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FORM 8-K  
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CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15 (d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): July 26, 2001

The Interpublic Group of Companies, Inc.

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(Exact Name of Registrant as Specified in Charter)

Delaware	1-6686	13-1024020
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

1271 Avenue of the Americas, New York, New York	10020
(Address of Principal Executive Offices)	(Zip Code)

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

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(Former Name or Former Address, if Changed Since Last Report)

Item 5. Other Events.

On July 26, 2001, The Interpublic Group of Companies, Inc. issued a press release, a copy of which is attached hereto as Exhibit 99.1.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits

(a) Financial Statements of business acquired: Not applicable.

(b) Pro forma financial information: Not applicable.

(c) Exhibit 99.1: Press Release of The Interpublic Group of Companies, Inc., dated July 26, 2001, reporting the Company's financial results for the second quarter 2001.

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 hereunto duly authorized.

THE INTERPUBLIC GROUP OF COMPANIES, INC.

Date: July 27, 2001

By: /s/ Nicholas J. Camera

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Nicholas J. Camera  
SENIOR VICE PRESIDENT,  
GENERAL COUNSEL AND  
SECRETARY

## Interpublic Reports Second Quarter Earnings

NEW YORK, July 26 /PRNewswire/ -- Interpublic (NYSE: IPG) today reported earnings of \$.31 per diluted share for the second quarter ended June 30, 2001, compared with \$.54 per diluted share in last year's second quarter. Second quarter results in both years exclude one-time charges and include the operations of True North Communications, which was acquired in a pooling of interests transaction valued at \$1.7 billion on June 21.

While Interpublic's new business wins continued at a healthy pace, second quarter operating results were affected by a challenging economic environment that slowed the growth of client spending. As a result, second quarter revenue decreased 4.3% to \$1,743.4 million. Net income before one-time costs was \$117.1 million in this year's second quarter, compared with \$201.4 million in the year-ago period. The inclusion of True North added modestly to EPS in the quarter, as expected.

Interpublic said that it would recognize \$500 million in restructuring charges in 2001, comprised of:

- o \$125 million related to the organization of the "New Interpublic," including the integration of True North, as expected; and
- o \$375 million of restructuring costs related to cost cutting initiatives, including severance and lease termination costs.

Cost cutting initiatives announced today exceed earlier estimates due to an abrupt change in revenue trends in the second quarter, which precipitated higher severance expenses and facilities termination costs.

In addition, the company has recognized \$221 million of costs in the second quarter related to goodwill and other asset impairments.

John J. Dooner, Chairman and CEO, said, "Our net new business wins continued to be strong in the second quarter considering the difficult economic environment, totaling about \$850 million in capitalized billings. However, our operating results were hurt by the effect of the economy and the slowdown of client spending. Also, as a company, we did not reduce costs as quickly and as deeply as needed. Obviously, these results are not acceptable."

Dooner, speaking of the future, continued, "While our recent reorganization improves the quality of our client offering and provides the operational foundation for accelerated long term organic growth, we also recognize the need for aggressive and immediate action to provide a strong financial foundation from which to deliver that growth."

Sean F. Orr, Chief Financial Officer, commented: "The need for these aggressive cost cuts intensified when the rate of client spending decelerated more swiftly than anticipated in May and June, and resulted in changes to our revenue forecast."

Orr also said that the Company has been conducting a review of its assets in connection with Interpublic's reorganization. The review has resulted in charges related to impairment of goodwill and other assets totaling \$221 million in the second quarter. The review process will be completed by the end of the third quarter, and will likely result in additional non-cash charges which will be booked at that time.

Dooner, commenting about the new Interpublic organization, said: "The True North merger provided an opportunity for us to build a more effective organizational structure. We have realigned Interpublic from 24 independent companies into four operating groups organized to meet client demands for more complete communication solutions, stronger opportunities for increased collaborative organic growth and greater operating efficiency. To accelerate this we are implementing new incentives to significantly reward expanded collaboration among our brands."

## Second Quarter Operating Results

Revenue was \$1,743.4 million in the second quarter, compared with \$1,821.6 million in the year-ago quarter. Domestic revenue declined 7.3% to \$986.8 million from \$1,064.5 million. During the quarter, international revenue was flat at \$756.6 million. In constant dollars, international revenue was 8% higher, reflecting stronger top-line performances in Europe and Latin America. Organic revenue, defined as revenue in constant dollars exclusive of acquisitions, declined 3% in the second quarter of 2001 from the year ago quarter. Year-to-date, including True North, organic revenue was up 1% in the first six months of 2001.

Operating income was off 30% to \$245 million from \$351.8 million in 2000.

Cost-cutting efforts continued in the quarter, but the speed and severity of the revenue downturn was not anticipated. The majority of the total planned staffing terminations for 2001 have now occurred. The benefit of the savings is expected to accelerate in the third quarter and further increase in the fourth quarter.

Net new business wins totaled \$846 million during the second quarter. With this growth, Interpublic's brands increased their market share of advertising and marketing services industry revenue.

Major new account wins during the quarter included:

CLIENT	AGENCY
Astra Zeneca	Low Healthcare
Exxon-Mobil	McCann-Erickson
General Mills	Campbell-Mithun
Groupe Michelin	Campbell-Ewald
Newell Rubbermaid	McCann-Erickson
Verizon	Low Lintas
Sepracor	Campbell Mithun, MRM, Torre Lazur McCann Healthcare

#### Revenue by Discipline

Revenue generated by marketing services disciplines was 2% higher in the quarter at \$695.3 million, and represented 40% of Interpublic revenue. In the year-earlier quarter, marketing services contributed 37% of revenue.

Advertising and media revenue decreased 8% to \$1,048.1 million from \$1,138.9 million in the 2000 quarter, reflecting reduced client spending, particularly on media, and a disproportionate impact of negative foreign currency translation. In constant dollars, advertising and media revenue decreased 4%.

#### Marketing Services

Discipline (MM)	Revenue	Total	%Change \$Constant	%Chg.
Promotion, Event & Direct Marketing	\$380.2	21.8%	7%	13%
Public Relations	153.9	8.8%	1%	0%
Marketing Intelligence	161.2	9.3%	(8%)	(4%)
<b>Total</b>	<b>\$695.3</b>	<b>39.9%</b>	<b>2%</b>	<b>6%</b>

#### Non-Operating Items

Interest expense increased to \$41.4 million in the quarter, from \$26.2 million a year ago, reflecting higher average borrowings.

Other non-operating income was \$15.4 million, which included \$12.0 million of interest income and approximately \$3.4 million of other income. In the 2000 quarter, interest income was \$10.0 million and the Company recognized \$18.9 million of pretax gains on the sale of securities.

The Company's tax rate is 42.8% for the second quarter of 2001, compared to a pro forma 40.9% in 2000. For the full year, the Company estimates its tax rate will be in the range of 41% to 42%, compared to 39% for 2000, primarily as a result of a change in the tax status of Deutsch, Inc., acquired in November 2000, and the acquisition of True North Communications Inc. in June 2001.

The Company expects significant improvement in the rate in future years resulting from the ongoing tax planning initiatives already underway at IPG, as well as from opportunities presented by optimizing True North's and IPG's operations globally.

#### Cash EPS

In the second quarter, cash EPS before restructuring charges was \$.40, compared to \$.61 in 2000. Cash EPS is the sum of reported net income per share plus amortization of intangibles, net of tax.

#### One-Time Charges

Interpublic said that it would incur approximately \$500 million of cash charges in 2001 related to realigning its business model, including the integration of True North and cost-cutting initiatives. In the second quarter, \$51 million of these costs were recorded, primarily related to the True North integration. The majority of these expenses is expected to be recovered in annualized operating savings of at least \$200 million. Severance and lease termination costs comprise about \$460 million of the total. In the first half the Company reduced its

workforce by approximately 2,200 people. In total, the Company expects to have reduced its worldwide workforce by approximately 10% by the end of the program. Approximately 75 facilities will be merged or closed.

In addition, in a review of its assets, the company has so far identified approximately \$221.4 related to goodwill and other asset impairments, which it recognized in the second quarter. This review is continuing and will be completed in by the end of the third quarter of 2001, likely resulting in additional charges.

#### Outlook

Interpublic's market position remains strong, and the company is moving aggressively to improve its results during a challenging economic environment. Given current conditions, the company expects revenues to be flat during the second half of 2001. Earnings per share, exclusive of one-time charges, are expected to be between \$1.05 - \$1.15 per share in 2001. The impact of revenue growth is such that each 1% change in annualized revenue would yield a \$0.03 change in earnings per share.

#### Conference Call

Management will host a conference call to discuss this announcement at 5PM (EDT) today. To access the call and related presentation materials, log on to <http://www.interpublic.com/financial>.

#### About Interpublic

The Interpublic Group of Companies is one of the world's leading organizations of advertising agencies and marketing services companies. Its four global operating groups are McCann-Erickson WorldGroup, The Partnership, FCB Group and Advanced Marketing Services. Major global brands include Draft Worldwide, Foote, Cone & Belding Worldwide, Golin/Harris International, Initiative Media, Lowe Lintas & Partners, McCann-Erickson, Octagon, Universal Media, and Weber Shandwick. Listed on the New York Stock Exchange (symbol:IPG), the company's restated revenue was \$7.2 billion in 2000.

#### Cautionary Statement

This document contains forward-looking statements. Statements that are not historical fact, including statements about Interpublic's beliefs and expectations constitute forward-looking statements. These statements are based on current plans, estimates and projections, and therefore undue reliance should not be placed on them. Forward-looking statements speak only as of the date they are made, and Interpublic 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. Interpublic cautions that 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 effect of national and regional economic conditions, the ability of Interpublic to attract new clients and retain existing clients, the financial success of the clients of Interpublic, and developments from changes in the regulatory and legal environment for advertising companies around the world, and the successful completion and integration of acquisitions which complement and expand Interpublic's business capabilities.

Another important factor is Interpublic's acquisition strategy. One of Interpublic's business strategies is to acquire businesses that complement and expand its current business capabilities. Accordingly, Interpublic is usually engaged in evaluating potential acquisition candidates. Interpublic is currently engaged in a number of preliminary discussions that may result in one or more substantial acquisitions. These acquisition opportunities require confidentiality and from time to time give rise to bidding scenarios that require quick responses by Interpublic. 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 shares of Interpublic.

Moreover, the success of recent or contemplated future acquisitions will depend on the effective integration of newly-acquired businesses into Interpublic's current activities. Important factors for integration include realization of anticipated synergies and the ability to retain new personnel and clients.

Investors should evaluate any statements in light of these important factors.

-- Tables Follow --

Three Months Ended June 30

2001 Post- Non-	2000 Post- Non-	2001 Pre- Non-	2000 Pre- Non-	Pre-Costs % Favorable
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	Recurring Costs	Recurring Costs	Recurring Costs	Recurring Costs	(Unfavorable)
Revenue					
United States	\$986,840	\$1,064,470	\$986,840	\$1,064,470	(7.3)
International	756,575	757,157	756,575	757,157	(0.1)
Total Revenue	1,743,415	1,821,627	1,743,415	1,821,627	(4.3)
Operating Costs	1,456,240	1,438,787	1,456,240	1,438,787	(1.2)
Amortization of Intangible Assets	42,171	31,046	42,171	31,046	(35.8)
Restructuring and other Merger Related Costs	51,294	52,775	--	--	N/A
Goodwill Impairment & Other	221,408	--	--	--	N/A
Income from Operations	(27,698)	299,019	245,004	351,794	(30.4)
Interest Expense	(41,368)	(26,212)	(41,368)	(26,212)	(57.8)
Other Income, Net	15,370	30,201	15,370	30,201	(49.1)
Investment Impairment	--	--	--	--	N/A
Income Before Provision for Income Taxes	(53,696)	303,008	219,006	355,783	(38.4)
Provision for Income Taxes	48,325	127,589	93,769	145,325	35.5
Net Equity Interests (a)	(8,137)	(9,058)	(8,137)	(9,058)	10.2
Net Income	\$(110,158)	\$166,361	\$117,100	\$201,400	(41.9)
Per Share Data:					
Basic E.P.S.	\$(0.30)	\$0.47	\$0.32	\$0.56	(42.9)
Diluted E.P.S.	\$(0.30)	\$0.45	\$0.31	\$0.54	(42.6)
Dividend per share	\$ 0.095	\$0.095	\$0.095	\$0.095	0.0
Weighted Average Shares:					
Basic	368,911	356,680	368,911	356,680	
Diluted	368,911	380,869	383,821	380,869	

(a) Net equity interests is the net of equity in income of unconsolidated affiliates less income attributable to minority interests of consolidated subsidiaries.

Prior year data has been restated to reflect the effect of the True North Communications Inc. and Deutsch, Inc acquisitions accounted for as poolings of interests.

Six Months Ended June 30

	2001 Post- Non- Recurring Costs	2000 Post- Non- Recurring Costs	2001 Pre- Non- Recurring Costs	2000 Pre- Non- Recurring Costs	Pre-Costs % Favorable (Unfavorable)
Revenue					
United States	\$1,986,881	\$2,045,399	\$1,986,881	\$2,045,399	(2.9)
International	1,414,792	1,361,182	1,414,792	1,361,182	3.9

Total Revenue	3,401,673	3,406,581	3,401,673	3,406,581	(0.1)
Operating Costs	2,917,968	2,859,810	2,917,968	2,859,810	(2.0)
Amortization of Intangible Assets	84,056	64,363	84,056	64,363	(30.6)
Restructuring and other Merger Related Costs	52,848	88,826	--	--	N/A
Goodwill Impairment & Other	221,408	--	--	--	N/A
Income from Operations	125,393	393,582	399,649	482,408	(17.2)
Interest Expense	(78,849)	(50,484)	(78,849)	(50,484)	(56.2)
Other Income, Net	36,817	48,605	36,817	48,605	(24.3)
Investment Impairment	(160,100)	--	--	--	N/A
Income Before Provision for Income Taxes	(76,739)	391,703	357,617	480,529	(25.6)
Provision for Income Taxes	48,744	164,665	150,629	197,720	23.8
Net Equity Interests (a)	(13,346)	(10,743)	(13,346)	(10,743)	(24.2)
Net Income	\$(138,829)	\$216,295	\$193,642	\$272,066	(28.8)
Per Share Data:					
Basic E.P.S.	\$(0.37)	\$0.61	\$0.53	\$0.76	(30.3)
Diluted E.P.S.	\$(0.37)	\$0.59	\$0.51	\$0.74	(31.1)
Dividend per share	\$ 0.190	\$0.180	\$0.190	\$0.180	5.6
Weighted Average Shares:					
Basic	367,520	356,148	367,520	356,148	
Diluted	367,520	367,924	376,697	374,617	

(a) Net equity interests is the net of equity in income of unconsolidated affiliates less income attributable to minority interests of consolidated subsidiaries.

Prior year data has been restated to reflect the effect of the True North Communications Inc. and Deutsch, Inc acquisitions accounted for as poolings of interests.

SOURCE The Interpublic Group of Companies, Inc.

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