UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **March 31, 2004**

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	13-1024020
(State or other jurisdiction of incorporation or organization)	(I.R.S. 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

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 [X] No [ ]

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act) Yes [X] 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 April 30, 2004: 418,919,837 shares.

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES
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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS
THREE MONTHS ENDED MARCH 31,
(Amounts in Millions, Except Per Share Amounts)
(Unaudited)

	2004	2003
REVENUE	$1,395.1	$1,315.7
OPERATING EXPENSES:		
Salaries and related expenses	874.0	854.7
Office and general expenses	463.3	429.1
Restructuring charges	62.6	--
Long-lived asset impairments	5.6	11.1
Total operating expenses	1,405.5	1,294.9
OPERATING INCOME (LOSS)	(10.4)	20.8
OTHER INCOME (EXPENSE):		
Interest expense	(39.1)	(38.8)
Interest income	9.7	7.9
Other income	1.1	(0.2)
Investment impairments	(3.2)	(2.7)
Total other income (expense)	(31.5)	(33.8)
lOSS before income taxes	(41.9)	(13.0)
Income tax benefit	(26.8)	(5.6)
lOSS OF CONSOLIDATED COMPANIES	(15.1)	(7.4)

Income applicable to minority interests	(2.4)	(0.6)
Equity in net income (loss) of unconsolidated affiliates	0.6	(3.2)
lOSS FROM CONTINUING OPERATIONS	(16.9)	(11.2)
INCOME FROM DISCONTINUED OPERATIONS (NET OF TAX)	--	2.6
NET lOSS	(16.9)	(8.6)
Dividends on preferred stock	4.8	--
NET LOSS AVAILABLE TO COMMON STOCKHOLDERS	$ (21.7)	$ (8.6)
Earnings (loss) per share of common stock:		
Basic:		
Continuing operations	$ (0.05)	$ (0.03)
Discontinued operations	--	0.01
Total	$ (0.05)	$ (0.02)
Diluted:		
Continuing operations	$ (0.05)	$ (0.03)
Discontinued operations	--	0.01
Total	$ (0.05)	$ (0.02)
Weighted average common shares:		
Basic	413.3	381.8
Diluted	413.3	381.8
Cash dividends per common share	$ --	$ --

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)

	March 31, 2004	December 31, 2003
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,395.3	$ 2,005.7
Accounts receivable (net of allowance for doubtful accounts: 2004-$132.4; 2003-$133.4)	4,584.3	4,593.9
Expenditures billable to clients	316.8	280.6
Deferred income taxes	201.1	201.7
Prepaid expenses and other current assets	249.7	267.8
Total current assets	6,747.2	7,349.7
FIXED ASSETS, AT COST:		
Land and buildings	105.8	108.1
Furniture and equipment	1,016.7	1,024.9
Leasehold improvements	484.2	516.0
	1,606.7	1,649.0
Less: accumulated depreciation	(950.4)	(991.9)
Total fixed assets	656.3	657.1

OTHER ASSETS:

OTHER ASSETS:

Investments	240.3	248.6
Deferred income taxes	397.2	344.5
Other assets	272.1	282.0
Goodwill	3,345.4	3,310.6
Other intangible assets (net of accumulated amortization: 2004-$21.2; 2003-$27.2)	42.0	42.0
Total other assets	4,297.0	4,227.7
TOTAL ASSETS	$11,700.5	$12,234.5

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)

	March 31, 2004	December 31, 2003
CURRENT LIABILITIES:		
Accounts payable	$ 5,050.4	$ 5,240.4
Accrued expenses	990.3	1,101.5
Loans payable	98.2	38.5
Convertible subordinated notes	--	244.1
Total current liabilities	6,138.9	6,624.5
NON-CURRENT LIABILITIES:		
Long-term debt	1,050.8	1,054.2
Convertible subordinated notes	339.8	337.5
Convertible senior notes	800.0	800.0
Deferred compensation	461.0	488.3
Accrued postretirement benefits	51.6	51.5
Other non-current liabilities	226.8	202.6
Minority interests in consolidated subsidiaries	64.5	70.0
Total non-current liabilities	2,994.5	3,004.1
Commitments and contingencies (Note 14)		
STOCKHOLDERS' EQUITY:		
Preferred stock, no par value, shares authorized: 20.0, shares issued: 2004 - 7.5; 2003 - 7.5	373.7	373.7
Common stock, $0.10 par value, shares authorized: 800.0, shares issued: 2004 - 418.3; 2003 - 418.4	41.8	41.8
Additional paid-in capital	2,069.5	2,075.1
Retained earnings	384.6	406.3
Accumulated other comprehensive loss, net of tax	(236.3)	(215.1)
Treasury stock, at cost: 2004 - 0.4 shares; 2003 - 0.3 shares	(14.0)	(11.3)
Unamortized deferred compensation	(52.2)	(64.6)
Total stockholders' equity	2,567.1	2,605.9
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$11,700.5	$12,234.5

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 (LOSS)
THREE MONTHS ENDED MARCH 31,
(Amounts In Millions)
(Unaudited)

	2004	2003
Net Loss	$(16.9)	$ (8.6)
Foreign Currency Translation Adjustments	(21.8)	29.6
Adjustment for Minimum Pension Liability		
Adjustment for minimum pension liability	(3.7)	(4.7)
Tax benefit	1.5	2.0
Adjustment for Minimum Pension Liability	(2.2)	(2.7)
Unrealized Holding Gains (Losses) on Securities		
Unrealized holding gains arising in the current period	1.6	--
Tax expense	(0.6)	--
Unrealized holding losses arising in the current period	(0.1)	(0.8)
Tax benefit	--	0.3
Reclassification of loss to net loss	3.2	--
Tax benefit	(1.3)	--
Unrealized Holding Gains (Losses) on Securities	2.8	(0.5)
Comprehensive - Income (Loss)	$(38.1)	$ 17.8

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
THREE MONTHS ENDED MARCH 31,
(Amounts in Millions)
(Unaudited)

CASH FLOWS FROM OPERATING ACTIVITIES FROM CONTINUING OPERATIONS:	2004	2003
Net loss from continuing operations	$ (16.9)	$ (11.2)
Adjustments to reconcile net loss from continuing operations to cash used in operating activities:		
Depreciation and amortization of fixed assets and intangible assets	47.7	46.6
Amortization of restricted stock awards and bond discounts	13.4	18.4
Deferred income tax benefit	(51.8)	(15.0)
Undistributed equity (earnings) losses	(0.6)	3.2
Income applicable to minority interests	2.4	0.6
Restructuring charges - non-cash	6.7	--
Long-lived asset impairments	5.6	11.1
Investment impairments	3.2	2.7
Other	(5.3)	2.0
Change in assets and liabilities, net of acquisitions:		
Accounts receivable	23.6	294.7
Expenditures billable to clients	(65.7)	(82.2)
Prepaid expenses and other current assets	13.9	(36.7)

Accounts payable and accrued expenses	(318.5)	(487.3)
Other non-current assets and liabilities	(4.8)	(25.0)
Net cash used in operating activities from continuing operations	(347.1)	(278.1)
CASH FLOWS FROM INVESTING ACTIVITIES FROM CONTINUING OPERATIONS:		
Acquisitions, including deferred payments, net of cash acquired	(39.0)	(52.9)
Capital expenditures	(37.8)	(29.6)
Proceeds from sales of businesses and fixed assets	17.1	6.9
Proceeds from sales of investments	3.9	14.2
Purchases of investments	(7.2)	(17.0)
Maturities of short-term marketable securities	13.0	11.2
Purchases of short-term marketable securities	(14.8)	(18.7)
Net cash used in investing activities from continuing operations	(64.8)	(85.9)
CASH FLOWS FROM FINANCING ACTIVITIES FROM CONTINUING OPERATIONS:		
Increase (decrease) in short-term bank borrowings	59.8	(164.3)
Payments of Convertible Subordinate Notes	(244.1)	--
Proceeds from 4.5% Convertible Senior Notes	--	800.0
Proceeds from long-term debt	0.5	0.7
Payments of long-term debt	(0.3)	(0.7)
Debt issuance costs	--	(22.6)
Preferred stock issuance costs	(0.8)	--
Preferred stock dividends	(4.8)	--
Common stock transactions, net	(2.3)	2.9
Distributions to minority interests	(2.7)	(0.2)
Contributions from minority interests	4.9	1.0
Net cash provided by (used in) financing activities from continuing operations	(189.8)	616.8
Effect of exchange rates on cash and cash equivalents	(8.7)	15.3
Net cash used in discontinued operations	--	(12.9)
Increase (decrease) in cash and cash equivalents	(610.4)	255.2
Cash and cash equivalents at beginning of year	2,005.7	933.0
Cash and cash equivalents at end of period	$1,395.3	$1,188.2

The accompanying notes are an integral part of these Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(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 March 31, 2004 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") December 31, 2003 Annual Report to Shareholders filed on Form 10-K. The operating results for the first three months of the year are not necessarily indicative of the results for the year or other interim periods.

Certain prior year amounts have been reclassified to conform to current year presentation.

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 Statement of Financial Accounting Standards No. 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.

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

The following sets forth the computation of earnings (loss) per common share:

(Amounts in Millions, Except Per Share Amounts)	**Three Months Ended March 31,**	
Basic and diluted (a)	**2004**	**2003**
Loss from continuing operations	$(16.9)	$ (11.2)

Income from discontinued operations (net of tax)	--	2.6
Net loss	$(16.9)	$ (8.6)
Less: preferred stock dividends	4.8	--
Net loss applicable to common stockholders	$(21.7)	$ (8.6)
Weighted average number of common shares outstanding	413.3	381.8
Loss per common share from continuing operations	$(0.05)	$ (0.03)
Earnings per common share from discontinued operations	--	0.01
Net loss per common share - basic and diluted	$(0.05)	$ (0.02)

(a) The computation of diluted EPS for 2004 excludes the weighted average number of incremental shares in connection with stock options and restricted stock, the assumed conversion of the 4.5%, 1.87% and 1.8% Convertible Notes and the assumed conversion of the Series A Mandatory Convertible Preferred Stock, because they were anti-dilutive. The computation of diluted EPS for 2003 excludes the assumed conversion of the 1.80% and 1.87% Convertible Subordinated Notes, the vesting of restricted stock and assumed exercise of stock options because they were anti-dilutive.

The assumed exercise of stock options, the assumed vesting of restricted stock and the conversion of Convertible Subordinated Notes and the Series A Mandatory Convertible Preferred Stock would have added the following diluted shares outstanding had they been dilutive:

	Three Months Ended March 31,	
(Amounts in Millions)	**2004**	**2003**
Stock Options and Restricted Stock	5.0	3.8
Convertible Notes	68.7	13.1
Series A Mandatory Convertible Preferred Stock	23.7	--
Total	97.4	16.9

3. ***Stock - Based Compensation Plans***

The Company has various stock-based compensation plans which 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, *Accounting for Stock Based Compensation*, the Company's pro forma loss from continuing operations applicable to common stockholders and loss per common share from continuing operations would have been as follows:

(Amounts in Millions, Except Per Share Amounts)	**Three Months Ended March 31,**	
	2004	**2003**
Loss from continuing operations, as reported	$(16.9)	$(11.2)
Less: preferred stock dividends	4.8	--
Loss from continuing operations applicable to common stockholders	$(21.7)	$ (11.2)
Add back:		
Stock-based employee compensation expense included in reported net income, net of tax	4.7	5.8
Deduct:		
Total fair value of stock based employee compensation expense, net of tax	(12.7)	(13.9)
Pro forma loss from continuing operations applicable to common stockholders	$(29.7)	$(19.3)
Loss Per Common Share From Continuing Operations		
Basic loss per share		
As reported	$(0.05)	$(0.03)
Pro forma	$(0.07)	$(0.05)

Diluted loss per share		
As reported	$(0.05)	$(0.03)
Pro forma	$(0.07)	$(0.05)

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 $2.43 and $1.57 for the three months ended March 31, 2004 and 2003, respectively.

The weighted-average fair value of options granted during the three months ended March 31, 2004 and 2003 was $7.76 and $4.51, 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:

	Three Months Ended March 31,	
	2004	2003
Expected option lives	6 years	6 years
Risk free interest rate	3.39%	3.38%
Expected volatility	44.71%	43.50%
Dividend yield	--	--

4. ***Restructuring Charges***
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.

During the three months ended March 31, 2004, the Company recorded restructuring charges of $64.2 million in connection with the 2003 restructuring program, as discussed below. The pre-tax restructuring charge for the 2003 program is composed of severance costs and lease termination costs. Charges related to terminated leases are recorded at net present value and are net of estimated sublease income amounts. The discount relating to lease terminations is being amortized over the expected remaining term of the related lease. A summary of the 2003 program on a life-to-date basis is as follows:

(Dollars in Millions)	For the Year Ended December 31, 2003	For the Three Months Ended March 31, 2004	Total Program Through March 31, 2004
Severance and termination costs	$126.2	$ 22.1	$148.3
Lease terminations and other exit costs	37.0	42.1	79.1
Total	$163.2	$ 64.2	$227.4
Headcount reductions	2,900	400	3,300

The severance and termination costs recorded to date relate to all employee levels and functions across the Company. Approximately 30% of the charge relates to severance in the US, 20% to severance in the UK, 15% 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 vacated as part of the restructuring. Eighty offices have already been vacated and an additional 25 are to be vacated by September 30, 2004. 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.

In addition, charges of $7.6 million have been incurred in the three months ended March 31, 2004 related to acceleration of amortization of leasehold improvements on premises included in the 2003 program. The charge related to such amortization is included in office and general expenses in the accompanying Consolidated Statement of Operations. Charges of $16.5 million were incurred in 2003 related to the acceleration of amortization of leasehold impairments on premises included in the 2003 program.

A summary of the liability for restructuring charges that relates to the 2003 program is as follows:

(Dollars in Millions)	Liability at December 31, 2003	Charges	Non-Cash Charges	Cash Payments	Foreign Currency Adjustment	Liability at March 31, 2004
Severance and termination costs	$ 37.7	$ 22.1	$ --	$(23.1)	$ 0.7	$ 37.4
Lease terminations and other	24.1	42.1	(6.7)	(4.8)	0.7	55.4

exit costs						
Total	$ 61.8	$ 64.2	$ (6.7)	$(27.9)	$ 1.4	$ 92.8

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 million. Additional amounts of $12.1 million and $12.4 million were recorded in 2002 and 2003, respectively.

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

(Dollars in Millions)	**Liability at December 31, 2003**	**Cash Payments**	**Adjustments**	**Liability at March 31, 2004**
Severance and termination costs	$ 5.0	$ (1.3)	$ --	$ 3.7
Lease terminations and other exit costs	73.9	(8.1)	(1.6)	64.2
Total	$ 78.9	$ (9.4)	$ (1.6)	$ 67.9

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

The Company terminated approximately 7,000 employees in connection with the 2001 restructuring program and downsized or vacated approximately 180 locations. Given the remaining lease terms involved, the remaining liabilities will be paid out over a period of several years.

In the first quarter of 2004, an adjustment of $1.6 million was made to reduce reserves for accruals no longer required.

5. ***Long-Lived Asset Impairment and Other Charges***
During the three months ended March 31, 2004, the Company recorded total charges of $5.6 million. This amount included $4.0 million related to the impairment of goodwill of a business, which the Company is in negotiations to sell, and $1.6 million related to capital expenditure outlays in its motorsports business that the Company is contractually required to spend to upgrade and maintain certain of its existing racing facilities. See Note 15 below for discussion of remaining contractual commitments related to Motorsports.

During the three months ended March 31, 2003, the Company recorded a charge of $11.1 million related to the impairment of long-lived assets at its motorsports business. This amount included $4.0 million of capital expenditure outlays in the three months ended March 31, 2003.

6. ***Investment Impairment***
During the first quarter of 2004, the Company recorded $3.2 million in investment impairment charges related to a decline in value of certain available-for-sale investments that was determined to be "other than temporary". During the comparable period in 2003, the Company recorded a charge of $2.7 million related to the impairment of an unconsolidated affiliate in Brazil.

7. ***Recent Accounting Standards***
In 2003, the FASB issued FASB Interpretation No. 46, *Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51*, along with certain revisions, which addressed consolidation by business enterprises of variable interest entities ("VIEs") either: (1) that do not have sufficient equity investment at risk to permit the entity to finance its activities without additional subordinated financial support, or (2) in which the equity investors lack an essential characteristic of a controlling financial interest. This Standard contained multiple effective dates based on the nature, as well as, the creation date of the VIE. The Company adopted the provisions of these interpretations effective December 31, 2003 and has consolidated certain entities meeting the definition of a VIE. Inclusion of these entities, which were included effective January 1, 2004, did not have a material impact on the Company's financial position or results of operations.

In January 2004, FASB Staff Position No. 106-1, *Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003*, was issued which permits a sponsor of a postretirement health care plan that provides a prescription drug benefit to make a one-time election to defer accounting for the effects of the new legislation. The Company has elected to defer the accounting until further guidance is issued by the FASB. The measurements of the Company's postretirement accumulated benefit plan obligation and net periodic benefit cost at March 31, 2004 and at December 31, 2003 do not reflect the effects of the new legislation. The guidance, when issued, could require the Company to change previously reported information.

In March 2004, EITF 03-6, *Participating Securities and the Two-Class Method under FASB Statement No. 128*, was issued to clarify the definition of a participating security and to require the use of the two-class method for computing basic earnings per share for those companies that have issued securities other than common stock that contractually entitle the holder to participate in dividends and earnings of the company. The provisions of this

pronouncement and the detailed calculations required are currently being reviewed by the Company and will be effective for the Company for the quarter ending June 30, 2004.

8. ***Derivative and Hedging Activities***
Forward Contracts
The Company has entered into foreign currency transactions in which foreign currencies (principally Euro, Pounds and Yen) are bought or sold forward. The contracts were entered into to meet currency requirements arising from specific transactions. The changes in value of these forward contracts were reflected in the Company's Consolidated Statement of Operations. As of March 31, 2004, the Company had contracts covering

approximately $0.5 million of notional amount of currency and the fair value of the forward contracts was negligible. As of March 31, 2003, the Company had contracts covering $38.9 million of notional amount of currency and the fair value of the forward contracts was a gain of $1.4 million.

Other
In connection with the issuance and sale of the 4.5% Convertible Senior Notes in March 2003, two embedded derivatives were created. The fair value of the two derivatives on March 31, 2004 was negligible.

9. ***Components of Net Periodic Benefit Cost***
The components of net periodic benefit cost for domestic pension and retiree medical plans are as follows:

	Pension Benefits		**Other Postretirement Benefits**	
For the Quarter Ended March 31:	**2004**	**2003**	**2004**	**2003**
(Dollars in Millions)				
Service cost	$ --	$ --	$ 0.2	$ 0.2
Interest cost	2.1	0.4	0.8	0.8
Expected return on plan assets	(2.2)	(0.3)	--	--
Amortization of net loss	1.4	0.2	--	--
Net periodic benefit cost	$ 1.3	$ 0.3	$ 1.0	$ 1.0

The Company has previously disclosed in its financial statements for the year ended December 31, 2003 that it expected to contribute $30 million to its domestic pension plan and $5.3 million to its domestic postretirement benefit plan in 2004. As of March 31, 2004, $30 million of contributions have been made to the domestic pension plan. The Company presently does not anticipate contributing additional funds to its domestic pension plan but does anticipate contributing $5.3 million to its postretirement benefit plan in 2004.

10. ***Segment Information***
At March 31, 2004, the Company is organized into five global operating groups together with several stand-alone agencies. The five global operating groups are: a) McCann; b) FCB; c) The Partnership d) SEG and e) CMG, the Consultancy Management Group. Each of the five 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. The stand-alone agencies include Initiative Media, Campbell-Ewald, Hill Holliday and Deutsch, which provide advertising and/or marketing communication services.

As of December 31, 2003, SEG included Octagon Worldwide, Motorsports, Jack Morton Worldwide ("Jack Morton") and certain other businesses. In the first quarter of 2004, Motorsports began to report to management separately and Jack Morton was transferred into CMG. In transferring Jack Morton, the Company formalized the relationship between certain agencies, including Weber Shandwick Worldwide, Golin/Harris International, DeVries Public Relations, Marketing Corporation of America, FutureBrand and Jack Morton, which comprise CMG as of March 31, 2004.

The annual margins of each of the groups and the stand-alone agencies 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, CMG and the stand-alone agencies, the Company believes that the long-term average gross margin of each of these entities will converge over time and, given the similarity of the operations, McCann, FCB, The Partnership, CMG and the stand-alone agencies have been aggregated. SEG and Motorsports, however, have different margins than the rest of the Company and, given current projections, the Company believes that the margins for these operating segments will not converge with the remaining entities and are reported as separate segments in the first quarter of 2004.

Accordingly, in accordance with SFAS 131, *Disclosures About Segments of an Enterprise and Related Information*, the Company has three 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 on operating earnings before interest and income taxes.

Prior year amounts have been restated to reflect the changes in the reporting structure discussed above.

Summary financial information concerning the Company's reportable segments is as follows:

Three Months Ended March 31, 2004 *(Dollars in Millions)*	IPG (Excl. SEG and Motorsports)	SEG	Motorsports	Consolidated Total
Revenue	$ 1,331.3	$ 60.8	$ 3.0	$1,395.1
Operating income (loss)	(4.1)	3.7	(10.0)	(10.4)
Total Assets	11,370.8	273.6	56.1	11,700.5
Goodwill	3,321.5	23.9	--	3,345.4
Depreciation and amortization of fixed assets	45.1	1.1	--	46.2
Capital expenditures	$ 35.8	$ 0.4	$ 1.6	$ 37.8
Three Months Ended March 31, 2003				
(Dollars in Millions)				
Revenue	$ 1,252.6	$ 53.3	$ 9.8	$1,315.7
Operating income (loss)	38.8	3.6	(21.6)	20.8
Total assets	11,332.6	476.8	153.7	11,963.1
Goodwill	3,216.7	223.8	0.1	3,440.6
Depreciation and amortization of fixed assets	41.2	1.2	1.0	43.4
Capital expenditures	$ 21.8	$ 0.3	$ 7.5	$ 29.6

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

Three Months Ended March 31, *(Dollars in Millions)*	2004	2003
Total operating income (loss) for reportable segments	$(10.4)	$ 20.8
Interest expense	(39.1)	(38.8)
Interest income	9.7	7.9
Other income (loss)	1.1	(0.2)
Investment impairment	(3.2)	(2.7)
Loss before income taxes	$(41.9)	$(13.0)

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

Acquisitions

During the three months ended March 31, 2004 and 2003, the Company consummated one acquisition in each period, for $6.5 million and $2.1 million in cash, respectively.

Deferred Payments and Purchase of Additional Interests

During the first quarter of 2004 and 2003, the Company made the following payments on acquisitions that had closed in prior years:

(Dollars in Millions)	Three Months Ended March 31,			
	Deferred Payments		Purchase of Additional Interests	
	2004	2003	2004	2003
Cash	$ 24.7	$ 41.2	$ 5.4	$ 7.2
Stock	--	14.9	--	0.1
Total	$ 24.7	$ 56.1	$ 5.4	$ 7.3

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. The amount of the payment is contingent upon the achievement of projected operating performance targets.

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Other Payments

During the first quarter of 2004 and 2003, the Company made the following payments principally related to loan notes and guaranteed deferred payments that had been previously recognized on the balance sheet:

(Dollars in Millions)	Three Months Ended March 31,	
	2004	2003
Cash	$ 2.4	$ 3.0
Stock	--	--
Total	$ 2.4	$ 3.0

Dispositions

On January 12, 2004, the Company completed the sale of a business comprising the four motorsports circuits (including Brands Hatch, Oulton Park, Cadwell Park and Snetterton) (the "four owned circuits"), owned by its Brands Hatch subsidiaries, to MotorSport Vision Limited. The consideration for the sale was approximately 15 million Pounds, (approximately $26 million). An additional contingent amount of up to 2 million Pounds, (approximately $4 million) may be paid to the Company depending upon the future financial results of the operations sold. The Company recognized an impairment loss related to the four owned circuits of $38.0 million in the fourth quarter of 2003 and classified the relevant assets and liabilities as held for sale in the Consolidated Balance Sheet of the Company as of December 31, 2003.

As discussed in Note 15 below, on April 19, 2004, the Company and one of its subsidiaries reached an agreement with the Formula One Administration Limited ("FOA") to terminate and release their respective promoter and guarantee obligations for the British Grand Prix immediately following the next race in July 2004. In exchange for the early termination of these obligations and liabilities, the Company paid $46.5 million to the FOA on April 19, 2004, and a second installment of $46.5 million will be paid to the FOA on May 24, 2004. Following this transaction, the Company and one of its subsidiaries will continue to be responsible for operating the Silverstone racetrack and will remain subject to certain obligations under the original Silverstone lease and associated agreements with the British Racing Drivers Club ("BRDC"). The Company expects that its remaining contractual commitments in connection with the Silverstone racetrack will be approximately $62 million in total, to be paid out through the end of 200 7. This estimated amount is based on termination of the Silverstone lease at the end of 2007, and includes payment of remaining amounts under the promoters agreement for the 2004 British Grand Prix. As a consequence of this transaction, the Company will recognize an accounting charge of approximately $80 million in its Consolidated Statement of Operations in the second quarter of 2004. This reflects the payments of $93 million offset by existing reserves related to the FOA obligations. In addition, based on the historical financial results of the Silverstone Motorsports operations, the Company expects that this business will continue to have additional operating losses through the end of 2007.

On July 10, 2003, the Company completed the sale of NFO to TNS. The results of NFO are classified as discontinued operations in accordance with Statement of Financial Accounting Standards No. 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. Income from discontinued operations consists of the following:

(Dollars in Millions)	Three Months Ended March 31,	
	2004	2003
Pre-tax income from discontinued operations	$ --	$ 4.4
Tax expense	--	1.8
Income from discontinued operations	$ --	$ 2.6

12. ***Debt and Certain Liquidity Matters***

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 million (as amended and restated from time to time, the "Five-Year Revolving Credit Facility"). On May 15, 2003, 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 million, $200.0 million of which are available to the Company for the issuance of Letters of Credit (as amended from time to time, the "Old 364-Day Revolving Credit Facility" and, together with the Five-Year Revolving Credit Facility, the "Old Revolving Credit Facilities").

The Old 364-Day Revolving Credit Facility expires on May 13, 2004. The Company expects to enter into a new 364-day revolving credit facility with a syndicate of banks on or about May 10, 2004 (the "New 364-Day Revolving Credit Facility") to replace the Old 364-Day Revolving Credit Facility. The New 364-Day Revolving Credit Facility provides for borrowings of up to $250.0 million. The Company further expects that on or about May 10, 2004, it will replace the Five-Year Revolving Credit Facility by entering into a new three-year revolving credit facility (the "Three-Year Revolving Credit Facility" and, together with the New 364-Day Revolving Credit Facility, the "New Revolving Credit Facilities"). The Three-Year Revolving Credit Facility provides for a term of three years and for borrowings of up to $450.0 million, of which $200.0 million will be available to the Company for the issuance of Letters of Credit. The Company voluntarily reduced the aggregate commitment levels in the New Revolving Cr edit Facilities as compared to the Old Revolving Credit Facilities due to the availability of other sources of liquidity.

The New 364-Day Revolving Credit Facility will expire on May 9, 2005. However, the Company will have 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, as defined in the agreements, for the four fiscal quarters most recently ended is at least $831.0 million. The Old and New Revolving Credit Facilities are used for general corporate purposes, including commercial paper backstop and acquisition financing. As of March 31, 2004, the Company utilized $134.4 million under the Old 364-Day Revolving Credit Facility for the issuance of Letters of Credit and had no borrowings under the Five-Year Revolving Credit Facility. Upon entry into the New Revolving Credit Facilities on or about May 10, 2004, the Company expects to roll over the letters of credit issued and then outstanding under the Old 364-Day Revolving Credit Facility into the Three-Year Revolving Credit Facility, thereby utilizing $133.8 million under the Three-Year Revolving Credit Facility for the issuance of letters of credit, and the Company expects to have no borrowings under the New 364-Day Revolving Credit Facility at such time.

As with the Old Revolving Credit Facilities, the New Revolving Credit Facilities will 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 New Revolving Credit Facilities will be affected by the facilities' utilization levels and the Company's credit ratings, as is the case with the Old Revolving Credit Facilities. Based on the Company's current credit ratings, interest rates on loans under the New 364-Day Revolving Credit Facility as of May 10, 2004 will be calculated by adding 112.5 basis points to LIBOR or 20 basis points to the applicable bank base rate, and interest rates on loans under the Three-Year Revolving Credit Facility will be calculated by adding 112.5 basis points to LIBOR or 25 basis points to the applicable bank base rate. At the Company's current credit rating level, this represents a decrease from the Old 364-Day Revolving Credit Facility and Five-Year Revolving Credit Facility of 62.5 and 62.5 basis points with respect to LIBOR, respectively, and a decrease of 5 basis points with respect to the base rate, respectively.

Both the Old Revolving Credit Facilities and the New Revolving Credit Facilities include financial covenants that set (i) maximum levels of debt for borrowed money as a function of EBITDA, (ii) minimum levels of EBITDA and (iii) minimum levels of EBITDA as a function of interest expense (in each case, as defined in those agreements).

Under the Old Revolving Credit Facilities, the following items are added back to net income in the calculation of EBITDA: (i) up to $161.4 million of non-cash, non-recurring charges taken in the fiscal year ended December 31, 2002; (ii) up to $275.0 million of non-recurring restructuring charges (up to $240.0 million of which may be cash charges) taken in 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; (iii) up to $70.0 million 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 million 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 million in payments made by the Company (up to $40.0 million 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 million in respect of the early repayment by the Company of all amounts outstanding under each of the Note Purchase Agreements with The Prudential Company of America dated as of May 26, 1994, April 28, 1995, October 31, 1996, August 19, 1997 and January 21, 1999 (collectively, the "Prudential Agreements"), respectively, with respect to the fiscal quarter ended September 30,

2003; (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; and (ix) certain payments made with respect to the fiscal periods ending September 30, 2003, December 31, 2003 and March 31, 2004, relating to the settlement of the Company's commitments under certain leasing and Motorsports event contractual arrangements, 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.

In determining the Company's compliance with the financial covenants under the Old Revolving Credit Facilities as of March 31, 2004, the following charges for the four fiscal quarters most recently ended were added back to net income in the calculation of EBITDA: (i) $246.4 million of restructuring charges ($211.0 million of which were cash charges), (ii) $40.3 million of non-cash charges with respect to the impairment of the remaining book value of the Company's Motorsports business, (iii) $13.8 million of impairment charges taken with respect to capital expenditures of the Company's Motorsports business, (iv) $300.0 million of goodwill or investment impairment charges and (v) $115.0 million of charges (primarily non-cash) relating to certain litigation matters. Since these charges and payments were added back to the calculation of EBITDA, they do not affect the Company's compliance with its financial covenants.

Under the New Revolving Credit Facilities, the following items are added back to net income in the calculation of EBITDA: (i) non-recurring restructuring charges in an amount not to exceed $275.0 million (up to $240.0 million 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, March 31, 2004, June 30, 2004, and September 30, 2004; (ii) non-cash, non-recurring charges in an amount not to exceed $50.0 million taken with respect to the impairment of the remaining book value of the Company's Motorsports business; (iii) all impairment charges taken with respect to

capital expenditures made on or after January 1, 2003 with respect to the Company's Motorsports business; (iv) non-cash, nonrecurring goodwill or investment impairment charges in an amount not to exceed $300.0 million taken in the fiscal per iods ending September 30, 2003, December 31, 2003, March 31, 2004, June 30, 2004 and September 30, 2004; (v) payments made by the Company not to exceed $135.0 million (up to $40.0 million of which may be in cash) relating to the settlement of certain litigation matters; (vi) $24.8 million in respect of the early repayment by the Company of all amounts outstanding under the Prudential Agreements with respect to the fiscal quarter ended September 30, 2003; (vii) 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; and (viii) cash payments made by the Company relating to the cash consideration paid by the Company not exceeding $160.0 million in connection with the liabilities and obligations of the Comp any's Motorsports business, 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.

As of March 31, 2004, the Company was in compliance with all covenants (including the financial covenants) in the Old Revolving Credit Facilities using the definition of EBITDA under the Old Revolving Credit Facilities and expects to be in compliance with all covenants (including the financial covenants) in the New Revolving Credit Facilities using the definition of EBITDA under the New Revolving Facilities.

As with the Old Revolving Credit Facility, the terms of the New 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 in excess of $25.0 million. The New Revolving Credit Facilities limit annual cash acquisition spending to $100.0 million in the aggregate for any calendar year; provided that amounts unused in any year may be rolled over to the following years, but may not exceed $250.0 million in any calendar year. Annual share buybacks and dividend payments on the Company's convertible preferred stock is limited to $95.0 million in the aggregate for any calendar year, of which $45.0 million may be used for dividend payments on the Company's convertible preferred stock and $50.0 million may be used for dividend payments on the Company's capital stock (including Common Sto ck) and for share buybacks. Any unused portion of the permitted amount of $50.0 million, may be rolled over in successive years, provided that all such payments in any calendar year may not exceed $125.0 million in the aggregate. The Company's permitted level of annual capital expenditures is limited to $225.0 million provided that amounts unused in any year up to $50.0 million may be rolled over to the next year.

Other Committed and Uncommitted Facilities

In addition to the Old Revolving Credit Facilities, at March 31, 2004 the Company had $0.8 million of committed lines of credit, all of which were provided by banks participating in the Old Revolving Credit Facilities. At March 31, 2004, no amounts were outstanding under these committed lines of credit. The Company's committed borrowings are repayable upon demand.

At March 31, 2004, the Company also had $754.1 million of uncommitted lines of credit, 68.5% of which were provided by banks participating in the Old Revolving Credit Facilities. At March 31, 2004, $97.7 million was outstanding under these uncommitted lines of credit. The Company's uncommitted borrowings are repayable upon demand.

Other Debt Instruments

In March 2003, the Company completed the issuance and sale of $800.0 million aggregate principal amount of the 4.5% Notes. In April 2003, the Company used approximately $581 million of the net proceeds of this offering to repurchase the Zero-Coupon Notes tendered in its concurrent tender offer.

Common Stock and Preferred Stock Offerings

In 2003, the Company filed a universal shelf registration statement providing for the potential issuance and sale of securities in an aggregate amount of up to $1,800.0 million. On December 16, 2003, in a concurrent offering, the Company issued 25.8 million shares of common stock and issued 7.5 million shares of 3-year Series A Mandatory Convertible Preferred Stock (the "Preferred Stock") under this shelf registration. The total net proceeds received from these offerings was approximately $693 million. The Preferred Stock carries a dividend yield of 5.375%. On maturity, each share of the Preferred Stock will convert, subject to adjustment, to between 3.0358 and 3.7037 shares of common stock, depending on the then-current market price of the Company's common stock, representing a conversion premium of approximately 22% over the common stock offering price of $13.50 per share. Under certain circumstances, the Preferred Stock may be converted prior to maturity at the option of the holders or the Company.

In January 2004, the Company used approximately $246 million of the net proceeds from the offerings to redeem the Company's 1.80% Convertible Subordinated Notes due 2004. The remaining proceeds are being used for general corporate purposes and to further strengthen the Company's balance sheet and financial condition.

The Company will pay annual dividends on each share of Preferred Stock in the amount of $2.6875. Dividends will be cumulative from the date of issuance and will be payable on each payment date to the extent that dividends are not restricted under the New Revolving Credit Facilities and assets are legally available to pay dividends. The first dividend payment of $0.6420 per share and amounting to $4.8 million was declared on February 24, 2004 and was paid on March 15, 2004 to stockholders of record at the close of business on March 1, 2004.

Other
On March 25, 2004, Moody's Investor Services, Inc. confirmed the Company's senior unsecured and subordinated debt ratings at Baa3 and Ba1, respectively, with stable outlook. On April 2, 2004, Fitch Ratings affirmed the Company's senior unsecured, and subordinated debt ratings at BB+ and BB-, respectively, with stable outlook. Standard & Poor's Ratings Services ("S&P") rates the Company's senior unsecured debt at BB+ with a negative outlook.

13. ***Effective Income Tax Rate***
The Company's effective income tax rate was 64.0% and 43.1% in the quarters ended March 31, 2004 and 2003, respectively. The difference between the effective tax rate and statutory federal rate of 35% is due to state and local taxes and the effect of non-US operations. In addition, several discrete items impacted the effective income tax rate for 2004. The most significant item being the tax benefits resulting from payments made in satisfaction of certain financial guarantees related to the Motorsports business. The Company's effective tax rate will be impacted in subsequent quarters from its ongoing efforts to exit the Motorsports business. The effective tax rates for 2004 and 2003 were negatively impacted by restructuring charges, impairment charges and significant operating losses in a number of non-US jurisdictions that receive little or no tax benefit.

All of these factors contributed to the Company recording tax benefits of $26.8 million and $5.6 million on pre-tax losses of $41.9 million and $13.0 million for the three months ended March 31, 2004 and 2003, respectively.

Valuation Allowance
As required by SFAS 109, Accounting for Income Taxes ("SFAS 109"), the Company evaluates the realizability of its deferred tax assets on a quarterly basis. SFAS 109 requires a valuation allowance be established when it is "more likely than not" that all or a portion of deferred tax assets will not be realized. In circumstances where there is "sufficient negative evidence", establishment of a valuation allowance must be considered. A cumulative loss in the most recent three-year period represents sufficient negative evidence to consider a valuation allowance under the provisions of SFAS 109. 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 has been established relate primarily to foreign net operating loss, US capital loss, and foreign tax credit carryforwards.

The realization of the Company's remaining deferred tax assets is primarily dependent on future earnings. Any reduction in estimated forecasted profits, including but not limited to any future restructuring activities may require that the Company record additional valuation allowances against the Company's deferred tax assets on which a valuation allowance has not previously been established. 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. An ongoing pattern of profitability will generally be considered as sufficient positive evidence. The Company's income tax expense recorded in the future will be reduced to the extent of offsetting decreases in the valuation allowance. The establishment and reversal of valuation allowances has had and could have a significant negative or positive impact on the future earnings of the Company.

14. ***Commitments and Contingencies***
Legal Matters
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 Interpublic'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 was appointed for all plaintiffs on November 8, 2002. A consolidated amended complaint was filed 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 and Rule 10b-5 promulgated thereunder. The consolidated amended complaint also alleges violations of Sections 11 and 15 of the Securities Act of 1933, in connection with Interpublic's acquisition of 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 Interpublic 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. On December 2, 2003, Interpublic reached an agreement in principle to settle the consolidated class action shareholder suits currently pending in federal district court in New York.

The settlement is subject to the execution of a final settlement agreement and to approval by the court. Under the terms of the proposed settlement, Interpublic will pay $115 million, of which $20 million will be paid in cash and $95 million in shares of its common stock at a value of $14.50 per share. Interpublic also agreed that, should the price of its common stock fall below $8.70 per share before final approval of the settlement, Interpublic will either, at its sole discretion, issue additional shares of common stock or pay cash so that the consideration for the stock portion of the settlement will have a total value of $57 million (see below).

State Securities Class Actions
Two state 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 Interpublic'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, Interpublic moved to dismiss and/or stay these actions. In June 2003, plaintiffs withdrew the complaint for one of these actions. On Se ptember 10, 2003, the Illinois state court stayed the remaining action and on September 24, 2003, plaintiffs filed a notice that they will appeal the stay. On February 10, 2004, plaintiffs voluntarily dismissed their appeal.

Derivative Actions
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 Interpublic against the Board of Directors and against Interpublic'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 th e 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. On January 26, 2004, Interpublic reached an agreement in principle to settle this derivative action pending completion of the settlement of the class action shareholder suits currently pending in federal district court in New York. The settlement is subject to the execution of a definitive settlement agreement and to approval from the federal district court judge.

The settlement of the actions discussed above are still pending and is expected to take several months. To effect this settlement, confirmatory discovery will need to be completed, and the terms of the settlements will have to be approved by the court. The Company cannot give any assurances that the proposed settlement will receive the approval of the court or as to the amount or type of consideration that Interpublic might agree to pay in connection with any settlement. In the event that a final settlement is not agreed and approved by the court, these proceedings will continue and, as with all litigations, 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. However, management currently believes that the amounts accrued in its Consolidated Balance Sheet are adequate to cover the amounts the Company expects to pay.

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For a discussion of the litigation charge recorded principally in connection with the potential settlement, see "Litigation Charges" below.

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 proceedings or claims will have a material adverse effect on the financial condition of the Company.

Litigation Charges

Litigation Charges
In 2003, the Company recorded a litigation charge of $115 million related to the tentative settlement discussed above. The Company believes that, if the settlement is concluded as expected, the amounts accrued would be adequate to cover all pending shareholder suits.

SEC Investigation
Interpublic was informed in January 2003 by the Securities and Exchange Commission (the "Commission") staff that the Commission 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. Interpublic is cooperating fully with the ongoing investigation.

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 million (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.

Other Contingencies
At March 31, 2004, the Company had contingent obligations under guarantees of certain obligations of its subsidiaries ("parent company guarantees"). The amount of such parent company guarantees was approximately $688.6 million and relates principally to lines of credit, guarantees of certain media payables and operating leases of certain subsidiaries. In the event of non-payment by the subsidiary of the obligations covered by the guarantee, the Company would be obliged to pay the amounts. As of March 31, 2004, there are no assets pledged as security for amounts owed or guaranteed.

See Note 15 for remaining commitments at the Silverstone circuit of Motorsports.

15. ***Subsequent Event***
On April 19, 2004, the Company and its subsidiary, Silverstone Motorsports Limited ("Silverstone Motorsports"), reached an agreement with the FOA to terminate and release their respective promoter and guarantee obligations relating to the British Grand Prix held at the Silverstone racetrack in the United Kingdom. Under this agreement, Interpublic and Silverstone Motorsports will be released from their obligations immediately following the British Grand Prix in July 2004. In exchange for the early termination of the obligations and liabilities of Interpublic and Silverstone Motorsports, Interpublic will pay a total of $93 million to the FOA in two equal installments. The first installment of $46.5 million was paid by Interpublic on April 19, 2004, and the second installment of $46.5 million will be paid on May 24, 2004.

Following this transaction, Silverstone Motorsports and the Company will continue to be responsible for operating the Silverstone racetrack and will remain subject to certain obligations under the original Silverstone lease and associated agreements with the BRDC and its subsidiary, Silverstone Estates Limited. The Company expects that its remaining contractual commitments in connection with the Silverstone racetrack will be approximately $62 million in total, to be paid out through the end of 2007. This estimated amount is based on termination of the Silverstone lease at the end of 2007, and includes payment of remaining amounts under the promoters agreement for the 2004 British Grand Prix but does not include any payments that may be made related to capital expenditures. As a consequence of this transaction, the Company will recognize an

accounting charge of approximately $80 million in its Consolidated Statement of Operations in the second quarter of 2004. This reflects the payments of $93 million offset by existing reserves related to the FOA obligations. In addition, based on the historical financial results of the Silverstone Motorsports operations, the Company expects that this business will continue to have additional operating losses through the end of 2007.

The Company intends to review its future position at the Silverstone racetrack with the BRDC following this transaction, although there can be no assurance that such negotiations will result in an acceptable transaction. The Company's ultimate objective remains a full exit from all motorsports related activities.

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

OVERVIEW

The Company reports its financial results in accordance with generally accepted accounting principles ("GAAP"). When comparing performance between years, however, the Company also discusses non-GAAP financial measures such as the impact that foreign currency rate changes, acquisitions/dispositions and organic growth have on reported results.

The Company derives organic revenue by adjusting reported revenue in respect of any given period by:

* excluding the impact of foreign currency effects over the course of the period to provide revenues on a constant currency basis; and

* excluding the impact on reported revenue resulting from acquisitions and dispositions that were consummated after the first day of the year prior to the given period.

Additionally, organic revenue calculations have been adjusted to make 2004 organic revenue principally arising from public relations and sporting event arrangements more directly comparable to organic revenue arising from public relations and sporting event arrangements in periods preceding January 1, 2004. If these adjustments had been made to revenue for prior periods, there would have been neither a material effect on results in prior periods nor any effect whatsoever on operating or net income. These are principally reclassifications between revenues and office and general expenses relating to "grossing up" revenues and expenses by the same amount in connection with the reimbursement of certain out of pocket expenses relating to public relations and sporting event arrangements.

Management believes that discussing organic revenue, giving effect to the above factors, provides a better understanding of the Company's revenue performance and trends than reported revenue because it allows for more meaningful comparisons of current-period revenue to that of prior periods. Management also believes that organic revenue determined on a generally comparable basis is a common measure of performance in the businesses in which it operates. For the same reasons, management makes analogous adjustments to office and general expenses, which expenses, as adjusted, are a non-GAAP measure.

When the Company discusses amounts on a constant currency basis, the prior period results are adjusted to remove the impact of changes in foreign currency exchange rates during the current period that is being compared to the prior period. The impact of changes in foreign currency exchange rates on prior period results is removed by converting the prior period results into US Dollars at the average exchange rate for the current period. Management believes that discussing results on a constant currency basis allows for a more meaningful comparison of current-period results to such prior-period results.

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 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 10 to the Consolidated Financial Statements, the Company is now comprised of three reportable segments: the Interpublic Sports and Entertainment Group ("SEG"), Motorsports and Interpublic excluding SEG and Motorsports.

Discontinued Operations

On July 10, 2003, the Company completed the sale of its NFO research unit to TNS. As such, the results of NFO are classified as a discontinued operation in 2003 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.

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

THREE MONTHS ENDED MARCH 31, 2004 COMPARED TO THREE MONTHS ENDED MARCH 31, 2003

The following table shows the Company's net income (loss) and earnings per common share for the periods ended March 31, 2004 and 2003:

	For the Three Months Ended March 31,	
(Dollars in Millions, Except Per Share Data)	**2004**	**2003**
Continuing Operations	$(16.9)	$(11.2)
Discontinued Operations	--	2.6
Net Loss	$(16.9)	$ (8.6)
Diluted EPS from Continuing Operations	$(0.05)	$(0.03)
Diluted EPS from Discontinued Operations	--	0.01
Total Diluted EPS Per Common Share	$(0.05)	$(0.02)

The following summarizes certain financial information by the three reportable segments for purposes of management's discussion and analysis:

For the Three Months Ended March 31, 2004	**IPG (Excl. SEG & Motorsports)**	**SEG**	**Motorsports**	**Total IPG**
(Dollars in Millions)				
Revenue	$1,331.3	$ 60.8	$ 3.0	$1,395.1
Salaries and related	842.2	28.8	3.0	874.0
Office and general	427.3	27.6	8.4	463.3

Office and general	427.5	27.0	8.4	463.5
Restructuring charges	61.9	0.7	--	62.6
Long-lived asset impairment and other charges	4.0	--	1.6	5.6
Operating income (loss)	$ (4.1)	$ 3.7	$(10.0)	$ (10.4)

For the Three Months Ended March 31, 2003				
(Dollars in Millions)				
Revenue	$1,252.6	$ 53.3	$ 9.8	$1,315.7
Salaries and related	821.5	29.0	4.2	854.7
Office and general	392.3	20.7	16.1	429.1
Long-lived asset impairment and other charges	--	--	11.1	11.1
Operating income (loss)	$ 38.8	$ 3.6	$(21.6)	$ 20.8

Some of the key factors driving the financial results in the three months ended March 31, 2004 were:

Operating Income (Loss)

* Higher foreign exchange rates for 2004, primarily the Euro and Pound, versus the US Dollar that resulted in higher US Dollar revenue and expense in comparison to 2003;

* Organic revenue declines as a result of the continued softness in demand for the Company's advertising and marketing communications services by current clients, particularly in public relations and in other project-based businesses in international markets;

* Restructuring charges of $62.6 million were recorded in the first quarter of 2004. In connection with the Company's restructuring program, a charge of $7.6 million was also recorded in office and general expenses related to the amortization of leasehold improvements;

* A long-lived asset impairment charge of $5.6 million was recorded related to the goodwill of a business, which the Company is in negotiations to sell, and current capital expenditure outlays at the Company's Motorsports business.

Other Income (Expense)

* Investment impairment charges of $3.2 million were recorded related to available-for-sale investments deemed to be other than temporarily impaired.

RESULTS OF OPERATIONS

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 direct marketing and customer relationship management, public relations, sales promotion, event marketing, on-line marketing, corporate and brand identity, corporate meetings and events and healthcare marketing and c) specialized marketing services, which includes sports and entertainment marketing.

The following analysis provides further detail on revenue:

For Periods Ended March 31,					Increase/(Decrease)			
(Dollars in Millions)							Excluding	
		% of		% of	Reported		Currency Effect	
	2004	Total	2003	Total	Dollars	%	Dollars	%
Domestic Revenue	$ 818.4	59%	$ 787.4	60%	$ 31.0	3.9%	$ 31.0	3.9%
International Revenue	576.7	41%	528.3	40%	48.4	9.2%	(17.9)	(3.0)%
Worldwide Revenue	$1,395.1	100%	$1,315.7	100%	$ 79.4	6.0%	$ 13.1	0.9%

The components of the total revenue change for the first quarter of 2004 were:

(Dollars in Millions)	$ Change	Increase/(Decrease)

Foreign currency changes	$ 66.3	5.1%
Net acquisitions/divestitures	(18.4)	(1.4)%
Reclassifications	38.9	2.9%
Organic revenue	(7.4)	(0.6)%
Total revenue increase	$ 79.4	6.0%

The decrease in organic revenue of 0.6% for the first quarter was due to continued softness in the demand for advertising and marketing services by current clients, particularly in international markets and in the Company's public relations services and other project related businesses. Coincident with the signs of an economic recovery, the Company's revenue trend improved sequentially toward the latter part of 2003 and into the first quarter of 2004, principally as a result of improved domestic business. Organic revenue was a decline of 3.1% in the third quarter of 2003, a decline of 1.1% in the fourth quarter of 2003 and a decline of 0.6% in the first quarter of 2004 in comparison with the same periods in the prior year.

OPERATING EXPENSES

Salaries and Related Expenses

In the first quarter of 2004, the Company's expenses related to employee compensation and various employee incentive and benefit programs amounted to approximately 63% of revenue compared to 65% for the same period of the prior year. The employee incentive programs are based primarily upon operating results. Salaries and related expenses in all periods were also impacted by salary progression.

Salaries and related expenses were $874.0 million and $854.7 million for the three months ended March 31, 2004 and 2003, respectively, an increase of $19.3 million or 2.3%. The increase reflects the effect of higher foreign exchange rates, primarily the Euro and Pound, versus the US Dollar. Offsetting this increase is a decrease in severance expense and salaries as a result of lower headcount. Total headcount dropped to 43,700 at March 31, 2004 compared with 45,500 at March 31, 2003, as a result of the Company's restructuring program.

The components of the total change for the first quarter of 2004 were:

(Dollars in Millions)	**$ Change**	**Increase/(Decrease)**
Foreign currency changes	$ 44.4	5.1 %
Net acquisitions/divestitures	(11.7)	(1.3)%
Reclassifications	2.3	0.3 %
Reduction in salaries and related expenses from existing operations	(15.7)	(1.8)%
Total change	$ 19.3	2.3 %

Office and General Expenses

Office and general expenses were $463.3 million and $429.1 million in the quarters ended March 31, 2004 and 2003, respectively, an increase of $34.2 million or 8.0%. The increase reflects the effect of higher foreign exchange rates, primarily the Euro and Pound, versus the US Dollar, and the reclassifications related to grossing-up expenses as previously discussed.

The reduction in office and general expenses from existing operations was due to a decrease in occupancy and overhead costs as a result of the 2003 restructuring program, a decrease in bad debt expense and a reduction in bank fees from the high levels of the first quarter of 2003. Offsetting these reductions are higher professional fees resulting from the securities litigation and SEC investigation, higher audit costs and costs associated with preparation for compliance with the Sarbanes-Oxley Act in addition to the accelerated amortization of leasehold improvements resulting from the restructuring program.

The components of the total change for the first quarter of 2004 were:

(Dollars in Millions)	**$ Change**	**Increase/(Decrease)**
Foreign currency changes	$ 27.7	6.6 %
Net acquisitions/divestitures	(12.8)	(3.0)%
Reclassifications	35.7	8.4 %
Reduction in office and general expenses from existing operations	(16.4)	(4.0)%
Total change	$ 34.2	8.0 %

Restructuring Charges

During the three months ended March 31, 2004, the Company recorded restructuring charges of $62.6 million. The Company expects that the restructuring charges under the 2003 program and revised estimates to the 2001 program will result in cash payments of $60.8 million to be paid in the remainder of 2004, $18.3 million in 2005, and $26.1 million in 2006 and thereafter.

The Company's 2003 program is essentially complete as of March 31, 2004. Due to the fact that certain lease related costs can only be recorded when premises are vacated, however, some charges will be recorded subsequent to March 31, 2004. Approximately $40 million in such additional restructuring charges is expected to be incurred through September 30, 2004. The total amount of pre-tax charges the Company expects to incur through the completion of the 2003 program by September 30, 2004, including amounts classified in office and general expenses, will approximate $300 million.

The gross amount of annualized salary and occupancy costs eliminated as a result of the restructuring charges recorded to date is estimated to be approximately

$200 million, a portion of which has begun to be realized during 2003 (as discussed in "Operating Expenses" above).

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 and that these activities would continue through September 30, 2004.

During the three months ended March 31, 2004, the Company recorded restructuring charges of $64.2 million in connection with the 2003 restructuring program as discussed below. The pre-tax restructuring charge for the 2003 program is composed of severance costs and lease termination costs. Charges related to terminated leases are recorded at net present value and are net of estimated sublease income amounts. The discount relating to lease terminations is being amortized over the expected remaining term of the related lease. A summary of the 2003 program on a life-to-date basis is as follows:

(Dollars in Millions)	For the Year Ended December 31, 2003	For the Three Months Ended March 31, 2004	Total Program Through March 31, 2004
Severance and termination costs	$ 126.2	$ 22.1	$ 148.3
Lease terminations and other exit costs	37.0	42.1	79.1
Total	$ 163.2	$ 64.2	$ 227.4
Headcount reductions	2,900	400	3,300

The severance and termination costs recorded to date relate to all employee levels and functions across the Company. Approximately 30% of the charge relates to severance in the US, 20% to severance in the UK, 15% 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 vacated as part of the restructuring. Eighty offices have already been vacated and an additional 25 are to be vacated by September 30, 2004. The actions are expected to be completed by September 30, 2004; however, given the remaining lease terms involved, 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.

In addition, charges of $7.6 million have been incurred in the three months ended March 31, 2004 related to acceleration of amortization of leasehold improvements on premises included in the 2003 program. The charge related to such amortization is included in office and general expenses in the accompanying Consolidated Statement of Operations. Charges of $16.5 million were incurred in 2003 related to the acceleration of amortization of leasehold improvements on premises included in the 2003 program.

A summary of the liability for restructuring charges that relates to the 2003 program is as follows:

(Dollars in Millions)	Liability at December 31, 2003	Charges	Non-Cash Charges	Cash Payments	Foreign Currency Adjustment	Liability at March 31, 2004
Severance and termination costs	$ 37.7	$ 22.1	$ --	$(23.1)	$ 0.7	$ 37.4
Lease terminations and other exit costs	24.1	42.1	(6.7)	(4.8)	0.7	55.4
Total	$ 61.8	$ 64.2	$ (6.7)	$(27.9)	$ 1.4	$ 92.8

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 million. Additional amounts of $12.1 million and $12.4 million were recorded in 2002 and 2003, respectively.

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

(Dollars in Millions)	Liability at December 31, 2003	Cash Payments	Adjustments	Liability at March 31, 2004
Severance and termination costs	$ 5.0	$ (1.3)	$ --	$ 3.7
Lease terminations and other exit costs	73.9	(8.1)	(1.6)	64.2
Total	$ 78.9	$ (9.4)	$ (1.6)	$ 67.9

The Company terminated approximately 7,000 employees in connection with the 2001 restructuring program and downsized or vacated approximately 180

locations. Given the remaining lease terms involved, the remaining liabilities will be paid out over a period of several years.

In the first quarter of 2004, an adjustment of $1.6 million was made to reduce reserves for accruals no longer required.

Long-Lived Asset Impairment Charges
During the three months ended March 31, 2004, the Company recorded total charges of $5.6 million. This amount included $4.0 million related to the impairment of goodwill of a business, which the Company is in negotiations to sell, and $1.6 million related to capital expenditure outlays in its Motorsports business that the Company is contractually required to spend to upgrade and maintain certain of its existing racing facilities. See Note 15 to the Company's Consolidated Financial Statements for a discussion of the Company's remaining contingent obligations related to Motorsports.

During the three months ended March 31, 2003, the Company recorded a charge of $11.1 million related to the impairment of long-lived assets at its Motorsports business. This amount reflected $4.0 million of capital expenditure outlays in the three months ended March 31, 2003.

OTHER INCOME (EXPENSE)
Interest Expense
Interest expense was virtually unchanged at $39.1 million for the first three months of 2004 compared with $38.8 million in the same period of 2003.

Interest Income
Interest income was $9.7 million for the first three months of 2004 compared with $7.9 million in the same period in 2003. The increase in 2004 is primarily due to higher cash balances resulting from the issuance of debt and equity offerings late in 2003.

Other Income (Expense)
The following table sets forth the components of other income:

(Dollars in Millions)	Three Months Ended March 31,	
	2004	2003
Losses on sale of business	$ (0.1)	$ --
Gains (losses) on sales of other available-for-sale securities	1.2	(0.3)
Miscellaneous investment income	--	0.1
Total	$ 1.1	$ (0.2)

Investment Impairments
During the first quarter of 2004, the Company recorded $3.2 million in investment impairment charges related to available-for-sale investments that were deemed to be other than temporarily impaired. During the comparable period in 2003, the Company recorded a charge of $2.7 million related to the impairment of an unconsolidated affiliate in Brazil.

OTHER ITEMS

Effective Income Tax Rate
The Company's effective income tax rate was 64.0% and 43.1% in the quarters ended March 31, 2004 and 2003, respectively. The difference between the effective tax rate and statutory federal rate of 35% is due to state and local taxes and the effect of non-US operations. In addition, several discrete items impacted the effective income tax rate for 2004. The most significant item being the tax benefits resulting from payments made in satisfaction of certain financial guarantees related to the Motorsports business. The Company's effective tax rate will be impacted in subsequent quarters from its ongoing efforts to exit the Motorsports business. The effective tax rates for 2004 and 2003 were negatively impacted by restructuring charges, impairment charges and significant operating losses in a number of non-US jurisdictions that receive little or no tax benefit. All of these factors contributed to the Company recording tax benefits of $26.8 million and $5.6 million on pre-tax losses of $41.9 million and $13.0 million for the three months ended March 31, 2004 and 2003, respectively.

Valuation Allowance
As required by SFAS 109, *Accounting for Income Taxes* ("SFAS 109"), the Company evaluates the realizability of its deferred tax assets on a quarterly basis. SFAS 109 requires a valuation allowance be established when it is "more likely than not" that all or a portion of deferred tax assets will not be realized. In circumstances where there is "sufficient negative evidence", establishment of a valuation allowance must be considered. A cumulative loss in the most recent three-year period represents sufficient negative evidence to consider a valuation allowance under the provisions of SFAS 109. 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 has been established relate primarily to foreign net operating loss, US capital loss, and foreign tax credit carryforwards.

The realization of the Company's remaining deferred tax assets is primarily dependent on future earnings. Any reduction in estimated forecasted profits, including but not limited to any future restructuring activities may require that the Company record additional valuation allowances against the Company's deferred tax assets on which a valuation allowance has not previously been established. 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. An ongoing pattern of profitability will generally be considered as sufficient positive evidence. The Company's income tax expense recorded in the future will be reduced to the extent of offsetting decreases in the valuation allowance. The establishment and reversal of valuation allowances has had and could have a significant negative or positive impact on the future earnings of the Company.

Minority Interest
Income applicable to minority interests was $2.4 million in the first three months of 2004 compared to $0.6 million in the first three months of 2003. The increase in the first three months of 2004 was primarily due to improved operating results of majority-owned affiliates in the US and Asia.

Unconsolidated Affiliates
Equity in net income (loss) of unconsolidated affiliates was income of $0.6 million in the first three months of 2004 compared to a loss of $3.2 million in the first three months of 2003. The loss in 2003 reflects losses of Modem Media which was sold in the fourth quarter of 2003, and higher losses of an unconsolidated investment in Brazil.

DERIVATIVES AND HEDGING ACTIVITIES

Forward Contracts
The Company has entered into foreign currency transactions in which foreign currencies (principally Euro, Pounds and Yen) are bought or sold forward. The contracts were entered into to meet currency requirements arising from specific transactions. The changes in value of these forward contracts were reflected in the Company's Consolidated Statement of Operations. As of March 31, 2004, the Company had contracts covering approximately $0.5 million of notional amount of currency and the fair value of the forward contracts was negligible. As of March 31, 2003, the Company had contracts covering $38.9 million of notional amount of currency and the fair value of the forward contracts was a gain of $1.4 million.

Other
In connection with the issuance and sale of the 4.5% Convertible Senior Notes in March 2003, two embedded derivatives were created. The fair value of the two derivatives on March 31, 2004 was negligible.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2004, cash and cash equivalents were $1,395.3 million, a decrease of $610.4 million from the December 31, 2003 balance of $2,005.7 million. Total debt at March 31, 2004 was $2,288.8 million, a decrease of $185.5 million from December 31, 2003. The reduction in both cash and debt reflect the redemption of the 1.80% Convertible Subordinated Notes in January 2004. 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.

Operating Activities
Net cash used in operating activities was $347.1 million and $278.1 million for the three months ended March 31, 2004 and 2003, respectively. The increase in cash used in operating activities in 2004 was primarily attributable to working capital changes, which include payments associated with the Company's restructuring program in addition to $30 million of contributions to its domestic pension plan. (See Note 9.) The Company expects to generate cash from operations in 2004. Offsetting the additional cash expected to be provided from operations in 2004 are cash uses related to the Company's restructuring program and amounts required to exit the Company's remaining Motorsports commitments.

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. The Company is restricted by the terms of its Old and New Revolving Credit Facilities (as defined below) from making acquisitions or investments that are funded with cash. The Company's permitted level of annual expenditures for new acquisitions funded with cash is $100 million in the aggregate where unused amounts may be rolled over into successive years. The level of such permitted roll over will increase under the New Revolving Credit Facility. See "Financing Activities" for further discussion. Additionally, the Company has in the past and may in the future, combine businesses to better serve its clients or dispose of businesses to optimize returns to shareholders.

During the first three months of 2004 and 2003, the Company paid $39.0 million and $52.9 million, respectively, in cash for new acquisitions and earn out payments for previous acquisitions (see "Payments for Prior Acquisitions" below). The reduction in payments in 2004 reflects the Company's reduced level of acquisition activity.

In January 2004, the Company sold the four motorsports circuits owned by its Motorsports division for approximately $26 million in cash. An additional contingent amount of up to 2 million Pounds, (approximately $4 million) may be paid to the Company depending upon the future financial results of the operations sold.

The Company's capital expenditures in the first three months of 2004 were $37.8 million compared to $29.6 million in the first three months of 2003. The primary purposes of these expenditures were to upgrade telecommunications and computer systems and to modernize offices. Under the Old Revolving Credit Facilities, the Company is restricted in making capital expenditures per year of greater than $175.0 million. This level will be increased under the New Revolving Credit Facilities, which the Company expects to enter into on or about May 10, 2004. See "Financing Activities" for further discussion. Throughout 2004, the Company expects to continue to make certain selective new acquisitions, and payouts for earn-outs due from previous acquisitions. Given the restrictions on these expenditures, discussed above, the Company does not expect these payments to exceed the approximately $400 million spent in 2003.

Financing Activities
Total cash on hand at March 31, 2004 was $1,395.3 million, a decrease of $610.4 million from December 31, 2003. Total debt at March 31, 2004 was $2,288.8 million, a decrease of $185.5 million from December 31, 2003. The reduction in both cash and debt reflect the redemption of the 1.80% Convertible Subordinated Notes in January 2004. The Company's cash and debt positions were positively impacted by its 2003 debt and equity offerings (as discussed below) , the sale of NFO, cash flow from operations, and international cash and debt pooling arrangements put in place to optimize the net debt balances in certain markets.

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 million (as amended and restated from time to time, the "Five-Year Revolving Credit Facility"). On May 15, 2003, 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 million, $200.0 million of which are available to the Company for the issuance of Letters of Credit (as amended from time to time, the "Old 364-Day Revolving Credit Facility" and, together with the Five-Year Revolving Credit Facility, the "Old Revolving Credit Facilities").

The Old 364-Day Revolving Credit Facility expires on May 13, 2004. The Company expects to enter into a new 364-day revolving credit facility with a syndicate of banks on or about May 10, 2004 (the "New 364-Day Revolving Credit Facility") to replace the Old 364-Day Revolving Credit Facility. The New 364-Day Revolving Credit Facility provides for borrowings of up to $250.0 million. The Company further expects that on or about May 10, 2004, it will replace the Five-Year Revolving Credit Facility by entering into a new three-year revolving credit facility (the "Three-Year Revolving Credit Facility" and, together with the New 364-Day Revolving Credit Facility, the "New Revolving Credit Facilities"). The Three-Year Revolving Credit Facility provides for a term of three years and for borrowings of up to $450.0 million, of which $200.0 million will be available to the Company for the issuance of Letters of Credit. The Company voluntarily reduced the aggregate commitment levels in the New Revolving Credit Facilities as compared to the Old Revolving Credit Facilities due to the availability of other sources of liquidity.

The New 364-Day Revolving Credit Facility will expire on May 9, 2005. However, the Company will have 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, as defined in the agreements, for the four fiscal quarters most recently ended is at least $831.0 million. The Old and New Revolving Credit Facilities are used for general corporate purposes, including commercial paper backstop and acquisition financing. As of March 31, 2004, the Company utilized $134.4 million under the Old 364-Day Revolving Credit Facility for the issuance of Letters of Credit and had no borrowings under the Five-Year Revolving Credit Facility. Upon entry into the New Revolving Credit Facilities on or about May 10, 2004, the Company expects to roll over the letters of credit issued and then outstanding under the Old 364-Day Revolving Credit Facility into the Three-Year Revolving Credit Facility, thereby utilizing $133.8 million under the Three-Year Revolving Credit Facility for the issuance of letters of credit, and the Company expects to have no borrowings under the New 364-Day Revolving Credit Facility at such time.

As with the Old Revolving Credit Facilities, the New Revolving Credit Facilities will 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 New Revolving Credit Facilities will be affected by the facilities' utilization levels and the Company's credit ratings, as is the case with the Old Revolving Credit Facilities. Based on the Company's current credit ratings, interest rates on loans under the New 364-Day Revolving Credit Facility as of May 10, 2004 will be calculated by adding 112.5 basis points to LIBOR or 20 basis points to the applicable bank base rate, and interest rates on loans under the Three-Year Revolving Credit Facility will be calculated by adding 112.5 basis points to

LIBOR or 25 basis points to the applicable bank base rate. At the Company's current credit rating level, this represents a decrease from the Old 364-Day Revolving Credit Facility and Five-Year Revolving Credit Facility of 62.5 and 62.5 basis points with respect to LIBOR, respectively, and a decrease of 5 basis points with respect to the base rate, respectively.

Both the Old Revolving Credit Facilities and the New Revolving Credit Facilities include financial covenants that set (i) maximum levels of debt for borrowed money as a function of EBITDA, (ii) minimum levels of EBITDA and (iii) minimum levels of EBITDA as a function of interest expense (in each case, as defined in those agreements).

Under the Old Revolving Credit Facilities, the following items are added back to net income in the calculation of EBITDA: (i) up to $161.4 million of non-cash, non-recurring charges taken in the fiscal year ended December 31, 2002; (ii) up to $275.0 million of non-recurring restructuring charges (up to $240.0 million of which may be cash charges) taken in 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; (iii) up to $70.0 million 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 million 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 million in payments made by the Company (up to $40.0 million 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 million in respect of the early repayment by the Company of all amounts outstanding under each of the Note Purchase Agreements with The Prudential Company of America dated as of May 26, 1994, April 28, 1995, October 31, 1996, August 19, 1997 and January 21, 1999 (collectively, the "Prudential Agreements"), respectively, with respect to the fiscal quarter ended September 30, 2003; (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; and (ix) certain payments made with respect to the fiscal perio ds ending September 30, 2003, December 31, 2003 and March 31, 2004, relating to the settlement of the Company's commitments under certain leasing and Motorsports event contractual arrangements, 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.

In determining the Company's compliance with the financial covenants under the Old Revolving Credit Facilities as of March 31, 2004, the following charges for the four fiscal quarters most recently ended were added back to net income in the calculation of EBITDA: (i) $246.4 million of restructuring charges ($211.0 million of which were cash charges), (ii) $40.3 million of non-cash charges with respect to the impairment of the remaining book value of the Company's Motorsports business, (iii) $13.8 million of impairment charges taken with respect to capital expenditures of the Company's Motorsports business, (iv) $300.0 million of goodwill or investment impairment charges and (v) $115.0 million of charges (primarily non-cash) relating to certain litigation matters. Since these charges and payments were added back to the calculation of EBITDA, they do not affect the Company's compliance with its financial covenants.

Under the New Revolving Credit Facilities, the following items are added back to net income in the calculation of EBITDA: (i) non-recurring restructuring charges in an amount not to exceed $275.0 million (up to $240.0 million 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, March 31, 2004, June 30, 2004, and September 30, 2004; (ii) non-cash, non-recurring charges in an amount not to exceed $50.0 million taken with respect to the impairment of the remaining book value of the Company's Motorsports business; (iii) all impairment charges taken with respect to capital expenditures made on or after January 1, 2003 with respect to the Company's Motorsports business; (iv) non-cash, nonrecurring goodwill or investment impairment charges in an amount not to exceed $300.0 million taken in the fiscal periods ending Sept ember 30, 2003, December 31, 2003, March 31, 2004, June 30, 2004 and September 30, 2004; (v) payments made by the Company not to exceed $135.0 million (up to $40.0 million of which may be in cash) relating to the settlement of certain litigation matters; (vi) $24.8 million in respect of the early repayment by the Company of all amounts outstanding under the Prudential Agreements with

respect to the fiscal quarter ended September 30, 2003; (vii) 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; and (viii) cash

payments made by the Company relating to the cash consideration paid by the Company not exceeding $160.0 million in connection with the liabilities and obligations of the Company's Motorsports business, 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.

As of March 31, 2004, the Company was in compliance with all covenants (including the financial covenants) in the Old Revolving Credit Facilities using the definition of EBITDA under the Old Revolving Credit Facilities and expects to be in compliance with all covenants (including the financial covenants) in the New Revolving Credit Facilities using the definition of EBITDA under the New Revolving Facilities.

As with the Old Revolving Credit Facility, the terms of the New 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 in excess of $25.0 million. The New Revolving Credit Facilities limit annual cash acquisition spending to $100.0 million in the aggregate for any calendar year; provided that amounts unused in any year may be rolled over to the following years, but may not exceed $250.0 million in any calendar year. Annual share buybacks and dividend payments on the Company's convertible preferred stock is limited to $95.0 million in the aggregate for any calendar year, of which $45.0 million may be used for dividend payments on the Company's convertible preferred stock and $50.0 million may be used for dividend payments on the Company's capital stock (including Common Stock) and for shar e buybacks. Any unused portion of the permitted amount of $50.0 million, may be rolled over in successive years, provided that all such payments in any calendar year may not exceed $125.0 million in the aggregate. The Company's permitted level of annual capital expenditures is limited to $225.0 million provided that amounts unused in any year up to $50.0 million may be rolled over to the next year.

Other Committed and Uncommitted Facilities
In addition to the Old Revolving Credit Facilities, at March 31, 2004 the Company had $0.8 million of committed lines of credit, all of which were provided by banks participating in the Old Revolving Credit Facilities. At March 31, 2004, no amounts were outstanding under these committed lines of credit. The Company's committed borrowings are repayable upon demand.

At March 31, 2004 the Company also had $754.1 million of uncommitted lines of credit, 68.5% of which were provided by banks participating in the Old Revolving Credit Facilities. At March 31, 2004, $97.7 million was outstanding under these uncommitted lines of credit. The Company's uncommitted borrowings are repayable upon demand.

Other Debt Instruments
In March 2003, the Company completed the issuance and sale of $800.0 million aggregate principal amount of the 4.5% Notes. In April 2003, the Company used approximately $581 million of the net proceeds of this offering to repurchase the Zero-Coupon Notes tendered in its concurrent tender offer.

Common Stock and Preferred Stock Offerings
In 2003, the Company filed a universal shelf registration statement providing for the potential issuance and sale of securities in an aggregate amount of up to $1,800.0 million. On December 16, 2003, in a concurrent offering, the Company issued 25.8 million shares of common stock and issued 7.5 million shares of 3-year Series A Mandatory Convertible Preferred Stock (the "Preferred Stock") under this shelf registration. The total net proceeds received from these offerings was approximately $693 million. The Preferred Stock carries a dividend yield of 5.375%. On maturity, each share of the Preferred Stock will convert, subject to adjustment, to between 3.0358 and 3.7037 shares of common stock, depending on the then-current market price of the Company's common stock, representing a conversion premium of approximately 22% over the common stock offering price of $13.50 per share. Under certain circumstances, the Preferred Stock may be converted prior to maturity at the option of the holders or the Company.

In January 2004, the Company used approximately $246 million of the net proceeds from the offerings to redeem the Company's 1.80% Convertible Subordinated Notes due 2004. The remaining proceeds are being used for general corporate purposes and to further strengthen the Company's balance sheet and financial condition.

The Company will pay annual dividends on each share of Preferred Stock in the amount of $2.6875. Dividends will be cumulative from the date of issuance and will be payable on each payment date to the extent that dividends are not restricted under the New Revolving Credit Facilities and assets are legally available to pay dividends. The first dividend payment of $0.6420 per share and amounting to $4.8 million was declared on February 24, 2004 and was paid on March 15, 2004 to stockholders of record at the close of business on March 1, 2004.

Other
On March 25, 2004, Moody's Investor Services, Inc. confirmed the Company's senior unsecured and subordinated debt ratings at Baa3 and Ba1, respectively with stable outlook. On April 2, 2004, Fitch Ratings affirmed the Company's senior unsecured, and subordinated debt ratings at BB+ and BB-, respectively with stable outlook. Standard & Poor's Ratings Services ("S&P") rates the Company's senior unsecured debt at BB+ with a negative outlook.

Liquidity Outlook

The Company continues to believe that cash on hand and cash flow from operations, together with existing lines of credit, will be sufficient to fund the Company's working capital needs and other obligations through the next twelve months.

The Company believes that it will be able to meet each of the financial covenants in the New Revolving Credit Facilities for the next 12 months.

The Company has a number of retirement plans. Due to the deficit in the funded status of these plans, the Company funded its retirement arrangements with contributions of $30.0 million in February 2004. The Company considers that the long-term return on its pension trust assets and the funding available to the Company will be sufficient to finance these obligations.

Acquisitions and Deferred Payments

Historically, the Company has pursued acquisitions to complement and enhance its service offerings and to expand its geographic reach. During the three months ended March 31, 2004 and 2003, the Company consummated one acquisition in each period, for $6.5 million and $2.1 million in cash, respectively.

Deferred Payments and Purchase of Additional Interests

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. The amount of the payment is contingent upon the achievement of projected operating performance targets. The Company also has certain arrangements under which it may make elective payments, at its sole discretion, for additional interests in certain consolidated subsidiaries.

During the first quarter of 2004 and 2003, the Company made the following payments on acquisitions that had closed in prior years:

	Three Months Ended March 31,			
	Deferred Payments		Purchase of Additional Interests	
(Dollars in Millions)	2004	2003	2004	2003
Cash	$ 24.7	$ 41.2	$ 5.4	$ 7.2
Stock	--	14.9	--	0.1
Total	$ 24.7	$ 56.1	$ 5.4	$ 7.3

As of March 31, 2004, the Company's estimated liability for deferred payments is as follows:

(Dollars in Millions)	2004	2005	2006	2007	2008 and thereafter	Total
Cash	$ 95.1	$ 37.9	$ 8.4	$ 4.8	$ 5.2	$151.4
Stock	15.5	18.8	0.6	3.9	--	38.8
Total	$110.6	$ 56.7	$ 9.0	$ 8.7	$ 5.2	$190.2

The deferred payments noted above that may be required in the future are contingent upon the achievement of projected operating performance targets. The amounts 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

The Company has entered into agreements that may either: i) require the Company to purchase additional equity interests in certain consolidated subsidiaries (put options) or ii) permit the Company, at its sole discretion, to acquire additional equity interests in certain consolidated subsidiaries. As of March 31, 2004, estimated amounts that would be paid under these arrangements, in the event of exercise at the earliest exercise date, are as follows:

(Dollars in Millions) **Put Options**	2004	2005	2006	2007	2008 and thereafter	Total
Cash	$ 31.5	$ 26.6	$ 3.7	$ 3.5	$ 9.7	$ 75.0
Stock	1.6	1.7	0.2	--	--	3.5
Total	$ 33.1	$ 28.3	$ 3.9	$ 3.5	$ 9.7	$ 78.5
Call Options						
Cash	$ 4.3	$ 7.4	$ 2.5	$ 1.2	$ 14.8	$ 30.2
Stock	--	--	1.5	--	--	1.5
Total	$ 4.3	$ 7.4	$ 4.0	$ 1.2	$ 14.8	$ 31.7

The actual amount to be paid is generally contingent upon the achievement of projected operating performance targets, satisfying other conditions as specified in the relevant agreement and, with regard to call options, upon the Company's decision to exercise its option.

Unconsolidated Affiliates

The Company has also entered into put and call option agreements with respect to certain companies currently accounted for as unconsolidated affiliates. As of March 31, 2004, the estimated amount that would be paid primarily under put options, in the event of exercise at the earliest exercise date, is as follows:

(Dollars in Millions)	2004	2005	2006	2007	2008 and thereafter	Total
Cash	$ 3.8	$ 8.4	$ 15.0	$ 16.7	$ 3.0	$ 46.9

Stock	0.5	1.0	0.4	0.6	1.2	3.7
Total	$ 4.3	$ 9.4	$ 15.4	$ 17.3	$ 4.2	$ 50.6

Other Payments

During the first quarter of 2004 and 2003, the Company made the following payments principally related to loan notes and guaranteed deferred payments that had been previously recognized on the balance sheet:

(Dollars in Millions)	**Three Months Ended March 31,**	
	2004	**2003**
Cash	$ 2.4	$ 3.0
Stock	--	--
Total	$ 2.4	$ 3.0

As of March 31, 2004, the Company's estimated liability for other payments are cash amounts of $9.0 million and $1.1 million in 2004 and 2005, respectively, and stock amounts of $0.5 million in 2004.

CRITICAL ACCOUNTING POLICIES

The Company's significant accounting policies are described in Note 1 to the Consolidated Financial Statements for the year ended December 31, 2003, which are incorporated by reference in the Company's 2003 Annual Report on Form 10-K. Further, and as summarized in the Management's Discussion and Analysis of Financial Condition and Results of Operations section of the Company's Annual Report on Form 10-K, the Company believes that certain of these policies are critical because they are both important to the presentation of the Company's financial condition and results and they require management's most difficult, subjective or complex judgments, often as a result of the need to estimate the effect of matters that are inherently uncertain. The Company bases its estimates on historical experience and on other factors that it considers reasonable under the circumstances. Estimation methodologies are applied consistently from year to year and there have been no significant changes in the application of the cr itical accounting policies since December 31, 2003. Actual results may differ from these estimates under different assumptions or conditions.

OTHER MATTERS

Recent Accounting Standards

In 2003, the FASB issued FASB Interpretation No. 46, *Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51*, along with certain revisions, which addressed consolidation by business enterprises of variable interest entities ("VIEs") either: (1) that do not have sufficient equity investment at risk to permit the entity to finance its activities without additional subordinated financial support, or (2) in which the equity investors lack an essential characteristic of a controlling financial interest. This Standard contained multiple effective dates based on the nature, as well as, the creation date of the VIE. The Company has adopted the provisions of these interpretations effective December 31, 2003 and has consolidated certain entities meeting the definition of a VIE. Inclusion of these entities, which were included effective January 1, 2004 did not have a material impact on the Company's financial position or results of operations.

In January 2004, FASB Staff Position No. 106-1, *Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003*, was issued which permits a sponsor of a postretirement health care plan that provides a prescription drug benefit to make a one-time election to defer accounting for the effects of the new legislation. The Company has elected to defer the accounting until further guidance is issued by the FASB. The measurements of the Company's postretirement accumulated benefit plan obligation and net periodic benefit cost at March 31, 2004 and at December 31, 2003, as disclosed in the Company's report on Form 10-K for that period, do not reflect the effects of the new legislation. The guidance, when issued, could require the Company to change previously reported information.

In March 2004, the FASB ratified EITF 03-6, *Participating Securities and the Two-Class Method under FASB Statement No. 128*, to clarify the definition of a participating security and to require the use of the two-class method for computing basic earnings per share for those companies that have issued securities other than common stock that contractually entitle the holder to participate in dividends and earnings of the company. The provisions of this pronouncement and the detailed calculations required are currently being reviewed by the Company and will be effective for the Company for the quarter ending June 30, 2004.

Other Contingencies

The Company continues to have commitments under certain leasing and motorsports event contractual arrangements relating to the British Grand Prix at the Silverstone racetrack. On April 19, 2004, the Company and one of its subsidiaries reached an agreement to terminate and release their respective promoter and guarantee obligations immediately following the British Grand Prix in July 2004. In exchange for the early termination of these obligations and liabilities, the Company paid $46.5 million to the FOA on April 19, 2004, and a second installment of $46.5 million will be payable to the FOA on May 24, 2004. Following this transaction, the Company and one of its subsidiaries will continue to be responsible for operating the Silverstone racetrack and will remain subject to certain obligations under the original Silverstone lease and associated agreements with the British Racing Drivers Club. The Company expects that its remaining contractual commitments in connection with the Silverstone racetrack will be approximately $62 million in total, to be paid out through the end of 2007. This estimated amount is based on termination of the Silverstone lease at the end of 2007, and includes payment of remaining amounts under the promoters agreement for the 2004 British Grand Prix, but does not include any payments that may be made related to capital expenditures.

At March 31, 2004, the Company had contingent obligations under guarantees of certain obligations of its subsidiaries ("parent company guarantees"). The amount of such parent company guarantees was approximately $688.6 million and relates principally to lines of credit, guarantees of certain media payables and operating leases of certain subsidiaries. In the event of non-payment by the subsidiary of the obligations covered by the guarantee, the Company would be obliged to pay the amounts. As of March 31, 2004, there are no assets pledged as security for amounts owed or guaranteed.

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 March 31, 2004, a significant portion of the Company's debt obligations were at fixed interest rates. Accordingly, 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 $14.9 million if market rates were to increase by 10% and would increase by approximately $15.2 million 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 March 31, 2004, the change in interest expense and cash flow from a 10% change in rates would be negligible.

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 US 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 US 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 US Dollars depending upon whether the US Dollar weakens or strengthens against other currencies. Therefore, changes in exchange rates may negatively affect the C ompany's consolidated revenues and expenses (as expressed in US 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 and were not significant in the periods ended March 31, 2004 and 2003. The Company has 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.

Item 4. Controls and Procedures

As previously disclosed, in prior years 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. This material weakness, together with other deficiencies associated with a lack of balance sheet monitoring, if unaddressed, could result in errors in the Company's Consolidated Financial Statements. The Company has implemented certain systematic processes, which have been in place since August 2003. These processes, coupled with its existing manual controls, give the Company the ability to monitor this inter-company activity to ensure the integrity of the Consolidated Financial Statements for the year ended December 31, 2003 and the three months ended March 31, 2004. Management will continue to monitor these processes to ensure that the y are working as prescribed.

Management continues its focus on balance sheet analysis and will further develop and enhance system-wide monitoring controls to allow it to mitigate the risk that material accounting errors might go undetected and be included in its Consolidated Financial Statements. The Company will also continue to increase and upgrade its accounting and financial reporting resources across all of its entities. The Company's management believes that a "material weakness" persists with respect to these matters, notwithstanding the remedial action undertaken with respect to inter-company transactions. The Company's independent auditors concur with management's assessment.

The Company has also taken various other steps to establish effective control procedures and to maintain the accuracy of its financial disclosures, including the following:

* Meeting with management of the Company's financial and operating units to ensure their understanding of the procedures to be followed and requirements to be met prior to executing the certification letters that accompany the financial statements they submit;

* Requiring code of conduct compliance certifications by all significant management of the Company and its subsidiaries prior to submission of financial statements;

* Creating a centralized Project Management Office, charged with monitoring and preparing management to report on the Company's internal control over financial reporting;

* Increasing the focus on assessing the financial staff requirements of the Company; and

* Initiating a focused effort to establish controls to deter and detect fraud with significant oversight and input by the Company's Board and Audit Committee including, but not limited to, ensuring proper follow-up and resolution of whistleblowers' assertions.

In the first quarter, management has formulated a strategy to create a shared service program to consolidate various financial transactional functions to attain efficiencies and controls surrounding these activities. Additionally, the focus on improvement with respect to financial staff requirements continues with qualified hiring and promotions. The Company commenced the establishment of a monitoring controls program across its operating entities. The program is in its initial stages but has aided in ensuring the completeness and accuracy of the Company's first quarter consolidated financial statements. The Company will continue working on this program throughout 2004. Lastly, the Company has continued its efforts towards documenting and validating its control environment as required

by the Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley").

Notwithstanding the foregoing, the Company has determined that it has a significant amount of work yet to be completed with respect to remediating the above-mentioned material weakness. The Company is undertaking a thorough review of its internal controls, including information technology systems and financial reporting, as part of the Company's preparation for compliance with the requirements under Section 404 of Sarbanes-Oxley. At this time the Company has not completed its review of the existing controls and their effectiveness. However, unless the material weakness described above is remedied, management cannot make any assurances at this time that it will be able to assert that the Company's internal control over financial reporting is effective, pursuant to the rules adopted by the Commission under Section 404, when those rules take effect.

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 (including but not limited to steps described above). 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 is recorded, processed, summarized and reported as and when required. 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 disc losure controls and procedures can only provide reasonable assurance of achieving their control objectives.

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 Report on Form 10-Q, including "Management's Discussion and Analysis of Financial Condition and Results of Operations", contains forward-looking statements. Interpublic's representatives may also make forward-looking statements orally from time to time. Statements in this Report that are not historical facts, including statements about Interpublic's beliefs and expectations, particularly regarding recent business and economic trends, ongoing liabilities following termination of the British Grand Prix event and promoters agreements, the impact of litigation, the SEC investigation, 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 described in this Report and the Annual Report on Form 10-K for the year ended December 31, 2003 under "Risk Factors". Forward-looking statements speak o nly 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. A number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. Such risk factors include, but are not limited to, the following:

* risks 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;
* the Company's ability to retain and attract key employees;
* developments from changes in the regulatory and legal environment for advertising and marketing and communications services companies around the world;
* potential adverse effects if the Company is required to recognize additional impairment charges or other adverse accounting related developments;
* potential adverse developments in connection with the SEC investigation;
* risks associated with the Company's remaining motorsports commitments;
* potential claims relating to termination of the British Grand Prix promoters agreement and Silverstone lease contracts;
* potential downgrades in the credit ratings of Interpublic's securities; and
* the successful completion and integration of acquisitions which complement and expand the Company's business capabilities.

Investors should carefully consider these factors and the additional risk factors outlined in more detail under the heading "Business-Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2003.

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 Interpublic'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 was appointed for all plaintiffs on November 8, 2002. A consolidated amended complaint was filed 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, in cluding 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, in connection with Interpublic's acquisition of 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 f iled 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 Interpublic 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. On December 2, 2003, Interpublic reached an agreement in principle to settle the consolidated class action shareholder suits currently pending in federal district court in New York. The settlement is subject to the execution of a final settlement agreement and to approval by the court. Under the terms of the pr oposed settlement, Interpublic will pay $115 million, of which $20 million will be paid in cash and $95 million in shares of its common stock at a value of $14.50 per share. Interpublic also agreed that, should the price of its common stock fall below $8.70 per share before final approval of the settlement, Interpublic will either, at its sole discretion, issue additional shares of common stock or pay cash so that the consideration for the stock portion of the settlement will have a total value of $57 million.

State Securities Class Actions

Two state 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 Interpublic'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, Interpublic moved to dismiss and/or stay these actions. In June 2003, plaintiffs withdrew the complaint for one of these actions. On Se ptember 10, 2003, the Illinois state court stayed the remaining action and on September 24, 2003, plaintiffs filed a notice that they will appeal the stay. On February 10, 2004, plaintiffs voluntarily dismissed their appeal.

Derivative Actions

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 Interpublic against the Board of Directors and against Interpublic'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 th e 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. On January 26, 2004, Interpublic reached an agreement in principle to settle this derivative action pending completion of the settlement of the class action shareholder suits currently pending in federal district court in New York. The settlement is subject to the execution of a definitive settlement agreement and to approval from the federal district court judge.

The settlement of the actions discussed above are still pending and is expected to take several months. To effect this settlement, confirmatory discovery will need to be completed, and the terms of the settlements will have to be approved by the court. The Company cannot give any assurances that the proposed settlement 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. In the event that a final settlement is not agreed and approved by the court, these proceedings will continue and, as with all litigations, 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. However, management currently believes that the amounts accrued in its Consolidated Balance Sheet are adequate to cover the amounts the Company expects to pay.

For a discussion of the litigation charge recorded principally in connection with the potential settlement, see Note 14 to the Consolidated Financial Statements.

SEC Investigation

Interpublic was informed in January 2003 by the Securities and Exchange Commission (the "Commission") staff that the Commission 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. Interpublic is cooperating fully with the investigation.

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 proceedings or claims will have a material adverse effect on the financial condition of the Company.

Item 2. Changes in Securities, Use of Proceeds and Issuer Purchases of Equity Securities

(a) The terms of the Company's New Revolving Credit Facilities restrict (among other things) the Company's ability to declare or pay dividends and repurchase shares of common stock. Annual share buybacks and dividend payments on the Company's convertible preferred stock is limited to $95.0 million in the aggregate for any calendar year, of which $45.0 million may be used for dividend payments on the Company's convertible preferred stock and $50.0 million may be used for dividend payments on the Company's capital stock (including Common Stock) and for share buybacks. Any unused portion of the permitted amount of $50.0 million, may be rolled over in successive years, provided that all such payments in any calendar year may not exceed $125.0 million in the aggregate.

(e) The following table provides information regarding the Company's purchases of its equity securities during the period from January 1, 2004 to March 31, 2004:

	Total Number of Shares (or Units) Purchased	Average Price Paid per Share (or Unit)(2)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
January 1 - 31	249,958 Notes	-	-	-
	98,947 shares	$15.61	-	-
February 1 - 29	192,652 shares	$16.71	-	-
March 1 - 31	82,723 shares	$15.78	-	-
Total(1)	249,958 Notes		-	-
	374,322 shares	$16.21	-	-

(1) Consists of (A) 249,958 1.80% Convertible Subordinated Notes due 2004 (the "Notes") convertible into shares of our common stock, which were redeemed in January 2004 at $978.10 per $1,000 principal amount of the Notes, pursuant to the terms of the Notes, (B) 114,825 and 24,707 shares of our common stock repurchased in private transactions in February 2004 and March 2004, respectively and (C) 234,790 restricted shares of our common stock withheld under the terms of grants under employee stock compensation plans to offset tax withholding obligations that occurred upon vesting and release of restricted shares during each of the first three months of 2004 (the "Withheld Shares").

(2) Figures in this column do not include the $978.10 paid per $1,000 principal amount for the redemption of the Notes in January 2004. The average price of the Withheld Shares is the average of the high and low price of the Company's common stock (fair market value) on the relevant transaction date.

Item 6. Exhibits and Reports on Form 8-K

(a) EXHIBITS

EXHIBIT NO.	**DESCRIPTION**
10(iii)(A)(1)	Employment Agreement, made as of February 2, 2004, by and between Interpublic and Steve Gatfield.
10(iii)(A)(2)	Participation Agreement under The Interpublic Senior Executive Retirement Income Plan, dated as of January 30, 2004, between Interpublic and Steve Gatfield.
10(iii)(A)(3)	Executive Severance Agreement, dated April 1, 2004, between Interpublic and Steve Gatfield.

31.1	Certification, dated as of May 10, 2004 and executed by David A. Bell, under Section 302 of the Sarbanes-Oxley Act of 2002 ("S-OX").
31.2	Certification, dated as of May 10, 2004 and executed by Christopher J. Coughlin, under Section 302 of S-OX.
32	Certification, dated as of May 10, 2004 and executed by David A. Bell and Christopher J. Coughlin, furnished pursuant to Section 906 of S-OX.

(b) REPORTS ON FORM 8-K

The following Reports on Form 8-K were filed during the quarter ended March 31, 2004:

1) Report, filed January 5, 2004. Item 5 Other Events and Regulation FD Disclosure and Item 7 Financial Statements and Exhibits. Exhibit 99.1.

2) Report, filed January 22, 2004. Item 5 Other Events and Regulation FD Disclosure and Item 7 Financial Statements and Exhibits. Exhibit 99.1.

3) Report, filed January 27, 2004. Item 2 Acquisition or Disposition of Assets and Item 7 Financial Statements and Exhibits. Pro Forma Condensed Consolidated Statement of Operations for the nine months ended September 30, 2003 and the fiscal year ended December 31, 2002 and Pro Forma Condensed Consolidated Balance Sheet as of September 30, 2003.

4) Report, filed March 10, 2004. 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.

5) Report, filed March 10, 2004. Item 7 Financial Statements and Exhibits and Item 12 Results of Operations and Financial Condition. Exhibit 99.1.

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: May 10, 2004

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

Date: May 10, 2004

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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Exhibit 10(iii)(A)(1)

EMPLOYMENT AGREEMENT

AGREEMENT made as of February 2, 2004 by and between **THE INTERPUBLIC GROUP OF COMPANIES, INC.**, a Delaware corporation **("Interpublic"** or the **"Corporation"**) and **STEVE GATFIELD** (**"Executive"**).

In consideration of the mutual promises set forth herein the parties hereto agree as follows:

ARTICLE I

Term of Employment

1.01 Subject to the provisions of Article VII and Article VIII, and upon the terms and subject to the conditions set forth herein, Interpublic will employ Executive for the period beginning April 1, 2004 (**"Commencement Date"**) and continuing thereafter, subject to termination in accordance with the provisions of Article VII hereof. (The period during which Executive is employed hereunder is referred to herein as the **"term of employment."**)

ARTICLE II

Duties

2.01 During the term of employment, Executive will:

(i) Serve as Executive Vice President, Director of Global Architecture and Innovation, reporting to the Chairman/Chief Executive Officer of Interpublic;

(ii) Use his best efforts to promote the interests of Interpublic and devote his full time and efforts to its business and affairs;

(iii) Perform such duties as Interpublic may from time to time assign to him consistent with the responsibilities of an Executive Vice President;

(iv) Serve in such other offices of Interpublic as he may be elected or appointed to; and

(v) Be located at the corporate headquarters of Interpublic in New York City.

ARTICLE III

Regular Compensation

3.01 Interpublic will compensate Executive for the duties performed by him hereunder, by payment of a base salary at the rate of Eight Hundred Fifty Thousand Dollars ($850,000) per annum, payable in equal installments, which Interpublic shall pay at semi-monthly intervals, subject to customary withholding for federal, state and local taxes.

3.02 Interpublic may at any time increase the compensation paid to Executive under this Article III if Interpublic in its sole discretion shall deem it advisable so to do in order to compensate him fairly for services rendered to Interpublic. Executive's salary will be reviewed every twenty-four (24) months and will not be reduced, except with Executive's consent or in the event that there is a reduction in the salary of all key management employees of Interpublic at Executive's level.

ARTICLE IV

Bonuses

4.01 Executive will be eligible during the term of employment to participate in Interpublic's Annual Incentive Plan, or any successor plan, in accordance with the terms and conditions of the Plan established from time to time. Executive shall be eligible for a target annual bonus equal to one hundred percent (100%) of his base salary up to a maximum bonus equal to one hundred fifty percent (150%) of his base salary. The actual award, if any, shall be determined by Interpublic and shall be based on profits, Executive's individual performance, and management discretion. Provided however that Executive shall be guaranteed a minimum bonus for calendar year 2004 equal to fifty percent (50%) of his base salary.

4.02 Executive will be eligible to participate in Interpublic's 2004 incentive program currently under development. This program is expected to utilize Interpublic restricted stock and include performance-based vesting. In addition, Executive will be eligible for participation in other long-term incentive plans consistent with other senior Interpublic executives at his level.

4.03 Executive will be entitled to a sign-on bonus of Seven Hundred Fifty Thousand Dollars ($750,000), payable upon commencement of his employment under this Agreement.

ARTICLE V

Interpublic Stock

5.01 As soon as administratively feasible after full execution of this Agreement, Interpublic will use its best efforts to have the Management Human Resources Committee (**"MHRC"**) grant to Executive twenty thousand (20,000) shares of Interpublic Common Stock which will be subject to a one-year vesting restriction from their date of grant.

5.02 As soon as administratively feasible after full execution of this Agreement, Interpublic will use its best efforts to have the MHRC grant to Executive options to purchase thirty thousand (30,000) shares of Interpublic Common Stock, which will be subject to all the terms and conditions of the Interpublic Stock Incentive Plan. One-third (1/3) of the options will be exercisable after the second anniversary of the date of grant, one-third (1/3) will be exercisable after the third anniversary and one-third (1/3) will be exercisable after the fourth anniversary of the date of grant through the tenth anniversary of the date of grant.

ARTICLE VI

Other Employment Benefits

6.01 Executive shall be eligible to participate in such other employee benefits as are available from time to time to other key management executives of Interpublic in accordance with the then-current terms and conditions established by Interpublic for eligibility and employee contributions required for participation in such benefits opportunities.

6.02 Employee will be entitled to a minimum of twenty-five (25) days of paid time off per annum (exclusive of holidays), in accordance with Interpublic's policies and procedures, to be taken in such amounts and at such times as shall be mutually convenient for Executive and Interpublic.

6.03 Executive shall be reimbursed for all reasonable out-of-pocket expenses actually incurred by him in the conduct of the business of Interpublic provided that Executive submits all substantiation of such expenses to Interpublic on a timely basis in accordance with standard policies of Interpublic.

6.04 Executive shall be entitled to an annual automobile allowance of Ten Thousand Dollars ($10,000) per year, payable monthly in accordance with Interpublic's standard procedures.

6.05 Executive shall be entitled to a club allowance of up to Twenty-Five Thousand Dollars ($25,000) per year, as well as reimbursement for "joining fees" for up to two clubs, provided that Executive submits substantiation in accordance with standard policies of Interpublic.

6.06 Executive shall be eligible to participate in the Executive Medical Plus Plan.

6.07 Executive shall be entitled to an annual financial planning allowance of Two Thousand Five Hundred Dollars ($2,500) per year.

6.08 Executive shall be entitled to participate in The Interpublic Senior Executive Retirement Income Plan (**"SERIP"**), pursuant to the terms of a SERIP Agreement to be entered into between Interpublic and Executive.

6.09 Interpublic will, at its own expense, assist Executive in obtaining all necessary visas, including sponsorship and retention of legal counsel. It is understood that this Agreement is subject to all appropriate authorizations being obtained.

ARTICLE VII

Termination

7.01 Interpublic may terminate the employment of Executive hereunder:

(i) At any time after the second anniversary of the Commencement Date, by giving Executive notice in writing at any time specifying a termination date not less than twelve (12) months after the date on which such

notice is given, in which event Executive's employment hereunder shall terminate on the date specified in such notice, or

(ii) At any time after the second anniversary of the Commencement Date, by giving Executive notice in writing at any time specifying a termination date less than twelve (12) months after the date on which such notice is given. In this event Executive's employment hereunder shall terminate on the date specified in such notice and Interpublic shall thereafter pay him a sum equal to the amount by which twelve (12) months salary at his then current rate exceeds the salary paid to him for the period from the date on which such notice is given to the termination date specified in such notice. Such payment shall be made during the period immediately following the termination date specified in such notice, in successive equal monthly installments each of which shall be equal to one (1) month's salary at the rate in effect at the time of such termination, with any residue in respect of a period less than one (1) month to be paid together with the last installment.

(iii) During the termination period provided in subsection (i), or in the case of a termination under subsection (ii) providing for a termination period of less than twelve (12) months, for a period of twelve (12) months after the termination notice, Executive will be entitled to receive all employee benefits accorded to him prior to termination under the same terms as if he were actively employed by the Corporation; provided, that such benefits shall cease upon such date that Executive accepts employment with another employer offering similar benefits. In addition, Stock Options, Restricted Stock, and SERIP benefits granted to Executive will continue to vest during the twelve-month benefit period referred to above and Executive will continue to be eligible for the annual bonus contemplated by Section 4.01.

7.02 Notwithstanding the provisions of Section 7.01, if Executive obtains other employment (including work as a consultant, independent contractor or establishing his own business) during the period of notice of termination, Executive will promptly notify the Corporation.

7.03 Executive may at any time give notice in writing to Interpublic specifying a termination date not less than thirty (30) days after the date on which such notice is given, in which event his employment hereunder shall terminate on the date specified in such notice. Provided however, Interpublic may, at its option, upon receipt of such notice determine an earlier termination date. During the notice period, Executive will continue to be an employee, will assist Interpublic in the transition of his responsibilities and will be entitled to continue to receive base salary and to participate in all benefit plans for which an employee at Executive's level is eligible, but not to receive any bonus award that might otherwise be paid during that period except as otherwise provided herein. Interpublic may require that Executive not come in to work during the notice period. In no event, however, may Executive perfor m services for any other employer during the notice period.

7.04 Notwithstanding the provisions of Section 7.01, Interpublic may terminate the employment of Executive hereunder, at any time after the Commencement Date, for Cause. For purposes of this Agreement, **"Cause"** means the following:

(i) Any material breach by Executive of any provision of this Agreement (including without limitation Sections 8.01 and 8.02 hereof) upon notice of same by Interpublic which breach, if capable of being cured, has not been cured within fifteen (15) business days after such notice (it being understood and agreed that a breach of Section 8.01 or 8.02 hereof, among others, shall be deemed not capable of being cured);

(ii) Executive's absence from duty for a period of time exceeding fifteen (15) consecutive business days or twenty (20) out of any thirty (30) consecutive business days (other than on account of permitted vacation or as permitted for illness, disability or authorized leave in accordance with Interpublic's policies and procedures or applicable law) without the consent of the Interpublic Board of Directors;

(iii) Misappropriation by Executive of funds or property of Interpublic or any attempt by Executive to secure any personal profit related to the business of Interpublic (other than as permitted by this Agreement) and not fairly disclosed to and approved by the Interpublic Board of Directors;

(iv) Fraud, gross negligence, or willful misconduct on the part of Executive in the performance of his duties as an employee of Interpublic;

(v) A felony conviction of Executive; or

(vi) Executive's engaging, during the term of employment, in discrimination or harassment based on age, sex, race, religion, disability, national origin or any other protected category in violation of Interpublic's policies.

Upon a termination for Cause, Interpublic shall pay Executive his salary through the date of termination of employment, and Executive shall not be entitled to any bonus with respect to the year of termination, or to any other payments hereunder.

7.05 Executive may terminate his employment with the Corporation for **"Good Reason"** by giving the Company written notice of the termination, setting forth in reasonable detail the specific conduct of the Company that constitutes Good Reason. A termination of employment by the Executive for Good Reason shall be effective on the

21st business day following the date the notice is given, unless the Corporation cures the conduct giving rise to Good Reason prior to that date. **"Good Reason"** means:

(i) the assignment to Executive of any duties inconsistent in any material respect with Section 2.01, or any other action by the Corporation that results in a material diminution in the Executive's position or authority, duty, titles, responsibilities, or reporting requirements other than an isolated, insubstantial and inadvertent action that is not taken in bad faith;

(ii) any relocation of the Executive's principal business location to a location other than the New York Metropolitan area (within fifty (50) miles of Manhattan); or

(iii) any breach by Interpublic of a material term of this Agreement.

In the event of a termination for Good Reason, all of the compensation, benefits and perquisites provided by Section 7.01 shall apply as if Executive were terminated by the Corporation.

ARTICLE VIII

Covenants

8.01 While Executive is employed hereunder by Interpublic he shall not, without the prior written consent of Interpublic, which will not be unreasonably withheld, engage, directly or indirectly, in any other trade, business or employment, or have any interest, direct or indirect, in any other business, firm or corporation; provided, however, that he may continue to own or may hereafter acquire any securities of any class of any publicly-owned company and provide services to charitable organizations.

8.02 Executive shall treat as confidential and keep secret the affairs of Interpublic and shall not at any time during the term of employment or thereafter, without the prior written consent of Interpublic, divulge, furnish or make known or accessible to, or use for the benefit of, anyone other than Interpublic and its subsidiaries and affiliates any information of a confidential nature relating in any way to the business of Interpublic or its subsidiaries or affiliates or their clients and obtained by him in the course of his employment hereunder.

8.03 All records, papers and documents kept or made by Executive relating to the business of Interpublic or its subsidiaries or affiliates or their clients shall be and remain the property of Interpublic.

8.04 All articles invented by Executive, processes discovered by him, trademarks, designs, advertising copy and art work, display and promotion materials and, in general, everything of value conceived or created by him pertaining to the business of Interpublic or any of its subsidiaries or affiliates during the term of employment, and any and all rights of every nature whatever thereto, shall immediately become the property of Interpublic, and Executive will assign, transfer and deliver all patents, copyrights, royalties, designs and copy, and any and all interests and rights whatever thereto and thereunder to Interpublic.

8.05 During any period in which payments are being made to Executive pursuant to Section 7.01 above (the "Severance Period") and for a period of one (1) year following either the end of the Severance Period or the termination of Executive's employment hereunder for any reason, whichever is later, Executive shall not: (a) directly or indirectly solicit any employee of Interpublic to leave such employ to enter the employ of Executive or of any person, firm or corporation with which Executive is then associated, or induce or encourage any such employee to leave the employment of Interpublic or to join any other company, or hire any such employee, or otherwise interfere with the relationship between Interpublic and any of its employees or (b) directly or indirectly solicit or handle on Executive's own behalf or on behalf of any other person, firm or corporation, the event marketing, public relations, advertising, sales promotion or market research business of any person or entity which is a client of Interpublic and with whom Executive had contact during his employment with Interpublic, or to induce any such client to cease to engage the services of Interpublic or to use the services of any entity or person that competes directly with a material business of Interpublic, where the identity of such client, or the client's need, desire or receptiveness to services offered by Interpublic is known by Executive as a part of his employment with Interpublic. In addition, during the Severance Period, Executive shall not accept any form of employment (including as an advisor, consultant or otherwise) with an employer that is in competition with the business of Interpublic, working in the same capacity and providing the same or similar services to those he was providing to Interpublic. Executive acknowledges that these provisions are reasonable and necessary to protect Interpublic's legitimate business in terests, and that these provisions do not prevent Executive from earning a living.

8.06 If at the time of enforcement of any provision of this Agreement, a court shall

hold that the duration, scope or area restriction of any provision hereof is unreasonable under circumstances now or then existing, the parties hereto agree that the maximum duration, scope or area reasonable under the circumstances shall be substituted by the court for the stated duration, scope or area.

8.07 Executive acknowledges that a remedy at law for any breach or attempted breach of Article VIII of this Agreement will be inadequate, and agrees that Interpublic shall be entitled to specific performance and injunctive and other equitable relief in the case of any such breach or attempted breach.

8.08 Executive represents and warrants that neither the execution and delivery of this Employment Agreement nor the performance of Executive's services hereunder will conflict with, or result in a breach of, any agreement to which Executive is a party or by which he may be bound or affected, in particular the terms of any employment agreement to which Executive may be a party. Executive further represents and warrants that he has full right, power and authority to enter into and carry out the provisions of this Employment Agreement.

ARTICLE IX

Arbitration

9.01 Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, including claims involving alleged legally protected rights, such as 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 claim arising because of Executive's employment, termination of employment or otherwise, shall be settled by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association and Section 12.01 hereof, and judgement upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. The arbitration shall take place in the city where Executive customarily renders services to Interpublic. The prevailing party in any such arbitration shall be entitled to receive reasonable attorney's fees and costs.

ARTICLE X

Assignment

10.01 This Agreement shall be binding upon and enure to the benefit of the successors and assigns of Interpublic. Neither this Agreement nor any rights hereunder shall be assignable by Executive and any such purported assignment by him shall be void.

ARTICLE XI

Agreement Entire

11.01 This Agreement, along with the Executive Severance Agreement and Senior Executive Retirement Income Plan Agreement executed as of today's date constitute the entire understanding between Interpublic and Executive concerning his employment by Interpublic or any of its parents, affiliates or subsidiaries and supersedes any and all previous agreements between Executive and Interpublic or any of its parents, affiliates or subsidiaries concerning such employment, and/or any compensation or bonuses. Each party hereto shall pay its own costs and expenses (including legal fees) incurred in connection with the preparation, negotiation and execution of this Agreement. This Agreement may not be changed orally.

ARTICLE XII

Applicable Law

12.01 The Agreement shall be governed by and construed in accordance with the laws of the State of New York.

THE INTERPUBLIC GROUP OF
COMPANIES, INC.

By: /s/ Christopher J. Coughlin
Name: Christopher J. Coughlin
Title: Chief Operating Officer

/s/ Steve Gatfield
Steve Gatfield

Exhibit 10(iii)(A)(2)

The Interpublic Senior Executive Retirement Income Plan

Participation Agreement

WHEREAS, Steve Gatfield (the "Participant") is a senior executive of The Interpublic Group of Companies, Inc. ("Interpublic") and its subsidiaries, and has been approved by the Compensation Committee of Interpublic's Board of Directors to participate in The Interpublic Senior Executive Retirement Income Plan ("SERIP");

WHEREAS, the Participant has received and reviewed the pamphlet entitled "The Interpublic Senior Executive Retirement Income Plan," which sets forth the basic terms and conditions of SERIP (the "Plan Document"); and

WHEREAS, the Plan Document provides that certain details with regard to the Participant's benefit and other rights and responsibilities under SERIP are to be set forth in the Participant's Participation Agreement;

NOW, THEREFORE, the undersigned Participant agrees to be bound by the terms of the Plan Document, which terms are incorporated herein by reference, and modified and expanded as follows:

1. Effective Date. This Participation Agreement shall be effective as of April 1, 2004 provided the Participant submits the executed Participation Agreement to Interpublic within 30 days thereafter. If the Participant does not submit the executed Participation Agreement within 30 days after the date set forth in the preceding sentence, this Participation Agreement shall be effective as of the first day of the month next following the date on which the Participant submits the executed Participation Agreement.

2. Benefit and Vesting. The Participant's benefit shall be $200,000 per year payable in monthly installments for 15 years, if the Participant has attained at least age 60 and the benefit is fully vested. Subject to paragraph 3, which sets forth the requirement to comply with non-competition and non-solicitation agreements, this benefit is scheduled to become fully vested on April 1, 2014 (assuming the Participant continues in the employment of Interpublic and its subsidiaries until this date).

3. Non-Competition and Non-Solicitation. For a period of two (2) years following the termination of the Participant's employment for any reason, the Participant shall not: (a) accept employment with or serve as a consultant, advisor or in any other capacity to an employer that is in competition with the business unit or units of Interpublic by which the Participant is employed (the "Business Unit"); (b) directly or indirectly, either on the Participant's own behalf or on behalf of any other person, firm or corporation, solicit or perform services for any account that is a client of the Business Unit at the time of the Participant's termination of employment with the Business Unit or that was a client of the Business Unit at any time within one year prior to the date of the Participant's termination of employment; (c) directly or indirectly employ or attempt to employ or assist anyone else to employ any person who is at such time or who was within the six-month period immediate ly prior to such time in the employ of the Business Unit. Breach by the Participant of such non-competition agreement or non-solicitation agreement shall result in the forfeiture of the Participant's vested benefit, and any monies already paid to the Participant shall be returned in full by the Participant to Interpublic.

   The Participant acknowledges that these provisions are reasonable and necessary to protect Interpublic's legitimate business interests, and that these provisions do not prevent the Participant from earning a living. If at the time of enforcement of any provision of this Agreement, a court shall hold that the duration, scope or area restriction of any provision hereof is unreasonable under circumstances now or then existing, the parties hereto agree that the maximum duration, scope or area reasonable under the circumstances shall be substituted by the court for the stated duration, scope or area.

4. Payment Form Election. Unless specified below (or otherwise specified in a valid election, submitted by the Participant to Interpublic's Human Resources Department at least 12 months before distribution under SERIP is scheduled to begin), the Participant's vested benefit shall be distributed in monthly payments for 15 years, as provided in the Plan Document.

   If you would like to elect a payment form other than monthly payments for 15 years, check below.

   ____ I elect to receive my vested benefit in monthly payments for 10 years.

   I understand that my vested benefit will be discounted, as provided in the Plan Document, to reflect the accelerated payout associated with the election of an optional payment form.

5. Benefit Commencement Date. As provided in the Plan Document, any election to commence the Participant's benefit before the first day of the month coincident with or next following the Participant's 60th birthday must be received by Interpublic's Human Resources Department at least 12 months before payments are scheduled to begin.

6. Relationship to Plan Document. This Participation Agreement is intended to be executed and administered in conjunction with the Plan Document. Where this Participation Agreement is silent, the terms and provisions in the Plan Document shall govern. To the extent that any term or provision in this Participation Agreement is inconsistent with a term or provision in the Plan Document, the term or provision in this Participation Agreement shall govern.

7. Knowing and Voluntary Agreement. The Participant has received and read the Plan Document. The Participant fully understands the terms of the Plan Document and of this Participation Agreement, and the Participant is entering this Participation Agreement voluntarily.

8. **Complete Statement. This Participation Agreement shall be construed as a complete statement of the Participant's benefit and other rights under SERIP. Any change to the terms of this Participation Agreement or to the Participant's rights under SERIP shall be adopted by executing an amendment or supplement to the Plan Document or to this Participation Agreement.**

IN WITNESS WHEREOF, Interpublic, by its duly authorized officer, and the Participant have caused this Participation Agreement to be executed.

Interpublic Group of Companies, Inc.	**Participant**
BY: /s/ Christopher J. Coughlin	/s/ Steve Gatfield
Christopher J. Coughlin	Steve Gatfield
Chief Operating Officer	
DATE: ____________	DATE: 1/30/04

Return to Interpublic's Law Department by February, 2004.

THE INTERPUBLIC GROUP OF COMPANIES, INC.
BENEFICIARY DESIGNATION: Senior Executive Retirement Income Plan

&n bsp;

Participant's Name________________________ **Soc. Sec. No:** ________________
Home Address ____
City__________________________ **State** ______________**Zip**__________
Date of Birth ________________
Daytime Telephone Number ______________ **Evening Telephone Number** ______________

q ***Please check box if your address has changed within the last year***. q **I am married.** q **I am not married.**

Primary Beneficiary Designation
I hereby designate such of the following person(s) who shall survive me as my Primary Beneficiary(ies):

1.	Name	Relationship	Date of Birth	Percentage Share*
	Address		Social Security No.	
2.	Name	Relationship	Date of Birth	Percentage Share*
	Address		Social Security No.	
3.	Name	Relationship	Date of Birth	Percentage Share*
	Address		Social Security No.	
				Total = 100%

Contingent Beneficiary Designation
If no Primary Beneficiary named above shall survive me, I designate such of the following person(s) who shall survive me as my Contingent Beneficiary(ies).

1.	Name	Relationship	Date of Birth	Percentage Share*
	Address		Social Security No.	
2.	Name	Relationship	Date of Birth	Percentage Share*
	Address		Social Security No.	
3.	Name	Relationship	Date of Birth	Percentage Share*
	Address		Social Security No.	
				Total = 100%

*If no percentage is designated, beneficiaries will share equally. If any of my Primary Beneficiaries (or, if applicable, my Contingent Beneficiaries), predecease me, his or her benefits will be shared among my surviving Primary (or, if applicable, Contingent) Beneficiaries in accordance with the proportionate shares of the surviving beneficiaries designated above or, if no percentage is designated, equally.

Consent of Spouse
If a party other than the participant's spouse is named as Primary Beneficiary above, this designation is valid only if the participant's spouse (if any) consents below to the participant's designation of the Primary Beneficiary(ies) and only if the spouse's consent is witnessed by a notary public.

I, ___________________________________, am the spouse of the above-named participant. I hereby consent to the designation of the Primary Beneficiary(ies) specified above.

____ __________;_________

Spouse's Signature Date

STATE OF _______________	COUNTY OF: _____________	ss:
On _________________________, before me personally came _______________________________; to me known and known to me to be the individual described as the spouse herein who executed the foregoing consent and duly acknowledged to me that he/she freely executed same.		
_____________________________________ Notary Public	My Commission Expires:	

Execution of Beneficiary Designation

____ __________________&nbs p;______________

Participant's Date

Exhibit 10(iii)(A)(3)

EXECUTIVE SEVERANCE AGREEMENT

This AGREEMENT ("Agreement") dated April 1, 2004, by and between The Interpublic Group of Companies, Inc. ("Interpublic"), a Delaware corporation (Interpublic and its subsidiaries being referred to herein collectively as the "Company"), and Steve Gatfield (the "Executive").

W I T N E S S E T H

WHEREAS, the Company recognizes the valuable services that the Executive has rendered thereto and desires to be assured that the Executive will continue to attend to the business and affairs of the Company without regard to any potential or actual change of control of Interpublic;

WHEREAS, the Executive is willing to continue to serve the Company but desires assurance that he will not be materially disadvantaged by a change of control of Interpublic; and

WHEREAS, the Company is willing to accord such assurance provided that, should the Executive's employment be terminated consequent to a change of control, he will not for a period thereafter engage in certain activities that could be detrimental to the Company;

NOW, THEREFORE, in consideration of the Executive's continued service to the Company and the mutual agreements herein contained, Interpublic and the Executive hereby agree as follows:

ARTICLE I
RIGHT TO PAYMENTS

Section 1.1. Triggering Events. If Interpublic undergoes a Change of Control, the Company shall make payments to the Executive as provided in article II of this Agreement. If, within two years following a Change of Control, either (a) the Company terminates the Executive other than by means of a termination for Cause or for death or (b) the Executive resigns for a Good Reason (either of which events shall constitute a "Qualifying Termination"), the Company shall make payments to the Executive as provided in article III hereof.

Section 1.2. Change of Control. A Change of Control of Interpublic shall be deemed to have occurred if (a) any person (within the meaning of Sections 13(d) and 14(d) of the Securities Exchange Act of 1934 (the "1934 Act")), other than Interpublic or any of its majority-controlled subsidiaries, becomes the beneficial owner (within the meaning of Rule 13d-3 under the 1934 Act) of 30 percent or more of the combined voting power of Interpublic's then outstanding voting securities; (b) a tender offer or exchange offer (other than an offer by Interpublic or a majority-controlled subsidiary), pursuant to which 30 percent or more of the combined voting power of Interpublic's then outstanding voting securities was purchased, expires; (c) the stockholders of Interpublic approve an agreement to merge or consolidate with a nother corporation (other than a majority-controlled subsidiary of Interpublic) unless Interpublic's shareholders immediately before the merger or consolidation are to own more than 70 percent of the combined voting power of the resulting entity's voting securities; (d) Interpublic's stockholders approve an agreement (including, without limitation, a

plan of liquidation) to sell or otherwise dispose of all or substantially all of the business or assets of Interpublic; or (e) during any period of two consecutive years, individuals who, at the beginning of such period, constituted the Board of Directors of Interpublic cease for any reason to constitute at least a majority thereof, unless the election or the nomination for election by Interpublic's stockholders of each new director was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of the period. However, no Change of Control shall be deemed to have occurred by reason of any transaction in wh ich the Executive, or a group of persons or entities with which the Executive acts in concert, acquires, directly or indirectly, more than 30 percent of the common stock or the business or assets of Interpublic.

Section 1.3. Termination for Cause. Interpublic shall have Cause to terminate the Executive for purposes of Section 1.1 of this Agreement only if, following the Change of Control, the Executive (a) engages in conduct that constitutes a felony under the laws of the United States or a state or country in which he works or resides and that results or was intended to result, directly or indirectly, in the personal enrichment of the Executive at the Company's expense; (b) refuses (except by reason of incapacity due to illness or injury) to make a good faith effort to substantially perform his duties with the Company on a full-time basis and continues such refusal for 15 days following receipt of notice from the Company that his effort is deficient; or (c) deliberately and materially breaches any agreement between hi mself and the Company and fails to remedy that breach within 30 days following notification thereof by the Company. If the Company has Cause to terminate the Executive, it may in fact terminate him for Cause for purposes of section 1.1 hereof if (a) it notifies the Executive of such Cause, (b) it gives him reasonable opportunity to appear before a majority of Interpublic's Board of Directors to respond to the notice of Cause and (c) a majority of the Board of Directors subsequently votes to terminate him.

Section 1.4. Resignation for Good Reason. The Executive shall have a Good Reason for resigning only if (a) the Company fails to elect the Executive to, or removes him from, any office of the Company, including without limitation membership on any Board of Directors, that the Executive held immediately prior to the Change of Control; (b) the Company reduces the Executive's rate of regular cash and fully vested deferred base compensation ("Regular Compensation") from that which he earned immediately prior to the Change of Control or fails to increase it within 12 months following the Change of Control by (in addition to any increase pursuant to section 2.2 hereof) at least the average of the rates of increase in his Regular Compensation during the four consecutive 12-month periods immediately prior to the Change of Control (or, if fewer, the number of 12-month periods immediately prior to the Change of Control during which the Executive was continuously employed by the Company); (c) the Company fails to provide the Executive with fringe benefits and/or bonus plans, such as stock option, stock purchase, restricted stock, life insurance, health, accident, disability, incentive, bonus, pension and profit sharing plans ("Benefit or Bonus Plans"), that, in the aggregate, (except insofar as the Executive has waived his rights thereunder pursuant to article II hereof) are as valuable to him as those that he enjoyed immediately prior to the Change of Control; (d) the Company fails to provide the Executive with an annual number of paid vacation days at least equal to that to which he was entitled immediately prior to the Change of Control; (e) the Company breaches any agreement between it and the Executive (including this Agreement); (f) without limitation of the foregoing clause (e), the Company fails to obtain the express assumption of this Agreement by any successor of the Company as provided in section 6.3 hereof; (g) the Company attempts to terminate the Executive for Cause without complying with the provisions of section 1.3 hereof; (h) the Company requires the Executive, without his express written consent, to be based in an office outside of the office in which Executive is based on the date hereof or to travel substantially more extensively than he did prior to the Change of Control; or (i) the Executive determines in good faith that the Company has, without his consent, effected a significant change in his status within, or the nature or scope of his duties or responsibilities with, the Company that obtained immediately prior to the Change of Control (including but not limited to, subjecting the Executive's activities and exercise of authority to greater immediate supervision than existed prior to the Change of Control); provided, however, that no event designated in clauses (a) through (i) of this sente nce shall constitute a Good Reason unless the Executive notifies Interpublic that the Company has committed an action or inaction specified in clauses (a) through (i) (a "Covered Action") and the Company does not cure such Covered Action within 30 days after such notice, at which time such Good Reason shall be deemed to have arisen. Notwithstanding the immediately preceding sentence, no action by the Company shall give rise to a Good Reason if it results from the Executive's termination for Cause or death or from the Executive's resignation for other than a Good Reason, and no action by the Company specified in clauses (a) through (i) of the preceding sentence shall give rise to a Good Reason if it results from the Executive's Disability. If the Executive has a Good Reason to resign, he may in fact resign for a Good Reason for purposes of section 1.1 of this Agreement by, within 30 days after the Good Reason arises, giving Interpublic a minimum of 30 and a maximum of 90 days advance notice of the date of h is resignation.

Section 1.5. Disability. For all purposes of this Agreement, the term "Disability" shall have the same meaning as that term has in the Interpublic Long-Term Disability Plan.

ARTICLE II
PAYMENTS UPON A CHANGE OF CONTROL

Section 2.1. Elections by the Executive. If the Executive so elects prior to a Change of Control, the Company shall pay him, within 30 days following the Change of Control, cash amounts in respect of certain Benefit or Bonus Plans or deferred compensation arrangements designated in sections 2.2 through 2.4 hereof ("Plan Amounts"). The Executive may make an election with respect to the Benefit or Bonus Plans or deferred compensation arrangements covered under any one or more of sections 2.2 through 2.4, but an election with respect to any such section shall apply to all Plan Amounts that are specified therein. Each election shall be made by notice to Interpublic on a form satisfactory to Interpublic and, once made, may be revoked by such notice on such form at any time prior to a Change of Control. If the Exe cutive elects to receive payments under a section of this article II, he shall, upon receipt of such payments, execute a waiver, on a form satisfactory to Interpublic, of such rights as are indicated in that section. If the Executive does not make an election under this article with respect to a Benefit or Bonus Plan or deferred compensation arrangement, his rights to receive payments in respect thereof shall be governed by the Plan or arrangement itself.

Section 2.2. ESBA. The Plan Amounts in respect of all Executive Special Benefit A

Section 2.2. ESBA. The Plan Amount in respect of all Executive Special Benefit Agreements ("ESBA's") between the Executive and Interpublic shall consist of an amount equal to the present discounted values, using the Discount Rate designated in section 5.8 hereof as of the date of the Change of Control, of all payments that the Executive would have been entitled to receive under the ESBA's if he had terminated employment with the Company on the day immediately prior to the Change of Control. Upon receipt of the Plan Amount in respect of the ESBA's, the Executive shall waive any rights that he may have to payments under the ESBA's. If the Executive makes an election pursuant to, and executes the waiver required under, this section 2.2, his Regular Compensation shall be increased as of the date of the Change of Control at an annual rate equal to the sum of the annual rates of deferred compensation in lieu of which benefits are provided the Executive under any ESBA the Accrual Term for which (as defined in the ESBA) includes the date of the Change of Control.

Section 2.3. MICP. The Plan Amount in respect of the Company's Management Incentive Compensation Plans ("MICP") and/or the 2002 Performance Incentive Plan ("2002 PIP") shall consist of an amount equal to the sum of all amounts awarded to the Executive under, but deferred pursuant to, the MICP and/or the 2002 PIP as of the date of the Change of Control and all amounts equivalent to interest creditable thereon up to the date that the Plan Amount is paid. Upon receipt of that Plan Amount, the Executive shall waive his rights to receive any amounts under the MICP and/or the 2002 PIP that were deferred prior to the Change of Control and any interest equivalents thereon.

Section 2.4. Deferred Compensation. The Plan Amount in respect of deferred compensation (other than amounts referred to in other sections of this article II) shall be an amount equal to all compensation from the Company that the Executive has earned and agreed to defer (other than through the Interpublic Savings Plan pursuant to Section 401(k) of the Internal Revenue Code (the "Code")) but has not received as of the date of the Change of Control, together with all amounts equivalent to interest creditable thereon through the date that the Plan Amount is paid. Upon receipt of this Plan Amount, the Executive shall waive his rights to receive any deferred compensation that he earned prior to the date of the Change of Control and any interest equivalents thereon.

Section 2.5. Stock Incentive Plans. The effect of a Change of Control on the rights of the Executive with respect to options and restricted shares awarded to him under the Interpublic 1986 Stock Incentive Plan, the 1996 Stock Incentive Plan, the 1997 Performance Incentive Plan and the 2002 Performance Incentive Plan, shall be governed by those Plans and not by this Agreement.

ARTICLE III
PAYMENTS UPON QUALIFYING TERMINATION

Section 3.1. Basic Severance Payment. In the event that the Executive is subjected to a Qualifying Termination within two years after a Change of Control, the Company shall pay the Executive within 30 days after the effective date of his Qualifying Termination (his "Termination Date") a cash amount equal to his Base Amount times the number designated in Section 5.9 of this Agreement (the "Designated Number"). The Executive's Base Amount shall equal the average of the Executive's Includable Compensation for the two whole calendar years immediately preceding the date of the Change of Control (or, if the Executive was employed by the Company for only one of those years, his Includable Compensation for that year). The Executive's Includable Compensation for a calendar year shall consist of (a) the compensation re ported by the Company on the Form W-2 that it filed with the Internal Revenue Service for that year in respect of the Executive or which would have been reported on such form but for the fact that Executive's services were performed outside of the United States, plus (b) any compensation payable to the Executive during that year the receipt of which was deferred at the Executive's election or by employment agreement to a subsequent year, minus (c) any amounts included on the Form W-2 (or which would have been included if Executive had been employed in the United States) that represented either (i) amounts in respect of a stock option or restricted stock plan of the Company or (ii) payments during the year of amounts payable in prior years but deferred at the Executive's election or by employment agreement to a subsequent year. The compensation referred to in clause (b) of the immediately preceding sentence shall include, without limitation, amounts initially payable to the Executive under the MICP or a Long - -Term Performance Incentive Plan or the 2002 PIP in that year but deferred to a subsequent year, the amount of deferred compensation for the year in lieu of which benefits are provided the Executive under an ESBA and amounts of Regular Compensation earned by the Executive during the year but deferred to a subsequent year (including amounts deferred under Interpublic Savings Plan pursuant to Section 401(k) of the Code); clause (c) of such sentence shall include, without limitation, all amounts equivalent to interest paid in respect of deferred amounts and all amounts of Regular Compensation paid during the year but earned in a prior year and deferred.

Section 3.2. MICP Supplement. The Company shall also pay the Executive within 30 days after his Termination Date a cash amount equal to (a) in the event that the Executive received an award under the MICP (or the Incentive Award program applicable outside the United States) or the 2002 PIP ("Incentive Award") in respect of the year immediately prior to the year that includes the Termination Date (the latter year constituting the "Termination Year"), the amount of that award multiplied by the fraction of the Termination Year preceding the Termination Date or (b) in the event that the Executive did not receive an MICP award (or an Incentive Award) in respect of the year immediately prior to the Termination Year, the amount of the MICP award (or Incentive Award) that Executive received in respect of the second yea r immediately prior to the Termination Year multiplied by one plus the fraction of the Termination Year preceding the Termination Date.

ARTICLE IV
TAX MATTERS

Section 4.1. Withholding. The Company may withhold from any amounts payable to the Executive hereunder all federal, state, city or other taxes that the Company may reasonably determine are required to be withheld pursuant to any applicable law or regulation, but, if the Executive has made the election provided in section 4.2 hereof,

the Company shall not withhold amounts in respect of the excise tax imposed by Section 4999 of the Code or its successor.

Section 4.2. Disclaimer. If the Executive so agrees prior to a Change of Control by notice to the Company in form satisfactory to the Company, the amounts payable to the Executive under this Agreement but not yet paid thereto shall be reduced to the largest amounts in the aggregate that the Executive could receive, in conjunction with any other payments received or to be received by him from any source, without any part of such amounts being subject to the excise tax imposed by Section 4999 of the Code or its successor. The amount of such reductions and their allocation among amounts otherwise payable to the Executive shall be determined either by the Company or by the Executive in consultation with counsel chosen (and compensated) by him, whichever is designated by the Executive in the aforesaid notice to the Company (the "Determining Party"). If, subsequent to the payment to the Executive of amounts reduced pursuant to this section 4.2, the Determining Party should reasonably determine, or the Internal Revenue Service should assert against the party other than the Determining Party, that the amount of such reductions was insufficient to avoid the excise tax under Section 4999 (or the denial of a deduction under Section 280G of the Code or its successor), the amount by which such reductions were insufficient shall, upon notice to the other party, be deemed a loan from the Company to the Executive that the Executive shall repay to the Company within one year of such reasonable determination or assertion, together with interest thereon at the applicable federal rate provided in section 7872 of the Code or its successor. However, such amount shall not be deemed a loan if and to the extent that repayment thereof would not eliminate the Executive's liability for any Section 4999 excise tax.

ARTICLE V
COLLATERAL MATTERS

Section 5.1. Nature of Payments. All payments to the Executive under this Agreement shall be considered either payments in consideration of his continued service to the Company, severance payments in consideration of his past services thereto or payments in consideration of the covenant contained in section 5.l0 hereof. No payment hereunder shall be regarded as a penalty to the Company.

Section 5.2. Legal Expenses. The Company shall pay all legal fees and expenses that the Executive may incur as a result of the Company's contesting the validity, the enforceability or the Executive's interpretation of, or determinations under, this Agreement. Without limitation of the foregoing, Interpublic shall, prior to the earlier of (a) 30 days after notice from the Executive to Interpublic so requesting or (b) the occurrence of a Change of Control, provide the Executive with an irrevocable letter of credit in the amount of $100,000 from a bank satisfactory to the Executive against which the Executive may draw to pay legal fees and expenses in connection with any attempt to enforce any of his rights under this Agreement. Said letter of credit shall not expire before 10 years following the date of this Ag reement.

Section 5.3. Mitigation. The Executive shall not be required to mitigate the amount of any payment provided for in this Agreement either by seeking other employment or otherwise. The amount of any payment provided for herein shall not be reduced by any remuneration that the Executive may earn from employment with another employer or otherwise following his Termination Date.

Section 5.4. Setoff for Debts. The Company may reduce the amount of any payment due the Executive under article III of this Agreement by the amount of any debt owed by the Executive to the Company that is embodied in a written instrument, that is due to be repaid as of the due date of the payment under this Agreement and that the Company has not already recovered by setoff or otherwise.

Section 5.5. Coordination with Employment Contract. Payments to the Executive under article III of this Agreement shall be in lieu of any payments for breach of any employment contract between the Executive and the Company to which the Executive may be entitled by reason of a Qualifying Termination, and, before making the payments to the Executive provided under article III hereof, the Company may require the Executive to execute a waiver of any rights that he may have to recover payments in respect of a breach of such contract as a result of a Qualifying Termination. If the Executive has a Good Reason to resign and does so by providing the notice specified in the last sentence of section l.4 of this Agreement, he shall be deemed to have satisfied any notice requirement for resignation, and any service require ment following such notice, under any employment contract between the Executive and the Company.

Section 5.6. Benefit of Bonus Plans. Except as otherwise provided in this Agreement or required by law, the Company shall not be compelled to include the Executive in any of its Benefit or Bonus Plans following the Executive's Termination Date, and the Company may require the Executive, as a condition to receiving the payments provided under article III hereof, to execute a waiver of any such rights. However, said waiver shall not affect any rights that the Executive may have in respect of his participation in any Benefit or Bonus Plan prior to his Termination Date.

Section 5.7. Funding. Except as provided in section 5.2 of this Agreement, the Company shall not be required to set aside any amounts that may be necessary to satisfy its obligations hereunder. The Company's potential obligations to make payments to the Executive under this Agreement are solely contractual ones, and the Executive shall have no rights in respect of such payments except as a general and unsecured creditor of the Company.

Section 5.8. Discount Rate. For purposes of this Agreement, the term "Discount Rate" shall mean the applicable Federal short-term rate determined under Section 1274(d) of the Code or its successor. If such rate is no longer determined, the Discount Rate shall be the yield on 2-year Treasury notes for the most recent period reported in the most recent issue of the Federal Reserve Bulletin or its successor, or, if such rate is no longer reported therein, such measure of the yield on 2-year Treasury notes as the Company may reasonably determine.

Section 5.9. Designated Number. For purposes of this Agreement, the Designated Number shall be

Section 5.9. Designated Number. For purposes of this Agreement, the Designated Number shall be two (2.0).

Section 5.10. Covenant of Executive. In the event that the Executive undergoes a Qualifying Termination that entitles him to any payment under article III of this Agreement, he shall not, for 18 months following his Termination Date, either (a) solicit any employee of Interpublic or a majority-controlled subsidiary thereof to leave such employ and enter into the employ of the Executive or any person or entity with which the Executive is associated or (b) solicit or handle on his own behalf or on behalf of any person or entity with which he is associated the advertising, public relations, sales promotion or market research business of any advertiser that is a client of Interpublic or a majority-controlled subsidiary thereof as of the Termination Date. Without limitation of any other remedies that the Company ma y pursue, the Company may enforce its rights under this section 5.l0 by means of injunction. This section shall not limit any other right or remedy that the Company may have under applicable law or any other agreement between the Company and the Executive.

ARTICLE VI
GENERAL PROVISIONS

Section 6.1. Term of Agreement. This Agreement shall terminate upon the earliest of (a) the expiration of five years from the date of this Agreement if no Change of Control has occurred during that period; (b) the termination of the Executive's employment with the Company for any reason prior to a Change of Control; (c) the Company's termination of the Executive's employment for Cause or death, the Executive's compulsory retirement within the provisions of 29 U.S.C. Section 631(c) (or, if Executive is not a citizen or resident of the United States, compulsory retirement under any applicable procedure of the Company in effect immediately prior to the change of control) or the Executive's resignation for other than Good Reason, following a Change of Control and the Company's and the Executive's fulfillment of all of their obligations under this Agreement; and (d) the expiration following a Change of Control of the Designated Number plus three years and the fulfillment by the Company and the Executive of all of their obligations hereunder.

Section 6.2. Governing Law. Except as otherwise expressly provided herein, this Agreement and the rights and obligations hereunder shall be construed and enforced in accordance with the laws of the State of New York.

Section 6.3. Successors to the Company. This Agreement shall inure to the benefit of Interpublic and its subsidiaries and shall be binding upon and enforceable by Interpublic and any successor thereto, including, without limitation, any corporation or corporations acquiring directly or indirectly all or substantially all of the business or assets of Interpublic whether by merger, consolidation, sale or otherwise, but shall not otherwise be assignable by Interpublic. Without limitation of the foregoing sentence, Interpublic shall require any successor (whether direct or indirect, by merger, consolidation, sale or otherwise) to all or substantially all of the business or assets of Interpublic, by agreement in form satisfactory to the Executive, expressly, absolutely and unconditionally to assume and agree to per form this Agreement in the same manner and to the same extent as Interpublic would have been required to perform it if no such succession had taken place. As used in this agreement, "Interpublic" shall mean Interpublic as heretofore defined and any successor to all or substantially all of its business or assets that executes and delivers the agreement provided for in this section 6.3 or that becomes bound by this Agreement either pursuant to this Agreement or by operation of law.

Section 6.4. Successor to the Executive. This Agreement shall inure to the benefit of and shall be binding upon and enforceable by the Executive and his personal and legal representatives, executors, administrators, heirs, distributees, legatees and, subject to section 6.5 hereof, his designees ("Successors"). If the Executive should die while amounts are or may be payable to him under this Agreement, references hereunder to the "Executive" shall, where appropriate, be deemed to refer to his Successors.

Section 6.5. Nonalienability. No right of or amount payable to the Executive under this Agreement shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, hypothecation, encumbrance, charge, execution, attachment, levy or similar process or (except as provided in section 5.4 hereof) to setoff against any obligation or to assignment by operation of law. Any attempt, voluntary or involuntary, to effect any action specified in the immediately preceding sentence shall be void. However, this section 6.5 shall not prohibit the Executive from designating one or more persons, on a form satisfactory to the Company, to receive amounts payable to him under this Agreement in the event that he should die before receiving them.

Section 6.6. Notices. All notices provided for in this Agreement shall be in writing. Notices to Interpublic shall be deemed given when personally delivered or sent by certified or registered mail or overnight delivery service to The Interpublic Group of Companies, Inc., l27l Avenue of the Americas, New York, New York l0020, attention: Corporate Secretary. Notices to the Executive shall be deemed given when personally delivered or sent by certified or registered mail or overnight delivery service to the last address for the Executive shown on the records of the Company. Either Interpublic or the Executive may, by notice to the other, designate an address other than the foregoing for the receipt of subsequent notices.

Section 6.7. Amendment. No amendment of this Agreement shall be effective unless in writing and signed by both the Company and the Executive.

Section 6.8. Waivers. No waiver of any provision of this Agreement shall be valid unless approved in writing by the party giving such waiver. No waiver of a breach under any provision of this Agreement shall be deemed to be a waiver of such provision or any other provision of this Agreement or any subsequent breach. No failure on the part of either the Company or the Executive to exercise, and no delay in exercising, any right or remedy conferred by law or

this Agreement shall operate as a waiver of such right or remedy, and no exercise or waiver, in whole or in part, of any right or remedy conferred by law or herein shall operate as a waiver of any other right or remedy.

Section 6.9. Severability. If any provision of this Agreement shall be held invalid or unenforceable in whole or in part, such invalidity or unenforceability shall not affect any other provision of this Agreement or part thereof, each of which shall remain in full force and effect.

Section 6.10. Captions. The captions to the respective articles and sections of this Agreement are intended for convenience of reference only and have no substantive significance.

Section 6.11. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original but all of which together shall constitute a single instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

THE INTERPUBLIC GROUP OF COMPANIES, INC.

By: /s/ Christopher J. Coughlin
Name: Christopher J. Coughlin
Chief Operating Officer

/s/ Steve Gatfield
Steve Gatfield

Exhibit 31.1

CERTIFICATION

I, David A. Bell, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the Period Ended March 31, 2004 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 13a-15(e) and 15d-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: May 10, 2004

/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 March 31, 2004 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 13a-15(e) and 15d-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: May 10, 2004

/s/Christopher J. Coughlin
Christopher J Coughlin
Chief Financial Officer

Exhibit 32

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 March 31, 2004 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 quarterly report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 10, 2004

/s/ David A. Bell
David A. Bell
Chief Executive Officer

Dated: May 10, 2004

/s/ Christopher J. Coughlin
Christopher J. Coughlin
Chief Financial Officer