

Message to Impacted Employees

“Unfortunately, I have some difficult news which that 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 tooktake a hard look at our future and currentcurrent and future business needs (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 that is affecting a number of people across Caratthe entire organization. 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 arrangedarrange 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 with 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 any clients to discuss this situation. As Since 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.”

Scott’s Message

Email Message – Internal Distribution ONLY

As many of you already know, and undoubtedly feel, today has been a really difficult day for our organization as we have separatedpart with a number of our colleagues. I’m sure it’s been difficult for you as it has been difficult for me and the rest of our organization. I am reaching outwould like 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, it's no secret that we have experienced an overall decline in business. This is endemic widespread 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 and centralizing of the Buying and Research groups to New York from our other locations is a strategic move designed to strengthen the core of our business. We believe strongly that our clients will be better served by a centralized model and you will be hearing more about this in the days to come. This move to drive collaboration, consistency and stronger leverage in the marketplace.

We are also re-setting our priorities around our core services and streamlining our operations overall. I will be visiting all of your offices over the coming weeks to explain how this will benefit you as we move into a new and more efficient phase of our partnership where you will have more opportunities to succeed.

The leadership team and I ask each of you to remain steadfast and confident: confident in our strategy and ability to meet the ever-evolving challenges of our sector industry; confident in our focus 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 activities with existing clients and new prospects, which is showing great success and promise—our new business pipeline remains strong. But we will need your help to turn these prospects into realities.

Thank you all to everyone for your hard work, and contributions to our successes and prepare commitment to work together to make the future of Carat strong and prosperous! I look forward to seeing you within the next couple weeks.

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 no 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 together – sharing ideas, strategies and offering our clients strength in value through collaboration and negotiating strategies.

We have a new process for delivering enhanced 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 your relationship with Carat. Collectively the Spot, National, Radio and Print teams will be working in collaboration together – sharing ideas, strategies and offering our clients strength in value through collaboration and negotiating strategies.

We have a new process for delivering enhanced 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 how your relationship will improve with Carat and how we are driving efficiency for your both our businesses.

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, the demands of our business and our clients' needs. We value the contributions of the people who have been affected by the restructuring and will be providing support to help those who have been affected by this restructuring however we can.

Why are we doing this?

We are aligning our resources with the demands and needs of our business and our clients going forward. **W**But we believe we made the best decisions possible given the circumstances.

How did we go about deciding/decide who we would be let go?

We took a hard look at our current business needs, skill sets, and 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.

When is their last day?

In all but a few cases their last day with the company will be 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/LAour Officeoffice?

This action has impacted many of our offices given that we have since we did 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 inquires 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

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.