs, the Employee agrees that if the Employee were, without authority, to use or disclose Confidential Information, or otherwise breach any of the Protective Covenants, or threaten to do so, in addition to all other available remedies (including without limitation seeking such damages as it can show it has sustained by reason of such breach), (i) Omnicom and/or any member of the Group shall be entitled to specific performance and injunctive and other appropriate relief (without being required to post bond or other security and without having to prove the inadequacy of the available remedies at law) to prevent the Employee from doing so, and/or (ii) Omnicom (by action of the Chairman, Chief Executive Officer, President, Chief Financial Officer or General Counsel of Omnicom) may cause any or all of the following actions to occur: (x) the RSUs granted hereunder shall become void, shall be forfeited and shall terminate effective the date on which the Employee entered into such activity, (y) any vested shares of Stock acquired by the Employee pursuant to the grant hereunder shall be forfeited and returned to Omnicom, and (z) any gain realized by the Employee from the sale or transfer of shares of Stock acquired through the grant hereunder, shall be returned by the Employee to Omnicom. The Employee acknowledges that the harm caused to Omnicom and/or members of the Group by the breach or anticipated breach of this Agreement is by its nature irreparable because, among other things, it is not readily susceptible of proof as to the monetary harm that would ensue. The Employee consents that any interim or final equitable relief entered by a court of competent jurisdiction shall, at the request of Omnicom and/or a member of the Group be entered on consent and enforced by any court having jurisdiction over the Employee, without prejudice to any rights either party may have to appeal from the proceedings that resulted in any grant of such relief.

g) During the Employment Period and the one-year period after the Termination Date, prior to accepting employment with any subsequent employer, the Employee shall notify any prospective employer in writing of his/her obligations under this Agreement. In addition, immediately after accepting employment with a subsequent employer, the Employee shall provide Omnicom with a copy of the notice that was sent by him/her to such subsequent employer.

h) The Employee acknowledges and agrees that if Employee has received an equity award (including any restricted stock, restricted stock unit or stock option award) from Omnicom during or after 2005 pursuant to the Plan or any other current or former equity plan of Omnicom, the Employee has previously agreed to restrictions similar to those set forth in this Section 6 (the "Prior Restrictions") and such Prior Restrictions shall remain in full force and effect and shall be in addition to the Employee's obligations under this Section 6.

7. **Investment Representation and Compliance With Applicable Law**. The Employee hereby represents and covenants that (a) the RSUs and the related Stock will be acquired for investment and not with a view to the distribution thereof within the meaning of the Securities Act, unless such acquisition has been registered under the Securities Act and any applicable state securities law; and (b) any subsequent sale of any such RSUs or the related Stock unless their acquisition had been so registered, shall be made either pursuant to an effective registration statement under the Securities Act and any applicable state securities laws, or pursuant to an exemption from registration under the Securities Act and such state securities laws.

8. **No Understandings as to Employment.** Nothing in the grant of the RSUs or in this Agreement shall constitute or be evidence of any understanding, express or implied, on the part of the Company, Omnicom or any Omnicom Affiliate to employ the Employee for any period or shall interfere with or restrict in any way the rights of the Company, Omnicom and the Omnicom Affiliates to discharge the Employee at any time for any reason whatsoever, with or without cause.

9. **Plan Incorporated**. The Employee accepts the RSUs herein subject to all of the provisions of the Plan, which are incorporated into this Agreement by reference, including the provisions that authorize the Committee to administer and interpret the Plan and which provide that the Committee's decisions, determinations and interpretations with respect to the Plan are final and conclusive on all persons affected hereby. Except with respect to definitions used in this Agreement, in the event of a conflict between the provisions of this Agreement and the provisions of the Plan, the provisions of the Plan shall govern. Terms not otherwise defined in this Agreement shall have the meanings ascribed in the Plan.

10. **Amendment**. The award of RSUs and this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Board or the Committee, provided that, except as provided by Article 11 of the Plan, neither the amendment, modification, suspension nor termination of this Agreement shall, without the consent of the Employee, adversely alter or impair any rights or obligations of the Employee under this Agreement with respect to the award of RSUs in any material way.

11. **Assignment.** The parties hereto agree that Omnicom shall have the right to assign this Agreement, and accordingly, this Agreement shall inure to the benefit of, and may be enforced by, any and all successors and assigns of Omnicom, including, without limitation, by asset assignment, stock sale, merger, consolidation or other corporate reorganization. Subject to Section 5, the Employee agrees that his/her obligations under this Agreement are personal to him/her, and the Employee shall not have the right to assign or otherwise transfer his/her obligations hereunder. Any purported assignment or transfer by the Employee shall be void and ineffective.

12. **Governing Law**. The interpretation and construction of this Agreement, and all matters relating hereto (including, without limitation, the validity or enforcement of this Agreement), shall be governed by the laws of New York without regard to any conflicts or choice of laws provisions of the State of New York that would result in the application of the law of any other jurisdiction.

13. **Notice.** Any notice to be given to Omnicom under the terms of this Agreement shall be addressed to the Office of the General Counsel of Omnicom at 437 Madison Avenue, New York, New York 10022, and any notice to be given to the Employee shall be addressed to the Employee at the address set forth beneath his or her signature hereto, or at such other address for a party as such party may hereafter designate in writing to the other. Any such notice shall be deemed to have been duly given if mailed, postage prepaid, addressed as aforesaid.

14. **Headings.** All section titles and captions in this Agreement are for convenience only, shall not be deemed part of this Agreement, and in no way shall define, limit, extend or describe the scope or intent of any provisions of this Agreement.

15. **Further Assurances.** The parties shall execute all documents, provide all information, and take or refrain from taking all actions as may be reasonably necessary or appropriate to achieve the purposes of this Agreement. The Employee acknowledges that any

sale of Stock issued from the RSUs following the date of vesting shall be further evidence of Employee's acceptance of the terms of this Agreement, including Section 6 of this Agreement.

16. **Entire Agreement.** This Agreement, including the Grant Notice and this Restricted Stock Unit Agreement attached as Exhibit A to the Grant Notice, subject to the terms and conditions of the Plan, constitute the entire agreement among the parties hereto pertaining to the subject matter hereof and supersede all prior agreements and understandings pertaining thereto. Notwithstanding the foregoing, any other confidentiality agreement, non-solicitation/non-servicing agreement or any other type of restrictive covenant agreement that the Employee has entered into prior to the date hereof or may enter into after the date hereof with Omnicom or one of its Affiliates shall remain in full force and effect. No oral understandings, oral statements, oral promises or oral inducements between the parties hereto relating to this Agreement exist. No representations, warranties, covenants or conditions, express or implied, whether by statute or otherwise, other than as set forth in this Agreement, have been made by the parties hereto.

17. **Remedies.** No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute waiver of any such breach or any other covenant, duty, agreement or condition.

18. **Acceptance; Counterparts**. The Employee acknowledges and agrees that the Employee's acceptance of the terms of this Agreement through electronic means shall have the same force and effect as an acceptance made in writing. This Agreement may be executed in two or more counterparts, or by facsimile transmission, each of which shall be deemed to be an original and all of which taken together shall constitute one and the same instrument.

19. **Waiver.** By signing and returning this Agreement, the Employee agrees that the Employee's rights in respect of the RSUs (including upon Termination of Employment) shall be defined solely by the Plan and the provisions of this Agreement. Accordingly, the Employee waives all other claims he/she may have against Omnicom or any of its Affiliates, and their respective officers, directors, agents and employees for any losses or damages arising out of the forfeiture of any RSUs as a result of such Termination of Employment, or otherwise in relation to the Plan with respect to such RSUs.

20. **Third Party Beneficiaries.** Nothing in this Agreement is intended to confer upon any other person except the Employee, Omnicom and the Affiliates of Omnicom any rights or remedies hereunder or shall create any third party beneficiary rights in any person (other than Affiliates of Omnicom).

21. **No Strict Construction.** The language used in this Agreement will be deemed to be the language chosen by the parties hereto to express their mutual intent, and no rule of law or contract interpretation that provides that in the case of ambiguity or uncertainty a provision should be construed against the draftsman will be applied against any party hereto. The provisions of this Agreement shall be construed according to their fair meaning and neither for nor against any party hereto irrespective of which party caused such provisions to be drafted.

22. **Committee Authority**. The Committee shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret or revoke any such rules. All actions taken and all interpretations and determinations made by the Committee in good faith shall be final and binding upon the Employee, Omnicom and all other interested persons. No member of the Committee shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan or this Agreement.

23. **Agreement Severable.** In the event that any provision in this Agreement is held invalid or unenforceable, such provision shall be severable from, and such invalidity or unenforceability shall not be construed to have any effect on, the remaining provisions of this Agreement.

24. **Employee Data Privacy**.

a) The Employee hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Employee's personal data as described in this document by Omnicom and/or the Company for the exclusive purpose of implementing, administering and managing the Employee's participation in the Plan.

b) The Employee understands that Omnicom and/or the Company hold certain personal information, including, but not limited to, name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any Shares or directorships held in the Company or any of its Affiliates, details of all entitlement to RSUs and Shares awarded, canceled, exercised, vested, unvested or outstanding in the Employee's favor ("**Data**"), for the purpose of implementing, administering and managing the Plan.

c) The Employee understands that Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in the Employee's country or elsewhere, and that the recipient's country may have different data privacy laws and protections than the Employee's country. The Employee understands that the Employee may request a list with the names and addresses of any potential recipients of the Data by contacting the Employee's local human resources representative.

d) The Employee authorizes the recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Employee's participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party. The Employee understands that Data shall be held only as long as is necessary to implement, administer and manage the Employee's participation in the Plan. The Employee understands that the Employee may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Employee's local human resources representative. The Employee understands, however, that refusing or withdrawing consent may affect the Employee's ability to participate in the Plan. For more information on the consequences of the refusal to consent or withdrawal of consent, the Employee understands that the Employee may contact the Employee's local human resources representative.

* * * * * *

Annex I

to Restricted Stock Unit Agreement

California Labor Code Section 2870

Employment agreements; assignment of rights

(a) Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his rights in an invention to his employer shall not apply to an invention that the employee developed entirely on his own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either:

(i) relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or

(ii) result from any work performed by the employee for the employer.

(b) To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable.

EXHIBIT 12.1

Computation of Ratio of Earnings to Fixed Charges

(Dollars in millions, except ratios)

	For the Years Ended December 31,				
	2010	2009	2008	2007	2006
Earnings as defined:					
Income before income taxes	$ 1,350.4	$ 1,274.2	$ 1,615.1	$ 1,585.1	$ 1,381.7
Add: Dividends from affiliates	26.3	21.6	27.3	28.4	14.3
Fixed charges	269.0	269.7	288.2	271.9	290.3
Total earnings	$ 1,645.7	$ 1,565.5	$ 1,930.6	$ 1,885.4	$ 1,686.3
Fixed charges as defined:					
Interest expense (a)	$ 134.7	$ 122.2	$ 124.6	$ 106.9	135.1
Rent expense interest factor (b)	134.3	147.5	163.6	165.0	155.2
Total fixed charges	$ 269.0	$ 269.7	$ 288.2	$ 271.9	290.3
Ratio of earnings to fixed charges	6.12x	5.80x	6.70x	6.93x	5.81x

(a) Interest expense includes interest on third-party indebtedness.
(b) The rent expense interest factor reflects an appropriate portion (one-third) of rent expense representative of interest.

EXHIBIT 21.1

SUBSIDIARIES OF REGISTRANT

Significant Subsidiaries

Company	Jurisdiction of Incorporation	Percentage of Voting Securities Owned by Registrant	Number of US subsidiaries	Number of Non-US subsidiaries
Omnicom Capital Inc	Connecticut	100%	0	0
Omnicom Finance Inc	Delaware	100%	0	0
Omnicom Europe Limited.	United Kingdom	100%	2	393
Omnicom Holdings Inc	Delaware	100%	4	1
BBDO Worldwide Inc	New York	100%	16	366
DDB Worldwide Communications Group, Inc	New York	100%	15	231
TBWA Worldwide Inc	New York	100%	18	223
DAS Holdings Inc	Delaware	100%	51	10
Omnicom Media Group Holdings Inc	Delaware	100%	8	15
Fleishman-Hillard Inc	Delaware	100%	12	5
Ketchum Inc	Delaware	100%	2	3
InterOne Marketing Group, Inc	Michigan	100%	1	2
Bernard Hodes Group, Inc	Delaware	100%	0	0
Rapp Partnership Holdings Inc	Delaware	100%	6	0
Cline, Davis & Mann, Inc	New York	100%	3	1
Zimmerman and Partners Advertising	Delaware	100%	8	0

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors of

Omnicom Group Inc.:

We consent to the incorporation by reference in the registration statements (Registration Statement Nos. 333-84498, 333-33972, 333-37634, 333-41717, 333-70091, 333-74591, 333-74727, 333-74879, 333-84349, 333-90931, 333-108063, 333-115892, 333-146821, 333-159600, 333-168547) on Form S-8, (Registration Statement No. 333-47426) on Form S-4, and (Registration Statement Nos. 333-112840, 333-112841, 333-136434-02, 333-158092) on Form S-3 of Omnicom Group Inc. and subsidiaries of our reports dated February 23, 2011, with respect to the consolidated balance sheets of Omnicom Group Inc. and subsidiaries as of December 31, 2010 and 2009, and the related consolidated statements of income, equity and comprehensive income and cash flows for each of the years in the three-year period ended December 31, 2010, and the related financial statement schedule on page S-1, and the effectiveness of internal control over financial reporting as of December 31, 2010, which reports appear in the December 31, 2010 Annual Report on Form 10-K of Omnicom Group Inc. and subsidiaries.

As discussed in Note 3 to the consolidated financial statements, Omnicom Group Inc. and subsidiaries changed its method of accounting for business combinations due to the adoption of Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards No. 141 (Revised 2007), "Business Combinations" (included in FASB Accounting Standards Codification Topic 805, "Business Combinations") on January 1, 2009.

/s/ KPMG LLP

New York, New York

February 23, 2011

Exhibit 31.1

CERTIFICATION

I, John D. Wren, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2010 of Omnicom Group Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of our annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 23, 2011

/S/ JOHN D. WREN

John D. Wren
Chief Executive Officer and President

Exhibit 31.2

CERTIFICATION

I, Randall J. Weisenburger, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2010 of Omnicom Group Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of our annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 23, 2011

/S/ RANDALL J. WEISENBURGER

Randall J. Weisenburger
Executive Vice President and
Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF

ANNUAL REPORT ON FORM 10-K

Pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, in connection with the filing of Omnicom Group Inc.'s Annual Report on Form 10-K for the year ended December 31, 2010, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of Omnicom Group Inc. certifies that, to such officer's knowledge:

- the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- the information contained in the Report fairly presents, in all material aspects, the financial condition and results of operations of Omnicom Group Inc. as of the dates and for the periods expressed in the Report.

Executed as of February 23, 2011.

/S/ JOHN D. WREN

Name: John D. Wren
Title: Chief Executive Officer and President

/S/ RANDALL J. WEISENBURGER

Name: Randall J. Weisenburger
Title: Executive Vice President and Chief Financial Officer

OMNICOM GROUP INC (OMC)

10-Q
Quarterly report pursuant to sections 13 or 15(d)
Filed on 10/20/2011
Filed Period 09/30/2011

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2011

Commission File Number: 1-10551

OMNICOM GROUP INC.

(Exact name of registrant as specified in its charter)

New York	13-1514814
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
437 Madison Avenue, New York, New York	10022
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (212) 415-3600

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☑ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every interactive data file required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☑ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer ☑	Accelerated filer
Non-accelerated filer	Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No ☑

As of October 10, 2011, there were 275,874,000 shares of Omnicom Group Inc. Common Stock outstanding.

OMNICOM GROUP INC. AND SUBSIDIARIES
INDEX

Forward-Looking Statements

Certain of the statements in this Quarterly Report on Form 10-Q constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. In addition, from time to time, we or our representatives have made or may make forward-looking statements, orally or in writing. These statements relate to future events or future financial performance and involve known and unknown risks and other factors that may cause our actual or our industry's results, levels of activity or achievement to be materially different from those expressed or implied by any forward-looking statements. These risks and uncertainties, including those that are described in our 2010 Annual Report on Form 10-K under Item 1A - Risk Factors and Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations, include, but are not limited to, our future financial position and results of operations, future global economic conditions and conditions in the credit markets, losses on media purchases and production costs incurred on behalf of clients, reductions in client spending and/or a slowdown in client payments, competitive factors, changes in client communication requirements, managing conflicts of interest, the hiring and retention of personnel, maintaining a highly skilled workforce, our ability to attract new clients and retain existing clients, reliance on information technology systems, changes in government regulations impacting our advertising and marketing strategies, risks associated with assumptions we make in connection with our critical accounting estimates and legal proceedings, and our international operations, which are subject to the risks of currency fluctuations and foreign exchange controls. In some cases, forward-looking statements can be identified by terminology such as "may," "will," "could," "would," "should," "expect," "plan," "anticipate," "intend," "believe," "estimate," "predict," "potential" or "continue" or the negative of those terms or other comparable terminology. These statements are our present expectations. Actual events or results may differ. We undertake no obligation to update or revise any forward-looking statement, except as required by law.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

OMNICOM GROUP INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in millions)

	September 30, 2011	December 31, 2010
	(Unaudited)	
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 900.6	$ 2,288.7
Short-term investments, at cost	11.4	11.3
Accounts receivable, net of allowance for doubtful accounts of $41.1 and $46.7	5,971.4	5,977.2
Work in process	799.1	707.6
Other current assets	1,292.2	1,209.3
Total Current Assets	8,974.7	10,194.1
Property, Plant and Equipment at cost, less accumulated depreciation of $1,201.3 and $1,168.3	632.1	653.3
Investments In Affiliates	199.0	299.1
Goodwill	8,397.5	7,809.1
Intangible Assets, net of accumulated amortization of $400.3 and $354.8	436.0	278.2
Deferred Tax Assets	—	14.2
Other Assets	296.7	318.1
TOTAL ASSETS	$ 18,936.0	$ 19,566.1
LIABILITIES AND EQUITY		
Current Liabilities:		
Accounts payable	$ 6,948.1	$ 7,726.9
Customer advances	1,224.4	1,187.1
Current portion of debt	1.0	1.4
Short-term borrowings	16.4	50.2
Taxes payable	159.7	176.3
Other current liabilities	1,851.3	1,881.2
Total Current Liabilities	10,200.9	11,023.1

Long-Term Notes Payable	2,524.8	2,465.1
Convertible Debt	659.4	659.5
Long-Term Liabilities	611.3	576.5
Long-Term Deferred Tax liabilities	833.3	747.7
Commitments and Contingent Liabilities (See Note 12)		
Temporary Equity - Redeemable Noncontrolling Interests	193.6	201.1
Equity:		
Shareholders' Equity:		
Preferred stock	—	—
Common stock	59.6	59.6
Additional paid-in capital	1,201.4	1,271.9
Retained earnings	7,522.0	7,052.5
Accumulated other comprehensive income (loss)	(164.6)	(106.4)
Treasury stock, at cost	(5,171.6)	(4,697.1)
Total Shareholders' Equity	3,446.8	3,580.5
Noncontrolling interests	465.9	312.6
Total Equity	3,912.7	3,893.1
TOTAL LIABILITIES AND EQUITY	$ 18,936.0	$ 19,566.1

The accompanying notes to the condensed consolidated financial statements are an integral part of these statements.

OMNICOM GROUP INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Dollars in millions, except per share data)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	**2010**	**2011**	**2010**
Revenue	$ 3,380.9	$ 2,994.6	$ 10,019.6	$ 8,955.7
Operating Expenses	3,007.5	2,680.5	8,835.9	7,935.1
Operating Income	373.4	314.1	1,183.7	1,020.6
Interest Expense	39.8	36.1	118.6	95.9
Interest Income	7.9	6.3	26.8	18.2
Income Before Income Taxes and Income From Equity Method Investments	341.5	284.3	1,091.9	942.9
Income Tax Expense	117.1	96.9	349.0	320.8
Income From Equity Method Investments	4.5	8.2	10.3	23.1
Net Income	228.9	195.6	753.2	645.2
Less: Net Income Attributed To Noncontrolling Interests	25.2	21.0	72.5	64.0
Net Income - Omnicom Group Inc.	$ 203.7	$ 174.6	$ 680.7	$ 581.2
Net Income Per Share - Omnicom Group Inc.:				
Basic	$ 0.73	$ 0.58	$ 2.41	$ 1.90
Diluted	$ 0.72	$ 0.57	$ 2.37	$ 1.88
Dividends Declared Per Common Share	$ 0.25	$ 0.20	$ 0.75	$ 0.60

The accompanying notes to the condensed consolidated financial statements are an integral part of these statements.

OMNICOM GROUP INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in millions)
(Unaudited)

	Nine Months Ended September 30,	
	2011	**2010**
Cash Flows from Operating Activities:		
Net income	$ 753.2	$ 645.2
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	135.9	134.9
Amortization of intangible assets	67.7	50.7
Amortization of deferred gain from termination of interest rate swaps	(0.9)	—
Remeasurement gain, equity interest in Clemenger Group	(123.4)	—
Share-based compensation	52.7	51.9
Excess tax benefit from share-based compensation	(27.4)	(16.4)
Other, net	7.8	(23.5)
Proceeds from termination of interest rate swaps	38.8	—
Change in operating capital	(903.9)	(799.3)
Net Cash Provided By Operating Activities	0.5	43.5
Cash Flows from Investing Activities:		
Payments to acquire property, plant and equipment	(114.2)	(98.1)
Payments to acquire businesses and interests in affiliates, net of cash acquired	(314.8)	(115.4)
Payments to acquire investments	(11.6)	(2.5)
Proceeds from sales of investments	27.9	6.8
Net Cash Used In Investing Activities	(412.7)	(209.2)
Cash Flows from Financing Activities:		
Repayments of short-term debt	(35.7)	—
Proceeds from short-term debt	—	33.1
Proceeds from borrowings	—	990.4
Repayments of convertible debt	(0.1)	(66.5)
Payments of dividends	(199.0)	(169.2)
Payments for repurchase of common stock	(717.9)	(567.0)
Proceeds from stock plans	104.7	105.2
Payments for acquisition of additional noncontrolling interests	(28.0)	(26.5)
Payments of dividends to noncontrolling interest shareholders	(69.8)	(64.6)
Excess tax benefit on share-based compensation	27.4	16.4
Other, net	(26.3)	6.0

Net Cash (Used In) Provided By Financing Activities	(944.7)	257.3
Effect of exchange rate changes on cash and cash equivalents	(31.2)	10.7
Net (Decrease) Increase in Cash and Cash Equivalents	(1,388.1)	102.3
Cash and Cash Equivalents at the Beginning of the Period	2,288.7	1,587.0
Cash and Cash Equivalents at the End of the Period	$ 900.6	$ 1,689.3

The accompanying notes to the condensed consolidated financial statements are an integral part of these statements.

OMNICOM GROUP INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Presentation of Financial Statements

The terms "Omnicom," "we," "our" and "us" each refer to Omnicom Group Inc. and our subsidiaries, unless the context indicates otherwise. The accompanying unaudited condensed consolidated financial statements were prepared in accordance with Article 10 of Regulation S-X of the Securities and Exchange Commission ("SEC"). Accordingly, certain information and footnote disclosure required in financial statements prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP" or "GAAP") have been condensed or omitted pursuant to this regulation.

In our opinion, the accompanying unaudited condensed financial statements reflect all adjustments, consisting of normally recurring accruals, considered necessary for a fair presentation, in all material respects, of the information contained herein. Results of operations for the interim periods are not necessarily indicative of results that may be expected for the year. These unaudited condensed financial statements should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2010 ("2010 Form 10-K").

2. New Accounting Standards

On January 1, 2011, we adopted Accounting Standards Update ("ASU") 2010-28, Intangibles - Goodwill and Other (Topic 350): When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts ("ASU 2010-28"). ASU 2010-28 provides that an entity with reporting units that have carrying amounts that are zero or less than zero is required to assess the likelihood of the reporting units' goodwill impairment as part of the annual goodwill impairment test. The adoption of ASU 2010-28 did not have a significant impact on our annual impairment test or on our results of operations and financial position.

In June 2011, the FASB issued ASU No. 2011-05, Comprehensive Income (Topic 220): Presentation of Comprehensive Income ("ASU 2011-05"). Under ASU 2011-05, an entity will have the option to present comprehensive income on the income statement or as a separate financial statement. ASU 2011-05 is effective January 1, 2012 and requires retrospective adoption. ASU 2011-05 affects financial statement presentation only and has no effect on results of operations or financial position.

In September 2011, the FASB issued ASU No. 2011-08, Testing Goodwill for Impairment ("ASU 2011-08") that gives an entity the option of performing a qualitative assessment to determine whether it is necessary to perform step 1 of the annual goodwill impairment test. An entity is required to perform step 1 only if it concludes that it is more likely than not that a reporting unit's fair value is less than its carrying amount. An entity may choose to perform the qualitative assessment on none, some or all of its reporting units or an entity may bypass the qualitative assessment for any reporting unit in any period and proceed directly to step 1 of the impairment test. ASU 2011-08 is effective January 1, 2012 and we do not believe that the adoption of ASU 2011-08 will have a significant effect on our results of operations or financial position.

3. Net Income per Common Share

Net income per common share - Omnicom Group Inc. is based on the weighted average number of common shares outstanding during the periods. Diluted net income per common share - Omnicom Group Inc. is based on the weighted average number of common shares outstanding, plus, if dilutive, common share equivalents that include outstanding stock options and restricted shares.

Net income per common share is calculated using the two-class method, which is an earnings allocation method for computing net income per common share when an entity's capital structure includes common stock and participating securities. The application of the two-class method is required because our unvested restricted stock awards receive non-forfeitable dividends at the same rate as our common stock and therefore are considered participating securities. Under the two-class method, basic and diluted net income per common share is reduced for a presumed hypothetical distribution of earnings to holders of our unvested restricted stock.

The computations of basic and diluted net income per common share - Omnicom Group Inc. for the three and nine months ended September 30, 2011 and 2010 were (in millions, except per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Net Income Available for Common Shares:				
Net income - Omnicom Group Inc.	$ 203.7	$ 174.6	$ 680.7	$ 581.2
Net income allocated to participating securities	(2.3)	(1.7)	(7.3)	(5.6)
Net income available for common shares	$ 201.4	$ 172.9	$ 673.4	$ 575.6
Weighted Average Shares:				
Basic	277.1	299.3	279.8	302.7
Dilutive stock options and restricted shares	4.3	4.2	4.5	4.2
Diluted	281.4	303.5	284.3	306.9
Anti-dilutive stock options and restricted shares	2.1	9.1	1.6	9.0
Net Income per Common Share - Omnicom Group Inc.:				
Basic	$ 0.73	$ 0.58	$ 2.41	$ 1.90
Diluted	0.72	0.57	2.37	1.88

4. Comprehensive Income (Loss)

Comprehensive income (loss) and its components for the three and nine months ended September 30, 2011 and 2010 were (dollars in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Net income	$ 228.9	$ 195.6	$ 753.2	$ 645.2
Foreign currency transaction and translation adjustments, net of income taxes of $(136.7) and $126.2 for the three months and $(38.5) and $(23.7) for the nine months ended September 30, 2011 and 2010, respectively	(265.1)	235.0	(74.4)	(43.3)
Defined benefit plans adjustment, net of income taxes of $0.6 and $0.5 for the three months and $1.8 and $1.6 for the nine months ended September 30, 2011 and 2010, respectively	0.9	0.7	2.7	2.3

Comprehensive income (loss)	(35.3)	431.3	681.5	604.2
Less: Comprehensive income (loss) attributed to noncontrolling interests	(0.5)	36.0	59.1	73.2
Comprehensive income (loss) - Omnicom Group Inc.	$ (34.8)	$ 395.3	$ 622.4	$ 531.0

5. Debt

Lines of Credit

At September 30, 2011, we maintained a credit facility with a consortium of banks, providing borrowing capacity of up to $2.0 billion. This facility expires on December 9, 2013. We have the ability to classify borrowings under this facility as long-term. The credit facility provides support for up to $1.5 billion of commercial paper issuances, as well as back-up liquidity in the event that any of our convertible notes are put back to us. At September 30, 2011, there were no commercial paper issuances or borrowings outstanding under the facility.

At September 30, 2011 and December 31, 2010, we had various uncommitted lines of credit aggregating $1,031.5 million and $610.4 million, respectively.

Our available and unused lines of credit at September 30, 2011 and December 31, 2010 were (dollars in millions):

	2011	2010
Credit facility	$ 2,000.0	$ 2,000.0
Uncommitted lines of credit	1,031.5	610.4
Available and unused lines of credit	$ 3,031.5	$ 2,610.4

On October 12, 2011, we amended our credit facility to increase the borrowing capacity to $2.5 billion and to extend the term to October 12, 2016. There were no changes to the financial covenants in the credit facility.

Short-Term Borrowings

Short-term borrowings of $16.4 million at September 30, 2011 are primarily comprised of bank overdrafts and credit lines of our international subsidiaries. The bank overdrafts and credit lines are treated as unsecured loans pursuant to the bank agreements supporting the facilities.

Long-Term Notes Payable

Long-term notes payable at September 30, 2011 and December 31, 2010 were (dollars in millions):

	2011	2010
5.90% Senior Notes due April 15, 2016	$ 1,000.0	$ 1,000.0
6.25% Senior Notes due July 15, 2019	500.0	500.0
4.45% Senior Notes due August 15, 2020	1,000.0	1,000.0
Other notes and loans	1.4	1.5
	2,501.4	2,501.5
Unamortized discount on Senior Notes	(7.9)	(8.7)
Deferred gain from termination of interest rate swaps on Senior Notes due 2016	32.3	—
Fair value hedge adjustment on Senior Notes due 2016	—	(26.3)
	2,525.8	2,466.5

Less current portion	1.0	1.4
Long-term notes payable	$ 2,524.8	$ 2,465.1

In August 2010, we entered into a series of interest rate swap agreements to hedge the risk of changes in fair value of the $1.0 billion aggregate principal amount of our 5.90% Senior Notes due April 15, 2016 ("2016 Notes") attributable to changes in the benchmark interest rate. Under the terms of the swaps, we received fixed interest rate payments and paid a variable interest rate on the total principal amount of the 2016 Notes. The swaps effectively converted the 2016 Notes from fixed rate debt to floating rate debt. The swaps qualified as a hedge for accounting purposes and were designated as a fair value hedge on the 2016 Notes. The swaps were recorded in our balance sheet at fair value and the change in the fair value of the swaps and the change in the fair value of the 2016 Notes (the hedged item) were recorded in earnings as an adjustment to interest expense.

On August 18, 2011, we terminated and settled the swaps and received a payment of $38.8 million that included accrued interest from the counterparties. On termination of the swaps, we discontinued hedge accounting and recorded a deferred gain of $33.2 million as an increase in the carrying value of 2016 Notes. The deferred gain is being amortized through the maturity of the 2016 Notes as a reduction of interest expense.

At December 31, 2010, we recorded a liability of $24.2 million, representing the fair value of the swaps, and we recorded a decrease in the carrying value of the 2016 Notes of $26.3 million, reflecting the change in fair value of the 2016 Notes from the inception of the fair value hedge.

Convertible Debt

Convertible debt at September 30, 2011 and December 31, 2010 was (dollars in millions):

	2011	2010
Convertible Notes - due February 7, 2031	$ —	$ 0.1
Convertible Notes - due July 31, 2032	252.7	252.7
Convertible Notes - due June 15, 2033	0.1	0.1
Convertible Notes - due July 1, 2038	406.6	406.6
	659.4	659.5
Less current portion	—	—
Convertible debt	$ 659.4	$ 659.5

The next date on which holders of our 2032 Notes can put their notes back to us for cash is July 31, 2012. The next date on which holders of our 2038 Notes can put their notes back to us for cash is June 17, 2013.

6. Segment Reporting

Our wholly and partially owned agencies operate within the advertising, marketing and corporate communications services industry. These agencies are organized into agency networks, virtual client networks, regional reporting units and operating groups. Consistent with our fundamental business strategy, our agencies serve similar clients, in similar industries and, in many cases, the same clients across a variety of geographic regions. In addition, our agency networks have similar economic characteristics and similar long-term operating margins, as the main economic components of each agency are employee compensation and related costs and direct service costs associated with providing professional services and office and general costs which include rent and occupancy costs, technology costs and other overhead expenses.

Therefore, given these similarities, we aggregate our operating segments, which are our five agency networks, into one reporting segment.

Revenue and long-lived assets and goodwill by geographic area as of and for the periods ended September 30, 2011 and 2010 are (dollars in millions):

		Americas	EMEA	Asia / Australia
2011				
	Revenue - three months ended	$ 1,934.1	$ 1,092.8	$ 354.0
	Revenue - nine months ended	5,815.9	3,243.6	960.1
	Long-lived assets and goodwill	5,953.4	2,625.5	450.7
2010				
	Revenue - three months ended	$ 1,801.1	$ 958.5	$ 235.0
	Revenue - nine months ended	5,405.9	2,894.6	655.2
	Long-lived assets and goodwill	5,705.8	2,533.4	124.8

The Americas is composed of the United States, Canada and Latin American countries. EMEA is composed of various Euro currency countries, the United Kingdom, the Middle-East and Africa and other European countries that have not adopted the European Union Monetary standard. Asia/Australia is composed of China, India, Japan, Korea, Singapore, Australia and other Asian countries.

7. Pension and Other Postemployment Benefits

Defined Benefit Pension Plans

The components of net periodic benefit cost for the nine months ended September 30, 2011 and 2010 were (dollars in millions):

	2011	2010
Service cost	$ 4.1	$ 2.8
Interest cost	3.8	3.8
Expected return on plan assets	(1.8)	(1.8)
Amortization of prior service cost	2.4	2.0
Amortization of actuarial (gains) losses	0.4	0.2
Curtailments and settlements	—	1.3
	$ 8.9	$ 8.3

We contributed approximately $4.9 million and $4.1 million to our defined benefit pension plans for the nine months ended September 30, 2011 and 2010, respectively.

Postemployment Arrangements

The components of net periodic benefit cost for the nine months ended September 30, 2011 and 2010 were (dollars in millions):

	2011	2010
Service cost	$ 2.9	$ 1.4
Interest cost	3.5	2.9
Expected return on plan assets	N/A	N/A
Amortization of prior service cost	1.6	0.5
Amortization of actuarial (gains) losses	0.5	0.7
	$ 8.5	$ 5.5

8. Acquisition of Controlling Interest in Equity Method Investment

Effective February 1, 2011, we acquired a controlling interest in the Clemenger Group, our affiliate in Australia and New Zealand, increasing our equity ownership from 46.7% to 73.7%. In connection with this transaction as required by FASB Accounting Standards Codification Topic 805 - Business Combinations, in the first quarter of 2011, we recorded a non-cash gain of $123.4 million resulting from the remeasurement of the carrying value of our equity interest to the acquisition date fair value. The difference between the fair value of our shares at the acquisition date and the carrying value of our investment held prior to the acquisition resulted in the remeasurement gain.

9. Repositioning Actions and Supplemental Data

Repositioning Actions

In connection with a continuing review of our businesses focused on enhancing our strategic position, improving our operations and rebalancing our workforce, in the first quarter of 2011, we recorded $131.3 million of charges related to repositioning actions for severance, real estate lease terminations and asset and goodwill write-offs related to disposals and other costs.

A summary of our repositioning actions for the nine months ended September 30, 2011 is (dollars in millions):

Severance	$ 92.8
Real estate lease terminations	15.3
Asset and goodwill write-offs related to disposals and other costs	23.2
	$ 131.3

At September 30, 2011, the liability for severance related to our repositioning actions, net of payments through September 30, 2011 of $83.3 million, was $9.5 million. Substantially all payments related to real estate lease terminations were made as of September 30, 2011. The remaining $23.2 million of charges recorded is primarily comprised of non-cash items.

Salary and Service Costs and Office and General Expenses

The components of operating expenses for the three months and nine months ended September 30, 2011 and 2010 were (dollars in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	**2010**	**2011**	**2010**
Salary and service costs	$ 2,504.7	$ 2,210.8	$ 7,395.8	$ 6,526.5
Office and general expenses	502.8	469.7	1,440.1	1,408.6
Operating expenses	$ 3,007.5	$ 2,680.5	$ 8,835.9	$ 7,935.1

The impact of the repositioning actions and the remeasurement gain, which were recorded in the first quarter of 2011 as described in Notes 8 and 9, on operating expenses for the nine months ended September 30, 2011 was (dollars in millions):

	Increase (Decrease)	
	Repositioning Actions	**Remeasurement Gain**
Salary and service costs	$ 92.8	
Office and general expenses	38.5	$ (123.4)
	$ 131.3	$ (123.4)

Cash Flow

Supplemental cash flow data for the nine months ended September 30, 2011 and 2010 were (dollars in millions):

	2011	**2010**
Decrease in accounts receivable	$ 85.1	$ 143.4
Increase in work in progress and other current assets	(208.2)	(267.1)
Decrease in accounts payable	(780.7)	(646.2)
Decrease in customer advances and other current liabilities	(266.4)	(112.1)
Change in other assets and liabilities, net	266.3	82.7
Change in operating capital	$ (903.9)	$ (799.3)

Income taxes paid	$	246.9	$	223.6
Interest paid	$	101.5	$	103.8

10. Income Taxes

Income tax expense for the nine months ended September 30, 2011 reflects a number of items that were recorded in the first quarter of 2011. These items include a $39.5 million tax benefit related to charges incurred in connection with our repositioning actions, a provision of $2.8 million related to the remeasurement gain and a provision of $9.0 million for an accrual for agreed upon adjustments to income tax returns that were under examination in the first quarter of 2011.

The tax benefit on the repositioning actions was calculated based on the jurisdictions where the charges were incurred and reflects the likelihood that we will be unable to obtain a tax benefit for all charges incurred. The remeasurement gain resulting from the acquisition of the controlling interest in Clemenger created a difference between the book basis and tax basis of our investment. Because this basis difference is not expected to reverse, no deferred taxes were provided and the tax provision recorded represents the incremental U.S. tax on acquired historical unremitted earnings. The $9.0 million accrual resulted from adjustments to U.S. income tax returns for calendar years 2005, 2006 and 2007, that were agreed upon and recorded in the first quarter of 2011. The examination of those returns is closed.

At September 30, 2011, our unrecognized tax benefits were $157.6 million. Of this amount, approximately $59.4 million would affect our effective tax rate upon resolution of the uncertain tax positions.

11. Intangible Assets

Intangible assets at September 30, 2011 and December 31, 2010 were (dollars in millions):

	2011			2010		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Intangible assets subject to impairment tests:						
Goodwill	$ 8,974.2	$ 576.7	$ 8,397.5	$ 8,386.7	$ 577.6	$ 7,809.1
Other identifiable intangible assets subject to amortization:						
Purchased and internally developed software	$ 267.7	$ 209.2	$ 58.5	$ 260.5	$ 205.3	$ 55.2
Customer related and other	568.6	191.1	377.5	372.5	149.5	223.0
	$ 836.3	$ 400.3	$ 436.0	$ 633.0	$ 354.8	$ 278.2

We review the carrying value of goodwill for impairment at least annually at the end of the second quarter or whenever events or circumstances indicate that the carrying value may not be recoverable. Based on the results of our annual review, we concluded that our goodwill was not impaired at June 30, 2011 and 2010, because the fair value of each of our reporting units was substantially in excess of their book value.

Changes in goodwill for the nine months ended September 30, 2011 and 2010 were (dollars in millions):

	2011	2010
Balance January 1	$ 7,809.1	$ 7,641.2
Acquisitions	640.8	168.5
Dispositions	(10.0)	(3.8)
Foreign currency translation	(42.4)	(79.4)
Balance September 30	$ 8,397.5	$ 7,726.5

There were no goodwill impairment losses recorded in the first nine months of 2011 or 2010 and there are no accumulated goodwill impairment losses. Goodwill related to acquisitions completed during 2011 included $129.7 million related to goodwill associated with noncontrolling interests.

12. Commitments and Contingent Liabilities

We are involved from time to time in various legal proceedings in the ordinary course of business. We do not presently expect that these proceedings will have a material adverse effect on our results of operations or financial position.

Fair Value

Financial assets and liabilities that are measured at fair value on a recurring basis at September 30, 2011 and December 31, 2010 were (dollars in millions):

September 30, 2011	Level 1	Level 2	Level 3	Total	Balance Sheet Classification
Assets:					
Cash and cash equivalents	$ 900.6			$ 900.6	
Short-term investments	11.4			11.4	
Available-for-sale securities	3.5			3.5	Other Assets
Liabilities:					
Forward foreign exchange contracts		$ 18.4		$ 18.4	Other Current Liabilities

December 31, 2010	Level 1	Level 2	Level 3	Total	Balance Sheet Classification
Assets:					
Cash and cash equivalents	$ 2,288.7			$ 2,288.7	
Short-term investments	11.3			11.3	
Forward foreign exchange contracts		$ 7.2		7.2	Other Current Assets
Available-for-sale securities	3.4			3.4	Other Assets
Liabilities:					
Interest rate swaps		$ 24.2		$ 24.2	Long-Term Liabilities

The carrying amounts and fair values of our financial instruments at September 30, 2011 and December 31, 2010 were (dollars in millions):

	2011		2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Assets:				
Cash and cash equivalents	$ 900.6	$ 900.6	$ 2,288.7	$ 2,288.7
Short-term investments	11.4	11.4	11.3	11.3
Forward foreign exchange contracts	—	—	7.2	7.2
Available-for-sale securities	3.5	3.5	3.4	3.4
Cost method investments	23.8	23.8	24.8	24.8
Liabilities:				
Short-term borrowings	$ 16.4	$ 16.4	$ 50.2	$ 50.2
Forward foreign exchange contracts	18.4	18.4	—	—
Interest rate swaps	—	—	24.2	24.2

13.

Debt	3,185.2	3,367.7	3,126.0	3,328.0

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Short-term investments

Short-term investments primarily consist of time deposits with financial institutions that we expect to convert into cash in our current operating cycle, generally within one year. Short-term investments are carried at cost, which approximates fair value.

Available-for-sale securities

Available-for-sale securities are carried at quoted market prices.

Forward foreign exchange contracts

The estimated fair values of derivative positions in forward foreign exchange contracts are based on quotations received from third party banks and represent the net amount required to terminate the positions, taking into consideration market rates and counterparty credit risk.

Cost method investments

Cost method investments are carried at cost, which approximates or is less than fair value.

Short-term borrowings

Short-term borrowings consist of bank overdrafts and credit lines of our international subsidiaries. Due to the short-term nature of these instruments, carrying value approximates fair value.

Interest rate swaps

Interest rate swaps are fair value hedges where the fair value is derived from the present value of future cash flows using valuation models that are based on readily observable market data such as interest rates and yield curves, taking into consideration counterparty credit risk.

Debt

Debt includes fixed rate debt and convertible debt. The fair value of these instruments is based on quoted market prices.

14. Subsequent Events

We have evaluated events subsequent to the balance sheet date and determined there have not been any events that have occurred that would require adjustment to or additional disclosure in our unaudited condensed consolidated financial statements.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Executive Summary

We are a strategic holding company. We provide professional services to clients through multiple agencies around the world. On a global, pan-regional and local basis, our agencies provide these services in the following disciplines: advertising, customer relationship management ("CRM"), public relations and specialty communications. Our business model was built and continues to evolve around our clients. While our agencies operate under different names and frame their ideas in different disciplines, we organize our services around our clients. The fundamental premise of our business is that our clients' specific requirements should be the central focus in how we deliver our services and allocate our resources. This client-centric business model results in multiple agencies collaborating in formal and informal virtual networks that cut across internal organizational structures to deliver consistent brand messages for a specific client and execute against each of our clients' specific marketing requirements. We continually seek to grow our business with our existing clients by maintaining our client-centric approach, as well as expanding our existing business relationships into new markets and with new clients. In addition, we pursue selective acquisitions of complementary companies with strong entrepreneurial management teams that typically currently serve or have the ability to serve our existing client base.

As one of the world's leading advertising, marketing and corporate communications companies, we operate in all major markets of the global economy. We have a large and diverse client base. Our largest client represented 2.9% of our revenue for the nine months ended September 30, 2011 and no other client accounted for more than 2.2% of our revenue. Our top 100 clients accounted for approximately 50.2% of our revenue for the nine months ended September 30, 2011. Our business is spread across a significant number of industry sectors with no one industry comprising more than 16% of our revenue for the nine months ended September 30, 2011. Although our revenue is generally balanced between the United States and international markets and we have a large and diverse client base, we are not immune to general economic downturns.

In the first nine months of 2011, our revenue increased 11.9% compared to the first nine months of 2010. The increase reflects an improvement in business conditions in our industry over 2010, strong operating performance by our agencies, as well as positive impact from foreign currency translation. Revenue increased across all our disciplines and geographic areas driven by strong operating performance in most of the developed markets in which we operate and continued growth in the emerging markets in Asia and Latin America.

We will continue to closely monitor economic conditions, client spending and other factors and in response, take actions available to us to improve our cost structure and manage working capital. In the current environment, there can be no assurance as to the effects on us of future economic conditions, client spending patterns, client creditworthiness and other developments and whether and to what extent our efforts to respond to them will be effective.

Certain business trends have had a positive impact on our business and industry. These trends include our clients increasingly expanding the focus of their brand strategies from national markets to pan-regional and global markets and integrating traditional and non-traditional marketing channels, as well as utilizing new communications technologies and emerging digital platforms. Additionally, in an effort to gain greater efficiency and effectiveness from their total marketing budgets, clients are increasingly requiring greater coordination of marketing activities and concentrating these activities with a smaller number of service providers. We believe these trends have benefited our business in the past and over the medium and long term will continue to provide a competitive advantage to us.

In the near term, barring unforeseen events and excluding foreign exchange impacts, we expect our revenue to increase modestly in excess of average nominal GDP growth for 2011 in the major markets where we do business as a result of increases in client spending and new business activities. We expect to continue to identify acquisition opportunities that will build on the core capabilities of our strategic business platforms, expand our operations in the emerging markets and enhance our capabilities to leverage new technologies that are being used by marketers today.

Effective February 1, 2011, we acquired a controlling interest in the Clemenger Group, our affiliate in Australia and New Zealand increasing our equity ownership from 46.7% to 73.7%. In connection with this transaction, we recorded a non-cash gain of $123.4 million in the first quarter of 2011 resulting from the remeasurement of the carrying value of our equity interest to the acquisition date fair value. We believe that this acquisition will help us to further develop our combined businesses throughout the Asia Pacific region and further enhance our global capabilities.

We have an objective of improving margins to 2007 levels by the end of 2012. In connection with achieving this goal, we continue to review our businesses focused on enhancing our strategic position, improving our operations and rebalancing our workforce. As part of this process, we are evaluating our agencies to identify non-core and underperforming businesses that need to be repositioned or considered for disposal. We expect that revenue from the acquisitions completed through September 30, 2011 will more than offset the loss of revenue from dispositions. We are also pursuing numerous operational consolidations to further drive efficiencies in our back office functions. As a result of the actions taken, we incurred charges of $131.3 million in the first quarter of 2011 for severance, real estate lease terminations and asset and goodwill write-offs related to disposals and other costs.

Given our size and breadth, we manage our business by monitoring several financial indicators. The key indicators that we review focus on revenue and operating expenses.

We analyze revenue growth by reviewing the components and mix of the growth, including growth by major geographic location, growth by major marketing discipline, growth from currency fluctuations, growth from acquisitions and growth from our largest clients. In recent years, our revenue has been divided almost evenly between domestic and international operations. For the quarter ended September 30, 2011, our revenue increased 12.9% compared to the quarter ended September 30, 2010, of which 7.2% was organic growth, 3.9% was related to changes in foreign exchange rates and 1.8% was related to acquisitions, net of dispositions. Across our geographic markets revenue increased 5.3% in the United States, 16.2% in the United Kingdom, 11.8% in our Euro markets and 34.4% in our other markets, primarily Asia and Latin America. The change in revenue in the third quarter of 2011 compared to the third quarter of 2010 in our four fundamental disciplines was as follows: advertising increased 15.3%, CRM increased 14.0%, public relations increased 9.7% and specialty communications decreased 0.1%.

For the nine months ended September 30, 2011, our revenue increased 11.9% compared to the nine months ended September 30, 2010, of which 6.5% was organic growth, 3.6% was related to changes in foreign exchange rates and 1.8% was related to acquisitions, net of dispositions. Across our geographic markets revenue increased 5.6% in the United States, 15.2% in the United Kingdom, 8.2% in our Euro markets and 32.9% in our other markets, primarily Asia and Latin America. The increase in revenue in the first nine months of 2011 compared to the first nine months of 2010 in our four fundamental disciplines was as follows: advertising 14.0%, CRM 12.7%, public relations 6.9% and specialty communications 3.8%.

We measure operating expenses in two distinct cost categories: salary and service costs, and office and general expenses. Salary and service costs are primarily comprised of employee compensation and related costs and direct service costs. Office and general expenses are primarily comprised of rent and occupancy costs, technology costs, depreciation and amortization and other overhead expenses. Each of our agencies requires service professionals with a skill set that is common across our disciplines. At the core of this skill set is the ability to understand a client's brand and its selling proposition, and the ability to develop a unique message to communicate the value of the brand to the client's target audience. The facility requirements of our agencies are also similar across geographic regions and disciplines, and their technology requirements are generally limited to personal computers, servers and off-the-shelf software. Because we are a service business, we monitor salary and service costs and office and general costs in relation to revenue.

Salary and service costs tend to fluctuate in conjunction with changes in revenue. Salary and service costs increased 13.3% in the third quarter of 2011 compared to the third quarter of 2010. Salary and service costs increased 13.3% in the first nine months of 2011 compared to the first nine months of 2010, reflecting $92.8 million of severance charges taken in the first quarter of 2011 associated with our repositioning actions. Excluding the impact of the severance costs associated with our repositioning actions, salary and service costs increased by 11.9% in the first nine months of 2011.

Office and general expenses are less directly linked to changes in our revenue than salary and service costs. Office and general expenses increased 7.0% in the third quarter of 2011 compared to the third quarter of 2010. Office and general expenses increased 2.2% in the first nine months of 2011 compared to the first nine months of 2010, reflecting a decrease of $123.4 million related to the non-cash remeasurement gain recorded in the first quarter or 2011 in connection with the acquisition of the controlling interest in the Clemenger Group partially offset by $38.5 million of charges taken in the first quarter of 2011 related to our repositioning actions. Excluding the impact of the remeasurement gain and the impact of the repositioning actions, office and general expenses increased by 8.3% in the first nine months of 2011.

Net income - Omnicom Group Inc. in the third quarter of 2011 increased $29.1 million, or 16.7%, to $203.7 million from $174.6 million in the third quarter of 2010. Net income - Omnicom Group Inc. in the first nine months of 2011 increased $99.5 million, or 17.1%, to $680.7 million from $581.2 million in the first nine months of 2010. The period-over-period increase in net income - Omnicom Group Inc. is due to the factors described above. Diluted net income per common share - Omnicom Group Inc. increased 26.3% to $0.72 in the third quarter of 2011, compared to $0.57 in the third quarter of 2010 due to the factors described above, as well as the reduction in our weighted average common shares outstanding. Diluted net income per common share - Omnicom Group Inc. increased 26.1% to $2.37 in the first nine months of 2011, compared to $1.88 in the first nine months of 2010 due to the factors described above, as well as the reduction in our weighted average common shares outstanding. This reduction was the result of repurchases of our common stock during the fourth quarter of 2010 through the third quarter of 2011, net of stock option exercises and shares issued under our employee stock purchase plan.

Results of Operations: Third Quarter 2011 Compared to Third Quarter 2010

	(Dollars in millions)	
	2011	2010
Revenue	$ 3,380.9	$ 2,994.6
Operating Expenses:		
Salary and service costs	2,504.7	2,210.8
Office and general expenses	502.8	469.7
Total Operating Expenses	3,007.5	2,680.5
Add back: Amortization of intangible assets	23.7	18.0
	2,983.8	2,662.5
Earnings before interest, income taxes and amortization of intangible assets ("EBITA")	397.1	332.1
EBITA Margin - %	11.7%	11.1%
Deduct: Amortization of intangible assets	23.7	18.0
Operating Income	373.4	314.1
Operating Margin - %	11.0%	10.5%
Interest Expense	39.8	36.1
Interest Income	7.9	6.3
Income Before Income Taxes and Income From Equity Method Investments	341.5	284.3
Income Tax Expense	117.1	96.9
Income From Equity Method Investments	4.5	8.2
Net Income	228.9	195.6
Less: Net Income Attributed To Noncontrolling Interests	25.2	21.0
Net Income - Omnicom Group Inc.	$ 203.7	$ 174.6

EBITA, which we define as earnings before interest, income taxes and amortization of intangible assets, and EBITA Margin, which we define as EBITA divided by Revenue, are Non-GAAP measures. We use EBITA and EBITA Margin as additional performance measures which exclude amortization expense of acquired intangible assets. We believe that EBITA and EBITA

Margin are useful measures to evaluate the performance of our businesses. Non-GAAP financial measures should not be considered in isolation from or as a substitute for financial information presented in compliance with GAAP. Non-GAAP financial measures reported by us may not be comparable to similarly titled amounts reported by other companies. The table above reconciles EBITA and EBITA Margin to the GAAP financial measure for the periods presented.

Revenue: Revenue for the third quarter of 2011 increased $386.3 million, or 12.9%, to $3,380.9 million from $2,994.6 million in the third quarter of 2010. Organic growth increased revenue by $215.0 million and foreign exchange impacts increased revenue by $117.6 million. Acquisitions, net of dispositions, increased revenue by $53.7 million.

The components of the third quarter of 2011 revenue changes in the United States ("Domestic") and the remainder of the world ("International") were (dollars in millions):

	Total		Domestic		International	
	$	%	$	%	$	%
Quarter ended September 30, 2010	$ 2,994.6	—	$ 1,617.1	—	$ 1,377.5	—
Components of revenue change:						
Foreign exchange impact	117.6	3.9%	—	— %	117.6	8.5%
Acquisitions, net of dispositions	53.7	1.8%	(7.1)	(0.4)%	60.8	4.4%
Organic growth	215.0	7.2%	93.2	5.8 %	121.8	8.8%
Quarter ended September 30, 2011	$ 3,380.9	12.9%	$ 1,703.2	5.3 %	$ 1,677.7	21.8%

The components and percentages are calculated as follows:

- The foreign exchange impact is calculated by first converting the current period's local currency revenue using the average exchange rates from the equivalent prior period to arrive at a constant currency revenue (in this case $3,263.3 million for the Total column in the table). The foreign exchange impact equals the difference between the current period revenue in U.S. dollars and the current period revenue in constant currency (in this case $3,380.9 million less $3,263.3 million for the Total column in the table).

- The acquisition component is calculated by aggregating the applicable prior period revenue of the acquired businesses, less revenue of any business included in the prior period reported revenue that was disposed of subsequent to the period.

- Organic growth is calculated by subtracting both the foreign exchange and acquisition revenue components from total revenue growth.

- The percentage change is calculated by dividing the individual component amount by the prior period revenue base of that component (in the case $2,994.6 million for the Total column in the table).

Revenue for the third quarter of 2011 and the percentage changes from 2010 in our primary geographic markets were (dollars in millions):

		Revenue	% Change
United States	$	1,703.2	5.3%
Euro Markets		616.8	11.8%
United Kingdom		314.7	16.2%
Other		746.2	34.4%
	$	3,380.9	12.9%

For the third quarter of 2011, foreign exchange impacts increased our revenue by 3.9%, or $117.6 million, compared to the third quarter of 2010. The most significant impacts resulted from the weakening of the U.S. Dollar against the Australian Dollar, British Pound and the Euro.

Assuming exchange rates at October 14, 2011 remain unchanged, we expect foreign exchange impacts to increase revenue by less than 1% in the fourth quarter of 2011.

Driven by our clients' continuous demand for more effective and efficient branding activities, we strive to provide an extensive range of advertising, marketing and corporate communications services through various client-centric networks that are organized to meet specific client objectives. These services include advertising, brand consultancy, corporate social responsibility consulting, crisis communications, custom publishing, database management, digital and interactive marketing, direct marketing, entertainment marketing, environmental design, experiential marketing, field marketing, financial/corporate business-to-business advertising, media planning and buying, mobile marketing services, multi-cultural marketing, non-profit marketing, public affairs, public relations, recruitment communications, reputation consulting, retail marketing, search engine marketing, social media marketing, and sports and event marketing. In an effort to monitor the changing needs of our clients and to further expand the scope of our services to key clients, we monitor revenue across a broad range of disciplines and group them into the following four categories: advertising, CRM, public relations and specialty communications (dollars in millions):

	Three Months Ended September 30,								
	2011			2010			2011 vs 2010		
		$	% of Revenue		$	% of Revenue		$	% Change
Advertising	$	1,535.8	45.4%	$	1,331.9	44.5%	$	203.9	15.3 %
CRM		1,264.0	37.4%		1,108.4	37.0%		155.6	14.0 %
Public relations		307.1	9.1%		279.9	9.3%		27.2	9.7 %
Specialty communications		274.0	8.1%		274.4	9.2%		(0.4)	(0.1)%
	$	3,380.9		$	2,994.6		$	386.3	12.9 %

Looking ahead to the remainder of the year, barring unforeseen events and excluding foreign exchange impacts, we expect our enue to increase modestly in excess of average nominal GDP growth as a result of increases in client spending and new iness activities.

Operating Expenses: Operating expenses for the third quarter of 2011 compared to operating expenses for the third quarter of 2010 were (dollars in millions):

	Three Months Ended September 30,							
	2011			2010			2011 vs 2010	
	$	% of Revenue	% of Total Operating Expenses	$	% of Revenue	% of Total Operating Expenses	$ Change	% Change
Revenue	$ 3,380.9			$ 2,994.6			$ 386.3	12.9%
Operating Expenses:								
Salary and service costs	2,504.7	74.1%	83.3%	2,210.8	73.8%	82.5%	293.9	13.3%
Office and general expenses	502.8	14.9%	16.7%	469.7	15.7%	17.5%	33.1	7.0%
otal Operating Expenses	3,007.5	89.0%		2,680.5	89.5%		327.0	12.2%
Operating Income	$ 373.4	11.0%		$ 314.1	10.5%		$ 59.3	18.9%

Salary and service costs are primarily comprised of employee compensation and related costs and direct service costs. Salary and service costs tend to fluctuate in conjunction with changes in revenue. Salary and service costs increased 13.3% in the third quarter of 2011 compared to the third quarter of 2010. This increase, consistent with the increase in revenue, reflects increased compensation costs, including freelance labor, severance and incentive compensation, as well as a change in our business mix.

Office and general expenses are primarily comprised of rent and occupancy costs, technology costs, depreciation and amortization and other overhead expenses. Office and general expenses are less directly linked to changes in our revenue than salary and service costs. Office and general expenses increased 7.0% in the third quarter of 2011 compared to the third quarter of 2010. However, office and general expenses, in particular rent expense, decreased as a percentage of revenue by 0.8% to 14.9% in the third quarter of 2011 compared to the third quarter of 2010.

As a result of the above changes, operating margins increased to 11.0% in 2011 from 10.5% in 2010 and EBITA margins increased to 11.7% in the third quarter of 2011 from 11.1% in the third quarter of 2010.

Net Interest Expense: Net interest expense increased to $31.9 million in the third quarter of 2011, compared to $29.8 million in the third quarter of 2010. Interest expense increased $3.7 million to $39.8 million. The increase in interest expense was primarily due to a full quarter of interest expense in the third quarter of 2011 compared to a partial quarter of interest expense in the third quarter of 2010 related to the issuance of our 4.45% Senior Notes due 2020 in August 2010. Interest income increased $1.6 million to $7.9 million in the third quarter of 2011. The increase in interest income was attributable to higher foreign cash balances available for investment.

ome Taxes: Our effective tax rate for the third quarter of 2011 increased slightly to 34.3%, compared to 34.1% for the third quarter of 2010.

Net Income Per Common Share - Omnicom Group Inc.: For the foregoing reasons, net income - Omnicom Group Inc. in the third quarter of 2011 increased $29.1 million, or 16.7%, to $203.7 million, compared to $174.6 million in the third quarter of 2010. Diluted net income per common share - Omnicom Group Inc. increased 26.3% to $0.72 in the third quarter of 2011, compared to $0.57 in the third quarter of 2010 due to the factors described above, as well as the impact of the reduction in our weighted average common shares outstanding. This reduction was the result of repurchases of our common stock during the fourth quarter of 2010 through the third quarter of 2011, net of stock option exercises and shares issued under our employee stock purchase plan.

Results of Operations: First Nine Months of 2011 Compared to First Nine Months of 2010

	(Dollars in millions)	
	2011	2010
Revenue	$ 10,019.6	$ 8,955.7
Operating Expenses:		
Salary and service costs	7,395.8	6,526.5
Office and general expenses	1,440.1	1,408.6
Total Operating Expenses	8,835.9	7,935.1
Add back: Amortization of intangible assets	67.7	50.7
	8,768.2	7,884.4
Earnings before interest, income taxes and amortization of intangible assets ("EBITA")	1,251.4	1,071.3
EBITA Margin - %	12.5%	12.0%
Deduct: Amortization of intangible assets	67.7	50.7
Operating Income	1,183.7	1,020.6
Operating Margin - %	11.8%	11.4%
Interest Expense	118.6	95.9
Interest Income	26.8	18.2
Income Before Income Taxes and Income From Equity Method Investments	1,091.9	942.9
Income Tax Expense	349.0	320.8
Income From Equity Method Investments	10.3	23.1
Net Income	753.2	645.2
Less: Net Income Attributed To Noncontrolling Interests	72.5	64.0
Net Income - Omnicom Group Inc.	$ 680.7	$ 581.2

EBITA, which we define as earnings before interest, income taxes and amortization of intangible assets, and EBITA Margin, which we define as EBITA divided by Revenue, are Non-GAAP measures. We use EBITA and EBITA Margin as additional performance measures which exclude amortization expense of acquired intangible assets. We believe that EBITA and EBITA Margin are useful measures to evaluate the performance of our businesses. Non-GAAP financial measures should not be considered in isolation from or as a substitute for financial information presented in compliance with GAAP. Non-GAAP financial measures reported by us may not be comparable to similarly titled amounts reported by other companies. The table above reconciles EBITA and EBITA Margin to the GAAP financial measure for the periods presented.

Revenue: Revenue for the first nine months of 2011 increased $1,063.9 million, or 11.9%, to $10,019.6 million from $8,955.7 million in the first nine months of 2010. Organic growth increased revenue by $585.4 million and foreign exchange impacts increased revenue by $322.5 million. Acquisitions, net of dispositions, increased revenue by $156.0 million.

The components of the first nine months of 2011 revenue changes in the United States ("Domestic") and the remainder of the world ("International") were (dollars in millions):

	Total		Domestic		International	
	$	%	$	%	$	%
Nine months ended September 30, 2010	$ 8,955.7	—	$ 4,846.7	—	$ 4,109.0	—
Components of revenue change:						
Foreign exchange impact	322.5	3.6%	—	— %	322.5	7.8%
Acquisitions, net of dispositions	156.0	1.8%	(17.3)	(0.4)%	173.3	4.2%
Organic growth	585.4	6.5%	290.6	6.0 %	294.8	7.2%
Nine months ended September 30, 2011	$ 10,019.6	11.9%	$ 5,120.0	5.6 %	$ 4,899.6	19.2%

The components and percentages are calculated as follows:

- The foreign exchange impact is calculated by first converting the current period's local currency revenue using the average exchange rates from the equivalent prior period to arrive at a constant currency revenue (in this case $9,697.1 million for the Total column in the table). The foreign exchange impact equals the difference between the current period revenue in U.S. dollars and the current period revenue in constant currency (in this case $10,019.6 million less $9,697.1 million for the Total column in the table).

- The acquisition component is calculated by aggregating the applicable prior period revenue of the acquired businesses, less revenue of any business included in the prior period reported revenue that was disposed of subsequent to the period.

- Organic growth is calculated by subtracting both the foreign exchange and acquisition revenue components from total revenue growth.

- The percentage change is calculated by dividing the individual component amount by the prior period revenue base of that component (in the case $8,955.7 million for the Total column in the table).

Revenue for the first nine months of 2011 and the percentage changes from 2010 in our primary geographic markets were (dollars in millions):

	Revenue	% Change
United States	$ 5,120.0	5.6%
Euro Markets	1,856.2	8.2%
United Kingdom	898.6	15.2%
Other	2,144.8	32.9%
	$ 10,019.6	11.9%

For the first nine months of 2011, foreign exchange impacts increased our revenue by 3.6%, or $322.5 million, compared to the first nine months of 2010. The most significant impacts resulted from the weakening of the U.S. Dollar against the Australian Dollar, British Pound and the Euro.

Driven by our clients' continuous demand for more effective and efficient branding activities, we strive to provide an extensive range of advertising, marketing and corporate communications services through various client-centric networks that are organized to meet specific client objectives. These services include advertising, brand consultancy, corporate social responsibility consulting, crisis communications, custom publishing, database management, digital and interactive marketing, direct marketing, entertainment marketing, environmental design, experiential marketing, field marketing, financial/corporate business-to-business advertising, media planning and buying, mobile marketing services, multi-cultural marketing, non-profit marketing, public affairs, public relations, recruitment communications, reputation consulting, retail marketing, search engine marketing, social media marketing, and sports and event marketing. In an effort to monitor the changing needs of our clients and to further expand the scope of our services to key clients, we monitor revenue across a broad range of disciplines and group them into the following four categories: advertising, CRM, public relations and specialty communications (dollars in millions):

	Nine Months Ended September 30,					
	2011		2010		2011 vs 2010	
	$	% of Revenue	$	% of Revenue	$	% Change
Advertising	$ 4,568.1	45.6%	$ 4,008.7	44.8%	$ 559.4	14.0%
CRM	3,676.1	36.7%	3,261.7	36.4%	414.4	12.7%
Public relations	905.2	9.0%	846.7	9.4%	58.5	6.9%
Specialty communications	870.2	8.7%	838.6	9.4%	31.6	3.8%
	$ 10,019.6		$ 8,955.7		$ 1,063.9	11.9%

Operating Expenses: Operating expenses for the first nine months of 2011 compared to operating expenses for the first nine months of 2010 were (dollars in millions):

	Nine Months Ended September 30,							
	2011			2010			2011 vs 2010	
	$	% of Revenue	% of Total Operating Expenses	$	% of Revenue	% of Total Operating Expenses	$ Change	% Change
Revenue	$ 10,019.6			$ 8,955.7			$ 1,063.9	11.9%
Operating Expenses:								
Salary and service costs	7,395.8	73.8%	83.7%	6,526.5	72.9%	82.2%	869.3	13.3%
Office and general expenses	1,440.1	14.4%	16.3%	1,408.6	15.7%	17.8%	31.5	2.2%
Total Operating Expenses	8,835.9	88.2%		7,935.1	88.6%		900.8	11.4%
Operating Income	$ 1,183.7	11.8%		$ 1,020.6	11.4%		$ 163.1	16.0%

Repositioning Actions and Remeasurement Gain: In the first quarter of 2011, we recorded $131.3 million of charges related to our repositioning actions. Additionally, we recorded a $123.4 million remeasurement gain related to the acquisition of the controlling interest in the Clemenger Group in the first quarter of 2011. The impact on operating expenses of these transactions for the nine months ended September 30, 2011 was (dollars in millions):

	Increase (Decrease)	
	Repositioning Actions	Remeasurement Gain
Salary and service costs	$ 92.8	
Office and general expenses	38.5	$ (123.4)
	$ 131.3	$ (123.4)

Operating Expenses: Salary and service costs tend to fluctuate in conjunction with changes in revenue. Salary and service costs increased 13.3% in the first nine months of 2011 compared to the first nine months of 2010. This increase reflects increased compensation costs, including freelance labor and incentive compensation, and severance charges associated with our repositioning actions. Excluding the $92.8 million of severance charges incurred in connection with our repositioning actions, salary and service costs were $7,303.0 million in the first nine months of 2011, an increase of 11.9%. Payments of $83.3 million related to these severance charges were made during the first nine months of 2011.

Office and general expenses are less directly linked to changes in our revenue than salary and service costs. Office and general expenses increased 2.2% in the first nine months of 2011 compared to the first nine months of 2010, reflecting a decrease of $123.4 million related to the non-cash remeasurement gain recorded in connection with the acquisition of the controlling interest in the Clemenger Group in the first quarter of 2011, partially offset by $38.5 million of charges related to our repositioning actions in the first quarter of 2011. Excluding the net decrease of $84.9 million related to the remeasurement gain and the charges for our repositioning actions, office and general expenses were $1,525.0 million in the first nine months of 2011, an increase of 8.3%. See Note 9 to our unaudited condensed consolidated financial statements for additional information regarding our repositioning actions.

As a result of the above changes, operating margins increased to 11.8% in 2011 from 11.4% in 2010 and EBITA margins increased to 12.5% in the first nine months of 2011 from 12.0% in the first nine months of 2010.

Net Interest Expense: Net interest expense increased to $91.8 million in the first nine months of 2011, compared to $77.7 million in the first nine months of 2010. Interest expense increased $22.7 million to $118.6 million. The increase in interest expense was primarily due to increased interest expense resulting from the issuance of our 4.45% Senior Notes due 2020 in August 2010, partially offset by a net reduction in interest expense resulting from the interest rate swaps on our 2016 Notes entered into in August 2010. The interest rate swaps were settled with the counterparties in August 2011 resulting in a deferred gain of $33.2 million that is being amortized over the remaining life of the 2016 Notes as a reduction of interest expense. Interest income increased $8.6 million to $26.8 million in the first nine months of 2011. The increase in interest income was attributable to higher foreign cash balances available for investment.

Income Taxes: Our effective tax rate for the first nine months of 2011 decreased to 32.0%, compared to 34.0% for the first nine months of 2010. The decrease in the effective tax rate was caused by the following items recorded in the first quarter of 2011 (dollars in millions):

	Increase (Decrease)	
	Income Before Income Taxes	**Income Tax Expense**
Repositioning actions	$ (131.3)	$ (39.5)
Remeasurement gain	123.4	2.8
Accrual for uncertain tax positions	—	9.0
	$ (7.9)	$ (27.7)

The tax benefit on the repositioning actions was calculated based on the jurisdictions where the charges were incurred and reflects the likelihood that we will be unable to obtain a tax benefit for all charges incurred. The remeasurement gain resulting from the acquisition of the controlling interest in Clemenger created a difference between the book basis and tax basis of our investment. Because this basis difference is not expected to reverse, no deferred taxes were provided and the tax provision recorded represents the incremental U.S. tax on acquired historical unremitted earnings. The $9.0 million accrual resulted from adjustments to U.S. income tax returns for calendar years 2005, 2006 and 2007, that were agreed upon and recorded in the first quarter of 2011. The examination of those returns is closed.

Net Income Per Common Share - Omnicom Group Inc.: For the foregoing reasons, net income - Omnicom Group Inc. in the first nine months of 2011 increased $99.5 million, or 17.1%, to $680.7 million, compared to $581.2 million in the first nine months of 2010. Diluted net income per common share - Omnicom Group Inc. increased 26.1% to $2.37 in the first nine months of 2011, compared to $1.88 in the first nine months of 2010 due to the factors described above, as well as the impact of the reduction in our weighted average common shares outstanding. This reduction was the result of repurchases of our common stock during the fourth quarter of 2010 through the first nine months of 2011, net of stock option exercises and shares issued under our employee stock purchase plan.

Critical Accounting Policies

For a more complete understanding of all of our accounting policies, our financial statements and the related management's discussion and analysis of those results, investors are encouraged to consider this information together with our discussion of our critical accounting policies under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2010 Form 10-K.

We evaluate goodwill for impairment at least annually at the end of the second quarter of the year. We identified our regional reporting units as components of our operating segments, which are our five agency networks. The regional reporting units of each agency network are responsible for the agencies in their region. They report to the segment managers and facilitate the administrative and logistical requirements of our client-centric strategy for delivering services to clients in their regions. We have concluded that for each of our operating segments, their regional reporting units have similar economic characteristics and should be aggregated for purposes of testing goodwill for impairment at the operating segment level. Our conclusion was based on a detailed analysis of the aggregation criteria set forth in the ASC. Consistent with our fundamental business strategy, the agencies within our regional reporting units serve similar clients in similar industries, and in many cases the same clients. In addition, the agencies within our regional reporting units have similar economic characteristics, as the main economic components of each agency are employee compensation and related costs and direct service costs associated with providing professional services and office and general costs, which include rent and occupancy costs, technology costs that are generally limited to purchased computers, servers and off-the-shelf software and other overhead expenses. Finally, the expected benefits of our acquisitions are typically shared across multiple agencies and regions as they work together to integrate the acquired agency into our client service strategy.

Estimates and Assumptions - Goodwill Impairment Review: We use the following valuation methodologies to determine the fair value of our reporting units: (1) the income approach which utilizes discounted expected future cash flows, (2) comparative market participant multiples for EBITDA (earnings before interest expense, income taxes, depreciation and amortization), and (3) when available, consideration of recent and similar purchase acquisition transactions.

In applying the income approach, we use estimates to derive the expected discounted cash flows ("DCF") for each reporting unit that serves as the basis of our valuation. These estimates and assumptions include revenue growth and operating margin, EBITDA, tax rates, capital expenditures, weighted average cost of capital and related discount rates and expected long-term cash flow growth rates. All of these estimates and assumptions are affected by conditions specific to our businesses, economic conditions related to the industry in which we operate, as well as conditions in the global economy. The assumptions that have the most significant effect on our valuations derived using a DCF methodology are: (1) the expected long-term growth rate of our reporting units' cash flows and (2) the weighted average cost of capital ("WACC").

The range of assumptions used for the long-term growth rate and WACC in our evaluation as of June 30, 2011 and 2010 were:

	June 30,	
	2011	2010
Long-Term Growth Rate	4%	4%
WACC	10.5% - 11.2%	10.3% - 10.9%

Long-term growth rates represent our estimate of a conservative long-term growth rate for the industry in which we operate and the global economy. The average historical revenue growth rate of our reporting units for the past ten years was approximately 7.6% and the average GDP growth of the countries comprising our major markets that account for substantially all of our revenue ("Average Nominal GDP") was 4.0% over the same period. We considered this history when determining the long-term growth rates to be used in our annual impairment test at June 30, 2011. We believe marketing expenditures over the long term have a high correlation to GDP. We also believe, based on our historical performance, that our long-term growth rate will exceed Average Nominal GDP growth. For our annual test as of June 30, 2011, we used an estimated long-term growth rate of 4.0% for all of our reporting units.

When performing our annual impairment test as of June 30, 2011 and estimating the future cash flows of all of our reporting units, we also considered the changes in the economic outlook in mid-year 2011. We experienced an increase in our revenue in the first half of 2011 of 6.2%, which excludes growth from acquisitions and foreign exchange movements. We estimated growth rates for the subsequent six years that reflect a reduction from current business conditions.

The risk-adjusted discount rate used in our DCF analysis represents the estimated WACC for each of our reporting units. The WACC is comprised of (1) a risk-free rate of return, (2) a business risk index ascribed to us and to companies in our industry comparable to our reporting units based on a market derived variable that measures the volatility of the share price of equity securities relative to the volatility of the overall equity market, (3) the equity risk premium that is based on the rate of return on equity of publicly traded companies with business characteristics comparable to our reporting units, and (4) the current after-tax market rate of return on debt of companies with business characteristics similar to our reporting units, each weighted by the relative market value percentages of our equity and debt. The slight increase in the WACC used at June 30, 2011 compared to June 30, 2010 was primarily the result of an increase in the long-term U.S. Treasury bond, the risk-free rate of return used.

Sensitivity Analysis and Conclusion - Goodwill Impairment Review: Consistent with our fundamental business strategy, the agencies within our reporting units serve similar clients in similar industries and in many cases the same clients. In addition, the agencies within our reporting units have similar economic characteristics, as the main economic components of each agency are employee compensation and related costs and direct service costs associated with providing professional services, and office and general costs, which include rent and occupancy costs, technology costs and other overhead expenses.

Our reporting units do vary in size with respect to revenue and the amount of debt allocated to them. These differences drive the variations in fair value among our reporting units. In addition, these differences as well as differences in book value, including goodwill, cause the variations in the amount by which fair value exceeds book value among the reporting units. The reporting unit goodwill balances and debt vary by reporting unit primarily because our three legacy agency networks were acquired at the formation of Omnicom and were accounted for as a pooling of interests that did not result in any additional debt or goodwill being recorded. The remaining two agency networks, including Reporting Unit 5, were built through a combination of internal growth and acquisitions that were accounted for as purchase transactions and as a result, they have a relatively higher amount of goodwill and debt.

The decline in the fair value of our reporting units that would need to occur in order to fail step one of our goodwill impairment test (the "Threshold") is as follows (dollars in millions):

	June 30, 2011		June 30, 2010	
Reporting Units	**Goodwill**	**Threshold**	**Goodwill**	**Threshold**
1 and 2	$2,355.2	>65%	$1,792.6	>60%
3 and 4	$2,224.4	>85%	$2,112.6	>70%
5	$3,922.8	>65%	$3,565.7	>55%

Based on the analysis described above, we concluded that our goodwill was not impaired as of June 30, 2011, because the fair values of each of our reporting units were substantially in excess of their respective net book values. Notwithstanding our belief that the assumptions we used in our impairment testing for our WACC and long-term growth rate are reasonable, we performed a sensitivity analysis for each of our reporting units. The results of this sensitivity analysis for our annual impairment test as of June 30, 2011 revealed that if our WACC was increased by 1% and/or our long-term growth rate was decreased by 1%, the fair value of each of our reporting units would continue to be substantially in excess of their respective net book values and pass step 1 of the impairment test.

We plan to continue to perform our impairment test at the end of the second quarter of each year unless certain events or circumstances trigger the need for an interim evaluation for impairment. The estimates we use in testing our goodwill for impairment do not constitute forecasts or projections of future results of operations, but rather are estimates and assumptions based on historical results and assessments of macroeconomic factors affecting our reporting units. We believe that our estimates and assumptions are reasonable, but they are subject to change from period to period. Actual results of operations and other factors will likely differ from the estimates used in our discounted cash flow valuation and it is possible that differences could be material. A change in the estimates we use could result in a decline in the estimated fair value of one or more of our reporting units from the amounts derived as of our latest valuation and could cause us to fail step 1 of our goodwill impairment test if the estimated fair value for the reporting unit is less than the carrying value of the net assets of the reporting unit, including its goodwill. A large decline in estimated fair value of a reporting unit could result in a non-cash impairment charge and may have an adverse effect on our results of operations and financial position.

New Accounting Standards

See Note 2 to our unaudited condensed consolidated financial statements for additional information.

Liquidity and Capital Resources

Cash Sources and Requirements, Including Contractual Obligations

Historically, the majority of our non-discretionary cash requirements have been funded from operating cash flow, cash on hand and short-term investments. Working capital is our principal non-discretionary funding requirement. In addition, we have contractual obligations related to our senior notes and convertible notes, our recurring business operations, primarily related to lease obligations, as well as certain contingent acquisition obligations related to acquisitions made in prior years.

Our principal discretionary cash requirements include dividend payments to our shareholders, capital expenditures, payments for strategic acquisitions and repurchases of our common stock. Our discretionary spending is funded from operating cash flow, cash on hand and short-term investments. In addition, depending on the level of our discretionary activity, we may use other sources of available funding such as the issuance of commercial paper and borrowing under our credit facility or other long-term borrowings to finance these activities. However, we expect that for the remainder of 2011 we should be able to fund both our discretionary and non-discretionary cash requirements without incurring additional long-term debt.

We have a seasonal cash requirement normally peaking during the second quarter primarily due to the timing of payments for incentive compensation, income taxes and contingent acquisition obligations. This typically will result in a net borrowing requirement that decreases over the course of the year and at the end of the calendar year we expect to have cash invested. At September 30, 2011, our cash and cash equivalents decreased by $1,388.1 million from December 31, 2010.

During the first nine months of 2011, we generated $0.5 million of cash from operations. Our discretionary spending during the period was comprised primarily of: dividend payments of $199.0 million, capital expenditures of $114.2 million, repurchases of our common stock of $717.9 million and acquisition payments of $314.8 million, including contingent acquisition obligations. Our total discretionary spending for the nine months ended September 30, 2011 was $1,345.9 million compared to $949.7 million for the nine months ended September 30, 2010.

For the remainder of 2011, we expect to continue to use our cash flow from operations to pay dividends and make capital expenditures, as well as to fund acquisitions and repurchase our common stock.

Cash Management

We manage our cash and liquidity centrally through our regional treasury centers in North America, Europe and Asia. The regional treasury centers are managed by our wholly-owned finance subsidiaries. Each day, operations with excess funds invest these funds with their regional treasury center. Likewise, operations that require funding borrow funds from their regional treasury center. The treasury centers aggregate the net position which is either invested with or borrowed from third parties. To the extent that our treasury centers require liquidity, they have the ability to access local currency uncommitted lines of credit, our credit facility or depending on market conditions at the time, issue up to $1.5 billion of U.S. Dollar-denominated commercial paper. This process enables us to manage our debt balances more efficiently and utilize our cash more effectively, as well as better manage our risk to foreign exchange changes.

In certain countries where we either do not conduct treasury operations or it is not feasible for one of our treasury centers to fund net borrowing requirements on an intercompany basis, we arrange for uncommitted local credit lines.

Our cash and cash equivalents decreased $1,388.1 million and our short-term investments increased $0.1 million from December 31, 2010. Short-term investments principally consist of time deposits with financial institutions that we expect to convert into cash in our current operating cycle, generally within one year.

At September 30, 2011, $136.7 million of our cash and cash equivalents was held in the United States and the remainder was held internationally, primarily in Canada, the United Kingdom and Hong Kong. The majority of our offshore cash is available to us as a source of funds, net of any tax obligations or assessments.

Unrepatriated cumulative earnings of certain foreign subsidiaries are considered to be invested indefinitely outside the United States. In managing our day-to-day liquidity and our long-term capital structure, we do not rely on the unrepatriated earnings as a source of funds. We have not provided U.S. federal and state income taxes on these undistributed foreign earnings. Determination of the amount of this tax liability is based on the rate differential of the U.S. income taxes in excess of the foreign taxes on any remittances of the undistributed earnings and is not practicable because of the complexities associated with its hypothetical calculation. Changes in U.S. tax rules and regulations covering international operations and foreign tax credits may affect our future reported financial results or the way we conduct our business.

Debt Instruments and Related Covenants

At September 30, 2011, we maintained a credit facility with a consortium of banks providing borrowing capacity of up to $2.0 billion. This facility expires on December 9, 2013. The credit facility provides support for up to $1.5 billion of commercial paper issuances, as well as back-up liquidity in the event any of our convertible notes are put back to us. Depending on market conditions at the time, we typically fund our daily borrowing needs by issuing commercial paper, borrowing under our short-term uncommitted lines of credit or drawing on our credit facility. For the first nine months of 2011, there were no borrowings under the credit facility.

At September 30, 2011 there were no commercial paper issuances outstanding. For the quarter ended September 30, 2011, mercial paper activity was (dollars in millions):

Average amount outstanding during the quarter	$	750.3
Maximum amount outstanding during the quarter	$	1,084.0
Total issuances during the quarter	$	5,414.9
Average days outstanding		12.75
Weighted average interest rate		0.37%

At September 30, 2011, we had short-term borrowings of $16.4 million that were comprised of bank overdrafts and lines of credit of our international subsidiaries. These bank overdrafts and lines of credit are treated as unsecured loans pursuant to the bank agreements supporting the facilities.

Our credit facility contains financial covenants that restrict our ability to incur indebtedness as defined in the agreements. These financial covenants limit the ratio of total consolidated indebtedness to total consolidated EBITDA (under our credit agreements, EBITDA is defined as earnings before interest, taxes, depreciation and amortization) to no more than 3.0 times. We are also required to maintain a minimum ratio of consolidated EBITDA to interest expense of at least 5.0 times. At September 30, 2011, we were in compliance with these covenants, as our ratio of debt to EBITDA was 1.7 times and our ratio of EBITDA to interest expense was 12.0 times. In addition, our credit facility does not limit our ability to declare or pay dividends.

At September 30, 2011, outstanding debt and amounts available under our credit facility were (dollars in millions):

	Debt Outstanding	Available Credit
Short-term borrowings (due in less than one year)	$ 16.4	$ —
mercial paper issued under $2.0 billion credit facility due December 9, 2013	—	2,000.0
5.90% Senior Notes due April 15, 2016	1,000.0	—
6.25% Senior Notes due July 15, 2019	500.0	—
4.45% Senior Notes due August 15, 2020	1,000.0	—
Convertible notes due July 31, 2032	252.7	—
Convertible notes due June 15, 2033	0.1	—
Convertible notes due July 1, 2038	406.6	—
Other debt	1.4	—
Unamortized discount on Senior Notes	(7.9)	—
Deferred gain from termination of interest rate swaps on Senior Notes due 2016	32.3	—
	$ 3,201.6	$ 2,000.0

On October 12, 2011, we amended our credit facility to increase the borrowing capacity to $2.5 billion and to extend the term to October 12, 2016. There were no changes to the financial covenants in the credit facility.

Credit Markets and Availability of Credit

We will continue to take actions available to us to respond to changing economic conditions and actively manage our discretionary expenditures. We will continue to monitor and manage the level of credit made available to our clients. We believe that these actions, in addition to the availability of our $2.5 billion credit facility, are sufficient to fund our near-term working capital needs and our discretionary spending.

In funding our day-to-day liquidity, we have historically been a participant in the commercial paper market. We expect to continue funding our day-to-day liquidity needs through the commercial paper market. However, prior disruptions in the credit markets led to periods of illiquidity in the commercial paper market and higher credit spreads. During these periods of disruption, to mitigate these conditions and to fund our day-to-day liquidity, we used our uncommitted lines of credit and borrowed under our credit facility. We will continue to closely monitor our liquidity and the credit markets. We cannot predict with any certainty the impact on us of any future disruptions in the credit markets.

The next date on which holders of our 2032 Notes can put their notes back to us for cash is July 31, 2012. The next date on which holders of our 2038 Notes can put their notes back to us for cash is June 17, 2013. If our convertible notes are put back to us, based on our current financial condition and expectations, we anticipate having sufficient cash and unused credit commitments to fund any put. Although such borrowings would reduce the amount available under our credit facility to fund our cash requirements, we believe that we have sufficient capacity under these commitments to meet our cash requirements for the normal course of our business operations after any put.

Contractual Obligations and Other Commercial Commitments

Contingent Acquisition Obligations: Certain of our acquisitions are structured with contingent purchase price obligations, often referred to as earn-outs. We utilize contingent purchase price structures in an effort to minimize the risk to us associated with potential future negative changes in the performance of the acquired entity during the post-acquisition transition period. These payments are not contingent upon future employment. At September 30, 2011, the amount of future contingent purchase price payments that we could be required to pay for acquisitions completed prior to January 1, 2009, assuming that the businesses perform over the relevant future periods at their current profit levels, is approximately $42 million. The ultimate amounts payable cannot be predicted with reasonable certainty because they are dependent on future results of operations of the subject businesses and are subject to changes in foreign currency exchange rates. In accordance with U.S. GAAP, for acquisitions completed prior to January 1, 2009, we have not recorded a liability for these items on our balance sheet since the definitive amount is not determinable or distributable. Actual results can differ from these estimates and the actual amounts that we pay are likely to be different from these estimates. Our obligations change from period to period primarily as a result of payments made during the current period, changes in the acquired entities' performances and changes in foreign currency exchange rates. These differences could be significant.

The contingent purchase price obligations as of September 30, 2011, calculated by assuming that the acquired businesses perform over the relevant future periods at their current profit levels, are as follows (dollars in millions):

Remainder 2011	2012	2013	Total
$—	$35	$7	$42

Contingent purchase price obligations related to acquisitions completed subsequent to December 31, 2008 are recorded as a liability at fair value in our unaudited condensed consolidated balance sheet. This liability is remeasured at each reporting period and changes in fair value are recorded in our results of operations. At September 30, 2011, this liability totaled approximately $192 million, of which $38 million is current, and is not included in the above amounts.

Credit Risk

We provide marketing and corporate communications services to thousands of clients who operate in nearly every industry sector and in the normal course of business, we grant credit to qualified clients. Due to the diversified nature of our client base, we do not believe that we are exposed to a concentration of credit risk as our largest client accounts for 2.9% and no other client accounted for more than 2.2% of our revenue for the nine months ended September 30, 2011. However, during periods of economic downturn, the credit profiles of our clients could change.

In the normal course of business, we often enter into contractual commitments with media providers and agreements with production companies on behalf of our clients at levels that can substantially exceed our revenue in connection with the services we provide. Many of our agencies purchase media for our clients and act as an agent for a disclosed principal. These commitments are included in accounts payable when the media services are delivered by the media providers. While operating practices vary by country, media type and media vendor, in the United States and certain foreign markets, many of our contracts with media providers specify that if our client defaults on its payment obligation, then we are not liable to the media providers under the legal theory of sequential liability until we have been paid for the media by our client. In other countries, we manage our risk in other ways, including evaluating and monitoring our clients' creditworthiness and in many cases, requiring credit insurance or payment in advance. Further, in cases where we are committed to a media purchase and it becomes apparent that a client may be unable to pay for the media, options are potentially available to us in the marketplace, in addition to those cited above to mitigate the potential loss, including negotiating with media providers. In addition, our agencies incur production costs on behalf of clients. We usually act as an agent for a disclosed principal in the procurement of these services. We manage the risk of payment default by the client by having the production companies be subject to sequential liability or requiring at least partial payment in advance. However, the agreements entered into, as well as the production costs incurred are unique to each client. We have not experienced a material loss related to media purchases or production costs incurred on behalf of our clients. However, the risk of a material loss could significantly increase in a severe economic downturn.

ITEM 3. QUANTATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

ıs a global service business, we operate in multiple foreign currencies and issue debt in the capital markets. In the normal course of business, we are exposed to foreign currency fluctuations and the impact of interest rate changes . We limit these risks through risk management policies and procedures, including the use of derivatives. For foreign currency exposure, derivatives are used to better manage the cash flow volatility arising from foreign exchange rate fluctuations. For interest rate exposure, derivatives may be used to manage the related cost of debt.

As a result of using derivative instruments, we are exposed to the risk that counterparties to derivative contracts will fail to meet their contractual obligations. To mitigate the counterparty credit risk, we have a policy of only entering into contracts with carefully selected major financial institutions based on credit ratings and other factors.

Our 2010 Form 10-K provides a detailed discussion of the market risks affecting our operations. No material change has occurred in our market risks since the disclosure contained in our 2010 Form 10-K. See our discussion regarding current economic conditions in Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations, in the Executive Summary and Liquidity and Capital Resources sections.

ITEM 4. CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures designed to ensure that information required to be disclosed in our SEC reports is recorded, processed, summarized and reported within applicable time periods. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in reports that we file or submit under the Securities Exchange Act of 1934, as amended, is accumulated and communicated to management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosure. We conducted an evaluation of the effectiveness of our disclosure controls and procedures as of September 30, 2011. Based on that evaluation, our CEO and CFO concluded that, as of September 30, 2011, our disclosure controls and procedures are effective to ensure that decisions can be timely made with respect to required disclosures, as well as ensuring that the recording, processing, summarization and reporting of information required to be included in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2011 are ppropriate.

There have not been any changes in our internal control over financial reporting during our most recent fiscal quarter that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

KPMG LLP, an independent registered public accounting firm that audited our consolidated financial statements included in our Annual Report on Form 10-K filed on February 23, 2011, has issued an attestation report on Omnicom's internal control over financial reporting as of December 31, 2010, dated February 23, 2011.

PART II. OTHER INFORMATION

.m 1. Legal Proceedings

The information regarding legal proceedings described in Note 12 to the unaudited condensed consolidated financial statements set forth in Part I of this Quarterly Report on Form 10-Q is incorporated by reference into this Part II, Item 1.

Item 1A. Risk Factors

There have been no material changes to the risk factors disclosed in Item 1A in our 2010 Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Common stock repurchases during the three months ended September 30, 2011 were:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
July 2011	252,660	$48.17	—	—
August 2011	299,987	$40.45	—	—
September 2011	749,872	$37.47	—	—
Total	1,302,519	$40.23	—	—

During the three months ended September 30, 2011, we purchased 1,050,000 shares of our common stock in the open market for general corporate purposes and withheld 252,519 shares from employees to satisfy estimated tax obligations related to stock option exercises and vesting of restricted stock under the terms of our 2007 Incentive Award Plan. The value of the common stock withheld was based on the closing price of our common stock on the applicable exercise or vesting date.

We made no unregistered sales of our equity securities during the three months ended September 30, 2011.

Item 6. Exhibits

(a) Exhibits

3.1 Certificate of Incorporation of Omnicom Group Inc.

3.2 By-laws of Omnicom Group Inc., as amended and restated on May 24, 2011 (Exhibit 3.2 to our Current Report on Form 8-K (File No. 1-10551) dated May 26, 2011 and incorporated herein by reference).

10.1 Amended and Restated Five Year Credit Agreement, dated as of October 12, 2011, by and among Omnicom Capital Inc., a Connecticut corporation, Omnicom Finance plc, a public limited company organized under the laws of England and Wales, Omnicom Group Inc., a New York corporation, the banks, financial institutions and other institutional lenders and initial issuing banks listed on the signature pages thereof, Citigroup Global Markets Inc., J.P. Morgan Securities LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as lead arrangers and book managers, JPMorgan Chase Bank, N.A. and Bank of America, N.A., as syndication agents, HSBC Bank USA, National Association, Wells Fargo Bank, National Association and Banco Bilbao Vizcaya Argentaria, S.A. New York Branch, as documentation agents, and Citibank, N.A., as administrative agent for the lenders (Exhibit 10.1 to our Current Report on Form 8-K (File No. 1-10551) dated October 13, 2011 and incorporated herein by reference).

31.1 Certification of the Chief Executive Officer and President required by Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended.

31.2 Certification of the Executive Vice President and Chief Financial Officer required by Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended.

32.1 Certification of the Chief Executive Officer and President required by Rule 13a-14(b) under the Securities Exchange Act of 1934, as amended, and 18 U.S.C. §1350.

32.2 Certification of the Executive Vice President and Chief Financial Officer required by Rule 13a-14(b) under the Securities Exchange Act of 1934, as amended, and 18 U.S.C. §1350.

101 Interactive Data File.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

OMNICOM GROUP INC.

Dated: October 20, 2011

/s/ Randall J. Weisenburger

Randall J. Weisenburger
Executive Vice President
and Chief Financial Officer
(on behalf of Omnicom Group Inc.
and as Principal Financial Officer)

Exhibit 3.1

RESTATED CERTIFICATE OF INCORPORATION

OF

OMNICOM GROUP INC.

Under Section 807 of the Business Corporation Law of the State of New York

1. The name of the Corporation is Omnicom Group Inc.
   The name under which the corporation was formed is Maxwell Dane, Inc.
2. The certificate of incorporation was filed by the department of state on the 17th day of November, 1944.
3. The text of the certificate of incorporation is hereby amended to effect the following changes:

Article EIGHTH of the Certificate of Incorporation respecting the directors of the corporation is amended to read:

EIGHTH: The number of directors shall be fixed by the By-Laws, or by action of the shareholders or the Board of Directors under specific provisions of a By-Law adopted by the shareholders entitled to vote in an election for directors. If the shareholders are empowered by the By-Laws or by law to change the number of directors constituting the entire Board of Directors, the affirmative vote of the holders of a majority of the votes cast for such action shall be required for the shareholders to change the number of directors constituting the entire Board of Directors. Directors will be elected at each annual meeting of shareholders. If the shareholders are empowered by the By-Laws or by law to remove a director (for cause or otherwise), the exercise of that power will require the affirmative vote of the holders of a majority of the votes cast for such action.

Article TENTH, requiring the affirmative vote of holders of two-thirds in voting power of the outstanding shares of stock of the corporation to approve (a) the adoption, amendment or repeal of any provision of the By-Laws, or (b) the amendment or repeal of Article Eighth or Article Ninth of the Certificate of Incorporation, is deleted.

Article ELEVENTH is renumbered as Article TENTH.

A new Article ELEVENTH respecting shareholder action by written consent is added to the Certificate of Incorporation reading as follows:

ELEVENTH: Notwithstanding any provisions in the By-Laws to the contrary, whenever shareholders are required or permitted to take any action by vote, such action may be taken without a meeting on written consent, setting forth the action so taken, signed by the holders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted.

The shareholder or shareholders proposing to take such action shall give notice of the proposed action, which notice shall be in writing and delivered to and received by the Secretary at the principal office of the Corporation not less than ninety days before the proposed effective date of such action.

The text of the Certificate of Incorporation, as amended, is hereby restated as amended to read as herein set forth in full:

CERTIFICATE OF INCORPORATION
OF
OMNICOM GROUP INC.

FIRST: The name of the corporation is Omnicom Group Inc.

SECOND: The purposes for which the corporation is formed is to engage in any lawful act or activity for which corporations may be organized under the New York Business Corporation Law, provided that the corporation will, not engage in any act or activity requiring the consent or approval of any state official, department, board, agency or other body without such consent or approval first being obtained.

THIRD: The office of the corporation in the State of New York shall be located in the County of New York.

FOURTH: The total number of shares of stock which the Corporation will have authority to issue is 1,007,500,000 shares. Of these, 1,000,000,000 shares are classified as Common Stock, par value $.15 per share, and 7,500,000 shares are classified as Preferred Stock, par value $1.00 per share.

The Board of Directors is authorized to divide the 7,500,000 shares of Preferred Stock from time to time into one or more series, and to determine or change by resolution for each series its designation, the number of shares of the series and the powers, preferences and rights, and the qualifications, limitations or restrictions of the shares of the series. The resolution or resolutions of the Board of Directors providing for the division of Preferred Stock into series within a class may include the following provisions:

(1) The distinctive designation of each series and the maximum number of shares of each series which may be issued, which number may be increased (except where otherwise provided by the Board of Directors in creating the series) or decreased (but not below the number of shares of the series then outstanding) from time to time by action of the Board of Directors;

(2) Whether the holders of the shares of each series are entitled to vote and, if so, the matters on which they are entitled to vote, the number of votes to which the holder of each share is entitled, and whether the shares of the series are to be voted separately or together with shares of other series;

(3) The dividends to which holders of shares of each series will be entitled; any restrictions, conditions or limitations upon the payment of those dividends; whether the dividends will be cumulative and, if cumulative, the date or dates from which the dividends will be cumulative;

(4) Whether the shares of one or more series will be subject to redemption and, if so, whether redemption will be mandatory or optional and if optional, at whose option, the manner of selecting shares for redemption, the redemption price and the manner, of redemption;

(5) The amount payable on shares of each series if there is a liquidation, dissolution or winding up of the Corporation which amount may vary at different dates and depending upon whether the liquidation, dissolution or winding up is voluntary or involuntary;

(6) The obligation, if any, of the Corporation to maintain a purchase, retirement or sinking fund for shares of each series;

(7) Whether the shares of one or more series will be convertible into, or exchangeable for, any other types of securities, either at the option of the holder or of the Corporation and, if so, the terms of the conversions or exchanges;

(8) Any other provisions regarding the powers, preferences and rights, and the qualifications limitations or restrictions, of each series which are not inconsistent with applicable law.

All shares of a series of Preferred Stock will be identical with each other in all respects, except that shares of any one series issued at different times may differ as to the dates from which dividends on those shares, if cumulative, shall cumulate.

FIFTH: No holder of any of the shares of any class of the corporation shall be entitled as of right to subscribe for, purchase, or otherwise acquire any shares of any class of the corporation which the corporation proposes to issue or any rights or options which the corporation proposes to grant for the purchase of shares of any class of the corporation or for the purchase of any shares, bonds, securities, or obligations of the corporation which are convertible into or exchangeable for, or which carry any rights, to subscribe for, purchase, or otherwise acquire shares of any class of the corporation; and any and all of such shares, bonds, securities or obligations of the corporation, whether now or hereafter authorized or created, may be issued, or may be reissued or transferred if the same have been reacquired and have treasury status, and any and all of such rights and options may be granted by the Board of Directors to such persons, firms, corporations and associations, and for such lawful consideration, and on such terms, as the Board of Directors in its discretion may determine, without first offering the same, or any part thereof, to any said holder. Without limiting the generality of the foregoing stated denial of any and all preemptive rights, no holder of shares of any class of the corporation shall have any preemptive rights in respect of the matters, proceedings or transactions specified in subparagraphs (1) to (6), inclusive, of paragraph (e) of Section 622 of the Business Corporation Law.

SIXTH: The duration of the corporation shall be perpetual.

SEVENTH: The Secretary of State is designated as the agent of the corporation upon whom process against the corporation may be served, and the address to which the Secretary of State shall mail a copy of any process against the corporation served upon him is: Michael O'Brien, 437 Madison Avenue, New York, N.Y. 10022.

EIGHTH: The number of directors shall be fixed by the By-Laws, or by action of the shareholders or the Board of Directors under specific provisions of a By-Law adopted by the shareholders entitled to vote in an election for directors. If the shareholders are empowered by the By-Laws or by law to change the number of directors constituting the entire Board of Directors, the affirmative vote of the holders of a majority of the votes cast for such action shall be required for the shareholders to change the number of directors constituting the entire Board of Directors. Directors will be elected at each annual meeting of shareholders. If the shareholders are empowered by the By-Laws or by law to remove a director (for cause or otherwise), the exercise of that power will require the affirmative vote of the holders of a majority of the votes cast for such action.

NINTH: A director of the corporation shall not be personally liable to the corporation or its shareholders for damages for breach of fiduciary duty as a director, except where a judgment or other final adjudication adverse to a director establishes that such director's acts or omissions were in bad faith or involved intentional misconduct or knowing violation of law or where such director personally gained in fact a financial profit or other advantage to which such director was not legally entitled or where such director's acts violated Section 719 of The New York Business Corporation Law. Any repeal or modification of this Article Ninth shall not adversely effect any right or protection of a director of the corporation under this Article Ninth in respect of any acts or omissions of such director which occurred prior to such repeal or modification.

TENTH: Except as may otherwise be specifically provided in this Certificate of Incorporation, no provision of this Certificate of Incorporation is intended by the corporation to be construed as limiting, prohibiting, denying or abrogating any of the general or specific powers or rights conferred under the Business Corporation Law upon the corporation, upon its shareholders, bondholders, and security holders, and upon its directors, officers, and other corporate personnel, including in particular, the power of the corporation to furnish indemnification to directors and officers in the capacities defined and prescribed by the Business Corporation Law and defined and prescribed rights of said persons to indemnification as the same are conferred by the Business Corporation Law.

ELEVENTH: Notwithstanding any provisions in the By-Laws to the contrary, whenever shareholders are required or permitted to take any action by vote, such action may be taken without a meeting on written consent, setting forth the action so taken, signed by the holders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted.

The shareholder or shareholders proposing to take such action shall give notice of the proposed action, which notice shall be in writing and delivered to and received by the Secretary at the principal office of the Corporation not less than ninety days before the proposed effective date of such action.

4. This restatement of the certificate of incorporation was authorized by the vote of the board of directors followed by a vote of two-thirds of all outstanding shares entitled to vote thereon at a meeting of shareholders.

/s/ Michael J. O'Brien
Secretary

Exhibit 31.1

CERTIFICATION

I, John D. Wren, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended September 30, 2011 of Omnicom Group Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 20, 2011

/s/ JOHN D. WREN

John D. Wren
Chief Executive Officer and President

Exhibit 31.2

CERTIFICATION

I, Randall J. Weisenburger, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ended September 30, 2011 of Omnicom Group Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 20, 2011

/s/ RANDALL J. WEISENBURGER

Randall J. Weisenburger
Executive Vice President and
Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF
ANNUAL REPORT ON FORM 10-Q

Pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, in connection with the filing of Omnicom Group Inc.'s Quarterly Report on Form 10-Q for the period ended September 30, 2011, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, the Chief Executive Officer and President of Omnicom Group Inc. certify that, to my knowledge:

- the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

- the information contained in the Report fairly presents, in all material aspects, the financial condition and results of operations of Omnicom Group Inc. as of the dates and for the periods expressed in the Report.

Executed as of October 20, 2011.

/s/ JOHN D. WREN

Name: John D. Wren
Title: Chief Executive Officer and President

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906, of the Sarbanes-Oxley Act of 2002 and will not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1924, as amended (the "Exchange Act") or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that Omnicom Group Inc. specifically incorporates it by reference.

Exhibit 32.2

CERTIFICATION OF
ANNUAL REPORT ON FORM 10-Q

Pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, in connection with the filing of Omnicom Group Inc.'s Quarterly Report on Form 10-Q for the period ended September 30, 2011, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, the Executive Vice President and Chief Financial Officer of Omnicom Group Inc. certify that, to my knowledge:

- the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- the information contained in the Report fairly presents, in all material aspects, the financial condition and results of operations of Omnicom Group Inc. as of the dates and for the periods expressed in the Report.

Executed as of October 20, 2011.

/s/ RANDALL J. WEISENBURGER

Name:	Randall J. Weisenburger
Title:	Executive Vice President and Chief Financial Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906, of the Sarbanes-Oxley Act of 2002 and will not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1924, as amended (the "Exchange Act") or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that Omnicom Group Inc. specifically incorporates it by reference.