Carat Restructuring Communication Plan
September 2008

CLICK ON THE ‘COMMENTS’ TAGS TO SEE MY COMMENTS AS WELL AS EDITS MADE IN RED
Communication Plan - Restructuring

Key Constituents

- **Internal**
  - Employees being terminated
  - SLT and local office teams
  - All Staff across Carat

- **External**
  - Clients
  - Vendors
  - Press/Trades where appropriate
Communication Plan - Restructuring

Internal Constituents

- Individuals Affected/Made Redundant
  - SF – one on one communication with manager/HR
  - Boston – one on one communication with manager/HR
  - LA – Buying Groups aggregated with key messaging that all will be consolidated back in NY
    - All others one-on-one with manager/HR
  - Chicago – Buying team aggregated with key messaging about consolidation
    - All others one-on-one with manager/HR
  - Dallas – Buying group aggregated with key messaging that all will be consolidated back in NY.
  - Atlanta – No individual impact.
Communication Plan - Restructuring

- Internal Constituents (continued)

  - Office SLT and Local office staff
    - Communication will be tailored to each office based on specific actions.
    - SLT told morning of actions – prior to actions taking place
    - Office Level communication end of day via “town-hall” approach

  - All Carat Staff
    - Email communication from Scott Sorokin talking about the restructuring purpose, key messages around the consolidation of Buying and Research to New York as well as financial position and go forward message.
    - Roadshow presentation by Scott Sorokin week of September 28th?
Communication Plan - Restructuring

External Constituents

• Clients
  • Messaging to clients based on individual impact where employee reductions are visible
  • Messaging to all clients regarding our consolidation of buying
    • Consider email/letter to client contacts ensuring them our buying strategy is stronger than ever
    • Stronger at the center – strength in consolidation

• Vendors
  • Messaging regarding new contacts/set up for Spot Buying
  • Transition plans for hand off of relationships
Communication Plan - Restructuring

External Constituents (continued)

• Press/Trades
  • Have press release ready to respond to industry rumors
    • Overarching message about restructuring
    • Centralized Buying positioning
    • Promotion/Leadership quotes?
    • Proactive messaging to pitch as new positioning?
Key Messages
Why Are We Taking This Action?

We are right-sizing Carat for several key reasons: client spend reduction, re-prioritization and focus on our core services and a streamlining of our operations. These efforts have been based on a thorough evaluation of our structure, operating and staffing costs.

We feel confident about our future as an integrated [combined] organization and believe that our positioning and structure will make us a stronger competitor in the marketplace, driving more accountability in our business.

When an organization has to go through such an exercise, it is always unfortunate because it affects people who are our colleagues, whom we do care about.

Each person affected by the restructuring will be eligible to receive severance and other benefits as appropriate.

We encourage you to direct your outstanding questions to your local leadership team and/or the appropriate Human Resources representative.
Critical Talent Message

We value you. You are our future and key to the growth and rebuilding of Carat.

As someone who we see as a leader (or future leader) in this company, we need your help. We want to make sure our people understand that Carat is strong and that we are transforming this company into a more entrepreneurial culture that will strive to service our clients across many different channels, enabling them to meet their customers’ needs.

Some of your colleagues may be questioning if this is the right place for them to build their careers. Tell them what I am telling you today with your colleagues and anyone who reports to you. Let them know that we are building for the future. The actions we had to take, although unfortunate, were necessary to right-size the company and so that we can bring in the skill sets we need to effectively service our business and future client needs.

Please assure your colleagues and team members that we are confident about the future and expect their support and help in this transformation. In order to win, we need to be inspired and to inspire others. We want The only way to take this company to the next level, we need is to demonstrate strong leadership and I am asking for your help to take us there.
**Message to Impacted Employees**

I HAVE ADDRESSED ALL OF THE FOLLOWING COMMUNICATIONS IN THE ATTACHED WORD DOCUMENT

“I unfortunately have some difficult news which affects you and your position with the company. Based on the continued reduction in our client’s spend and a restructuring of the core functions (insert group here), we had to evaluate a number of factors and took a hard look at our future and current business need (capacity), performance, and the evolving skill sets needed for our clients and their businesses. As a result, we no longer have a role for you. This was a very difficult decision which is affecting a number of people across Carat. Your last day with the company will be ____________.

I know this is difficult news to handle. I want you to know that we have prepared some information that I would like to review with you now. This is important information concerning your severance, medical benefits and outplacement assistance. This is the package we have arranged for anyone affected by a reduction in staff such as this.

Please know that we value your contribution to the company and want to help you as your transition into the next stage of your professional career. Let’s review your package and make sure you understand what we have provided. We also have outplacement services to offer you as a part of your transition if you are interested in taking advantage of that service.

If you would like to go home today and come back tomorrow to clean out your desk or office, you are free to do so. We would like you to meet with your manager following our meeting to transition your work. We will be communicating to your team today. Your manager will be contacting clients. We ask that you do not contact your client to discuss this situation. As this is affecting a number of people, we will be communicating to the office later today what has occurred.

Please review the materials that we have provided for you. You have one week (or 45 days depending on situation) to review your severance agreement, sign it and return it to me. In the meantime, don’t hesitate to call me if you have any questions.”
As many of you know, and undoubtedly feel, today has been a really difficult day for our organization as we have separated with a number of our colleagues. I am reaching out to provide some context for what has occurred and to offer some thoughts on the implications for our future together.

As many of you know, we have experiences an overall decline in business. This is endemic in our industry at the moment but has also been fueled by a few key losses in business in the first half of this year.

The restructuring of Buying and Research to New York from our other locations is a strategic move to strengthen the core of our business. We believe strongly that our clients will be better served by a centralized model. This drives collaboration, consistency and stronger leverage in the marketplace.

The leadership team and I ask each of you to remain confident: confident in our strategy and ability to meet the ever-evolving challenges of our sector; confident in the focus I on making sure we have the best talent and the that we create the best professional environment to inspire that talent that is poised to win in 2009.

The senior leadership team is deeply engaged in a range of new business activity with existing clients and new prospects which is showing great success and promise—our new business pipeline remains strong.

Thanks to everyone for your hard work and contributions to our successes and prepare to work together to make the future of Carat strong and prosperous!
Client Messaging

Change of Staffing on Business

- The general message for clients where the relationship is new and/or individual has not been on the business long:
  - Mary Smith will be moving off your business. Now that we understand your business better, we are replacing her with someone whom we feel will be a better partner for you.

- The message for clients where the staffing change impacts a longer standing relationship on the business:
  - Mary Smith will not longer be working on your business. In order to serve you better and provide greater innovation we have made a staffing change to your business. Paul Jones will be replacing Mary on the business effective ____.
Client Messaging

Change of Buying Structure/Team

• We have restructured our buying teams and consolidated our resources in New York. This is a strategy that we believe will greatly enhance the service and product you are receiving from Carat. Collectively the Spot, National, Radio and Print teams will be working in collaboration – sharing ideas, strategies and offering our clients strength in value through collaboration and negotiating strategies.

• We have a new process for delivering enhances strategies, reporting and outputs that we will be taking you through by the beginning of the year that will help you understand the value you are receiving from Carat and how we are driving efficiency for your business.
Vendor Messaging

Change of Buying Structure/Team - TBD

• We have restructured our buying teams and consolidated our resources in New York. This is a strategy that we believe will greatly enhance the service and product you are receiving from Carat. Collectively the Spot, National, Radio and Print teams will be working in collaboration – sharing ideas, strategies and offering our clients strength in value through collaboration and negotiating strategies.

• We have a new process for delivering enhances strategies, reporting and outputs that we will be taking you through by the beginning of the year that will help you understand the value you are receiving from Carat and how we are driving efficiency for your business.
Frequently Asked Questions - Reductions

Why are we doing this?
As with any business change, we need to strategically look across all capabilities to assess capacity, performance. We value the contributions of the people who have been affected and will be providing support to help those who have been affected by this restructuring.

Why are we doing this?
We are aligning our resources with the demands and needs of our business and our clients going forward. We believe we made the best decisions given the circumstances.

How did we go about deciding who we would let go?
We took a hard look at our current business needs, skill sets, relative job performance of those at the same or similar position, and the future needs of our clients and our organization. It was a very thoughtful process and we feel we made the best decisions given what we know today.

Can we get the names of the people who were affected in case we want to help them in some way?
We respect the privacy of our employees and as such have made it a practice not to give out the names of those who have lost their jobs with the company. However, we are proactively seeking out opportunities for the affected staff, where appropriate, with our sister companies. I am sure that those who were affected will reach out to many of you when they are ready to do so.
Frequently Asked Questions Cont’d…

When is their last day?
   In all but a few cases their last day with the company will by end of this week.

Did those affected get a special severance package?
   Everyone affected was offered severance and outplacement services consistent with our severance guidelines.

How many people were affected?
   Approximately ____ positions were affected.

Were any other offices affected? Was this confined to the Irvine/LA Office?
   This action has impacted many of our offices given that we have evaluated all functions of our organization. Again, the decision to eliminate any and all positions was based upon the needs of our business and the overall restructuring of the key functions.

Will this be communicated to the press?
   We will not proactively issue any press releases externally and ask that you handle the communication around this action with sensitivity. Of course, the stock market and our investors anticipate moves like this from time to time, but are for the most part not concerned unless there is some material impact to the company.

What if I am contact by the press, or external parties?
   All inquiries from the press should be sent to Adrienne Scordato, our Director of Communications.
How does this action affect our future talent?

While it was difficult, we took into consideration the need to make room for growth. We will continue to pipeline talent for our future growth and develop our current staff. We will continue to promote and reward our employees as appropriate. We are committed to building for our future and we believe we have the right people to take us there.

Will these positions be replaced?

We will selectively make hires for those practice areas and/or specific roles that are needed based on client and business demand. We will also be pipelining for roles that we believe will be critical to our growth.

How does the Carat plan to grow?

There are three areas of growth that have been targeted for 2008:

- Business upside from current clients (multiple service lines)
- Net new business - category focus (automotive, tech, etc.)
- Acquisitions - selective areas being identified to bolster offering
Frequently Asked Questions Cont’d…

Will we be investing in developing the skills of our current employees so that we can be prepared for the future needs you are referring to?
Absolutely. We are committed to developing our talent and we are working with the Practice Leaders to ensure employees have on-going craft and skills training. However, it’s also important that we all keep abreast of how the industry is rapidly evolving and that we continue to keep our knowledge and skills current with the needs of the business.

How do we know we won’t have to do this again in the future?
We made these actions with the needs for the future of our business in mind. Although no one can ever predict what the future will bring, we do not anticipate another action of this nature in the foreseeable future.