

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

FORM 10-Q

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

For the quarterly period ended **June 30, 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

(State or other jurisdiction of
incorporation or organization)

13-1024020

(I.R.S. Employer
Identification No.)

1114 Avenue of the Americas, New York, New York

(Address of principal executive offices)

10036

(Zip Code)

Registrant's telephone number, including area code (212) 704-1200

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act) Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. Common Stock outstanding at July 30, 2004: 422,130,934 shares.

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

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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 JUNE 30,
(Amounts in Millions, Except Per Share Amounts)
(Unaudited)

	<u>2004</u>	<u>2003</u>
REVENUE	\$ <u>1,544.1</u>	\$ <u>1,499.4</u>
OPERATING EXPENSES:		
Salaries and related expenses	893.8	878.4
Office and general expenses	506.8	463.7
Restructuring charges	2.0	94.4
Long-lived asset impairments	3.0	11.0
Motorsports contract termination costs	<u>80.0</u>	<u>--</u>
Total operating expenses	<u>1,485.6</u>	<u>1,447.5</u>
OPERATING INCOME	<u>58.5</u>	<u>51.9</u>
OTHER INCOME (EXPENSE):		
Interest expense	(38.4)	(46.1)
Interest income	10.4	10.2
Other income	2.3	0.3
Investment impairments	<u>--</u>	<u>(9.8)</u>
Total other expense	<u>(25.7)</u>	<u>(45.4)</u>

INCOME before income taxes	32.8	6.5
Income tax provision	<u>33.4</u>	<u>22.4</u>
LOSS OF CONSOLIDATED COMPANIES	(0.6)	(15.9)
Income applicable to minority interests	(5.6)	(8.4)
Equity in net income of unconsolidated affiliates	<u>0.8</u>	<u>1.3</u>
LOSS FROM CONTINUING OPERATIONS	(5.4)	(23.0)
INCOME FROM DISCONTINUED OPERATIONS (NET OF TAX)	<u>--</u>	<u>9.5</u>
NET LOSS	(5.4)	(13.5)
Dividends on preferred stock	<u>5.0</u>	<u>--</u>
NET LOSS AVAILABLE TO COMMON STOCKHOLDERS	\$ <u>(10.4)</u>	\$ <u>(13.5)</u>
Earnings (loss) per share of common stock:		
Basic:		
Continuing operations	\$ (0.03)	\$ (0.06)
Discontinued operations	<u>--</u>	<u>0.02</u>
Total	\$ <u>(0.03)</u>	\$ <u>(0.04)</u>
Diluted:		
Continuing operations	\$ (0.03)	\$ (0.06)
Discontinued operations	<u>--</u>	<u>0.02</u>
Total	\$ <u>(0.03)</u>	\$ <u>(0.04)</u>
Weighted average common shares:		
Basic	414.6	384.3
Diluted	414.6	384.3

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

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

	<u>2004</u>	<u>2003</u>
REVENUE	\$ <u>2,939.2</u>	\$ <u>2,815.1</u>
OPERATING EXPENSES:		
Salaries and related expenses	1,767.8	1,733.1
Office and general expenses	970.1	892.8
Restructuring charges	64.6	94.4
Long-lived asset impairments	8.6	22.1
Motorsports contract termination costs	<u>80.0</u>	<u>--</u>
Total operating expenses	<u>2,891.1</u>	<u>2,742.4</u>
OPERATING INCOME	<u>48.1</u>	<u>72.7</u>
OTHER INCOME (EXPENSE):		
Interest expense	(77.5)	(84.9)
Interest income	20.1	18.1
Other income	3.4	0.1
Investment impairments	<u>(3.2)</u>	<u>(12.5)</u>
Total other expense	<u>(57.2)</u>	<u>(79.2)</u>

LOSS BEFORE INCOME TAXES	(9.1)	(6.5)
Income tax provision	<u>6.6</u>	<u>16.8</u>
LOSS OF CONSOLIDATED COMPANIES	(15.7)	(23.3)
Income applicable to minority interests	(8.0)	(9.0)
Equity in net income (loss) of unconsolidated affiliates	<u>1.4</u>	<u>(1.9)</u>
LOSS FROM CONTINUING OPERATIONS	(22.3)	(34.2)
INCOME FROM DISCONTINUED OPERATIONS (NET OF TAX)	<u>--</u>	<u>12.1</u>
NET LOSS	(22.3)	(22.1)
Dividends on preferred stock	<u>9.8</u>	<u>--</u>
NET LOSS AVAILABLE TO COMMON STOCKHOLDERS	\$ <u>(32.1)</u>	\$ <u>(22.1)</u>
Earnings (loss) per share of common stock:		
Basic:		
Continuing operations	\$ (0.08)	\$ (0.09)
Discontinued operations	<u>--</u>	<u>0.03</u>
Total	\$ <u>(0.08)</u>	\$ <u>(0.06)</u>
Diluted:		
Continuing operations	\$ (0.08)	\$ (0.09)
Discontinued operations	<u>--</u>	<u>0.03</u>
Total	\$ <u>(0.08)</u>	\$ <u>(0.06)</u>
Weighted average common shares:		
Basic	413.9	383.1
Diluted	413.9	383.1

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)	
	June 30,	December 31,
	2004	2003
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,434.3	\$ 2,005.7
Accounts receivable (net of allowance for doubtful accounts: 2004-\$132.0; 2003-\$133.4)	4,937.7	4,632.4
Expenditures billable to clients	330.9	242.1
Deferred income taxes	201.4	201.7
Prepaid expenses and other current assets	<u>223.0</u>	<u>267.8</u>
Total current assets	<u>7,127.3</u>	<u>7,349.7</u>
FIXED ASSETS, AT COST:		
Land and buildings	105.7	108.1
Furniture and equipment	1,008.8	1,024.9
Leasehold improvements	<u>476.6</u>	<u>516.0</u>
	1,591.1	1,649.0
Less: accumulated depreciation	<u>(948.1)</u>	<u>(991.9)</u>
Total fixed assets	<u>643.0</u>	<u>657.1</u>

OTHER ASSETS:

Investments	235.0	248.6
Deferred income taxes	404.1	344.5
Other assets	279.0	282.0
Goodwill	3,428.9	3,310.6
Other intangible assets (net of accumulated amortization: 2004-\$24.2; 2003-\$27.2)	<u>38.9</u>	<u>42.0</u>
Total other assets	<u>4,385.9</u>	<u>4,227.7</u>
TOTAL ASSETS	\$ <u>12,156.2</u>	\$ <u>12,234.5</u>

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)

	<u>June 30,</u> <u>2004</u>	<u>December 31,</u> <u>2003</u>
CURRENT LIABILITIES:		
Accounts payable	\$ 5,724.4	\$ 5,299.2
Accrued expenses	838.5	1,042.7
Loans payable	34.8	38.5
Convertible subordinated notes	<u>--</u>	<u>244.1</u>
Total current liabilities	<u>6,597.7</u>	<u>6,624.5</u>
NON-CURRENT LIABILITIES:		
Long-term debt	1,047.1	1,054.2
Convertible subordinated notes	342.2	337.5
Convertible senior notes	800.0	800.0
Deferred compensation	449.0	488.3
Accrued postretirement benefits	52.4	51.5
Other non-current liabilities	249.1	202.6
Minority interests in consolidated subsidiaries	<u>56.3</u>	<u>70.0</u>
Total non-current liabilities	<u>2,996.1</u>	<u>3,004.1</u>
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 - 422.4; 2003 - 418.4	42.2	41.8
Additional paid-in capital	2,129.1	2,075.1
Retained earnings	374.2	406.3
Accumulated other comprehensive loss, net of tax	(257.4)	(215.1)
Treasury stock, at cost: 2004 - 0.4 shares; 2003 - 0.3 shares	(14.0)	(11.3)
Unamortized deferred compensation	<u>(85.4)</u>	<u>(64.6)</u>
Total stockholders' equity	<u>2,562.4</u>	<u>2,605.9</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ <u>12,156.2</u>	\$ <u>12,234.5</u>

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

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

	<u>2004</u>	<u>2003</u>
Net Loss	\$ <u>(5.4)</u>	\$ <u>(13.5)</u>
Foreign Currency Translation Adjustments	<u>(20.8)</u>	<u>47.0</u>
Adjustment for Minimum Pension Liability		
Adjustment for minimum pension liability	--	(0.5)
Tax benefit	<u>--</u>	<u>--</u>
Adjustment for Minimum Pension Liability	<u>--</u>	<u>(0.5)</u>
Unrealized Holding Gains (Losses) on Securities		
Unrealized holding gains arising in the current period	--	5.3
Tax expense	--	(2.2)
Unrealized holding losses arising in the current period	(0.6)	--
Tax benefit	0.3	--
Reclassification of loss to net loss	--	--
Tax benefit	<u>--</u>	<u>--</u>
Unrealized Holding Gains (Losses) on Securities	<u>(0.3)</u>	<u>3.1</u>
Comprehensive - Income (Loss)	\$ <u>(26.5)</u>	\$ <u>36.1</u>

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

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)
SIX MONTHS ENDED JUNE 30,
(Amounts in Millions)
(Unaudited)

	<u>2004</u>	<u>2003</u>
Net Loss	\$ <u>(22.3)</u>	\$ <u>(22.1)</u>
Foreign Currency Translation Adjustments	<u>(42.6)</u>	<u>76.7</u>
Adjustment for Minimum Pension Liability		
Adjustment for minimum pension liability	(3.7)	(5.2)
Tax benefit	<u>1.5</u>	<u>2.0</u>
Adjustment for Minimum Pension Liability	<u>(2.2)</u>	<u>(3.2)</u>
Unrealized Holding Gains (Losses) on Securities		
Unrealized holding gains arising in the current period	1.6	5.3
Tax expense	(0.6)	(2.2)
Unrealized holding losses arising in the current period	(0.7)	(0.8)
Tax benefit	0.3	0.3
Reclassification of loss to net loss	3.2	--
Tax benefit	<u>(1.3)</u>	<u>--</u>
Unrealized Holding Gains (Losses) on Securities	<u>2.5</u>	<u>2.6</u>

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

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

	<u>2004</u>	<u>2003</u>
CASH FLOWS FROM OPERATING ACTIVITIES FROM CONTINUING OPERATIONS:		
Net loss from continuing operations	\$ (22.3)	\$ (34.2)
Adjustments to reconcile net loss from continuing operations to cash used in operating activities:		
Depreciation and amortization of fixed assets and intangible assets	90.6	94.2
Amortization of restricted stock awards and bond discounts	28.5	39.9
Deferred income tax benefit	(59.9)	(24.7)
Undistributed equity (earnings) losses	(1.4)	1.9
Income applicable to minority interests	8.0	9.0
Restructuring charges - non-cash	6.7	5.8
Long-lived asset impairments	8.6	22.1
Investment impairments	3.2	12.5
Other	(5.5)	16.4
Change in assets and liabilities, net of acquisitions:		
Accounts receivable	(350.5)	(4.9)
Expenditures billable to clients	(89.8)	(99.3)
Prepaid expenses and other current assets	24.0	(23.1)
Accounts payable and accrued expenses	246.1	(4.2)
Other non-current assets and liabilities	<u>(3.1)</u>	<u>(31.2)</u>
Net cash used in operating activities from continuing operations	<u>(116.8)</u>	<u>(19.8)</u>
CASH FLOWS FROM INVESTING ACTIVITIES FROM CONTINUING OPERATIONS:		
Acquisitions, including deferred payments, net of cash acquired	(136.3)	(141.3)
Capital expenditures	(77.5)	(72.1)
Proceeds from sales of businesses and fixed assets	28.9	3.9
Proceeds from sales of investments	10.6	21.3
Purchases of investments	(10.3)	(37.6)
Maturities of short-term marketable securities	43.2	17.2
Purchases of short-term marketable securities	<u>(35.4)</u>	<u>(27.8)</u>
Net cash used in investing activities from continuing operations	<u>(176.8)</u>	<u>(236.4)</u>
CASH FLOWS FROM FINANCING ACTIVITIES FROM CONTINUING OPERATIONS:		
Decrease in short-term bank borrowings	(5.1)	(209.1)
Payments of Convertible Subordinate Notes	(244.1)	(580.0)
Proceeds from 4.5% Convertible Senior Notes	--	800.0
Proceeds from long-term debt	0.5	0.9
Payments of long-term debt	(0.6)	(1.4)
Debt issuance costs	(2.3)	(26.9)
Preferred stock dividends	(9.8)	--
Common stock transactions	0.9	8.0
Distributions to minority interests	(10.9)	(7.4)
Contributions from minority interests	<u>6.1</u>	<u>0.5</u>
Net cash used in financing activities from continuing operations	<u>(265.3)</u>	<u>(15.4)</u>

Effect of exchange rates on cash and cash equivalents	_(12.5)	52.1
Net cash used in discontinued operations	--	_(13.4)
Decrease in cash and cash equivalents	(571.4)	(232.9)
Cash and cash equivalents at beginning of year	2,005.7	933.0
Cash and cash equivalents at end of period	\$ 1,434.3	\$ 700.1

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

THE INTERPUBLIC GROUP OF COMPANIES, INC.
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 June 30, 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 as later amended and replaced by the Company in its Current Report on Form 8-K dated May 26, 2004 (the "2003 Form 10-K"). The operating results for the first six months of the year are not necessarily indicative of the results for the full 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)

Basic and diluted (a)

	<u>Three Months Ended June 30,</u>	
	<u>2004</u>	<u>2003</u>
Loss from continuing operations	\$ (5.4)	\$ (23.0)
Income from discontinued operations (net of tax)	--	9.5
Net loss	(5.4)	(13.5)
Less: preferred stock dividends	5.0	--
Net loss applicable to common stockholders	\$ (10.4)	\$ (13.5)
Weighted average number of common shares outstanding	414.6	384.3
Loss per common share from continuing operations	\$ (0.03)	\$ (0.06)
Earnings per common share from discontinued operations	--	0.02
Net loss per common share - basic and diluted	\$ (0.03)	\$ (0.04)

(Amounts in Millions, Except Per Share Amounts)

Basic and diluted (a)

	<u>Six Months Ended June 30,</u>	
	<u>2004</u>	<u>2003</u>
Loss from continuing operations	\$ (22.3)	\$ (34.2)
Income from discontinued operations (net of tax)	--	12.1
Net loss	(22.3)	(22.1)
Less: preferred stock dividends	9.8	--
Net loss applicable to common stockholders	\$ (32.1)	\$ (22.1)
Weighted average number of common shares outstanding	413.9	383.1
Loss per common share from continuing operations	\$ (0.08)	\$ (0.09)
Earnings per common share from discontinued operations	--	0.03

Net loss per common share - basic and diluted

\$ (0.08) \$ (0.06)

As discussed in Note 7, the Company adopted the provision of EITF 03-6, *Participating Securities and the Two-Class Method Under FASB Statement No. 128*, during the quarter ended June 30, 2004. The adoption of this pronouncement had no impact on the calculation of EPS for any period presented due to the fact that the holders of the relevant securities do not participate in the Company's net losses.

THE INTERPUBLIC GROUP OF COMPANIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

- 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 1.80% 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, and the assumed vesting of restricted stock and exercise of stock options because they were anti-dilutive. On January 20, 2004, the Company exercised its right to redeem all of the 1.80% Convertible Subordinated Notes.

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:

(Shares in Millions)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2004	2003	2004	2003
Stock Options and Restricted Stock	4.3	4.4	4.7	4.1
Convertible Notes	44.6	13.1	56.6	13.1
Series A Mandatory Convertible Preferred Stock	<u>26.2</u>	<u>--</u>	<u>24.9</u>	<u>--</u>
Total	<u>75.1</u>	<u>17.5</u>	<u>86.2</u>	<u>17.2</u>

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*, as amended by SFAS 148, *Accounting for Stock Based Compensation-Transition and Disclosure*, 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 June 30,	
	2004	2003
Loss from continuing operations, as reported	\$ (5.4)	\$ (23.0)
Less: preferred stock dividends	<u>5.0</u>	<u>--</u>
Loss from continuing operations applicable to common stockholders	(10.4)	(23.0)
Add back:		
Stock-based employee compensation expense included in reported net income, net of tax	6.2	5.5
Deduct:		
Total fair value of stock based employee compensation expense, net of tax	<u>(13.9)</u>	<u>(16.4)</u>
Pro forma loss from continuing operations applicable to common stockholders	\$ <u>(18.1)</u>	\$ <u>(33.9)</u>

Loss Per Common Share From Continuing Operations

Basic loss per share

\$ (0.08) \$ (0.06)

As reported	\$	(0.05)	\$	(0.06)
Pro forma	\$	(0.04)	\$	(0.09)
Diluted loss per share				
As reported	\$	(0.03)	\$	(0.06)
Pro forma	\$	(0.04)	\$	(0.09)

THE INTERPUBLIC GROUP OF COMPANIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For purposes of this pro forma information, the fair value of shares under the ESPP was based on the 15% discount received by employees. The weighted-average fair value (discount) on the date of purchase for stock purchased under this plan was \$2.19 and \$1.90 for the three months ended June 30, 2004 and 2003, respectively.

The weighted-average fair value of options granted during the three months ended June 30, 2004 and 2003 was \$6.99 and \$6.13, respectively. The fair value of each option grant has been estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions:

	<u>Three Months Ended June 30,</u>	
	<u>2004</u>	<u>2003</u>
Expected option lives	6 years	6 years
Risk free interest rate	4.25%	2.79%
Expected volatility	44.67%	45.75%
Dividend yield	--	--

	<u>Six Months Ended June 30,</u>	
	<u>2004</u>	<u>2003</u>
<i>(Amounts in Millions, Except Per Share Amounts)</i>		
Loss from continuing operations, as reported	\$ (22.3)	\$ (34.2)
Less: preferred stock dividends	<u>9.8</u>	<u>--</u>
Loss from continuing operations applicable to common stockholders	(32.1)	(34.2)
Add back:		
Stock-based employee compensation expense included in reported net income, net of tax	10.9	11.3
Deduct:		
Total fair value of stock based employee compensation expense, net of tax	<u>(26.6)</u>	<u>(30.3)</u>
Pro forma loss from continuing operations applicable to common stockholders	\$ <u>(47.8)</u>	\$ <u>(53.2)</u>

Loss Per Common Share From Continuing Operations

Basic loss per share				
As reported	\$	(0.08)	\$	(0.09)
Pro forma	\$	(0.12)	\$	(0.14)
Diluted loss per share				
As reported	\$	(0.08)	\$	(0.09)
Pro forma	\$	(0.12)	\$	(0.14)

For purposes of this pro forma information, the fair value of shares under the ESPP was based on the 15% discount received by employees. The weighted-average fair value (discount) on the date of purchase for stock purchased under this plan was \$1.19 and \$1.70 for the six months ended June 30, 2004 and 2003, respectively.

The weighted-average fair value of options granted during the six months ended June 30, 2004 and 2003 was \$7.14 and \$4.62, respectively. The fair value of each option grant has been estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions:

	<u>Six Months Ended June 30,</u>	
	<u>2004</u>	<u>2003</u>
Expected option lives	6 years	6 years

Risk free interest rate	4.08%	3.34%
Expected volatility	44.68%	43.65%
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.

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During the three and six month periods ended June 30, 2004, the Company recorded net restructuring charges of \$6.6 million and \$70.8 million, respectively, in connection with the 2003 restructuring program, as discussed below. The net 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. As of June 30, 2004, the lease termination costs have been discounted by \$5.0 million.

A summary of the 2003 program on a life-to-date basis is as follows:

<i>(Dollars in Millions)</i>	For the Year Ended December 31, 2003	Six Months Ended June 30, 2004	Total Program Through June 30, 2004
Severance and termination costs	\$ 126.2	\$ 20.9	\$ 147.1
Lease terminations and other exit costs	<u>37.0</u>	<u>49.9</u>	<u>86.9</u>
Total	\$ <u>163.2</u>	\$ <u>70.8</u>	\$ <u>234.0</u>
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 program. Ninety-two offices have already been vacated and an additional seven 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 ninety-two offices vacated are located in the US, with approximately one third in overseas markets, principally in Europe.

In addition, charges of \$2.7 million and \$10.3 million have been incurred in the three and six month periods ended June 30, 2004, respectively, 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 \$4.8 million were incurred in the three months ended June 30, 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:

<i>(Dollars in Millions)</i>	Liability at December 31, 2003	Reclassifications(1)	Charges	Non-Cash Items (2)	Cash Payments	Foreign Currency Adjustment	Liability at June 30, 2004
Severance and termination costs	\$ 37.7	\$ 1.6	\$ 20.9	\$ --	\$ (41.6)	\$ 0.7	\$ 19.3
Lease terminations and other exit costs	<u>24.1</u>	<u>13.0</u>	<u>49.9</u>	<u>(6.7)</u>	<u>(12.7)</u>	<u>0.7</u>	<u>68.3</u>
Total	\$ <u>61.8</u>	\$ <u>14.6</u>	\$ <u>70.8</u>	\$ <u>(6.7)</u>	\$ <u>(54.3)</u>	\$ <u>1.4</u>	\$ <u>87.6</u>

(1) Amounts shown as reclassifications above reflect accruals previously maintained on the Consolidated Balance Sheet in other balance sheet captions.

(2) Amounts shown as non-cash charges above reflect the write-off of previously deferred amounts associated with the straightlining of leases that do not represent future cash obligations.

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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 regarding the 2001 restructuring plan is as follows:

<i>(Dollars in Millions)</i>	Liability at December 31, <u>2003</u>	Reclassifications (1)	Charges (Credits)	Cash Payments	Liability at June 30, <u>2004</u>
Severance and termination costs	\$ 5.0	\$ 5.8	\$ (5.0)	\$ (2.0)	\$ 3.8
Lease terminations and other exit costs	<u>73.9</u>	<u>(6.2)</u>	<u>(1.2)</u>	<u>(17.5)</u>	<u>49.0</u>
Total	<u>\$ 78.9</u>	<u>\$ (0.4)</u>	<u>\$ (6.2)</u>	<u>\$ (19.5)</u>	<u>\$ 52.8</u>

(1) Amounts shown as reclassifications above reflect accruals previously maintained on the Consolidated Balance Sheet in other balance sheet captions.

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.

5. Long-Lived Asset Impairments

During the three and six month periods ended June 30, 2004, the Company recorded total charges of \$3.0 million and \$8.6 million, respectively. These amounts included \$2.0 million and \$6.0 million, respectively, primarily related to the impairment of long-lived assets of businesses sold or to be sold, and \$0.7 million and \$2.3 million, respectively, related to capital expenditure outlays in its Motorsports business which were expensed as incurred.

During the three and six month periods ended June 30, 2003, the Company recorded a charge of \$11.0 million and \$22.1 million, respectively, related to the impairment of long-lived assets at its Motorsports business. These amounts include \$8.7 million and \$12.7 million, respectively, of capital expenditure outlays in its Motorsports business which were expensed as incurred.

6. Investment Impairment

During the six-month period ended June 30, 2004, the Company recorded investment impairment charges of \$3.2 million related to declines in value of certain available-for-sale investments that were determined to be "other than temporary". No such amounts were recorded in the three-month period ended June 30, 2004. During the three and six month periods ended June 30, 2003, the Company recorded charges of \$9.8 million and \$12.5 million, respectively, related to certain investments in Brazil, India, Canada and Japan that had been determined to have incurred an "other than temporary" impairment.

7. Recent Accounting Standards

In 2003, the FASB issued FASB Interpretation No. 46, *Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51 ("FIN 46")*, 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. As discussed in Note 15, the Company has a variable interest in an entity of which it is the primary beneficiary. The Company has not consolidated this entity as it is unable to obtain the necessary information.

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In January 2004, FASB Staff Position No. 106-1 ("FSP 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 that is actuarially equivalent to that specified under Medicare (Part D) to make a one-time election to defer accounting for the effects of the new legislation. The Company elected, at that time, to defer the accounting for the effects of this legislation until regulations governing actuarial equivalence were issued.

In May 2004, FASB Staff Position No. 106-2 ("FSP 106-2"), *Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003*, was issued which supercedes FSP 106-1 and provides guidance on accounting for the effects of the Medicare prescription legislation. Although the federal regulations for determining actuarial equivalence have not been finalized, the Company believes that its prescription drug plan will qualify for actuarial equivalence and has estimated that the impact on the accumulated postretirement benefit obligation and on net periodic postretirement benefit cost will be negligible. The Company will continue to refine its estimates as federal regulations for determining actuarial equivalence are clarified and will implement the requirements of this pronouncement as required in the quarter beginning July 1, 2004.

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 Company adopted the provisions of this pronouncement during the quarter ended June 30, 2004. (See Note 2 for discussion of impact upon adoption.)

In July 2004, the EITF reached a tentative conclusion on EITF 04-8, *Accounting Issues Related to Certain Features of Contingently Convertible Debt and the Effect on Diluted Earnings Per Share*, that addresses when the dilutive effect of contingently convertible debt with a market price trigger should be included in diluted EPS. The Company will assess the impact on its contingently convertible debt when the Task Force issues its final conclusion.

8. **Components of Net Periodic Benefit Cost**

The components of net periodic benefit cost for pension and retiree medical plans are as follows:

For the Three Months Ended June 30:

(Dollars in Millions)

	<u>Pension Plans</u>			
	<u>Domestic</u>		<u>Foreign</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Service cost	\$ --	\$ --	\$ 3.1	\$ 2.9
Interest cost	2.1	0.4	4.1	3.4
Expected return on plan assets	(2.2)	(0.3)	(2.8)	(2.2)
Amortization of unrecognized transition obligation	--	--	--	0.2
Amortization of net loss	<u>1.4</u>	<u>0.2</u>	<u>1.2</u>	<u>1.1</u>
Net periodic benefit cost	<u>\$ 1.3</u>	<u>\$ 0.3</u>	<u>\$ 5.6</u>	<u>\$ 5.4</u>

For the Six Months Ended June 30:

(Dollars in Millions)

	<u>Pension Plans</u>			
	<u>Domestic</u>		<u>Foreign</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Service cost	\$ --	\$ --	\$ 6.1	\$ 5.9
Interest cost	4.2	0.8	8.3	6.9
Expected return on plan assets	(4.4)	(0.6)	(5.6)	(4.3)
Amortization of unrecognized transition obligation	--	--	0.1	0.4
Amortization of net loss	<u>2.8</u>	<u>0.4</u>	<u>2.4</u>	<u>2.2</u>
Net periodic benefit cost	<u>\$ 2.6</u>	<u>\$ 0.6</u>	<u>\$ 11.3</u>	<u>\$ 11.1</u>

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For the Three Months Ended June 30:

(Dollars in Millions)

	<u>Other Postretirement Benefits</u>	
	<u>Domestic</u>	
	<u>2004</u>	<u>2003</u>
Service cost	\$ --	\$ 0.2
Interest cost	1.2	0.8
Expected return on plan assets	--	--
Amortization of unrecognized transition obligation	0.1	--
Amortization of net loss	<u>0.3</u>	<u>--</u>
Net periodic benefit cost	\$ <u>1.6</u>	\$ <u>1.0</u>

For the Six Months Ended June 30:

(Dollars in Millions)

	<u>Other Postretirement Benefits</u>	
	<u>Domestic</u>	
	<u>2004</u>	<u>2003</u>
Service cost	\$ 0.2	\$ 0.4
Interest cost	2.0	1.6
Expected return on plan assets	--	--
Amortization of unrecognized transition obligation	0.1	--
Amortization of net loss	<u>0.3</u>	<u>--</u>
Net periodic benefit cost	\$ <u>2.6</u>	\$ <u>2.0</u>

The Company made a contribution of \$30 million to the domestic pension plan in the first quarter of 2004. The Company has not contributed, and presently does not anticipate contributing, any additional funds to its domestic pension plan. The Company intends to contribute \$5.3 million to its domestic postretirement benefit plan in 2004.

9. Segment Information

At June 30, 2004, the Company is organized into four global operating groups together with several stand-alone agencies. The four global operating groups are: a) McCann; b) FCB; c) The Partnership; and d) CMG. The stand-alone agencies include Initiative Media, Campbell-Ewald, Hill Holliday, Deutsch and Octagon Worldwide ("OWW") which provide advertising and/or marketing communication services. Each of the four groups and the stand-alone agencies has its own management structure and reports to senior management of the Company on the basis of this structure.

As of December 31, 2003, the Company had another global operating group, Interpublic Sports and Entertainment Group ("SEG"). SEG included OWW, Motorsports, Jack Morton Worldwide ("Jack Morton") and certain other businesses. In the first quarter of 2004, Motorsports began to be reported as a separate reportable segment and Jack Morton was transferred into CMG. In transferring Jack Morton into CMG, the Company formalized the relationship among certain agencies, including Weber Shandwick Worldwide, Golin/Harris International, DeVries Public Relations, Marketing Corporation of America, FutureBrand and Jack Morton, which now comprise CMG. During the second quarter of 2004, SEG was disbanded and its component parts were either reallocated to one of the four global operating groups or became stand-alone agencies.

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 (except OWW), 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 (except OWW) have been aggregated into a reportable segment. OWW and Motorsports have different economic characteristics and 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, accordingly, are reported as separate reportable segments in 2004.

Accordingly, in accordance with SFAS No. 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.

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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 for the three and six month periods ended June 30, 2004 and 2003 is as follows:

<i>(Dollars in Millions)</i>	IPG (Excl. OWW and Motorsports)			Consolidated Total
Three Months Ended June 30, 2004	<u>OWW</u>	<u>Motorsports</u>	<u>Motorsports</u>	<u>Total</u>
Revenue	\$ 1,497.3	\$ 39.3	\$ 7.5	\$ 1,544.1
Operating income (loss)	140.2	2.9	(84.6)	58.5
Depreciation and amortization of fixed assets	40.6	0.8	--	41.4
Capital expenditures	\$ 31.3	\$ --	\$ 0.7	\$ 32.0

Three Months Ended June 30, 2003

Revenue	\$ 1,440.2	\$ 41.7	\$ 17.5	\$ 1,499.4
Operating income (loss)	87.1	(14.3)	(20.9)	51.9
Depreciation and amortization of fixed assets	41.8	0.8	0.8	43.4
Capital expenditures	\$ 33.4	\$ 0.2	\$ 8.9	\$ 42.5

<i>(Dollars in Millions)</i>	IPG (Excl. OWW and Motorsports)			Consolidated Total
Six Months Ended June 30, 2004	<u>OWW</u>	<u>Motorsports</u>	<u>Motorsports</u>	<u>Total</u>
Revenue	\$ 2,850.4	\$ 78.3	\$ 10.5	\$ 2,939.2
Operating income (loss)	139.5	3.2	(94.6)	48.1
Total assets	11,916.8	154.9	84.5	12,156.2
Goodwill	3,427.4	1.5	--	3,428.9
Depreciation and amortization of fixed assets	86.0	1.6	--	87.6
Capital expenditures	\$ 67.2	\$ 0.3	\$ 2.3	\$ 69.8

Six Months Ended June 30, 2003

Revenue	\$ 2,701.7	\$ 86.0	\$ 27.4	\$ 2,815.1
Operating income (loss)	130.2	(15.0)	(42.5)	72.7
Total assets	11,563.3	387.1	146.3	12,096.7
Goodwill	3,329.3	211.4	0.1	3,540.8
Depreciation and amortization of fixed assets	83.4	1.7	1.8	86.9
Capital expenditures	\$ 55.3	\$ 0.4	\$ 16.4	\$ 72.1

A reconciliation of information between reportable segments and the Company's consolidated pre-tax earnings for the three and six month periods ended June 30, 2004 and 2003 is shown in the following table:

<i>(Dollars in Millions)</i>	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Total operating income for reportable segments	\$ 58.5	\$ 51.9	\$ 48.1	\$ 72.7
Interest expense	(38.4)	(46.1)	(77.5)	(84.9)
Interest income	10.4	10.2	20.1	18.1
Other income	2.3	0.3	3.4	0.1
Investment impairment	--	(9.8)	(3.2)	(12.5)
Income (Loss) before income taxes	\$ <u>32.8</u>	\$ <u>6.5</u>	\$ <u>(9.1)</u>	\$ <u>(6.5)</u>

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

Acquisitions

During the six months ended June 30, 2004, the Company completed one acquisition for \$6.5 million in cash. During the same period in 2003, the Company completed two acquisitions for \$4.0 million in cash.

Deferred Payments and Purchase of Additional Interests

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

<i>(Dollars in Millions)</i>	Six Months Ended June 30			
	Deferred Payments		Purchase of Additional Interests	
	2004	2003	2004	2003
Cash	\$ 106.8	\$ 110.0	\$ 14.8	\$ 24.3
Stock	<u>14.6</u>	<u>37.6</u>	<u>1.2</u>	<u>3.2</u>
Total	\$ <u>121.4</u>	\$ <u>147.6</u>	\$ <u>16.0</u>	\$ <u>27.5</u>

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.

Other Payments

During the first six months of 2004 and 2003, the Company made the following payments principally related to loan notes and guaranteed deferred payments that had been previously recognized as liabilities on the Company's Consolidated Balance Sheet:

<i>(Dollars in Millions)</i>	Six Months Ended June 30,	
	2004	2003
Cash	\$ 8.2	\$ 3.9
Stock	<u>--</u>	<u>0.1</u>
Total	\$ <u>8.2</u>	\$ <u>4.0</u>

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 Sterling (approximately \$26 million). An additional contingent amount of up to 2 million Pounds Sterling (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. (See Note 12 for discussion of additional transactions related to Motorsports.)

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:

<i>(Dollars in Millions)</i>	Three Months	Six Months Ended
	Ended June 30,	June 30, 2003
	2003	2003
Pre-tax income from discontinued operations	\$ 16.0	\$ 20.4
Tax expense	<u>6.5</u>	<u>8.3</u>
Income from discontinued operations	\$ <u>9.5</u>	\$ <u>12.1</u>

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11. 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 were 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 expired on May 13, 2004. The Company entered into a new 364-day revolving credit facility with a syndicate of banks on 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. On May 10, 2004, the Company replaced the Five-Year Revolving Credit Facility with 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 New Revolving Credit Facilities are used for general corporate purposes, including commercial paper backstop and acquisition financing. As of June 30, 2004, the Company did not have any borrowings under the New 364-Day Revolving Credit Facility and utilized \$132.3 million under the Three-Year Revolving Credit Facility for the issuance of letters of credit.

As with the Old Revolving Credit Facilities, the New Revolving Credit Facilities bear interest at variable rates based on either LIBOR or a bank's base rate, at the Company's option. The interest rates on LIBOR loans and base rate loans under the New Revolving Credit Facilities are affected by the facilities' utilization levels and the Company's credit ratings, as was 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 June 30, 2004 were 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 were 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 and 5 basis points with respect to the base rate, respectively.

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 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 September 30, 2003, December 31, 2003, March 31, 2004, June 30, 2004 and

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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 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, respectively, 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.

In determining the Company's compliance with the financial covenants under the New Revolving Credit Facilities as of June 30, 2004, the following charges for the four fiscal quarters most recently ended were added back in the calculation of EBITDA: (i) \$173.6 million of restructuring charges (\$139.6 million of which were cash charges), (ii) \$38.0 million of non-cash charges with respect to the impairment of the remaining book value of the Company's Motorsports business, (iii) \$5.8 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; (v) \$115.0 million of charges (primarily non-cash) relating to certain litigation matters, and (vi) \$80.0 million in cash payments made by the Company in connection with the transfer of liabilities and obligations of the Company's Motorsports business. 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.

As of June 30, 2004, the Company was in compliance with all covenants (including the financial covenants) in the New Revolving Credit Facilities, using the definition of EBITDA under the New Revolving Credit Facilities. 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 common stock buybacks and dividend payments on the Company's capital stock are 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 common stock buybacks. Any unused portion of the permitted amount of \$50.0 million, may be rolled over into 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 New Revolving Credit Facilities, at June 30, 2004 the Company had \$0.7 million of committed lines of credit, all of which were provided by banks participating in the New Revolving Credit Facilities. At June 30, 2004, no amounts were outstanding under these committed lines of credit. The Company's committed borrowings are repayable upon maturity.

At June 30, 2004, the Company also had \$693.7 million of uncommitted lines of credit, 70.4% of which were provided by banks participating in the New Revolving Credit Facilities. At June 30, 2004, \$34.2 million was outstanding under these uncommitted lines of credit. The Company's uncommitted borrowings are repayable upon demand.

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 statement. The total net proceeds

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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. A dividend payment of \$0.671875 per share and amounting to \$5.0 million was declared on May 18, 2004 and was paid on June 15, 2004 to stockholders of record at the close of business on June 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 a stable outlook. On April 2, 2004, Fitch Ratings affirmed the Company's senior unsecured, and subordinated debt ratings at BB+ and BB-, respectively, with a stable outlook.

Standard & Poor's Ratings Services ("S&P") rates the Company's senior unsecured debt at BB+ with a negative outlook.

12. **Motorsports**

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 Sterling (approximately \$26 million). An additional contingent amount of up to 2 million Pounds Sterling (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.

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 relating to the British Grand Prix held at the Silverstone racetrack in the United Kingdom. Under this agreement, Interpublic and Silverstone Motorsports were released from their obligations 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 paid a total of \$93 million to the FOA in installments of \$46.5 million on April 19, 2004 and \$46.5 million on May 24, 2004. A charge of \$80.0 million was recognized related to this transaction during the three-month period ended June 30, 2004 reflecting the existence of approximately \$13 million in existing reserves related to this agreement.

On July 1, 2004, the Company entered into a series of agreements with the British Racing Drivers Club (the "BRDC") regarding the potential termination of the Company's remaining motorsports obligations in the United Kingdom. These agreements give the Company and its affiliates the right to terminate their lease obligations at the Silverstone auto racing track and related agreements, with such right being in effect from November 1, 2004 through December 15, 2004. In connection with these agreements, the Company will pay the BRDC 27 million Pounds Sterling (approximately \$49 million) in two installments. The first installment of approximately \$24.5 million was paid on July 1, 2004 by the Company, with the balance payable on the date the Company exercises its right of termination or as early as September 30, 2004 under certain circumstances. As a result of these agreements, the Company estimates that it will take a pre-tax charge of approximately \$45 million in the second half of 2004.

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13. **Effective Income Tax Rate**

The Company recorded income tax provisions of \$6.6 million and \$16.8 million on pretax losses of \$9.1 million and \$6.5 million for the six months ended June 30, 2004 and 2003, respectively. The Company's effective income tax rate was (72.5%) and (258.5%) for the six months ended June 30, 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. Several discrete items also impacted the effective tax rate for 2004. The most significant items were pretax charges and related 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 further impacted in subsequent quarters from pretax charges and related tax benefits arising from its ongoing efforts to exit the Motorsports business. Other discrete items impacting the effective tax rates for 2004 and 2003 were restructuring charges, impairment charges and operating losses in a number of non-US jurisdictions that receive little or no tax benefit.

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 results, 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 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 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

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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. 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. On July 20, 2004, the Court entered an order granting preliminary approval to the proposed settlement.

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 class consists 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 September 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. On May 19, 2004, the Court entered an order dismissing the action with prejudice.

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 the same breach of fiduciary duties claim as the state court actions, and adds a claim for contribution and forfeiture against two of the individual defendants pursuant to Section 21D of the Exchange Act

and Section 304 of the Sarbanes-Oxley Act. On July 11, 2003, plaintiffs filed a Second Amended Derivative Complaint, asserting the same claims. The complaint does not state a specific amount of damages. On August 12, 2003, defendants moved to dismiss this action. On January 26, 2004, Interpublic reached an agreement in principle to settle this derivative action, agreeing to institute certain corporate governance procedures. On July 20, 2004, the Court entered an order granting preliminary approval to the proposed settlement.

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To effect these settlements, the Court will have to grant final approval to the terms of the settlements. The Company cannot give any assurances that the settlements will receive final approval of the Court. In the event that a final settlement is not 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 to settle these actions.

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. The Company 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.

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 state and local tax adjustments, of \$41.5 million (plus interest) for the taxable years 1994 to 1996. The Company believes the tax positions 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. On August 3, 2004, the Company entered into a Closing Agreement with the IRS Appeals Office settling one of the protested tax matters. This settlement will not have a material effect on the Company's financial position since the amount of the settlement does not exceed previously established tax reserves. Meanwhile, other issues still remain to be resolved with the IRS Appeals Office. Although the ultimate resolution of these remaining matters will likely require the Company to pay additional taxes, the Company anticipates any such payments will not have a material effect on the Company's financial position and results of operations.

Other Contingencies

At June 30, 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 \$636.7 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 June 30, 2004, there are no Company assets pledged as security for amounts owed under these guarantees.

Other Items

The Company does not currently maintain a reserve for any potential severance amounts that may be payable in the future other than amounts provided in connection with the restructuring programs. Although, as evidenced by the restructuring programs discussed in Note 4 above, the Company has paid significant amounts of severance in the past, it cannot presently predict what its future experience will be. Accordingly, no additional severance accrual has been recorded.

The Company currently has a 49% equity interest in a small advertising agency which maintains its status as a minority-owned business. In addition to the approximately \$7 million invested in the Company, loans of approximately \$8 million had also been advanced by the Company. Based on the criteria set out in FIN 46, it was determined that the entity is a variable interest entity and further, since the Company is the primary beneficiary, the entity should be consolidated. Detailed financial information for the entity is, however, not available and, accordingly, the Company has not consolidated the entity. The Company wrote off both the investment and the loan receivable from the entity in 2003 and has no further financial commitments or risks associated with this investment. The annual revenues of the entity approximate \$14 million and the Company believes it is not a material entity.

During the three and six months ended June 30, 2004, the Company recorded pre-tax charges of approximately \$12.8 million related to revenue and operating expenses that it has determined related to prior years. Additionally, the Company recorded a reduction in tax expense of \$3.4 million that it has determined related to prior years. The Company has further determined that these adjustments are not material to any prior year nor to the amount it currently estimates it will earn for the twelve months ended December 31, 2004.

Subsequent Events

In July 2004, the Company entered into a series of agreements with the BRDC regarding the potential termination of the Company's remaining Motorsports obligations in the United Kingdom. (See Note 12 above for further details).

In July 2004, the Company received \$10 million from TNS as a final payment with respect to the sale of NFO. (See Note 10 for further detail).

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 9 to the Consolidated Financial Statements, the Company is now comprised of three reportable segments: Octagon Worldwide ("OWW"), Motorsports and Interpublic (excluding OWW and Motorsports).

OWW and Motorsports revenue is not material to the Company as a whole. In addition, other than the recording of long-lived asset impairment charges for OWW in 2003 and the Motorsports contract termination costs in 2004, discussed below, the operating results of OWW and Motorsports are not material to the Company, and therefore are not discussed in detail below.

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

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 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 flow for all periods presented in this document.

THREE MONTHS ENDED JUNE 30, 2004 COMPARED TO THREE MONTHS ENDED JUNE 30, 2003

The following table shows the Company's net income (loss) and earnings per common share for the quarters ended June 30, 2004 and 2003:

<i>(Dollars in Millions, Except Per Share Data)</i>	For the Three Months Ended	
	June 30,	
	<u>2004</u>	<u>2003</u>
Continuing Operations	\$ (5.4)	\$ (23.0)
Discontinued Operations	<u> --</u>	<u> 9.5</u>
Net Loss	\$ <u> (5.4)</u>	\$ <u> (13.5)</u>
Diluted EPS from Continuing Operations	\$ (0.03)	\$ (0.06)
Diluted EPS from Discontinued Operations	<u> --</u>	<u> 0.02</u>
Total Diluted EPS Per Common Share	\$ <u> (0.03)</u>	\$ <u> (0.04)</u>

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

<i>(Dollars in Millions)</i>	IPG			Consolidated
	(Excl. OWW and			
Three Months Ended June 30, 2004	Motorsports)	OWW	Motorsports	Total
Revenue	\$ 1,497.3	\$ 39.3	\$ 7.5	\$ 1,544.1
Salaries and related	874.6	16.4	2.8	893.8
Office and general	478.2	20.0	8.6	506.8
Restructuring charges	2.0	--	--	2.0
Long-lived asset impairments	2.3	--	0.7	3.0
Motorsports contract termination and other costs	<u> --</u>	<u> --</u>	<u> 80.0</u>	<u> 80.0</u>
Operating income (loss)	\$ <u> 140.2</u>	\$ <u> 2.9</u>	\$ <u> (84.6)</u>	\$ <u> 58.5</u>
Three Months Ended June 30, 2003				
Revenue	\$ 1,440.2	\$ 41.7	\$ 17.5	\$ 1,499.4
Salaries and related	860.2	15.1	3.1	878.4
Office and general	398.6	40.9	24.2	463.7
Restructuring charges	94.3	--	0.1	94.4
Long-lived asset impairments	<u> --</u>	<u> --</u>	<u> 11.0</u>	<u> 11.0</u>
Operating income (loss)	\$ <u> 87.1</u>	\$ <u> (14.3)</u>	\$ <u> (20.9)</u>	\$ <u> 51.9</u>

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

Some of the key factors driving the financial results in the three months ended June 30, 2004 were:

Operating Income (Loss)

- * Weaker US Dollar exchange rates for 2004, primarily versus the Euro and Pound Sterling, that resulted in higher US Dollar revenue and expense in comparison to 2003;
- * Organic revenue increases as a result of higher demand for the Company's advertising and marketing communications services by current clients primarily in the US. However, this was offset by continued softness in demand for services in international markets, particularly in Europe and in the Company's public relations services and other project-based businesses;
- * Increases in professional fees resulting from costs associated with preparation for compliance with the Sarbanes-Oxley Act and the Company's shared services initiatives;

- * Net restructuring charges of \$2.0 million were recorded in the second quarter of 2004. In connection with the Company's restructuring program, charges of \$2.7 million were also recorded in office and general expenses, related to the acceleration of amortization of leasehold improvements;
- * Long-lived asset impairment charges of \$3.0 million were recorded primarily related to the long-lived assets of a US based business, which the Company is in negotiations to sell, and current capital expenditure outlays at the Company's Motorsports business.
- * A charge of \$80.0 million was recorded reflecting payments, net of existing reserves, to the Formula One Administration related to the Company's Motorsports business to terminate and be released from its obligations related to the British Grand Prix held in the United Kingdom.

In addition, as discussed in Note 15, the Company recorded a pre-tax charge of approximately \$12.8 million related to revenue and operating expenses that it has determined related to prior years. In addition, the Company recorded \$3.4 million of tax benefits determined to be related to prior years.

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:

<i>(Dollars in Millions)</i>	For Quarters Ended June 30,							
					<u>Increase/(Decrease)</u>			
	<u>2004</u>	<u>% of Total</u>	<u>2003</u>	<u>% of Total</u>	<u>Reported</u>	<u>%</u>	<u>Excluding</u>	<u>Currency Effect</u>
				<u>Dollars</u>	<u>%</u>	<u>Dollars</u>	<u>%</u>	
Domestic Revenue	\$ 860.9	56%	\$ 835.4	56%	\$ 25.5	3.1%	\$ 25.5	3.1%
International Revenue	<u>683.2</u>	<u>44%</u>	<u>664.0</u>	<u>44%</u>	<u>19.2</u>	<u>2.9%</u>	<u>(5.5)</u>	<u>(0.8)%</u>
Worldwide Revenue	\$ <u>1,544.1</u>	<u>100%</u>	\$ <u>1,499.4</u>	<u>100%</u>	\$ <u>44.7</u>	<u>3.0%</u>	\$ <u>20.0</u>	<u>1.3%</u>

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

The components of the total revenue change for the second quarter of 2004 compared to the second quarter of 2003 were:

<i>(Dollars in Millions)</i>	<u>\$ Change</u>	<u>Increase/(Decrease)</u>
Foreign currency changes	\$ 24.7	1.7%
Net acquisitions/divestitures	(20.8)	(1.4)%
Reclassifications	36.6	2.4%
Organic revenue	<u>4.2</u>	<u>0.3%</u>
Total revenue increase	\$ <u>44.7</u>	<u>3.0%</u>

The increase in organic revenue was 0.3% for the second quarter of 2004 compared to 2003. This was due to an increase in client demand for advertising and marketing services in the US, which was offset by reduced demand for the Company's marketing services, including public relations services and other project related businesses in international markets, primarily in Europe. Coincident with the signs of an economic recovery, the Company's revenue trend improved sequentially toward the latter part of 2003 and into the second 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, a decline of 0.6% in the first quarter of 2004, and an increase of 0.3% in the second quarter of 2004 in comparison with the same periods in the prior year.

OPERATING EXPENSES

Salaries and Related Expenses

Salaries and related expenses were \$893.8 million and \$878.4 million for the three months ended June 30, 2004 and 2003, respectively, an increase of \$15.4 million or 1.8%. The increase reflects the effect of higher foreign exchange rates, primarily the Euro and Pound Sterling, versus the US Dollar and additional contractual compensation recorded as a result of prior acquisition agreements. Offsetting this increase is a decrease in salaries as a result of lower headcount. Total headcount was 43,900 at June 30, 2004 compared with 44,500 at June 30, 2003, as a result of the Company's restructuring program, partially offset by increases in headcount, primarily in the US, to support organic growth initiatives.

The components of the total change for the second quarter of 2004 compared to the second quarter of 2003 were:

<i>(Dollars in Millions)</i>	<u>\$ Change</u>	<u>Increase/(Decrease)</u>
Foreign currency changes	\$ 13.8	1.6%
Net acquisitions/divestitures	(9.8)	(1.1)%
Reclassifications	2.3	0.3%
Increase in salaries and related expenses (organic basis)	<u>9.1</u>	<u>1.0%</u>
Total change	\$ <u>15.4</u>	<u>1.8%</u>

Office and General Expenses

Office and general expenses were \$506.8 million and \$463.7 million in the quarters ended June 30, 2004 and 2003, respectively, an increase of \$43.1 million or 9.3%. The increase reflects the effect of higher foreign exchange rates, primarily the Euro and Pound Sterling, versus the US Dollar, and the reclassifications related to grossing-up expenses as previously discussed above under "Overview".

The increase in office and general expenses on an organic basis was primarily due to higher professional fees resulting from costs associated with preparation for compliance with the Sarbanes-Oxley Act and costs associated with the development of systems and processes related to the Company's shared services initiatives. Offsetting these increases are reductions in occupancy costs as a result of the 2003 restructuring program.

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

The components of the total change for the second quarter of 2004 compared to the second quarter of 2003 were:

<i>(Dollars in Millions)</i>	<u>\$ Change</u>	<u>Increase/(Decrease)</u>
Foreign currency changes	\$ 9.4	2.2%
Net acquisitions/divestitures	(12.4)	(3.0)%
Reclassifications	35.4	7.6%
Increase in office and general expenses (organic basis)	<u>10.7</u>	<u>2.5%</u>
Total change	\$ <u>43.1</u>	<u>9.3%</u>

Restructuring Charges

During the three and six months ended June 30, 2004, the Company recorded restructuring charges of \$2.0 million and \$64.6 million, respectively, in connection with the 2003 and 2001 programs discussed below.

The Company's 2003 program was essentially completed 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 through September 30, 2004. Approximately \$30 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 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.

During the three and six month periods ended June 30, 2004, the Company recorded net restructuring charges of \$6.6 million and \$70.8 million, respectively, in connection with the 2003 restructuring program, as discussed below. The net 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. As of June 30, 2004, the lease termination costs have been discounted by \$5.0 million.

A summary of the 2003 program on a life-to-date basis is as follows:

<i>(Dollars in Millions)</i>	<u>For the Year Ended December 31, 2003</u>	<u>Six Months Ended June 30, 2004</u>	<u>Total Program Through June 30, 2004</u>
Severance and termination costs	\$ 126.2	\$ 20.9	\$ 147.1
Lease terminations and other exit costs	<u>37.0</u>	<u>49.9</u>	<u>86.9</u>
Total	\$ <u>163.2</u>	\$ <u>70.8</u>	\$ <u>234.0</u>
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 program. Ninety-two offices have already been vacated and an additional seven 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 ninety-two offices vacated are located in the US, with approximately one third in overseas markets, principally in Europe.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF
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In addition, charges of \$2.7 million and \$10.3 million have been incurred in the three and six month periods ended June 30, 2004, respectively, 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 \$4.8 million were incurred in the three months ended June 30, 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:

<i>(Dollars in Millions)</i>	Liability at December 31,			Non-Cash Items (2)	Cash Payments	Foreign Currency Adjustment	Liability at June 30, 2004
	2003	Reclassifications(1)	Charges				
Severance and termination costs	\$ 37.7	\$ 1.6	\$ 20.9	\$ --	\$ (41.6)	\$ 0.7	
Lease terminations and other exit costs	<u>24.1</u>	<u>13.0</u>	<u>49.9</u>	<u>(6.7)</u>	<u>(12.7)</u>	<u>0.7</u>	\$ 19.3
Total	<u>\$ 61.8</u>	<u>\$ 14.6</u>	<u>\$ 70.8</u>	<u>\$ (6.7)</u>	<u>\$ (54.3)</u>	<u>\$ 1.4</u>	<u>\$ 87.6</u>

(1) Amounts shown as reclassifications above reflect accruals previously maintained on the Consolidated Balance Sheet in other balance sheet captions.

(2) Amounts shown as non-cash charges above reflect the write-off of previously deferred amounts associated with the straightlining of leases that do not represent future cash obligations.

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 regarding the 2001 restructuring plan is as follows:

<i>(Dollars in Millions)</i>	Liability at December 31,		Charges (Credits)	Cash Payments	Liability at June 30, 2004
	2003	Reclassifications (1)			
Severance and termination costs	\$ 5.0	\$ 5.8	\$ (5.0)	\$ (2.0)	
Lease terminations and other exit costs	<u>73.9</u>	<u>(6.2)</u>	<u>(1.2)</u>	<u>(17.5)</u>	\$ 3.8
Total	<u>\$ 78.9</u>	<u>\$ (0.4)</u>	<u>\$ (6.2)</u>	<u>\$ (19.5)</u>	<u>\$ 52.8</u>

(1) Amounts shown as reclassifications above reflect accruals previously maintained on the Consolidated Balance Sheet in other balance sheet captions.

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.

Long-Lived Asset Impairments

During the three months ended June 30, 2004, the Company recorded total charges of \$3.0 million. This amount includes \$2.0 million related to the impairment of long-lived assets of a US business in negotiations to be sold, and \$0.7 million related to capital expenditure outlays in its Motorsports business which were expensed as incurred.

During the three months ended June 30, 2003, the Company recorded a charge of \$11.0 million related to the impairment of long-lived assets at its Motorsports business. This amount includes \$8.7 million of capital expenditure outlays in its Motorsports business which were expensed as incurred.

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As discussed in Note 12, during the three months ended June 30, 2004, the Company recorded a charge of \$80 million related to the termination and release of obligations related to the British Grand Prix held at the Silverstone racetrack in the United Kingdom.

OTHER INCOME (EXPENSE)

Interest Expense

Interest expense was \$38.4 million for the three months ended June 30, 2004 compared with \$46.1 million in the same period of 2003. This was primarily due to the reduction in debt balances from the prior year, particularly the payment of the Prudential Agreement Loans in the third quarter of 2003 and the redemption of the Company's 1.80% Convertible Subordinated Notes in the first quarter of 2004.

Interest Income

Interest income was virtually unchanged at \$10.4 million for the three months ended June 30, 2004 compared with \$10.2 million in the same period in 2003.

Other Income (Expense)

The following table sets forth the components of other income:

(Dollars in Millions)	<u>Three Months Ended June 30,</u>	
	<u>2004</u>	<u>2003</u>
Gains (losses) on sale of businesses	\$ 1.4	\$ (0.6)
Gains on sales of other available-for-sale securities	<u>0.9</u>	<u>0.9</u>
Total	\$ <u>2.3</u>	\$ <u>0.3</u>

Investment Impairments

During the second quarter of 2003, the Company recorded a charge of \$9.8 million related to certain investments in Brazil, India, Canada and Japan that had been determined to have incurred an "other than temporary" impairment.

OTHER ITEMS

Effective Income Tax Rate

The Company recorded income tax provisions of \$33.4 million and \$22.4 million on pretax profits of \$32.8 million and \$6.5 million for the three months ended June 30, 2004 and 2003, respectively. The Company's effective income tax rate was 101.8% and 344.6% in the quarters ended June 30, 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. Several discrete items also impacted the effective tax rate for 2004. The most significant item being the pretax charges and related 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 further impacted in subsequent quarters from pretax charges and related tax benefits arising from its ongoing efforts to exit the Motorsports business. Other discrete items impacting the effective tax rates were restructuring charges, impairment charges and operating losses in a number of non-US jurisdictions that receive little or no tax benefit.

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

The realization of the Company's remaining deferred tax assets is primarily dependent on future earnings. Any reduction in estimated forecasted results, 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 \$5.6 million for the quarter ended June 30, 2004 compared to \$8.4 million in the same period of 2003. The decrease in the second quarter of 2004 was primarily due to the sale of majority-owned businesses in Latin America.

Unconsolidated Affiliates

Equity in net income (loss) of unconsolidated affiliates was \$0.8 million in the second quarter of 2004 compared to \$1.3 million in the corresponding period of 2003. The decrease in 2004 reflects losses related to unconsolidated affiliates in Europe partially offset by losses recorded in 2003 related to a US based sports and entertainment event business.

SIX MONTHS ENDED JUNE 30, 2004 COMPARED TO SIX MONTHS ENDED JUNE 30, 2003

The following table shows the Company's net income (loss) and earnings per common share for the six-month periods ended June 30, 2004 and 2003:

(Dollars in Millions, Except Per Share Data)	<u>For the Six Months Ended June 30,</u>	
	<u>2004</u>	<u>2003</u>
Continuing Operations	\$ (22.3)	\$ (34.2)

Discontinued Operations	--	12.1
Net Loss	\$ (22.3)	\$ (22.1)
Diluted EPS from Continuing Operations	\$ (0.08)	\$ (0.09)
Diluted EPS from Discontinued Operations	--	0.03
Total Diluted EPS Per Common Share	\$ (0.08)	\$ (0.06)

The following summarizes certain financial information by the three reportable segments:

<i>(Dollars in Millions)</i>	IPG (Excl. OWW and Motorsports)			Consolidated Total
	OWW	Motorsports	Motorsports	
Six Months Ended June 30, 2004				
Revenue	\$ 2,850.4	\$ 78.3	\$ 10.5	\$ 2,939.2
Salaries and related	1,729.6	32.4	5.8	1,767.8
Office and general	910.4	42.7	17.0	970.1
Restructuring charges	64.6	--	--	64.6
Long-lived asset impairments	6.3	--	2.3	8.6
Motorsports contract termination and other costs	--	--	80.0	80.0
Operating income (loss)	\$ 139.5	\$ 3.2	\$ (94.6)	\$ 48.1

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

Six Months Ended June 30, 2003

Revenue	\$ 2,701.7	\$ 86.0	\$ 27.4	\$ 2,815.1
Salaries and related	1,694.5	31.3	7.3	1,733.1
Office and general	782.7	69.7	40.4	892.8
Restructuring charges	94.3	--	0.1	94.4
Long-lived asset impairments	--	--	22.1	22.1
Operating income (loss)	\$ 130.2	\$ (15.0)	\$ (42.5)	\$ 72.7

RESULTS OF OPERATIONS

REVENUE

The following analysis provides further detail on revenue:

<i>(Dollars in Millions)</i>	For the Six Months Ended June 30,							
	2004	% of Total	2003	% of Total	Increase/(Decrease)			
					Reported		Excluding Currency Effect	
				Dollars	%	Dollars	%	
Domestic Revenue	\$ 1,679.3	57%	\$ 1,622.8	58%	\$ 56.5	3.5%	\$ 56.5	3.5%
International Revenue	1,259.9	43%	1,192.3	42%	67.6	5.7%	(23.4)	(1.8)%
Worldwide Revenue	\$ 2,939.2	100%	\$ 2,815.1	100%	\$ 124.1	4.4%	\$ 33.1	1.1%

The components of the total revenue change for the first six months of 2004 compared to the six months ended June 30, 2003 were:

<i>(Dollars in Millions)</i>	\$ Change	Increase/(Decrease)
Foreign currency changes	\$ 91.0	3.3%
Net acquisitions/divestitures	(38.7)	(1.4)%
Reclassifications	75.5	2.6%
Organic revenue	(3.7)	(0.1)%
Total revenue increase	\$ 124.1	4.4%

The decrease in organic revenue of 0.1% for the six months ended June 30, 2004 was due to decreases 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, which was offset by increases in advertising and marketing services in the US.

OPERATING EXPENSES

Salaries and Related Expenses

Salaries and related expenses were \$1,767.8 million and \$1,733.1 million for the six months ended June 30, 2004 and 2003, respectively, an increase of \$34.7 million or 2.0%. The increase reflects the effect of higher foreign exchange rates, primarily the Euro and Pound Sterling, versus the US Dollar and additional contractual compensation recorded as a result of prior acquisition agreements. Offsetting this increase is a decrease in severance expense and salaries as a result of lower headcount. Total headcount was 43,900 at June 30, 2004 compared with 44,500 at June 30, 2003, as a result of the Company's restructuring program, partially offset by increases in headcount, primarily in the US, to support organic growth initiatives.

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

The components of the total change for the first six months of 2004 compared to the six months ended June 30, 2003 were:

<i>(Dollars in Millions)</i>	<u>\$ Change</u>	<u>Increase/(Decrease)</u>
Foreign currency changes	\$ 58.2	3.3%
Net acquisitions/divestitures	(21.3)	(1.2)%
Reclassifications	4.6	0.3%
Reduction in salaries and related expenses (organic basis)	<u>(6.8)</u>	<u>(0.4)%</u>
Total change	\$ <u>34.7</u>	<u>2.0%</u>

Office and General Expenses

Office and general expenses were \$970.1 million and \$892.8 million in the six month periods ended June 30, 2004 and 2003, respectively, an increase of \$77.3 million or 8.7%. The increase reflects the effect of higher foreign exchange rates, primarily the Euro and Pound Sterling, versus the US Dollar, and the reclassifications related to grossing-up expenses as previously discussed above under "Overview".

The reduction in office and general expenses on an organic basis 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 2003. Offsetting these reductions are higher professional fees resulting primarily from costs associated with preparation for compliance with the Sarbanes-Oxley Act and costs associated with the development of systems and processes related to the Company's shared services initiatives, in addition to the accelerated amortization of leasehold improvements resulting from the restructuring program.

The components of the total change for the first six months of 2004 compared to the six months ended June 30, 2003 were:

<i>(Dollars in Millions)</i>	<u>\$ Change</u>	<u>Increase/(Decrease)</u>
Foreign currency changes	\$ 37.1	4.4%
Net acquisitions/divestitures	(25.1)	(3.0)%
Reclassifications	71.0	8.0%
Reduction in office and general expenses (organic basis)	<u>(5.7)</u>	<u>(0.7)%</u>
Total change	\$ <u>77.3</u>	<u>8.7%</u>

Restructuring Charges

See "Three Months Ended June 30, 2004 Compared to Three Months Ended June 30, 2003 -- Operating Expenses -- Restructuring Charges" for a discussion of restructuring charges.

Long-Lived Asset Impairment Charges

During the six months ended June 30, 2004, the Company recorded total charges of \$8.6 million. This amount included \$4.0 million related to the impairment of goodwill of a business sold in the second quarter, \$2.0 million related to a US based business, which the Company is in negotiations to sell, and \$2.3 million related to capital expenditure outlays in its Motorsports business which were expensed as incurred. See Note 12 to the Company's Consolidated Financial Statements for a discussion of the Company's remaining contingent obligations related to Motorsports.

During the six months ended June 30, 2003, the Company recorded a charge of \$22.1 million related to the impairment of long-lived assets at its Motorsports business. This amount reflected \$12.7 million of capital expenditure outlays in its Motorsports business which were expensed as incurred.

Motorsports Contract Termination Costs

See "Three Months Ended June 30, 2004 Compared to Three Months Ended June 30, 2003 - Operating Expenses - Motorsports Contract Termination Costs" for discussion of these costs.

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

OTHER INCOME (EXPENSE)

Interest Expense

Interest expense was \$77.5 million for the six months ended June 30, 2004 compared with \$84.9 million in the same period of 2003. This was primarily due to the reduction in debt balances from the prior year, particularly the payment of the Prudential Agreement Loans in the third quarter of 2003 and the redemption of the Company's 1.80% Convertible Subordinated Notes in the first quarter of 2004.

Interest Income

Interest income was \$20.1 million for the six months ended June 30, 2004 compared with \$18.1 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:

<i>(Dollars in Millions)</i>	<u>Six Months Ended June 30,</u>	
	<u>2004</u>	<u>2003</u>
Gains (losses) on sale of businesses	\$ 1.3	\$ (0.6)
Gains on sales of other available-for-sale securities	<u>2.1</u>	<u>0.7</u>
Total	\$ <u>3.4</u>	\$ <u>0.1</u>

Investment Impairments

During the first six months 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 \$12.5 million related to certain investments in Brazil, India, Canada and Japan that had been determined to have incurred an "other than temporary" impairment.

OTHER ITEMS

Effective Income Tax Rate

The Company recorded income tax provisions of \$6.6 million and \$16.8 million on pretax losses of \$9.1 million and \$6.5 million for the six months ended June 30, 2004 and 2003, respectively. The Company's effective income tax rate was (72.5%) and (258.5%) for the six months ended June 30, 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. Several discrete items also impacted the effective tax rate for 2004. The most significant items were pretax charges and related 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 further impacted in subsequent quarters from pretax charges and related tax benefits arising from its ongoing efforts to exit the Motorsports business. Other discrete items impacting the effective tax rates were restructuring charges, impairment charges and operating losses in a number of non-US jurisdictions that receive little or no tax benefit.

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

The realization of the Company's remaining deferred tax assets is primarily dependent on future earnings. Any reduction in estimated forecasted results, 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 \$8.0 million for the six months ended June 30, 2004 compared to \$9.0 million in the same period of 2003. The decrease in the first six months of 2004 was primarily due to the sale of majority-owned businesses in Latin America, partially offset by improved operating results of majority-owned affiliates in the US.

Unconsolidated Affiliates

Equity in net income (loss) of unconsolidated affiliates was income of \$1.4 million in the first six months of 2004 compared to a loss of \$1.9 million in the corresponding period of 2003. The loss in 2003 reflects losses of Modem Media which was sold in the fourth quarter of 2003, higher losses of an unconsolidated investment in Brazil and a US-based sports and entertainment event business.

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2004, cash and cash equivalents were \$1,434.3 million, a decrease of \$571.4 million from the December 31, 2003 balance of \$2,005.7 million. Total debt at June 30, 2004 was \$2,224.1 million, a decrease of \$250.2 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 \$116.8 million and \$19.8 million for the six months ended June 30, 2004 and 2003, respectively. The increase in cash used in operating activities in 2004 was primarily attributable to the payments related to the Motorsports contract termination in the second quarter (see Note 12), and \$30 million of contributions to the Company's domestic pension plan (see Note 8). In addition, components of working capital, specifically accounts receivables, expenditures billable to clients and accounts payable at June 30, 2004 have increased from December 31, 2003 due to increased media business and business associated with the Athens Olympics to be held in the third quarter of 2004. 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 additional 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 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. See "Financing Activities" for further discussion. Additionally, the Company has in the past combined and may in the future combine, businesses to better serve its clients or dispose of businesses to optimize returns to shareholders.

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

During the first six months of 2004 and 2003, the Company paid \$136.3 million and \$141.3 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 and is expected to decrease further throughout this year and in future years.

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 Sterling (approximately \$26 million). An additional contingent amount of up to 2 million Pounds Sterling (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.

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 relating to the British Grand Prix held at the Silverstone racetrack in the United Kingdom. Under this agreement, Interpublic and Silverstone Motorsports were released from their obligations 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 paid a total of \$93 million to the FOA in installments of \$46.5 million on April 19, 2004 and \$46.5 million on May 24, 2004. A charge of \$80 million was recognized related to this transaction.

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The Company's capital expenditures in the first six months of 2004 were \$77.5 million compared to \$72.1 million in the first six months of 2003. The primary purposes of these expenditures were to upgrade telecommunications and computer systems and to modernize offices. Under the New Revolving Credit Facilities, the Company is restricted in making capital expenditures of greater than \$225.0 million in any calendar year. See "Financing Activities" for further discussion. Throughout 2004, the Company expects to continue to make certain selective new acquisitions, and make 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 June 30, 2004 was \$1,434.3 million, a decrease of \$571.4 million from December 31, 2003. Total debt at June 30, 2004 was \$2,224.1 million, a decrease of \$250.2 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 were 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 INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Old 364-Day Revolving Credit Facility expired on May 13, 2004. The Company entered into a new 364-day revolving credit facility with a syndicate of banks on 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. On May 10, 2004, the Company replaced the Five-Year Revolving Credit Facility with 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 avail ability 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 New Revolving Credit Facilities are used for general corporate purposes, including commercial paper backstop and acquisition financing. As of June 30, 2004, the Company did not have any borrowings under the New 364-Day Revolving Credit Facility and utilized \$132.3 million under the Three-Year Revolving Credit Facility for the issuance of letters of credit.

As with the Old Revolving Credit Facilities, the New Revolving Credit Facilities bear interest at variable rates based on either LIBOR or a bank's base rate, at the Company's option. The interest rates on LIBOR loans and base rate loans under the New Revolving Credit Facilities are affected by the facilities' utilization levels and the Company's credit ratings, as was 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 June 30, 2004 were 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 were 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 6 2.5 basis points with respect to LIBOR, respectively, and a decrease of 5 and 5 basis points with respect to the base rate, respectively.

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 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 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 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, respectively, 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.

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

In determining the Company's compliance with the financial covenants under the New Revolving Credit Facilities as of June 30, 2004, the following charges for the four fiscal quarters most recently ended were added back in the calculation of EBITDA: (i) \$173.6 million of restructuring charges (\$139.6 million of which were cash charges), (ii) \$38.0 million of non-cash charges with respect to the impairment of the remaining book value of the Company's Motorsports business, (iii) \$5.8 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; (v) \$115.0 million of charges (primarily non-cash) relating to certain litigation matters, and (vi) \$80.0 million in cash payments made by the Company in connection with the transfer of liabilities and obligations of the Company's Motorsports business. 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.

As of June 30, 2004, the Company was in compliance with all covenants (including the financial covenants) in the New Revolving Credit Facilities, using the definition of EBITDA under the New Revolving Credit Facilities. 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 common stock buybacks and dividend payments on the Company's capital stock are 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 common stock buybacks. Any unused portion of the permitted amount of \$50.0 million, may be rolled over into 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 New Revolving Credit Facilities, at June 30, 2004 the Company had \$0.7 million of committed lines of credit, all of which were provided by banks participating in the New Revolving Credit Facilities. At June 30, 2004, no amounts were outstanding under these committed lines of credit. The Company's committed borrowings are repayable upon maturity.

At June 30, 2004, the Company also had \$693.7 million of uncommitted lines of credit, 70.4% of which were provided by banks participating in the New Revolving Credit Facilities. At June 30, 2004, \$34.2 million was outstanding under these uncommitted lines of credit. The Company's uncommitted borrowings are repayable upon demand.

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 statement. 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.

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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. A dividend payment of \$0.671875 per share and amounting to \$5.0 million was declared on May 18, 2004 and was paid on June 15, 2004 to stockholders of record at the close of business on June 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 a stable outlook. On April 2, 2004, Fitch Ratings affirmed the Company's senior unsecured, and subordinated debt ratings at BB+ and BB-, respectively, with a 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 and refinancings thereof, will be sufficient to fund the Company's working capital needs and other obligations through the next twelve months.

Based on the continuation of current operating trends, the Company believes that it will be in compliance with 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 domestic retirement arrangements with contributions of \$30.0 million in cash 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 six months ended June 30, 2004, the Company completed one acquisition for \$6.5 million in cash. During the same period in 2003, the Company completed two acquisitions for \$4.0 million in cash.

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 six months of 2004 and 2003, the Company made the following payments on acquisitions that had closed in prior years:

<i>(Dollars in Millions)</i>	Six Months Ended June 30,			
	Deferred Payments		Purchase of Additional Interests	
	2004	2003	2004	2003
Cash	\$ 106.8	\$ 110.0	\$ 14.8	\$ 24.3
Stock	<u>14.6</u>	<u>37.6</u>	<u>1.2</u>	<u>3.2</u>
Total	\$ <u>121.4</u>	\$ <u>147.6</u>	\$ <u>16.0</u>	\$ <u>27.5</u>

As of June 30, 2004, the Company's estimate of future deferred payments is as follows:

<i>(Dollars in Millions)</i>	2004	2005	2006	2007	2008 and Thereafter	Total
Cash	\$ 23.9	\$ 35.3	\$ 11.8	\$ 0.9	\$ 5.2	\$ 77.1
Stock	<u>2.5</u>	<u>18.9</u>	<u>4.8</u>	--	-	<u>26.2</u>
Total	\$ <u>26.4</u>	\$ <u>54.2</u>	\$ <u>16.6</u>	\$ <u>0.9</u>	\$ <u>5.2</u>	\$ <u>103.3</u>

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

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 (call options). As of June 30, 2004, estimated amounts that would be paid under these arrangements, in the event of exercise at the earliest exercise date, are as follows:

<i>(Dollars in Millions)</i>	2004	2005	2006	2007	2008 and Thereafter	Total
Put Options						
Cash	\$ 16.5	\$ 32.7	\$ 2.4	\$ 4.6	\$ 11.2	\$ 67.4
Stock	<u>0.5</u>	<u>1.5</u>	<u>0.1</u>	--	--	<u>2.1</u>
Total	\$ <u>17.0</u>	\$ <u>34.2</u>	\$ <u>2.5</u>	\$ <u>4.6</u>	\$ <u>11.2</u>	\$ <u>69.5</u>

Call Options

Cash	\$ 4.0	\$ 7.7	\$ 2.8	\$ 1.2	\$ 15.3	\$ 31.0
Stock	<u> --</u>	<u> --</u>	<u> 1.5</u>	<u> --</u>	<u> --</u>	<u> 1.5</u>
Total	\$ <u> 4.0</u>	\$ <u> 7.7</u>	\$ <u> 4.3</u>	\$ <u> 1.2</u>	\$ <u> 15.3</u>	\$ <u> 32.5</u>

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. Estimates of amounts to be paid are believed to approximate fair value.

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 June 30, 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)	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008 and Thereafter</u>	<u>Total</u>
Cash	\$ 2.0	\$ 10.0	\$ 13.9	\$ 21.1	\$ 5.9	\$ 52.9
Stock	<u> 0.9</u>	<u> --</u>	<u> 1.3</u>	<u> 0.3</u>	<u> 1.2</u>	<u> 3.7</u>
Total	\$ <u> 2.9</u>	\$ <u> 10.0</u>	\$ <u> 15.2</u>	\$ <u> 21.4</u>	\$ <u> 7.1</u>	\$ <u> 56.6</u>

Other Payments

During the first six months 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)	<u>Six Months Ended June 30,</u>	
	<u>2004</u>	<u>2003</u>
Cash	\$ 8.2	\$ 3.9
Stock	<u> --</u>	<u> 0.1</u>
Total	\$ <u> 8.2</u>	\$ <u> 4.0</u>

As of June 30, 2004, the Company's estimated liability for other payments are cash amounts of \$3.5 million and \$1.1 million in 2004 and 2005, respectively.

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

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 included in the 2003 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 2003 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 critical accounting policies since December 31, 2003. Actual results may differ from these estimates under different assumptions or conditions.

During the quarter ended June 30, 2004, The Partnership reporting unit lost a significant profitable client and prepared revised forecasts of the results for the year. The Company determined that this was a trigger event and performed an impairment test as required under paragraph 28 of SFAS No. 142, *Goodwill and Other Intangible Assets*. The Company determined that no impairment had occurred and, accordingly, no impairment charge will be necessary. However, should The Partnership lose significant additional clients an impairment may occur in the future and a portion of The Partnership's \$900 million in goodwill may have to be written off.

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 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 ("FSP 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 that is actuarially equivalent to that specified under Medicare (Part D) to make a one-time election to defer accounting for the effects of the new legislation. The Company elected, at that time, to defer the accounting for the effects of this legislation until regulations governing actuarial equivalence were issued.

In May 2004, FASB Staff Position No. 106-2 ("FSP 106-2"), *Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement*

and Modernization Act of 2003, was issued which supercedes FSP 106-1 and provides guidance on accounting for the effects of the Medicare prescription legislation. Although the federal regulations for determining actuarial equivalence have not been finalized, the Company believes that its prescription drug plan will qualify for actuarial equivalence and has estimated that the impact on the accumulated postretirement benefit obligation and on net periodic postretirement benefit cost will be negligible. The Company will continue to refine its estimates as federal regulations for determining actuarial equivalence are clarified and will implement the requirements of this pronouncement as required in the quarter beginning July 1, 2004.

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 Company adopted the provisions of this pronouncement during the quarter ended June 30, 2004. (See Note 2).

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In July 2004, the EITF reached a tentative conclusion on EITF 04-8, *Accounting Issues Related to Certain Features of Contingently Convertible Debt and the Effect on Diluted Earnings Per Share*, that addresses when the dilutive effect of contingently convertible debt with a market price trigger should be included in diluted EPS. The Company will assess the impact on its contingently convertible debt when the Task Force issues its final conclusion.

Motorsports

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 Sterling (approximately \$26 million). An additional contingent amount of up to 2 million Pounds Sterling (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.

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 relating to the British Grand Prix held at the Silverstone racetrack in the United Kingdom. Under this agreement, Interpublic and Silverstone Motorsports were released from their obligations 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 paid a total of \$93 million to the FOA in installments of \$46.5 million on April 19, 2004 and \$46.5 million on May 24, 2004. A charge of \$80 million was recognized related to this transaction.

On July 1, 2004, the Company entered into a series of agreements with the British Racing Drivers Club (the "BRDC") regarding the potential termination of the Company's remaining motorsports obligations in the United Kingdom. These agreements give the Company and its affiliates the right to terminate their lease obligations at the Silverstone auto racing track and related agreements, with such right being in effect from November 1, 2004 through December 15, 2004. In connection with these agreements, the Company will pay the BRDC 27 million Pounds Sterling (approximately \$49 million) in two installments. The first installment of approximately \$24.5 million was paid on July 1, 2004 by the Company, with the balance payable on the date the Company exercises its right of termination or as early as September 30, 2004 under certain circumstances. As a result of these agreements, the Company will take a pre-tax charge of approximately \$45 million in the second half of 2004.

Other Contingencies

At June 30, 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 \$636.7 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 June 30, 2004, there are no assets pledged as security for amounts owed under the guarantees.

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 June 30, 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 \$17.3 million if market rates were to increase by 10% and would increase by approximately \$17.6 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 June 30, 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, mitigating transaction risk. 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 Company'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 June 30, 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 registered public accounting firm 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 material weaknesses associated with a lack of adequate balance sheet monitoring, as discussed below, 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. The Company believes that these processes, coupled with its existing manual controls, give it the ability to monitor this inter-company and other activities to ensure the integrity of the Consolidated Financial Statements for the year ended December 31, 2003 and the six months ended June 30, 2004. Management will continue to monitor these processes to ensure that they 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. However, the Company has not fully implemented system wide monitoring controls and formal balance sheet analysis, therefore there can be no assurance that the internal controls in place will mitigate the risk that material accounting errors might go undetected. 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 and other transactions. The Company's independent registered public accounting firm concurs 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;
- * Continuing 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;
- * Beginning the development of a shared service center program to consolidate various financial transactional functions to attain efficiencies and controls surrounding these activities.

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 weaknesses. The Company is undertaking a thorough review of its internal controls, including information technology systems and financial reporting (including the presentation of revenue and the accuracy of balances for purposes of segment reporting) as part of the Company's preparation for compliance with the requirements under Section 404 of Sarbanes-Oxley. At this time, due to the significantly decentralized nature of the Company and the significance of the material weakness in monitoring controls, as well as other financial reporting control deficiencies, management believes that these material control weaknesses will continue. Accordingly, we expect that we will have material weaknesses in internal controls at year-end.

The Company has carried out an evaluation under the supervision of, 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). The Company's evaluation has disclosed several material internal control weaknesses noted above. Material weaknesses in internal controls may also constitute deficiencies in the Company's disclosure controls. Based on an evaluation of these control weaknesses, the Company's chief executive officer and chief financial officer have concluded that the Company's disclosure controls and procedures need to be strengthened and are not sufficiently effective. However, based on significant additional work performed during the second quarter, management believes that there are no material inaccuracies or omissions of material fact in the second quarter 10-Q. Management, to the best of its knowledge, believes that the financial statements contained in the second quarter 10-Q are fairly presented in all material respects.

There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

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, the potential termination of lease obligations at the Silverstone racetrack, 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 only as of the date they are made, and Interpublic undertakes no obligation to update publicly any of them in light of new information or future events.

Forward-looking statements involve inherent risks and uncertainties. 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;
- * 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;
- * the successful completion and integration of acquisitions which complement and expand the Company's business capabilities; and
- * the Company's ability to comply at year-end with Sarbanes-Oxley requirements for internal controls over financial reporting.

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, including the alleged failure to disclose the existence of additional charges that would need to be expensed and the lack of adequate internal financial controls, which allegedly resulted in an overstatement of Interpublic's financial results during those periods. The consolidated amended complaint alleges that such false and misleading statements constitute violations of Sections 10(b) and 20(a) of the Exchange Act of 1934 and Rule 10b-5 promulgated thereunder. The consolidated amended complaint also alleges violations of Sections 11 and 15 of the Securities Act of 1933, 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 plaintiffs' 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. 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. On July 20, 2004, the Court entered an order granting preliminary approval to the proposed settlement.

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 September 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. On May 19, 2004, the Court entered an order dismissing the action with prejudice.

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 the same breach of fiduciary duties claim as the state court actions, and adds a claim for contribution and forfeiture against two of the individual defendants pursuant to Section 21D of the Exchange Act and Section 304 of the Sarbanes-Oxley Act. On July 11, 2003, plaintiffs filed a Second Amended Derivative Complaint, asserting the same claims. The complaint does not state a specific amount of damages. On August 12, 2003, defendants moved to dismiss this action. On January 26, 2004, Interpublic reached an agreement in principle to settle this derivative action, agreeing to institute certain corporate governance procedures. On July 20, 2004, the Court entered an order granting preliminary approval to the proposed settlement.

To effect these settlements, the Court will have to grant final approval to the terms of the settlements. The Company cannot give any assurances that the settlements will receive final approval of the Court. In the event that a final settlement is not 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 to settle these actions.

For a discussion of the litigation charge recorded principally in connection with the potential settlement, see Note 13 to the Consolidated Financial Statements.

SEC Investigation

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 common stock buybacks and dividend payments on the Company's capital 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 common stock buybacks. Any unused portion of the permitted amount of \$50.0 million may be rolled over into successive years; provided that all such payments in any calendar year may not exceed \$125.0 million in the aggregate.

(c) The information provided below describes various transactions occurring during the quarter in which the Registrant issued shares of its common stock, par value \$.10 per share, (the "Interpublic Stock") that were not registered under the Securities Act of 1933, as amended, (the "Securities Act").

1. On April 1, 2004, the Company issued 18,135 shares of Interpublic Stock and paid \$635,292 in cash to the one former shareholder of a company which was acquired in the second quarter of 2000. This represented a deferred payment of the purchase price. The shares of Interpublic Stock were valued at \$272,268 on the date of issuance.

The shares of Interpublic Stock were issued by the Company without registration in reliance on Section 4(2) under the Securities Act based on the sophistication of the acquired company's one shareholder. The shareholder had access to all the documents filed by the Company with the SEC, including the Company's: (i) Annual Report on Form 10-K for the year ended 2003, (ii) Current Reports on Form 8-K for 2004, and (iii) Proxy Statement for the 2003 Annual Meeting of Shareholders.

2. On April 2, 2004, the Company issued 6,695 shares of Interpublic Stock and paid \$100,500 to the three former shareholders of a company that was acquired in the second quarter of 2001. This represented a deferred payment of the purchase price. The shares of Interpublic Stock had a market value of approximately \$100,500 as of the date of issuance.

The shares of Interpublic Stock were issued by the Company without registration in reliance on Section 4(2) under the Securities Act, based on the sophistication of the acquired company's former shareholders. The former shareholders had access to all the documents filed by the Company with the SEC, including the Company's (i) Annual Report on Form 10-K for the year ended 2003, (ii) Current Reports on Form 8-K for 2004, and (iii) Proxy Statement for the 2003 Annual Meeting of Shareholders.

3. On April 5, 2004, the Company paid an aggregate of \$13,116,937.24 in cash and issued 286,841 shares of Interpublic Stock to one former shareholder of a company into which a subsidiary of the Company was

merged in the first quarter of 1999. This represented a deferred payment of the purchase price. The shares of Interpublic Stock had a market value of \$4,372,312.41 as of the date of issuance.

The shares of Interpublic Stock were issued by the Company without registration in reliance on Section 4(2) under the Securities Act, based on the status of the former shareholder as an accredited investor. The former shareholder had access to all the documents filed by the Company with the SEC, including the Company's (i) Annual Report on Form 10-K for the year ended December 31, 2003, (ii) Current Reports on Form 8-K for 2004, and (iii) Proxy Statement for the 2003 Annual Meeting of Shareholders.

4. On April 5, 2004, the Company paid an aggregate of \$1,092,923.25 in cash and issued 22,930 shares of Interpublic Stock to four former shareholders of a company that was acquired by a subsidiary of the Company in the first quarter of 1999. This represented a deferred payment of the purchase price. The shares of Interpublic Stock had a market value of \$364,307.75 as of the date of issuance.

The shares of Interpublic Stock were issued by the Company without registration in reliance on Section 4(2) under the Securities Act, based on the sophistication of the former shareholders of the acquired company. The former shareholders had access to all the documents filed by the Company with the SEC, including the Company's (i) Annual Report on Form 10-K for the year ended December 31, 2003, (ii) Current Reports on Form 8-K for 2004, and (iii) Proxy Statement for the 2003 Annual Meeting of Shareholders.

5. On April 12, 2004, the Company paid an aggregate of \$438,250.20 in cash and issued 19,360 shares of Interpublic Stock to two shareholders of two companies whose assets were acquired by a subsidiary of the Company in the first quarter of 2000 and whose membership interests in a limited liability company were acquired in the first quarter of 2003. This represented a deferred payment of the purchase price for the assets and the membership interests. The shares of Interpublic Stock had a market value of \$292,166.80 as of the date of issuance.

The shares of Interpublic Stock were issued by the Company without registration in reliance on Section 4(2) under the Securities Act, based on the status of the former shareholders as accredited investors. The former shareholders had access to all the documents filed by the Company with the SEC, including the Company's (i) Annual Report on Form 10-K for the year ended December 31, 2003, (ii) Current Reports on Form 8-K for 2004, and (iii) Proxy Statement for the 2003 Annual Meeting of Shareholders.

6. On April 14, 2004, the Company issued 15,165 shares of Interpublic Stock to the two former shareholders of a company that was acquired in the fourth quarter of 2002. This represented a deferred payment of the purchase price. The shares of Interpublic Stock had a market value of approximately \$236,000 as of the date of issuance.

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

7. On April 15, 2004, the Company issued 227,938 shares of Interpublic Stock and paid \$3.67 million to the three former shareholders of a company that was acquired in the fourth quarter of 1999. This represented a deferred payment of the purchase price. The shares of Interpublic Stock had a market value of approximately \$3.67 million as of the date of issuance.

The shares of Interpublic Stock were issued by the Company without registration in reliance on Section 4(2) under the Securities Act, based on the sophistication of the acquired company's former shareholders. The former shareholders had access to all the documents filed by the Company with the SEC, including the Company's (i) Annual Report on Form 10-K for the year ended 2003, (ii) Current Reports on Form 8-K for 2004, and (iii) Proxy Statement for the 2003 Annual Meeting of Shareholders.

8. On April 27, 2004, the Company issued 30,384 shares of Interpublic Stock and on April 30, 2004 paid \$458,150 in cash to the three former shareholders of a company which was acquired in the first quarter of 2000. This represented a deferred payment of the purchase price. The shares of Interpublic Stock had a market value of \$459,760 as of the date of issuance.

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

9. On April 27, 2004, the Company issued 140,906 shares of Interpublic Stock to one former shareholder of a company that was acquired by the Company in the fourth quarter of 2000. This represented a deferred payment of the purchase price. The shares of Interpublic Stock had a market value of \$2,261,540 as of the date of issuance.

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

10. On May 17, 2004, the Company issued 118,520 shares of Interpublic Stock and on May 18, 2004 paid

10. On May 17, 2004, the Company issued 16,026 shares of Interpublic Stock and on May 18, 2004 paid \$5,614,037.44 in cash to the twelve former shareholders of four related companies which were acquired in the third quarter of 2000. This represented a deferred payment of the purchase price. The shares of Interpublic Stock had a market value of \$1,971,209.90 as of the date of issuance.

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

11. On May 19, 2004 and May 28, 2004, the Company issued 47,646 and 2,990 shares, respectively, of Interpublic Stock, and on May 28, 2004, June 10, 2004 and June 25, 2004 paid \$1,075,726.85, \$63,865.16 and \$195,498.37, respectively, in cash to the two former shareholders of a company which was acquired in the fourth quarter of 2000. This represented a deferred payment of the purchase price. The shares of Interpublic Stock had a market value of \$792,449.59 and \$49,730.16, respectively, as of the dates of issuance.

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

12. On June 15, 2004, a subsidiary of the Company acquired 14.5% of the shares of a foreign company and paid a deferred payment of purchase price with respect to the prior acquisition of 71% of the shares of such company, which were acquired in the second quarter of 1999. The aggregate consideration for the foregoing transactions was \$1,210,000 in cash and 36,138 shares of Interpublic Stock, issued to one shareholder of such foreign company. The shares of Interpublic Stock had a market value of \$516,000 as of the date of issuance.

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

13. On June 3, 2004 the Company issued 2,600 shares of Interpublic Stock and paid \$1,304,954 in Loan Notes, and on June 18, 2004 the Company issued 23,402 shares of Interpublic Stock to the two former shareholders of a foreign company acquired by the Company in the third quarter of 2000. This represented a deferred payment of the purchase price. The shares of Interpublic Stock had an aggregate value of \$424,256 on the dates of issuance.

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

(e) The following table provides information regarding the Company's purchases of its equity securities during the period from April 1, 2004 to June 30, 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
April 1 - 30	55,430 shares	\$15.46	-	-
May 1 - 31	125,547 shares	\$14.37	-	-
June 1 - 30	21,791 shares	\$14.24	-	-
Total(1)	202,768 shares	\$14.66	-	-

(1) Consists of restricted shares of Interpublic's 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 month of the second quarter of 2004 (the "Withheld Shares").

(2) The average price per month of the Withheld Shares was calculated by dividing the aggregate value of the tax withholding obligations for each month, by the aggregate number of shares of Common Stock withheld each month.

Item 4. Submission of Matters to a Vote of Securities Holders

(a) This item is answered in respect of the Annual Meeting of Stockholders held on May 18, 2004 (the "Annual Meeting").

- (b) No response is required to Paragraph (b) because (i) proxies for the meeting were solicited pursuant to Regulation 14 under the Securities Exchange Act of 1934, as amended; (ii) there was no solicitation in opposition to Management's nominees as listed in the proxy statement; and (iii) all such nominees were elected.
- (c) At the Annual Meeting, the following number of shares were cast with respect to each matter voted upon:

Proposal to approve Management's nominees for director as follows:

<u>NOMINEE</u>	<u>FOR</u>	<u>WITHHELD</u>	<u>BROKER NONVOTES</u>
David A. Bell	336,272,457	6,888,770	0
Frank J. Borelli	336,312,430	6,848,797	0
Reginald K. Brack	323,416,418	19,744,809	0
Jill M. Considine	336,613,446	6,547,781	0
Christopher J. Coughlin	324,828,233	18,332,994	0
John J. Dooner, Jr.	334,295,311	8,865,916	0
Richard A. Goldstein	336,617,992	6,543,235	0
H. John Greeniaus	323,411,034	19,750,193	0
Michael I. Roth	323,348,169	19,813,058	0
J. Phillip Samper	240,093,732	103,067,495	0

Proposal to approve The Interpublic Group of Companies, Inc. 2004 Performance Incentive Plan.

<u>FOR</u>	<u>AGAINST</u>	<u>ABSTAIN</u>	<u>BROKER NONVOTES</u>
259,745,923	43,927,715	3,298,443	36,189,146

Proposal to approve the Interpublic Non-Management Directors' Stock Incentive Plan.

<u>FOR</u>	<u>AGAINST</u>	<u>ABSTAIN</u>	<u>BROKER NONVOTES</u>
274,723,965	28,901,289	3,345,827	36,190,146

Proposal to approve confirmation of the appointment of PricewaterhouseCoopers LLP as independent auditors for 2004.

<u>FOR</u>	<u>AGAINST</u>	<u>ABSTAIN</u>	<u>BROKER NONVOTES</u>
333,550,221	7,476,038	2,134,968	0

Approval of shareholder proposal on adoption of MacBride Principles for Northern Ireland Subsidiaries.

<u>FOR</u>	<u>AGAINST</u>	<u>ABSTAIN</u>	<u>BROKER NONVOTES</u>
31,248,704	249,275,943	26,447,133	36,189,447

Item 6. Exhibits and Reports on Form 8-K

(a) EXHIBITS

<u>EXHIBIT NO.</u>	<u>DESCRIPTION</u>
10(i)(A)	364-Day Credit Agreement, dated as of May 10, 2004, among The Interpublic Group of Companies, Inc. ("Interpublic"), the Initial Lenders Named Therein and Citibank, N.A., as Administrative Agent ("Citibank") is incorporated by reference to Exhibit 10.1 to

- 10(i)(B) 3-Year Credit Agreement, dated as of May 10, 2004, among Interpublic, the Initial Lenders, Initial Issuing Banks and Swing Line Bank, Named Therein and Citibank is incorporated by reference to Exhibit 10.2 to Interpublic's Current Report on Form 8-K, filed with the SEC on May 12, 2004.
- 10(iii)(A)(1) The Interpublic Group of Companies, Inc. 2004 Performance Incentive Plan is incorporated by reference to Appendix B to Interpublic's Proxy Statement on Schedule 14A, filed with the SEC on April 23, 2004 (the "Proxy Statement").
- 10(iii)(A)(2) The Interpublic Non-Management Directors' Stock Incentive Plan is incorporated by reference to Appendix C to Interpublic's Proxy Statement.
- 10(iii)(A)(3) Supplemental Agreement, made as of June 15, 2004, to an Employment Agreement, made as of February 21, 2000, by and between Interpublic and Albert Conte.
- 10(iii)(A)(4) The Interpublic Capital Accumulation Plan Participation Agreement, effective June 15, 2004, by and between Interpublic and Albert Conte.
- 10(iii)(A)(5) Executive Special Benefit Agreement, made as of January 1, 2002 and executed as of June 26, 2004, by and between Interpublic and Albert Conte.
- 10(iii)(A)(6) Employment Agreement, made as of May, 2004, by and between Interpublic and Nicholas Cyprus.
- 10(iii)(A)(7) Executive Severance Agreement, dated May 24, 2004, by and between Interpublic and Nicholas Cyprus.
- 10(iii)(A)(8) The Interpublic Capital Accumulation Plan Participation Agreement, effective May 15, 2004, by and between Interpublic and Nicholas Cyprus.
- 10(iii)(A)(9) Employment Agreement, made as of July 13, 2004, by and between Interpublic and Michael I. Roth.
- 10(iii)(A)(10) Executive Severance Agreement, dated July 13, 2004 and executed as of July 27, 2004, by and between Interpublic and Michael I. Roth.
- 10(iii)(A)(11) Employment Agreement, made as of July 6, 2004, by and between Interpublic and Timothy A. Sompolski.
- 10(iii)(A)(12) Executive Severance Agreement, dated July 6, 2004, by and between Interpublic and Timothy A. Sompolski.
- 10(iii)(A)(13) The Interpublic Capital Accumulation Plan Participation Agreement, effective as of July 6, 2004, between Interpublic and Timothy A. Sompolski.
- 10(iii)(A)(14) Supplemental Agreement, made as of June 30, 2004, to an Employment Agreement, made as of October 1, 2003, by and between Interpublic and Robert Thompson.
- 31.1 Certification, dated as of August 9, 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 August 9, 2004 and executed by Robert G. Thompson, under Section 302 of S-Ox.
- 32 Certification, dated as of August 9, 2004 and executed by David A. Bell and Robert G. Thompson, 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 June 30, 2004:

- 1) Report, filed April 20, 2004. Item 5 Other Events and Regulation FD Disclosure and Item 7 Financial Statements and Exhibits. Exhibit 99.1.
- 2) Report, filed May 7, 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.

- 3) Report, filed May 7, 2004. Item 7 Financial Statements and Exhibits and Item 12 Results of Operations and Financial Condition. Exhibit 99.1.
- 4) Report, filed May 12, 2004. Item 5 Other Events and Regulation FD Disclosure and Item 7 Financial Statements and Exhibits. Exhibits 10.1, 10.2 and 99.1.
- 5) Report, filed May 26, 2004. Item 5 Other Events and Regulation FD Disclosure, Item 7 Financial Statements and Exhibits. Exhibits 23.1 and 99.1 (Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations for the period ended December 31, 2003 and Item 8 Consolidated Statement of Operations for the period ended December 31, 2003, Consolidated Balance Sheet as of December 31, 2003, Consolidated Statement of Cash Flows for the period ended December 31, 2003, Consolidated Statement of Stockholders' Equity and Comprehensive Income for the period ended December 31, 2003 and Notes thereto and Results by Quarter (unaudited) for 2003 and 2002, respectively.)
- 6) Report, filed June 29, 2004. Item 5 Other Events and Regulation FD Disclosure and Item 7 Financial Statements and Exhibits. 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: August 9, 2004

By /s/ David A. Bell
David A. Bell
Chief Executive Officer and President

Date: August 9, 2004

By /s/ Robert G. Thompson
Robert G. Thompson
Executive Vice President
and Chief Financial Officer

INDEX TO EXHIBITS

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10(i)(B)	3-Year Credit Agreement, dated as of May 10, 2004, among Interpublic, the Initial Lenders, Initial Issuing Banks and Swing Line Bank, Named Therein and Citibank is incorporated by reference to Exhibit 10.2 to Interpublic's Current Report on Form 8-K, filed with the SEC on May 12, 2004.
10(iii)(A)(1)	The Interpublic Group of Companies, Inc. 2004 Performance Incentive Plan is incorporated by reference to Appendix B to Interpublic's Proxy Statement on Schedule 14A, filed with the SEC on April 23, 2004 (the "Proxy Statement").
10(iii)(A)(2)	The Interpublic Non-Management Directors' Stock Incentive Plan is incorporated by reference to Appendix C to Interpublic's Proxy Statement.
10(iii)(A)(3)	Supplemental Agreement, made as of June 15, 2004, to an Employment Agreement, made as of February 21, 2000, by and between Interpublic and Albert Conte.
10(iii)(A)(4)	The Interpublic Capital Accumulation Plan Participation Agreement, effective June 15, 2004, by and between Interpublic and Albert Conte.

- 10(iii)(A)(5) Executive Special Benefit Agreement, made as of January 1, 2002 and executed as of June 26, 2004, by and between Interpublic and Albert Conte.
- 10(iii)(A)(6) Employment Agreement, made as of May 24, 2004, by and between Interpublic and Nicholas Cyprus.
- 10(iii)(A)(7) Executive Severance Agreement, dated May 24, 2004, by and between Interpublic and Nicholas Cyprus.
- 10(iii)(A)(8) The Interpublic Capital Accumulation Plan Participation Agreement, effective May 15, 2004, by and between Interpublic and Nicholas Cyprus.
- 10(iii)(A)(9) Employment Agreement, made as of July 13, 2004, by and between Interpublic and Michael I. Roth.
- 10(iii)(A)(10) Executive Severance Agreement, dated July 13, 2004 and executed as of July 27, 2004, by and between Interpublic and Michael I. Roth.
- 10(iii)(A)(11) Employment Agreement, made as of July 6, 2004, by and between Interpublic and Timothy A. Sompolski.
- 10(iii)(A)(12) Executive Severance Agreement, dated July 6, 2004, by and between Interpublic and Timothy A. Sompolski.
- 10(iii)(A)(13) The Interpublic Capital Accumulation Plan Participation Agreement, effective as of July 6, 2004, between Interpublic and Timothy A. Sompolski.
- 10(iii)(A)(14) Supplemental Agreement, made as of June 30, 2004, to an Employment Agreement, made as of October 1, 2003, by and between Interpublic and Robert Thompson.
- 31.1 Certification, dated as of August 9, 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 August 9, 2004 and executed by Robert G. Thompson, under Section 302 of S-Ox.
- 32 Certification, dated as of August 9, 2004 and executed by David A. Bell and Robert G. Thompson, furnished pursuant to Section 906 of S-Ox.

/s/ Albert Conte

Albert Conte

EXHIBIT 10(III)(A)(4)

The Interpublic Capital Accumulation Plan

Participation Agreement

WHEREAS, Albert Conte (the "Participant") is a key executive of The Interpublic Group of Companies, Inc. ("Interpublic") and its subsidiaries, and has been approved by Interpublic's Management Human Resources Committee to participate in The Interpublic Capital Accumulation Plan ("CAP");

WHEREAS, the Participant has received and reviewed the pamphlet entitled "The Interpublic Capital Accumulation Plan," which sets forth the basic terms and conditions of CAP (the "Plan Document"); and

WHEREAS, the Plan Document provides that certain details with regard to the Participant's account and other rights and responsibilities under CAP 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 June 15, 2004 provided the Participant submits the executed Participation Agreement to Interpublic by July 15, 2004. If the Participant does not submit the executed Participation Agreement by such date, 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. **Credit.** The Participant's annual dollar credit shall be \$50,000 and shall be credited December 31 of each year if Participant is in the Plan on such date.
3. **Interest.** The annual interest rate for the calendar year in which the Effective Date set forth in paragraph 1 occurs is 4%. As stated in the Plan Document, interest first accrues on December 31 of the calendar year following the first year of Participation. The applicable interest rate can be adjusted (upward or downward) annually.
4. **Vesting.** Subject to paragraph 5, which sets forth the requirement to comply with non-competition and non-solicitation agreements, the Participant's CAP account is scheduled to become fully vested on June 14, 2007 (assuming the Participant continues in the employment of Interpublic and its subsidiaries until this date).
5. **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 immediately prior to such time in the employ of the Business Unit. Breach by the Participant of any of the above provisions shall result in the forfeiture of all interest credited to the Participant's account.

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.

6. **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 CAP is scheduled to begin), the Participant's vested account balance shall be distributed in a lump sum.

If you would like to elect a payment form other than a lump sum, check below.

___ I elect to receive my vested account balance in monthly installments over 10 years.

___ I elect to receive my vested account balance in monthly installments over 15 years.

I understand that the installment forms described above are available only if I terminate employment after age 55, with at least five years of participation in CAP.

7. **Benefit Commencement Date.** As provided in the Plan Document, any election to commence distribution of the Participant's account after the earliest commencement date permitted under the Plan Document must be received by Interpublic's Human Resources Department at least 12 months before the otherwise applicable commencement date.

8. **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.

9. **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.

10. **Complete Statement.** This Participation Agreement shall be construed as a complete statement of the Participant's rights under CAP. Any change to the terms of this Participation Agreement or to the Participant's rights under CAP 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/ Jeffrey Mook
 Jeffrey Mook
 Senior Vice President,
 Executive Compensation and Benefits

/s/ Albert Conte
 Albert Conte

DATE: 6/25/04

DATE: 6/25/04

Return to Interpublic's Law Department by July 15, 2004.

**THE INTERPUBLIC GROUP OF COMPANIES, INC.
 BENEFICIARY DESIGNATION: Capital Accumulation Plan**

Participant's Name _____ Soc. Sec. No: _____

Home Address _____

City _____ State _____ Zip _____

Date of Birth _____

Daytime Telephone Number _____ Evening Telephone Number _____

Please check box if your address has changed within the last year. I am married. 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.	
4.	Name	Relationship	Date of Birth	Percentage Share*
	Address		Social Security No.	

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.	
4.	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' 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

Participant's Signature

Date

EXHIBIT 10(III)(A)(5)

EXECUTIVE SPECIAL BENEFIT AGREEMENT

AGREEMENT made as of January 1, 2002, by and between **THE INTERPUBLIC GROUP OF COMPANIES, INC.**, a corporation of the State of Delaware (hereinafter referred to as "**Interpublic**") and **ALBERT CONTE** (hereinafter referred to as "**Executive**").

W I T N E S S E T H:

WHEREAS, Executive is in the employ of Interpublic and/or one or more of its subsidiaries (Interpublic and its subsidiaries being hereinafter referred to collectively as the "**Corporation**"); and

WHEREAS, Interpublic and Executive desire to enter into an Executive Special Benefit Agreement which shall be supplementary to any employment agreement or arrangement which Executive now or hereinafter may have with respect to Executive's employment by Interpublic or any of its subsidiaries;

NOW, THEREFORE, in consideration of the mutual promises herein set forth, the parties hereto, intending to be legally bound, agree as follows:

ARTICLE I**Death and Special Retirement Benefits**

1.01 For purposes of this Agreement the "**Accrual Term**" shall mean the period of ninety-six (96) months beginning on the date of this Agreement and ending on the day preceding the eighth anniversary hereof or on such earlier date on which Executive shall cease to be in the employ of the Corporation.

1.02 The Corporation shall provide Executive with the following benefits contingent upon Executive's compliance with all the terms and conditions of this Agreement and Executive's satisfactory completion of a physical examination in connection with an insurance policy on the life of Executive which Interpublic or its assignee (other than Executive) proposes to obtain and own. Effective at the end of the Accrual Term, Executive's annual compensation will be increased by Twenty Five Thousand Dollars (\$25,000) if Executive is in the employ of the Corporation at that time.

1.03 If, during the Accrual Term or thereafter during a period of employment by the Corporation which is continuous from the date of this Agreement, Executive shall die while in the employ of the Corporation, the Corporation shall pay to such beneficiary or beneficiaries as Executive shall have designated pursuant to Section 1.07 (or in the absence of such designation, shall pay to the Executor of the Will or the Administrator of the Estate of Executive) survivor income payments of Forty Eight Thousand Seven Hundred and Fifty Dollars (\$48,750) per annum for fifteen (15) years in monthly installments beginning with the 15th of the calendar month following Executive's death, and in equal monthly installment thereafter.

1.04 If, after a continuous period of employment from the date of this Agreement, Executive shall retire from the employ of the Corporation so that the first day on which Executive is no longer in the employ of the Corporation occurs on or after Executive's sixty-first birthday, the Corporation shall pay to Executive special retirement benefits at the rate of Forty Eight Thousand Seven Hundred and Fifty Dollars (\$48,750) per annum for fifteen (15) years in monthly installments beginning with the 15th of the calendar month following Executive's last day of employment, and in equal monthly installments thereafter.

1.05 If, after a continuous period of employment from the date of this Agreement, Executive shall retire, resign, or be terminated from the employ of the Corporation so that the first day on which Executive is no longer in the employ of the Corporation occurs on or after Executive's sixtieth birthday but prior to Executive's sixty-first birthday, the Corporation shall pay to Executive special retirement benefits at the annual rates set forth below for fifteen years beginning with the calendar month following Executive's last day of employment, such payments to be made in equal monthly installments:

<u>Last Day of Employment</u>	<u>Annual Rate</u>
On or after 60th birthday but prior to 61st birthday	\$42,900

1.06 If, following such termination of employment, Executive shall die before payment of all of the installments provided for in Section 1.04 or Section 1.05, any remaining installments shall be paid to such beneficiary or beneficiaries as Executive shall have designated pursuant to Section 1.07 or, in the absence of such designation, to the Executor of the Will or the Administrator of the Estate of Executive.

1.07 For purposes of Sections 1.03, 1.04 and 1.05, or any of them, Executive may at any time designate a beneficiary or beneficiaries by filing with the chief personnel officer of Interpublic a Beneficiary Designation Form provided by such officer. Executive may at any time, by filing a new Beneficiary Designation Form, revoke or change any prior designation of beneficiary.

1.08 If Executive shall die while in the employ of the Corporation, no sum shall be payable pursuant to Sections 1.04, 1.05, 1.06, 2.01, 2.02 or 2.03.

1.09 In connection with the life insurance policy referred to in Section 1.02, Interpublic has relied on written representations made by Executive concerning Executive's age and the state of Executive's health. If said representations are untrue in any material respect, whether directly or by omission, and if the Corporation is damaged by any such untrue representations, no sum shall be payable pursuant to Sections 1.03, 1.04, 1.05, 1.06, 2.01, 2.02 or 2.03.

1.10 It is expressly agreed that Interpublic or its assignee (other than Executive) shall at all times be the sole and complete owner and beneficiary of the life insurance policy referred to in Sections 1.02 and 1.09, shall have the unrestricted right to use all amounts and exercise all options and privileges thereunder without the knowledge or consent of Executive or Executive's designated beneficiary or any other person and that neither Executive nor Executive's designated beneficiary nor any other person shall have any right, title or interest, legal or equitable, whatsoever in or to such policy.

ARTICLE II

Alternative Deferred Compensation

2.01 If Executive shall, for any reason other than death, cease to be employed by the Corporation on a date prior to Executive's sixtieth birthday, the Corporation shall, in lieu of any payment pursuant to Article I of this Agreement, compensate Executive by payment, at the times and in the manner specified in Section 2.02, of a sum computed at the rate of Twenty Five Thousand Dollars (\$25,000) per annum for each full year and proportionate amount for any part year from the date of this Agreement to the date of such termination during which Executive is in the employ of the Corporation. Such payment shall be conditional upon Executive's compliance with all the terms and conditions of this Agreement.

2.02 The aggregate compensation payable under Section 2.01 shall be paid in equal consecutive

monthly installments commencing with the first month in which Executive is no longer in the employ of the Corporation and continuing for a number of months equal to the number of months which have elapsed from the date of this Agreement to the commencement date of such payments, up to a maximum of ninety-six (96) months.

2.03 If Executive dies while receiving payments in accordance with the provisions of Section 2.02, any installments payable in accordance with the provisions of Section 2.02 less any amounts previously paid Executive in accordance therewith, shall be paid to the Executor of the Will or the Administrator of the Estate of Executive.

2.04 It is understood that none of the payments made in accordance with this Agreement shall be considered for purposes of determining benefits under the Interpublic Pension Plan, nor shall such sums be entitled to credits equivalent to interest under the Plan for Credits Equivalent to Interest on Balances of Deferred Compensation Owing under Employment Agreements adopted effective as of January 1, 1974 by Interpublic.

ARTICLE III

Non-solicitation of Clients or Employees

3.01 Following the termination of Executive's employment hereunder for any reason, Executive shall not for a period of twelve months either (a) solicit any employee of the Corporation to leave such employ to enter the employ of Executive or of any corporation or enterprise with which Executive is then associated or (b) solicit or handle on Executive's own behalf or on behalf of any other person, firm or corporation, the advertising, public relations, sales promotion or market research business of any advertiser which is a client of the Corporation at the time of such termination.

ARTICLE IV

Assignment

4.01 This Agreement shall be binding upon and inure to the benefit of the successors and assigns of Interpublic. Neither this Agreement nor any rights hereunder shall be subject in any matter to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge by Executive, and any such attempted action by Executive shall be void. This Agreement may not be changed orally, nor may this Agreement be amended to increase the amount of any benefits that are payable pursuant to this Agreement or to accelerate the payment of any such benefits.

ARTICLE V

Contractual Nature of Obligation

5.01 The liabilities of the Corporation to Executive pursuant to this Agreement shall be those of a debtor pursuant to such contractual obligations as are created by the Agreement. Executive's rights with respect to any benefit to which Executive has become entitled under this Agreement, but which Executive has not yet received, shall be solely the rights of a general unsecured creditor of the Corporation.

ARTICLE VI

Applicable Law

6.01 This 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/ Jeffrey Mook

Name: Jeffrey Mook

Title: Senior Vice President, Executive
Compensation and Benefits

/s/ Albert Conte

Albert Conte

Signed as of 6/26/04

EXHIBIT 10(III)(A)(6)

EMPLOYMENT AGREEMENT

AGREEMENT made this ____ day of May 2004 by and between **THE INTERPUBLIC GROUP OF COMPANIES, INC.**, a Delaware corporation ("**Interpublic**") and **NICHOLAS CYPRUS** ("**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 terms and conditions set forth herein, Interpublic will employ Executive for the period beginning May 24, 2004 ("**Commencement Date**") and continuing thereafter until terminated 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.**") Executive will serve Interpublic during the term of employment.

ARTICLE II
Duties

2.01 During the term of employment, Executive will:

- (i) Serve as Vice President, Controller and Chief Accounting Officer of Interpublic (the "Position");
- (ii) Promote the interests of Interpublic and devote substantially his full business time and efforts to its business and affairs;
- (iii) Perform such duties as Interpublic may from time to time assign to him commensurate with the Position; and
- (iv) Serve in such additional offices of Interpublic as he may be elected or appointed to commensurate with the Position.

2.02 During the term of employment, Executive shall have the authority, duties and responsibilities commonly held by persons in the Position in similar companies and shall be provided with sufficient support and full access to information reasonably necessary for him to properly perform his duties.

ARTICLE III
Regular Compensation

3.01 Interpublic will compensate Executive for the duties performed by him hereunder, by (in addition to the other amounts and benefits due or provided herein) payment of a base salary at the rate of Four Hundred Fifty Thousand Dollars (\$450,000) 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 base salary 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 (as so increased, "Base Salary"). Base Salary may not be reduced.

ARTICLE IV
Bonuses; CAP

4.01 Executive will be eligible during the term of employment to participate in Interpublic's Annual Management 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 an annual target award in an amount at least equal to fifty percent (50%) of his Base Salary; however the actual award, if any, shall be determined by Interpublic in good faith in accordance with the terms of the applicable plan and is currently based on profits and Executive's individual performance. For calendar year 2004, Executive shall be guaranteed a minimum award in an amount equal to seventy-five percent (75%) of his target award, without pro-rata. The annual bonus award shall be paid when bonuses are paid to other executives.

4.02 Executive shall receive a sign-on bonus of One Million Eight Hundred Thirty Thousand Dollars (\$1,830,000) to be paid within thirty (30) days of the Commencement Date. Such amount shall be repayable by Executive to Interpublic in full in the event his employment is terminated within two (2) years of the Commencement Date either (i) by Executive except for either "Good Reason" (as defined in Section 7.05 hereof) or death or (ii) by Interpublic for "Cause" (as defined in Section 7.04 hereof).

4.03 Executive shall be a participant in Interpublic's Capital Accumulation Plan, pursuant to which he shall be entitled to an annual deferral of Eighty Thousand Dollars (\$80,000) payable in accordance with the terms of a Participation Agreement dated as of the date hereof between Executive and Interpublic.

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 Compensation Committee of its Board of Directors ("**Committee**") grant to Executive a one-time award of shares of Interpublic Common Stock with an aggregate market value of One Million Dollars (\$1,000,000) on the date of grant under the Long-Term Incentive Plan (the "LTIP"). Such shares will be subject to vesting in three (3) equal annual tranches on the first, second and third anniversaries of the grant date.

5.02 As soon as administratively feasible after full execution of this Agreement, Interpublic will use its best efforts to have the Committee grant to Executive under the LTIP a one time award of options to purchase shares of Interpublic Common Stock, with an aggregate Black-Scholes value (using a Black Scholes ratio of fifty percent (50%) to determine an options value) of Six Hundred Thousand Dollars (\$600,000) on the date of grant. One-third (1/3) of the options will be exercisable after the first anniversary of the grant date, an additional one-third (1/3) will be exercisable after the second anniversary of the grant date and the final one-third (1/3) will be exercisable after the third anniversary of the grant date through the tenth anniversary of the date of grant.

5.03 As soon as administratively feasible after full execution of this Agreement, Interpublic will use its best efforts to have the Committee grant to Executive under the LTIP, such shares of Interpublic restricted stock as shall have an aggregate market value of Two Hundred Fifty Thousand Dollars (\$250,000) on the date of grant. Such shares will be subject to a three-year vesting from the grant date.

5.04 As soon as administratively feasible after full execution of this Agreement, Interpublic will use its best efforts to have the Committee grant to Executive under the LTIP such options to purchase shares of Interpublic Common Stock, as shall have an aggregate Black-Scholes value of Two Hundred Fifty Thousand Dollars (\$250,000) on the date of grant (using a Black-Scholes ratio of fifty percent (50%) to determine an option's value). Such options shall vest in thirds on the second, third and fourth anniversaries of the grant date.

5.05 For purposes of this Article V, "market value" of a share of stock for purposes of calculating the Black-Scholes value shall be based on the average of the high and low price of a share of Interpublic common stock on the date of grant.

5.06 During the term of employment, Executive will continue to be eligible for annual awards of stock and options and other incentives in amounts consistent with those awarded to other key executives of Interpublic.

ARTICLE VI

Other Employment Benefits

6.01 Executive shall be eligible to participate in such other employee benefits and equity programs 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 annual paid time off, in accordance with Interpublic's policies and procedures, but not less than 28 days per calendar year, to be taken in such amounts and at such times as shall be mutually convenient for Executive and Interpublic. Vacation will be pro-rated for 2004.

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 a perquisites allowance of Forty-Five Thousand Dollars (\$45,000) per annum, payable in accordance with Interpublic's policies, which Executive may use for, among other things, car services (except that Executive shall be reimbursed separately for car services used in connection with business travel) and financial planning. Executive shall also be eligible for all perquisite programs made available to other key management executives by Interpublic (other than financial planning at Five Thousand Dollars (\$5,000) and car allowance).

6.05 Executive shall be eligible to participate in Interpublic's Executive Medical Plus Plan.

6.06 Interpublic will continue to pay the annual premium and provide Executive with a full gross-up, so that he has no after tax cost, for Executive's current death benefit under his ATT Executive Life Insurance Policy, a copy of which has been provided to Interpublic, through his sixty fifth (65th) birthday whether or not he is then employed by Interpublic or the reason or basis for any termination, provided he shall not be entitled to such payment after a termination for "Cause".

6.07 Interpublic will provide or reimburse Executive for post-termination personal and family medical coverage to age sixty-five (65) (or, if he dies prior to age 65, until he would have been 65) at a level comparable with the coverage being provided by Interpublic to its active employees. Such coverage will not be provided in the event this Agreement is terminated by Interpublic for "cause", but will be provided in all other situations and will be structured at the time of separation and in a way so that neither Executive nor his family will be taxed on the benefits or premiums. This continuation of medical coverage will be secondary to any medical coverage provided to Executive by any future employer to the extent legally permissible.

ARTICLE VII

Termination

7.01 At any time, Interpublic may terminate the active employment of Executive hereunder without Cause by giving Executive notice in writing at any time specifying a termination date:

(i) In this event Executive's active employment hereunder shall terminate on the date specified in such notice and Interpublic shall thereafter continue to pay him his base salary during the Severance Period defined as follows: The Severance Period shall be twenty-four (24) months if Executive is terminated on or before the second anniversary of the Commencement Date and twelve (12) months if the termination is after the second anniversary.

(ii) During the Severance Period, Executive will remain on payroll as an employee and will be entitled to receive all employee benefits (including continued vesting of equity grants) accorded to him prior to termination, provided, that such benefits shall cease upon such date that Executive commences employment with another employer offering similar benefits (the "**Payroll Date**") and all amounts payable after the Payroll Date under this Section 7.01 shall be paid directly to Executive but not as an employee.

(iii) In addition to the amounts set forth in Sections 7.01(i) and (ii), during the Severance Period, Executive shall be entitled to payment of bonus amounts when bonuses are otherwise payable. For purposes of this Section 7.01(iii), bonus amounts paid for each full or partial fiscal year during the Severance Period will be based on the annual target amount for the year of termination. In addition, for the year in which the termination occurs bonus amounts will be pro-rated at the target amount through the date of termination.

(iv) Executive shall be promptly paid any accrued amounts, including any unpaid Base Salary, any unpaid bonus for any prior completed fiscal year, any accrued but unused vacation and any unreimbursed business expenses and shall be paid or provided any benefits or amounts in accordance with any equity, benefit or payroll plan or program in accordance with their terms (collectively "Accrued Obligations").

(v) If the payment under Section 4.02 or the grants under Sections 5.01 or 5.02 have not been paid or made, as the case may be, at the time of termination, such payment shall be promptly made and the value of such grants promptly paid to Executive.

7.02 The amounts due under Section 7.01 shall be paid without any obligation to mitigate and shall not be offset by any other amounts earned by Executive.

7.03 Executive may at any time give notice in writing to Interpublic specifying a termination date not less than forty-five (45) 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 his compensation and to participate in all benefit plans for which an employee at Executive's level is eligible. Interpublic may require that Executive not come in to work during the notice period. In no event, however, may Executive perform 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 material 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 twenty-one (21) business days after such notice (it being understood and agreed that a breach of Section 8.01 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 (x) permitted vacation, (y) illness, disability or other physical or mental incapacity, or (z) authorized leave in accordance with Interpublic's policies and procedures) without the consent of Interpublic's Chief Executive Officer.

(iii) Misappropriation by Executive of funds or property of Interpublic (provided that good faith disputes, or good faith careless errors, as to reimbursable expenses or matters involving incidental property (such as, for example, pads or pens) shall not be grounds for such termination) or any attempt by Executive to secure any personal profit related to the business of Interpublic (other than as permitted by this Agreement or other policies of Interpublic) and not fairly disclosed to and approved by Interpublic's Chief Executive Officer.

(iv) Gross negligence or willful misconduct, in either case of a material nature, on the part of Executive in the performance of his duties as an employee of Interpublic;

(v) A felony conviction of Executive (other than as a result of a traffic violation or

vicarious liability).

Upon a termination for Cause, Interpublic shall pay Executive his Accrued Obligations and Executive shall not be entitled to any bonus with respect to the year of termination, or, except as otherwise specified herein, to any other payments hereunder.

7.05 Executive may terminate his active employment with Interpublic for "**Good Reason**" by giving Interpublic written notice of the termination, setting forth in reasonable detail the specific conduct of Interpublic 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 Interpublic 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 Interpublic 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 and which is promptly corrected;
- (ii) Any material breach by Interpublic of any provision of this Agreement (including without limitation Section 2.02, Articles III, IV, V, VI, or X of this Agreement), other than an isolated, insubstantial and inadvertent failure that is not taken in bad faith and which is promptly corrected; or
- (iii) Any change in Executive's title; or
- (iv) Any relocation of the Executive's principal business location to a location other than Manhattan; or
- (v) A failure of the Committee to timely make the grants pursuant to Article V hereof.

In the event of a termination for Good Reason, all of the compensation, benefits and perquisites and other provisions provided by Section 7.01 and Section 7.02 shall apply as if Executive were terminated without Cause by Interpublic.

7.06 In the event the active employment of Executive is terminated by Interpublic pursuant to Section 7.01 or by Executive pursuant to Section 7.05, Interpublic Restricted Shares provided in Section 5.01 then held by Executive shall vest in full as of the active termination date provided in the termination notice, except that if such date is within twelve (12) months of the grant date such shares shall vest on the day after the one-year anniversary of the grant date provided further that such date is prior to the Payroll Date. Options provided in Section 5.02 shall continue to vest until the Payroll Date and shall fully vest on the Payroll Date. They shall be exercisable after the Payroll Date based on the Payroll Date being his last day of employment.

7.07 It is understood that Executive is entering into an Executive Severance Agreement ("ESA") with Interpublic, as of today's date. That Agreement will govern the terms and conditions of a termination of Executive's employment with Interpublic as a result of a change in control, as defined in the ESA.

7.08 Executive's employment shall end upon his death and Interpublic may terminate Executive's employment upon written notice given while Executive remains disabled after he has incurred a Disability. Executive shall be deemed to have incurred a Disability if he has not been able to perform his material duties for six (6) consecutive months because of physical or mental incapacity. Upon such termination Executive shall be entitled to receive his Accrued Obligations and a pro rata bonus based on actual results for the year of termination, as well as any unpaid bonus under Section 4.02. Until death or actual termination for Disability, Executive shall be entitled to receive his full compensation and benefits hereunder. Restricted Stock and Options held by Executive shall vest in full upon his death or Disability provided that Executive has held such shares or options for a period of one (1) year.

7.09 Notwithstanding anything else herein, upon any termination for any reason or no reason and whether by Interpublic or Executive, Executive shall be entitled to his rights as specified on Sections 6.06 and 6.07 and any and all rights to indemnification and directors' and officers' liability insurance coverage.

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 may be involved in charitable activities. Furthermore, Interpublic hereby consents to Executive's supervisory role and other limited involvement with various real estate investment properties owned by him and members of his family and with the PCAOB Advisory Committee and the Board of Directors of The Committee of Sponsoring 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, provided the foregoing shall not limit compliance with legal process or regulatory inquiry or disclosure to outside Company advisors or to other employees or the Board of Interpublic.

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. The foregoing shall not apply to Executive's rolodex and similar address books.

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") or for a period of one (1) year following 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, provided that the foregoing shall not prevent Executive from serving as a requested reference or be violated by general advertising not specifically targeted at the employees of Interpublic 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, 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, provided the foregoing shall not prevent Executive from serving in a financial capacity with any entity that might do any of the foregoing so long as he is not personally involved in doing so. Executive acknowledges that these provisions are reasonable and necessary to protect Interpublic's legitimate business interests, 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.

8.09 Interpublic represents and warrants that the officer executing this Agreement has the full right, power and authority to do so on behalf of Interpublic.

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, as determined by the arbitrator, may be awarded its attorney's fees and costs in the discretion of the arbitrator, provided that the arbitrator shall not make any award against the Executive unless he finds Executive's position overall to have been frivolous or taken in bad faith.

ARTICLE X

Assignment

10.01 This Agreement shall be binding upon and enure to the benefit of the successors and permitted assigns of Interpublic and the Executive. Neither this Agreement nor any rights hereunder shall be assignable by Executive and any such purported assignment by him shall be void, except that upon Executive's death any payments hereunder

(including any remaining severance) shall be paid to his estate. Interpublic may assign the Agreement only to a successor to all or substantially all of its business and then only if such successor promptly delivers to Executive a written assumption of Interpublic's obligations hereunder.

ARTICLE XI
Agreement Entire

11.01 This Agreement along with an Executive Severance Agreement and Capital Accumulation Plan Agreement constitutes 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. This Agreement may not be changed orally, but only by a writing executed by the party to be charged.

11.02 Interpublic agrees to pay up to Fifteen Thousand Dollars (\$15,000) in legal fees incurred in connection with providing legal services to Executive in connection with the negotiation and preparation of this Agreement.

11.03 Interpublic shall indemnify and hold harmless Executive (including advancement of legal fees) in accordance with the By-laws of the Corporation. With regard to him serving as an officer and employee of Interpublic, Interpublic shall cover Executive under directors' and officers' liability insurance in the highest amount it covers any other officers or directors both during employment and thereafter while liability may exist for activities during his period of employment.

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, without regard to the principles of conflict of law.

THE INTERPUBLIC GROUP OF COMPANIES, INC.

By: /s/ Christopher J. Coughlin

Name: Christopher J. Coughlin

Title: Executive Vice President, Chief
Operating Officer and Chief
Financial Officer

 /s/ Nicholas Cyprus

Nicholas Cyprus

EXHIBIT 10(III)(A)(7)

EXECUTIVE SEVERANCE AGREEMENT

This AGREEMENT ("Agreement") dated May 24, 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 Nicholas Cyprus (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 another 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 which 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 himself 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 sentence 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 his 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 Executive 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 MICP. The Plan Amount in respect of the Company's Management Incentive Compensation Plans ("MICP") and/or the 2002 Performance Incentive Plan ("2002 PIP") or its successor 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 2.3 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 2.4 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 2002 Performance Incentive Plan or its successor shall be governed by that Plan 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 reported 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, restricted stock or long-term incentive 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 the 2002 PIP in that year but deferred to a subsequent year 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 year immediately prior to the Termination Year multiplied by 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 5.10 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 Agreement.

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, (except for the amount due under Sections 7.01(iv) and (v), 7.06 and 7.09 of Executive's Employment Agreement. If the Executive has a Good Reason to resign and does so by providing the notice specified in the last sentence of section 1.4 of this Agreement, he shall be deemed to have satisfied any notice requirement for resignation, and any service requirement 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 (including, but not limited to, under the exception in Section 5.5 hereof) 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 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 may pursue, the Company may enforce its rights under this section 5.10 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 perform 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., 1271 Avenue of the Americas, New York, New York 10020, 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
Title: Executive Vice President, Chief
Operating Officer and Chief
Financial Officer

/s/ Nicholas Cyprus
Nicholas Cyprus

EXHIBIT 10(III)(A)(8)

The Interpublic Capital Accumulation Plan

Participation Agreement

WHEREAS, Nicholas Cyprus (the "Participant") is a key executive of The Interpublic Group of Companies, Inc. ("Interpublic") and its subsidiaries, and has been approved by Interpublic's Management Human Resources Committee to participate in The Interpublic Capital Accumulation Plan ("CAP");

WHEREAS, the Participant has received and reviewed the pamphlet entitled "The Interpublic Capital Accumulation Plan," which sets forth the basic terms and conditions of CAP (the "Plan Document"); and

WHEREAS, the Plan Document provides that certain details with regard to the Participant's account and other rights and responsibilities under CAP 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 May 15, 2004, provided the Participant submits the executed Participation Agreement to Interpublic by June 15, 2004. If the Participant does not submit the executed Participation Agreement by such date, 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. Credit. The Participant's annual dollar credit shall be \$80,000 and shall be credited December 31 of each year if Participant is in the Plan on such date.
- 3.

Interest. The annual interest rate for the calendar year in which the Effective Date set forth in paragraph 0 occurs is 4.25%. As stated in the Plan Document, interest first accrues on December 31 of the calendar year following the first year of Participation. The applicable interest rate can be adjusted (upward or downward) annually.

4. Vesting. Subject to paragraph 5, which sets forth the requirement to comply with non-competition and non-solicitation agreements, the Participant's CAP account is scheduled to become fully vested on May 14, 2007 (assuming the Participant continues in the employment of Interpublic and its subsidiaries until this date).
5. 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 immediately prior to such time in the employ of the Business Unit. Breach by the Participant of any of the above provisions shall result in the forfeiture of all interest credited to the Participant's account.

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.

6. 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 CAP is scheduled to begin), the Participant's vested account balance shall be distributed in a lump sum.

If you would like to elect a payment form other than a lump sum, check below.

___ I elect to receive my vested account balance in monthly installments over 10 years.

___ I elect to receive my vested account balance in monthly installments over 15 years.

I understand that the installment forms described above are available only if I terminate employment after age 55, with at least five years of participation in CAP.

7. Benefit Commencement Date. As provided in the Plan Document, any election to commence distribution of the Participant's account after the earliest commencement date permitted under the Plan Document must be received by Interpublic's Human Resources Department at least 12 months before the otherwise applicable commencement date.
8. 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.
9. 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.
10. **Complete Statement. This Participation Agreement shall be construed as a complete statement of the Participant's rights under CAP. Any change to the terms of this Participation Agreement or to the Participant's rights under CAP 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/ Nicholas Cyprus

Christopher J. Coughlin
Executive Vice President, Chief
Operating Officer and Chief

Nicholas Cyprus

DATE: _____

DATE: 5/26/04

Return to Interpublic's Law Department by June 15, 2004.

**THE INTERPUBLIC GROUP OF COMPANIES, INC.
BENEFICIARY DESIGNATION: Capital Accumulation Plan**

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. I am married. 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.	
4.	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.	
4.	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.

Execution of Beneficiary Designation

Participant's Signature

Date

EXHIBIT 10(III)(A)(9)

EMPLOYMENT AGREEMENT

AGREEMENT made as of July 13, 2004 by and between **THE INTERPUBLIC GROUP OF COMPANIES, INC.**, a Delaware corporation ("**Interpublic**") and **MICHAEL ROTH** ("**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 beginning July 13, 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.**") Executive will serve Interpublic during the term of employment.

ARTICLE II**Duties**

2.01 During the term of employment, Executive will:

- (i) Serve as Chairman of Interpublic;
- (ii) Use his best efforts to promote the interests of Interpublic and devote his full time and efforts to their business and affairs;
- (iii) Perform such duties as Interpublic may from time to time assign to him;
- (iv) Serve in such other offices of Interpublic as he may be elected or appointed to.

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 Nine Hundred Fifty Thousand Dollars (\$950,000) 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 Executive's compensation will be subject to periodic reviews in accordance with Interpublic's policies. 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.

ARTICLE IV**Bonuses**

4.01 Executive will be eligible during the term of employment to participate in Interpublic's Annual Management 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 award equal to one hundred thirty-three percent (133%) of his base salary. The actual award, if any, may vary from zero percent (0%) to one hundred fifty percent (150%) of target, and shall be determined by Interpublic based on profits, Executive's individual performance, and management discretion.

ARTICLE V**Interpublic Stock**

5.01 As soon as administratively feasible after full execution of this Agreement, Interpublic will grant to Executive such number of shares of Interpublic Common Stock as shall have an aggregate market value of One Million and Fifty Thousand Dollars (\$1,050,000) on the date of grant. Such shares will be subject to a three-year vesting restriction from the date of grant.

5.02 As soon as administratively feasible after full execution of this Agreement, Interpublic will grant to Executive options to purchase shares of Interpublic Common Stock as shall have an aggregate expected value of One Million and Fifty Thousand Dollars (\$1,050,000) on the date of grant. Such options will vest in thirds on each of the second, third and fourth anniversaries of the date of grant.

5.03 Beginning in 2005, and concurrent with grants to the executive team, Executive shall participate in the Company's long-term incentive programs with a total expected annual award value at target of Two Million One Hundred Thousand Dollars (\$2,100,000). Such award shall be provided in a manner consistent with those provided to the executive team and may comprise stock options, restricted stock, performance-based restricted stock or another form of incentive at the Compensation Committee's discretion. Awards will be subject to performance and vesting terms and conditions consistent with those generally required of the executive team.

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 annual paid time off, 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 automobile allowance of Ten Thousand Dollars (\$10,000) per annum, which shall cover all car-related expenses and parking.

6.05 Executive shall be entitled to a club allowance of Twenty Thousand Dollars (\$20,000) per annum, which shall cover all club-related expenses.

6.06 Executive shall be eligible to participate in the Executive Medical Plus Plan, and shall receive an annual financial planning allowance of Two Thousand Five Hundred Dollars (\$2,500).

6.07 Executive shall participate in Interpublic's Capital Accumulation Plan, with an annual contribution of One Hundred Thousand Dollars (\$100,000).

ARTICLE VII

Termination

7.01 Interpublic may terminate the employment of Executive hereunder:

(i) 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) 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 which are made available to employees generally; provided, that such benefits shall cease upon such date that Executive accepts employment with another employer offering similar benefits.

7.02 Notwithstanding the provisions of Section 7.01, during the period of notice of termination, Executive will use reasonable, good faith efforts to obtain other employment reasonably comparable to his employment under this Agreement. Upon obtaining other employment (including work as a consultant, independent contractor or establishing his own business), Executive will promptly notify Interpublic, and (a) in the event that Executive's salary and other non-contingent compensation ("**new compensation**") payable to Executive in connection with his new employment shall equal or exceed the salary portion of the amount payable by Interpublic under Section 7.01, Interpublic shall be relieved of any obligation to make payments under Section 7.01, or (b) in the event Executive's new compensation shall be less than the salary portion of payments to be made under Section 7.01, Interpublic will pay Executive the difference between

such payments and the new compensation. In the event Executive accepts employment with any company owned or controlled by Interpublic during the period in which payments are being made pursuant to Section 7.01 of this Agreement, all such payments shall cease upon commencement of such employment.

7.03 Executive may at any time give notice in writing to Interpublic specifying a termination date not less than three (3) months 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 perform 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) 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) without the consent of the Interpublic Board of Directors;
- (iii) The acceptance by Executive, prior to the effective date of Executive's voluntary resignation from employment with Interpublic, of a position with another employer, without the consent of the Interpublic Board of Directors;
- (iv) 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;
- (v) Fraud, dishonesty, disloyalty, gross negligence, or willful misconduct on the part of Executive in the performance of his duties as an employee of Interpublic;
- (vi) A felony conviction of Executive; or
- (vii) Executive's engaging, during the term of employment, in activities which are prohibited by federal, state, or local laws, or Interpublic or Interpublic's policy, prohibiting discrimination or harassment based on age, sex, race, religion, disability, national origin or any other protected category.

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.

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.

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, 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 the Interpublic. Executive acknowledges that these provisions are reasonable and necessary to protect Interpublic's legitimate business interests, 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 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 constitutes 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/ Timothy Sompolski

Timothy Sompolski
Executive Vice President,
Human Resources

/s/ Michael Roth

Michael Roth

EXHIBIT 10(III)(A)(10)

EXECUTIVE SEVERANCE AGREEMENT

This AGREEMENT ("Agreement") dated July 13, 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 Michael I. Roth (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 three 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 another 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 which 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 himself 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 sentence 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 his 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 Executive 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. MICP. The Plan Amount in respect of the Company's Management Incentive Compensation Plans ("MICP") shall consist of an amount equal to the sum of all amounts awarded to the Executive under, but deferred pursuant to, the MICP 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 that were deferred prior to the Change of Control and any interest equivalents thereon.

Section 2.3. 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 2.4. 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 MICP shall be governed by those Plans and not by this

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 three 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 three 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 reported 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 in that year but deferred to a subsequent year 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) 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 year 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 5.10 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 Agreement.

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 1.4 of this Agreement, he shall be deemed to have satisfied any notice requirement for resignation, and any service requirement 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 three (3.0).

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 may pursue, the Company may enforce its rights under this section 5.10 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 perform 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., 1114 Avenue of the Americas, New York, New York 10036, 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/ Jeffrey K. Mook
Jeffrey K. Mook

/s/ Michael I. Roth
Michael I. Roth

Signed as of 7/27/04

AGREEMENT made as of July 6, 2004 by and between **THE INTERPUBLIC GROUP OF COMPANIES, INC.**, a Delaware corporation ("**Interpublic**" or "**Company**") and **TIMOTHY A. SOMPOLSKI** ("**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 beginning July 6, 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, Human Resources 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) Report to the Chief Executive Officer, President of Interpublic.

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 Five Hundred Fifty Thousand Dollars (\$550,000) 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 Executive's compensation will be subject to periodic reviews in accordance with Interpublic's policies. 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, if increased, will not be reduced from such increased amount, 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 Management 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 award equal to seventy-five percent (75%) of his base salary. The actual award, if any, may vary from zero percent (0%) to one hundred fifty percent (150%) of target, and shall be determined by Interpublic based on Company performance, Executive's individual performance, and management discretion. For calendar year 2004, Executive's award shall be pro-rated and guaranteed at a minimum amount of Two Hundred and Six Thousand Two Hundred Fifty Dollars (\$206,250).

4.02 Within thirty (30) days of the Commencement Date, Executive will receive a sign-on bonus of One Hundred Thousand Dollars (\$100,000). The sign-on bonus will be repaid in full by Executive in the event his employment with Interpublic is terminated by the Company for Cause (as defined in Section 7.04 hereof) or by the Executive without Good Reason (as defined in Section 7.05 hereof) within his first twenty-four (24) months of employment.

ARTICLE V
Interpublic Stock

5.01 As soon as administratively feasible after full execution of this Agreement, but no later than October 1, 2004, Interpublic will grant to Executive such number of shares of Interpublic Common Stock as shall have an aggregate

market value of Four Hundred Thousand Dollars (\$400,000) on the date of grant. Such shares will be subject to a three-year vesting restriction from the date of grant.

5.02 As soon as administratively feasible after full execution of this Agreement, but no later than October 1, 2004, Interpublic will grant to Executive options to purchase shares of Interpublic Common Stock as shall have an aggregate expected value of Four Hundred Thousand Dollars (\$400,000), based on a Black-Scholes ratio equal to or less than 50%, on the date of grant. Such options will vest in thirds on each of the second, third and fourth anniversaries of the date of grant.

5.03 Beginning in 2005, and concurrent with grants to the executive team, Executive shall participate in the Company's long-term incentive programs with a total expected annual award value at target of Eight Hundred Thousand Dollars (\$800,000). Such award shall be provided in a manner consistent with those provided to the executive team and may comprise stock options, restricted stock, performance-based restricted stock or another form of incentive at the Compensation Committee's discretion. Awards will be subject to performance and vesting terms and conditions consistent with those generally required of the executive team.

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 annually entitled to twenty-five (25) days paid time off, 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 a monthly automobile allowance of Ten Thousand Dollars (\$10,000) per annum, which shall cover all car-related expenses and parking.

6.05 Executive shall be entitled to a club allowance of Ten Thousand Dollars (\$10,000) which shall be paid in the first month of each year and which shall cover all club-related expenses. Substantiation of all expenses related to club membership will be provided by Executive in accordance with Interpublic's policies.

6.06 Executive shall participate in the Executive Medical Plus Plan at Executive's election.

6.07 Executive shall participate in Interpublic's Capital Accumulation Plan, with an annual contribution of Seventy-Five Thousand Dollars (\$75,000).

6.08 Executive shall be reimbursed annually by Interpublic for financial planning in accordance with the financial planning reimbursement program available to similarly situated senior executives, but no less than Two Thousand Five Hundred (\$2,500) per year.

6.09 Executive shall be entitled to reimbursement of legal expenses incurred in connection with preparation of this Agreement and other employment-related agreements up to a maximum of Seven Thousand Five Hundred Dollars (\$7,500).

ARTICLE VII

Termination

7.01 Interpublic may terminate the employment of Executive hereunder:

(i) 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) 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 to him a lump sum cash payment equal to (i) 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 and (ii) a pro-rated target bonus (as provided for in Section 4.01 hereof) based on the number of full and partial months between the date on which such notice is given and the termination date. Such lump sum cash payment shall be paid to Executive on the termination date.

(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 which are made available to employees generally; provided, that such benefits shall cease upon such date that Executive accepts employment with another employer offering similar benefits.

7.02 Executive shall have no obligation to obtain other employment after termination. However, if Executive does obtain other employment (including work as a consultant, independent contractor or establishing his own business) during the 12-month period following the date the notice of termination was given, then Executive will promptly notify Interpublic and (a) in the event that Executive's salary and other non-contingent compensation payable to Executive in connection with his new employment relating to the 12-month period following the date the notice of termination was given ("**new compensation**") shall equal or exceed the salary portion of the amount paid by Interpublic under Section 7.01(ii), Executive shall repay to Interpublic the amount of such salary payments that had been paid to him under Section 7.01(ii), or (b) in the event Executive's new compensation shall be less than the salary portion of the amount paid by Interpublic under Section 7.01(ii), Executive shall repay to Interpublic an amount equal to the new compensation. In the event Executive accepts employment with any company owned or controlled by Interpublic during the period in which payments are being made pursuant to Section 7.01 of this Agreement, all such payments shall cease upon commencement of such employment.

7.03 Executive may at any time give notice in writing to Interpublic specifying a termination date not less than one (1) months 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 perform 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) The acceptance by Executive, prior to the effective date of Executive's voluntary resignation from employment with Interpublic, of a position with another employer, without the consent of the Interpublic Board of Directors;

(iv) 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;

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

(vi) A felony conviction of Executive; or

(vii) Executive's engaging, during the term of employment, in activities which are prohibited by federal, state, or local laws, or Interpublic or Interpublic's policy, prohibiting discrimination or harassment based on age, sex, race, religion, disability, national origin or any other protected category.

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 Executive for Good Reason shall be effective on the 21st business day following the date the notice is given, unless the Company 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 Company that results in a material diminution in 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 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 Company.

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.

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 the 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 interests, 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.

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 13.01 hereof, and judgment 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. Th e 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 constitutes 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

Christopher J. Coughlin
Executive Vice President, Chief
Operating Officer

/s/ Timothy A. Sompolski

Timothy A. Sompolski

EXHIBIT 10(III)(A)(12)

EXECUTIVE SEVERANCE AGREEMENT

This AGREEMENT ("Agreement") dated July 6, 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 Tim Sompolski(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 another 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 which 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 himself 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 sentence 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 his 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 Executive 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. MICP. The Plan Amount in respect of the Company's Management Incentive Compensation Plans ("MICP") shall consist of an amount equal to the sum of all amounts awarded to the Executive under, but deferred pursuant to, the MICP 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 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, the 2002 Performance Incentive Plan and the 2004 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 reported 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 2004 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 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) 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 year immediately prior to the Termination Year multiplied by one plus the fraction of the Termination Year preceding the Termination Date. Provided further however that in the event that Executive failed to receive an MICP award in either of the two (2) years preceding the Termination Year as a result of the financial performance of the Company generally (and not as a result of Executive's individual performance) then, in such case, the MICP award to be used for purposes of this Section 3.2 shall be the target MICP award established by the Corporation or the most recent MICP award received by Executive, whichever is greater.

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 5.10 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 Agreement.

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 1.4 of this Agreement, he shall be deemed to have satisfied any notice requirement for resignation, and any service requirement 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 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 may pursue, the Company may enforce its rights under this section 5.10 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 perform 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., 1271 Avenue of the Americas, New York, New York 10020, 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
Christopher J. Coughlin

/s/ Tim Sompolski
Tim Sompolski

Signed as of _____, 2004

EXHIBIT 10(III)(A)(13)

The Interpublic Capital Accumulation Plan

Participation Agreement

WHEREAS, Timothy A. Sompolski (the "Participant") is a key executive of The Interpublic Group of Companies, Inc. ("Interpublic") and its subsidiaries, and has been approved by Interpublic's Management Human Resources Committee to participate in The Interpublic Capital Accumulation Plan ("CAP");

WHEREAS, the Participant has received and reviewed the pamphlet entitled "The Interpublic Capital Accumulation Plan," which sets forth the basic terms and conditions of CAP (the "Plan Document"); and

WHEREAS, the Plan Document provides that certain details with regard to the Participant's account and other rights and responsibilities under CAP 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 July 6, 2004 provided the Participant submits the executed Participation Agreement to Interpublic by August 6, 2004. If the Participant does not submit the executed Participation Agreement by such date, 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. Credit. The Participant's annual dollar credit shall be \$75,000 and shall be credited December 31 of each year if Participant is in the Plan on such date.
3. Interest. The annual interest rate for the calendar year in which the Effective Date set forth in paragraph 0 occurs is 4%. As stated in the Plan Document, interest first accrues on December 31 of the calendar year following the first year of Participation. The applicable interest rate can be adjusted (upward or downward) annually.

4. Vesting. Subject to paragraph 0, which sets forth the requirement to comply with non-competition and non-solicitation agreements, the Participant's CAP account is scheduled to become fully vested on July 5, 2007 (assuming the Participant continues in the employment of Interpublic and its subsidiaries until this date).
5. 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 immediately prior to such time in the employ of the Business Unit. Breach by the Participant of any of the above provisions shall result in the forfeiture of all interest credited to the Participant's account.

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.

6. 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 CAP is scheduled to begin), the Participant's vested account balance shall be distributed in a lump sum.

If you would like to elect a payment form other than a lump sum, check below.

I elect to receive my vested account balance in monthly installments over 10 years.

I elect to receive my vested account balance in monthly installments over 15 years.

I understand that the installment forms described above are available only if I terminate employment after age 55, with at least five years of participation in CAP.

7. Benefit Commencement Date. As provided in the Plan Document, any election to commence distribution of the Participant's account after the earliest commencement date permitted under the Plan Document must be received by Interpublic's Human Resources Department at least 12 months before the otherwise applicable commencement date.
8. 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.
9. 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.
10. **Complete Statement. This Participation Agreement shall be construed as a complete statement of the Participant's rights under CAP. Any change to the terms of this Participation Agreement or to the Participant's rights under CAP 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
 Christopher J. Coughlin
 Executive Vice President, Chief
 Operating Officer

/s/ Timothy A. Sompolski
 Timothy A. Sompolski

DATE: 7/10/04

DATE: 7/10/04

THE INTERPUBLIC GROUP OF COMPANIES, INC.
BENEFICIARY DESIGNATION: Capital Accumulation Plan

Participant's Name _____ Soc. Sec. No: _____
 Home Address _____
 City _____ State _____ Zip _____
 Date of Birth _____
 Daytime Telephone Number _____ Evening Telephone Number _____
 Please check box if your address has changed within the last year. I am married. 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.	
4.	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.	
4.	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

EXHIBIT 10(III)(A)(14)**SUPPLEMENTAL AGREEMENT**

SUPPLEMENTAL AGREEMENT made as of June 30, 2004 between **THE INTERPUBLIC GROUP OF COMPANIES, INC.**, a Delaware corporation ("**Interpublic**") and **ROBERT THOMPSON** ("**Executive**").

WITNESSETH:

WHEREAS, Interpublic and Executive are parties to an Employment Agreement made as of October 1, 2003 (hereinafter referred to as the "**Agreement**"); and

WHEREAS, Interpublic and Executive desire to amend the Agreement effective as of July 1, 2004;

NOW, THEREFORE, in consideration of the mutual promises herein and in the Agreement set forth, the parties hereto, intending to be legally bound, agree as follows:

1. Paragraph 2.01 of the Agreement is hereby amended by deleting "Senior Vice President of Finance, reporting to the Chief Operating Officer of Interpublic" therefrom and substituting "Executive Vice President, Chief Financial Officer, reporting to the Chief Executive Officer and President" therefor.

2. Paragraph 3.01 of the Agreement is hereby amended by deleting "Four Hundred Fifty Thousand Dollars (\$450,000) per annum" therefrom and substituting "Five Hundred Fifty Thousand Dollars (\$550,000)" therefor.

3. Paragraph 4.01 of the Agreement is amended to read in its entirety as follows:

"Executive will be eligible during the term of employment to participate in the Annual Incentive Compensation Plan of Interpublic, in accordance with the terms and conditions of the Plan established from time to time. Executive' s target award is seventy-five percent (75%) of his annual base salary. Executive' s award may vary from zero percent (0%) to one hundred fifty percent (150%) of the target award, provided however, that the actual award, if any, shall be determined by Interpublic and shall be based on the Company' s performance, Executive' s individual performance, and management discretion."

4. "A new Section 5.02 shall be added to read as follows:

"Beginning in 2005, and concurrent with grants to the executive team, Executive shall participate in the Company' s long-term incentive programs with a total expected annual award value at target of Eight Hundred Thousand Dollars (\$800,000). Such award shall be provided in a manner consistent with those provided to the executive team and may comprise stock options, restricted stock, performance-based restricted stock or another form of incentive at the Compensation Committee' s discretion. Awards will be subject to performance and vesting terms and conditions consistent with those generally required of the executive team."

5. A new Section 5.03 shall be added to read as follows:

"As soon as practicable following full execution of this Supplemental Agreement, Executive shall be granted such shares of Interpublic restricted stock as shall have an aggregate market value of One Hundred Fifty Thousand Dollars (\$150,000) on the date of grant. Such shares shall be subject to a three-year vesting."

Except as hereinabove amended, the Agreement shall continue in full force and effect.

This Supplemental Agreement shall be governed by the laws of the State of New York, applicable to contracts made and fully to be performed therein.

THE INTERPUBLIC GROUP OF
COMPANIES, INC.

By: /s/ Jeffrey Mook
Jeffrey Mook
Senior Vice President, Compensation

And Benefits

/s/ Robert Thompson

Robert Thompson

CERTIFICATION

I, David A. Bell, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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: August 9, 2004

/s/ David A. Bell

David A. Bell

Chief Executive Officer

CERTIFICATION

I, Robert G. Thompson, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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: August 9, 2004

/s/ Robert G. Thompson

Robert G. Thompson
Chief Financial Officer

Quarterly Certification**Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), each of the undersigned officers of The Interpublic Group of Companies, Inc., a Delaware corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The quarterly report on Form 10-Q for the quarter ended June 30, 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: August 9, 2004

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

Dated: August 9, 2004

/s/ Robert G. Thompson
Robert G. Thompson
Chief Financial Officer