

**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, 2003**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Commission File Number: 1 -6686

THE INTERPUBLIC GROUP OF COMPANIES, INC.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

13 -1024020
(I.R.S. Employer
Identification No.)

1271 Avenue of the Americas, New York, New York
(Address of principal executive offices)

10020
(Zip Code)

Registrant's telephone number, including area code (212) 399 -8000

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 is an accelerated filer (as defined in Executive Act Rule 12b-2) Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. Common Stock outstanding at October 31, 2003: 392,238,613 shares.

**THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES
I N D E X**

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PART I - FINANCIAL INFORMATION

Item 1.

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS
THREE MONTHS ENDED SEPTEMBER 30,
(Amounts in Millions, Except Per Share Amounts)
(Unaudited)

	<u>2003</u>	<u>2002</u>
REVENUE	<u>\$1,418.9</u>	<u>\$1,386.8</u>
OPERATING EXPENSES:		
Salaries and related expenses	810.9	813.2
Office and general expenses	506.6	519.0
Amortization of intangible assets	1.8	2.1
Restructuring charges	48.0	12.1
Long-lived asset impairment	<u>222.7</u>	<u>118.7</u>
Total operating expenses	<u>1,590.0</u>	<u>1,465.1</u>
OPERATING LOSS	<u>_(171.1)</u>	<u>_(78.3)</u>
OTHER INCOME (EXPENSE):		
Interest expense	(43.5)	(36.7)
Debt prepayment penalty	(24.8)	--
Interest income	9.5	5.9
Other income	1.2	2.7
Investment impairment	(29.7)	(4.9)
Litigation charges	<u>_(127.6)</u>	<u>--</u>

Total other income (expense)	<u>(214.9)</u>	<u>(33.0)</u>
LOSS before income taxes	(386.0)	(111.3)
Provision for (benefit of) income taxes	<u>19.5</u>	<u>(23.0)</u>
LOSS OF CONSOLIDATED COMPANIES	(405.5)	(88.3)
Income applicable to minority interests	(10.4)	(7.9)
Equity in net loss of unconsolidated affiliates	<u>(0.3)</u>	<u>(0.2)</u>
LOSS FROM CONTINUING OPERATIONS	(416.2)	(96.4)
INCOME FROM DISCONTINUED OPERATIONS (NET OF TAXES)	<u>89.1</u>	<u>6.8</u>
NET LOSS	<u>\$ (327.1)</u>	<u>\$ (89.6)</u>
Loss per share:		
Basic:		
Continuing operations	\$ (1.08)	\$ (0.26)
Discontinued operations	<u>\$ 0.23</u>	<u>\$ 0.02</u>
Total	<u>\$ (0.85)</u>	<u>\$ (0.24)</u>
Diluted:		
Continuing operations	\$ (1.08)	\$ (0.26)
Discontinued operations	<u>\$ 0.23</u>	<u>\$ 0.02</u>
Total	<u>\$ (0.85)</u>	<u>\$ (0.24)</u>
Weighted average shares:		
Basic	385.8	377.3
Diluted	385.8	377.3
Cash dividends per share	\$ --	\$ 0.095

The accompanying notes are an integral part of these consolidated financial statements.

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS
NINE MONTHS ENDED SEPTEMBER 30,
(Amounts in Millions, Except Per Share Amounts)
(Unaudited)

	<u>2003</u>	<u>2002</u>
REVENUE	<u>\$4,234.0</u>	<u>\$4,196.2</u>
OPERATING EXPENSES:		
Salaries and related expenses	2,544.0	2,474.1
Office and general expenses	1,392.1	1,328.4
Amortization of intangible assets	9.1	6.5
Restructuring charges	142.4	12.1
Long-lived asset impairment	<u>244.8</u>	<u>118.7</u>
Total operating expenses	<u>4,332.4</u>	<u>3,939.8</u>
OPERATING INCOME (LOSS)	<u>(98.4)</u>	<u>256.4</u>
OTHER INCOME (EXPENSE):		
Interest expense	(128.4)	(108.9)
Debt prepayment penalty	(24.8)	--
Interest income	27.6	20.9

Other income	1.3	9.6
Investment impairment	(42.2)	(21.1)
Litigation charges	<u>(127.6)</u>	<u>--</u>
Total other income (expense)	<u>(294.1)</u>	<u>(99.5)</u>
INCOME (LOSS) BEFORE INCOME TAXES	(392.5)	156.9
Provision for income taxes	<u>36.3</u>	<u>79.6</u>
INCOME (LOSS) OF CONSOLIDATED COMPANIES	(428.8)	77.3
Income applicable to minority interests	(19.4)	(22.1)
Equity in net income (loss) of unconsolidated affiliates	<u>(2.2)</u>	<u>3.1</u>
INCOME (LOSS) FROM CONTINUING OPERATIONS	(450.4)	58.3
INCOME FROM DISCONTINUED OPERATIONS (NET OF TAXES)	<u>101.2</u>	<u>20.9</u>
NET INCOME (LOSS)	<u>\$ (349.2)</u>	<u>\$ 79.2</u>
Earnings (loss) per share:		
Basic:		
Continuing operations	\$ (1.17)	\$ 0.16
Discontinued operations	<u>0.26</u>	<u>0.06</u>
Total	<u>\$ (0.91)</u>	<u>\$ 0.21(a)</u>
Diluted:		
Continuing operations	\$ (1.17)	\$ 0.15
Discontinued operations	<u>0.26</u>	<u>0.05</u>
Total	<u>\$ (0.91)</u>	<u>\$ 0.21(a)</u>
Weighted average shares:		
Basic	384.0	375.3
Diluted	384.0	381.1
Cash dividends per share	--	\$ 0.285

(a) Does not total due to rounding.

The accompanying notes are an integral part of these consolidated financial statements.

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(Amounts in Millions, Except Per Share Amounts)

ASSETS
(Unaudited)

	September 30,	December 31,
	<u>2003</u>	<u>2002</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 695.5	\$ 933.0
Accounts receivable (net of allowance for doubtful accounts: 2003-\$162.2; 2002-\$139.8)	4,474.9	4,517.6
Expenditures billable to clients	389.1	407.6
Deferred taxes	41.7	37.0
Prepaid expenses and other current assets	<u>411.9</u>	<u>427.1</u>
Total current assets	<u>6,013.1</u>	<u>6,322.3</u>

FIXED ASSETS, AT COST:

Land and buildings	152.6	168.2
Furniture and equipment	1,041.1	1,125.1
Leasehold improvements	<u>507.7</u>	<u>487.8</u>
	1,701.4	1,781.1
Less: accumulated depreciation	<u>(987.6)</u>	<u>(955.4)</u>
Total fixed assets	<u>713.8</u>	<u>825.7</u>

OTHER ASSETS:

Investment in less than majority-owned affiliates	371.0	357.3
Deferred taxes	610.5	509.9
Other assets	282.5	319.8
Intangible assets (net of accumulated amortization: 2003-\$1,000.0; 2002-\$1,038.5)	<u>3,281.2</u>	<u>3,458.7</u>
Total other assets	<u>4,545.2</u>	<u>4,645.7</u>

TOTAL ASSETS	<u>\$11,272.1</u>	<u>\$11,793.7</u>
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The accompanying notes are an integral part of these consolidated financial statements.

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(Amounts in Millions, Except Per Share Amounts)

LIABILITIES AND STOCKHOLDERS' EQUITY
(Unaudited)

	September 30,	December 31,
	<u>2003</u>	<u>2002</u>
CURRENT LIABILITIES:		
Accounts payable	\$ 4,889.0	\$5,125.5
Accrued expenses	1,074.5	1,110.8
Accrued income taxes	17.6	33.2
Loans payable	83.9	239.3
Convertible subordinated notes	242.0	--
Zero-coupon convertible senior notes	<u>1.0</u>	<u>581.0</u>
Total current liabilities	<u>6,308.0</u>	<u>7,089.8</u>
NON-CURRENT LIABILITIES:		
Long-term debt	1,055.7	1,253.1
Convertible subordinated notes	335.3	564.6
Convertible senior notes	800.0	--
Deferred compensation	523.0	470.5
Accrued postretirement benefits	53.8	55.6
Other non-current liabilities	190.5	189.7
Minority interests in consolidated subsidiaries	<u>64.7</u>	<u>70.4</u>
Total non-current liabilities	<u>3,023.0</u>	<u>2,603.9</u>

Commitments and contingencies (Note 13)

STOCKHOLDERS' EQUITY:

Preferred stock, no par value, shares authorized: 20.0, shares issued: none
Common stock, \$0.10 par value, shares authorized: 800.0,

shares issued: 2003 - 392.0; 2002 - 389.3	39.2	38.9
Additional paid-in capital	1,752.6	1,797.0
Retained earnings	508.8	858.0
Accumulated other comprehensive loss, net of tax	<u>(274.5)</u>	<u>(373.6)</u>
	2,026.1	2,320.3
Less:		
Treasury stock, at cost: 2003- 0.3 shares; 2002 - 3.1 shares	(11.3)	(119.2)
Unamortized deferred compensation	<u>(73.7)</u>	<u>(101.1)</u>
Total stockholders' equity	<u>1,941.1</u>	<u>2,100.0</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$11,272.1</u>	<u>\$11,793.7</u>

The accompanying notes are an integral part of these consolidated financial statements.

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
THREE MONTHS ENDED SEPTEMBER 30,
(Amounts In Millions)
(Unaudited)

	<u>2003</u>	<u>2002</u>
Net Loss	<u>\$(327.1)</u>	<u>\$(89.6)</u>
Foreign Currency Translation Adjustments	<u>11.3</u>	<u>(36.2)</u>
Adjustment for Minimum Pension Liability		
Adjustment for minimum pension liability (due to sale of NFO)	3.2	--
Unrealized Holding Gains (Losses) on Securities		
Unrealized holding gains	14.5	--
Tax expense	(6.0)	--
Unrealized holding losses	--	(9.9)
Tax benefit	<u>--</u>	<u>4.1</u>
Unrealized Holding Gains (Losses) on Securities	<u>8.5</u>	<u>(5.8)</u>
Comprehensive Loss	<u>\$(304.1)</u>	<u>\$(131.6)</u>

The accompanying notes are an integral part of these consolidated financial statements.

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
NINE MONTHS ENDED SEPTEMBER 30,
(Amounts In Millions)
(Unaudited)

	<u>2003</u>	<u>2002</u>
Net Income (Loss)	<u>\$(349.2)</u>	<u>\$ 79.2</u>
Foreign Currency Translation Adjustments	<u>88.0</u>	<u>53.0</u>
Adjustment for Minimum Pension Liability		
Adjustment for minimum pension liability	--	--
Tax benefit	<u>--</u>	<u>--</u>

Adjustment for Minimum Pension Liability	—	—
--	---	---

Unrealized Holding Gains (Losses) on Securities

Unrealized holding gains	19.8	0.9
Tax expense	(8.2)	(0.4)
Unrealized holding losses	(0.8)	(15.4)
Tax benefit	<u>0.3</u>	<u>6.4</u>

Unrealized Holding Gains (Losses) on Securities	<u>11.1</u>	<u>(8.5)</u>
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Comprehensive Income (Loss)	<u>\$(250.1)</u>	<u>\$123.7</u>
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The accompanying notes are an integral part of these consolidated financial statements.

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30,
(Amounts in Millions)
(Unaudited)

	<u>2003</u>	<u>2002</u>
CASH FLOWS FROM OPERATING ACTIVITIES FROM CONTINUING OPERATIONS:		
Net income (loss) from continuing operations	\$(450.4)	\$ 58.3
Adjustments to reconcile net income (loss) from continuing operations to cash provided by (used in) operating activities:		
Depreciation and amortization of fixed assets	138.4	140.1
Amortization of intangible assets	9.1	6.5
Amortization of restricted stock awards and bond discounts	56.7	62.9
Provision for (benefit of) deferred income taxes	(106.2)	25.1
Undistributed equity earnings	2.2	(3.1)
Income applicable to minority interests	19.4	22.1
Restructuring charges - non cash	6.2	--
Long-lived asset impairment	244.8	118.7
Investment impairment	42.2	21.1
Litigation settlements	127.6	--
Other	(2.7)	(7.5)
Change in assets and liabilities, net of acquisitions:		
Accounts receivable	238.8	390.8
Expenditures billable to clients	(5.5)	(109.7)
Prepaid expenses and other current assets	(38.2)	(58.1)
Accounts payable and accrued expenses	(419.8)	(414.7)
Other non-current assets and liabilities	<u>9.3</u>	<u>(11.4)</u>
Net cash provided by (used in) operating activities from continuing operations	<u>(128.1)</u>	<u>241.1</u>
CASH FLOWS FROM INVESTING ACTIVITIES FROM CONTINUING OPERATIONS:		
Acquisitions, net of cash acquired	(194.0)	(252.2)
Capital expenditures	(138.4)	(116.6)
Proceeds from the sale of discontinued operations, net of cash sold	376.7	--
Proceeds from sales of businesses	2.0	8.9
Proceeds from sales of long-term investments	25.2	42.6
Purchases of long-term investments	(15.0)	(42.1)
Maturities of short-term marketable securities	26.3	39.8
Purchases of short-term marketable securities	(34.3)	(14.0)
Other investments in less than majority owned affiliates and miscellaneous assets	<u>(9.7)</u>	<u>(20.4)</u>
Net cash provided by (used in) investing activities from continuing operations	<u>38.8</u>	<u>(354.0)</u>
CASH FLOWS FROM FINANCING ACTIVITIES FROM CONTINUING OPERATIONS:		
Increase (decrease) in short-term debt	(243.4)	6.3

Payments of zero-coupon convertible senior notes	(580.0)	--
Proceeds from long-term debt	22.8	5.3
Proceeds from termination of interest swaps	--	41.5
Proceeds from 4.5% convertible senior notes	778.0	--
Payments of long-term debt	(163.4)	(138.0)
Treasury stock acquired	--	(7.9)
Issuance of common stock	3.1	49.7
Distributions to minority interests	(12.5)	(18.0)
Contributions from minority interests	0.5	1.5
Cash dividends - Interpublic	<u>--</u>	<u>(109.0)</u>
Net cash used in financing activities from continuing operations	<u>(194.9)</u>	<u>(168.6)</u>
Effect of exchange rates on cash and cash equivalents	<u>60.1</u>	<u>(42.0)</u>
Net cash (used in) provided by discontinued operations	<u>(13.4)</u>	<u>3.3</u>
Decrease in cash and cash equivalents	(237.5)	(320.2)
Cash and cash equivalents at beginning of year	<u>933.0</u>	<u>935.2</u>
Cash and cash equivalents at end of period	<u>\$ 695.5</u>	<u>\$ 615.0</u>

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in Millions, Except Per Share Amounts)
(Unaudited)

1. **Basis of Presentation**

In the opinion of management, the financial statements included herein contain all adjustments (consisting of normal recurring accruals) necessary to present fairly the financial position, results of operations and cash flows at September 30, 2003 and for all periods presented. These consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in The Interpublic Group of Companies, Inc.'s (the "Company" or "Interpublic") current report on Form 8-K filed on September 9, 2003. The operating results for the first nine months of the year are not necessarily indicative of the results for the year or other interim periods.

As discussed in Note 10, on July 10, 2003, the Company completed the sale of its NFO WorldGroup ("NFO") research unit to Taylor Nelson Sofres PLC ("TNS"). The results of NFO are classified as discontinued operations in accordance with SFAS 144 "Accounting for the Impairment or Disposal of Long-Lived Assets" and, accordingly, the results of operations and cash flows of NFO have been removed from the Company's results of continuing operations and cash flows for all periods presented in this document.

2. **Earnings (Loss) Per Share**

The following sets forth the computation of earnings (loss) per share for the three and nine month periods ended September 30, 2003 and 2002:

	<u>Three Months Ended September 30,</u>	
	<u>2003</u>	<u>2002</u>
Basic and diluted (a)		
Loss from continuing operations	\$(416.2)	\$ (96.4)
Income from discontinued operations	<u>89.1</u>	<u>6.8</u>
Net loss	<u>\$(327.1)</u>	<u>\$ (89.6)</u>
Weighted average number of common shares outstanding	385.8	377.3
Loss per share from continuing operations	\$(1.08)	\$ (0.26)
Earnings per share from discontinued operations	<u>0.23</u>	<u>0.02</u>
Loss per share - basic and diluted	<u>\$(0.85)</u>	<u>\$ (0.24)</u>

Nine Months Ended September 30,

	<u>2003</u>	<u>2002</u>
Basic		
Income (loss) from continuing operations	\$(450.4)	\$ 58.3
Income from discontinued operations	<u>101.2</u>	<u>20.9</u>
Net Income (loss)	<u>\$(349.2)</u>	<u>\$ 79.2</u>
Weighted average number of common shares outstanding	384.0	375.3
Earnings (loss) per share from continuing operations	\$(1.17)	\$ 0.16
Earnings per share from discontinued operations	<u>0.26</u>	<u>0.06</u>
Earnings (loss) per share - basic	<u>\$(0.91)</u>	<u>\$ 0.21(b)</u>
Diluted (a)		
Income (loss) from continuing operations - diluted	\$(450.4)	\$ 58.3
Income from discontinued operations	<u>101.2</u>	<u>20.9</u>
Net Income (loss) - diluted	<u>\$(349.2)</u>	<u>\$ 79.2</u>
Weighted average number of common shares outstanding	384.0	375.3
Weighted average number of incremental shares in connection with restricted stock and assumed exercise of stock options	<u>---</u>	<u>5.8</u>
Weighted average number of common shares outstanding - diluted	384.0	381.1

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in Millions, Except Per Share Amounts)
(Unaudited)

Nine Months Ended September 30,

	<u>2003</u>	<u>2002</u>
Earnings (loss) per share from continuing operations	\$(1.17)	\$ 0.15
Earnings per share from discontinued operations	<u>0.26</u>	<u>0.05</u>
Earnings (loss) per share - diluted	<u>\$(0.91)</u>	<u>\$ 0.21 (b)</u>

- (a) The computation of diluted EPS for 2003 excludes the assumed conversion of the 1.80% and 1.87% Convertible Subordinated Notes, 4.5% Convertible Senior Notes, the conversion of restricted stock and assumed exercise of stock options because they were antidilutive. The computation of diluted EPS for 2002 excludes the assumed conversion of the 1.80% and 1.87% Convertible Subordinated Notes because they were anti-dilutive.

The 1.80% and 1.87% Convertible Subordinated Notes would have added 6.7 and 6.4 shares, respectively, to the diluted shares outstanding had they been dilutive for the three and nine month periods ended September 30, 2003 and 2002.

The 4.5% Convertible Senior Notes would have added 5.6 and 1.9 shares to the diluted shares for the three and nine month periods ended September 30, 2003, respectively, had they been dilutive.

- (b) Does not total due to rounding.

3. **Stock - Based Compensation Plans**

The Company has various stock-based compensation plans. The stock-based compensation plans are accounted for under the intrinsic value recognition and measurement principles of APB Opinion 25, "Accounting for Stock Issued to Employees" and related interpretations. Generally, all employee stock options are issued with the exercise price equal to the market price of the underlying shares at the grant date and therefore, no compensation expense is recorded. The intrinsic value of restricted stock grants and certain other stock-based compensation issued to employees as of the date of grant is amortized to compensation expense over the vesting period.

If compensation cost for the Company's stock option plans and its Employee Stock Purchase Plan ("ESPP") had been determined based on the fair value at the grant dates as defined by SFAS 123, the Company's pro forma net income (loss) and earnings (loss) per share for the three months ended and nine months ended September 30 would have been as follows:

Three Months Ended September 30,

	<u>2003</u>	<u>2002</u>
Loss from Continuing Operations		

As reported, loss from continuing operations	\$ (416.2)	\$ (96.4)
Add back:		
Stock-based employee compensation expense included in reported net income, net of tax	5.5	9.6
Deduct:		
Total fair value of stock based employee compensation expense, net of tax	<u> (14.0)</u>	<u> (18.7)</u>
Pro forma loss from continuing operations	<u> \$(424.7)</u>	<u> \$(105.5)</u>

Loss Per Share From Continuing Operations

Basic loss per share		
As reported	\$ (1.08)	\$ (0.26)
Pro forma	\$ (1.10)	\$ (0.28)
Diluted loss per share		
As reported	\$ (1.08)	\$ (0.26)
Pro forma	\$ (1.10)	\$ (0.28)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Amounts in Millions, Except Per Share Amounts) (Unaudited)

For purposes of this pro forma information, the fair value of shares under the ESPP was based on the 15% discount received by employees. The weighted-average fair value (discount) on the date of purchase for stock purchased under this plan was \$2.14 and \$2.76 for the three months ended September 30, 2003 and 2002, respectively.

The weighted-average fair value of options granted during the three months ended September 30, 2003 and 2002 was \$6.30 and \$6.20, respectively. The fair value of each option grant has been estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions:

	<u>Three Months Ended September 30,</u>	
	<u>2003</u>	<u>2002</u>
Expected option lives	6 years	6 years
Risk free interest rate	3.06%	3.70%
Expected volatility	44.72%	38.58%
Dividend yield	--	2.13%

	<u>Nine Months Ended September 30,</u>	
	<u>2003</u>	<u>2002</u>
Income (Loss) from Continuing Operations		
As reported, income (loss) from continuing operations	\$ (450.4)	\$ 58.3
Add back:		
Stock-based employee compensation expense included in reported net income, net of tax	16.9	22.8
Deduct:		
Total fair value of stock based employee compensation expense, net of tax	<u> (44.3)</u>	<u> (50.5)</u>
Pro forma income (loss) from continuing operations	<u> \$(477.8)</u>	<u> \$30.6</u>

Earnings (Loss) Per Share From Continuing Operations

Basic earnings (loss) per share		
As reported	\$ (1.17)	\$ 0.16
Pro forma	\$ (1.24)	\$ 0.08
Diluted earnings (loss) per share		
As reported	\$ (1.17)	\$ 0.15
Pro forma	\$ (1.24)	\$ 0.08

For purposes of this pro forma information, the fair value of shares under the ESPP was based on the 15% discount received by employees. The weighted-average fair value (discount) on the date of purchase for stock purchased under this plan was \$1.80 and \$3.73 for the nine months ended September 30, 2003 and 2002, respectively.

The weighted-average fair value of options granted during the nine months ended September 30, 2003 and 2002 was \$4.83 and \$11.01, respectively. The fair value of each option grant has been estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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	<u>Nine Months Ended September 30,</u>	
	<u>2003</u>	<u>2002</u>
Expected option lives	6 years	6 years
Risk free interest rate	3.30%	4.94%
Expected volatility	43.78%	34.49%
Dividend yield	--	1.31%

4. **Restructuring Charges**

During the three and nine months ended September 30, 2003, the Company recorded restructuring charges of \$48.0 and \$142.4, respectively, in connection with the 2003 and 2001 restructuring programs as discussed below. During the three months ended September 30, 2002, the Company recorded restructuring charges of \$12.1 in connection with the 2001 restructuring program.

The Company expects that the restructuring charges recorded to date will result in cash payments of \$136.2 to be paid in 2003 (\$101.1), 2004 (\$22.4) and 2005 and thereafter (\$12.7). Further actions in the 2003 restructuring program will be undertaken in the fourth quarter of 2003 and the first half of 2004.

2003 Program

During the second quarter of 2003, the Company announced that it would undertake restructuring initiatives in response to softness in demand for advertising and marketing services. The restructuring initiatives include severance and lease terminations. The total amount of pre-tax charges the Company expects to incur, through the first half of 2004, is up to approximately \$250.0.

During the nine months ended September 30, 2003, the Company recorded pre-tax restructuring charges of \$142.4 (\$95.4 after tax). The pre-tax restructuring charge was composed of severance costs of \$103.4 and lease terminations costs of \$39.0. Included in the \$39.0 of lease termination costs was \$4.8 related to the write-off of leasehold improvements on vacated properties and \$12.4 related to additional losses on properties vacated as part of the 2001 restructuring program. See below for further discussion of the 2001 restructuring program. The charges related to leases terminated as part of the 2003 program are recorded at net present value and are net of estimated sublease income amounts. In addition, a charge of \$9.1 has been incurred in the three months ended September 30, 2003 related to acceleration of amortization of leasehold improvements on premises which are to be vacated in the future. The charge related to such amortization is included in office and general expenses in the accompanying consolidated statement of operations.

A summary of the remaining liability for restructuring charges related to the 2003 restructuring plan is as follows:

	<u>Second Quarter Charges</u>	<u>Third Quarter Charges</u>	<u>Non-cash Charges</u>	<u>2003 Cash Payments</u>	<u>Ending Balance at September 30, 2003</u>
TOTAL BY TYPE					
Severance and termination costs	\$66.0	\$ 37.4	\$1.4	\$54.5	\$47.5
Lease terminations and other exit costs	<u>16.0</u>	<u>10.6</u>	<u>4.8</u>	<u>2.4</u>	<u>19.4</u>
Total	<u>\$82.0</u>	<u>\$48.0</u>	<u>\$6.2</u>	<u>\$56.9</u>	<u>\$66.9</u>

The severance and termination costs recorded to date relate to a reduction in workforce of approximately 2,200 employees worldwide. The employee groups affected include all levels and functions across the Company: executive, regional and account management and administrative, creative and media production personnel. Approximately 35% of the charge relates to severance in the US, 15% to severance in the UK, 10% to severance in France with the remainder largely relating to the rest of Europe, Asia and Latin America.

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Lease termination costs, net of estimated sublease income, relate to the offices that have been or will be vacated as

Lease termination costs, net of estimated sublease income, relate to the offices that have been or will be vacated as part of the restructuring. Approximately 35 locations are to be vacated with substantially all actions to be completed by March 31, 2004; however, the cash portion of the charge will be paid out over a period of several years. The majority of the offices to be vacated are located in the US, with approximately one third in overseas markets, principally in Europe.

2001 Program

Following the completion of the True North acquisition in June 2001, the Company executed a wide-ranging restructuring plan that included severance, lease terminations and other actions. The total amount of the charges incurred in 2001 in connection with the plan was \$634.5.

A summary of the remaining liability for restructuring and other merger related costs related to the 2001 restructuring plan is as follows:

	Liability at December 31, 2002	2003 Charge	Cash paid through September 30, 2003	Liability at September 30, 2003
TOTAL BY TYPE				
Severance and termination costs	\$ 15.9	\$ --	\$12.0	\$ 3.9
Lease terminations and other exit costs	<u>94.6</u>	<u>12.4</u>	<u>24.9</u>	<u>82.1</u>
Total	<u>\$110.5</u>	<u>\$12.4</u>	<u>\$36.9</u>	<u>\$86.0</u>

5. **Long-Lived Asset Impairment**

During the three and nine months ended September 30, 2003, the Company recorded charges of \$222.7 and \$244.8, respectively, related to the impairment of long-lived assets at both its Octagon Worldwide ("OWW") and Motorsports businesses. These amounts include \$1.7 and \$14.4, respectively, of current capital expenditure outlays that the Company is contractually required to spend to upgrade and maintain certain of its existing Motorsports racing facilities, as well as an impairment of assets at other Motorsports entities.

During the third quarter of 2003, the Company performed its annual impairment review for goodwill and other intangible assets and recorded a non-cash charge of \$221.0, which is reflected as a component of "Long-lived asset impairment" in the accompanying consolidated statement of operations. The charge was required to reduce the carrying value of goodwill at the Company's OWW reporting unit. OWW is separate from Motorsports and offers a variety of sports marketing services including athlete representation, TV rights distribution and other marketing and consulting services.

The OWW charges reflect the reporting unit's lower than expected performance in 2003 and revised future projections indicating that the factors behind the poor 2003 performance are likely to persist. Specifically, during 2003 it became apparent that there was significant pricing pressure in both overseas and domestic TV rights distribution. Further, declining athlete pay scales are expected to result in significantly lower fees from athlete representation, and proceeds from events (including ticket revenue and sponsorship) to which the Company is committed will be lower than amounts that had been anticipated when the event rights were acquired. Various factors, including the operating loss incurred at OWW in 2003, have indicated that lower revised growth projections are required, reflecting lower projected gross margins than OWW has earned historically.

In 2002, the Motorsports businesses experienced significant operational difficulties, including significantly lower than anticipated attendance at the marquee British Grand Prix race in July 2002. These events and a change in management at Motorsports in the third quarter of 2002 led the Company to begin assessing its long-term strategy for Motorsports. Based on valuations of the Motorsports businesses, the Company determined that the goodwill and the book value of certain asset groupings at Motorsports were significantly higher than their expected future cash flows and that an impairment had occurred.

Accordingly, the Company recognized a non-cash impairment loss and related charge of \$118.7 (\$83.8, net of tax) as of September 30, 2002. The charges included \$82.1 of goodwill impairment, \$24.6 of fixed asset write-offs, and \$12.0 to record the fair value of an associated put option.

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6. **Investment Impairment**

During the three and nine months ended September 30, 2003, the Company recorded investment impairment charges of \$29.7 and \$42.2, respectively, relating primarily to international investments that had been determined to have incurred an "other than temporary" impairment.

During the third quarter of 2002, the Company recorded investment impairment charges of \$4.9, primarily related to European marketable securities and certain venture funds that had been determined to have incurred an "other than temporary" impairment. During the second quarter of 2002, the Company recorded investment impairment charges of \$16.2, primarily relating to certain investments of OWW.

The determination as to impairment was largely based on the entity's current and projected operating results.

7. **New Accounting Standards**

In December 2002, SFAS 148, "Accounting for Stock-Based Compensation --- Transition and Disclosure (an

Amendment of SFAS 123)" ("SFAS 148") was issued. SFAS 148 provides alternative methods of transition for making a voluntary change to fair value-based accounting for stock-based compensation. The Company continues to account for its stock option plans under the intrinsic value recognition and measurement principles of APB 25, "Accounting for Stock Issued to Employees" and related interpretations. Effective for interim periods beginning after December 15, 2002, SFAS 148 also requires disclosure of pro forma results on a quarterly basis as if the Company had applied the fair value recognition provisions of SFAS No. 123. This disclosure requirement did not have an impact on our consolidated results of operations or financial position. The FASB recently indicated that they will issue a new accounting standard that will require stock-based employee compensation to be recorded as a charge to earnings.

During 2003, FIN 46, "Consolidation of Variable Interest Entities - An Interpretation of ARB No. 51" ("FIN 46") was issued. FIN 46 addresses the consolidation by business enterprises of variable interest entities, as defined in FIN 46 and is based on the concept that companies that control another entity through interests other than voting interests should consolidate the controlled entity. The consolidation requirements apply immediately to FIN 46 interests held in variable interest entities created after January 31, 2003 and to interests held in variable interest entities that existed prior to February 1, 2003 and remain in existence as of July 1, 2003. On October 9, 2003, the FASB released FASB Staff Position 46-6, which deferred the effective date for the consolidation guidance of FIN 46 from July 1, 2003 to December 31, 2003 for variable interest entities existing prior to February 1, 2003. Pursuant to the transition requirements of FSP 46-6, the Company will adopt the consolidation guidance as of December 31, 2003. As a result of the emerging interpretations of and amendments to FIN 46, the Company is continuing to evaluate the impact of FIN 46 and its related guidance. Their application, however, is not expected to have an impact on, or result in additional disclosure in, the Company's consolidated results of operations or financial position.

During 2003, SFAS 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity" ("SFAS 150") was issued. SFAS 150 establishes standards for classification and measurement of certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in certain cases). The provisions of SFAS 150 are effective for instruments entered into or modified after May 31, 2003 and pre-existing instruments as of July 1, 2003. On October 29, 2003, the FASB voted to indefinitely defer the effective date of SFAS 150 for mandatorily redeemable instruments as they relate to minority interests in consolidated finite-lived entities through the issuance of FASB Staff Position 150-3. The standard was adopted effective the third quarter of 2003, as modified by FSP 150-3, and did not have a material impact on its consolidated results of operations or financial position.

In April 2003, SFAS 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities" ("SFAS 149") was issued. SFAS 149 amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives) and for hedging activities under FASB Statement No. 133 ("SFAS 133"), "Accounting for Derivative Instruments and Hedging Activities". This statement is effective for contracts entered into or modified after June 30, 2003. The adoption of this statement did not have a material impact on the Company's consolidated financial statements.

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8. **Derivative and Hedging Instruments**
Hedges of Net Investments

On August 15, 2003, the Company repaid approximately \$36.5 million in the Yen borrowings under its \$375.0 million Five-Year Revolving Credit Facility that had been designated as a hedge of a net investment.

Forward Contracts

As of September 30, 2003, the Company had short-term contracts covering approximately \$7.5 million of notional amount of currency. As of September 30, 2003, the fair value of the forward contracts was negligible.

Other

The Company has two embedded derivative instruments under the terms of the 4.5% Convertible Senior Notes due 2023 ("the 4.5% Notes") issued in March 2003. At September 30, 2003, the fair value of these derivatives was negligible.

9. **Segment Information**

The Company is organized into four global operating groups together with several stand-alone agencies. The four global operating groups are: a) McCann-Erickson WorldGroup ("McCann"), b) the FCB Group ("FCB"), c) The Partnership and d) Interpublic Sports and Entertainment Group ("SEG"). Each of the four groups and the stand-alone agencies has its own management structure and reports to senior management of the Company on the basis of this structure. McCann, FCB, The Partnership and the stand-alone agencies provide a full complement of global marketing services including advertising and media management, marketing communications including direct marketing, public relations, sales promotion, event marketing, on-line marketing and healthcare marketing in addition to specialized marketing services. SEG includes OWW (for sports marketing), Motorsports (for its motorsports business), and Jack Morton Worldwide (for specialized marketing services including corporate events, meetings and training/learning).

Prior to the second quarter of 2003, the Company had maintained a fifth global operating group, Advanced Marketing Services ("AMS"). In connection with the disposal of NFO (see Note 10), AMS was disbanded and its remaining components became stand-alone agencies.

Each of McCann, FCB, The Partnership, SEG and the various stand-alone agencies operates with the same business

objective, which is to provide clients with a wide variety of services that contribute to the delivery of a message and to the maintenance or creation of a brand. However, the Partnership and the entities included in the former AMS historically have had lower gross margins than the Company average. The four global operating groups share numerous clients, have similar cost structures, provide services in a similar fashion and draw their employee base from the same sources. The annual margins of each of the four groups may vary due to global economic conditions, client spending and specific circumstances such as the Company's restructuring activities. However, based on the respective future prospects of McCann, FCB, The Partnership and the entities included in the former AMS, the Company believes that the long-term average gross margin of each of these agencies will converge over time and, given the similarity of their operations, these entities have been aggregated.

SEG revenue is not material to the Company as a whole. However, due to the recording of long-lived asset impairment charges, operating difficulties and resulting higher costs principally from its Motorsports business, SEG has incurred significant operating losses. Based on the fact that the book value of long-lived assets relating to Motorsports and other substantial contractual obligations may not be fully recoverable and revised projections for OWW, the Company no longer expects that margins of SEG will converge with those of the rest of the Company and accordingly, reports SEG as a separate reportable segment. Other than the impairment charges discussed in Note 5 above and the commitments discussed under Note 13 below, the operating results of SEG are not material to those of the Company, and therefore are not discussed in detail below. The Company is currently evaluating the manner in which SEG and its component parts are managed and reported.

In accordance with SFAS 131, "Disclosures about Segments of an Enterprise and Related Information", the Company has two reportable segments. The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies. Management evaluates performance based upon operating earnings before interest and income taxes.

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At September 30, 2003 the assets of the reportable segments have not changed materially from those levels reported at December 31, 2002. Summary financial information concerning the Company's reportable segments for the three months ended and nine months ended September 30 is shown in the following table:

	IPG (Excl. SEG)	SEG	Consolidated Total
Three Months Ended September 30, 2003			
Revenue	\$1,297.3	\$121.6	\$1,418.9
Operating income (loss)	74.6	(245.7)	(171.1)
Depreciation and amortization of fixed assets	48.5	3.0	51.5
Capital expenditures	\$ 64.5	\$ 1.8	\$ 66.3
Three Months Ended September 30, 2002			
Revenue	\$1,277.4	\$109.4	\$1,386.8
Operating income (loss)	78.8	(157.1)	(78.3)
Depreciation and amortization of fixed assets	44.1	3.9	48.0
Capital expenditures	\$ 26.6	\$ 12.2	\$ 38.8

A reconciliation of information between reportable segments and the Company's consolidated pre-tax earnings is shown in the following table:

Three Months Ended September 30,	<u>2003</u>	<u>2002</u>
Total operating loss for reportable segments	\$(171.1)	\$(78.3)
Interest expense	(43.5)	(36.7)
Debt prepayment penalty	(24.8)	--
Interest income	9.5	5.9
Other income	1.2	2.7
Investment impairment	(29.7)	(4.9)
Litigation charges	_(127.6)	--
Loss before income taxes	<u>\$(386.0)</u>	<u>\$(111.3)</u>

	IPG (Excl. SEG)	SEG	Consolidated Total
--	--	------------	-------------------------------------

Nine Months Ended September 30, 2003

Nine Months Ended September 30, 2003

Revenue	\$3,925.3	\$308.7	\$4,234.0
Operating income (loss)	190.5	(288.9)	(98.4)
Depreciation and amortization of fixed assets	129.1	9.3	138.4
Capital expenditures	\$ 119.4	\$ 19.0	\$ 138.4

Nine Months Ended September 30, 2002

Revenue	\$3,898.9	\$297.3	\$4,196.2
Operating income (loss)	415.1	(158.7)	256.4
Depreciation and amortization of fixed assets	128.2	11.9	140.1
Capital expenditures	\$ 84.6	\$ 32.0	\$ 116.6

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A reconciliation of information between reportable segments and the Company's consolidated pre-tax earnings is shown in the following table:

Nine Months Ended September 30,	<u>2003</u>	<u>2002</u>
Total operating income (loss) for reportable segments	\$ (98.4)	\$ 256.4
Interest expense	(128.4)	(108.9)
Debt prepayment penalty	(24.8)	--
Interest income	27.6	20.9
Other income	1.3	9.6
Investment impairment	(42.2)	(21.1)
Litigation charges	<u>(127.6)</u>	<u>--</u>
Income (loss) before income taxes	<u>\$ (392.5)</u>	<u>\$ 156.9</u>

10. Acquisitions, Dispositions and Deferred Payments**Acquisitions**

During the first nine months of 2003, the Company completed two acquisitions for \$4.0 in cash. Additionally, the Company paid \$45.2 in cash and \$4.6 in stock for additional ownership interests in companies in which a previous investment had been made.

During the first nine months of 2002, the Company completed nine acquisitions for \$48.9 in cash and \$1.1 in stock. Additionally, the Company paid \$30.6 in cash and \$10.4 in stock for additional ownership interests in companies in which a previous investment had been made.

Deferred Payments

During the first nine months of 2003, the Company paid \$126.2 in cash and \$45.7 in stock as deferred payments on acquisitions that had closed in prior years. During the first nine months of 2002, the Company paid \$166.9 in cash and \$56.7 in stock as deferred payments on acquisitions that had closed in prior years.

Deferred payments (or "earn-outs") generally tie the aggregate price ultimately paid for an acquisition to its performance and are recorded as an increase to goodwill and other intangibles.

As of September 30, 2003, the Company's estimated liability for earn-outs, including less than majority-owned affiliates, is as follows:

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006 and thereafter</u>	<u>Total</u>
Cash	\$35.9	\$76.4	\$43.7	\$23.4	\$179.4
Stock	<u>6.6</u>	<u>13.1</u>	<u>18.9</u>	<u>8.3</u>	<u>46.9</u>
TOTAL	<u>\$42.5</u>	<u>\$89.5</u>	<u>\$62.6</u>	<u>\$31.7</u>	<u>\$226.3</u>

The amounts above are estimates based on the current projections as to the amount that will be paid and are subject to revisions as the earn-out periods progress.

Put and Call Options

In addition to the estimated liability for earn-outs, the Company has entered into agreements that require the Company to purchase additional equity interests in certain companies (put options). In many cases, the Company also has the option to purchase the additional equity interests (call options) in certain circumstances.

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The total estimated amount of potential payments under put options is \$142.9, of which \$6.5 is payable in stock. Exercise of the put options would require cash payments to be made as follows:

2003	\$17.4
2004	\$30.7
2005	\$39.7
2006 and thereafter	\$48.6

The actual amount to be paid is contingent upon the achievement of projected operating performance targets and the satisfaction of other conditions as specified in the relevant agreement.

The Company also has call options to acquire additional equity interests in companies in which it already has an ownership interest. The total estimated amount of potential payments under call options is \$99.2, of which \$2.4 is payable in stock. Exercise of the call options would require cash payments to be made as follows:

2003	\$13.8
2004	\$ 6.5
2005	\$12.6
2006 and thereafter	\$63.9

The actual amount to be paid is contingent upon the achievement of projected operating performance targets and the satisfaction of other conditions as specified in the relevant agreement.

Other Payments

During the first nine months of 2003, the Company paid \$19.1 in cash and \$0.1 in stock to settle, principally, loan notes and guarantees that have been previously recognized on the balance sheet. During the first nine months of 2002, \$11.6 in cash was paid for such items.

Dispositions

On July 10, 2003, the Company completed the sale of NFO to TNS. The consideration for the sale was \$415.6 in cash and approximately 11.7 million ordinary shares of TNS valued, for gain calculation purposes, at approximately \$29. (The approximate market value of the shares on November 10, 2003 was \$42.8). The Company has agreed, subject to specified conditions, to hold half of the TNS shares until at least December 2003 and the remainder until at least March 2004. TNS will pay the Company an additional \$10 in cash approximately one year following the closing of this divestiture contingent on the market price per TNS ordinary share continuing to exceed 146 pence (equivalent to approximately \$2.45 at current exchange rates) during a specified averaging period one year from closing. The portion of the consideration consisting of ordinary shares of TNS will be admitted for trading on the London Stock Exchange. As a result of this sale, the Company recognized a pre-tax gain of \$99.1 (\$89.1 net of tax) in the third quarter, after certain post closing adjustments.

The results of NFO are classified as discontinued operations in accordance with SFAS 144 "Accounting for the Impairment or Disposal of Long-Lived Assets" and, accordingly, the results of operations and cash flows of NFO have been removed from the Company's results of continuing operations and cash flows for all periods presented in this document.

In addition to the gain discussed above, income from discontinued operations consists of the following:

	Three Months Ended September 30,	
	<u>2003</u>	<u>2002</u>
Pre-tax income from discontinued operations	\$ --	\$11.8
Tax expense	<u>--</u>	<u>5.0</u>
Income from discontinued operations	<u>\$ --</u>	<u>\$ 6.8</u>

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	Nine Months Ended September 30,	
	<u>2003</u>	<u>2002</u>
Pre-tax income from discontinued operations	\$20.4	\$35.3
Tax expense	<u>8.3</u>	<u>14.4</u>
Income from discontinued operations	<u>\$12.1</u>	<u>\$20.9</u>

The results of operations of NFO for the ten days ended July 10, 2003 were not material and, accordingly, the Company accounted for the disposition as of June 30, 2003.

11. **Debt and Certain Liquidity Matters**
Revolving Credit Agreements

On June 27, 2000, the Company entered into a revolving credit facility with a syndicate of banks providing for a term of five years and for borrowings of up to \$375.0 (the "Five-Year Revolving Credit Facility"). On May 16, 2002, the Company entered into a revolving credit facility with a syndicate of banks providing for a term of 364 days and for borrowings of up to \$500.0 (the "Old 364-Day Revolving Credit Facility"). The Company replaced the Old 364-Day Revolving Credit Facility with a new 364-day revolving credit facility, which it entered into with a syndicate of banks on May 15, 2003 (the "New 364-Day Revolving Credit Facility" and, together with the Five-Year Revolving Credit Facility, the "Revolving Credit Facilities"). The New 364-Day Revolving Credit Facility provides for borrowings of up to \$500.0, \$200.0 of which are available to the Company for the issuance of letters of credit. The New 364-Day Revolving Credit Facility expires on May 13, 2004. However, the Company has the option to extend the maturity of amounts outstanding on the termination date under the New 364-Day Revolving Credit Facility for a period of one year, if EBITDA for the four fiscal quarters most recently ended was at least \$831.0 (for purposes of this EBITDA calculation, only \$125.0 of non-recurring restructuring charges may be added back to EBITDA). The Revolving Credit Facilities are used for general corporate purposes. As of September 30, 2003, \$151.4 was utilized under the New 364-Day Revolving Credit Facility for the issuance of letters of credit and there were no borrowings under the Five-Year Revolving Credit Facility.

The Revolving Credit Facilities bear interest at variable rates based on either LIBOR or a bank's base rate, at the Company's option. The interest rates on base rate loans and LIBOR loans under the Revolving Credit Facilities are affected by the facilities' utilization levels and the Company's credit ratings. In connection with the New 364-Day Revolving Credit Facility, the Company agreed to new pricing under the Revolving Credit Facilities that increased the interest spread payable on loans by 25 basis points. Based on the Company's current credit ratings, interest rates on loans under the New 364-Day Revolving Credit Facility are currently calculated by adding 175 basis points to either the applicable bank base rate (in the case of base rate loans) or LIBOR (in the case of LIBOR loans), and interest rates on loans under the Five-Year Revolving Credit Facility are currently calculated by adding 170 basis points to these rates.

The Company's Revolving Credit Facilities include financial covenants that set (i) maximum levels of debt as a function of EBITDA, (ii) minimum levels of EBITDA as a function of interest expense and (iii) minimum levels of EBITDA (in each case, as defined in those agreements). In connection with entering into the New 364-Day Revolving Credit Facility, the definition of EBITDA in the Revolving Credit Facilities was amended to include (i) up to \$161.4 of non-cash, non-recurring charges taken in the fiscal year ended December 31, 2002; (ii) up to \$200.0 of non-recurring restructuring charges (up to \$175.0 of which may be cash charges) taken in the fiscal quarters ended March 31, 2003, June 30, 2003 and September 30, 2003; (iii) up to \$70.0 of non-cash, non-recurring charges taken with respect to the impairment of the remaining book value of the Company's Motorsports business; and (iv) all impairment charges taken with respect to capital expenditures made on or after January 1, 2003 with respect to the Company's Motorsports business, and to exclude the gain realized by the Company upon the sale of NFO. The corresponding financial covenant ratio levels in the Revolving Credit Facilities were also amended.

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As of September 29, 2003, these additions to the definition of EBITDA were replaced with the following items: (i) up to \$161.4 of non-cash, non-recurring charges taken in the fiscal year ended December 31, 2002; (ii) up to \$275.0 of non-recurring restructuring charges (up to \$240.0 of which may be cash charges) taken in the fiscal quarters ended March 31, 2003, June 30, 2003, September 30, 2003, December 31, 2003 and March 31, 2004; (iii) up to \$70.0 of non-cash, non-recurring charges taken with respect to the impairment of the remaining book value of the Company's Motorsports business; (iv) all impairment charges taken with respect to capital expenditures made on or after January 1, 2003 with respect to the Company's Motorsports business; (v) up to \$300.0 of non-cash, non-recurring goodwill or investment impairment charges taken in the fiscal periods ending September 30, 2003, December 31, 2003, March 31, 2004, June 30, 2004 and September 30, 2004; (vi) up to \$135.0 in payments made by the Company (up to \$40.0 of which may be in cash) with respect to the fiscal periods ending September 30, 2003, December 31, 2003 and March 31, 2004, relating to the settlement of certain litigation matters; (vii) \$24.8 in respect of the early repayment by the Company of all amounts outstanding under each of its five Note Purchase Agreements with The Prudential Insurance Company of America dated as of May 26, 1994, April 28, 1995, October 31, 1996, August 19, 1997 and January 21, 1999, respectively, with respect to the fiscal quarter ending September 30, 2003; and (viii) non-cash charges related to the adoption by the Company of the fair value based method of accounting for stock-based employee compensation in accordance with Statement of Financial Accounting Standards No. 123 and Statement of Financial Accounting Standards No. 148. In determining the Company's compliance with the financial covenants as of September 30, 2003, the following charges were added back to the definition of EBITDA: (i) \$137.0 of restructuring charges (\$122.1 of which were cash charges), (ii) \$9.4 of non-cash charges with respect to the impairment of the remaining book value of the Company's Motorsports business, (iii) \$250.7 of goodwill or investment impairment charges and (iv) \$115.0 of charges (primarily non-cash) relating to certain litigation matters. Since these charges and payments were added back to the definition of EBITDA, they do not affect the ability of the Company to comply with its financial covenants. Any charges incurred by the Company as a result of its restructuring program during periods after March 31, 2004 will not be added back to EBITDA in determining whether the Company is in compliance with its financial covenants.

The definition of EBITDA has also been separately amended to give the Company flexibility to settle its commitments under certain leasing and motorsports event contractual arrangements.

The Company paid a fee of 10 basis points on the total commitments under each of the Revolving Credit Facilities in consideration for these amendments to the definition of EBITDA. As of September 30, 2003, the Company was in compliance with all of the covenants (including the financial covenants, as amended) contained in the Five-Year Revolving Credit Facility and the New 364-Day Revolving Credit Facility.

The Company currently expects to be in compliance with both its applicable financial and other covenants in the Revolving Credit Facilities without having to obtain any additional waivers or amendments, except such non-financial covenants as may be necessary in connection with possible capital markets transactions if the Company should choose to enter into such transactions.

The terms of the Revolving Credit Facilities restrict the Company's ability to declare or pay dividends, repurchase shares of common stock, make cash acquisitions or investments and make capital expenditures, as well as the ability of the Company's domestic subsidiaries to incur additional debt. Certain of these limitations were modified upon the Company's issuance on March 13, 2003 of 4.5% Convertible Senior Notes due 2023 (the "4.5% Notes") in an aggregate principal amount of \$800.0, from which the Company received net cash proceeds equal to approximately \$778.0. In addition, pursuant to a tender offer that expired on April 4, 2003, the Company purchased \$700.5 in aggregate principal amount at maturity of its Zero-Coupon Convertible Senior Notes due 2021 (the "Zero-Coupon Notes"). As a result of these transactions, the Company's permitted level of annual cash acquisition spending has increased to \$100.0 and the permitted level of annual share buybacks and dividend payments has increased to \$25.0. All limitations on dividend payments and share buybacks expire when earnings before interest, taxes, depreciation and amortization are at least \$1,300.0 for four consecutive quarters. The Company's permitted level of annual capital expenditures is \$175.0.

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Uncommitted Facilities

At September 30, 2003 the Company also had \$731.7 of uncommitted lines of credit, 65.1% of which were provided by banks that participate in the Revolving Credit Agreements. At September 30, 2003, approximately \$83.5 was outstanding under these uncommitted lines of credit. The Company's uncommitted borrowings are repayable upon demand.

Prudential Agreements

On May 26, 1994, April 28, 1995, October 31, 1996, August 19, 1997 and January 21, 1999, the Company entered into five note purchase agreements, respectively, with The Prudential Insurance Company of America (the "Prudential Agreements"). The notes issued pursuant to the Prudential Agreements were repayable on May 2004, April 2005, October 2006, August 2007 and January 2009, respectively, and had interest rates of 10.01%, 9.95%, 9.41%, 9.09% and 8.05%, respectively.

Due to the high interest rates on the notes issued under the Prudential Agreements and the restrictive financial covenants contained in these agreements, the Company repaid the total principal amount and interest outstanding under the Prudential Agreements on August 8, 2003, including a prepayment penalty that resulted in a net charge of approximately \$24.8.

The Prudential Agreements contained the same restrictions on the Company's ability to declare or pay dividends, repurchase shares of common stock, make cash acquisitions or investments and make capital expenditures, as well as the ability of the Company's domestic subsidiaries to incur additional debt, as the new terms of the Revolving Credit Agreements described above.

Other Debt Instruments-- Convertible Senior Notes - 4.5%

In March 2003, the Company completed the issuance and sale of \$800 aggregate principal amount of the 4.5% Notes. In April 2003, the Company used \$581.3 of the net proceeds of this offering to repurchase the Zero-Coupon Notes tendered in its concurrent tender offer and is using the remaining proceeds for the repayment of other indebtedness, general corporate purposes and working capital. The 4.5% Notes are unsecured, senior securities that may be converted into common shares if the price of the Company's common stock reaches a specified threshold, at an initial conversion rate of 80.5153 shares per one thousand dollars principal amount, equal to a conversion price of \$12.42 per share, subject to adjustment. This threshold will initially be 120% of the conversion price and will decline 1/2% each year until it reaches 110% at maturity in 2023.

The 4.5% Notes may also be converted, regardless of the price of the Company's common stock, if: (i) the credit ratings assigned to the 4.5% Notes by any two of Moody's Investors Service, Inc., Standard & Poor's Ratings Services and Fitch Ratings are lower than Ba2, BB and BB, respectively, or the 4.5% Notes are no longer rated by at least two of these ratings services, (ii) the Company calls the 4.5% Notes for redemption, (iii) the Company makes specified distributions to shareholders or (iv) the Company becomes a party to a consolidation, merger or binding share exchange pursuant to which its common stock would be converted into cash or property (other than securities).

The Company, at the investor's option, may be required to redeem the 4.5% Notes for cash on March 15, 2008.

The Company may also be required to redeem the 4.5% Notes at the investor's option on March 15, 2013 and March 15, 2018, for cash or common stock or a combination of both, at the Company's election. Additionally, investors may require the Company to redeem the 4.5% Notes in the event of certain change of control events that occur prior to May 15, 2008, for cash or common stock or a combination of both, at the Company's election. The Company at its

option may redeem the 4.5% Notes on or after May 15, 2008 for cash. The redemption price in each of these instances will be 100% of the principal amount of the notes being redeemed, plus accrued and unpaid interest, if any.

If at any time on or after March 13, 2003 the Company pays cash dividends on its common stock, the Company will pay contingent interest per 4.5% Note in an amount equal to 100% of the per share cash dividend paid on the common stock multiplied by the number of shares of common stock issuable upon conversion of a 4.5% Note.

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Other

On March 7, 2003, Standard & Poor's Ratings Services downgraded the Company's senior secured credit rating to BB+ with negative outlook from BBB-. On May 14, 2003, Fitch Ratings downgraded the Company's senior unsecured credit rating to BB+ with negative outlook from BBB-. The remaining senior unsecured credit rating is Baa3 with stable outlook; however, as reported by Moody's Investors Services, Inc., on May 8, 2003, this rating was placed on review for possible downgrade.

Since July 2001, the Company has not repurchased its common stock in the open market.

Through December 2002, the Company had paid cash dividends quarterly with the most recent quarterly dividend paid in December 2002 at a rate of \$0.095 per share. The determination of dividend payments is made by the Company's Board of Directors on a quarterly basis. However, as previously discussed, the Company's ability to declare or pay dividends is currently restricted by new terms of its Revolving Credit Facilities, and the Company has not declared or paid a dividend in 2003.

The Company believes that cash flow from operations and proceeds from the sale of NFO, together with its availability under existing lines of credit and expected refinancings thereof and cash on hand, will be sufficient to fund the Company's working capital needs (including disbursements related to its ongoing restructuring program) and other obligations for the next twelve months. In the event additional funds are required, the Company believes it will have sufficient resources, including borrowing capacity and access to capital markets, to meet such requirements. Unanticipated decreases in cash flow from operations as a result of decreased demand for our services and other developments may require the Company to seek other sources of liquidity (including the disposition of certain assets) and modify its operating strategies.

During the third quarter of 2003, the Company filed a universal shelf registration in the amount of \$1,800. The Company intends to act opportunistically in accessing the capital markets as the need for additional funding arises.

12. **Income Taxes**

The Company's effective income tax rate for the nine months ended September 30, 2003 was negatively impacted by the restructuring charges, long-lived asset impairment charges and non-deductible investment impairment charges relating to unconsolidated affiliates, as well as the establishment of valuation allowances on certain deferred tax assets. In addition, the increased tax rate in 2003 reflects losses incurred in non-US jurisdictions with tax benefits at rates lower than the US statutory rates. All of these factors contributed to the Company's recording a tax provision of \$36.3 on a pre-tax loss of \$392.5 for the nine months ended September 30, 2003.

As required by SFAS 109 "Accounting for Income Taxes", the Company evaluates the adequacy of its valuation allowances relating to deferred tax assets. The Company's cumulative loss in the most recent three year period, inclusive of the significant loss for the quarter ended September 30, 2003, represents sufficient negative evidence to require a valuation allowance with respect to certain of its deferred tax assets. As a result, the Company determined that certain of its deferred tax assets required the establishment of a valuation allowance. The deferred tax assets for which an allowance was established relate primarily to foreign loss carryforwards. As a result of the evaluation, a charge of \$48.7 was recorded in the third quarter of 2003 to increase the Company's valuation allowance. The total valuation allowance as of September 30, 2003 was \$118.0.

The valuation allowance that has been established will be maintained until there is sufficient positive evidence to conclude that it is "more likely than not" that such assets will be realized.

13. **Commitments and Contingencies**

Legal Matters

Federal Securities Class Action

Thirteen federal securities purported class actions were filed against Interpublic and certain of its present and former directors and officers by a purported class of purchasers of Interpublic stock shortly after the Company's August 13, 2002 announcement regarding the restatement of its previously reported earnings for the periods January 1, 1997 through March 31, 2002. These actions, which were all filed in the United States District Court for the Southern District of New York, were consolidated by the court and lead counsel appointed for all plaintiffs

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on November 8, 2002. A consolidated amended complaint was filed thereafter on January 10, 2003. The purported class consists of Interpublic shareholders who purchased Interpublic stock in the period from October 1997 to October 2002. Specifically, the consolidated amended complaint alleges that Interpublic and certain of its present

and former directors and officers allegedly made misleading statements to its shareholders between October 1997 and October 2002, including the alleged failure to disclose the existence of additional charges that would need to be expensed and the lack of adequate internal financial controls, which allegedly resulted in an overstatement of Interpublic's financial results during those periods. The consolidated amended complaint alleges that such false and misleading statements constitute violations of Sections 10(b) and 20(a) of the Exchange Act of 1934 and Rule 10b-5 promulgated thereunder. The consolidated amended complaint also alleges violations of Sections 11 and 15 of the Securities Act of 1933, as amended (the "Securities Act") in connection with Interpublic's acquisition of True North Communications, Inc. ("True North") on behalf of a purported class of True North shareholders who acquired Interpublic stock. No amount of damages is specified in the consolidated amended complaint. On February 6, 2003, defendants filed a motion to dismiss the consolidated amended complaint in its entirety. On February 28, 2003, plaintiffs filed their opposition to defendants' motion and, on March 14, 2003, defendants filed their reply to plaintiff's opposition to defendants' motion. On May 29, 2003, the United States District Court for the Southern District of New York denied the motion to dismiss as to the Company and granted the motion, in part, as to the present and former directors and officers named in the consolidated amended complaint. On June 30, 2003, defendants filed an answer to the consolidated amended complaint. On November 6, 2003, the Court granted plaintiffs' motion to certify a class consisting of persons who purchased Interpublic stock between October 28, 1997 and October 16, 2002 and a class consisting of persons who acquired shares of Interpublic stock in exchange for shares of True North stock.

State Securities Class Actions

Two state securities purported class actions were filed against the Company and certain of its present and former directors and officers by a purported class of purchasers of Interpublic stock shortly after the Company's November 13, 2002 announcement regarding the restatement of its previously reported earnings for the periods January 1, 1997 through March 31, 2002. The purported classes consist of Interpublic shareholders who acquired Interpublic stock on or about June 25, 2001 in connection with Interpublic's acquisition of True North. These lawsuits allege that Interpublic and certain of its present and former directors and officers allegedly made misleading statements in connection with the filing of a registration statement on May 9, 2001 in which Interpublic issued 67,644,272 shares of its common stock for the purpose of acquiring True North, including the alleged failure to disclose the existence of additional charges that would need to be expensed and the lack of adequate internal financial controls, which allegedly resulted in an overstatement of Interpublic's financial results at that time. The suits allege that such misleading statements constitute violations of Sections 11 and 15 of the Securities Act of 1933. No amount of damages is specified in the complaints. These actions were filed in the Circuit Court of Cook County, Illinois. On December 18, 2002, defendants removed these actions from Illinois state court to the United States District Court for the Northern District of Illinois. Thereafter, on January 10, 2003, defendants moved to transfer these two actions to the Southern District of New York. Plaintiffs moved to remand these actions. On April 15, 2003, the United States District Court for the Northern District of Illinois granted plaintiffs' motions to remand these actions to Illinois state court and denied defendants' motion to transfer. On June 18, 2003, the Company moved to dismiss and/or stay these actions. On September 10, 2003, the Illinois state court stayed these actions and on September 24, 2003, plaintiffs filed a notice that they will appeal the stay.

Derivative Actions

In addition to the lawsuits above, several shareholder derivative suits have been filed. On October 24, 2002, a shareholder derivative suit was filed in Delaware Court of Chancery, New Castle County, by a single shareholder acting on behalf of the Company against the Board of Directors. The suit alleges a breach of fiduciary duties to Interpublic's shareholders. On November 15, 2002, another suit was filed in Delaware Court of Chancery, New Castle County, by a single shareholder acting on behalf of the Company against the Board of Directors. On December 18, 2002, defendants moved to dismiss these actions. In lieu of a response, plaintiffs consolidated the actions and filed an Amended Consolidated Complaint on January 10, 2003, again alleging breach of fiduciary duties to Interpublic's shareholders. The Amended Consolidated Complaint does not state a specific amount of damages. On January 27, 2003, defendants filed motions to dismiss the Amended Consolidated Complaint. On June 30, 2003, after the plaintiffs informed the court that they had decided to dismiss the Delaware litigation, the court entered an order dismissing the Delaware action with prejudice to plaintiffs only.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Amounts in Millions, Except Per Share Amounts) (Unaudited)

On September 4, 2002, a shareholder derivative suit was filed in New York Supreme Court, New York County, by a single shareholder acting on behalf of the Company against the Board of Directors and against the Company's auditors. This suit alleged a breach of fiduciary duties to Interpublic's shareholders. On November 26, 2002, another shareholder derivative suit, alleging the same breaches of fiduciary duties, was filed in New York Supreme Court, New York County. The plaintiffs from these two shareholder derivative suits filed an Amended Derivative Complaint on January 31, 2003. On March 18, 2003, plaintiffs filed a motion to dismiss the Amended Derivative Complaint without prejudice. On April 16, 2003, the Amended Derivative Complaint was dismissed without prejudice. On February 24, 2003, plaintiffs also filed a Shareholders' Derivative Complaint in the United States District Court for the Southern District of New York. On May 2, 2003, plaintiffs filed an Amended Derivative Complaint. This action alleges the same breach of fiduciary duties claim as the state court actions, and adds a claim for contribution and forfeiture against two of the individual defendants pursuant to Section 21D of the Exchange Act and Section 304 of the Sarbanes-Oxley Act. On July 11, 2003, plaintiffs filed a Second Amended Derivative Complaint, asserting the same claims. The complaint does not state a specific amount of damages. On August 12, 2003, defendants moved to dismiss this action.

The Company intends to vigorously defend the actions discussed above. However, as with all litigation, these proceedings contain elements of uncertainty and the final resolution of these actions could have a material impact on the Company's financial position, cash flows or results of operations. The Company is presently attempting to settle

the litigations described above. The Company cannot give any assurances that any attempts will result in a settlement agreement, that any such agreement will receive the approval of the court or as to the amount or type of consideration that the Company might agree to pay in connection with any settlement.

Litigation Charges

During the three months ended September 30, 2003, the Company has recorded litigation charges of \$127.6 for various legal matters, including principally the matters discussed above. The principal amount of the charge relates to the Company's current estimate of amounts that may be payable, which the Company currently believes would be paid primarily in Interpublic common stock.

Other Legal Matters

The Company is involved in other legal and administrative proceedings of various types. While any litigation contains an element of uncertainty, the Company has no reason to believe that the outcome of such other proceedings or claims will have a material effect on the financial condition of the Company.

Tax Matters

On April 21, 2003, the Company received a notice from the Internal Revenue Service ("IRS") proposing adjustments to the Company's taxable income that would result in additional taxes, including conforming adjustments to state and local returns, of \$41.5 (plus interest) for the taxable years 1994 to 1996. The Company believes that the tax positions that the IRS has challenged comply with applicable law, and it intends to defend those positions vigorously. The Company filed a Protest with the IRS Appeals Office on July 21, 2003. Although the ultimate resolution of these matters will likely require the Company to pay additional taxes, any such payments will not have a material effect on the Company's financial position, cash flows or results of operations.

SEC Investigation

The Company was informed in January 2003 by the Securities and Exchange Commission staff that the SEC has issued a formal order of investigation related to the Company's restatements of earnings for periods dating back to 1997. The matters had previously been the subject of an informal inquiry. The Company is cooperating fully with the investigation.

Other Contingencies

The Company continues to have commitments under certain leasing and motorsports event contractual arrangements. As of September 30, 2003, the Company is committed to remaining payments under these arrangements of approximately \$460. This amount relates to undiscounted payments through 2015 principally under an executory contract and an operating lease and assumes payments over the maximum remaining term of the relevant agreements. This obligation has not been reduced by any future operating results to be generated from

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Amounts in Millions, Except Per Share Amounts) (Unaudited)

the arrangements. The Company is continuing to explore various options with respect to these commitments, at least one of which may involve a cash payment. The Company has obtained amendments of certain definitions contained in its Revolving Credit Agreements (as discussed in Note 11) to give it flexibility to settle these commitments. Additionally, the book value of long-lived assets relating to Motorsports is approximately \$60 at September 30, 2003 and this amount may not be fully recoverable depending upon the exit strategy ultimately followed.

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Item 2. RESULTS OF OPERATIONS

When comparing performance between years, The Interpublic Group of Companies, Inc. ("Interpublic") or ("the Company") discusses non-GAAP financial measures such as the impact that foreign currency rate changes, acquisitions/dispositions and organic growth have on reported results. As the Company derives significant revenue from international operations, changes in foreign currency rates between the years may have a significant impact on reported results. Reported results are also impacted by the Company's acquisition and disposition activity. Management believes that discussing the impact of currency fluctuations and acquisitions/dispositions provides a better understanding of the reported results.

The impact of foreign currency is the difference between prior year results converted to US Dollars at prior year exchange rates and prior year results converted to US Dollars at current year exchange rates (constant currency). The impact of acquisitions and dispositions relates to the results of acquisitions and dispositions that occurred since January 1st of the prior year. Organic revenue is calculated as revenue in constant currency eliminating acquisitions and dispositions.

The Company's results of operations are dependent upon: a) maintaining and growing its revenue, b) the ability to retain and gain new clients, c) the continuous alignment of its costs to its revenue and d) retaining and attracting key personnel. Revenue is also highly dependent on overall economic and political conditions. For a further discussion of these and other factors that could affect the Company's results of operations and financial conditions, see "Cautionary Statement."

As discussed in Note 9 to the consolidated financial statements, the Company is comprised of two reportable segments: the Interpublic Sports and Entertainment Group ("SEG") and Interpublic excluding SEG. SEG was formed during the second quarter of 2002 through a carve-out from the Company's other operating groups and is primarily comprised of the operations of Octagon Worldwide ("OWW"), for the Company's sports marketing business, Motorsports, for the

Company's motorsports business, and Jack Morton Worldwide, for specialized marketing services including corporate events, meeting and training/learning.

SEG revenue is not material to the Company as a whole. However, due to the recording of long-lived asset impairment charges, operating difficulties and resulting higher costs principally from its Motorsports business, SEG has incurred significant operating losses. Based on the fact that the book value of long-lived assets relating to Motorsports and other substantial contractual obligations may not be fully recoverable and revised projections for OWW, the Company no longer expects that margins of SEG will converge with those of the rest of the Company and, accordingly, reports SEG as a separate reportable segment. Other than the impairment charges which are discussed below and the commitments discussed in "Other Matters", the operating results of SEG are not material to those of the Company, and therefore are not discussed in detail below.

Discontinued Operations

As discussed in Note 10 to the consolidated financial statements, on July 10, 2003, the Company completed the sale of its NFO WorldGroup ("NFO") research unit to Taylor Nelson Sofres PLC ("TNS"). The results of NFO are classified as discontinued operations in accordance with SFAS 144 "Accounting for the Impairment or Disposal of Long-Lived Assets" and, accordingly, the results of operations and cash flows of NFO have been removed from the Company's results of continuing operations and cash flow for all periods presented in this document.

Continuing Operations

Three Months Ended September 30, 2003 Compared to Three Months Ended September 30, 2002

The Company reported a net loss of \$327.1, or \$0.85 diluted loss per share, which is comprised of a \$1.08 loss per share from continuing operations and \$0.23 earnings per share from discontinued operations for the three months ended September 30, 2003. This compares to a net loss of \$89.6, or \$0.24 diluted loss per share, comprised of \$0.26 loss per share from continuing operations and \$0.02 earnings per share from discontinued operations for the three months ended September 30, 2002. Net loss in the third quarter of 2003 includes a pre-tax restructuring charge of \$48.0, a pre-tax long-lived asset impairment charge of \$222.7 primarily related to the write-down of goodwill at OWW, pre-tax investment impairment charge of \$29.7 related to unconsolidated affiliates, an accrual for estimated litigation settlement charges of \$127.6 primarily in connection with the shareholder suits related to the restatement of earnings for prior years, a debt prepayment penalty of \$24.8 incurred in retiring the Company's term loans and a

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\$48.7 increase to the valuation allowance for deferred income tax assets. Net earnings in the third quarter of 2002 include a pre-tax restructuring charge of \$12.1, a pre-tax impairment charge of \$118.7 related to the long-lived assets of the Company's Motorsports business and a pre-tax investment impairment charge of \$4.9.

The following summarizes certain financial information for purposes of management's discussion and analysis:

	Three Months Ended September 30,					
	<u>2003</u>			<u>2002</u>		
	<u>IPG (Excl. SEG)</u>	<u>SEG</u>	<u>Total IPG</u>	<u>IPG (Excl. SEG)</u>	<u>SEG</u>	<u>Total IPG</u>
Revenue	\$1,297.3	\$121.6	\$1,418.9	\$1,277.4	\$ 109.4	\$1,386.8
Salaries and related expenses	762.2	48.7	810.9	764.0	49.2	813.2
Office and general expenses	412.3	94.3	506.6	422.6	96.4	519.0
Amortization of intangible assets	1.7	0.1	1.8	1.3	0.8	2.1
Restructuring charges	46.5	1.5	48.0	10.7	1.4	12.1
Long-lived asset impairment	--	<u>222.7</u>	<u>222.7</u>	--	<u>118.7</u>	<u>118.7</u>
Operating income (loss)	<u>\$ 74.6</u>	<u>\$(245.7)</u>	<u>\$(171.1)</u>	<u>\$ 78.8</u>	<u>\$(157.1)</u>	<u>\$(78.3)</u>

Some of the key factors driving the financial results in the third quarter of 2003 were:

- Higher exchange rates for the third quarter of 2003, primarily the Euro and Sterling, reflected higher U.S. dollar revenue and expenses in comparison to the third quarter of 2002;
- While there are signs of economic improvement, there is still softness in demand for the Company's advertising and marketing communications services by current clients, particularly in public relations and other project-based businesses in international markets;
- Restructuring charges of \$48.0 were recorded in the third quarter. In connection with the Company's restructuring program, a charge of \$9.1 was also recorded in office and general expenses related to the amortization of leasehold improvements on properties to be vacated as part of the 2003 restructuring program. The Company expects that the total cost of its restructuring initiatives underway will not exceed \$250.0 and will be completed during the first six months of 2004;
- A long-lived asset impairment charge of \$221.0 was recorded related to the goodwill of OWW, the Company's sports marketing business.
- An investment impairment charge of \$29.7 was recorded in the third quarter related to unconsolidated,

principally international, affiliates.

- A charge of \$127.6 anticipated to be funded principally with Interpublic stock, was recorded primarily related to various legal matters including the shareholder suits.
- A debt prepayment penalty of \$24.8 was recorded as a result of retiring all of the Company's outstanding borrowings under the Prudential Agreements.
- A charge of \$48.7 was recorded in the third quarter to increase the Company's valuation allowance for deferred income tax assets primarily relating to foreign loss carryforwards.

A pre-tax gain on the sale of NFO of \$99.1 (\$89.1 after tax) was recorded to reflect the closing of the sale in the third quarter.

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REVENUE

The Company is a worldwide global marketing services company, providing clients with communications expertise in three broad areas: a) advertising and media management, b) marketing communications, which includes client relationship management (direct marketing), public relations, sales promotion, event marketing, on-line marketing, corporate and brand identity and healthcare marketing, and c) specialized marketing services, which includes sports and entertainment marketing, corporate meetings and events, retail marketing and other marketing and business services.

Worldwide revenue for the three months ended September 30, 2003 was \$1,418.9, an increase of \$32.1 or 2.3% from the three months ended September 30, 2002. Domestic revenue, which represented 56% of revenue in the three months ended September 30, 2003, decreased \$7.3 or 0.9% from the same period in 2002. International revenue, which represented 44% of revenue in the three months ended September 30, 2003, increased \$39.4 or 6.8% from the same period in 2002. International revenue would have decreased 4.2% excluding the effects of changes in foreign currency of \$66.4. The increase in worldwide revenue was primarily a result of the effects of higher exchange rates offset by continued softness in the demand for advertising and marketing services by current clients due to the weak economy primarily in international markets. The components of the total revenue change of 2.3% were: impact of foreign currency changes 4.7%, net acquisitions/divestitures (0.7%), and organic revenue decline (1.7%). Organic changes in revenue reflect increases or decreases in net new business activity and increases or decreases in activity from existing client accounts.

OPERATING EXPENSES

Salaries and Related Expenses

The Company's expenses related to employee compensation and various employee incentive and benefit programs amount to approximately 57% of revenue for the three months ended September 30, 2003. Salaries and related expenses for the three months ended September 30, 2003 decreased \$2.3 or 0.3% to \$810.9 compared to the three months ended September 30, 2002. The decrease was primarily due to the effect of higher exchange rates for the third quarter of 2003, primarily the Euro and Sterling, in comparison to the third quarter of 2002, partially offset by a reduction in severance expense and salary expense resulting from previous headcount reductions and the Company's restructuring program. The Company's headcount was reduced to 43,500 at September 30, 2003 compared with 46,900 at December 31, 2002 and 47,500 at September 30, 2002. The components of the total change of (0.3)% were: impact of foreign currency changes 4.5%, net acquisitions/divestitures (0.2)% and decreases in salaries and related expenses from existing operations (4.6)%.

Office and General Expenses

Office and general expenses were \$506.6 in the three months ended in September 30, 2003 and \$519.0 in the three months ended September 30, 2002, a decrease of \$12.4 or 2.4%. The decrease in office and general expenses was primarily due to reduction in occupancy and overhead costs as a result of the restructuring program partially offset by the effects of higher exchange rates and higher bad debt expense. The components of the total change of (2.4)% were: impact of foreign currency changes 5.5%, net acquisitions/divestitures (1.8)% and decreases in office and general expenses from existing operations (6.1)%.

Amortization of Intangible Assets

Amortization of intangible assets was \$1.8 in the three months ended September 30, 2003 compared with \$2.1 in the three months ended September 30, 2002. The decrease relates primarily to the write-off of intangible assets in the third quarter of 2002 at the Company's Motorsports business.

Restructuring Charges

See "Restructuring Charges" below.

Long-Lived Asset Impairment

See "Long-Lived Asset Impairment" below.

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OTHER INCOME (EXPENSE)

Interest Expense

Interest expense was \$43.5 in the third quarter of 2003 compared with \$36.7 in the third quarter of 2002. The increase was a result of the issuance of \$800 4.5% Convertible Notes on March 13, 2003. These proceeds were invested until early April, at which time the proceeds were used for the settlement of the tender offer

for the Zero-Coupon Notes.

Debt Prepayment Penalty

During the third quarter of 2003, the Company repaid all of its outstanding borrowings under the Prudential Agreements. This transaction required repaying \$142.5 principal amount of its outstanding debt. In connection with this transaction a prepayment penalty of \$24.8 was recorded.

Interest Income

Interest income was \$9.5 for the three months ended September 30, 2003 compared with \$5.9 in the same period of 2002. The increase in 2003 is primarily due to the higher cash balances resulting from the proceeds of the sale of NFO.

Other Income

Other income primarily consists of investment income, gains from the sale of businesses and gains (losses) from the sale of investments, primarily marketable securities classified as available-for-sale. Other income was \$1.2 for the three months ended September 30, 2003 compared with income of \$2.7 for the three months ended September 30, 2002. The gain in the third quarter of 2003 reflects the sale of an advertising business in South America. Included in the third quarter of 2002 was a gain on the sale of an unconsolidated affiliate in the US.

Investment Impairment

During the third quarter of 2003, the Company recorded investment impairment charges of \$29.7 relating primarily to international investments that had been determined to have incurred an "other than temporary" impairment.

During the third quarter of 2002, the Company recorded investment impairment charges of \$4.9, primarily relating to marketable securities and certain venture funds that had been determined to have incurred an "other than temporary" impairment.

Litigation Charges

During the three months ended September 30, 2003, the Company has recorded litigation charges of \$127.6 for various legal matters, including principally the matters discussed in Note 13 to the consolidated financial statements. The principal amount of the charge relates to the Company's current estimate of amounts that may be payable, which the Company currently believes would be paid primarily in Interpublic common stock.

OTHER ITEMS

Effective Income Tax Rate

The Company's effective income tax rate for the third quarter of 2003 was negatively impacted by the restructuring charges, long-lived asset impairment charges and non-deductible investment impairment charges relating to unconsolidated affiliates, as well as the establishment of valuation allowances on certain deferred tax assets. In addition, the increased tax rate in 2003 reflects losses incurred in non-US jurisdictions with tax benefits at rates lower than the US statutory rates. All of these factors contributed to the Company's recording of a tax provision of \$19.5 on a pre-tax loss of \$386.0 in the third quarter.

Valuation Allowance

As required by SFAS 109 "Accounting for Income Taxes", the Company evaluates the adequacy of its valuation allowances relating to deferred tax assets. The Company's cumulative loss in the most recent three year period, inclusive of the significant loss for the quarter ended September 30, 2003, represents sufficient negative evidence to require a valuation allowance with respect to certain of its deferred tax assets. As a result, the Company determined that certain of its deferred tax assets required the establishment of a valuation allowance. The deferred tax assets for which an allowance was established relate primarily to foreign loss carryforwards. As a result of the evaluation, a charge of \$48.7 was recorded in the third quarter of 2003 to increase the Company's valuation allowance. The total valuation allowance as of September 30, 2003 was \$118.0.

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The valuation allowance that has been established will be maintained until there is sufficient positive evidence to conclude that it is "more likely than not" that such assets will be realized.

Minority Interest

Income applicable to minority interests was \$10.4 in the third quarter of 2003 compared to \$7.9 in the third quarter of 2002. The increase in the third quarter of 2003 was primarily due to higher operating results of certain operations in Asia Pacific and an increase in minority interest recorded in certain operations in the U.S.

Unconsolidated Affiliates

Equity in net income of unconsolidated affiliates, virtually unchanged, was a loss of \$0.3 in the third quarter of 2003 compared to a loss of \$0.2 in the third quarter of 2002.

Nine Months Ended September 30, 2003 Compared to Nine Months Ended September 30, 2002

The Company reported a net loss of \$349.2, or \$0.91 diluted loss per share which is comprised of a \$1.17 loss per share from continuing operations and \$0.26 earnings per share from discontinued operations for the nine months ended September 30, 2003. This compares to net earnings of \$79.2, or \$0.21 diluted earnings per share, which is comprised of \$0.15 earnings per share from continuing operations and \$0.05 earnings per share from discontinued operations for the nine months ended September 30, 2002. Net loss in the nine months ended September 30, 2003 includes a pre-tax restructuring charge of \$142.4, a pre-tax long-lived asset impairment charge of \$244.8 related to the fixed assets of the Company's Motorsports business and write-down of goodwill at OWW, a pre-tax investment impairment charge of \$42.2 related to unconsolidated affiliates, primarily international, an accrual for estimated litigation settlement charges of \$127.6 primarily in connection with the shareholder suits related to the restatement of earnings for prior years and a debt prepayment penalty of \$24.8 incurred in retiring the Company's term loans. Net earnings in the first nine months of 2002 includes a pre-tax restructuring charge of \$12.1, a pre-tax impairment charge of \$118.7 related to the long-lived assets of the Company's Motorsports business and a pre-tax investment impairment charge of \$21.1 primarily related to OWW.

The following summarizes certain financial information for purposes of management's discussion and analysis:

Nine Months Ended September 30,

2003

2002

	IPG (Excl. SEG)	SEG	Total IPG	IPG (Excl.) SEG	SEG	Total IPG
Revenue	\$3,925.3	\$ 308.7	\$4,234.0	\$3,898.9	\$297.3	\$4,196.2
Salaries and related expenses	2,398.4	145.6	2,544.0	2,332.5	141.6	2,474.1
Office and general expenses	1,187.9	204.2	1,392.1	1,140.9	187.5	1,328.4
Amortization of intangible assets	7.9	1.2	9.1	4.0	2.5	6.5
Restructuring charges	140.6	1.8	142.4	6.4	5.7	12.1
Long-lived asset impairment	--	<u>244.8</u>	<u>244.8</u>	--	<u>118.7</u>	<u>118.7</u>
Operating income (loss)	<u>\$ 190.5</u>	<u>\$(288.9)</u>	<u>\$ (98.4)</u>	<u>\$ 415.1</u>	<u>\$ (158.7)</u>	<u>\$ 256.4</u>

REVENUE

Worldwide revenue for the nine months ended September 30, 2003 was \$4,234.0, an increase of \$37.8 or 0.9% from the nine months ended September 30, 2002. Domestic revenue, which represented 57% of revenue in the nine months ended September 30, 2003, increased \$1.1 or 0.0% from the same period in 2002. International revenue, which represented 43% of revenue in the nine months ended September 30, 2003, increased \$36.7 or 2.1% from the same period in 2002. International revenue would have decreased 7.7% excluding the effects of changes in foreign currency. The increase in worldwide revenue was primarily a result of the effects of higher exchange rates offset by continued softness in the demand for advertising and marketing services by current clients due to the weak economy, particularly in international markets. The components of the total revenue change of 0.9% were: impact of foreign currency changes 4.3%, net acquisitions/divestitures (0.2)%, and organic revenue decline (3.2)%. Organic changes in revenue reflect increases or decreases in net new business activity and increases or decreases in activity from existing client accounts.

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OPERATING EXPENSES

Salaries And Related Expenses

The Company's expenses related to employee compensation and various employee incentive and benefit programs amount to approximately 60% of revenue for the first nine months ended September 30, 2003. Salaries and related expenses for the nine months ended September 2003 increased \$69.9 or 2.8% to \$2,544.0 compared to the nine months ended September 30, 2002. The increase was primarily due to the effect of higher exchange rates partially offset by a reduction in salary expense resulting from previous headcount reductions and the restructuring program. The Company's headcount was reduced to 43,500 at September 30, 2003 compared with 46,900 at December 31, 2002 and 47,500 at September 30, 2002. The components of the total change of 2.8% were: impact of foreign currency changes 4.3%, net acquisitions/divestitures 0.0% and decreases in salaries and related expenses from existing operations (1.5)%.

Office and General Expenses

Office and general expenses were \$1,392.1 in the nine months ended September 30, 2003 and \$1,328.4 in the nine months ended September 30, 2002, an increase of \$63.7 or 4.8%. The increase in office and general expenses was primarily due to the effects of higher exchange rates, higher professional fees resulting from the litigation and SEC investigation and debt financing costs partially offset by a reduction in occupancy and overhead costs as a result of the restructuring program. The components of the total change of 4.8% were: impact of foreign currency changes 5.3%, net acquisitions/divestitures (1.0)% and increases in office and general expenses from existing operations 0.5%.

Amortization of Intangible Assets

Amortization of intangible assets was \$9.1 in the nine months ended September 30, 2003 compared with \$6.5 in the first nine months of 2002. The increase was primarily due to the amortization of higher identifiable intangible assets resulting from the adoption of SFAS 141 and 142.

Restructuring Charges

See "Restructuring Charges" below.

Long-Lived Asset Impairment

See "Long-Lived Asset Impairment" below.

OTHER INCOME (EXPENSE)

Interest Expense

Interest expense was \$128.4 in the first nine months of 2003 compared with \$108.9 in the first nine months of 2002. The increase was a result of the issuance of \$800 4.5% Notes on March 13, 2003. These proceeds were invested until early April, at which time the proceeds were used for the settlement of the tender offer for the Zero-Coupon Notes.

Debt Prepayment Penalty

During the third quarter of 2003, the Company repaid all of its outstanding borrowings under the Prudential Agreements. This transaction required repaying \$142.5 principal amount of its outstanding debt. In connection with this transaction a prepayment penalty of \$24.8 was recorded.

Interest Income

Interest income was \$27.6 for the nine months of 2003 compared with \$20.9 in the same period of 2002. The increase in 2003 is primarily due to the higher cash balances resulting from the issuance of the 4.5% Notes in early April, in addition to the proceeds from the sale of NFO in July.

Other Income

Other income primarily consists of investment income, gains (losses) from the sale of businesses and gains (losses) from the sale of investments, primarily

marketable securities classified as available-for-sale. Other income was \$1.3 for the first nine months of 2003 compared with income of \$9.6 for the first nine months of 2002. Included in the first nine months of 2002 was a gain on the sale of an advertising business and an unconsolidated affiliate in the US.

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Investment Impairment

During the nine months ended September 30, 2003, the Company recorded investment impairment charges of \$42.2 primarily relating to certain international investments in unconsolidated affiliates that had been determined to have incurred an "other than temporary" impairment.

During the nine months ended September 30, 2002, the Company recorded investment impairment charges of \$21.1, primarily relating to certain investments of OWW that had been determined to have incurred an "other than temporary" impairment.

Litigation Charges

During the nine months ended September 30, 2003, the Company has recorded litigation charges of \$127.6 for various legal matters, including principally the matters discussed in Note 13. The principal amount of the charge relates to the Company's current estimate of amounts that may be payable, which the Company currently believes would be paid primarily in Interpublic common stock.

OTHER ITEMS

Effective Income Tax Rate

The Company's effective income tax rate for the nine months ended September 30, 2003 was negatively impacted by the restructuring charges, long-lived asset impairment charges and non-deductible investment impairment charges relating to unconsolidated affiliates, as well as the establishment of valuation allowances on certain deferred tax assets in the third quarter of 2003. In addition, the increased tax rate in 2003 reflects losses incurred in non-US jurisdictions with tax benefits at rates lower than the US statutory rates. All of these factors contributed to the Company's recording of a tax provision of \$36.3 on a pre-tax loss of \$392.5 for the nine months ended September 30, 2003.

Valuation allowance

See "Valuation Allowance" in discussion of the three months ended September 30, 2003, above.

Minority Interest

Income applicable to minority interests was \$19.4 in the first nine months of 2003 compared to \$22.1 in the first nine months of 2002. The reduction in the first nine months of 2003 was primarily due to lower operating results of certain operations in Europe partially offset by an increase in minority interest recorded in certain operations in the US.

Unconsolidated Affiliates

Equity in net income (loss) of unconsolidated affiliates was a loss of \$(2.2) in the first nine months of 2003 compared to income of \$3.1 in the first nine months of 2002. The reduction is primarily due to the reduced earnings of unconsolidated affiliates in Europe and Brazil.

Restructuring Charges

During the three and nine months ended September 30, 2003, the Company recorded restructuring charges of \$48.0 and \$142.4, respectively, in connection with the 2003 and 2001 restructuring programs as discussed below. During the three months ended September 30, 2002, the Company recorded restructuring charges of \$12.1 in connection with the 2001 restructuring program.

The Company expects that the restructuring charges recorded to date will result in cash payments of \$136.2 to be paid in 2003 (\$101.1), 2004 (\$22.4) and 2005 and thereafter (\$12.7). Further actions in the 2003 restructuring program will be undertaken in the fourth quarter of 2003 and the first half of 2004.

2003 Program

During the second quarter of 2003, the Company announced that it would undertake restructuring initiatives in response to softness in demand for advertising and marketing services. The restructuring initiatives include severance and lease terminations. The total amount of pre-tax charges the Company expects to incur, through the first half of 2004, is up to approximately \$250.0.

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During the nine months ended September 30, 2003, the Company recorded pre-tax restructuring charges of \$142.4 (\$95.4 after tax). The pre-tax restructuring charge was composed of severance costs of \$103.4 and lease terminations costs of \$39.0. Included in the \$39.0 of lease termination costs was \$4.8 related to the write-off of leasehold improvements on vacated properties and \$12.4 related to additional losses on properties vacated as part of the 2001 restructuring program. See below for further discussion of the 2001 restructuring program. The charges related to leases terminated as part of the 2003 program are recorded at net present value and are net of estimated sublease income amounts. In addition, a charge of \$9.1 has been incurred in the three months ended September 30, 2003 related to acceleration of amortization of leasehold improvements on premises which are to be vacated in the future. The charge related to such amortization is included in office and general expenses in the accompanying consolidated statement of operations.

A summary of the remaining liability for restructuring charges related to the 2003 restructuring plan is as follows:

	Second Quarter Charges	Third Quarter Charges	Non-cash Charges	2003 Cash Payments	Ending Balance at September 30, 2003
TOTAL BY TYPE					
Severance and termination costs	\$66.0	\$ 37.4	\$1.4	\$54.5	\$47.5

Lease terminations and other exit costs	<u>16.0</u>	<u>10.6</u>	<u>4.8</u>	<u>2.4</u>	<u>19.4</u>
Total	<u>\$82.0</u>	<u>\$48.0</u>	<u>\$6.2</u>	<u>\$56.9</u>	<u>\$66.9</u>

The severance and termination costs recorded to date relate to a reduction in workforce of approximately 2,200 employees worldwide. The employee groups affected include all levels and functions across the Company: executive, regional and account management and administrative, creative and media production personnel. Approximately 35% of the charge relates to severance in the US, 15% to severance in the UK, 10% to severance in France with the remainder largely relating to the rest of Europe, Asia and Latin America.

Lease termination costs, net of estimated sublease income, relate to the offices that have been or will be vacated as part of the restructuring. Approximately 35 locations are to be vacated with substantially all actions to be completed by March 31, 2004; however, the cash portion of the charge will be paid out over a period of several years. The majority of the offices to be vacated are located in the US, with approximately one third in overseas markets, principally in Europe.

2001 Program

Following the completion of the True North acquisition in June 2001, the Company executed a wide-ranging restructuring plan that included severance, lease terminations and other actions. The total amount of the charges incurred in 2001 in connection with the plan was \$634.5.

A summary of the remaining liability for restructuring and other merger related costs related to the 2001 restructuring plan is as follows:

	Liability at December 31, 2002	2003 Charge	Cash paid through September 30, 2003	Liability at September 30, 2003
TOTAL BY TYPE				
Severance and termination costs	\$ 15.9	\$ --	\$12.0	\$ 3.9
Lease terminations and other exit costs	<u>94.6</u>	<u>12.4</u>	<u>24.9</u>	<u>82.1</u>
Total	<u>\$110.5</u>	<u>\$12.4</u>	<u>\$36.9</u>	<u>\$86.0</u>

Long-Lived Asset Impairment

During the three and nine months ended September 30, 2003, the Company recorded charges of \$222.7 and \$244.8, respectively, related to the impairment of long-lived assets at OWW and its Motorsports businesses. These amounts include \$1.7 and \$14.4, respectively, of current capital expenditure outlays that the Company is contractually required to spend to upgrade and maintain certain of its existing Motorsports racing facilities, as well as an impairment of assets at other Motorsports entities.

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During the third quarter of 2003, the Company performed its annual impairment review for goodwill and other intangible assets and recorded a non-cash charge of \$221.0, which is reflected as a component of "Long-lived asset impairment" in the accompanying consolidated statement of operations. The charge was required to reduce the carrying value of goodwill at the Company's OWW reporting unit. OWW is separate from Motorsports and offers a variety of sports marketing services including athlete representation, TV rights distribution and other marketing and consulting services.

The OWW charges reflect the reporting unit's lower than expected performance in 2003 and revised future projections indicating that the factors behind the poor 2003 performance are likely to persist. Specifically, during 2003 it became apparent that there was significant pricing pressure in both overseas domestic TV rights distribution. Further, declining athlete pay scales are expected to result in significantly lower fees from athlete representation, and proceeds from events (including ticket revenue and sponsorship) to which the Company is committed will be lower than amounts that had been anticipated when the event rights were acquired. Various factors, including the operating loss incurred at OWW in 2003, have indicated that lower revised growth projections are required, reflecting lower projected gross margins than OWW has earned historically.

In 2002, the Motorsports businesses experienced significant operational difficulties, including significantly lower than anticipated attendance at the marquee British Grand Prix race in July 2002. These events and a change in management at Motorsports in the third quarter of 2002 led the Company to begin assessing its long-term strategy for Motorsports. Based on valuations of the Motorsports businesses, the Company determined that the goodwill and the book value of certain asset groupings at Motorsports were significantly higher than their expected future cash flows and that an impairment had occurred.

Accordingly, the Company recognized a non-cash impairment loss and related charge of \$118.7 (\$83.8, net of tax) as of September 30, 2002. The charges included \$82.1 of goodwill impairment, \$24.6 of fixed asset write-offs, and \$12.0 to record the fair value of an associated put option.

DERIVATIVE AND HEDGING INSTRUMENTS

Hedges of Net Investments

On August 15, 2003, the Company repaid approximately \$36.5 in the Yen borrowings under its \$375.0 Five-Year Revolving Credit Facility that had been designated as a hedge of a net investment.

Forward Contracts

As of September 30, 2003, the Company had short-term contracts covering approximately \$7.5 of notional amount of currency. As of September 30, 2003, the fair value of the forward contracts was negligible.

Other

The Company has two embedded derivative instruments under the terms of the 4.5% Convertible Senior Notes due 2023 ("the 4.5% Notes") issued in March 2003. At September 30, 2003, the fair value of these derivatives was negligible.

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2003, cash and cash equivalents were \$695.5, a decrease of \$237.5 from the December 31, 2002 balance of \$933.0. The Company collects funds from clients on behalf of media outlets resulting in cash receipts and disbursements at levels substantially exceeding its revenue. Therefore, the working capital amounts reported on its balance sheet and cash flows from operating activities reflect the "pass-through" of these items.

During the third quarter of 2003, the Company filed a universal shelf registration in the amount of \$1,800. The Company intends to act opportunistically in accessing the capital markets as the need for additional funding arises.

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Operating Activities

Net cash used in operating activities was \$128.1 for the nine months ended September 30, 2003 and net cash provided by operations was \$241.1 for the nine months ended September 30, 2002, respectively. The increase in cash used for the first nine months of 2003 was primarily attributable to the lower earnings level in 2003 resulting from continued softness in client demand for advertising and marketing communication services and the Company's restructuring program.

Investing Activities

Historically the Company has pursued acquisitions to complement and enhance its service offerings. In addition, the Company has also sought to acquire businesses similar to those already owned to expand its geographic scope to better serve new and existing clients. Acquisitions have historically been funded using stock, cash or a combination of both. Currently, the Company is restricted from making acquisitions or investments by the terms of its Revolving Credit Facilities. See "Financing Activities" for further discussion.

During the first nine months of 2003 and 2002, the Company paid \$194.0 and \$252.2, respectively, in cash for new acquisitions and earn out payments for previous acquisitions including payments for a number of specialized marketing and communications services companies to complement its existing agency systems and to optimally position itself in the ever-broadening communications market place. The reduction in payments in 2003 reflects the Company's reduced level of acquisition activity.

The Company's capital expenditures in the first nine months of 2003 were \$138.4 compared to \$116.6 in the first nine months of 2002. The primary purposes of these expenditures were to upgrade computer and telecommunications systems and to modernize offices. Currently, the Company is restricted in making capital expenditures by the terms of its Revolving Credit Facilities. The Company's permitted level of annual capital expenditures is \$175.0. See "Financing Activities" for further discussion.

Financing Activities

Revolving Credit Agreements

On June 27, 2000, the Company entered into a revolving credit facility with a syndicate of banks providing for a term of five years and for borrowings of up to \$375.0 (the "Five-Year Revolving Credit Facility"). On May 16, 2002, the Company entered into a revolving credit facility with a syndicate of banks providing for a term of 364 days and for borrowings of up to \$500.0 (the "Old 364-Day Revolving Credit Facility"). The Company replaced the Old 364-Day Revolving Credit Facility with a new 364-day revolving credit facility, which it entered into with a syndicate of banks on May 15, 2003 (the "New 364-Day Revolving Credit Facility" and, together with the Five-Year Revolving Credit Facility, the "Revolving Credit Facilities"). The New 364-Day Revolving Credit Facility provides for borrowings of up to \$500.0, \$200.0 of which are available to the Company for the issuance of letters of credit. The New 364-Day Revolving Credit Facility expires on May 13, 2004. However, the Company has the option to extend the maturity of amounts outstanding on the termination date under the New 364-Day Revolving Credit Facility for a period of one year, if EBITDA for the four fiscal quarters most recently ended was at least \$831.0 (for purposes of this EBITDA calculation, only \$125.0 of non-recurring restructuring charges may be added back to EBITDA). The Revolving Credit Facilities are used for general corporate purposes. As of September 30, 2003, \$151.4 was utilized under the New 364-Day Revolving Credit Facility for the issuance of letters of credit and there were no borrowings under the Five-Year Revolving Credit Facility.

The Revolving Credit Facilities bear interest at variable rates based on either LIBOR or a bank's base rate, at the Company's option. The interest rates on base rate loans and LIBOR loans under the Revolving Credit Facilities are affected by the facilities' utilization levels and the Company's credit ratings. In connection with the New 364-Day Revolving Credit Facility, the Company agreed to new pricing under the Revolving Credit Facilities that increased the interest spread payable on loans by 25 basis points. Based on the Company's current credit ratings, interest rates on loans under the New 364-Day Revolving Credit Facility are currently calculated by adding 175 basis points to either the applicable bank base rate (in the case of base rate loans) or LIBOR (in the case of LIBOR loans), and interest rates on loans under the Five-Year Revolving Credit Facility are currently calculated by adding 170 basis points to these rates.

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The Company's Revolving Credit Facilities include financial covenants that set (i) maximum levels of debt as a function of EBITDA, (ii) minimum levels of EBITDA as a function of interest expense and (iii) minimum levels of EBITDA (in each case, as defined in those agreements). In connection with entering into the New 364-Day Revolving Credit Facility, the definition of EBITDA in the Revolving Credit Facilities was amended to include (i) up to \$161.4 of non-cash, non-recurring charges taken in the fiscal year ended December 31, 2002; (ii) up to \$200.0 of non-recurring restructuring charges (up to \$175.0 of which may be cash charges) taken in the fiscal quarters ended March 31, 2003, June 30, 2003 and September 30, 2003; (iii) up to \$70.0 of non-cash, non-recurring charges taken with respect to the impairment of the remaining book value of the Company's Motorsports business; and (iv) all impairment charges taken with respect to capital expenditures made on or after January 1, 2003 with respect to the Company's Motorsports business, and to exclude the gain realized by the Company upon the sale of NFO. The corresponding financial covenant ratio levels in the Revolving Credit Facilities were also amended.

As of September 29, 2003, these additions to the definition of EBITDA were replaced with the following items: (i) up to \$161.4 of non-cash, non-recurring charges taken in the fiscal year ended December 31, 2002; (ii) up to \$275.0 of non-recurring restructuring charges (up to \$240.0 of which may be cash charges) taken in the fiscal quarters ended March 31, 2003, June 30, 2003, September 30, 2003, December 31, 2003 and March 31, 2004; (iii) up to \$70.0 of non-cash, non-recurring charges taken with respect to the impairment of the remaining book value of the Company's Motorsports business; (iv) all impairment charges taken with respect to capital expenditures made on or after January 1, 2003 with respect to the Company's Motorsports business; (v) up to \$300.0 of non-cash, non-recurring goodwill or investment impairment charges taken in the fiscal periods ending September 30, 2003, December 31, 2003, March 31, 2004, June 30, 2004 and September 30, 2004; (vi) up to \$135.0 in payments made by the Company (up to \$40.0 of which may be in cash) with respect to the fiscal periods

ending September 30, 2003, December 31, 2003 and March 31, 2004, relating to the settlement of certain litigation matters; (vii) \$24.8 in respect of the early repayment by the Company of all amounts outstanding under each of its five Note Purchase Agreements with The Prudential Insurance Company of America dated as of May 26, 1994, April 28, 1995, October 31, 1996, August 19, 1997 and January 21, 1999, respectively, with respect to the fiscal quarter ending September 30, 2003; and (viii) non-cash charges related to the adoption by the Company of the fair value based method of accounting for stock-based employee compensation in accordance with Statement of Financial Accounting Standards No. 123 and Statement of Financial Accounting Standards No. 148. In determining the Company's compliance with the financial covenants as of September 30, 2003, the following charges were added back to the definition of EBITDA: (i) \$137.0 of restructuring charges (\$122.1 of which were cash charges), (ii) \$9.4 of non-cash charges with respect to the impairment of the remaining book value of the Company's Motorsports business, (iii) \$250.7 of goodwill or investment impairment charges and (iv) \$115.0 of charges (primarily non-cash) relating to certain litigation matters. Since these charges and payments were added back to the definition of EBITDA, they do not affect the ability of the Company to comply with its financial covenants. Any charges incurred by the Company as a result of its restructuring program during periods after March 31, 2004 will not be added back to EBITDA in determining whether the Company is in compliance with its financial covenants.

The definition of EBITDA has been separately amended to give the Company flexibility to settle its commitments under certain leasing and motorsports event contractual arrangements.

The Company paid a fee of 10 basis points on the total commitments under each of the Revolving Credit Facilities in consideration for these amendments to the definition of EBITDA. As of September 30, 2003, the Company was in compliance with all of the covenants (including the financial covenants, as amended) contained in the Five-Year Revolving Credit Facility and the New 364-Day Revolving Credit Facility.

The Company currently expects to be in compliance with both its applicable financial and other covenants in the Revolving Credit Facilities without having to obtain any additional waivers or amendments, except such non-financial covenants as may be necessary in connection with possible capital markets transactions if the Company should choose to enter into such transactions.

The terms of the Revolving Credit Facilities restrict the Company's ability to declare or pay dividends, repurchase shares of common stock, make cash acquisitions or investments and make capital expenditures, as well as the ability of the Company's domestic subsidiaries to incur additional debt. Certain of these limitations were modified upon the Company's issuance on March 13, 2003 of 4.5% Convertible Senior Notes due 2023 (the "4.5% Notes") in an

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aggregate principal amount of \$800.0, from which the Company received net cash proceeds equal to approximately \$778.0. In addition, pursuant to a tender offer that expired on April 4, 2003, the Company purchased \$700.5 in aggregate principal amount at maturity of its Zero-Coupon Convertible Senior Notes due 2021 (the "Zero-Coupon Notes"). As a result of these transactions, the Company's permitted level of annual cash acquisition spending has increased to \$100.0 and the permitted level of annual share buybacks and dividend payments has increased to \$25.0. All limitations on dividend payments and share buybacks expire when earnings before interest, taxes, depreciation and amortization are at least \$1,300.0 for four consecutive quarters. The Company's permitted level of annual capital expenditures is \$175.0.

Uncommitted Facilities

At September 30, 2003 the Company also had \$731.7 of uncommitted lines of credit, 65.1% of which were provided by banks that participate in the Revolving Credit Agreements. At September 30, 2003, approximately \$83.5 was outstanding under these uncommitted lines of credit. The Company's uncommitted borrowings are repayable upon demand.

Prudential Agreements

On May 26, 1994, April 28, 1995, October 31, 1996, August 19, 1997 and January 21, 1999, the Company entered into five note purchase agreements, respectively, with The Prudential Insurance Company of America (the "Prudential Agreements"). The notes issued pursuant to the Prudential Agreements were repayable on May 2004, April 2005, October 2006, August 2007 and January 2009, respectively, and had interest rates of 10.01%, 9.95%, 9.41%, 9.09% and 8.05%, respectively.

Due to the high interest rates on the notes issued under the Prudential Agreements and the restrictive financial covenants contained in these agreements, the Company repaid the total principal amount and interest outstanding under the Prudential Agreements on August 8, 2003, including a prepayment penalty that resulted in a net charge of approximately \$24.8.

The Prudential Agreements contained the same restrictions on the Company's ability to declare or pay dividends, repurchase shares of common stock, make cash acquisitions or investments and make capital expenditures, as well as the ability of the Company's domestic subsidiaries to incur additional debt, as the new terms of the Revolving Credit Agreements described above.

Other Debt Instruments-- Convertible Senior Notes - 4.5%

In March 2003, the Company completed the issuance and sale of \$800 aggregate principal amount of the 4.5% Notes. In April 2003, the Company used \$581.3 of the net proceeds of this offering to repurchase the Zero-Coupon Notes tendered in its concurrent tender offer and is using the remaining proceeds for the repayment of other indebtedness, general corporate purposes and working capital. The 4.5% Notes are unsecured, senior securities that may be converted into common shares if the price of the Company's common stock reaches a specified threshold, at an initial conversion rate of 80.5153 shares per one thousand dollars principal amount, equal to a conversion price of \$12.42 per share, subject to adjustment. This threshold will initially be 120% of the conversion price and will decline 1/2% each year until it reaches 110% at maturity in 2023.

The 4.5% Notes may also be converted, regardless of the price of the Company's common stock, if: (i) the credit ratings assigned to the 4.5% Notes by any two of Moody's Investors Service, Inc., Standard & Poor's Ratings Services and Fitch Ratings are lower than Ba2, BB and BB, respectively, or the 4.5% Notes are no longer rated by at least two of these ratings services, (ii) the Company calls the 4.5% Notes for redemption, (iii) the Company makes specified distributions to shareholders or (iv) the Company becomes a party to a consolidation, merger or binding share exchange pursuant to which its common stock would be converted into cash or property (other than securities).

The Company, at the investor's option, may be required to redeem the 4.5% Notes for cash on March 15, 2008. The Company may also be required to redeem the 4.5% Notes at the investor's option on March 15, 2013 and March 15, 2018, for cash or common stock or a combination of both, at the Company's election. Additionally, investors may require the Company to redeem the 4.5% Notes in the event of certain change of control events that occur prior to May 15, 2008, for

cash or common stock or a combination of both, at the Company's election. The Company at its option may redeem the 4.5% Notes on or after May 15, 2008 for cash. The redemption price in each of these instances will be 100% of the principal amount of the notes being redeemed, plus accrued and unpaid interest, if any.

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If at any time on or after March 13, 2003 the Company pays cash dividends on its common stock, the Company will pay contingent interest per 4.5% Note in an amount equal to 100% of the per share cash dividend paid on the common stock multiplied by the number of shares of common stock issuable upon conversion of a 4.5% Note.

Other

On March 7, 2003, Standard & Poor's Ratings Services downgraded the Company's senior secured credit rating to BB+ with negative outlook from BBB-. On May 14, 2003, Fitch Ratings downgraded the Company's senior unsecured credit rating to BB+ with negative outlook from BBB-. The remaining senior unsecured credit rating is Baa3 with stable outlook; however, as reported by Moody's Investors Services, Inc., on May 8, 2003, this rating was placed on review for possible downgrade.

Since July 2001, the Company has not repurchased its common stock in the open market.

Through December 2002, the Company had paid cash dividends quarterly with the most recent quarterly dividend paid in December 2002 at a rate of \$0.095 per share. The determination of dividend payments is made by the Company's Board of Directors on a quarterly basis. However, as previously discussed, the Company's ability to declare or pay dividends is currently restricted by new terms of its Revolving Credit Facilities, and the Company has not declared or paid a dividend in 2003.

The Company believes that cash flow from operations and proceeds from the sale of NFO, together with its availability under existing lines of credit and expected refinancings thereof and cash on hand, will be sufficient to fund the Company's working capital needs (including disbursements related to its ongoing restructuring program) and other obligations for the next twelve months. If additional funds are required to meet the Company's operating activities and to execute on its long term business strategy the Company believes it will have sufficient resources, including borrowing capacity and access to capital markets. However, there can be no assurance such additional funding will be available to the Company on terms it considers favorable, if at all. Unanticipated decreases in cash flow from operations as a result of decreased demand for our services and other developments may require the Company to seek other sources of liquidity (including the disposition of certain assets) and modify its operating strategies.

In October 2003, the Company received a federal tax refund of approximately \$90 as a result of its carryback of its 2002 loss for US federal income tax purposes, and certain capital losses, to earlier periods.

Acquisitions, Dispositions and Deferred Payments

Acquisitions

During the first nine months of 2003, the Company completed two acquisitions for \$4.0 in cash. Additionally, the Company paid \$45.2 in cash and \$4.6 in stock for additional ownership interests in companies in which a previous investment had been made.

During the first nine months of 2002, the Company completed nine acquisitions for \$48.9 in cash and \$1.1 in stock. Additionally, the Company paid \$30.6 in cash and \$10.4 in stock for additional ownership interests in companies in which a previous investment had been made.

Deferred Payments

During the first nine months of 2003, the Company paid \$126.2 in cash and \$45.7 in stock as deferred payments on acquisitions that had closed in prior years. During the first nine months of 2002, the Company paid \$166.9 in cash and \$56.7 in stock as deferred payments on acquisitions that had closed in prior years.

Deferred payments (or "earn-outs") generally tie the aggregate price ultimately paid for an acquisition to its performance and are recorded as an increase to goodwill and other intangibles.

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As of September 30, 2003, the Company's estimated liability for earn-outs, including less than majority-owned affiliates, is as follows:

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006 and thereafter</u>	<u>Total</u>
Cash	\$35.9	\$76.4	\$43.7	\$23.4	\$179.4
Stock	<u>6.6</u>	<u>13.1</u>	<u>18.9</u>	<u>8.3</u>	<u>46.9</u>
TOTAL	<u>\$42.5</u>	<u>\$89.5</u>	<u>\$62.6</u>	<u>\$31.7</u>	<u>\$226.3</u>

The amounts above are estimates based on the current projections as to the amount that will be paid and are subject to revisions as the earn-out periods progress.

Put and Call Options

In addition to the estimated liability for earn-outs, the Company has entered into agreements that require the Company to purchase additional equity interests in certain companies (put options). In many cases, the Company also has the option to purchase the additional equity interests (call options) in certain circumstances.

The total estimated amount of potential payments under put options is \$142.9, of which \$6.5 is payable in stock. Exercise of the put options would require cash payments to be made as follows:

2004	\$30.7
2005	\$39.7
2006 and thereafter	\$48.6

The actual amount to be paid is contingent upon the achievement of projected operating performance targets and the satisfaction of other conditions as specified in the relevant agreement.

The Company also has call options to acquire additional equity interests in companies in which it already has an ownership interest. The total estimated amount of potential payments under call options is \$99.2, of which \$2.4 is payable in stock. Exercise of the call options would require cash payments to be made as follows:

2003	\$13.8
2004	\$ 6.5
2005	\$12.6
2006 and thereafter	\$63.9

The actual amount to be paid is contingent upon the achievement of projected operating performance targets and the satisfaction of other conditions as specified in the relevant agreement.

Other Payments

During the first nine months of 2003, the Company paid \$19.1 in cash and \$0.1 in stock to settle, principally, loan notes and guarantees that have been previously recognized on the balance sheet. During the first nine months of 2002, \$11.6 in cash was paid for such items.

Dispositions

On July 10, 2003, the Company completed the sale of NFO to TNS. The consideration for the sale was \$415.6 in cash and approximately 11.7 million ordinary shares of TNS valued, for gain calculation purposes, at approximately \$29. (The approximate market value of the shares on November 10, 2003 was \$42.8. The Company has agreed, subject to specified conditions, to hold half of the TNS shares until at least December 2003 and the remainder until at least March 2004. TNS will pay the Company an additional \$10 in cash approximately one year following the closing of this divestiture contingent on the market price per TNS ordinary share continuing to exceed 146 pence (equivalent to approximately \$2.45 at current exchange rates) during a specified averaging period one year from closing. The portion of the consideration consisting of ordinary shares of TNS will be admitted for trading on the London Stock Exchange. As a result of this sale, the Company recognized a pre-tax gain of \$99.1 (\$89.1 net of tax) in the third quarter, after certain post closing adjustments.

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The results of NFO are classified as discontinued operations in accordance with SFAS 144 "Accounting for the Impairment or Disposal of Long-Lived Assets" and, accordingly, the results of operations and cash flows of NFO have been removed from the Company's results of continuing operations and cash flows for all periods presented in this document.

OTHER MATTERS

New Accounting Standards

In December 2002, SFAS 148, "Accounting for Stock-Based Compensation --- Transition and Disclosure (an Amendment of SFAS 123)" ("SFAS 148") was issued. SFAS 148 provides alternative methods of transition for making a voluntary change to fair value-based accounting for stock-based compensation. The Company continues to account for its stock option plans under the intrinsic value recognition and measurement principles of APB 25, "Accounting for Stock Issued to Employees" and related interpretations. Effective for interim periods beginning after December 15, 2002, SFAS 148 also requires disclosure of pro forma results on a quarterly basis as if the Company had applied the fair value recognition provisions of SFAS No. 123. This disclosure requirement did not have an impact on our consolidated results of operations or financial position. The FASB recently indicated that they will issue a new accounting standard that will require stock-based employee compensation to be recorded as a charge to earnings.

During 2003, FIN 46, "Consolidation of Variable Interest Entities - An Interpretation of ARB No. 51" ("FIN 46") was issued. FIN 46 addresses the consolidation by business enterprises of variable interest entities, as defined in FIN 46 and is based on the concept that companies that control another entity through interests other than voting interests should consolidate the controlled entity. The consolidation requirements apply immediately to FIN 46 interests held in variable interest entities created after January 31, 2003 and to interests held in variable interest entities that existed prior to February 1, 2003 and remain in existence as of July 1, 2003. On October 9, 2003, the FASB released FASB Staff Position 46-6, which deferred the effective date for the consolidation guidance of FIN 46 from July 1, 2003 to December 31, 2003 for variable interest entities existing prior to February 1, 2003. Pursuant to the transition requirements of FSP 46-6, the Company will adopt the consolidation guidance as of December 31, 2003. As a result of the emerging interpretations of and amendments to FIN 46, the Company is continuing to evaluate the impact of FIN 46 and its related guidance. Their application, however, is not expected to have an impact on, or result in additional disclosure in, the Company's consolidated results of operations or financial position.

During 2003, SFAS 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity" ("SFAS 150") was issued. SFAS 150 establishes standards for classification and measurement of certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in certain cases). The provisions of SFAS 150 are effective for instruments entered into or modified after May 31, 2003 and pre-existing instruments as of July 1, 2003. On October 29, 2003, the FASB voted to indefinitely defer the effective date of SFAS 150 for mandatorily redeemable instruments as they relate to minority interests in consolidated finite-lived entities through the issuance of FASB Staff Position 150-3. The standard was adopted effective the third quarter of 2003, as modified by FSP 150-3, and did not have a material impact on its consolidated results of operations or financial position.

In April 2003, SFAS 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities" ("SFAS 149") was issued. SFAS 149 amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives) and for hedging activities under FASB Statement No. 133 ("SFAS 133"), "Accounting for Derivative Instruments and Hedging Activities". This

statement is effective for contracts entered into or modified after June 30, 2003. The adoption of this statement did not have a material impact on the Company's consolidated financial statements.

SEC Investigation

The Company was informed in January 2003 by the Securities and Exchange Commission staff that the SEC has issued a formal order of investigation related to the Company's restatements of earnings for periods dating back to 1997. The matters had previously been the subject of an informal inquiry. The Company is cooperating fully with the investigation.

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Other Contingencies

The Company continues to have commitments under certain leasing and motorsports event contractual arrangements. As of September 30, 2003, the Company is committed to remaining payments under these arrangements of approximately \$460. This amount relates to undiscounted payments through 2015 principally under an executory contract and an operating lease and assumes payments over the maximum remaining term of the relevant agreements. This obligation has not been reduced by any future operating results to be generated from the arrangements. The Company is continuing to explore various options with respect to these commitments, at least one of which may involve a cash payment. The Company has obtained amendments of certain definitions contained in its Revolving Credit Agreements (as discussed in Note 11) to give it flexibility to settle these commitments. Additionally, the book value of long-lived assets relating to Motorsports is approximately \$60 at September 30, 2003 and this amount may not be fully recoverable depending upon the exit strategy ultimately followed.

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Item 3. Quantitative and Qualitative Disclosures about Market Risk

The Company is exposed to market risk related to interest rates and foreign currencies.

Interest Rates

At September 30, 2003, a significant portion of the Company's debt obligations was at fixed interest rates. Accordingly, for the fixed rate debt, assuming the fixed rate debt is not refinanced, there would be no impact on interest expense or cash flow from either a 10% increase or decrease in market rates of interest. The fair market value of the debt obligations would decrease by approximately \$23.8 on an annual basis if market rates were to increase by 10% and would increase by approximately \$23.4 on an annual basis if market rates were to decrease by 10%. For that portion of the debt that is maintained at variable rates, based on amounts and rates outstanding at September 30, 2003, the change in interest expense and cash flow from a 10% change in rates would be approximately \$2.7 on an annual basis.

Foreign Currencies

The Company faces two risks related to foreign currency exchange: translation risk and transaction risk. Amounts invested in the Company's foreign operations are translated into U.S. dollars at the exchange rates in effect at the balance sheet date. The resulting translation adjustments are recorded as a component of accumulated other comprehensive income (loss) in the stockholders' equity section of the balance sheet. The Company's foreign subsidiaries generally collect revenues and pay expenses in currencies other than the U.S. dollar. Since the functional currency of the Company's foreign operations is generally the local currency, foreign currency translation of the balance sheet is reflected as a component of stockholders' equity and does not impact operating results. Revenues and expenses in foreign currencies translate into varying amounts of U.S. dollars depending upon whether the U.S. dollar weakens or strengthens against other currencies. Therefore, changes in exchange rates may negatively affect the Company's consolidated revenues and expenses (as expressed in U.S. dollars) from foreign operations. Currency transaction gains or losses arising from transactions in currencies other than the functional currency are included in results of operations. The Company has generally not entered into a material amount of foreign currency forward exchange contracts or other derivative financial instruments to hedge the effects of adverse fluctuations in foreign currency exchange rates.

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Item 4. Controls and Procedures

As previously disclosed, senior management and the Company's Audit Committee were informed by the Company's independent auditors that they considered that there was a "material weakness" (as defined under standards established by the American Institute of Certified Public Accountants) relating to the processing and monitoring of inter-company transactions, and senior management determined that this material weakness, together with other deficiencies associated with a lack of balance sheet monitoring, if unaddressed, could result in accounting errors in its consolidated financial statements. The Company has implemented certain systematic processes, which, coupled with its existing manual controls, gives the Company the ability to monitor this inter-company activity to ensure the integrity of the consolidated financial statements for the quarter ended September 30, 2003. These new processes have been in place for the last two months of the third quarter. Management will continue to monitor these processes to ensure that they are working as prescribed. In addition, the Company will need to continue its focus on balance sheet analysis and will continue to develop and enhance, as needed, system-wide monitoring controls, and the Company will continue to increase and upgrade its finance resources across its entities, in order to mitigate the risk that accounting errors might go undetected and be included in its consolidated financial statements.

The Company continues to evaluate further improvements in its internal controls and its disclosure controls and procedures, including formalizing a plan to comply with Section 404 of the Sarbanes-Oxley Act of 2002. The Company ensures its independent accountants are kept informed of its plans.

The Company has carried out an evaluation under the supervision and with the participation of the Company's management, including the chief executive officer and chief financial officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon the Company's evaluation, the chief executive officer and chief financial officer have concluded that, as of the end of the period covered by this

report, the disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed in the reports the Company files and submits under the Exchange Act of 1934 is recorded, processed, summarized and reported as and when required.

Other than as described above, there has been no change in the Company's internal control over financial reporting during the period covered by this report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

CAUTIONARY STATEMENT

This document contains forward-looking statements. Statements in this document that are not historical facts, including statements about the Company's beliefs and expectations, particularly regarding recent business and economic trends, the impact of litigation, dispositions, impairment charges, the integration of acquisitions and restructuring costs, constitute forward-looking statements. These statements are based on current plans, estimates and projections, and are subject to change based on a number of factors, including those outlined in this section. Forward-looking statements speak only as of the date they are made, and the Company undertakes no obligation to update publicly any of them in light of new information or future events.

Forward-looking statements involve inherent risks and uncertainties. A number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. Such factors include, but are not limited to, those associated with the effects of global, national and regional economic and political conditions, the Company's ability to attract new clients and retain existing clients, the financial success of the Company's clients, developments from changes in the regulatory and legal environment for advertising and marketing and communications services companies around the world, and the successful completion and integration of acquisitions which complement and expand the Company's business capabilities.

The Company's liquidity could be adversely affected if it is unable to access capital or to raise proceeds from asset sales. In addition, the Company could be adversely affected by developments in connection with the purported class actions and derivative suits that it is defending or the SEC investigation relating to the restatement of the Company's financial statements. The Company's financial condition and future results of operations could also be adversely affected if the Company recognizes additional impairment charges due to future events or in the event of other adverse accounting-related developments.

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At any given time the Company may be engaged in a number of preliminary discussions that may result in one or more acquisitions or dispositions. These opportunities require confidentiality and from time to time give rise to bidding scenarios that require quick responses by the Company. Although there is uncertainty that any of these discussions will result in definitive agreements or the completion of any transactions, the announcement of any such transaction may lead to increased volatility in the trading price of the Company's securities.

The success of recent or contemplated future acquisitions will depend on the effective integration of newly-acquired and existing businesses into the Company's current operations. Important factors for integration include realization of anticipated synergies and cost savings and the ability to retain and attract new personnel and clients.

Investors should evaluate any statements made by the Company in light of these important factors.

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PART II - OTHER INFORMATION

Item 1. Legal Proceedings

FEDERAL SECURITIES CLASS ACTIONS

Thirteen federal securities purported class actions were filed against Interpublic and certain of its present and former directors and officers by a purported class of purchasers of Interpublic stock shortly after the Company's August 13, 2002 announcement regarding the restatement of its previously reported earnings for the periods January 1, 1997 through March 31, 2002. These actions, which were all filed in the United States District Court for the Southern District of New York, were consolidated by the court and lead counsel appointed for all plaintiffs on November 8, 2002. A consolidated amended complaint was filed thereafter on January 10, 2003. The purported class consists of Interpublic shareholders who purchased Interpublic stock in the period from October 1997 to October 2002. Specifically, the consolidated amended complaint alleges that Interpublic and certain of its present and former directors and officers allegedly made misleading statements to its shareholders between October 1997 and October 2002, including the alleged failure to disclose the existence of additional charges that would need to be expensed and the lack of adequate internal financial controls, which allegedly resulted in an overstatement of Interpublic's financial results during those periods. The consolidated amended complaint alleges that such false and misleading statements constitute violations of Sections 10(b) and 20(a) of the Exchange Act of 1934 and Rule 10b-5 promulgated thereunder. The consolidated amended complaint also alleges violations of Sections 11 and 15 of the Securities Act of 1933, as amended (the "Securities Act") in connection with Interpublic's acquisition of True North Communications, Inc. ("True North") on behalf of a purported class of True North shareholders who acquired Interpublic stock. No amount of damages is specified in the consolidated amended complaint. On February 6, 2003, defendants filed a motion to dismiss the consolidated amended complaint in its entirety. On February 28, 2003, plaintiffs filed their opposition to defendants' motion and, on March 14, 2003, defendants filed their reply to plaintiff's opposition to defendants' motion. On May 29, 2003, the United States District Court for the Southern District of New York denied the motion to dismiss as to the Company and granted the motion, in part, as to the present and former directors and officers named in the consolidated amended complaint. On June 30, 2003, defendants filed an answer to the consolidated amended complaint. On November 6, 2003, the Court granted plaintiffs' motion to certify a class consisting of persons who purchased Interpublic stock between October 28, 1997 and October 16, 2002 and a class consisting of persons who acquired shares of Interpublic stock in exchange for shares of True North stock.

STATE SECURITIES CLASS ACTIONS

Two state securities purported class actions were filed against the Company and certain of its present and former directors and officers by a purported class of purchasers of Interpublic stock shortly after the Company's November 13, 2002 announcement regarding the restatement of its previously reported earnings for the periods January 1, 1997 through March 31, 2002. The purported classes consist of Interpublic shareholders who acquired Interpublic stock on or about June 25, 2001 in connection with Interpublic's acquisition of True North. These lawsuits allege that Interpublic and certain of its present and former directors and officers allegedly made misleading statements in connection with the filing of a registration statement on May 9, 2001 in which Interpublic issued 67,644,272 shares of its common stock for the purpose of acquiring True North, including the alleged failure to disclose the existence of additional charges that would need to be expensed and the lack of adequate internal financial controls, which allegedly resulted in an overstatement of Interpublic's financial results at that time. The suits allege that such misleading statements constitute violations of Sections 11 and 15 of the Securities Act of 1933. No amount of damages is

specified in the complaints. These actions were filed in the Circuit Court of Cook County, Illinois. On December 18, 2002, defendants removed these actions from Illinois state court to the United States District Court for the Northern District of Illinois. Thereafter, on January 10, 2003, defendants moved to transfer these two actions to the Southern District of New York. Plaintiffs moved to remand these actions. On April 15, 2003, the United States District Court for the Northern District of Illinois granted plaintiffs' motions to remand these actions to Illinois state court and denied defendants' motion to transfer. On June 18, 2003, the Company moved to dismiss and/or stay these actions. On September 10, 2003, the Illinois state court stayed these actions and on September 24, 2003, plaintiffs filed a notice that they will appeal the stay.

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DERIVATIVE ACTIONS

In addition to the lawsuits above, several shareholder derivative suits have been filed. On October 24, 2002, a shareholder derivative suit was filed in Delaware Court of Chancery, New Castle County, by a single shareholder acting on behalf of the Company against the Board of Directors. The suit alleges a breach of fiduciary duties to Interpublic's shareholders. On November 15, 2002, another suit was filed in Delaware Court of Chancery, New Castle County, by a single shareholder acting on behalf of the Company against the Board of Directors. On December 18, 2002, defendants moved to dismiss these actions. In lieu of a response, plaintiffs consolidated the actions and filed an Amended Consolidated Complaint on January 10, 2003, again alleging breach of fiduciary duties to Interpublic's shareholders. The Amended Consolidated Complaint does not state a specific amount of damages. On January 27, 2003, defendants filed motions to dismiss the Amended Consolidated Complaint. On June 30, 2003, after the plaintiffs informed the court that they had decided to dismiss the Delaware litigation, the court entered an order dismissing the Delaware action with prejudice to plaintiffs only.

On September 4, 2002, a shareholder derivative suit was filed in New York Supreme Court, New York County, by a single shareholder acting on behalf of the Company against the Board of Directors and against the Company's auditors. This suit alleged a breach of fiduciary duties to Interpublic's shareholders. On November 26, 2002, another shareholder derivative suit, alleging the same breaches of fiduciary duties, was filed in New York Supreme Court, New York County. The plaintiffs from these two shareholder derivative suits filed an Amended Derivative Complaint on January 31, 2003. On March 18, 2003, plaintiffs filed a motion to dismiss the Amended Derivative Complaint without prejudice. On April 16, 2003, the Amended Derivative Complaint was dismissed without prejudice. On February 24, 2003, plaintiffs also filed a Shareholders' Derivative Complaint in the United States District Court for the Southern District of New York. On May 2, 2003, plaintiffs filed an Amended Derivative Complaint. This action alleges the same breach of fiduciary duties claim as the state court actions, and adds a claim for contribution and forfeiture against two of the individual defendants pursuant to Section 21D of the Exchange Act and Section 304 of the Sarbanes-Oxley Act. On July 11, 2003, plaintiffs filed a Second Amended Derivative Complaint, asserting the same claims. The complaint does not state a specific amount of damages. On August 12, 2003, defendants moved to dismiss this action.

The Company intends to vigorously defend the actions discussed above. However, as with all litigation, these proceedings contain elements of uncertainty and the final resolution of these actions could have a material impact on the Company's financial position, cash flows or results of operations. The Company is presently attempting to settle the litigations described above. The Company cannot give any assurances that any attempts will result in a settlement agreement, that any such agreement will receive the approval of the court or as to the amount or type of consideration that the Company might agree to pay in connection with any settlement.

For a discussion of the litigation charge recorded principally in connection with the potential settlement, see Note 13 to the consolidated financial statements.

SEC INVESTIGATION

The Company was informed in January 2003 by the Securities and Exchange Commission staff that the SEC has issued a formal order of investigation related to the Company's restatements of earnings for periods dating back to 1997. The matters had previously been the subject of an informal inquiry. The Company is cooperating fully with the investigation.

OTHER

The Company is involved in other legal and administrative proceedings of various types. While any litigation contains an element of uncertainty, the Company has no reason to believe that the outcome of such proceedings or claims will have a material adverse effect on the financial condition of the Company.

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Item 2. Changes in Securities and Use of Proceeds

(a) The terms of the Company's Revolving Credit Facilities restrict (among other things) the Company's ability to declare or pay dividends and repurchase shares of common stock. The Company's permitted level of annual share buybacks and dividend payments is currently \$25.0 million. All limitations on dividend payments and share buybacks expire when earnings before interest, taxes, depreciation and amortization, as defined in the amended Revolving Credit Facilities, are at least \$1,300.0 million for four consecutive quarters.

(c)

(1) On July 21, 2003, the Registrant paid \$3,033,484 and issued 99,310 shares of the Common Stock of the Registrant, par value \$.10 per share (the "Interpublic Stock"), to the former shareholder of a company that was acquired in the third quarter of 1999. This represented a deferred payment of the purchase price. The shares of Interpublic Stock were valued at \$1,011,171 on the date of issuance.

The shares of Interpublic Stock were issued by the Registrant without registration in an "offshore transaction" and solely to "non-U.S. persons" in reliance on Rule 903(b)(3) of Regulation S under the Securities Act of 1933, as amended (the "Securities Act").

(2) On July 21, 2003, the Registrant paid \$1,342,728 and issued 65,293 shares of Interpublic Stock to a former shareholder of a company that was acquired in the fourth quarter of 2000. This represented a deferred payment of the purchase price. The shares of Interpublic Stock were valued at \$895,167 on the date of issuance.

The shares of Interpublic Stock were issued by the Registrant without registration in an "offshore transaction" and solely to "non-U.S. persons" in reliance on Rule 903(b) of Regulation S under the Securities Act.

(3) On August 4, 2003, the Registrant issued 17,143 shares of Interpublic Stock to the two former shareholders of a company as an interim payment for 100% of the shares of the company that was acquired in the fourth quarter of 2002. The shares of Interpublic Stock were valued at \$169,833 at the date of issuance.

The shares of Interpublic Stock were issued by the Registrant without registration in an "offshore transaction" and solely to "non-U.S. persons" in reliance on Rule 903(b)(3) of the Regulation S under the Securities Act.

(4) On September 2, 2003 the Registrant paid \$2,353,000 and issued 176,724 shares of Interpublic Stock to the two former shareholders of a company as an additional and final payment for 100% of the shares of the company that was acquired in the second quarter of 2000. The shares of Interpublic Stock were valued at \$2,343,360.24 at the date of issuance.

The shares of Interpublic Stock were issued by the Registrant without registration in an "offshore transaction" and solely to "non-U.S. persons" in reliance on Rule 903(b)(3) of the Regulation S under the Securities Act.

(5) On September 2, 2003 the Registrant issued 42,947 shares of Interpublic Stock to the two former shareholders of a company in partial consideration for a second deferred payment for 100% of the shares of the company that was acquired in the third quarter of 2000. The shares of Interpublic Stock were valued at \$435,909 at the date of issuance.

The shares of Interpublic Stock were issued by the Registrant without registration in an "offshore transaction" and solely to "non-U.S. persons" in reliance on Rule 903(b)(3) of the Regulation S under the Securities Act.

(6) On September 5, 2003, the Registrant paid an aggregate of \$521,847 in cash and issued an aggregate of 125,739 shares of Interpublic Stock to nineteen former shareholders of a company that the Registrant acquired in the second quarter of 1999. This represented a deferred payment of the purchase price. The shares of Interpublic Stock had an aggregate market value of \$1,217,643 as of the date of issuance.

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES

The shares of Interpublic Stock were issued by the Registrant without registration in reliance on Section 4(2) under the Securities Act, based on the status of fourteen of the former shareholders of the acquired company as accredited investors and based on the sophistication of five of the former shareholders of the acquired company. The former shareholders had access to all the documents filed by the Registrant with the SEC, including the Company's i) Annual Report on Form 10-K for the year ended December 31, 2002, ii) Quarterly Reports on Form 10-Q for 2003, iii) Current Reports on Form 8-K for 2003, and iv) Proxy Statement for the 2003 Annual Meeting of Stockholders.

(7) On September 9, 2003, the Registrant issued 13,028 shares of Interpublic Stock, and on August 22, 2003 and August 27, 2003 paid an aggregate of \$396,636.78 in cash to the three former shareholders of a company that was acquired in the fourth quarter of 1999. This represented a deferred payment of the purchase price. The shares of Interpublic Stock had a market value of \$172,920.79 as of the date of issuance.

The shares of Interpublic Stock were issued by the Registrant without registration in an "offshore transaction" and solely to "non-U.S. persons" in reliance on Rule 903(b)(3) of Regulation S under the Securities Act.

(8) On September 11, 2003 the Registrant issued 65,417 shares of Interpublic Stock and on April 30, 2003 paid \$1,865,934 in cash to the three former shareholders of a company as payment for 32.7% of the shares of the company that were acquired in the second quarter of 2003. The shares of Interpublic Stock were valued at \$1,354,291 at the date of issuance.

The shares of Interpublic Stock were issued by the Registrant without registration in an "offshore transaction" and solely to "non-U.S. persons" in reliance on Rule 903(b)(3) of the Regulation S under the Securities Act.

(9) On September 24, 2003 the Registrant issued 51,947 shares of Interpublic Stock and paid \$1,427,506 in cash to the twenty-nine shareholders of a company whose assets were acquired by a subsidiary of the Registrant in the third quarter of 2000. This represented a deferred payment of the purchase price. The shares of Interpublic Stock had a market value of \$475,835 as of the date of issuance.

The shares of Interpublic Stock were issued by the Registrant without registration in reliance on Section 4(2) under the Securities Act, based on the sophistication of the shareholders of the company. The shareholders had access to all the documents filed by the Registrant with the SEC, including the Registrant's i) Annual Report and Form 10-K for the year ended 2002, ii) Quarterly Reports on Form 10-Q for 2003, iii) Current Reports on Form 8-K for 2003, and iv) Proxy Statement for the 2003 Annual Meeting of Stockholders.

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES

Item 6. Exhibits and Reports on Form 8-K.

(a) EXHIBITS

<u>EXHIBIT NO.</u>	<u>DESCRIPTION</u>
3(i)	Restated Certificate of Incorporation, as amended through May 29, 2003 of The Interpublic Group of Companies, Inc ("Interpublic").
10(i)(A)	Amendment No. 2, dated as of September 29, 2003, to the 364-Day Credit Agreement among Interpublic, the initial lenders named therein and Citibank, N.A. as Administrative Agent.
10(i)(B)	Amendment No. 2, dated as of September 29, 2003, to the Amended and Restated Finan-

- 10(i)(B) Amendment No. 3, dated as of September 29, 2003, to the Amended and Restated Five-Year Credit Agreement among Interpublic, the initial lenders named therein and Citibank, N.A., as Administrative Agent.
- 10(iii)(A)(1) The Interpublic Senior Executive Retirement Income Plan.
- 10(iii)(A)(2) The Interpublic Capital Accumulation Plan.
- 10(iii)(A)(3) The Interpublic Outside Directors Stock Incentive Plan of Interpublic, as amended through August 1, 2003.
- 10(iii)(A)(4) Agreement and Release, dated as of September 4, 2003, between Interpublic and James R. Heekin, III.
- 10(iii)(A)(5) Supplemental Agreement, made as of May 1, 2003 and signed as of September 3, 2003, to an Employment Agreement, made as of September 5, 2000, by and between Interpublic and Bruce S. Nelson.
- 31.1 Certification, dated as of November 14, 2003 and executed by David A. Bell, under Section 302 of the Sarbanes-Oxley Act of 2002 ("S-OX").
- 31.2 Certification, dated as of November 14, 2003 and executed by Christopher J. Coughlin, under Section 302 of S-OX.
- 32 Certification, dated as of November 14, 2003 and executed by David A. Bell and Christopher J. Coughlin, furnished pursuant to Section 906 of S-OX.

(b) REPORTS ON FORM 8-K and 8-K/A.

The following Reports on Form 8-K and Form 8-K/A were filed or furnished during the quarter ended September 30, 2003:

- 1) Report, filed July 2, 2003. Item 5 Other Events and Regulation FD Disclosure and Item 7 Financial Statements and Exhibits. Exhibit 99.1.

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES

- 2) Report, filed July 24, 2003. Item 2 Acquisition or Disposition of Assets and Item 7 Financial Statements and Exhibits.
- 3) Report, filed August 12, 2003. Item 5 Other Events and Regulation FD Disclosure, Item 7 Financial Statements and Exhibits and Item 12 Results of Operations and Financial Condition. Exhibit 99.1.
- 4) Report, furnished August 14, 2003. Item 12. Results of Operation and Financial Condition. Exhibit 99.1. This report has merely been "furnished" to the SEC. The Registrant does not intend for the report to be deemed "filed".
- 5) Report, filed August 20, 2003. Item 5 Other Events and Regulation FD Disclosure and Item 7 Financial Statements and Exhibits. Exhibit 10.1.
- 6) Report, filed September 9, 2003. Item 5 Other Events and Regulation FD Disclosure and Item 7 Financial Statements and Exhibits. Exhibits 23.1, 23.2 and 99.1 (Parts I through III of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2002).
- 7) Report, filed September 10, 2003. Item 5 Other Events and Regulation FD Disclosure.

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.

THE INTERPUBLIC GROUP OF COMPANIES, INC.
(Registrant)

Date: November 14, 2003

BY /S/ DAVID A. BELL
DAVID A. BELL
Chairman of the Board, President
and Chief Executive Officer

Date: November 14, 2003

BY /S/ CHRISTOPHER J. COUGHLIN
CHRISTOPHER J. COUGHLIN
Executive Vice President Chief Operating Officer
and Chief Financial Officer

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES

INDEX TO EXHIBITS

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32	Certification, dated as of November 14, 2003 and executed by David A. Bell and Christopher J. Coughlin, furnished pursuant to Section 906 of S-OX.

RESTATED CERTIFICATE OF INCORPORATION
OF
THE INTERPUBLIC GROUP OF COMPANIES, INC.
Under Section 245 of the Delaware General Corporation Law

We, PAUL FOLEY, President, and J. DONALD McNAMARA, Secretary of THE INTERPUBLIC GROUP OF COMPANIES, INC., a corporation existing under the laws of the State of Delaware, do hereby certify under the seal of the said corporation as follows:

FIRST: The name of the Corporation is THE INTERPUBLIC GROUP OF COMPANIES, INC. The name under which it was formed was "McCann-Erickson Incorporated".

SECOND: The Certificate of Incorporation of the Corporation was filed with the Secretary of State, Dover, Delaware, on the 18th day of September, 1930.

THIRD: The amendments and the restatement of the Certificate of Incorporation have been duly adopted in accordance with the provisions of Sections 242 and 245 of the General Corporation Law of the State of Delaware by an affirmative vote of the holders of a majority of all outstanding shares entitled to vote at a meeting of shareholders, and by an affirmative vote of the holders of a majority of all outstanding shares of each class entitled to vote separately as a class, and the capital of the Corporation will not be reduced under or by reason of said amendment.

FOURTH: The text of the Certificate of Incorporation of said The Interpublic Group of Companies, Inc., as amended, is hereby restated as further amended by this Certificate, to read in full, as follows:

ARTICLE 1. The name of this Corporation is THE INTERPUBLIC GROUP OF COMPANIES, INC.

ARTICLE 2. The registered office of the Corporation is located at 306 South State Street in the City of Dover, in the County of Kent, in the State of Delaware. The name of its registered agent at said address is the UNITED STATES CORPORATION COMPANY.

ARTICLE 3. The nature of the business of the Corporation and the objects or purposes to be transacted, promoted or carried on by it, are:

(a) To conduct a general advertising agency, public relations, sales promotion, product development, marketing counsel and market research business, to conduct research in and act as consultant and advisor in respect to all matters pertaining to advertising, marketing, merchandising and distribution of services, products and merchandise of every kind and description, and generally to transact all other business not forbidden by law, and to do every act and thing that may be necessary, proper, convenient or useful for the carrying on of such business.

(b) To render managerial, administrative and other services to persons, firms and corporations engaged in the advertising agency, public relations, sales promotion, product development, marketing counsel or market research business.

(c) To manufacture, buy, sell, create, produce, trade, distribute and otherwise deal in and with motion pictures, television films, slide films, video tapes, motion picture scenarios, stage plays, operas, dramas, ballets, musical comedies, books, animated cartoons, stories and news announcements, of every nature, kind and description.

(d) To undertake and transact all kinds of agency and brokerage business; to act as agent, broker, attorney in fact, consignee, factor, selling agent, purchasing agent, exporting or importing agent or otherwise for any individual or individuals, association, partnership or corporation; to conduct manufacturing operations of all kinds; to engage in the business of distributors, commission merchants, exporters and importers; to transact a general mercantile business.

(e) To acquire, hold, use, sell, assign, lease, grant licenses in respect of, mortgage or otherwise dispose of letters patent of the United States or any foreign country, patent rights, licenses and privileges, inventions, improvements and processes, copyrights, trademarks and trade names, relating to or useful in connection with any business of the Corporation, its subsidiaries and affiliates, or its or their clients.

(f) To purchase, lease, hold, own, use, improve, sell, convey, mortgage, pledge, exchange, transfer and otherwise acquire or dispose of and deal in real property, buildings, structures, works and improvements wherever situated, and any interests therein, of every kind, class and description.

(g) To manufacture, purchase, own, use, operate, improve, maintain, lease, mortgage, pledge, sell or otherwise acquire or dispose of and deal in machinery, equipment, fixtures, materials, tools, supplies and other personal property used in or in connection with any business of the Corporation,

either for cash or for credit or for property, stocks or bonds or other consideration as the Board of Directors may determine.

(h) To make loans to any person, partnership, company or corporation, with or without security.

(i) To acquire by purchase, subscription or otherwise, and to receive, hold, own, guarantee, sell, assign, exchange, transfer, mortgage, pledge or otherwise dispose of or deal in and with any of the shares of the capital stock, or any voting trust certificates in respect of the shares of capital stock, script, warrants, rights, bonds, debentures, notes, trust receipts, and other securities, obligations, choses in action and evidences of indebtedness, book accounts or any other security interest or any other kind of interest, secured or unsecured, issued or created by, or belonging to or standing in the name of, any corporation, joint stock company, syndicate, association, firm, trust or person, public or private, or the government of the United States of America, or any foreign government, or any state, territory, province, municipality or other political subdivision or any governmental agency, and as owner thereof to possess and exercise all of the rights, powers and privileges of ownership, including the right to execute consents and vote thereon, and to do any and all acts and things necessary or advisable for the preservation, protection, improvement and enhancement in value thereof.

(j) To acquire, and pay for in cash, stock or bonds of the Corporation or otherwise, the goodwill, rights, assets and property, and to undertake or assume the whole or any part of the obligations or liabilities, of any person, firm, association or corporation.

(k) To cause to be formed, merged, consolidated or reorganized and to promote and aid in any way permitted by law the formation, merger, consolidation or reorganization of any corporation.

(l) To borrow or raise moneys for any of the purposes of the Corporation and, from time to time without limit as to amount, to draw, make, accept, endorse, execute and issue promissory notes, drafts, bills of exchange, warrants, bonds, debentures and other negotiable or non-negotiable instruments and evidences of indebtedness, and to secure the payment of any thereof and of the interest thereon by mortgage upon or pledge, conveyance or assignment in trust of the whole or any part of the property of the Corporation (including any security interests acquired by the Corporation to secure obligations owing to the Corporation), whether at the time owned or thereafter acquired, and to sell, pledge or otherwise dispose of such bonds or other obligations of the Corporation for its corporate purposes.

(m) To purchase, hold, sell and transfer the shares of its own capital stock; provided it shall not use its funds or property for the purchase of its own shares of capital stock when such use would cause any impairment of its capital except as otherwise permitted by law, and provided further that shares of its own capital stock belonging to it shall not be voted, directly and indirectly.

(n) To aid in any manner, any corporation, association, firm or individual, any of whose securities, evidences of indebtedness, obligations or stock are held by the Corporation directly or indirectly, or in which, or in the welfare of which, the Corporation shall have any interest, and to guarantee securities, evidences of indebtedness and obligations of other persons, firms, associations and corporations.

(o) To do any and all of the acts and things herein set forth, as principal, factor, agent, contractor, or otherwise, either alone or in company with others; and in general to carry on any other similar business which is incidental or conducive or convenient or proper to the attainment of the foregoing purposes or any of them, and which is not forbidden by law; and to exercise any and all powers which now or hereafter may be lawful for the Corporation to exercise under the laws of the State of Delaware; to establish and maintain offices and agencies within and anywhere outside of the State of Delaware; and to exercise all or any of its corporate powers and rights in the State of Delaware and in any and all other States, territories, districts, colonies, possessions or dependencies of the United States of America and in any foreign countries.

The objects and purposes specified in the foregoing clauses shall be construed as both purposes and powers and shall, except where otherwise expressed, be in nowise limited or restricted by reference to, or inference from, the terms of any other clause in this Certificate of Incorporation, but shall be regarded as independent objects and purposes.

ARTICLE 4. The total number of shares of capital stock which the Corporation shall have authority to issue is Four Million (4,000,000) shares, all of which shall be Common Stock of the par value of Ten Cents (\$.10) per share. Without action by the stockholders, such shares may be issued by the Corporation from time to time for such consideration as may be fixed by the Board of Directors, provided that such consideration shall be not less than par value. Any and all shares so issued, the full consideration for which has been paid or delivered shall be deemed fully paid stock and shall not be liable to any further call or assessment thereon, and the holders of such shares shall not be liable for any further payment thereon. No holder of shares shall be entitled as a matter of right, preemptive or otherwise, to subscribe for, purchase or receive any shares of the stock of the Corporation of any class, now or hereafter authorized, or any options or warrants for such stock or securities convertible into or exchangeable for such stock, or any shares held in the treasury of the Corporation.

ARTICLE 5. The Corporation is to have perpetual existence.

ARTICLE 6. The private property of the stockholders shall not be subject to the payment of corporate debts to any extent whatever.

ARTICLE 7. The number of directors which shall constitute the whole board shall be fixed from time to time by the stockholders or the Board of Directors, but in no case shall the number be less than three.

ARTICLE 8. In addition to the powers and authority expressly conferred upon them by statute and by this certificate, the directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation; subject, nevertheless, to the provisions of the statutes of Delaware, of this Certificate of Incorporation, and to the By-Laws of the Corporation.

ARTICLE 9. ARTICLE 9. In furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized:

- (a) To make, alter, amend and rescind the By-Laws of this Corporation, without any action on the part of the stockholders except as may be otherwise provided in the By-Laws.
- (b) To fix and vary from time to time the amount to be maintained as surplus, the amount to be reserved as working capital and the amount to be reserved for other lawful purposes.
- (c) To fix the times for the declaration and payment of dividends and the amount thereof, subject to the provisions of Article 4 hereof.
- (d) To borrow or raise moneys for any of the purposes of the Corporation, to authorize and cause to be executed mortgages and liens without limit as to amount on the real and personal property of this Corporation or any part thereof, and to authorize the guaranty by the Corporation of securities, evidences of indebtedness and obligations of other persons, firms, associations and corporations.
- (e) To sell, lease, exchange assign, transfer, convey or otherwise dispose of part of the property, assets and effects of this Corporation, less than substantially the whole thereof, on such terms and conditions as it shall deem advisable, without the assent of the stockholders.
- (f) Pursuant to the affirmative vote of the holders of a majority of the capital stock issued and outstanding and entitled to vote thereon, to sell, lease, exchange, assign, transfer and convey or otherwise dispose of the whole or substantially the whole of the property, assets, effects and goodwill, of this Corporation, including the corporate franchise, upon such terms and conditions as the Board of Directors shall deem expedient and for the best interests of this Corporation.
- (g) To determine from time to time whether and to what extent and at what time and place and under what conditions and regulations the accounts and books of this Corporation, or any of them, shall be open to the inspection of the stockholders; and no stockholder shall have any right to inspect any account, book or document of this Corporation except as conferred by the laws of the State of Delaware or the By-Laws or as authorized by resolution of the stockholders or Board of Directors.
- (h) To designate by resolution or resolutions one or more committees, such committees to consist of two or more directors each, which to the extent provided in said resolution or resolutions or in the By-Laws shall have and may exercise (except when the Board of Directors shall be in session) all or any of the powers of the Board of Directors in the management of the business and affairs of the Corporation, and have power to authorize the seal of this Corporation to be affixed to all papers which may require it.

Whether or not herein specifically enumerated, all powers of this Corporation, in so far as the same may be lawfully vested in the Board of Directors, are hereby conferred upon the Board of Directors. This Corporation may in its By-Laws confer powers upon its directors in addition to those granted by this certificate and in addition to the powers and authority expressly conferred upon them by statute.

ARTICLE 10. No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contract or transaction, or solely because his or their votes are counted for such purpose, if:

(a) The material facts as to his interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the board or committee in good faith authorizes the contract or transaction by a vote sufficient for such purpose without counting the vote of the interested director or directors; or

(b) The material facts as to his interest and as to the contract or transaction are disclosed or are

(b) The material facts as to his interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or

(c) The contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board of Directors, a committee thereof, or the stockholders.

Interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

ARTICLE 11. No person shall be liable to the Corporation for any loss or damage suffered by it on account of any action taken or omitted to be taken by him as a director or officer of the Corporation in good faith, if such person (a) exercised or used the same degree of diligence, care and skill as an ordinarily prudent man would have exercised or used under the circumstances in the conduct of his own affairs, or (b) took, or omitted to take, such action in reliance in good faith upon advice of counsel for the Corporation, or upon the books of account or other records of the Corporation, or upon reports made to the Corporation by any of its officers or by an independent certified public accountant or by an appraiser selected with reasonable care by the Board of Directors or by any committee designated by the Board of Directors.

ARTICLE 12. The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

IN WITNESS WHEREOF, we have signed this certificate and caused the corporate seal of the Corporation to be hereunto affixed this 6th day of May, 1974.

/s/ Paul Foley
PAUL FOLEY
President

Attest:

/S/ J. DONALD MCNAMARA
J. DONALD McNAMARA
Secretary

[Corporate Seal]

STATE OF NEW YORK }
 }ss.:
COUNTY OF NEW YORK }

BE IT REMEMBERED that on this 6th day of May, 1974, personally came before me MONROE S. SINGER, a Notary Public in and for the County and State aforesaid, PAUL FOLEY, party to the foregoing certificate, known to me personally to be such, and duly acknowledged the said certificate to be his act and deed, and that the facts therein stated are true.

GIVEN under my hand and seal of office the day and year aforesaid.

/S/ MONROE S. SINGER
MONROE S. SINGER
Notary Public

MONROE S. SINGER
Notary Public, State of New York
No. 31-9023080
Qualified in New York County
Commission Expires March 30, 1979

[Notarial Seal]

CERTIFICATE OF AMENDMENT
OF
RESTATED CERTIFICATE OF INCORPORATION
OF
THE INTERPUBLIC GROUP OF COMPANIES, INC.
Under Section 242 of the Delaware General Corporation Law

We, PAUL FOLEY, President, and J. DONALD McNAMARA, Secretary of The Interpublic Group of Companies, Inc., a corporation existing under the laws of the State of Delaware, do hereby certify under the seal of the said Corporation as follows:

FIRST: The name of the Corporation is THE INTERPUBLIC GROUP OF COMPANIES, INC. The name under which it was formed was "McCann-Erickson Incorporated".

SECOND: The Certificate of Incorporation of the Corporation was filed with the Secretary of State, Dover, Delaware, on the 18th day of September, 1930. A Restated Certificate of Incorporation was filed with the Secretary of State, Dover, Delaware, on the 9th day of May, 1974.

THIRD: The amendment of the Restated Certificate of Incorporation has been duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware by an affirmative vote of the holders of a majority of all outstanding shares entitled to vote at a meeting of shareholders, and the capital of the Corporation will not be reduced under or by reason of said amendment.

FOURTH: The first sentence of Article 4 of the Restated Certificate of Incorporation is hereby amended by striking out the whole thereof as it now exists and inserting in lieu and stead thereof a new first sentence, reading in full as follows:

ARTICLE 4. The total number of shares of capital stock which the Corporation shall have authority to issue is Eight Million (8,000,000) shares, all of which shall be Common Stock of the par value of Ten Cents (\$.10) per share.

IN WITNESS WHEREOF, we have signed this Certificate and caused the corporate seal of the Corporation to be hereunto affixed this 12th day of May, 1976.

/S/ PAUL FOLEY
PAUL FOLEY
President

Attest:

/S/ J. DONALD MCNAMARA
J. DONALD McNAMARA
Secretary
[Corporate Seal]

CERTIFICATE OF AMENDMENT
OF
RESTATED CERTIFICATE OF INCORPORATION
OF
THE INTERPUBLIC GROUP OF COMPANIES, INC.
Under Section 242 of the Delaware General Corporation Law

We, PHILIP H. GEIER, JR., Chairman of the Board, and EDWIN A. KIERNAN, Jr., Secretary, of The Interpublic Group of Companies, Inc., a corporation existing under the laws of the State of Delaware, do hereby certify under the seal of the said Corporation as follows:

FIRST: The name of the Corporation is THE INTERPUBLIC GROUP OF COMPANIES, INC. The name under which it was formed was "McCann-Erickson Incorporated".

SECOND: The Certificate of Incorporation of the Corporation was filed with the Secretary of State, Dover, Delaware, on the 18th day of September, 1930. A Restated Certificate of Incorporation was filed with the Secretary of State, Dover, Delaware, on the 9th day of May, 1974 which was subsequently amended by a Certificate of Amendment of the Restated Certificate of Incorporation filed with the Secretary of State, Dover, Delaware on the 13th day of May, 1976.

THIRD: The amendment of the Restated Certificate of Incorporation has been duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware by an affirmative vote of the holders of a majority of all outstanding shares entitled to vote at a meeting of

shareholders, and the capital of the Corporation will not be reduced under or by reason of said amendment.

FOURTH: The first sentence of Article 4 of the Restated Certificate of Incorporation, as amended, is hereby further amended by striking out the whole thereof as it now exists and inserting in lieu and stead thereof a new first sentence, reading in full as follows:

ARTICLE 4. The total number of shares of capital stock which the Corporation shall have authority to issue is Sixteen Million (16,000,000) shares, all of which shall be Common Stock of the par value of Ten Cents (\$.10) per share.

IN WITNESS WHEREOF, we have signed this Certificate and caused the corporate seal of the Corporation to be hereunto affixed this 17th day of May, 1983.

/S/ PHILIP H. GEIER, JR.

PHILIP H. GEIER, JR.

Chairman of the Board

Attest:

/S/ EDWIN A. KIERNAN

EDWIN A. KIERNAN

Secretary

[Corporate Seal]

CERTIFICATE OF AMENDMENT
OF
RESTATED CERTIFICATE OF INCORPORATION
OF
THE INTERPUBLIC GROUP OF COMPANIES, INC.
Under Section 242 of the Delaware General Corporation Law

We, PHILIP H. GEIER, JR., Chairman of the Board and President, and EDWIN A. KIERNAN, Jr., Secretary, of The Interpublic Group of Companies, Inc., a corporation existing under the laws of the State of Delaware, do hereby certify under the seal of the said Corporation as follows:

FIRST: The name of the Corporation is THE INTERPUBLIC GROUP OF COMPANIES, INC. The name under which it was formed was "McCann-Erickson Incorporated".

SECOND: The Certificate of Incorporation of the Corporation was filed with the Secretary of State, Dover, Delaware, on the 18th day of September, 1930. A Restated Certificate of Incorporation was filed with the Secretary of State, Dover, Delaware, on the 9th day of May, 1974 which was subsequently amended by Certificates of Amendment of the Restated Certificate of Incorporation filed with the Secretary of State, Dover, Delaware on the 13th day of May, 1976 and on the 17th day of May, 1983, respectively.

THIRD: The amendment of the Restated Certificate of Incorporation has been duly adopted in accordance with the provisions of Sections 242 of the General Corporation Law of the State of Delaware by an affirmative vote of the holders of a majority of all outstanding shares entitled to vote at a meeting of shareholders, and the capital of the Corporation will not be reduced under or by reason of said amendment.

FOURTH: The first sentence of Article 4 of the Restated Certificate of Incorporation, as amended, is hereby further amended by striking out the whole thereof as it now exists and inserting in lieu and stead thereof a new first sentence, reading in full as follows:

ARTICLE 4. The total number of shares of capital stock which the Corporation shall have authority to issue is Fifty Million (50,000,000) shares, all of which shall be Common Stock of the par value of Ten Cents (\$.10) per share.

IN WITNESS WHEREOF, we have signed this Certificate and caused the corporate seal of the Corporation to be hereunto affixed this 20th day of May, 1986.

/S/ PHILIP H. GEIER, JR.

PHILIP H. GEIER, JR.

Chairman of the Board and

President

Attest:

/S/ EDWIN A. KIERNAN

EDWIN A. KIERNAN

CERTIFICATE OF AMENDMENT
OF
RESTATED CERTIFICATE OF INCORPORATION
OF
THE INTERPUBLIC GROUP OF COMPANIES, INC.
Under Section 242 of the Delaware General Corporation Law

We, EUGENE P. BEARD, Executive Vice President, and EDWIN A. KIERNAN, JR., Secretary, of The Interpublic Group of Companies, Inc., a corporation existing under the laws of the State of Delaware, do hereby certify under the seal of the said Corporation as follows:

FIRST: The name of the Corporation is THE INTERPUBLIC GROUP OF COMPANIES, INC. The name under which it was formed was "McCann-Erickson Incorporated".

SECOND: The Certificate of Incorporation of the Corporation was filed with the Secretary of State, Dover, Delaware, on the 18th day of September, 1930. A Restated Certificate of Incorporation was filed with the Secretary of State, Dover, Delaware, on the 9th day of May, 1974 which was subsequently amended by Certificates of Amendment of the Restated Certificate of Incorporation filed with the Secretary of State, Dover, Delaware on the 13th day of May, 1976, on the 17th day of May, 1983 and on the 20th day of May, 1986, respectively.

THIRD: This amendment of the Restated Certificate of Incorporation has been duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware by an affirmative vote of the holders of a majority of all outstanding shares entitled to vote at a meeting of shareholders, and the capital of the Corporation will not be reduced under or by reason of said amendment.

FOURTH: Article 4 of the Restated Certificate of Incorporation, as amended, is hereby further amended by striking out the whole thereof as it now exists and inserting in lieu and stead thereof a new Article 4, reading in full as follows:

ARTICLE 4: (a) The total number of shares of all classes of stock which the Company shall have the authority to issue is ninety-five million (95,000,000) shares consisting of seventy-five million (75,000,000) shares of Common Stock, par value Ten Cents (\$.10) per share, and twenty million (20,000,000) shares of Preferred Stock, without par value.

(b) The shares of authorized Common Stock shall be identical in all respects and have equal rights and privileges. Without action by the stockholders, such shares of Common Stock may be issued by the Company from time to time for such consideration as may be fixed by the Board of Directors, provided that such consideration shall not be less than par value. Any and all shares so issued, the full consideration for which has been paid or delivered shall be deemed fully paid stock and shall not be liable to any further call or assessment thereon, and the holders of such shares shall not be liable for any further payment thereon. No holder of shares of Common Stock shall be entitled as a matter of right, preemptive or otherwise, to subscribe for, purchase or receive any shares of the stock of the Company of any class, now or hereafter authorized, or any options or warrants for such stock or securities convertible into or exchangeable for such stock, or any shares held in the treasury of the Company.

(c) The Board of Directors shall have the authority to issue the shares of Preferred Stock from time to time on such terms and conditions as it may determine, and to divide the Preferred Stock into one or more classes or series and in connection with the creation of any such class or series to fix by the resolution or resolutions providing for the issue of shares thereof the designations, powers, preferences and relative, participating, optional, or other special rights of such class or series, and the qualifications, limitations, or restrictions thereof, to the full extent now or hereafter permitted by law. The number of authorized shares of Preferred Stock may be increased or decreased (but not below the number then outstanding) by the affirmative vote of the holders of a majority of the Common Stock, without a vote of the holders of the Preferred Stock, unless a vote of any such holders is required pursuant to the certificate or certificates establishing the series of Preferred Stock.

FIFTH: The existing Article 12 of the Restated Certificate of Incorporation is hereby renumbered as Article 13.

SIXTH: The Restated Certificate of Incorporation, as amended, is hereby further amended by inserting a new Article 12, reading in full as follows:

Article 12. A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived any improper personal benefit. If the Delaware General Corporation Law is amended after approval by the stockholders of this Article to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended. Any repeal or modification of this Article 12 by the

stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification.

IN WITNESS WHEREOF, we have signed this Certificate and caused the corporate seal of the Corporation to be hereunto affixed this 19th day of May, 1988.

/S/ EUGENE P. BEARD
EUGENE P. BEARD
Executive Vice President

Attest:

/S/ EDWIN A. KIERNAN
EDWIN A. KIERNAN
Secretary

CERTIFICATE OF AMENDMENT
OF
RESTATED CERTIFICATE OF INCORPORATION
OF
THE INTERPUBLIC GROUP OF COMPANIES, INC.
Under Section 242 of the Delaware General Corporation Law

We, PHILIP H. GEIER, JR., Chairman of the Board and President, and CHRISTOPHER RUDGE, Secretary, of The Interpublic Group of Companies, Inc., a corporation existing under the laws of the State of Delaware, do hereby certify under the seal of the said Corporation as follows:

FIRST: The name of the Corporation is THE INTERPUBLIC GROUP OF COMPANIES, INC. The name under which it was formed was "McCann-Erickson Incorporated".

SECOND: The Certificate of Incorporation of the Corporation was filed with the Secretary of State, Dover, Delaware, on the 18th day of September, 1930. A Restated Certificate of Incorporation was filed with the Secretary of State, Dover, Delaware, on the 9th day of May, 1974 and was subsequently amended by Certificates of Amendment of the Restated Certificate of Incorporation filed with the Secretary of State, Dover, Delaware on the 13th day of May, 1976, the 17th day of May, 1983, the 20th of May, 1986, and the 25th of May, 1988, respectively.

THIRD: This amendment of the Restated Certificate of Incorporation has been duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware by an affirmative vote of the holders of a majority of all outstanding shares entitled to vote at a meeting of shareholders, and the capital of the Corporation will not be reduced under or by reason of said amendment.

FOURTH: Article 4(a) of the Restated Certificate of Incorporation, as amended, is hereby further amended by striking out the whole thereof as it now exists and inserting in lieu and stead thereof a new Article 4(a), reading in full as follows:

ARTICLE 4(a) The total number of shares of all classes of stock which the Corporation shall have the authority to issue is one hundred twenty million (120,000,000) shares, consisting of one hundred million (100,000,000) shares of Common Stock, par value Ten Cents (\$.10) per share, and twenty million (20,000,000) shares of Preferred Stock, without par value.

IN WITNESS WHEREOF, we have signed this Certificate and caused the corporate seal of the Corporation to be hereunto affixed this 19th day of May, 1992.

[Corporate Seal]

/S/ PHILIP H. GEIER, JR.
PHILIP H. GEIER, JR.
Chairman of the Board and
President

Attest:

/S/ CHRISTOPHER RUDGE
CHRISTOPHER RUDGE
Secretary

RESTATED CERTIFICATE OF INCORPORATION
OF
THE INTERPUBLIC GROUP OF COMPANIES, INC.

Under Section 242 of the Delaware General Corporation Law

I, Christopher Rudge, Senior Vice President and Secretary of The Interpublic Group of Companies, Inc., a corporation existing under the laws of the State of Delaware, do hereby certify as follows:

FIRST: The name of the Corporation is The Interpublic Group of Companies, Inc. The name under which it was formed was "McCANN-ERICKSON INCORPORATED."

SECOND: The Certificate of Incorporation of the Corporation was filed with the Secretary of State, Dover, Delaware, on the 18th day of September, 1930. A Restated Certificate of Incorporation was filed with the Secretary of State, Dover, Delaware, on the 9th day of May, 1974 and was subsequently amended by Certificates of Amendment of the Restated Certificate of Incorporation filed with the Secretary of State, Dover, Delaware, on the 13th day of May, 1976, the 17th day of May, 1983, the 20th of May, 1986, the 25th of May, 1988 and the 19th of May, 1992, respectively.

THIRD: This amendment of the Restated Certificate of Incorporation has been duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware by an affirmative vote of the holders of a majority of all outstanding shares entitled to vote at a meeting of shareholders, and the capital of the Corporation will not be reduced under or by reason of said amendment.

FOURTH: Article 4(a) of the Restated Certificate of Incorporation, as amended, is hereby further amended by striking out the whole thereof as it now exists and inserting in lieu and stead thereof a new Article 4(a), reading in full as follows:

Article 4(a): The total number of shares of all classes of stock which the Corporation shall have the authority to issue is one hundred seventy million (170,000,000) shares, consisting of one hundred fifty million (150,000,000) shares of Common Stock, par value Ten Cents (\$.10) per share, and twenty million (20,000,000) shares of Preferred Stock, without par value.

IN WITNESS WHEREOF, I have signed this Certificate this 2nd day of June, 1995.

/S/ CHRISTOPHER RUDGE
CHRISTOPHER RUDGE
Senior Vice President and
Secretary

CERTIFICATE OF AMENDMENT
OF
RESTATED CERTIFICATE OF INCORPORATION
OF
THE INTERPUBLIC GROUP OF COMPANIES, INC.
Under Section 242 of the Delaware General Corporation Law

I, Nicholas J. Camera, Vice President and Secretary of The Interpublic Group of Companies, Inc., a corporation existing under the laws of the State of Delaware, do hereby certify as follows:

FIRST: The name of the Corporation is The Interpublic Group of Companies, Inc. The name under which it was formed was "McCann-Erickson Incorporated."

SECOND: The Certificate of Incorporation of the Corporation was filed with the Secretary of State, Dover, Delaware, on the 18th day of September, 1930. A Restated Certificate of Incorporation was filed with the Secretary of State, Dover, Delaware, on the 9th day of May, 1974 and was subsequently amended by Certificates of Amendment of the Restated Certificate of Incorporation filed with the Secretary of State, Dover, Delaware, on the 13th day of May, 1976, the 17th day of May, 1983, the 20th day of May, 1986, the 25th day of May, 1988, the 19th day of May, 1992 and the 6th day of June, 1995, respectively.

THIRD: This amendment of the Restated Certificate of Incorporation has been duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware by an affirmative vote of the holders of a majority of all outstanding shares entitled to vote at a meeting of shareholders, and the capital of the Corporation will not be reduced under or by reason of said amendment.

FOURTH: Article 4(a) of the Restated Certificate of Incorporation, as amended, is hereby further amended by striking out the whole thereof as it now exists and inserting in lieu and stead thereof a new Article 4(a), reading in full as follows:

Article 4(a): The total number of shares of all classes of stock which the Corporation shall have the authority to issue is two hundred forty-five million (245,000,000) shares, consisting of two hundred twenty-five million (225,000,000) shares of Common Stock, par value Ten Cents (\$.10) per share, and twenty million (20,000,000) shares of Preferred Stock, without par value.

IN WITNESS WHEREOF, I have signed this Certificate this 5th day of June, 1997.

/s/ Nicholas J. Camera
NICHOLAS J. CAMERA

CERTIFICATE OF AMENDMENT

OF

RESTATED CERTIFICATE OF INCORPORATION

OF

THE INTERPUBLIC GROUP OF COMPANIES, INC.

Under Section 242 of the Delaware General Corporation Law

I, Nicholas J. Camera, Vice President and Secretary of The Interpublic Group of Companies, Inc., a corporation existing under the laws of the State of Delaware, do hereby certify as follows:

FIRST: The name of the Corporation is The Interpublic Group of Companies, Inc. The name under which it was formed was "**McCann-Erickson Incorporated.**"

SECOND: The Certificate of Incorporation of the Corporation was filed with the Secretary of State, Dover, Delaware, on the 18th day of September, 1930. A Restated Certificate of Incorporation was filed with the Secretary of State, Dover, Delaware, on the 9th day of May, 1974 and was subsequently amended by Certificates of Amendment of the Restated Certificate of Incorporation filed with the Secretary of State, Dover, Delaware, on the 13th day of May, 1976, the 17th day of May, 1983, the 20th day of May, 1986, the 25th day of May, 1988, the 19th day of May, 1992, the 6th day of June, 1995 and the 5th day of June, 1997 respectively.

THIRD: This amendment of the Restated Certificate of Incorporation has been duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware by an affirmative vote of the holders of a majority of all outstanding shares entitled to vote at a meeting of shareholders, and the capital of the Corporation will not be reduced under or by reason of said amendment.

FOURTH: Article 4(a) of the Restated Certificate of Incorporation, as amended, is hereby further amended by striking out the whole thereof as it now exists and inserting in lieu and stead thereof a new Article 4(a), reading in full as follows:

Article 4(a): The total number of shares of all classes of stock which the Corporation shall have the authority to issue is five hundred seventy million (570,000,000) shares, consisting of five hundred fifty million (550,000,000) shares of Common Stock, par value Ten Cents (\$.10) per share, and twenty million (20,000,000) shares of Preferred Stock, without par value.

IN WITNESS WHEREOF, I have signed this Certificate this 7th day of June, 1999.

/s/ Nicholas J. Camera

NICHOLAS J. CAMERA

Vice President and Secretary

CERTIFICATE OF AMENDMENT

OF

RESTATED CERTIFICATE OF INCORPORATION

OF

THE INTERPUBLIC GROUP OF COMPANIES, INC.

Under Section 242 of the Delaware General Corporation Law

I, Nicholas J. Camera, Senior Vice President, General Counsel and Secretary of The Interpublic Group of Companies, Inc., a corporation existing under the laws of the State of Delaware, do hereby certify as follows:

1. The name of the Corporation is The Interpublic Group of Companies, Inc. The name under which it was formed was "**McCann-Erickson Incorporated.**"

2. This amendment of the Restated Certificate of Incorporation has been duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

3. Article 4(a) of the Restated Certificate of Incorporation, as amended, is hereby further amended by striking out the whole thereof as it

now exists and inserting in lieu and stead thereof a new Article 4(a), reading in full as follows:

Article 4(a): The total number of shares of all classes of stock which the Corporation shall have the authority to issue is eight hundred twenty million (820,000,000) shares, consisting of eight hundred million (800,000,000) shares of Common Stock, par value Ten Cents (\$.10) per share, and twenty million (20,000,000) shares of Preferred Stock, without par value.

IN WITNESS WHEREOF, I have signed this Certificate this 29th day of May, 2003.

/s/ Nicholas J. Camera

Nicholas J. Camera
Senior Vice President,
General Counsel and Secretary

**AMENDMENT NO. 2 TO THE
364-DAY CREDIT AGREEMENT**

Dated as of September 29, 2003

AMENDMENT NO. 2 TO THE 364-DAY CREDIT AGREEMENT among The Interpublic Group of Companies, Inc., a Delaware corporation (the "Company"), the banks, financial institutions and other institutional lenders parties to the Credit Agreement referred to below (collectively, the "Lenders") and Citibank, N.A., as administrative agent (the "Agent") for the Lenders.

PRELIMINARY STATEMENTS:

(1) The Company, the Lenders and the Agent have entered into a 364-Day Credit Agreement dated as of May 15, 2003 (as amended, supplemented or otherwise modified through the date hereof, the "Credit Agreement"). Capitalized terms not otherwise defined in this Amendment have the same meanings as specified in the Credit Agreement.

(2) The Company, the Required Lenders and the Agent have agreed to amend the Credit Agreement as hereinafter set forth.

SECTION 1. Amendments to Credit Agreement. The Credit Agreement is, effective as of the date hereof and subject to the satisfaction of the conditions precedent set forth in Section 2, hereby amended as follows:

(a) The definition of "EBITDA" in Section 1.01 is amended in full to read as follows:

"EBITDA" means, for any period, net income (or net loss) plus the sum of (a) Interest Expense, (b) income tax expense, (c) depreciation expense, (d) amortization expense, (e) non-cash, non-recurring charges in an amount not to exceed \$161,400,000 taken (i) with respect to the impairment of the assets of Brands Hatch Leisure Limited, Octagon Worldwide Limited and Octagon Worldwide Inc. and their respective Subsidiaries, in the fiscal year ended December 31, 2002 (which shall be allocated to each of the fiscal quarters of 2002 as set forth in a schedule previously delivered by the Company to the Lenders) and (ii) with respect to all such other charges, in the fiscal year ended December 31, 2002 (which shall be allocated to each of the fiscal quarters of 2002 as set forth in a schedule previously delivered by the Company to the Lenders), (f) non-recurring restructuring charges in an amount not to exceed \$275,000,000 (up to \$240,000,000 of which may be cash charges) recorded in the financial statements of the Company and its Consolidated Subsidiaries for the fiscal quarter ended March 31, 2003 and each of the fiscal periods ending June 30, 2003, September 30, 2003, December 31, 2003 and March 31, 2004, (g) non-cash, non-recurring charges in an amount not to exceed \$70,000,000 taken with respect to the impairment of the remaining book value of Brands Hatch Leisure Limited, Octagon Worldwide Limited and Octagon Worldwide Inc. and their respective Subsidiaries, (h) all impairment charges taken with respect to capital expenditures made on or after January 1, 2003 on behalf of Brands Hatch Leisure Limited, Octagon Worldwide Limited and Octagon Worldwide Inc. and their respective Subsidiaries, (i) non-cash, non-recurring goodwill or investment impairment charges in an amount not to exceed \$300,000,000 taken in the fiscal periods ending September 30, 2003, December 31, 2003, March 31, 2004, June 30, 2004 and September 30, 2004, (j) payments made by the Company not to exceed \$135,000,000 (up to \$40,000,000 of which may be in cash) with respect to the fiscal periods ending September 30, 2003, December 31, 2003 and March 31, 2004, relating to the settlement of certain litigation matters, (k) \$24,800,000 in respect of the early repayment by the Company of all amounts outstanding under each of its five Note Purchase Agreements with The Prudential Insurance Company of America dated as of May 26, 1994, April 28, 1995, October 31, 1996, August 19, 1997 and January 21, 1999, respectively, with respect to the fiscal quarter ending September 30, 2003 and (l) from and after such time as the Company adopts the fair value based method of accounting for stock-based employee compensation in accordance with Statement of Financial Accounting Standards No. 123 and Statement of Financial Accounting Standards No. 148, non-cash charges related to such adoption, in each case determined in accordance with GAAP for such period minus gain realized by the Company upon the sale of NFO Worldwide, Inc. in accordance with GAAP.

(b) Section 1.03 is amended in full to read as follows:

SECTION 1.03. Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles consistent with those applied in the preparation of the financial statements referred to in Section 4.01(e) ("GAAP"), as amended by the Company's adoption of the fair value based method of accounting for stock-based employee compensation in accordance with Statement of Financial Accounting Standards No. 123 and Statement of Financial Accounting Standards No. 148.

SECTION 2. Conditions of Effectiveness. This Amendment shall become effective as of the date first above written when, and only when, the Agent shall have received (i) counterparts of this Amendment executed by the Company and the Required Lenders or, as to any of the Lenders, advice satisfactory to the Agent that such Lender has executed this Amendment and (ii) a copy of the attached Consent executed by each Subsidiary Guarantor.

SECTION 3. Representations and Warranties of the Company. The Company represents and warrants as follows:

(a) The Company is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, and has all corporate powers and all material governmental licenses, authorizations, consents and approvals required to carry on its business.

(b) The execution, delivery and performance by the Company of this Amendment and the Credit Agreement and each of the Notes, as amended hereby, are within the Company's corporate powers, have been duly authorized by all necessary corporate action and do not contravene, or constitute a default under, any provision of applicable law or regulation or of the certificate of incorporation of the Company or of any judgment, injunction, order, decree, material agreement or other instrument binding upon the Company or result in the creation or imposition of any Lien on any asset of the Company or any of its Consolidated Subsidiaries.

(c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or any other third party is required for the due execution, delivery or performance by the Company of this Amendment or the Credit Agreement and the Notes, as amended hereby.

(d) This Amendment has been duly executed and delivered by the Company. This Amendment and each of the Credit Agreement and the Notes, as amended hereby, are legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting the rights of creditors generally and subject to general principles of equity.

(e) There is no action, suit, investigation, litigation or proceeding pending against, or, to the knowledge of the Company, threatened against the Company or any of its Consolidated Subsidiaries before any court or arbitrator or any governmental body, agency or official in which there is a significant probability of an adverse decision that (i) would have a Material Adverse Effect or (ii) purports to affect the legality, validity or enforceability of this Amendment or the Credit Agreement or any Note, as amended hereby, or the consummation of the transactions contemplated hereby.

SECTION 4. Reference to and Effect on the Credit Agreement and the Notes. (a) On and after the effectiveness of this Amendment, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Credit Agreement, and each reference in each other Loan Document to "the Credit Agreement", "thereunder", "thereof" or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement, as amended by this Amendment.

(b) The Credit Agreement and the Notes, as specifically amended by this Amendment, are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed.

(c) The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of any Lender or the Agent under the Credit Agreement, nor constitute a waiver of any provision of the Credit Agreement.

SECTION 5. Costs and Expenses. The Company agrees to pay on demand all costs and expenses of the Agent in connection with the preparation, execution, delivery and administration, modification and amendment of this Amendment and the other instruments and documents to be delivered hereunder (including, without limitation, the reasonable fees and expenses of counsel for the Agent) in accordance with the terms of Section 9.04 of the Credit Agreement.

SECTION 6. Execution in Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement. Delivery of an executed counterpart of a signature page to this Amendment by telecopier shall be effective as delivery of a manually executed counterpart of this Amendment.

SECTION 7. Governing Law. This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

THE INTERPUBLIC GROUP OF COMPANIES, INC.

By /s/ Steven Berns

Title: Treasurer

CITIBANK, N.A.,
as Agent and as Lender

By /s/ Julio Ojea Quintana

Title: Director

JPMORGAN CHASE BANK

By /s/ Rebecca Vogel

Title: Vice President

HSBC BANK USA

By _____
Title:

KEYBANK NATIONAL ASSOCIATION

By _____
Title:

UBS AG, CAYMAN ISLANDS BRANCH

By /s/ Wilfred V. Saint
Title: Associate Director

By /s/ Thomas R. Salzano
Title: Director

LLOYDS TSB BANK PLC

By /s/ Windsor R. Davies
Title: Director

By /s/ Richard M. Heath
Title: Vice President

BARCLAYS BANK PLC

By /s/ Simon Leach
Title: Relationship Director

FLEET NATIONAL BANK

By /s/ Thomas J. Levy
Title: Senior Vice President

ING BANK

By _____
Title:

ROYAL BANK OF CANADA

By /s/ Suzanne Kaicher
Title: Manager

WESTPAC BANKING CORPORATION

By _____
Title:

CONSENT

The undersigned, each a Guarantor under the Guaranty dated as of August 15, 2003 (the "Subsidiary Guaranty") in favor of the Agent and the Lenders parties to the Credit Agreement referred to in the foregoing Amendment, hereby consents to such Amendment and hereby confirms and agrees that notwithstanding the effectiveness of such Amendment, the Subsidiary Guaranty and each other Loan Document to which the undersigned is a party are, and shall continue to be, in full force and effect and are hereby ratified and confirmed in all respects, except that, on and after the effectiveness of such Amendment, each reference in the Subsidiary Guaranty to the "Credit Agreement", "thereunder", "thereof" or words of like import shall mean and be a reference to the Credit Agreement, as amended by such Amendment.

McCann-Erickson USA, Inc.

TM Holdings, Inc.

By: /s/ Steven Berns
Name: Steven Berns
Title: Vice President and Treasurer

By: /s/ Steven Berns
Name: Steven Berns
Title: Vice President and Treasurer

Torre Lazur Healthcare Group, Inc.

McCann Relationship Marketing, Inc.

By: /s/ Steven Berns
Name: Steven Berns
Title: Vice President and Treasurer

By: /s/ Steven Berns
Name: Steven Berns
Title: Treasurer

Gillespie, Advertising, Magazine Marketing
& Public Relations, Inc.

The Gotham Group, Inc.

By: /s/ Steven Berns
Name: Steven Berns
Title: Vice President and Treasurer

By: /s/ Steven Berns
Name: Steven Berns
Title: Assistant Treasurer

Campbell Mithun, Inc.

FCB Worldwide L.L.C.

By: /s/ Steven Berns
Name: Steven Berns
Title: Vice President and Treasurer

By: /s/ Steven Berns
Name: Steven Berns
Title: Vice President and Treasurer

Hill, Holliday, Connors, Cosmopolos, Inc.

Campbell-Ewald Company

By: /s/ Steven Berns
Name: Steven Berns
Title: Vice President and Treasurer

By: /s/ Steven Berns
Name: Steven Berns
Title: Vice President and Treasurer

Deutsch Inc.

Lowe Group Holdings, Inc.

By: /s/ Steven Berns
Name: Steven Berns
Title: Vice President and Treasurer

By: /s/ Steven Berns
Name: Steven Berns
Title: Treasurer

Draft, Inc.

Integrated Communications Corp.

By: /s/ Steven Berns
Name: Steven Berns
Title: Vice President and Treasurer

By: /s/ Steven Berns
Name: Steven Berns
Title: Vice President and Treasurer

Dailey & Associates

Bozell Group, Inc.

By: /s/ Steven Berns
Name: Steven Berns

By: /s/ Steven Berns
Name: Steven Berns

Title: Vice President and Treasurer

Title: Vice President and Treasurer

Advantage International Holdings, Inc.

Jack Morton Worldwide Inc.

By: /s/ Steven Berns

By: /s/ Steven Berns

Name: Steven Berns

Name: Steven Berns

Title: Vice President and Treasurer

Title: Vice President and Treasurer

Kaleidoscope Sports and Entertainment L.L.C.

Initiative Media Worldwide, Inc.

By: /s/ Steven Berns

By: /s/ Steven Berns

Name: Steven Berns

Name: Steven Berns

Title: Manager

Title: Vice President and Assistant Treasurer

Newspaper Services of America, Inc.

Wahlstrom Group L.L.C.

By: /s/ Steven Berns

By: /s/ Steven Berns

Name: Steven Berns

Name: Steven Berns

Title: Vice President and Treasurer

Title: Vice President and Treasurer

Carmichael Lynch, Inc.

The Cassidy Companies, Inc.

By: /s/ Steven Berns

By: /s/ Steven Berns

Name: Steven Berns

Name: Steven Berns

Title: Vice President and Treasurer

Title: Vice President and Treasurer

Weber Shandwick Inc.

The FutureBrand Company, Inc.

By: /s/ Steven Berns

By: /s/ Steven Berns

Name: Steven Berns

Name: Steven Berns

Title: Vice President and Treasurer

Title: Vice President and Treasurer

**Exhibit 10(j)(B)
EXECUTION COPY**

**AMENDMENT NO. 3 TO THE
AMENDED AND RESTATED FIVE-YEAR CREDIT AGREEMENT**

Dated as of September 29, 2003

AMENDMENT NO. 3 TO THE AMENDED AND RESTATED FIVE YEAR CREDIT AGREEMENT among The Interpublic Group of Companies, Inc., a Delaware corporation (the "Company"), the banks, financial institutions and other institutional lenders parties to the Credit Agreement referred to below (collectively, the "Lenders") and Citibank, N.A., as administrative agent (the "Agent") for the Lenders.

PRELIMINARY STATEMENTS:

(1) The Company, the Lenders and the Agent have entered into a Five-Year Credit Agreement dated as of June 27, 2000 and amended and restated as of December 31, 2002 (as amended, supplemented or otherwise modified through the date hereof, the "Credit Agreement"). Capitalized terms not otherwise defined in this Amendment have the same meanings as specified in the Credit Agreement.

(2) The Company, the Required Lenders and the Agent have agreed to amend the Credit Agreement as hereinafter set forth.

SECTION 1. Amendments to Credit Agreement. The Credit Agreement is, effective as of the date hereof and subject to the satisfaction of the conditions precedent set forth in Section 2, hereby amended as follows:

(a) The definition of "EBITDA" in Section 1.01 is amended in full to read as follows:

"EBITDA" means, for any period, net income (or net loss) plus the sum of (a) Interest Expense, (b) income tax expense, (c) depreciation expense, (d) amortization expense, (e) non-cash, non-recurring charges in an amount not to exceed \$161,400,000 taken (i) with respect to the impairment of the

assets of Brands Hatch Leisure Limited, Octagon Worldwide Limited and Octagon Worldwide Inc. and their respective Subsidiaries, in the fiscal year ended December 31, 2002 (which shall be allocated to each of the fiscal quarters of 2002 as set forth in a schedule previously delivered by the Company to the Lenders) and (ii) with respect to all such other charges, in the fiscal year ended December 31, 2002 (which shall be allocated to each of the fiscal quarters of 2002 as set forth in a schedule previously delivered by the Company to the Lenders), (f) non-recurring restructuring charges in an amount not to exceed \$275,000,000 (up to \$240,000,000 of which may be cash charges) recorded in the financial statements of the Company and its Consolidated Subsidiaries for the fiscal quarter ended March 31, 2003 and each of the fiscal periods ending June 30, 2003, September 30, 2003, December 31, 2003 and March 31, 2004, (g) non-cash, non-recurring charges in an amount not to exceed \$70,000,000 taken with respect to the impairment of the remaining book value of Brands Hatch Leisure Limited, Octagon Worldwide Limited and Octagon Worldwide Inc. and their respective Subsidiaries, (h) all impairment charges taken with respect to capital expenditures made on or after January 1, 2003 on behalf of Brands Hatch Leisure Limited, Octagon Worldwide Limited and Octagon Worldwide Inc. and their respective Subsidiaries, (i) non-cash, non-recurring goodwill or investment impairment charges in an amount not to exceed \$300,000,000 taken in the fiscal periods ending September 30, 2003, December 31, 2003, March 31, 2004, June 30, 2004 and September 30, 2004, (j) payments made by the Company not to exceed \$135,000,000 (up to \$40,000,000 of which may be in cash) with respect to the fiscal periods ending September 30, 2003, December 31, 2003 and March 31, 2004, relating to the settlement of certain litigation matters, (k) \$24,800,000 in respect of the early repayment by the Company of all amounts outstanding under each of its five Note Purchase Agreements with The Prudential Insurance Company of America dated as of May 26, 1994, April 28, 1995, October 31, 1996, August 19, 1997 and January 21, 1999, respectively, with respect to the fiscal quarter ending September 30, 2003 and (l) from and after such time as the Company adopts the fair value based method of accounting for stock-based employee compensation in accordance with Statement of Financial Accounting Standards No. 123 and Statement of Financial Accounting Standards No. 148, non-cash charges related to such adoption, in each case determined in accordance with GAAP for such period minus gain realized by the Company upon the sale of NFO Worldwide, Inc. in accordance with GAAP.

(b) Section 1.03 is amended in full to read as follows:

SECTION 1.03. Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles consistent with those applied in the preparation of the financial statements referred to in Section 4.01(e) ("GAAP"), as amended by the Company's adoption of the fair value based method of accounting for stock-based employee compensation in accordance with Statement of Financial Accounting Standards No. 123 and Statement of Financial Accounting Standards No. 148.

SECTION 2. Conditions of Effectiveness. This Amendment shall become effective as of the date first above written when, and only when, the Agent shall have received (i) counterparts of this Amendment executed by the Company, Ammirati Puris Lintas K.K. and the Required Lenders or, as to any of the Lenders, advice satisfactory to the Agent that such Lender has executed this Amendment and (ii) a copy of the attached Consent executed by each Subsidiary Guarantor.

SECTION 3. Representations and Warranties of the Company. The Company represents and warrants as follows:

(a) Each Borrower is a corporation duly organized, validly existing and, in the case of the Company, in good standing under the laws of the jurisdiction of its organization, and has all corporate powers and all material governmental licenses, authorizations, consents and approvals required to carry on its business.

(b) The execution, delivery and performance by each Borrower of this Amendment and the Credit Agreement and each of the Notes to which it is a party, as amended hereby, are within such Borrower's corporate powers, have been duly authorized by all necessary corporate action and do not contravene, or constitute a default under, any provision of law or regulation applicable to such Borrower or of the certificate of incorporation of such Borrower or of any judgment, injunction, order, decree, material agreement or other instrument binding upon such Borrower or result in the creation or imposition of any Lien on any asset of such Borrower or any of its Consolidated Subsidiaries.

(c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or any other third party is required for the due execution, delivery or performance by each Borrower of this Amendment or the Credit Agreement and the Notes to which it is a party, as amended hereby, except the possibility of a post-facto filing under the Japanese Foreign Exchange and Trade Control Law (Law No. 228 of 1949, as amended).

(d) This Amendment has been duly executed and delivered by each Borrower. This Amendment and each of the Credit Agreement and the Notes to which each Borrower is a party, as amended hereby, are legal, valid and binding obligations of such Borrower, enforceable against such Borrower in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting the rights of creditors generally and subject to general principles of equity.

(e) There is no action, suit, investigation, litigation or proceeding pending against, or, to the knowledge of the Company, threatened against the Company or any of its Consolidated Subsidiaries before any court or arbitrator or any governmental body, agency or official in which there is a significant probability of an adverse decision that (i) would have a Material Adverse Effect or (ii) purports to affect the legality, validity or enforceability of this Amendment or the Credit Agreement or any Note, as amended hereby, or the consummation of the transactions contemplated hereby.

SECTION 4. Reference to and Effect on the Credit Agreement and the Notes. (a) On and after the effectiveness of this Amendment, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Credit Agreement, and each reference in the Notes or the Designation Agreement related to Ammirati Puris Lintas K.K., to "the Credit Agreement", "thereunder", "thereof" or words of like import referring

to the Credit Agreement, shall mean and be a reference to the Credit Agreement, as amended by this Amendment.

(b) The Credit Agreement and the Notes, as specifically amended by this Amendment, are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed.

(c) The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of any Lender or the Agent under the Credit Agreement, nor constitute a waiver of any provision of the Credit Agreement.

SECTION 5. Costs and Expenses. The Company agrees to pay on demand all costs and expenses of the Agent in connection with the preparation, execution, delivery and administration, modification and amendment of this Amendment and the other instruments and documents to be delivered hereunder (including, without limitation, the reasonable fees and expenses of counsel for the Agent) in accordance with the terms of Section 9.04 of the Credit Agreement.

SECTION 6. Execution in Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement. Delivery of an executed counterpart of a signature page to this Amendment by telecopier shall be effective as delivery of a manually executed counterpart of this Amendment.

SECTION 7. Governing Law. This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

THE INTERPUBLIC GROUP OF COMPANIES, INC.

By /s/ Steven Berns
Title: Treasurer

AMMIRATI PURIS LINTAS K.K.

By /s/ Steven Berns
Title: Treasurer

CITIBANK, N.A.,
as Agent and as Lender

By /s/ Julio Ojea Quintana
Title: Director

BANK, ONE, NA

By /s/ Rick Howard
Title: Vice President

BANK OF AMERICA, N.A.

By /s/ John E. Williams
Title: Managing Director

THE BANK OF NEW YORK

By /s/ Brendan T. Nedzi
Title: Senior Vice President

BARCLAYS BANK PLC

By /s/ Simon Leach
Title: Relationship Director

JPMORGAN CHASE BANK

By /s/ Rebecca Vogel
Title: Vice President

CREDIT AGRICOLE INDOSUEZ

By /s/ Phillip J. Salter
Title: Vice President

Title: Vice President

By /s/ Paul A. Dytrych
Title: Senior Relationship Director

FLEET NATIONAL BANK

By /s/ Thomas J. Levy
Title: Senior Vice President

HSBC BANK USA

By _____
Title:

KEYBANK NATIONAL ASSOCIATION

By /s/ Francis Lutz
Title: Vice President

LLOYDS TSB BANK PLC

By /s/ Windsor R. Davies
Title: Director

By /s/ Richard M. Heath
Title: Vice President

SUNTRUST BANK

By /s/ Heidi M. Khambatta
Title: Vice President

WACHOVIA BANK, NATIONAL
ASSOCIATION

By /s/ Steven L. Hipsman
Title: Director

CONSENT

Dated as of September 29, 2003

The undersigned, each a Guarantor under the Guaranty dated as of August 15, 2003 (the "Subsidiary Guaranty") in favor of the Agent and the Lenders parties to the Credit Agreement referred to in the foregoing Amendment, hereby consents to such Amendment and hereby confirms and agrees that notwithstanding the effectiveness of such Amendment, the Subsidiary Guaranty and each other Loan Document to which the undersigned is a party are, and shall continue to be, in full force and effect and are hereby ratified and confirmed in all respects, except that, on and after the effectiveness of such Amendment, each reference in the Subsidiary Guaranty to the "Credit Agreement", "thereunder", "thereof" or words of like import shall mean and be a reference to the Credit Agreement, as amended by such Amendment.

McCann-Erickson USA, Inc.

TM Holdings, Inc.

By: /s/ Steven Berns
Name: Steven Berns
Title: Vice President and Treasurer

By: /s/ Steven Berns
Name: Steven Berns
Title: Vice President and Treasurer

Torre Lazur Healthcare Group, Inc.

McCann Relationship Marketing, Inc.

By: /s/ Steven Berns

By: /s/ Steven Berns

Name: Steven Berns
Title: Vice President and Treasurer

Name: Steven Berns
Title: Treasurer

Gillespie, Advertising, Magazine Marketing &
Public Relations, Inc.

The Gotham Group, Inc.

By: /s/ Steven Berns
Name: Steven Berns
Title: Vice President and Treasurer

By: /s/ Steven Berns
Name: Steven Berns
Title: Assistant Treasurer

Campbell Mithun, Inc.

FCB Worldwide L.L.C.

By: /s/ Steven Berns
Name: Steven Berns
Title: Vice President and Treasurer

By: /s/ Steven Berns
Name: Steven Berns
Title: Vice President and Treasurer

Hill, Holliday, Connors, Cosmopolos, Inc.

Campbell-Ewald Company

By: /s/ Steven Berns
Name: Steven Berns
Title: Vice President and Treasurer

By: /s/ Steven Berns
Name: Steven Berns
Title: Vice President and Treasurer

Deutsch Inc.

Lowe Group Holdings, Inc.

By: /s/ Steven Berns
Name: Steven Berns
Title: Vice President and Treasurer

By: /s/ Steven Berns
Name: Steven Berns
Title: Treasurer

Draft, Inc.

Integrated Communications Corp.

By: /s/ Steven Berns
Name: Steven Berns
Title: Vice President and Treasurer

By: /s/ Steven Berns
Name: Steven Berns
Title: Vice President and Treasurer

Dailey & Associates

Bozell Group, Inc.

By: /s/ Steven Berns
Name: Steven Berns
Title: Vice President and Treasurer

By: /s/ Steven Berns
Name: Steven Berns
Title: Vice President and Treasurer

Advantage International Holdings, Inc.

Jack Morton Worldwide Inc.

By: /s/ Steven Berns
Name: Steven Berns
Title: Vice President and Treasurer

By: /s/ Steven Berns
Name: Steven Berns
Title: Vice President and Treasurer

Kaleidoscope Sports and Entertainment L.L.C.

Initiative Media Worldwide, Inc.

By: /s/ Steven Berns
Name: Steven Berns
Title: Manager

By: /s/ Steven Berns
Name: Steven Berns
Title: Vice President and Assistant Treasurer

Newspaper Services of America, Inc.

Wahlstrom Group L.L.C.

By: /s/ Steven Berns

By: /s/ Steven Berns

Name: Steven Berns
Title: Vice President and Treasurer

Name: Steven Berns
Title: Vice President and Treasurer

Carmichael Lynch, Inc.

The Cassidy Companies, Inc.

By: /s/ Steven Berns
Name: Steven Berns
Title: Vice President and Treasurer

By: /s/ Steven Berns
Name: Steven Berns
Title: Vice President and Treasurer

Weber Shandwick Inc.

The FutureBrand Company, Inc.

By: /s/ Steven Berns
Name: Steven Berns
Title: Vice President and Treasurer

By: /s/ Steven Berns
Name: Steven Berns
Title: Vice President and Treasurer

Exhibit 10(iii)(A)(1)

[Insert Interpublic Logo]

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**THE INTERPUBLIC SENIOR EXECUTIVE
RETIREMENT INCOME PLAN**

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Effective August 1, 2003

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INTRODUCTION AND PLAN HIGHLIGHTS

This pamphlet sets forth the basic terms of The Interpublic Senior Executive Retirement Income Plan (the "Plan"), effective August 1, 2003. The Plan is sponsored by The Interpublic Group of Companies, Inc. ("Interpublic"). Your rights and responsibilities under the Plan are also governed by your "Participation Agreement" with Interpublic, into which this pamphlet is incorporated by reference.

The Plan is unfunded and is designed primarily to provide deferred compensation for a select group of senior management employees of Interpublic and its subsidiaries. The Plan is excepted from most of the requirements of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

The benefits provided under the Plan are offered to secure your goodwill, loyalty, and achievement, as well as to attract and retain other executives of outstanding competence. The Plan does not, however, confer the right to continue in the employ of Interpublic or its subsidiaries, or to receive annual compensation of any particular amount.

Key features of the Plan include the following:

- * Eligibility to participate in the Plan must be approved by the Compensation Committee of Interpublic's Board of Directors (the "Compensation Committee"). (See "Eligibility," beginning on page 2.)
- * Your benefit under the Plan is expressed as an annual benefit (paid in monthly installments), continuing for 15 years. Your annual benefit is set forth in your Participation Agreement. (See "Your Benefit," beginning on page 2.)
- * Your benefit under the Plan is forfeitable until it becomes vested. In general, your benefit under the Plan vests gradually over ten years, and any increase in your benefit vests gradually over seven years from the time of the increase. (See "Vesting," beginning on page 3.)
- * Benefits under the Plan are not paid until after termination of your employment. The Plan is designed for you to begin receiving your benefit at age 60 or later. However, you may receive a reduced benefit, beginning at age 55, if you have participated in the Plan for at least five years. Benefit commencement is subject to compliance with non-competition and non-solicitation agreements. (See "Timing of Benefit Payments," beginning on page 6.)

Instead of receiving monthly payments for 15 years, you may choose to receive monthly payments for 10 years or a lump sum. If you make either choice, your benefit will be

discounted to reflect the accelerated payout. (See "Form of Benefit," beginning on page 7.)

- * The Plan is not funded, and your benefits under the Plan are not protected by a trust. Interpublic's promise to pay your benefit under the Plan is an unsecured debt of Interpublic. (See "Nature of Your Plan Benefit and Plan Assets," beginning on page 11.)
- * Your benefits under the Plan are in addition to, and independent of, any benefits to which you may be entitled under other benefit plans sponsored by Interpublic.

ELIGIBILITY

The Plan is designed to benefit the most senior U.S.-based management of Interpublic and its subsidiaries. You are eligible to participate in the Plan only if your participation is approved by the Compensation Committee.

If you are eligible to participate in the Plan, you can become a participant by signing a Participation Agreement. If you return your signed Participation Agreement within 30 days after the effective date stated in your Participation Agreement, your participation in the Plan will be effective on that effective date. If you do not return your signed Participation Agreement within 30 days after the effective date stated in your Participation Agreement, your participation in the Plan will become effective on the first day of the month beginning after the date on which you return your signed Participation Agreement. Your participation in the Plan will end when your employment with Interpublic and its subsidiaries is terminated or you otherwise become ineligible to participate.

YOUR BENEFIT

Your benefit under the Plan is expressed as an annual benefit, payable when you attain age 60, after your employment has terminated. Your Participation Agreement sets forth the benefit amount. The annual benefit is subject to forfeiture until it becomes fully vested. The vesting rules are described beginning on page 3.

Unless you elect a different form of payment (as described under "Form of Benefit," beginning on page 7), you will receive monthly payments, equal to 1/12 of the vested portion of your annual benefit, for 15 years.

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BENEFIT INCREASES

The amount of your benefit may be increased from time to time. Any increase in your benefit will be set forth in an amendment to your Participation Agreement.

Any increase in your benefit will be prospective, and will be subject to special vesting rules (described under "Vesting" below). Your annual benefit under the Plan (assuming it becomes vested) will be the sum of:

- * The benefit stated in your initial Participation Agreement; and
- * Each subsequent increase.

Please note that each benefit increase vests separately. For more information, see "Vesting" below.

REHIRE

If you leave Interpublic and its subsidiaries, and later return to a senior management position that is approved for participation in the Plan, you will be treated as a new hire. You will not receive credit for your prior participation in the Plan.

VESTING

GENERAL RULE

Any portion of your benefit that is not vested will be forfeited upon termination of your employment with Interpublic and its subsidiaries. Your benefit will begin to vest after you participate in the Plan for three years, and will become fully vested after you have participated in the Plan for ten years. Benefits under the Plan will vest according to the following schedule:

Years of Participation in the Plan	Portion of Benefit that is Vested
Fewer than 3	0 percent
At least 3, but fewer than 4	30 percent
At least 4, but fewer than 5	40 percent
At least 5, but fewer than 6	50 percent

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Years of Participation in the Plan	Portion of Benefit that is Vested
At least 6, but fewer than 7	60 percent
At least 7, but fewer than 8	70 percent
At least 8, but fewer than 9	80 percent
At least 9, but fewer than 10	90 percent
10 or more	100 percent

If you had an Executive Special Benefit Agreement ("ESBA"), up to three years of participation in your ESBA will count as years of participation in the Plan.

VESTING OF BENEFIT INCREASES

If your benefit is increased (as described on page 3), the change in your benefit (the increase) will vest over seven years following the effective date of the increase. Each increase in your benefit will vest according to the following schedule:

Years of Participation After Increase	Vested Portion of Increase
At least 1, but fewer than 2	10 percent
At least 2, but fewer than 3	20 percent
At least 3, but fewer than 4	30 percent
At least 4, but fewer than 5	40 percent
At least 5, but fewer than 6	50 percent
At least 6, but fewer than 7	75 percent

Please note that vesting of each increase in your benefit begins *after* the increase becomes effective. Accordingly, participation in an ESBA and prior participation in the Plan do *not* count toward the vesting of any benefit increase.

EXAMPLE. Suppose you sign a Participation Agreement, specifying a benefit of \$275,000. After three years of participation, you sign an amendment to your Participation Agreement, increasing your benefit by \$20,000 (to \$295,000). Two years later, you sign a new amendment to your Participation Agreement, increasing your benefit by \$5,000 (to \$300,000). Four years later, you terminate employment with Interpublic and its subsidiaries. Your vested benefit (payable for 15 years, beginning at age 60, after your non-competition and non-solicitation agreements expire) would be \$264,500 per year, calculated as follows:

* Because you would have participated in the Plan for 9 years, your benefit under your original Participation Agreement would be 90 percent vested. The vested benefit would be \$247,500:

$$90\% \text{ of } \$275,000 = \$247,500$$

* Because you would have participated in the Plan for 6 years after the effective date of your first increase, the first increase would be 75 percent vested. The vested benefit would be \$15,000:

$$75\% \text{ of } \$20,000 = \$15,000$$

* Because you would have participated in the Plan for 4 years after the effective date of your second increase, the second increase would be 40 percent vested. The vested benefit would be \$2,000:

$$40\% \text{ of } \$5,000 = \$2,000$$

* Your total vested benefit would be the sum of the three vested benefits above, or \$264,500 per year.

If you elect to receive your benefit in a different form, the amount of your vested benefit will be adjusted accordingly. (See "Form of Benefit," beginning on page 7.)

FORFEITURE

When your employment with Interpublic and its subsidiaries is terminated for any reason, any portion of your benefit that is not vested will be forfeited immediately. An unvested benefit accrued prior to your termination will not be reinstated, even if you are rehired. *In addition, your vested benefit is subject to forfeiture if you breach the non-competition agreement or non-solicitation agreement described below.*

PAYMENT FROM THE PLAN

TIMING OF BENEFIT PAYMENTS

Benefits under the Plan are not paid until after termination of your employment with Interpublic and its subsidiaries. The Plan is designed for your full vested benefit to become payable after age 60. However, you may receive a reduced benefit beginning as early as age 55, if you have participated in the Plan for at least five years.

Regardless of your age, you may not begin receiving your vested benefit under the Plan until your non-competition and non-solicitation agreements (as described in your Participation Agreement) have expired. *Breach of your non-competition agreement or non-solicitation agreement will result in the forfeiture of your vested benefit.*

Commencement At Age 60 or Later

After termination of your employment with Interpublic and its subsidiaries, and your non-competition and non-solicitation agreements have expired, you may receive 100% of your vested benefit if you have attained age 60. This rule applies without regard to your age or years of participation when you terminated employment.

Commencement Before Age 60

Although payment of your vested benefit under the Plan is designed to commence at age 60, you may elect to begin receiving your vested benefit as early as age 55, following termination of your employment, if you have participated in the Plan for at least five years. (Remember, however, payment may not begin until your non-competition and non-solicitation agreements have expired.) If you begin to receive your vested benefit before age 60, your vested benefit will be reduced by 5/12 percent for each full calendar month by which your benefit commencement date precedes your 60th birthday.

If you participate in the Plan for less than five years, you may not begin receiving your benefit before age 60.

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EXAMPLE. Suppose you terminate employment with Interpublic and its subsidiaries on your 53rd birthday, after having participated in the Plan for 7 years. Suppose your vested annual benefit is \$175,000 (i.e., the annual benefit set forth in your Participation Agreement is \$250,000).

Because you would have participated in the Plan for at least 5 years, you could begin receiving your benefit under the Plan at age 55. When your non-competition and non-solicitation agreements expire, if you elect to begin receiving your benefit on the first day of the month after your 55th birthday, you would receive a benefit of \$10,937.50 per month, for 15 years:

* You would be commencing your benefit 5 years (60 months) before your 60th birthday. Accordingly, your vested benefit would be reduced by 25% (5% per year *times* 5 years).

Amount of Reduction:	25% of \$175,000	=	\$43,750
Annual Benefit After Reduction:	\$175,000 - \$43,750	=	\$131,250
Monthly Benefit After Reduction:	\$131,250/12	=	\$10,937.50

If you elect to receive your benefit in a different form, the amount of your vested benefit will be adjusted accordingly. (See "Form of Benefit" below.)

FORM OF BENEFIT

Your benefit under the Plan is designed to be paid in monthly installments over 15 years. However, you may elect to receive your benefit in monthly installments over 10 years or in a lump sum.

If you elect to receive your benefit over 10 years (instead of 15) or in a lump sum, the amount of your benefit will be discounted (because of the accelerated payout), using an interest rate set by Interpublic's Management Human Resources Committee (the "MHRC").

Please note that, while your benefit is in pay status, it will remain unfunded, as described under "Nature of Your Plan Benefit and Plan Assets," beginning on page 11.

COMMENCING YOUR BENEFIT AND MAKING AN ELECTION

You may elect when you would like to begin receiving your vested Plan benefit at any time, as long as your completed election form is delivered to Interpublic's Human Resources Department

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at least 12 months before payment of your Plan benefit is scheduled to begin. You may request benefit application forms from Interpublic's Human Resources Department.

Your benefit application will include an option to change your election regarding the form in which your benefit is paid. (Your Participation Agreement also includes a payment form election.) If you do not specify a different form of payment at least 12 months before payments are scheduled to begin, your benefit will be paid in monthly installments over 15 years.

If you do not make a proper election to begin receiving your benefit, payments will begin automatically as of the first day of the month coincident with or next following the date as of which you have reached age 60, terminated employment with Interpublic and its subsidiaries, and completed your obligations under your non-competition and non-solicitation agreements.

DISABILITY

If you become unable to continue working in your current position due to disability (as determined under the IPG Long Term Disability Plan), you will continue to participate in the Plan until you terminate employment with Interpublic and its subsidiaries. The rules described under "Timing of Benefit Payments" (beginning on page 6) will apply.

EXAMPLE. Suppose your Participation Agreement specifies a benefit of \$250,000 per year, and you become disabled at age 53, after participating in the Plan for five years.

* Upon the onset of your disability, your benefit would be 50% vested (i.e., worth \$125,000 per year, for 15 years, beginning at age 60).

* If you remain a disabled employee of Interpublic for at least 5 years after the onset of your disability, you will become entitled to a vested benefit (payable for 15 years) of \$250,000 per year, beginning at age 60.

* With at least five years of participation in the Plan, you could elect to begin receiving the vested portion of your benefit as early as age 55 (provided your non-competition and non-solicitation agreements have expired). Your vested benefit would be reduced for commencement before age 60 (as described under "Timing of Benefit Payments," beginning on page 6).

If you elect to receive your benefit in a different form, the amount of your vested benefit will be adjusted accordingly. (See "Form of Benefit," beginning on page 7.)

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DEATH BENEFITS

If you die before your vested benefit is paid in full, a beneficiary (or beneficiaries) selected by you will be entitled to receive the remainder (if any) of your vested benefit.

FORM OF PAYMENT OF DEATH BENEFITS

The form in which the death benefit will be paid is determined as follows:

- * If you elect to receive your benefit in installments (over 10 or 15 years), and you die while your benefit is in pay status, your beneficiary (or beneficiaries) will continue receiving monthly payments, until the balance of your vested benefit is paid.
- * If you die before you receive your first benefit payment (whether a lump sum or an installment), your beneficiary (or beneficiaries) will receive the death benefit in a lump sum, determined using an interest rate set by the MHRC.

Please note that if the death benefit is paid in installments, it will remain unfunded, as described under "Nature of Your Plan Benefit and Plan Assets," beginning on page 11.

DESIGNATING YOUR BENEFICIARY

You may designate one or more primary beneficiaries to receive the balance of your vested benefit after your death. You may also designate one or more contingent beneficiaries, who would receive any remaining payments if your primary beneficiaries die before all payments have been made. You may change your beneficiaries at any time before your death by filing a new beneficiary designation form with Interpublic's Human Resources Department.

If you are married on the date of your death, your beneficiary will be your spouse, unless you specify a different beneficiary. You may not designate a beneficiary other than your spouse, however, without your spouse's written consent.

In the absence of an effective beneficiary designation (or if none of your primary or contingent beneficiaries are living), the remainder of the vested portion of your benefit (if any) will be distributed, in the form described under "Form of Payment of Death Benefits" above, to the first of the following to survive you ---

- * your spouse;
- * your children (to be divided equally);
- * your parents;
- * your brothers and sisters (to be divided equally); or
- * the executors or administrators of your will.

MISCELLANEOUS MATTERS

PLAN ADMINISTRATION

The Plan's administrator is the MHRC. The Plan's administrator has complete and exclusive discretionary authority and responsibility to administer and interpret the Plan's governing documents (including the authority to resolve ambiguities and inconsistencies in the Plan's language, and to correct any inadvertent omissions). All decisions of the Plan's administrator are final and controlling for purposes of the Plan.

The MHRC has authority to delegate any of its duties and responsibilities under the Plan as it deems appropriate. In addition, the MHRC may employ one or more persons to render advice with regard to any of its administration responsibilities.

PARTICIPATION AGREEMENT, AMENDMENT, AND TERMINATION

Your Participation Agreement sets forth specific terms relating to your benefit under SERIP. Your Participation Agreement, including any amendment thereto, is valid only if it is executed on behalf of Interpublic, by Interpublic's Executive Vice President, Chief Human Resources Officer.

Although Interpublic intends to operate the Plan indefinitely, Interpublic reserves the right to amend or terminate the Plan at any time, and from time to time, either retroactively or prospectively, without your consent. However, unless necessitated by a change in applicable law, no amendment or termination will reduce the amount of your vested benefit as of the date of the amendment or termination.

Any amendment or termination of the Plan may be adopted by resolution of the Compensation Committee. In addition, the MHRC may make any amendment required to comply with federal

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or state law, or that is desirable to improve the administration of the Plan, if the amendment does not materially affect the substance of the Plan or the level of benefits provided.

COORDINATION WITH OTHER BENEFITS

Your benefit under the Plan is designed to be in addition to benefits you earn under other benefit plans sponsored by Interpublic. Except as provided in another plan, your right to a benefit under the Plan will not affect any benefit accrued under the other plan.

NATURE OF YOUR PLAN BENEFIT AND PLAN ASSETS

Your benefit under the Plan is paid from Interpublic's general assets. Although the MHRC tracks the accrual of your benefit carefully, corresponding funds are not required to be set aside to pay your benefit. The Plan is an unfunded plan and does not have assets that are protected by a trust.

Your benefit under the Plan is protected solely by Interpublic's credit-worthiness, and not by any secured interest in Interpublic's assets or a trust fund. Benefits under the Plan are not insured by the Pension Benefit Guaranty Corporation.

ASSIGNMENT AND ALIENATION

In general, your rights to a benefit under the Plan (and the corresponding rights of your beneficiaries) may not be assigned, transferred, alienated, encumbered, or otherwise subject to lien. However, the Plan will comply with domestic relations orders that are determined to be "qualified domestic relations orders" under ERISA.

WITHHOLDING AND OTHER TAX CONSEQUENCES

Interpublic has full authority to deduct from amounts paid under the Plan any taxes that it determines are required to be withheld by any government or government agency. You (or your beneficiaries) are responsible for satisfying any remaining tax obligations, to the extent that amounts withheld (if any) are insufficient.

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MAILING ADDRESS

After you terminate employment with Interpublic and its subsidiaries, you will receive periodic correspondence related to your benefit under the Plan. It is your responsibility to notify Interpublic's Human Resources Department of any changes in your mailing address or in the mailing address of any of your beneficiaries (or contingent beneficiaries). Failure to update your address could delay delivery of your benefit.

OVERPAYMENTS

If an overpayment of benefits is made under the Plan, the amount of the overpayment may be set off against future payments under the Plan until the overpayment has been recovered. If no future payments are scheduled, you will be required to return the overpaid amount, and Interpublic may pursue any legal avenue to effectuate recovery.

INCAPACITY AND MINOR STATUS

If any individual entitled to a payment from the Plan is a minor, or is physically or mentally unable to care for his or her affairs, and another person or institution is maintaining custody over the individual entitled to receive the payment, payments from the Plan may be made, for the benefit of the individual entitled to payment, to the custodial person or institution, as applicable. If a court has appointed a guardian or representative of the individual entitled to payment, payment will be made to the guardian or representative. This payment will discharge the Plan's liability, as if the payment were made to the individual entitled to payment.

CONTINUED EMPLOYMENT

Nothing in the Plan confers on you the right to continue in the employment or service of Interpublic or its subsidiaries, or to receive annual compensation in any particular amount.

Conversely, nothing in the Plan confers on Interpublic the right to require you to remain in its employ.

LIABILITY LIMITED

Except as and to the extent otherwise provided by applicable law, no liability will attach to or be incurred by the shareholders, directors, officers, or employees of Interpublic and its subsidiaries under or by reason of any of the terms and conditions contained in the Plan.

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TITLES AND HEADINGS NOT TO CONTROL

The titles and headings of sections of the Plan are for convenience of reference only. In the event of any conflict, the text of the Plan, rather than the titles or headings, will control.

SEVERABILITY

If any provision of the Plan is held illegal or invalid for any reason, other provisions will be unaffected. The Plan will be construed as if any illegal or invalid provision was never inserted.

VARIATIONS IN PLAN TERMS

Your individual Participation Agreement may contain provisions that conflict with or are otherwise inconsistent with the terms set forth in this plan document. In such cases, the terms of your Participation Agreement will control.

COMPLETE STATEMENT OF THE PLAN

This pamphlet and your Participation Agreement are a complete statement of your rights under the Plan. Any question regarding your rights under the Plan must be resolved by applying the terms of the Plan document and your Participation Agreement. External evidence of intent or meaning will not be relevant.

CLAIMS AND APPEALS

The Plan has specific procedures for making a claim for additional benefits. This claim and appeal process must be exhausted before you can file a lawsuit in court. The claim and appeal process has two levels: the initial claim and review on appeal. They operate as follows:

INITIAL CLAIMS

1. Any benefit claim must be in writing and should be mailed to the MHRC, at the following address:

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IPG Management Human Resources Committee
1271 Avenue of the Americas, 44th Floor
New York, NY 10020
Attn: Executive Vice President, Chief Human Resources Officer

2. The MHRC will generally review and decide each claim within 90 days after your claim was received. (If additional time is needed, the MHRC will notify you, and the determination period may be extended an additional 90 days.)

If additional information is needed, the determination period will be tolled from the date the request for additional information is sent until the date you respond.

3. If your claim is wholly or partially denied, the MHRC will render a written decision. The decision will include:
 - * the specific reason or reasons for denial of your claim;
 - * references to the specific Plan provisions upon which the denial is based;
 - * a description of any additional material or information necessary to perfect your claim, and an explanation of why such material or information is necessary;
 - * an explanation of the appeal procedures and the applicable time limits; and
 - * a statement of your right to bring a civil action under section 502(a) of ERISA, if your claim is denied upon review.
4. If your claim is not resolved within 90 days after it is received by the MHRC (or 180 days in case of an extension), you may consider it denied.

APPEALS

1. Within 60 days after you receive a written notice of denial of your claim (or after your claim is deemed to be denied), you may file a written request with the MHRC, at the address shown on page 14, for a full and fair review of its initial decision (an "appeal").
2. In connection with a request for review, you may:
 - * submit written comments, documents, records and other information relating to your claim; and
 - * receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant --- as determined by the MHRC, in its sole discretion --- to your claim.

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3. The review on appeal will take into account all comments, documents, records and other information that you submit, without regard to whether the information was considered in the initial benefit determination. The MHRC will generally decide your appeal within 60 days after your request for review is received. (If additional time is needed, the MHRC will notify you, and the review period may be extended an additional 60 days.)

If additional information is needed, the review period will be tolled from the date the request for additional information is sent until the date you respond.

4. If your appeal is wholly or partially denied, the MHRC will render a written decision. The

decision will include:

- * the specific reason or reasons for the decision;
 - * references to the specific Plan provisions upon which the decision is based;
 - * an explanation of your right to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant --- as determined by the MHRC, in its sole discretion --- to your claim for benefits; and
 - * a statement of your right to bring a civil action under section 502(a) of ERISA.
5. If your appeal is not resolved within 60 days after it is received by the MHRC (or 120 days in case of an extension), you may consider it denied.

OTHER RULES AND RIGHTS REGARDING CLAIMS AND APPEALS

- * You may authorize a representative to pursue any claim or appeal on your behalf. The MHRC may establish reasonable procedures for verifying that any representative has in fact been authorized to act on your behalf.
- * Any interpretations related to facts or provisions of the Plan will be made by the MHRC, in its complete and exclusive discretion, and will be binding and conclusive. The MHRC will develop administrative processes and safeguards as it deems necessary to ensure that all decisions are made in accordance with the Plan's governing documents, and that the relevant provisions are applied consistently.
- * The Plan will be interpreted and enforced pursuant to the provisions of ERISA. To the extent that state-law issues arise, New York law (exclusive of choice of law provisions) will govern.

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THE INTERPUBLIC CAPITAL ACCUMULATION PLAN

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Effective August 1, 2003

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Introduction and Plan Highlights

This pamphlet sets forth the basic terms of The Interpublic Capital Accumulation Plan (the "Plan"), effective August 1, 2003. The Plan is sponsored by The Interpublic Group of Companies, Inc. ("Interpublic"). Your rights and responsibilities under the Plan are also governed by your "Participation Agreement" with Interpublic, into which this pamphlet is incorporated by reference.

The Plan is unfunded and is designed primarily to provide deferred compensation for a select group of senior management employees of Interpublic and its subsidiaries. The Plan is excepted from most of the requirements of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

The benefits provided under the Plan are offered to secure your goodwill, loyalty, and achievement, as well as to attract and retain other executives of outstanding competence. The Plan does not, however, confer the right to continue in the employ of Interpublic or its subsidiaries, or to receive annual compensation of any particular amount.

Key features of the Plan include the following:

- * Eligibility to participate in the Plan must be approved by Interpublic's Management Human Resources Committee (the "MHRC"). (See "Eligibility," beginning on page 2.)
- * Your benefit under the Plan is expressed as an account balance. Each year, your account will earn a dollar credit, the amount of which is set forth in your Participation Agreement. This annual dollar credit will be posted on December 31. In addition, your account will be credited with interest each year, at a rate set by Interpublic's Management Human Resources Committee (the "MHRC"). (See "Your Benefit," beginning on page 2.)
- * Your account balance under the Plan is forfeitable until it becomes vested. Your account vests after three years of participation in the Plan. (See "Vesting," beginning on page 3.)
- * You can begin receiving a distribution of your vested account balance after your employment has terminated and the non-competition and non-solicitation agreements described in your Participation Agreement have expired. (See "Timing of Distributions," beginning on page 3.)
- * You can receive your vested account balance in a lump sum. Or, if your employment terminates after age 55, and have participated in the Plan for at least 5 years, you can receive your vested account balance in monthly installments over 10 or 15 years. (See "Form of Payment," beginning on page 3.)
- * The Plan is not funded, and your benefits under the Plan are not protected by a trust. Interpublic's promise to pay your benefit under the Plan is an unsecured debt of

- * Your benefits under the Plan are in addition to, and independent of, any benefits to which you may be entitled under other benefit plans sponsored by Interpublic.

Eligibility

The Plan is designed to benefit key executives of Interpublic and its subsidiaries. You are eligible to participate in the Plan only if your participation is approved by the MHRC.

If you are eligible to participate in the Plan, you can become a participant by signing a Participation Agreement. If you return your signed Participation Agreement within 30 days after the effective date stated in your Participation Agreement, your participation in the Plan will be effective on that effective date. If you do not return your signed Participation Agreement within 30 days after the effective date stated in your Participation Agreement, your participation in the Plan will become effective on the first day of the month beginning after the date on which you return your signed Participation Agreement. Your participation in the Plan will end when your employment with Interpublic and its subsidiaries terminates or you otherwise become ineligible to participate.

Your Benefit

Your benefit under the Plan is expressed as an account balance. On December 31 of each year, your account will accrue the annual dollar credit set forth in your Participation Agreement. In order to accrue a dollar credit, you must be a participant in the Plan on the date when the credit is posted.

Your account will also be credited with interest on December 31 of each year, at a rate set annually by the MHRC. (Interest is earned on your account balance, exclusive of any dollar credit first posted on the date interest is credited.) Interest will continue to be credited annually even after you stop working, until your vested account balance is paid in full.

EXAMPLE. Suppose you sign a Participation Agreement specifying an annual dollar credit of \$25,000, effective July 1, 2004. Suppose the annual interest rate is 4.75%.

* On December 31, 2004, your account would be credited with \$25,000. Your account balance as of January 1, 2005 would be \$25,000.

* On December 31, 2005, your account would be credited with \$1,187.50 (4.75% of \$25,000) in interest and a dollar credit of \$25,000. Your account balance as of January 1, 2006 would be \$51,187.50 (\$25,000 + \$1,187.50 + \$25,000).

* Your account will continue to be credited with annual dollar credits and interest on December 31 of each year until you terminate employment. After you terminate employment, your account will be credited with interest each year on December 31 until your vested account balance is paid in full.

Benefit Increases

The amount of your annual dollar credit under the Plan may be increased from time to time. Any increase in the amount of your annual dollar credit will be set forth in an amendment to your Participation Agreement.

Vesting

General Rule

Your account balance will become fully vested after you have participated in the Plan for three years. *Participation in any predecessor plan, including an Executive Special Benefit Agreement (an "ESBA"), will not count toward the three years of participation required for vesting.*

Forfeiture

If your employment with Interpublic and its subsidiaries is terminated for any reason before your account balance is vested, your unvested balance will be forfeited immediately. An unvested account balance accrued prior to your termination will not be reinstated, even if you are later rehired. Your years of participation prior to termination also will not be reinstated upon rehire. *In addition, the interest portion of your vested account balance is subject to forfeiture if you breach the non-competition agreement or non-solicitation agreement described below.*

Payments from the Plan

Timing of Distributions

You can receive a distribution of your vested account balance after your employment with Interpublic and its subsidiaries is terminated, and your non-competition and non-solicitation agreements (as described in your Participation Agreement) have expired. Breach of your non-competition agreement or non-solicitation agreement will result in the forfeiture of all of the interest credited to your account.

Form of Payment

The standard form of payment under the Plan is a lump sum. However, if your employment terminates after age 55, and you have completed at least five years of participation in the Plan (including up to three years in an ESBA), you can elect to receive your vested benefit in monthly installments, over 10 or 15 years.

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If you elect to receive your benefit in installments, the amount to be paid each year will be determined by dividing your vested account balance (determined as of the date when payments begin and, in succeeding years, as of the anniversary of that date) by the remaining number of years for which installments will be paid. Your monthly installment will be 1/12 of the amount to be paid for the particular year.

As installments are being paid, the unpaid portion of your vested account will continue to earn interest on December 31 of each year, at a rate set annually by the MHRC. *Please note, however, that if you elect to receive your vested account balance in installments, the unpaid portion will remain unfunded, as described under "Nature of Your Account Balance and Plan Assets," beginning on page 7.*

EXAMPLE. Suppose your vested account balance is \$500,000, and you elect to receive your distribution in installments over 10 years. Suppose the annual interest rate is 5%.

* In year one, you would receive \$50,000, in monthly payments of \$4,166.67 each.

Annual Amount	=	\$500,000/10	=	\$50,000
Monthly Amount	=	\$50,000/12	=	\$4,166.67

At the end of year one, your account remaining account balance would be \$450,000. Your account would be credited with \$22,500 in interest.

\$500,000 - \$50,000	=	\$450,000
5% of \$450,000	=	\$22,500
New Balance =	\$450,000 + \$22,500	= \$472,500

* In year two, when 9 years of payments remain, you would receive \$52,500, in monthly payments of \$4,375.00 each.

Annual Amount	=	\$472,500/9	=	\$52,500
Monthly Amount	=	\$52,500/12	=	\$4,375.00

* Payments would continue, and interest would continue to accrue, according to the process described above, until your vested account balance is paid in full. (Your final installment payment would include interest accrued during the last year.)

Commencing Distribution and Making an Election

You may elect when you would like to begin receiving your vested account balance at any time, as long as your completed election form is delivered to Interpublic's Human Resources Department at least *12 months before distribution of your vested account balance is scheduled to begin*. You may request benefit application forms from Interpublic's Human Resources Department.

Your benefit application will include an option to change your election regarding the form in which your benefit is paid. (Your Participation Agreement also includes a payment form election.) *Any election (or change to an election) made less than 12 months before payments are scheduled to begin will be invalid.*

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If you do not make a valid election regarding your benefit commencement date or your form of payment, you will receive a lump sum, equal to your vested account balance, payable on the first day of the month coincident with or next following the date as of which you have terminated employment with Interpublic and its subsidiaries and your non-competition and non-solicitation agreements have expired.

Disability

If you become unable to continue working in your current position due to disability (as determined under the IPG Long Term Disability Plan), you will continue to participate in the Plan (earning dollar credits and interest like any other participant) until termination of your employment with Interpublic and its subsidiaries. The rules described under "Timing of Distributions" (beginning on page 3) will apply.

Death Benefits

If you die before your vested account balance is paid in full, a beneficiary (or beneficiaries) selected by you will be entitled to receive your remaining vested account balance. Unless you elected to receive your benefit in installments, your beneficiary (or beneficiaries) will receive the remaining vested balance in a lump sum. If you elected to receive your vested account balance in installments, your beneficiary (or beneficiaries) will continue receiving installment payments until the full vested balance is paid.

Please note that if the death benefit is paid in installments, it will remain unfunded, as described under "Nature of Your Account Balance and Plan Assets," beginning on page 7.

Designating Your Beneficiary

You may designate one or more primary beneficiaries to receive your vested account balance after your death. You may also designate one or more contingent beneficiaries, who would receive any remaining vested balance if your primary beneficiaries die before payments are completed. You may change your beneficiaries at any time before your death by filing a new beneficiary designation form with Interpublic's Human Resources Department.

If you are married on the date of your death, your beneficiary will be your spouse, unless you specify a different beneficiary. You may not designate a beneficiary other than your spouse, however, without your spouse's written consent.

In the absence of an effective beneficiary designation (or if none of your primary or contingent beneficiaries are living), your vested account balance (if any) will be distributed, in the form described under "Death Benefits" above, to the first of the following to survive you ---

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- * your spouse;
- * your children (to be divided equally);
- * your parents;
- * your brothers and sisters (to be divided equally); or
- * the executors or administrators of your will.

The form for making your initial beneficiary designation is attached to your Participation Agreement. You may obtain new beneficiary designation forms from Interpublic's Human Resources Department.

Miscellaneous Matters

Plan Administration

The Plan's administrator is the MHRC. The Plan's administrator has complete and exclusive discretionary authority and responsibility to administer and interpret the Plan's governing documents (including the authority to resolve ambiguities and inconsistencies in the Plan's language, and to correct any inadvertent omissions). All decisions of the Plan's administrator are final and controlling for purposes of the Plan.

The MHRC has authority to delegate any of its duties and responsibilities under the Plan as it deems appropriate. In addition, the MHRC may employ one or more persons to render advice with regard to any of its administration responsibilities.

Participation Agreement, Amendment, and Termination

Your Participation Agreement sets forth specific terms relating to your benefit under CAP. Your Participation Agreement, including any amendment thereto, is valid only if it is executed on behalf of Interpublic, by Interpublic's Executive Vice President, Chief Human Resources Officer.

Although Interpublic intends to operate the Plan indefinitely, Interpublic reserves the right to amend or terminate the Plan at any time, and from time to time, either retroactively or prospectively, without your consent. However, unless necessitated by a change in applicable law, no amendment or termination will reduce your vested account balance as of the date of the amendment or termination.

Any amendment or termination of the Plan may be adopted by resolution of the Compensation Committee. In addition, the MHRC may make any amendment required to comply with federal or state law, or that is desirable to improve the administration of the Plan, if the amendment does not materially affect the substance of the Plan or the level of benefits provided.

Page 6

Coordination with Other Benefits

Your benefit under the Plan is designed to be in addition to benefits you earn under other benefit plans sponsored by Interpublic. Except as provided in another plan, your right to a benefit under the Plan will not affect any benefit accrued under the other plan.

Nature of Your Account Balance and Plan Assets

Your account balance is paid from Interpublic's general assets. Although the MHRC tracks the growth of your account balance carefully, corresponding funds are not required to be set aside to pay your benefit. The Plan is an unfunded plan and does not have assets that are protected by a trust.

Your vested account balance is protected solely by Interpublic's credit-worthiness, and not by any secured interest in Interpublic's assets or a trust fund. Benefits under the Plan are not insured by the Pension Benefit Guaranty Corporation.

Assignment and Alienation

In general, your rights to a benefit under the Plan (and the corresponding rights of your beneficiaries) may not be assigned, transferred, alienated, encumbered, or otherwise subject to lien. However, the Plan will comply with domestic relations orders that are determined to be "qualified domestic relations orders" under ERISA.

Withholding and Other Tax Consequences

Interpublic has full authority to deduct from amounts paid under the Plan any taxes that it determines are required to be withheld by any government or government agency. You (or your beneficiaries) are responsible for satisfying any remaining tax obligations, to the extent that amounts withheld (if any) are insufficient.

Mailing Address

After you terminate employment with Interpublic and its subsidiaries, you will receive periodic correspondence related to your benefit under the Plan. It is your responsibility to notify Interpublic's Human Resources Department of any changes in your mailing address or in the mailing address of any of your beneficiaries (or contingent beneficiaries). Failure to update your address could delay distribution of your vested account balance.

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Overpayments

If an overpayment of benefits is made under the Plan, the amount of the overpayment may be set off against future payments under the Plan until the overpayment has been recovered. If no future

payments are scheduled, you will be required to return the overpaid amount, and Interpublic may pursue any legal avenue to effectuate recovery.

Incapacity and Minor Status

If any individual entitled to a payment from the Plan is a minor, or is physically or mentally unable to care for his or her affairs, and another person or institution is maintaining custody over the individual entitled to receive the payment, payments from the Plan may be made, for the benefit of the individual entitled to payment, to the custodial person or institution, as applicable. If a court has appointed a guardian or representative of the individual entitled to payment, payment will be made to the guardian or representative. This payment will discharge the Plan's liability, as if the payment were made to the individual entitled to payment.

Continued Employment

Nothing in the Plan confers on you the right to continue in the employment or service of Interpublic or its subsidiaries, or to receive annual compensation in any particular amount. Conversely, nothing in the Plan confers on Interpublic the right to require you to remain in its employ.

Liability Limited

Except as and to the extent otherwise provided by applicable law, no liability will attach to or be incurred by the shareholders, directors, officers, or employees of Interpublic and its subsidiaries under or by reason of any of the terms and conditions contained in the Plan.

Titles and Headings Not to Control

The titles and headings of sections of the Plan are for convenience of reference only. In the event of any conflict, the text of the Plan, rather than the titles or headings, will control.

Severability

If any provision of the Plan is held illegal or invalid for any reason, other provisions will be unaffected. The Plan will be construed as if any illegal or invalid provision was never inserted.

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Variations in Plan Terms

Your individual Participation Agreement may contain provisions that conflict with or are otherwise inconsistent with the terms set forth in this plan document. In such cases, the terms of your Participation Agreement will control.

Complete Statement of the Plan

This pamphlet and your Participation Agreement are a complete statement of your rights under the Plan. Any question regarding your rights under the Plan must be resolved by applying the terms of the Plan document and your Participation Agreement. External evidence of intent or meaning will not be relevant.

Claims and Appeals

The Plan has specific procedures for making a claim for additional benefits. This claim and appeal process must be exhausted before you can file a lawsuit in court. The claim and appeal process has

two levels: the initial claim and review on appeal. They operate as follows:

Initial Claims

1. Any benefit claim must be in writing and should be mailed to the MHRC, at the following address:

IPG Management Human Resources Committee
1271 Avenue of the Americas, 44th Floor
New York, NY 10020
Attn: Executive Vice President, Chief Human Resources Officer

2. The MHRC will generally review and decide each claim within 90 days after your claim was received. (If additional time is needed, the MHRC will notify you, and the determination period may be extended an additional 90 days.)

If additional information is needed, the determination period will be tolled from the date the request for additional information is sent until the date you respond.

3. If your claim is wholly or partially denied, the MHRC will render a written decision. The decision will include:

- * the specific reason or reasons for denial of your claim;

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- * references to the specific Plan provisions upon which the denial is based;

- * a description of any additional material or information necessary to perfect your claim, and an explanation of why such material or information is necessary;

- * an explanation of the appeal procedures and the applicable time limits; and

- * a statement of your right to bring a civil action under section 502(a) of ERISA, if your claim is denied upon review.

4. If your claim is not resolved within 90 days after it is received by the MHRC (or 180 days in case of an extension), you may consider it denied.

Appeals

1. Within 60 days after you receive a written notice of denial of your claim (or after your claim is deemed to be denied), you may file a written request with the MHRC, at the address shown on page 9, for a full and fair review of its initial decision (an "appeal").

2. In connection with a request for review, you may:

submit written comments, documents, records and other information relating to your claim; and

receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant --- as determined by the MHRC, in its sole discretion --- to your claim.

3. The review on appeal will take into account all comments, documents, records and other information that you submit, without regard to whether the information was considered in the initial benefit determination. The MHRC will generally decide your

appeal within 60 days after your request for review is received. (If additional time is needed, the MHRC will notify you, and the review period may be extended an additional 60 days.)

If additional information is needed, the review period will be tolled from the date the request for additional information is sent until the date you respond.

4. If your appeal is wholly or partially denied, the MHRC will render a written decision. The decision will include:
- * the specific reason or reasons for the decision;
 - * references to the specific Plan provisions upon which the decision is based;
 - * an explanation of your right to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information

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relevant --- as determined by the MHRC, in its sole discretion --- to your claim for benefits; and

- * a statement of your right to bring a civil action under section 502(a) of ERISA.
5. If your appeal is not resolved within 60 days after it is received by the MHRC (or 120 days in case of an extension), you may consider it denied.

Other Rules and Rights Regarding Claims and Appeals

- * You may authorize a representative to pursue any claim or appeal on your behalf. The MHRC may establish reasonable procedures for verifying that any representative has in fact been authorized to act on your behalf.
- * Any interpretations related to facts or provisions of the Plan will be made by the MHRC, in its complete and exclusive discretion, and will be binding and conclusive. The MHRC will develop administrative processes and safeguards as it deems necessary to ensure that all decisions are made in accordance with the Plan's governing documents, and that the relevant provisions are applied consistently.
- * The Plan will be interpreted and enforced pursuant to the provisions of ERISA. To the extent that state-law issues arise, New York law (exclusive of choice of law provisions) will govern.

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Exhibit 10(iii)(A)(3)

THE INTERPUBLIC OUTSIDE DIRECTORS' STOCK INCENTIVE PLAN

ARTICLE I INTRODUCTION

1.1 Name of Plan. The name of the Plan is the "Interpublic Outside Directors' Stock Incentive Plan."

1.2 Purpose of Plan. The Plan is being established to attract, retain and compensate for service highly qualified individuals to serve as members of the Board of Directors of the Corporation, but not current employees of the Corporation or any of its Subsidiaries, and to enable them to increase their ownership

in the Corporation's Common Stock. The Plan will be beneficial to the Corporation and its stockholders since it will allow these directors to have a greater personal financial stake in the Corporation through the ownership of the Corporation's Common Stock, in addition to strengthening their common interest with stockholders in increasing the value of the Corporation's Common Stock longer term.

1.3 Effective Date. The effective date of the Plan is June 1, 1994, or such later date as stockholder approval is obtained.

ARTICLE II DEFINITIONS

When used in capitalized form in the Plan, the following terms shall have the following meanings, unless the context clearly indicates otherwise:

Act. "Act" means the Securities Exchange Act of 1934, as currently in effect or hereafter amended.

Committee. "Committee" means the directors of the Corporation who are not Outside Directors.

Common Stock. "Common Stock" means shares of the Corporation's \$.10 par value common stock.

Corporation. "Corporation" means The Interpublic Group of Companies, Inc.

Fair Market Value. "Fair Market Value" means the mean of the high and low prices at which the Common Stock of the Corporation is traded on the date in question, as reported on the composite tape for New York Stock Exchange issues.

Option. "Option" means a right to purchase Common Stock under the Plan.

Option Period. "Option Period" means the period beginning on the third anniversary of the date of grant of an Option and ending on the tenth anniversary of the date of grant.

Outside Directors. "Outside Directors" means members of the Board of Directors of the Corporation who are not employees of the Corporation or any of its Subsidiaries.

Plan. "Plan" means the Interpublic Outside Directors' Stock Incentive Plan, as amended from time to time.

Restricted Shares. "Restricted Shares" means shares of Common Stock granted pursuant to Article IX hereof and subject to the restrictions and other terms and conditions set forth in the Plan.

Restriction Period. "Restriction Period" with respect to any Restricted Shares means the period beginning on the date on which such Restricted Shares are granted and ending on the third anniversary of the date of grant.

Subsidiary. "Subsidiary" means a subsidiary of the Corporation that meets the definition of a "subsidiary corporation" in Section 424(f) of the Internal Revenue Code of 1986, as amended.

Unrestricted Shares. "Unrestricted Shares" means shares of Common Stock granted pursuant to Article VIII hereof and subject to the terms and conditions set forth in the Plan.

ARTICLE III ELIGIBILITY

3.1. Condition. An individual who is an Outside Director on or after June 1, 1994 shall be eligible to participate in the Plan.

ARTICLE IV SHARES AVAILABLE

4.1. Number of Shares Available. An aggregate of Two Hundred Thousand (200,000) shares of Common Stock are reserved for issuance under the Plan pursuant to awards of Options, Unrestricted Shares and Restricted Shares. Such shares of Common Stock may be authorized but unissued shares, treasury shares, or shares purchased on the open market.

4.2. Adjustments. The number of shares of Common Stock of the Corporation reserved for awards of Options, Unrestricted Shares and Restricted Shares under the Plan, the number of shares comprising awards of Restricted Shares, and the exercise price and the number of shares issuable under any outstanding Options, shall be subject to proportionate adjustment by the Committee to the extent required to prevent dilution or enlargement of the rights of the grantee in the event of any stock split, stock dividend, recapitalization, merger, consolidation, reorganization, combination, or exchange of shares or other similar event. All determinations made by the Committee with respect to adjustment under this Section 4.2 shall be conclusive and binding for all purposes of the Plan.

4.3. Effect of Stock Splits, etc. on Restricted Shares. Any shares of Common Stock of the Corporation received by a grantee as a stock dividend on Restricted Shares, or as a result of stock splits, combinations, exchanges of shares, reorganizations, mergers, consolidations, or other events affecting Restricted Shares, shall have the same status, be subject to the same restrictions, and bear the same legend as the shares with respect to which they were issued.

ARTICLE V GRANTS OF OPTIONS

5.1. Options. The only types of options which may be granted under the Plan are non-qualified stock options.

5.2. Grants. From time to time at its discretion, the Corporation may grant to each Outside Director an Option covering that number of shares of Common Stock determined by the Corporation to be appropriate at the time of the grant. If such grants are made and if on the scheduled grant date, the General Counsel of the Corporation determines, in his or her sole discretion, that the Corporation is in possession of material, undisclosed information about the Corporation, then such grant of Options to Outside Directors shall be suspended until the second day after public dissemination of such information. If Common Stock of the Corporation is not traded on the New York Stock Exchange on any date a grant would otherwise be made, then the grant shall be as of the next day thereafter on which Common Stock of the Corporation is so traded.

5.3. Option Price. The exercise price per share of the Option shall be the Fair Market Value of the Common Stock on the date of the grant.

ARTICLE VI OPTION PERIOD

6.1. Duration. An Option granted under the Plan shall become exercisable three years after the date of grant and shall expire ten years after the date of grant, unless it is sooner terminated pursuant to Section 10.1 of the Plan.

ARTICLE VII PAYMENT UPON EXERCISE OF OPTIONS

7.1. Exercise Price. The exercise price of an Option shall be paid in cash in U.S. Dollars on the date of exercise.

Article VIII UNRESTRICTED SHARES

8.1. Grants for 2004 and Thereafter. Each year, on or about January 15 commencing with the year 2004, the Corporation shall grant Eight Hundred (800) shares of Common Stock to each person who is serving as an Outside Director as of such date. Such shares shall not be subject to forfeiture and shall be free of any and all restrictions on transfer.

8.2. Grants for 2003. On or about August 1, 2003, the Corporation shall grant Eight Hundred (800) shares of Common Stock to each person who is serving as an Outside Director as of such date. Such shares shall not be subject to forfeiture and shall be free of any and all restrictions on transfer.

8.3. Tax Assistance Payments. The Committee may, in its discretion, direct the Corporation to make cash payments to assist the grantee in satisfying his federal income tax liability with respect to the Unrestricted Shares. Such payments may be made only to those grantees whose performance the Committee determines to have been fully satisfactory on the date of grant of the Unrestricted Shares.

ARTICLE IX RESTRICTED SHARES

9.1. Grants for 2004 and Thereafter. Each year on or about January 15 commencing with the year 2004, the Corporation shall grant One Thousand Six Hundred (1,600) Restricted Shares to each person who is serving as an Outside Director as of such date.

9.2. Grants in 2003. On or about August 1, 2003, the Corporation shall grant One Thousand Six Hundred (1,600) Restricted Shares to each person who is serving as an Outside Director as of such date.

9.3. Additional Restrictions. Each Restricted Share granted under the Plan shall be subject to the following terms and conditions:

A. Rights with Respect to Shares.

A grantee to whom Restricted Shares have been granted under the Plan shall have absolute ownership of such shares, including the right to vote the same and to receive dividends thereon, subject, however, to the terms, conditions, and restrictions described in the Plan. The grantee's absolute ownership shall become effective only after he or she has received a certificate or certificates for the number of shares of Common Stock awarded, or after he or she has received notification that such certificate or certificates are being held in custody for him or her.

B. Restrictions.

Until the expiration of the Restriction Period therefor, Restricted Shares shall be subject to the following conditions:

(i) Restricted Shares shall not be sold, assigned, transferred, pledged, hypothecated, or otherwise disposed of; and

(ii) if the grantee ceases to serve as an Outside Director for any reason, then, except as otherwise provided in Section 10.2 of the Plan, any Restricted Shares for which the Restriction Period has not lapsed that had been delivered to, or held in custody for, the grantee shall be returned to the Corporation forthwith, and all the rights of the grantee with respect to such shares shall immediately terminate without any payment of consideration by the Corporation.

C. Lapse of Restrictions.

Except as otherwise set forth in Section 10.2 of the Plan, the restrictions set forth in Paragraph B of this Section 9.3 for Restricted Shares shall lapse at the end of the Restriction Period with respect to such shares.

D. Tax Assistance Payments.

When the restrictions set forth in Paragraph B hereof lapse, the Committee may, in its discretion, direct the Corporation to make cash payments to assist the grantee in satisfying his federal income tax liability with respect to the Restricted Shares. Such payments may be made only to those grantees whose performance the Committee determines to have been fully satisfactory between the date on which the Restricted Shares were granted and the date on which such restrictions lapse. The Committee may, in its discretion, estimate the amount of the federal income tax in accordance with methods or criteria uniformly applied to grantees similarly situated, without regard to the individual circumstances of a particular grantee.

E. Restrictive Legends; Certificates May be Held in Custody.

Certificates evidencing Restricted Shares shall bear an appropriate legend referring to the terms, conditions, and restrictions described in the Plan. Any attempt to dispose of such Restricted Shares in contravention of the terms, conditions, and restrictions described in the Plan shall be ineffective. The Committee may enact rules that provide that the certificates evidencing such shares may be held in custody by a bank or other institution, or that the Corporation may itself hold such shares in custody, until the restrictions thereon shall have lapsed.

ARTICLE X
CESSATION OF SERVICE, RETIREMENT, DEATH

10.1. Options.

(A) Options Granted Prior to June 1, 1996.

(i) With respect to each grantee who was first elected or appointed as an Outside Director on or after January 1, 1995, and who ceases to be an Outside Director for any reason other than death, Options which have been granted prior to June 1, 1996 and which are exercisable on the date of cessation of service shall continue to be exercisable by the grantee for ninety days following the date of cessation of service, but in no event after the expiration of the Option Period.

(ii) With respect to each grantee who was first elected or appointed as an Outside Director prior to January 1, 1995: (A) if such grantee ceases to serve as an Outside Director (other than because of his or her death) and, as of the date of such cessation of service is eligible for a benefit under the Interpublic Outside Directors' Pension Plan, Options which have been granted prior to June 1, 1996 and which are exercisable on the date of cessation of service shall continue to be exercisable by the grantee for sixty months following the date of retirement from the Board, but in no event after the expiration of the Option Period, and (B) if such grantee ceases to serve as an Outside Director (other than because of his or her death) and, as of the date of such cessation of service is not eligible for a benefit under the Interpublic Outside Directors' Pension Plan, Options which have been granted prior to June 1, 1996 and which are exercisable on the date of cessation of service shall continue to be exercisable by the grantee for ninety days following cessation of service, but in no event after the expiration of the Option Period.

(iii) Upon the death of a grantee while serving as an Outside Director, Options which have been granted prior to June 1, 1996 and which are exercisable on the date of death shall be exercisable thirty-six months from date of death, but in no event after expiration of the Option Period, by the grantee's legal representatives, heirs or beneficiaries.

(B) Options Granted On or After June 1, 1996.

With respect to each grantee who receives a grant of Options on or after June 1, 1996, and who ceases to be an Outside Director for any reason (including without limitation death), such Options which have been granted on or after June 1, 1996 and which are exercisable on the date of cessation of service shall continue to be exercisable by the grantee or the grantee's legal representatives, heirs or beneficiaries for thirty-six months following the date of cessation of service, but in no event after the expiration of the Option Period.

10.2. Restricted Shares. Upon a grantee's cessation of service as an Outside Director for any reason (including death), on or after the first anniversary of the date on which the Restricted Shares were granted, the Restriction Period shall lapse on the date of the grantee's cessation of service with respect to a fraction of the Restricted Shares awarded to such grantee. The numerator of the fraction shall be the number of months that have elapsed since the Restricted Shares were granted, and the denominator of the fraction shall be the number of months in the Restriction Period; provided that in the case of a fractional month, a period of fifteen days or more shall be treated as a full month, and a period of less than fifteen days shall be disregarded.

10.3. Forfeiture.

(A) If an Option is not exercisable on the date on

which the grantee ceases to serve as an Outside Director, or if an Option is not exercised in full before it ceases to be exercisable in accordance with Article VI hereof and the preceding provisions of this Article X, the Option shall, to the extent not previously exercised, thereupon be forfeited.

(B) If a grantee's interest in any Restricted Shares shall be terminated pursuant to Section 9.3B of the Plan, he or she shall forthwith deliver to the Secretary or any Assistant Secretary of the Corporation the certificates for such shares, accompanied by such instrument of transfer as may be required by the Secretary or any Assistant Secretary of the Corporation.

ARTICLE XI
ADMINISTRATION, AMENDMENT AND TERMINATION OF THE PLAN

11.1. Administration. The Plan shall be administered by the Committee.

11.2. Amendment and Termination. The Plan may be terminated or amended by the Committee as it deems advisable. No amendment may revoke or alter in a manner unfavorable to the grantees any Options, Unrestricted Shares or Restricted Shares then outstanding, nor may the Committee amend the Plan without stockholder approval where the absence of such approval would cause the Plan to fail to comply with any requirement of any applicable law or regulation.

11.3. Expiration of the Plan. Options, Unrestricted Shares or Restricted Shares may not be granted under the Plan after June 7, 2004, but Options granted prior to that date shall continue to become exercisable and may be exercised according to the terms of the Plan.

ARTICLE XII
NONTRANSFERABILITY

12.1. Options Not Transferable. No Options granted under the Plan are transferable other than by will or the laws of descent and distribution. During the grantee's lifetime, an Option may be exercised only by the grantee or the grantee's guardian or legal representative.

ARTICLE XIII
COMPLIANCE WITH SEC REGULATIONS

13.1. Rule 16b-3. It is the Corporation's intent that the Plan comply in all respects with new Rule 16b-3 under the Act and that the Plan qualify as a formula plan meeting the conditions of paragraph (c)(2)(ii) of new Rule 16b-3. If any provision of the Plan is found not to be in compliance with the Rule, or the Plan is found not to qualify as such formula plan, any provision which is not in compliance or does not qualify shall be deemed to be null and void. All grants and exercises of Options, and grants of Unrestricted Shares and Restricted Shares, under the Plan shall be executed in accordance with the requirements of Section 16 of the Act and any regulations promulgated thereunder.

ARTICLE XIV
RIGHTS OF DIRECTORS

14.1. Rights to Awards. Except as provided in the Plan, no Outside Director shall have any claim or right to be granted an award under the Plan. Neither the Plan nor any action thereunder shall be construed as giving any Outside Director any right to be retained in the services of the Corporation in any capacity.

Restated and Amended
Through August 1, 2003.

Exhibit 10(iii)(A)(4)

AGREEMENT AND RELEASE

AGREEMENT dated as of September __, 2003 between **THE INTERPUBLIC GROUP OF COMPANIES, INC. ("Employer")** and **JAMES R. HEEKIN, III ("Executive")**.

WHEREAS, Executive has been employed by Employer or a subsidiary thereof; and

WHEREAS, Employer and Executive have mutually decided to terminate their relationship.

NOW, THEREFORE, in consideration of the mutual covenants herein contained the parties agree as follows:

1. Executive has resigned from all positions which he holds at Employer or any subsidiary thereof effective February 28, 2003 and the parties agree that that certain Employment Agreement dated as of January 1, 1998 ("**Employment Agreement**") between Employer and Executive shall be deemed terminated effective February 28, 2003, except those provisions which by their terms survive termination, or as forth herein.

2. Executive will continue to receive his current base salary for a period of twelve (12) months from the date of termination, i.e., through March 1, 2004 ("Severance Period"). All amounts payable to Executive pursuant to this Section 2 shall be subject to reduction for federal, state and local withholding taxes. Such amount represents the required severance payment under the Employment Agreement.

3. It is understood that Executive is a party to certain Executive Special Benefit Agreements with Interpublic ("**ESBA Agreements**") which provide for future payments to Executive on the terms and conditions set forth in such ESBA Agreements. It is understood that (i) the ESBA Agreements may only be amended by a writing signed by both parties, and (ii) benefits under the ESBA Agreements are guaranteed to be paid to Executive under any and all circumstances, except in the event that Interpublic files for bankruptcy (in which event Executive shall be a general unsecured creditor with regard to benefits under the Agreement), Executive has misrepresented his age or state of health in connection with any life insurance policy used to fund the ESBA Agreements, or Executive has violated the restrictive covenants set forth in the ESBA Agreements. This confirms that Interpublic fully intends to abide by the terms and conditions of the ESBA Agreements in all respects. All such payments shall be in full satisfaction of any and all claims Executive may have against Employer for benefits or deferred compensation pay, however such claims may arise.

4. Executive has been granted certain shares of Interpublic restricted stock and certain options to purchase shares of Interpublic common stock. Vesting of all stock and options shall be pro-rated through March 1, 2004. Attached to this Agreement as Exhibit 1 is a schedule setting forth Executive's stock and options and the dates on which they have or will vest. Options may be exercised through February 28, 2007.

5. Executive will continue to receive miscellaneous (non-medical) benefits (e.g., auto allowances, club allowances, etc.) available to him, as a key management executive, under the Employment Agreement throughout the remainder of the Severance Period. Such amount shall be subject to ordinary withholding.

6. Executive will be maintained on Employer's medical and dental plans in which he was participating prior to termination through March 1,

2004, or until he commences new employment with another employer offering similar benefits, whichever occurs first.

7. With respect to Executive's participation in Employer's 2002-2004 Long-Term Performance Incentive Plan the parties agree as follows:

(i) Executive will be entitled to a pro-rata portion of his performance units. The performance units of the 2002-2004 Long Term Performance Incentive Plan to which Executive shall be entitled is reflected on Exhibit 2. The value of such units will be determined and payment of their value made at the conclusion of the Severance Period (i.e., the first quarter of 2004); and

(ii) Executive will be entitled to a portion of his stock options, pro-rated through March 1, 2004. Options may be exercised through February 28, 2007.

8. Executive will be entitled to outplacement services, if requested by Executive, at Drake Beam Morin through March 1, 2004.

9. In consideration for the payments referred to in this Agreement and for other good and valuable consideration receipt of which is hereby acknowledged, Executive hereby releases and forever discharges, for himself, his heirs, executors, administrators and assigns, Employer, its parent, subsidiaries and affiliates and their respective directors, officers and employees from all manner of actions, causes of actions, suits, and all claims and demands whatsoever, including, but not limited to, claims for age discrimination in violation of the Age Discrimination in Employment Act of 1967, as amended, Title VII of the Civil Rights Act, as amended and all other federal and state law claims for defamation, breach of contract, wrongful termination and any other claims arising because of Executive's employment, termination of his employment or otherwise which Executive ever had, now has or which his heirs, executors, administrators and assigns hereafter can, shall or may have against Employer, its subsidiaries and affiliates and their respective directors, officers and employees for, upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to and including the date of this Agreement, except that this release shall not apply to any rights of Executive to receive the payments specified in this Agreement and the vested payments and benefits to which Executive is entitled under the terms and subject to the conditions of any employee benefit plan in which he was a participant during his employment. Notwithstanding any provision of this Agreement to the contrary, this release is not intended to interfere with Executive's right to file a charge with the Equal Employment Opportunity Commission (the "EEOC") in connection with any claim Executive believes he may have against the Corporation or its affiliates. However, by executing this Agreement, Executive hereby waives the right to recover in any proceeding he may bring before the EEOC or any state human rights commission or in any proceeding brought by the EEOC or any state human rights commission on Executive's behalf.

(a) Executive acknowledges that he understands that by signing this Agreement he voluntarily and knowingly waives and gives up any right or claim arising prior to his execution of this Agreement which he may have had under the Age Discrimination in Employment Act. Notwithstanding the foregoing, this release is not intended to interfere with Executive's right to challenge that his waiver of any and all potential claims under the Age Discrimination in Employment Act pursuant to this Agreement is a knowing and voluntary waiver, notwithstanding Executive's specific representation that he has entered into this Agreement knowingly and voluntarily.

(b) This Agreement is being delivered to Executive on July 16, 2003. Executive is hereby advised that he should consult with an attorney prior to his executing this Agreement.

(c) Executive is also advised that he has twenty-one (21) days from the date this Agreement is delivered to him within which to consider whether he will sign it.

(d) If Executive signs this Agreement, he acknowledges that he understands that he may revoke this Agreement within seven (7) days after he has signed it by notifying Employer in writing that he has revoked this Agreement. Such notice shall be addressed to; Brian J. Brooks, The Interpublic Group of Companies, Inc. 1271 Avenue of the Americas, New York, New York 10020,

(e) This Agreement shall not be effective or enforceable in accordance with its terms until the 7-day revocation period has expired.

10. Executive acknowledges and agrees that all concepts, writings and proposals submitted to and accepted by Employer ("**Intellectual Property**") which relate to the business of Employer and which have been conceived or made by him during the period of his employment, either alone or with others are the sole and exclusive property of Employer or its clients. As of the date hereof, Executive hereby assigns in favor of Employer all the Intellectual Property covered by this paragraph. On or subsequent to the date hereof, Executive shall execute any and all other papers and lawful documents required or necessary to vest sole rights, title and interest in the Employer or its nominee of The Intellectual Property.

11. The parties acknowledge and agree that the Employment Agreement and other agreements between Employer and Executive contain certain provisions which set forth non-solicit and other restrictions following termination of Executive's employment (collectively "the Non-Solicit Agreement"). It is agreed that for purposes of those provisions, the date of termination of Executive's employment was February 28, 2003. All terms and conditions of those provisions shall remain in full force and effect. The Executive shall be permitted to disclose the expiration period of the Non-Solicit Agreement. The Executive shall not be permitted to disclose, and shall treat as confidential, (i) the date on which the restriction period of the Non-Solicit Agreement commenced or (ii) whether the Executive is continuing to receive salary and benefits from the Employer, provided however that nothing set forth in this sentence shall restrict the Executive to disclose this information to obtain legal advice, accounting or financial advice or as may be necessary in connection with the Executive's efforts to obtain future employment. A breach of the confidentiality obligation set forth in the preceding sentence shall be deemed a material breach of this Agreement.

12. Employer represents that the Executive is a covered individual under Directors and Officers liability insurance maintained by Employer and the Executive will be entitled to the benefits of such insurance, subject to applicable law, the by-laws of Employer and the terms of the applicable policy (including any rescission or other similar rights of the insurance company) to the same extent as other senior executive officers and directors of Employer. In the event such liability insurance policy rights are subsequently enhanced, and relate to the period of time prior to February 28, 2003, the Executive shall be entitled to the protection of such enhanced rights to the same extent as are other senior executive officers and directors of Employer generally.

a) Employer shall indemnify the Executive to the full extent permitted by Delaware law and Employer's by-laws or charter, and shall cause any subsidiary of Employer for which Executive served as an officer or director, including McCann-Erickson WorldGroup, Inc. (the "Law or By-Laws"), to indemnify the Executive to the full extent permitted by Delaware law and such subsidiary's by-laws or charter, against all costs, charges and expenses (including without limitation judgments, reasonable counsel fees, settlements or other monetary awards), whatsoever incurred or sustained by him or his legal representatives at the time such costs, charges and expenses are incurred or sustained in connection with any action, suit or proceeding to which he may be a party by reason of his being or having been a director, officer or employee of Employer or any such subsidiary at the request of Employer. In the event that a final adjudication (including any appeal) establishes with respect to any claim, issue or matter to which the Executive is a party that the Executive did not act in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of Employer, then the Executive shall repay to Employer any legal expense reimbursed pursuant to this Agreement in connection with that claim, issue or matter.

b) Without limiting any of the Executive's obligations under Delaware law or the by-laws of the Employer, the Executive shall reasonably cooperate with Employer in the investigation recently commenced by the Securities and Exchange Commission ("SEC") and the existing purported class action litigations involving the Employer. The Executive understands that he is responsible for obtaining his own legal counsel in connection with such investigations or litigations. Employer shall promptly reimburse Executive for reasonable legal fees incurred by the Executive in connection with the Executive's acting as a non-party witness in the investigation recently commenced by the SEC and such existing purported class action litigations and any other proceedings or investigation which may arise in which the Executive is a witness but not a party by reason of his being or having been a director, officer or employee of Employer, or any subsidiary of the Employer at the request of Employer. In the event that a final adjudication (including any appeal) in any litigation to which the Executive is made a party establishes with respect to any investigation, class action litigation or other proceeding referred to in the preceding sentence that the Executive did not act in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of Employer, then the Executive shall repay to Employer any legal expense reimbursed pursuant to this paragraph in connection with such investigation, class action litigation or other proceeding. Nothing in this subsection (b) shall be deemed to affect the rights and obligation of the parties with respect to the indemnification of the Executive as set forth in subsection (a) above.

13. This Agreement constitutes the entire understanding between Employer and Executive concerning his employment and the termination of his employment and, except as otherwise set forth herein, supersedes any and all previous agreements concerning the subject matter hereof. This Agreement may not be changed except by a writing signed by both parties hereto.

14. This Agreement shall be governed by and construed in accordance with the laws of the State of New York for agreements to be wholly performed therein.

THE INTERPUBLIC GROUP OF
COMPANIES, INC.

By: /s/ Brian J. Brooks

Name: Brian J. Brooks

Title: Executive Vice President
Human Resources

/s/ James R. Heekin, III

James R. Heekin, III

Date of Signature of the Employer:

Date of Signature of Executive:

September 4, 2003

SUPPLEMENTAL AGREEMENT made as of May 1, 2003 by and between **THE INTERPUBLIC GROUP OF COMPANIES INC.**, a corporation of the State of Delaware ("**Interpublic**" or the "**Corporation**"), and **BRUCE S. NELSON** ("**Executive**").

WITNESSETH;

WHEREAS, the Corporation and Executive are parties to an Employment Agreement made as of September 5, 2000 (hereinafter referred to as the "**Agreement**"); and

WHEREAS, the Corporation and Executive desire to amend the Agreement;

NOW, THEREFORE, in consideration of the mutual promises herein and in the Agreement set forth, the parties hereto, intending to be legally bound, agree as follows:

1. Section 1.01 of the Agreement is amended by deleting "and ending on August 31, 2005."

2. Section 3.01 of the Agreement is hereby amended in its entirety to read as follows: "The Corporation will compensate Executive for the duties performed by him hereunder, by payment of a base salary at the rate of Eight Hundred Thirty-Five Thousand Dollars (\$835,000) per annum, of which Six Hundred Fifty Thousand Dollars (\$650,000) shall be payable in equal installments, which the Corporation shall pay at semi-monthly intervals, subject to customary withholding for federal, state and local taxes, and One Hundred and Eighty Five Thousand Dollars (\$185,000) will be subject to an Executive Special Benefit Agreement to be entered into between Executive and the Corporation."

3. The second sentence of Section 4.01 of the Agreement is hereby amended in its entirety to read as follows: "The actual MICP award, if any, shall be determined by the Corporation and shall be based on profits, Executive's individual performance, and management discretion."

4. A new Section 4.04 is hereby added to the Agreement as follows: "Executive will be eligible during the term of employment to participate in certain Long-Term Performance Incentive Plans, established by the Corporation, in accordance with the terms and conditions of the Plan established from time to time."

5. A new Section 5.03 is hereby added to the Agreement as follows: "The Committee has grant to Executive Forty Thousand (40,000) shares of Interpublic Common Stock which are subject to the following restriction period, assuming Executive's continued employment under this Agreement, one-third (1/3) of the shares shall be released on the first anniversary of the date of the award, another one-third of the shares shall be released on the second anniversary of the date of the grant, and the final one-third of the shares shall be released on the third anniversary of the date of the grant."

6. Section 6.04 of the Agreement is hereby amended to delete "an automobile allowance of Seven Thousand Dollars (\$7,000) per annum" and substitute "an automobile allowance of Ten Thousand Dollars (\$10,000) per annum" therefor.

7. The parties agree that the terms of the Agreement, subject to the modifications contained in this Supplemental Agreement, shall remain in full force and effect.

8. This Supplemental Agreement shall be governed by the laws of the State of New York.

THE INTERPUBLIC GROUP OF
COMPANIES, INC.

By: /s/ Brian J. Brooks

Name: Brian J. Brooks

Title: Executive Vice President,
Human Resources

/s/ Bruce S. Nelson

Bruce S. Nelson

Signed as of September 3, 2003.

CERTIFICATION

I, David A. Bell, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the Period Ended September 30, 2003 of The Interpublic Group of Companies, 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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13(a)-15(e) and 15(d)-15(e)) 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) 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;

c) 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(s) 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 November 14, 2003

/s/ David A. Bell

David A. Bell

Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Christopher J. Coughlin, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the Period Ended September 30, 2003 of The Interpublic Group of Companies, 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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13(a)-15(e) and 15(d)-15(e)) 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) 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;

c) 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(s) 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 November 14, 2003

/s/Christopher J. Coughlin
Christopher J Coughlin
Chief Financial Officer

**Quarterly Certification
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), each of the undersigned officers of The Interpublic Group of Companies, Inc., a Delaware corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The quarterly report on Form 10-Q for the quarter ended September 30, 2003 of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 14, 2003

/s/ David A. Bell

David A. Bell
Chief Executive Officer

Dated: November 14, 2003

/s/ Christopher J. Coughlin

Christopher J. Coughlin
Chief Financial Officer