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

FORM 8-K

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

Date of report (Date of earliest event reported): August 5, 2004

The Interpublic Group of Companies, Inc.

(Exact Name of Registrant as Specified in Charter)

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

1114 Avenue of the Americas, New York, New York	10036
(Address of Principal Executive Offices)	(Zip Code)

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

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

Item 5. Other Events and Regulation FD Disclosure.

On August 5, 2004, The Interpublic Group of Companies, Inc. (the "Company") issued a press release announcing its second quarter earnings, a copy of which is attached hereto as Exhibit 99.1 and is hereby incorporated into this report by reference to that exhibit. This press release is also being furnished pursuant to Item 12.

Item 7. Financial Statements and Exhibits.

(c) Exhibits

Exhibit 99.1: Press release of the Company dated August 5, 2004
Exhibit 99.2: Slide show made available by the Company in connection with the earnings conference call on August 5, 2004
Exhibit 99.3: Earnings conference call script of August 5, 2004

Item 12. Results of Operations and Financial Condition.

On August 5, 2004, the Company (i) issued a press release announcing its second quarter earnings, a copy of which is attached hereto as Exhibit 99.1 and (ii) posted a slide show on its website in connection with the earnings conference call, a copy of which is attached hereto as Exhibit 99.2. A copy of the earnings conference call script of August 5, 2004 is attached hereto as Exhibit 99.3.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

THE INTERPUBLIC GROUP OF COMPANIES, INC.

Date: August 6, 2004

By: /s/ Nicholas J. Camera
Nicholas J. Camera
Senior Vice President, General Counsel
and Secretary

EXHIBIT INDEX

Exhibit No.	Description
99.1	Press Release of the Company dated August 5, 2004
99.2	Investor Presentation of the Company dated August 5, 2004
99.3	Earnings conference call script of August 5, 2004

	August 5, 2004, 8:00 AM

INTERPUBLIC REPORTS ON SECOND QUARTER

Summary of Results

- Second quarter revenue increased 3.0% to $1.54 billion versus the same period last year. In constant currency, revenue increased 1.3% in the quarter relative to the second quarter of 2003.

  - Compared to the same period last year, organic revenue increased 0.3%, improving sequentially from the prior quarter for the fifth consecutive quarter. This marks the company's first positive organic revenue performance since 2001.

- Reported operating margin for the quarter was 3.8%, compared to 3.5% in the second quarter of 2003.

  - Excluding charges related to restructuring activities, long-lived asset impairment and the company's motor sports operations, operating margin was 9.5% in the second quarter, compared to a like margin of 10.5% in 2003.

  - Excluding charges related to restructuring activities, long-lived asset impairment and the company's motor sports operations, operating margin was 7.2% in the first half of 2004, compared to a like margin of 6.7% in 2003.

  - Year-over-year operating margin comparisons were adversely affected by higher professional fees, primarily related to implementation and compliance with Sarbanes-Oxley, as well as the implementation of shared service initiatives. The increase in professional fees in the second quarter negatively impacted operating margin in the quarter by approximately 150 basis points. A reconciliation of operating margin appears in schedules accompanying this release.

- Second quarter loss of ($0.03) per common share. Net loss of $5.4 million reflects:

  - A charge of $80 million recorded in the quarter in connection with the company's previously announced agreement to terminate its contract and related guarantees with the Formula One Administration Limited relating to the British Grand Prix. The charge represents $93 million in cash, net of existing reserves/accruals.

  - Provision for income taxes of $33.4 million on pre-tax income of $32.8 million. The company's tax rate in the second quarter was adversely affected by losses in certain international jurisdictions that received little or no tax benefit.

  - Net charges associated with the company's previously announced restructuring program of $2 million. Long-lived asset impairment charges were $3 million.

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- The company's financial condition showed continued improvement relative to the same period a year ago.

  - At the end of the second quarter, Interpublic's total debt was $2.2 billion, compared to $2.7 billion a year earlier.

  - Net debt, defined as total debt less cash and cash equivalents, stood at $790 million, down from $2.0 billion at the end of last year's second quarter.

  - The company's debt-to-capital ratio at the end of the second quarter was 46.5%, down from 55.0% at the same point in 2003.

- Subsequent to the quarter, Interpublic announced that it had reached agreements with the British Racing Drivers

Club giving the company and its affiliates the right to terminate lease obligations at the Silverstone auto racing track and related obligations. These agreements give the company the right to completely exit from motor sports by the end of the year. Charges in the amount of approximately $45 million (pre-tax) related to this transaction will be recognized in the second half of 2004.

"The most promising news this quarter was on the top line. We posted our fifth consecutive sequential improvement in organic revenue and saw a return to organic growth for the first time since 2001. A number of our companies – in advertising, CRM and public relations – posted strong top line domestic results. I'm pleased with our progress in closing the growth gap with the competition.

"While margins were adversely affected by costs associated with Sarbanes-Oxley implementation and compliance and the implementation of our shared services initiatives, these are important and necessary investments in our future. The former will ensure continued improvements in our control environment and financial reliability; the latter will enhance our ability to meet the goal we have set of returning to industry levels of profitability.

"The major initiatives required to effect a turnaround are underway. Management is focused on execution of the remainder of our plan."

David Bell, CEO and President, The Interpublic Group

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Operating Results

	Second Quarter 2004	Second Quarter 2003
Revenue	$ 1,544.1	$1,499.4
Operating Income	58.5	51.9
Net Loss	(5.4)	(13.5)
Per Common Share Data:		
EPS Continuing Ops	($0.03)	($0.06)
EPS Discontinued Ops	--	0.02
EPS	($0.03)	($0.04)

Revenue increased 3.0% in the second quarter to $1.54 billion, compared with the year-ago period. This principally reflects the benefit of favorable foreign currency translation and US revenue growth. On a constant currency basis, revenue in the second quarter increased 1.3% compared to the second quarter of 2003.

Organic revenue - defined as revenue in constant currency adjusted for acquisitions and dispositions, as well as the impact of reclassifying certain out-of-pocket expenses -increased 0.3% in the second quarter compared to the same quarter in 2003.

In the United States, reported revenue for the second quarter increased 3.1%, while organic revenue increased 2.3%, compared to the same period in 2003. In markets outside of the United States, reported revenue rose 2.9% in the second quarter. In constant currency, international revenue decreased 0.8% in the quarter and organic revenue decreased 2.1% compared to the second quarter of 2003.

Organic and constant currency revenue are non-GAAP measures, which are defined and reconciled in the schedules that accompany this release.

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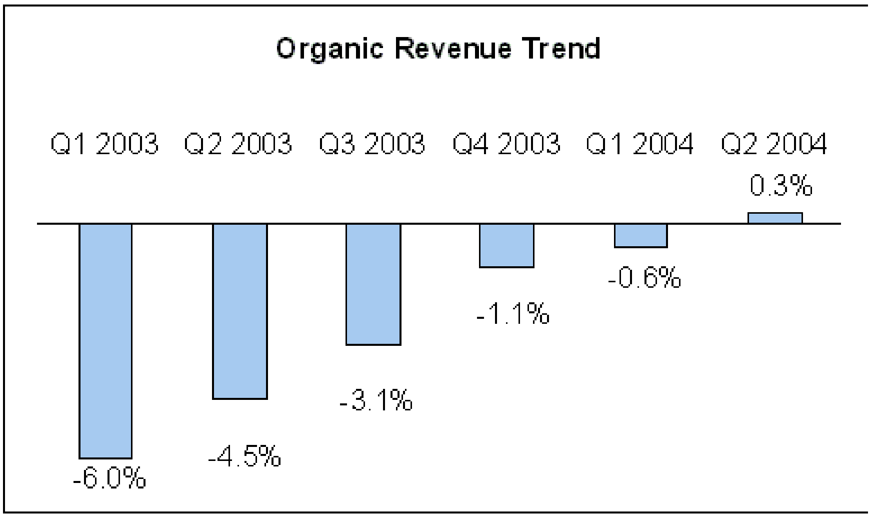
INTER PUBLIC GROUP

Second Quarter Revenue Analysis

	Worldwide	US	Non-US
Reported Growth	3.0%	3.1%	2.9%
Less: Currency Translation	1.7%	--	3.7%
Constant Currency	1.3%	3.1%	(0.8%)
Plus: Net Dispositions	1.4%	1.4%	1.4%
Organic Revenue Before Reclassifications	2.7%	4.5%	0.6%
Less: Reclassifications (out-of-pocket expenses)	2.4%	2.2%	2.7%
Organic Revenue	0.3%	2.3%	(2.1%)



An analysis of Interpublic's geographic revenue mix and performance will be provided on the company's conference call and is available through the company's web site, www.interpublic.com.

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Operating Expenses

Salary and related expenses increased 1.8% in the second quarter to $893.8 million compared to the second quarter of 2003. Additional contractual compensation recorded as a result of prior acquisition agreements and the impact of currency translation were partially offset by benefits of the company's restructuring efforts. On a constant currency basis, salary and related expenses increased 0.2% . Since the second quarter of 2003, headcount has declined from 44,500 to 43,900.

Office and general expenses increased 9.3% to $506.8 million, driven by increases in out-of- pocket expenses billed to clients, as well as by higher foreign exchange rates. Adjusted for currency, acquisitions and dispositions, and these out-of-pocket expenses, office and general expenses increased by 2.5% relative to the second quarter of 2003. This increase reflects higher professional fees, primarily related to implementation and compliance with Sarbanes-Oxley, as well as implementation of shared services initiatives.

Schedules reconciling adjusted expense calculations accompany this release.

New Business and Notable Wins

Significant wins during the second quarter included Barilla, Dell Computer, a number of Novartis brands, Old Navy, Pfizer's Viagra and Sony PlayStation. Significant assignments retained in the quarter included America Online media and Verizon Wireless. Significant new assignments from existing clients in the quarter came from General Motors and L'Oreal Lancôme. Significant losses in the quarter included HSBC, Circuit City, Pier One and John Deere.

Major new wins thus far in the third quarter include Staples, Cablevision Voom, Unilever's Degree brand in the United States and the retention of SC Johnson media responsibilities.

Collaboration Update

The company continued to make progress in its Organic Growth Initiative (OGI), which was introduced in August of 2003 to promote collaborative, business-building activity. During the quarter, the initiative generated an additional 55 new projects, bringing the total of assignments created through the OGI to just short of 170. Overall, these collaborative projects have involved over 650 Interpublic employees across more than 20 companies and represent an anticipated $100 to $125 million in annualized revenue, of which $60 million has already been realized.

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Restructuring Program and Long-Lived Asset Impairment

In the second quarter, the company recorded restructuring charges of $2.0 million. For the 2003 restructuring plan, the company recorded a pre-tax restructuring charge of $6.6 million in the second quarter, all of which was cash. Additionally, the company determined that certain previously accrued amounts related to the 2001 restructuring program were no longer needed, and reversed $4.6 million in the second quarter. Through the second quarter, the company has incurred $240.2 million of restructuring charges related to the 2003 program and the true-up of the 2001 program.

The company's 2003 restructuring program is essentially complete, however certain actions will be expensed in the third quarter of 2004. Total charges will amount to approximately $300 million, of which approximately $30 million will have been recorded as office and general expenses.

Long-lived asset impairment charges (predominantly non-cash) totaled $3.0 million in the quarter. Of these, $2.0 million related to the impairment of long-lived assets at a business that Interpublic is in negotiations to sell. The remaining charge is made up principally of capital expenditures in the motor sports unit that are impaired as incurred.

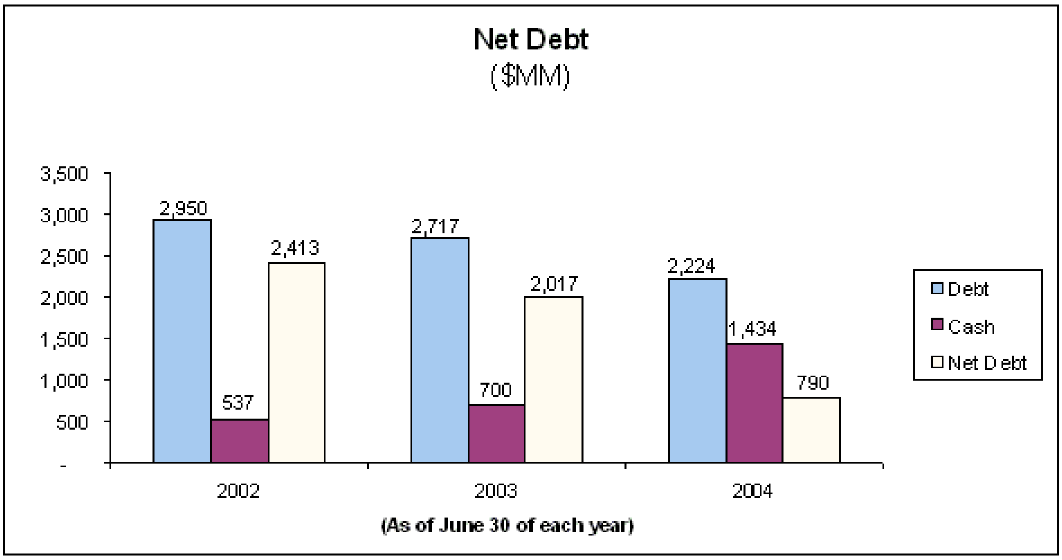
Non-Operating and Tax

Interest expense was $38.4 million in the second quarter compared to $46.1 million in the prior year primarily due to reduction in debt balances from a year ago. Interest income of $10.4 million during the period compared to $10.2 million in the second quarter of last year.

Provision for income taxes in the quarter was $33.4 million, compared to $22.4 million in the second quarter of 2003. The company's tax rate was adversely affected by losses incurred in non-US jurisdictions with tax benefits at rates lower than the US statutory rates.

Debt and Liquidity

At June 30, 2004, cash and equivalents totaled $1.4 billion, up from $700 million at the same time in 2003. At the end of the second quarter, Interpublic's total debt was $2.2 billion, compared to $2.7 billion a year earlier. The company's debt-to-capital ratio at the end of the second quarter was 46.5%, down from 55.0% at the same point in 2003. At the end of the second quarter, net debt was $790 million, down from $2.0 billion at the end of last year's second quarter.



At December 31, 2003, cash and equivalents totaled $2.0 billion, total debt was $2.5 billion and debt-to-capital ratio was 48.7% . At the end of 2003, net debt was $468.6 million. These totals and those reflected in the second quarter of 2004 are not directly comparable due largely to the seasonal nature of media payables in the marketing communications industry. The December 31, 2003 figures include the $244.1 million of Subordinated Convertible Notes due 2004 which were redeemed on January 20, 2004 and the cash effects of the redemption.

Conference Call

Management will host a conference call today at 8:30AM (Eastern) to discuss second quarter results and recent developments. The program and a discussion outline can be accessed at the financial section of the company's website, *www.interpublic.com*. An audio archive of the discussion will remain available at the site for 30 days.

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About Interpublic

Interpublic is one of the world's leading organizations of advertising agencies and marketing services companies. Major global brands include Draft, Foote, Cone & Belding Worldwide, GolinHarris International, Initiative, Jack Morton Worldwide, Lowe & Partners Worldwide, McCann-Erickson, Universal McCann and Weber Shandwick Worldwide. Leading domestic brands include Campbell-Ewald, Deutsch and Hill Holliday.

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Cautionary Statement

This press release contains forward-looking statements. Interpublic's representatives may also make forward-looking statements orally from time to time. Statements in this document that are not historical facts, including statements about Interpublic's beliefs and expectations, particularly regarding recent business and economic trends, potential termination of lease obligations at the Silverstone race track, the impact of litigation, the SEC investigation, dispositions, impairment charges, and the integration of acquisitions and restructuring costs, constitute forward-looking statements. These statements are based on current plans, estimates and projections, and are subject to change based on a number of factors, including those outlined in this section. Forward-looking statements speak only as of the date they are made, and 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;*
- *Interpublic's ability to attract new clients and retain existing clients;*
- *the financial success of Interpublic's clients;*
- *Interpublic'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 Interpublic 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; and*
- *the successful completion and integration of acquisitions which complement and expand Interpublic's business capabilities.*

Investors should carefully consider these risk factors and the additional risk factors outlined in more detail in Interpublic's Form 10-K, March 2004 Form 10-Q and other SEC filings.

THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES
CONSOLIDATED SUMMARY OF EARNINGS
SECOND QUARTER REPORT2004AND2003 (UNAUDITED)
(Amounts in Millions except Per Share Data)

Three Months Ended June 30,

		2004		2003	Fav. (Unfav.) % Variance
Revenue					
United States	$	860.9	$	835.4	3.1
International		683.2		664.0	2.9
Total Revenue		1,544.1		1,499.4	3.0
Operating Expenses					
Salaries and Related Expenses		893.8		878.4	(1.8)
Office and General Expenses		506.8		463.7	(9.3)
Restructuring Charges		2.0		94.4	97.9
Long-Lived Asset Impairment		3.0		11.0	72.7
Motorsports Contract Termination and Other Costs		80.0		--	--
Total Operating Expenses		1,485.6		1,447.5	(2.6)
Operating Income		58.5		51.9	12.7
Other Income (Expense)					
Interest Expense		(38.4)		(46.1)	
Interest Income		10.4		10.2	
Other Income		2.3		0.3	
Investment Impairment		--		(9.8)	
Total Other Income (Expense)		(25.7)		(45.4)	
Income before Income Taxes		32.8		6.5	
Provision for (benefit of) Income Taxes		33.4		22.4	
Income Applicable to Minority Interests		(5.6)		(8.4)	
Equity in Net Income (Loss) of Unconsolidated Affiliates		0.8		1.3	
Loss from Continuing Operations		(5.4)		(23.0)	
Income from Discontinued Operations		--		9.5	
Net Loss		(5.4)		(13.5)	
Dividend on Preferred Stock		5.0		--	
Net Loss Applicable to Common Stockholders		(10.4)		(13.5)	
Per Share Data of Common Stock:					
Basic EPS:					
Continuing Operations	$	(0.03)	$	(0.06)	
Discontinued Operations		--		0.02	
Total		(0.03)		(0.04)	
Diluted EPS:					
Continuing Operations		(0.03)		(0.06)	
Discontinued Operations		--		0.02	
Total		(0.03)		(0.04)	
Dividend per share		--		--	

Weighted Average Common Shares:		
Basic	**414.6**	**384.3**
Diluted	**414.6**	**384.3**

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THE INTERPUBLIC GROUP OF COMPANIES, INC. AND SUBSIDIARIES
CONSOLIDATED SUMMARY OF EARNINGS
SECOND QUARTER REPORT 2004 AND 2003 (UNAUDITED)
(Amounts in Millions except Per Share Data)

	Six Months Ended June 30,		Fav. (Unfav.)
	2004	**2003**	**% Variance**
Revenue			
United States	**$ 1,679.3**	**$ 1,622.8**	**3.5**
International	**1,259.9**	**1,192.3**	**5.7**
Total Revenue	**2,939.2**	**2,815.1**	**4.4**
Operating Expenses			
Salaries and Related Expenses	**1,767.8**	**1,733.1**	**(2.0)**
Office and General Expenses	**970.1**	**892.8**	**(8.7)**
Restructuring Charges	**64.6**	**94.4**	**31.6**
Long-Lived Asset Impairment	**8.6**	**22.1**	**61.1**
Motorsports Contract Termination and Other Costs	**80.0**	**--**	**--**
Total Operating Expenses	**2,891.1**	**2,742.4**	**(5.4)**
Operating Income	**48.1**	**72.7**	**(33.8)**
Other Income (Expense)			
Interest Expense	**(77.5)**	**(84.9)**	
Interest Income	**20.1**	**18.1**	
Other Income	**3.4**	**0.1**	
Investment Impairment	**(3.2)**	**(12.5)**	
Total Other Income (Expense)	**(57.2)**	**(79.2)**	
Loss before Income Taxes	**(9.1)**	**(6.5)**	
Provision for Income Taxes	**6.6**	**16.8**	
Income Applicable to Minority Interests	**(8.0)**	**(9.0)**	
Equity in Net Income (Loss) of Unconsolidated Affiliates	**1.4**	**(1.9)**	
Loss from Continuing Operations	**(22.3)**	**(34.2)**	
Income from Discontinued Operations	**--**	**12.1**	
Net Loss	**(22.3)**	**(22.1)**	
Dividend on Preferred Stock	**9.8**	**--**	

Net Loss Applicable to Common Stockholders	**(32.1)**	**(22.1)**
Per Share Data of Common Stock:		
Basic EPS:		
Continuing Operations	**$ (0.08)**	**$ (0.09)**
Discontinued Operations	**--**	**0.03**
Total	**(0.08)**	**(0.06)**
Diluted EPS:		
Continuing Operations	**(0.08)**	**(0.09)**
Discontinued Operations	**--**	**0.03**
Total	**(0.08)**	**(0.06)**
Dividend per share	**--**	**--**
Weighted Average Common Shares:		
Basic	**413.9**	**383.1**
Diluted	**413.9**	**383.1**

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INTERPUBLIC GROUP OF COMPANIES, INC.
RECONCILIATION OF OPERATING MARGIN
(Dollars in millions)

	2004 2nd QTR	**2003 2nd QTR**
Revenue	$ 1,544.1	$ 1,499.4
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 impairment	3.0	11.0
Motorsports charge	80.0	--
Total Operating Expenses	1,485.6	1,447.5
Operating Income - As Reported	**$ 58.5**	**$ 51.9**
Operating Margin - As Reported	**3.8%**	**3.5%**
Add back:		
Restructuring charges	$ 2.0	$ 94.4
Restructuring program charges in office & general expenses	2.7	--
Long-lived asset impairment	3.0	11.0
Motorsports contract termination	80.0	--
Total restructuring program charges, long-lived asset		

impairment and motorsports contract termination		87.7		105.4

Excluding Addbacks:				
Operating Income	**$**	**146.2**	**$**	**157.3**
Operating Margin		**9.5%**		**10.5%**

In comparing performance for 2004 with 2003, the company has excluded restructuring program charges, long-lived asset impairment and the motorsports contract termination charge because management believes the resulting comparison better reflects the company's ongoing operations. By excluding them, we can focus our comparison on the trends that have a continuing effect on the company's operations. The company expects to incur further charges relating to its restructuring program in 2004, and may incur future long-lived asset impairment charges as well.

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INTERPUBLIC GROUP OF COMPANIES, INC.
RECONCILIATION OF OPERATING MARGIN
(Dollars in millions)

		2004 JUNE YTD		**2003 JUNE YTD**
Revenue	$	2,939.2	$	2,815.1
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 impairment		8.6		22.1
Motorsports charge		80.0		--
Total Operating Expenses		2,891.1		2,742.4
Operating Income - As Reported	**$**	**48.1**	**$**	**72.7**
Operating Margin - As Reported		**1.6%**		**2.6%**
Add back:				
Restructuring charges	$	64.6	$	94.4
Restructuring program charges in office & general expenses		10.3		--
Long-lived asset impairment		8.6		22.1
Motorsports charge		80.0		--
Total restructuring program charges, long-lived asset impairment and motorsports contract termination		163.5		116.5
Excluding Addbacks:				
Operating Income	**$**	**211.6**	**$**	**189.2**
Operating Margin		**7.2%**		**6.7%**

In comparing performance for 2004 with 2003, the company has excluded restructuring program charges, long-lived asset impairment and the motorsports contract termination charge because management believes the resulting comparison better reflects the company's ongoing operations. By excluding them, we can focus our comparison on the trends that have a continuing effect on the company's operations. The company expects to incur further charges relating to its restructuring program in 2004, and may incur future long-lived asset impairment charges as well.

CERTAIN NON-GAAP FINANCIAL MEASURES

Organic Revenue. We derive 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 toprovide 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 for the quarter 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 adjustments primarily relate 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.

Constant Currency. 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 U.S. 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.

Net Debt. Net debt as of any given date is total debt as reported at that date less total cash and cash equivalents as of that date. Management believes that discussing net debt is useful because it provides a more complete picture of the company's liquidity position.

THE INTERPUBLIC GROUP OF COMPANIES, INC.
RECONCILIATION OF NON-GAAP MEASURES

SECOND QUARTER 2004 AND 2003
(Amounts in Millions except Percentage Variance)

ORGANIC REVENUE

	Worldwide 2Q04	Worldwide 2Q03	Worldwide Var	US 2Q04	US 2Q03	US Var	Non-US 2Q04	Non-US 2Q03	Non-US Var
Reported Revenue	$ 1,544.1	$ 1,499.4	3.0%	$ 860.9	$ 835.4	3.1%	$ 683.2	$ 664.0	2.9%
Effects of Currency Translation		24.7						24.7	
Constant Currency	1,544.1	1,524.1	1.3%	860.9	835.4	3.1%	683.2	688.7	(0.8)%
Effects of Acquisitions/ Dispositions	(8.8)	(29.6)		(4.0)	(15.1)		(4.8)	(14.5)	
Reclassified Amounts (Out of Pocket)	(72.8)	(36.2)		(44.6)	(25.9)		(28.2)	(10.3)	
Organic Revenue	$ 1,462.5	$ 1,458.3	0.3%	$ 812.3	$ 794.4	2.3%	$ 650.2	$ 663.9	(2.1)%

CHANGE IN SALARIES AND RELATED EXPENSES

	2Q04	2Q03	Var
Reported Salaries and Related Expenses	$893.8	$878.4	1.8%
Effects of Currency Translation		13.8	
Constant Currency	893.8	892.2	0.2%
Effects of Acquisitions/Dispositions	(4.4)	(14.2)	
Reclassified Amounts	(2.4)		
Change in Salaries and Related Expenses from Existing Operations	$887.0	$878.0	1.0%

CHANGE IN OFFICE AND GENERAL EXPENSES

	2Q04	2Q03	Var
Reported Office and General Expenses	$506.8	$463.7	9.3%
Effects of Currency Translation		9.4	
Constant Currency	506.8	473.1	7.1%
Effects of Acquisitions/Dispositions	(2.6)	(15.0)	
Reclassified Amounts	(71.6)	(36.2)	
Change in Office and General Expenses from Existing Operations	$432.6	$421.9	2.5%

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ORGANIC REVENUE

JUNE YEAR TO DATE 2004 AND 2003
(Amounts in Millions except Percentage Variance)

	Worldwide			US			Non-US		
	YTDQ04	YTDQ03	Var	YTDQ04	YTDQ03	Var	YTDQ04	YTDQ03	Var
Reported Revenue	$ 2,939.2	$ 2,815.1	4.4%	$ 1,679.3	$ 1,622.8	3.5%	$1,259.9	$ 1,192.3	5.7%
Effects of Currency Translation		91.0						91.0	
Constant Currency	2,939.2	2,906.1	1.1%	1,679.3	1,622.8	3.5%	1,259.9	1,283.3	(1.8)%
Effects of Acquisitions/ Dispositions	(11.0)	(49.7)		(4.2)	(22.5)		(6.8)	(27.2)	
Reclassified Amounts (Out of Pocket)	(146.1)	(70.6)		(91.1)	(43.8)		(55.0)	(26.8)	
Organic Revenue	$ 2,782.1	$ 2,785.8	(0.1)%	$ 1,584.0	$ 1,556.5	1.8%	$1,198.1	$ 1,229.3	(2.5)%

CHANGE IN SALARIES AND RELATED EXPENSES

	YTDQ04	YTDQ03	Var
Reported Salaries and Related Expenses	$1,767.8	$1,733.1	2.0%
Effects of Currency Translation		58.2	
Constant Currency	1,767.8	1,791.3	(1.3)%
Effects of Acquisitions/Dispositions	(5.8)	(27.1)	
Reclassified Amounts	(4.7)		
Change in Salaries and Related Expenses from Existing Operations	$1,757.3	$1,764.2	(0.4)%

CHANGE IN OFFICE AND GENERAL EXPENSES

	YTDQ04	YTDQ03	Var
Reported Office and General Expenses	$970.1	$892.8	8.7%
Effects of Currency Translation		37.1	
Constant Currency	970.1	929.9	4.3%
Effects of Acquisitions/Dispositions	(3.4)	(28.6)	
Reclassified Amounts	(141.7)	(70.6)	
Change in Office and General Expenses from Existing Operations	$825.0	$830.7	(0.7)%

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INTER PUBLIC GROUP

THE INTERPUBLIC GROUP OF COMPANIES, INC. RECONCILIATION OF ORGANIC REVENUE BY REGION

SECOND QUARTER 2004 AND 2003

	Organic	Foreign Exchange Impact	Acquisitions/ Dispositions	Reclassifications	Reported
US	2.3 %	0.0 %	(1.4)%	2.2%	3.1 %
Europe	(6.0)%	5.5 %	(1.7)%	3.2%	1.0 %
Asia/Other	12.6 %	3.6 %	(0.6)%	2.0%	17.6 %
Latin America	2.9 %	(7.7)%	(1.1)%	1.2%	(4.7)%
Canada	(9.9)%	(0.6)%	0.0 %	1.1%	(9.4)%
Worldwide	0.3 %	1.7 %	(1.4)%	2.4%	3.0 %

JUNE YTD 2004 AND 2003

	Organic	Foreign Exchange Impact	Acquisitions/ Dispositions	Reclassifications	Reported
US	1.8 %	0.0 %	(1.2)%	2.9%	3.5%
Europe	(5.9)%	8.9 %	(1.8)%	2.5%	3.7%
Asia/Other	7.3 %	7.0 %	(0.3)%	2.3%	16.3%
Latin America	4.2 %	(1.5)%	(3.0)%	0.9%	0.6%
Canada	(5.9)%	4.9 %	0.0 %	2.5%	1.5%
Worldwide	(0.1) %	3.3 %	(1.4)%	2.6%	4.4%

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Conference Call Notes
Second Quarter 2004

August 5, 2004

Second Quarter 2004 Summary

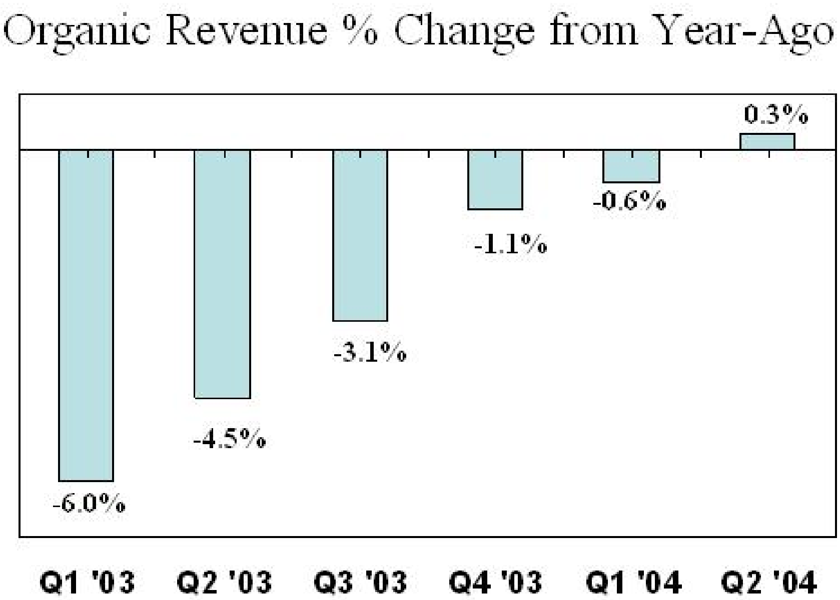
Key Performance Components

- Growth in Organic Revenue
- Increase in Office and General Expenses
- Charges for Motorsports and Restructuring

Improved Organic Revenue Performance

Q2 '04 Summary

INTER PUBLIC GROUP

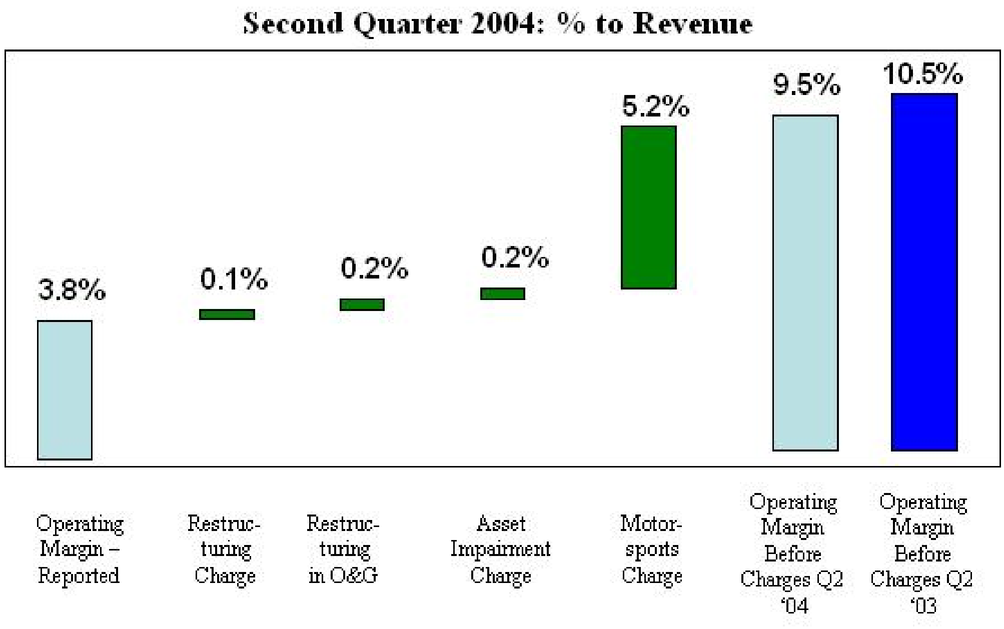


For detailed reconciliation see slide 9.

Operating Margin Impacted by Charges

Q2 '04 Summary

INTER PUBLIC GROUP



For detailed reconciliation see slide 11.

Q2 Expense Variances

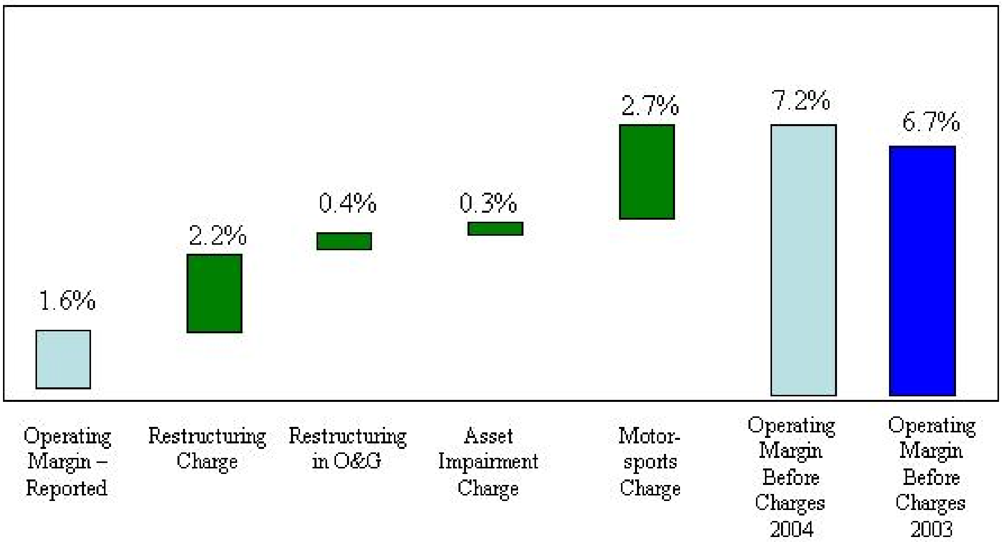
	Impact on Margin
• Professional fees	~ 150 bps
▪ Sarbanes-Oxley	~ 80 bps
▪ Shared Services	~ 40 bps
▪ Other Services	~ 30 bps
• Expenses related to prior acquisitions accounted for as compensation	~ 70 bps
• Currency and out-of-pocket	~ 10 bps

INTER PUBLIC GROUP

Improved Adjusted Operating Margin YTD

Despite Q2 Expense Variance, Underlying Margin Improved YTD

Year to Date 2004: % to Revenue



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For detailed reconciliation see slide 11.

Progress On Major Initiatives

Q2 '04 Summary

INTER PUBLIC GROUP

- Restructuring Program
- Motorsports Exit
- Balance Sheet and Financial Condition

Second Quarter 2004 Performance

($ Millions, except per share data)

INTER PUBLIC GROUP

	Q2 '04	Q2 '03	% Change
Revenue	$ 1,544.1	$ 1,499.4	3.0%
Salaries and Related Expenses*	893.8	878.4	1.8%
Office and General Expenses*	506.8	463.7	9.3%
Restructuring Charges	2.0	94.4	(97.9)%
Long-Lived Asset Impairment	3.0	11.0	(72.7)%
Motorsports Contract Termination	80.0	-	N/A
Operating Income	58.5	51.9	12.7%
Interest Expense	(38.4)	(46.1)	
Interest Income	10.4	10.2	
Other Income	2.3	0.3	
Investment Impairment	-	(9.8)	
Income before Income Taxes	32.8	6.5	
Taxes	33.4	22.4	
Net Equity Interests	(4.8)	(7.1)	
Loss from Continuing Operations	(5.4)	(23.0)	
Income from Discontinued Operations	-	9.5	
Net Loss	$ (5.4)	$ (13.5)	
Dividends on preferred shares	$ 5.0	$ -	
Net Loss Applicable to Common Stockholders	$ (10.4)	$ (13.5)	
Diluted EPS of Common Stock			
Continuing Operations	$ (0.03)	$ (0.06)	
Discontinued Operations	$ -	$ 0.02	
Total	$ (0.03)	$ (0.04)	
Headcount	43,900	44,500	

* Includes Depreciation and Amortization $ 58.0 $ 69.1

2004 Revenue Change

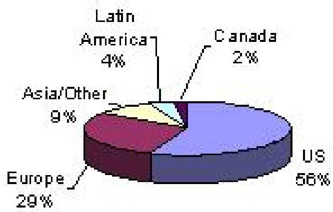
($ in Millions)

	Q2 '04 $	Q2 '04 % Change	YTD '04 $	YTD '04 % Change
Prior Period Revenue	**$ 1,499.4**		**$ 2,815.1**	
Foreign Exchange Impact	24.7	1.7%	91.0	3.3%
Acquisitions/Dispositions	(20.8)	(1.4%)	(38.7)	(1.4%)
Reclassifications (Out of Pocket)	36.6	2.4%	75.5	2.6%
Organic	4.2	0.3%	(3.7)	(0.1%)
Current Period Revenue	**$ 1,544.1**	**3.0%**	**$ 2,939.2**	**4.4%**

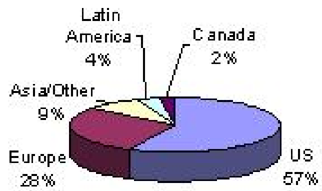
See slide 41 for discussion of certain non-GAAP financial measures.

2004 Revenue by Geography

Q2 '04



YTD '04



	Q2 '04 % Change Reported	Q2 '04 % Change Organic	YTD '04 % Change Reported	YTD '04 % Change Organic
US	3.1%	2.3%	3.5%	1.8%
Europe	1.0%	(6.0%)	3.7%	(5.9%)
Asia/Other	17.6%	12.6%	16.3%	7.3%
Latin America	(4.7%)	2.9%	0.6%	4.2%
Canada	(9.4%)	(9.9%)	1.5%	(5.9%)
Worldwide	3.0%	0.3%	4.4%	(0.1%)

Note: See reconciliation on slide 28.

Comparative Operating Margin Analysis

INTER PUBLIC GROUP

	Q2 2004	Q2 2003	YTD 2004	YTD 2003
Revenue	100.0%	100.0%	100.0%	100.0%
Salary & Related Expenses	57.9%	58.6%	60.1%	61.6%
Office & General Expenses ex. Restruct.	32.6%	30.9%	32.7%	31.7%
Op Expenses before Below Charges	90.5%	89.5%	92.8%	93.3%
Op Inc before Below Charges	9.5%	10.5%	7.2%	6.7%
Restructuring Charges	0.1%	6.3%	2.2%	3.3%
Restructuring program charges in Office & General expense	0.2%	0.0%	0.4%	0.0%
Long-Lived Asset Impairment	0.2%	0.7%	0.3%	0.8%
Motorsports Contract Termination	5.2%	0.0%	2.7%	0.0%
Operating Income (Loss)	3.8%	3.5%	1.6%	2.6%
Investment Impairment	0.0%	-0.7%	-0.1%	-0.4%
Other Income (Loss)	-1.7%	-2.4%	-1.8%	-2.4%
Gain/(Loss) before Income Taxes	2.1%	0.4%	-0.3%	-0.2%

In comparing performance for 2004 with 2003, the company has excluded restructuring program charges, long-lived asset impairment, and the Motorsports contract termination charge because management believes the resulting comparison better reflects the company's ongoing operations. By excluding these charges, we can focus our comparison on the trends that have a continuing effect on the company's operations. The company expects to incur further charges relating to its restructuring program in 2004 and may incur future long-lived asset impairment and motorsports charges as well.

Impact of Motorsports

INTER PUBLIC GROUP

($ in Millions)

	Q2 '04	Q2 '03	YTD '04	YTD '03
Revenue	$ 7.5	$ 17.5	$ 10.5	$ 27.4
Operating Costs before LLA Impair & Motorsports Contract Termination	11.4	27.5	22.7	47.8
Operating Loss before LLA Impair & Motorsports Contract Termination	(3.9)	(10.0)	(12.2)	(20.4)
Long-Lived Asset Impairment	(0.7)	(11.0)	(2.3)	(22.1)
Motorsports Contract Termination	(80.0)	-	(80.0)	-
Operating Loss	$ (84.6)	$ (21.0)	$ (94.5)	$ (42.5)

Comparative Operating Margin Analysis ex-Motorsports

INTER PUBLIC GROUP

	Q2 2004	Q2 2003	YTD 2004	YTD 2003
Revenue	100.0%	100.0%	100%	100%
Salary & Related Expenses	58.0%	59.1%	60.2%	61.9%
Office & General Expenses ex. Restruct.	32.2%	29.7%	32.2%	30.6%
Op Expenses before Below Charges	90.2%	88.7%	92.4%	92.5%
Op Inc before Below Charges	9.8%	11.3%	7.6%	7.5%
Restructuring Charges	0.1%	6.4%	2.2%	3.4%
Restructuring program charges in Office & General expense	0.2%	0.0%	0.4%	0.0%
Long-Lived Asset Impairment	0.2%	0.0%	0.2%	0.0%
Operating Income	9.3%	4.9%	4.8%	4.1%
Investment Impairment	0.0%	-0.7%	-0.1%	-0.4%
Other Income (Loss)	-1.4%	-2.2%	-2.1%	-2.2%
Gain/(Loss) before Income Taxes	7.9%	2.1%	2.6%	1.5%

In comparing performance for 2004 with 2003, the company has excluded restructuring program charges and long-lived asset impairment because management believes the resulting comparison better reflects the company's ongoing operations. By excluding these charges, we can focus our comparison on the trends that have a continuing effect on the company's operations. The company expects to incur further charges relating to its restructuring program in 2004 and may incur future long-lived asset impairment charges as well.

Other Income and Tax Provision

INTER PUBLIC GROUP

Lower Interest Expense

- Payment of Prudential agreement loans in Q3 '03
- Redemption of convertible debt in Q2 '04

Increase in Tax Rate

- Restructuring charges
- Impairment charges
- Non-U.S. performance

Selected Balance Sheet Items

($ in Millions)

	June 30, 2004	December 31, 2003	Adjusted December 31, 2003[1]	June 30, 2003
Cash & Cash Equivalents	$ 1,434.3	$ 2,005.7	$ 1,761.6	$ 700.1
Total Debt	2,224.1	2,474.3	2,230.2	2,716.6
Net Debt	$ 789.8	$ 468.6	$ 468.6	$ 2,016.5
Debt as a % of Capital	46.5%	48.7%	46.1%	55.0%
Stockholders' Equity	$ 2,562.4	$ 2,605.9	$ 2,605.9	$ 2,225.5

NOTES:

[1] Adjusted December 31, 2003 excludes the $244.1 of Subordinated Convertible Notes due 2004 which were redeemed on January 20, 2004 and the cash effects of the redemption. Management believes that showing the adjusted Debt and Debt as a % of Capital excluding these notes is relevant when comparing periods because it provides a more meaningful comparison.

Metrics

Metrics

Organic Revenue Growth*

- Turnaround Target: Peer-level growth (calculated consistently)
- Key Milestone: Close half of 2003's 4 percentage point gap in 15 months (1Q: 2005)
- Progress:
  - 2Q '04 sequential improvement
  - Began to close peer gap in 1Q '04

* Definition = See appendix slide 41 for discussion of certain non-GAAP financial measures.

Metrics

Operating Margin %*

- Turnaround Target: 12-15%
  - Staff Cost Target = 56%-58%
  - O&G Target (includes amortization of intangibles) = 27%-29%
- Key Milestone: 125-150 basis point improvement in each of 2004 and 2005 vs. the prior year
- Progress:
  - 2Q '04 excluding impairment, restructuring and motorsports charges, did not advance due to financial and management control expenses
  - 1H '04 excluding charges operating margin expansion

*Definition = Operating Income (Loss) / Revenue

Metrics

INTER PUBLIC GROUP

- Debt to Capital*
  - –Turnaround Target: Less than 50%
  - –Milestone: Achieved in 2003
  - –Progress: Second Quarter 2004 at 46.5%
- Return on Equity**
  - –Turnaround Target: 15-22%
  - –Second Quarter 2004 at 10.1%

*Definition = Debt/(Debt + Stockholder's Equity)

**Definition = Net Income for rolling 4 quarters excluding restructuring program charges, impairments and motorsports contract termination / Stockholder's Equity at the end of the prior period

In comparing performance for 2004 with 2003, the company has excluded restructuring program charges, long-lived asset impairment, and the Motorsports contract termination charge because management believes the resulting comparison better reflects the company's ongoing operations. By excluding these charges, we can focus our comparison on the trends that have a continuing effect on the company's operations. The company expects to incur further charges relating to its restructuring program in 2004 and may incur future long-lived asset impairment and motorsports charges as well.

Metrics

INTER PUBLIC GROUP

- Debt to EBITDA*
  - Turnaround Target: < 2x
  - Progress:
    - Second Quarter 2004 at 2.7
    - Improved from December 2003 at 3.1
- Interest Coverage**
  - Turnaround Target: > 8x
  - Progress:
    - Second Quarter 2004 at 4.9
    - Improved from December 2003 at 4.7

*Definition = Debt at end of period / EBITDA for rolling 4 Quarters

**Definition = EBITDA/Interest Expense for rolling 4 Quarters

EBITDA = Operating Income excluding Restructuring Program Charges, Long-lived Asset Impairment and Motorsports Contract Termination plus depreciation and amortization

We are unable to provide a reconciliation of future EBITDA targets to the most directly comparable GAAP measures, net income and operating income, because certain items are out of our control and/or cannot be reasonably predicted, including future interest rates, restructuring charges, tax rates and other matters discussed as risk factors and in cautionary statements about forward looking statements in our filings with the SEC.

Note: See reconciliation on slide 32.

Cautionary Statement

This press release contains forward-looking statements. Interpublic's representatives may also make forward-looking statements orally from time to time. Statements in this document that are not historical facts, including statements about Interpublic's beliefs and expectations, particularly regarding recent business and economic trends, ongoing liabilities following termination of the British Grand Prix promoters agreements, the impact of litigation, the SEC investigation, dispositions, impairment charges, and the integration of acquisitions and restructuring costs, constitute forward-looking statements. These statements are based on current plans, estimates and projections, and are subject to change based on a number of factors, including those outlined in this section. Forward-looking statements speak only as of the date they are made, and 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;
- Interpublic's ability to attract new clients and retain existing clients;
- the financial success of Interpublic's clients;
- Interpublic'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 Interpublic 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 the Silverstone lease contracts;
- potential downgrades in the credit ratings of Interpublic's securities; and
- the successful completion and integration of acquisitions which complement and expand Interpublic's business capabilities.

Investors should carefully consider these risk factors and the additional risk factors outlined in more detail in Interpublic's Form 2003 10-K, June 2004 Form 10-Q and other SEC filings.

Appendix

YTD 2004 Performance

($ Millions, except per share data)

	YTD '04	YTD '03	% Change
Revenue	$ 2,939.2	$ 2,815.1	4.4%
Salaries and Related Expenses*	1,767.8	1,733.1	2.0%
Office and General Expenses*	970.1	892.8	8.7%
Restructuring Charges	64.6	94.4	(31.6)%
Long-Lived Asset Impairment	8.6	22.1	(61.1)%
Motorsports Contract Termination	80.0	-	N/A
Operating Income	48.1	72.7	(33.8)%
Interest Expense	(77.5)	(84.9)	
Interest Income	20.1	18.1	
Other Income	3.4	0.1	
Investment Impairment	(3.2)	(12.5)	
Loss before Income Taxes	(9.1)	(6.5)	
Taxes	6.6	16.8	
Net Equity Interests	(6.6)	(10.9)	
Loss from Continuing Operations	(22.3)	(34.2)	
Income from Discontinued Operations	-	12.1	
Net Loss	$ (22.3)	$ (22.1)	
Dividends on preferred shares	$ 9.8	$ -	
Net Loss Applicable to Common Stockholders	$ (32.1)	$ (22.1)	
Diluted EPS of Common Stock			
Continuing Operations	$ (0.08)	$ (0.09)	
Discontinued Operations	$ -	$ 0.03	
Total	$ (0.08)	$ (0.06)	
Headcount	43,900	44,500	

* Includes Depreciation and Amortization	$ 119.1	$ 134.1

INTER PUBLIC GROUP

2004 Revenue Change: US

($ in Millions)

	Q2 '04		YTD '04	
	$	% Change	$	% Change
Prior Period Revenue	$ 835.4		$ 1,622.8	
Foreign Exchange Impact	-	-	-	-
Acquisitions/Dispositions	(11.1)	(1.4%)	(18.3)	(1.2%)
Reclassifications (Out of Pocket)	18.7	2.2%	47.3	2.9%
Organic	17.9	2.3%	27.5	1.8%
Current Period Revenue	$ 860.9	3.1%	$ 1,679.3	3.5%

INTER PUBLIC GROUP

See appendix slide 41 for discussion of certain non-GAAP financial measures.

2004 Revenue Change: non-US

($ in Millions)

	Q2 '04			YTD '04		
	$		% Change	$		% Change
Prior Period Revenue	$	**664.0**		$	1,192.3	
Foreign Exchange Impact		24.7	3.7%		91.0	7.5%
Acquisitions/Dispositions		(9.7)	(1.4%)		(20.4)	(1.6%)
Reclassifications (Out of Pocket)		17.9	2.7%		28.2	2.3%
Organic		(13.7)	(2.1%)		(31.2)	(2.5%)
Current Period Revenue	**$**	**683.2**	**2.9%**	**$**	**1,259.9**	**5.7%**

See appendix slide 41 for discussion of certain non-GAAP financial measures.

Reconciliation of Non-GAAP Measures

($ in Millions)

	Worldwide			US			Non-US		
	Q2 '04	Q2 '03	Var	Q2 '04	Q2 '03	Var	Q2'04	Q2 '03	Var
Reported Revenue	$1,544.1	$1,499.4	3.0%	$860.9	$835.4	3.1%	$683.2	$664.0	2.9%
Effects of Currency Translation		24.7						24.7	
Constant Currency	1,544.1	1,524.1	1.3%	860.9	835.4	3.1%	683.2	688.7	(0.8%)
Effects of Acquisitions/Dispositions	(8.8)	(29.6)		(4.0)	(15.1)		(4.8)	(14.5)	
Reclassified Amounts (Out of Pocket)	(72.8)	(36.2)		(44.6)	(25.9)		(28.2)	(10.3)	
Organic Revenue	$1,462.5	$1,458.3	0.3%	$812.3	$794.4	2.3%	$650.2	$663.9	(2.1%)

Reconciliation of Non-GAAP Measures

($ in Millions)

	Worldwide			US			Non-US		
	YTD '04	YTD '03	Var	YTD '04	YTD '03	Var	YTD '04	YTD '03	Var
Reported Revenue	$2,939.2	$2,815.1	4.4%	$1,679.3	$1,622.8	3.5%	$1,259.9	$1,192.3	5.7%
Effects of Currency Translation		91.0						91.0	
Constant Currency	2,939.2	2,906.1	1.1%	1,679.3	1,622.8	3.5%	1,259.9	1,283.3	(1.8%)
Effects of Acquisitions/Dispositions	(11.0)	(49.7)		(4.2)	(22.5)		(6.8)	(27.2)	
Reclassified Amounts (Out of Pocket)	(146.1)	(70.6)		(91.1)	(43.8)		(55.0)	(26.8)	
Organic Revenue	$2,782.1	$2,785.8	(0.1%)	$1,584.0	$1,556.5	1.8%	$1,198.1	$1,229.3	(2.5%)

Reconciliation of Organic Revenue

Q2 '04

	Organic	Foreign Exchange Impact	Acquisitions/ Dispositions	Reclassifications	Reported
US	2.3%	0.0%	(1.4%)	2.2%	3.1%
Europe	(6.0%)	5.5%	(1.7%)	3.2%	1.0%
Asia/Other	12.6%	3.6%	(0.6%)	2.0%	17.6%
Latin America	2.9%	(7.7%)	(1.1%)	1.2%	(4.7%)
Canada	(9.9%)	(0.6%)	0.0%	1.1%	(9.4%)
Worldwide	0.3%	1.7%	(1.4%)	2.4%	3.0%

YTD '04

	Organic	Foreign Exchange Impact	Acquisitions/ Dispositions	Reclassifications	Reported
US	1.8%	0.0%	(1.2%)	2.9%	3.5%
Europe	(5.9%)	8.9%	(1.8%)	2.5%	3.7%
Asia/Other	7.3%	7.0%	(0.3%)	2.3%	16.3%
Latin America	4.2%	(1.5%)	(3.0%)	0.9%	0.6%
Canada	(5.9%)	4.9%	0.0%	2.5%	1.5%
Worldwide	(0.1%)	3.3%	(1.4%)	2.6%	4.4%

Reconciliation of Non-GAAP Measures

($ in Millions)

Change in Salaries and Related Expenses

		Q2 '04		Q2 '03	% Inc/(Dec)
Reported Salaries and Related Expenses	$	893.8	$	878.4	1.8%
Effects of Currency Translation				13.8	
Constant Currency		893.8		892.2	0.2%
Effects of Acquisitions/Dispositions		(4.4)		(14.2)	
Reclassified Amounts		(2.4)		-	
Change in Salaries and Related Expenses from Existing Operations	$	887.0	$	878.0	1.0%

Change in Office and General Expenses

		Q2 '04		Q2 '03	% Inc/(Dec)
Reported Office & General Expenses	$	506.8	$	463.7	9.3%
Effects of Currency Translation				9.4	
Constant Currency	$	506.8	$	473.1	7.1%
Effects of Acquisitions/Dispositions		(2.6)		(15.0)	
Reclassified Amounts		(71.6)		(36.2)	
Change in Office & General Expenses from Existing Operations	$	432.6	$	421.9	2.5%

Reconciliation of Non-GAAP Measures

($ in Millions)

Change in Salaries and Related Expenses

		YTD '04		YTD '03	% Inc/(Dec)
Reported Salaries and Related Expenses	$	1,767.8	$	1,733.1	2.0%
Effects of Currency Translation				58.2	
Constant Currency		1,767.8		1,791.3	(1.3%)
Effects of Acquisitions/Dispositions		(5.8)		(27.1)	
Reclassified Amounts		(4.7)		-	
Change in Salaries and Related Expenses from Existing Operations	$	1,757.3	$	1,764.2	(0.4%)

Change in Office and General Expenses

		YTD '04		YTD '03	% Inc/(Dec)
Reported Office & General Expenses	$	970.1	$	892.8	8.7%
Effects of Currency Translation				37.1	
Constant Currency	$	970.1	$	929.9	4.3%
Effects of Acquisitions/Dispositions		(3.4)		(28.6)	
Reclassified Amounts		(141.7)		(70.6)	
Change in Office & General Expenses from Existing Operations	$	825.0	$	830.7	(0.7%)

Reconciliation of Operating Margin

INTER PUBLIC GROUP

($ in Millions)

	Q2 '04	Q2 '03	YTD'04	YTD'03
Revenue	$ 1,544.1	$ 1,499.4	$ 2,939.2	$ 2,815.1
Operating Expenses:				
Salaries and related expenses	893.8	878.4	1,767.8	1,733.1
Office and general expenses	506.8	463.7	970.1	892.8
Restructuring charges	2.0	94.4	64.6	94.4
Long-lived asset impairment	3.0	11.0	8.6	22.1
Motorsports Contract Termination	80.0	-	80.0	-
Total Operating Expenses	1,485.6	1,447.5	2,891.1	2,742.4
Operating Income - As Reported	$ 58.5	$ 51.9	$ 48.1	$ 72.7
Operating Margin - As Reported	3.8%	3.5%	1.6%	2.6%
Add back:				
Restructuring charges	$ 2.0	$ 94.4	$ 64.6	$ 94.4
Restructuring program charges in office & general expenses	2.7	-	10.3	-
Long-lived asset impairment	3.0	11.0	8.6	22.1
Motorsports Contract Termination	80.0	-	80.0	-
Total restructuring program charges, LLA impairment and motorsports contract termination	87.7	105.4	163.5	116.5
Excluding Restructuring Program Charges, LLA Impairment and Motorsports Contract Termination:				
Operating Income	$ 146.2	$ 157.3	$ 211.6	$ 189.2
Operating Margin	9.5%	10.5%	7.2%	6.7%

In comparing performance for 2004 with 2003, the company has excluded restructuring program charges, long-lived asset impairment, and the Motorsports contract termination charge because management believes the resulting comparison better reflects the company's ongoing operations. By excluding these charges, we can focus our comparison on the trends that have a continuing effect on the company's operations. The company expects to incur further charges relating to its restructuring program in 2004 and may incur future long-lived asset impairment and motorsports charges as well.

Debt to EBITDA and Interest Coverage Ratio Calculations

INTER PUBLIC GROUP

($ in Millions)

	Full Year 12/31/2003	Rolling 4 Quarters 06/30/2004
EBITDA calculation:		
Net Loss	(451.7)	(452.1)
Income from Discontinued Operations	(101.2)	(89.1)
Total Other Income (Expense)	321.2	299.2
Taxes	254.0	243.8
Net Equity Interests	29.9	25.6
Operating Income	52.2	27.4
Depreciation & amortization	277.9	262.7
Restructuring programming charges in O & G	16.5	26.8
Restructuring Charges	175.6	145.8
Long-Lived Asset Impairments	286.9	273.5
Motorsports Contract Termination	-	80.0
EBITDA (1)	809.1	816.2
Debt	2,474.3	2,224.1
Interest expense	172.8	165.4
Debt to EBITDA (2)	3.1	2.7
Interest Coverage (3)	4.7	4.9

(1) EBITDA = Operating Income excluding Restructuring Program Charges, Long-lived Asset Impairment and Motorsports Contract Termination plus depreciation and amortization
(2) Debt to EBITDA = Debt at the end of period/EBITDA for rolling 4 quarters
(3) Interest Coverage = EBITDA/Interest Expense for rolling 4 quarters

EBITDA as used in the ratios above represents operating income less depreciation and amortization. This calculation of EBITDA may differ from the calculation used by other companies who may employ net income as "earnings" for these purposes. In calculating the ratios above, the Company has further excluded restructuring program charges, long-lived asset impairment, and the Motorsports contract termination charge because management believes the resulting comparison better reflects the Company's ongoing operations. Accordingly, comparability to like measures may be limited. The Company expects to incur further charges relating to its restructuring program in 2004 and may incur future long-lived asset impairment and Motorsports charges as well. The Company uses this non-GAAP adjusted earnings measure as a financial performance metric because we believe this is useful in analyzing and trending the performance of our business. This non-GAAP adjusted earnings measure does not represent a measurement of financial performance under generally accepted accounting principles in the United States ("GAAP") and for these purposes should not be considered as an alternative to net income as a measure of performance. We believe that the closest GAAP measure of financial performance to this non-GAAP adjusted earnings measure is net income and, as such, have provided a reconciliation to net income, together with a reconciliation to operating income.

Restructuring Charges -2003 and 2004

($ in Millions)

	2003 Charges	Q1 2004 Charges	Q2 2004 Charges/ (Credits)	Charges to Date
Severance	$ 126.2	$ 22.1	$ (6.2)	$ 142.1
Facilities Costs	49.4	40.5	8.2	98.1
Restructuring Charges*	175.6	62.6	2.0	240.2

* Includes adjustments related to the true up of the 2001 program in addition to the 2003 program.

Future cash amounts payable under the 2001 and 2003 programs are:

2003 Program	$ 87.6
2001 Program	52.8
Total	$ 140.4

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Diluted EPS Calculation

($ in Millions, except per share data)

	Q1 '04	Q2 '04	YTD '04
Net Loss Applicable to Common Stockholders	$ (21.7)	$ (10.4)	$ (32.1)
Basic and Diluted Shares* (MM)	413.3	414.6	413.9
Diluted EPS of Common Stock	$ (0.05)	$ (0.03)	$ (0.08)

* No Add-Backs as all were anti-dilutive due to net loss reported

INTER PUBLIC GROUP

Shares Outstanding Calculation - Potential Full Dilution

($ in Millions)

	MAXIMUM POTENTIAL DILUTION	
Stock Options	1.7	
Restricted Stock	3.0	
1.87% Convertible Subordinated Notes due 2006	6.4	A
4.5% Convertible Senior Notes due 2023	64.4	B
Series A Mandatorily Convertible Shares	27.7	C
Total:	**103.2**	

Note: Actual second quarter diluted EPS calculation had zero addbacks as all were anti-dilutive due to net loss reported. Above represents maximum potential dilution or addbacks, not shares that would have been included in the EPS calculation in the second quarter 2004.

Approximately 6.6 shares may be issued based upon the estimated settlement of the shareholder suits. These shares would be included in basic shares outstanding upon issuance.

A Dilutive once EPS reaches approximately $.42 per quarter
B Dilutive once EPS reaches approximately $.09 per quarter. Included as addback as long as stock price is $14.90 or higher
C Represents the maximum conversion. Conversion rate is based on share price for the quarter.

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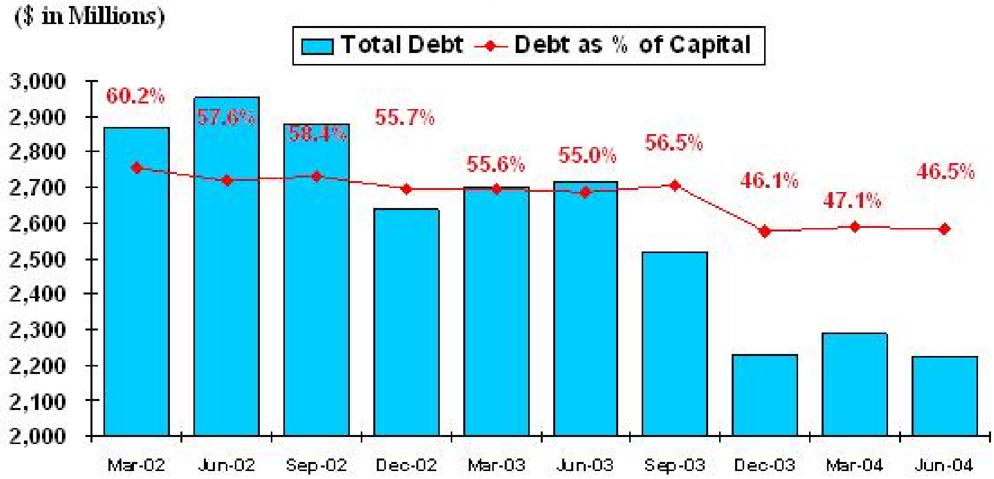
Debt as % of Capital

($ in Millions)



Total Debt	2,867	2,950	2,876	2,638	2,698(1)	2,717	2,518	2,230(2)	2,289	2,224

(1) Excludes the $582.5 of Zero-Coupon Notes which were settled in April. Management believes that showing the adjusted Debt and Debt as a % of Capital excluding these notes is relevant when comparing the periods because it provides a more meaningful comparison.
(2) Excludes the $244.1 of Subordinated Convertible Notes due 2004 which were redeemed on January 20, 2004. Management believes that showing the adjusted Debt and Debt as a % of Capital excluding these notes is relevant when comparing the periods because it provides a more meaningful comparison.

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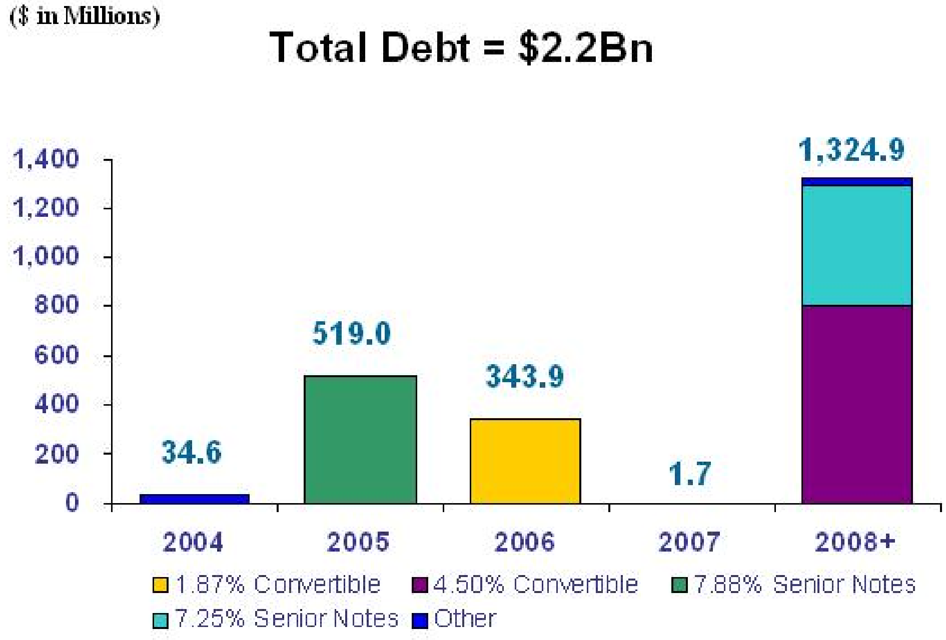
Improved Debt Maturity Schedule

($ in Millions)



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Liquidity Position

($ in Millions)

	As of June 30, 2004		
	Total Amount of Facility	Outstanding	Available
Committed Facilities	$ 700.7	$ 134.4 (1)	$ 566.3
Uncommitted Facilities (2)	$ 693.7	$ 34.3	$ - (2)
Total Credit Facilities	$ 1,394.4	$ 168.7	$ 566.3
Cash and Cash Equivalents			$ 1,434.3
Total Liquidity Available			$ 2,000.6

NOTES:

(1) Comprised of Letters of Credit issued under the Revolving Credit Facilities. Not considered debt for GAAP reporting

(2) Domestic and international uncommitted facilities. These amounts are excluded for the purposes of analysis

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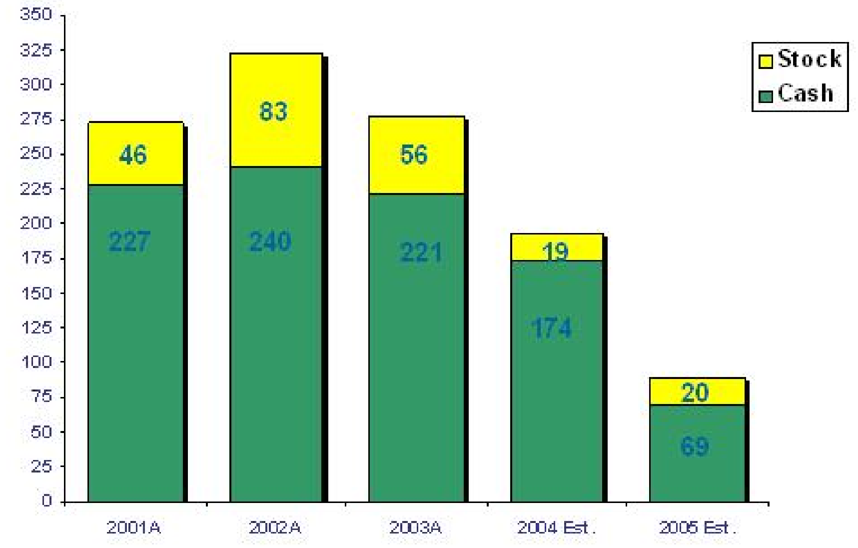
Declining Acquisition Activity Has Reduced Deferred Payment Obligations

($ in Millions)



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Metrics

- We communicated performance metrics and milestones during the fourth quarter 2003 earnings release.
- Defined metrics and target levels (ranges).
  - Target levels exclude impact of Silverstone operations.
  - Operating Margin milestones are on a like-for-like basis.
  - Target levels assume industry performance in line with current industry forecasts.
  - Peer level performance based on comparably defined and calculated metrics.

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Certain Non-GAAP Financial Measures

Organic Revenue. We derive 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 for the quarter 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 adjustments relate 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.

Constant Currency. 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 U.S. 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.

Net Debt. Net debt as of any given date is total debt as reported at that date less total cash and cash equivalents as of that date. Management believes that discussing net debt is useful because it provides a more complete picture of the Company's liquidity position.

David Bell:

Thank you, Philippe and thank you all for joining us.

The results we are sharing with you this morning bear out much of what you've been hearing and seeing from Interpublic during the first year of our turnaround process.

There is progress in a number of important areas, particularly organic revenue growth. On other metrics, our results are not as we would have liked them. But, again, I'd remind you – we have consistently communicated that there would not be linear improvement every quarter on every one of the key measures we identified for you in our fourth quarter call earlier this year.

It bears noting that, during the second quarter, we made headway in putting to rest legacy issues reflective of past business actions. It's also worth pointing out that our performance was affected by the costs of moving an extremely complex, poorly integrated organization into the new age of transparency and accountability in which all public companies must operate today.

For me, the most promising news this quarter was on the top line. We posted our fifth consecutive sequential improvement in organic revenue.

What's more, we saw a return to organic revenue growth for the first time since early 2001.

On these calls, we've been talking regularly about the importance of culture change here at Interpublic. The need to create a new kind of culture that values organic, not acquired growth. To nurture people and organizations that know how to go out and win business. To incent individuals and teams that collaborate together on business-building activities.

We're clearly making headway in this area. Look at the Organic Growth Initiative, which in one year has involved nearly 15% of our employee population, many of whom work in our marketing services companies and at our independent advertising agencies. Or consider the new willingness that exists on the part of our companies to partner together to boost our clients' businesses and our own revenue prospects. I'm pleased that we seem to be making strides in the area of growth.

Revenue growth was particularly strong in our domestic operations, across the marketing disciplines. McCann Worldgroup once again posted organic revenue growth, both in the US and internationally. The new business performance there continues to be outstanding. Leadership on the McCann Advertising and MRM side should be credited with these advances.

The professional offering at Draft is among the best in the direct, CRM and digital marketing arena. The company continues to perform extremely well in the United States, yet be penalized by its small international offices acquired in the late 1990s. We are addressing this situation by linking these agencies with other, larger Interpublic companies in many markets.

Public relations built on the first quarter, which was its best in two years. Once again, our strength was at Weber Shandwick in the United States. Internationally, where our PR companies did many acquisitions to build our their global footprint, operations remain challenged. This was particularly

true in Europe. Conversely, Initiative Media rode strong international performance to overall organic revenue growth.

FCB experienced good domestic organic revenue growth. The agency continues to work hard and well to pursue new business, as well as to defend its Samsung business.

For a number of quarters, we have talked to you about the difficulties being experienced at Lowe. Along with the agency's management, we remain focused on doing what's necessary to get Lowe back to a position of creative preeminence in those world markets that are vital to the long-term success of its major multinational clients. We're proud that Lowe won ten Lions at the recent Cannes advertising competition, but we are not satisfied. We are also not satisfied with their operating performance and are taking the necessary actions to improve on those results.

One last note on the performance of our operating units. Freed of its motor racing operations, Octagon sports marketing had strong performance in the quarter. That is but one small benefit of our determined efforts to extricate ourselves from motor sports venue ownership. It's been a

tough haul to work through and resolve these immensely onerous deals, which bound us to a business we shouldn't have gotten into in the first place.

During the second quarter, we announced an agreement that terminated our contract and related guarantees with Formula One relating to the British Grand Prix. To put that in context, we eliminated obligations that generated approximately $125 million in operating losses in 2002 and 2003 and had potential liabilities of more than $400 million – well in excess of the amount we paid.

Subsequent to the quarter, we negotiated the right to terminate our Silverstone contracts before the end of 2004. We are now positioned to complete our exit from motor sports by year-end and move into 2005 without this considerable drag on our operating results.

We are also making progress on the shareholder suits and have reason to believe that, like motor sports, this is an issue that we will leave behind by the end of this calendar year.

That leaves only the SEC investigation among the legacy items remaining to be addressed. Once again, we have no news to report – we continue to cooperate fully, but the resolution and timing of this matter lie in the hands of the commission.

With Chris Coughlin stepping down at the end of the second quarter, we were pleased to see Bob Thompson assume the CFO title. This is a logical progression for us, since we brought Bob on board with the understanding that he'd eventually step into this role.

We're also fortunate that one of our Board members chose this time to step forward and enter the fray.

He's an exceptionally bright, tough-minded and intuitive individual. A terrific operating and financial executive. Our new Chairman of the Board, who joins us this morning on his first earnings call, Michael Roth.

Michael Roth:

Thank you, David and good morning.

It's a pleasure to be here with all of you. At this point, I'm just shy of finishing my third week at Interpublic, so therefore I would just like to add a few observations:

I am presently spending these early days meeting with as many people as possible. Our operating unit heads, as well as other key executives across Interpublic and outside our company. In these meetings, I've tried to listen, ask lots of questions and learn as much as possible, as fast as possible.

One thing is obvious: we have many talented individuals applying themselves to figuring out how to position and change this business during these challenging and exciting times for marketing communications.

My enthusiasm for Interpublic and its potential continues to grow. These are some terrific assets and franchises to work with.

We've put in place a number of initiatives that can advance our turnaround and enhance shareholder value. Going forward, we have to stay open to new ideas and new ways of doing things. We have to keep changing the culture and driving toward a greater sense of accountability – to one another, to our investors and obviously to our clients.

I'm excited to be here. I'm looking forward to meeting with many of you to discuss the issues and prospects for our company.

David …

David Bell:

Thank you, Michael. We are all very excited to have you on our team. We need someone with your unique skills and drive to partner with us as we continue to lead the turnaround here at Interpublic.

Another new member of our team who joined recently is EVP and Chief Human Resources Officer Tim Sompolski, who comes to us from Altria, where he had a long and distinguished career.

During the past year, we've done an excellent job of recruiting top talent into our organization, at both the operating unit and corporate levels. Tim will help us take our game to another level and make good on the promise to be the most talent-friendly company in our industry.

Yet another talented executive in a new role is Bob Thompson, our new EVP, Chief Financial Officer. Those of you who have had the pleasure of meeting Bob know he's

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got great command of the workings of the business. He's been a senior finance executive at major multinationals and worked around the world. He leads at very strong team that includes Treasurer Steven Berns, Controller Nick Cyprus and Joe Sukola, our head of shared services.

At this point, I'd like turn it over to Bob, who will take us through the numbers, address key drivers of second quarter performance and update us on progress against our turnaround metrics …

Bob Thompson:

Thank you, David. Good morning, everybody.

We have posted a presentation deck on our web site in conjunction with this earnings release. Going forward, I will refer to the information contained in that presentation.

[Slide 2 "Second Quarter Summary"]

I'd like to begin by addressing at a high level the key performance components in the second quarter, which are called out on page two of our presentation deck. They are: our sustained improvement in organic revenue; the rise in office and general expenses compared to last year; and charges taken in the quarter relating to our restructuring program and motor sports. As David mentioned, we drove progress on both the top line and in our efforts to exit motor sports. But operating results in the quarter were adversely affected by increased expenses due to higher professional fees.

[Slide 3 "Organic Revenue Performance"]

As you can see on slide three of the presentation, organic revenue was up 30 basis points. Our growth was led by business in the U.S., which was up 2.3% organically, but slowed by our performance outside the U.S., which was down 2.1% .

Most of you will recall that our measure of organic revenue adjusts out currency effects and the effects of acquisitions and divestitures, as well as revenues that are passed through to clients and are also included in our Office & General expense line.

As David mentioned, second quarter performance not only returns our company to positive organic growth for the first time since 2001, but marks the fifth consecutive quarter of improved sequential performance in this key measure.

Slide 4 "Operating Margin Impacted By Charges"

The second item I would underscore is that operating margin results in the quarter do not yet fully reflect our revenue successes and cost takeouts. This is due largely to charges in

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the quarter, but also due to an increase in some categories not related to restructuring. On slide four in our deck, we walk you through the distinction.

The restrucuring charge of $2 million in the quarter represents the tapering off of our restructuring program, as it nears conclusion. We continue to believe that our total investment in restructuring will not exceed $300 million, of which $260 will be in cash. The program began in last year's third quarter and we have recorded about $270 million of the total through the end of this quarter.

A relatively small amount of restructuring expense, related to acceleration of leasehold improvements, is embedded in the Office & General expense line, as has occurred in the past. As you can see on slide four, we also illustrate this expense component, which cost us 20 basis points of margin, as did asset impairment charges.

The largest charge in the quarter was the $80 million item related to our exit of motor sports, as disclosed previously. This has been a major priority for us and we are pleased that

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we continue to make progress in closing that chapter in our company's history.

The resulting operating margin comparison before charges in this year's second quarter and operating margin before charges in the same period last year is 9.5% versus 10.5% .

[Slide 5 "Q2 Expense Variances"]

Moving now to slide five, we track the expense variances that account for the difference in adjusted margin relative to Q2 of 2003. The largest variance is in professional fees. These are currently necessary expenses for financial and management control initiatives underway in our company around the world – especially our company's efforts to implement and comply with Sarbanes-Oxley requirements. These efforts are in full stride alongside our work to cure our previously disclosed material control weakness, which we foresee continuing for some time.

These expenses are investments in Interpublic, creating a contemporary foundation for global management information and financial reporting and control systems, no less vital to the

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future of our company than the other initiatives we have shared with you.

The increase in professional fees from last year was approximately 150 basis points of operating margin, primarily driven by significantly higher than anticipated fees related to Sarbanes-Oxley. The secondary driver of these fees was implementation of our shared service initiatives.

Other expense variances that were adverse in the adjusted margin comparison are as follows. Expenses related to prior acquisitions that are accounted for as compensation cost us approximately 70 basis points of margin. The combined effects of higher out of pocket or "reclassifications" in the quarter and foreign currency exchange cost us another 10 basis points.

[Slide 6 "Operating Margin Year to Date"]

On a year to date basis, as seen on slide six, first-half operating margin adjusted for charges is up from 6.7% to 7.2% . While the 50 bps improvement is not at the rate of annual improvement we have targeted, it does reflect the

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benefit of our restructuring actions and our improved revenue trend, offset by the second quarter factors I mentioned.

[Slide 7 "Progress on Major Initiatives"]

David already has shared his thoughts on the importance of bringing our restructuring program to completion, and the significance of extricating our company from motor sports. These are referenced on slide seven.

In that context of major initiatives, I would like to add that our financial condition remains strong. Our net debt reduction is in excess of $1 billion compared to a year ago. I'll come back to that again in a few moments.

[Slide 8 "Second Quarter 2004 Performance"]

On slide eight, we turn to the full income statement for the second quarter. As you can see, our reported revenue was up 3%. In addition to organic performance, foreign exchange effects were positive compared to last year, while we divested net $21 million of revenue compared to a year ago. At 56% of total revenue, domestic performance is always a key for us, and organic revenue was up 2.3% in the U.S.

Salaries and related expenses were up 1.8% as reported. Foreign exchange comprised the largest swing factor, adding $13.8 million, or 1.6%, year over year. We disposed of businesses that made up $9.8 million, or 1.1%, of compensation last year. The reported total also reflects $11 million in expenses related to prior acquisitions that are accounted for as compensation, which we called out for you in our discussion of Q2 expense variances. That added approximately 1% to the increase from last year's second quarter.

Headcount was 43,900 at quarter end, down 44,500 from a year ago. Our restructuring headcount target was achieved. We have, however, recently begun to invest in those businesses that are growing.

I have already spoken to Office & General expense and the operating margin reconciliation in some detail.

[Slide 9 "2004 Revenue Change"]

Slide nine simply recaps my remarks on revenue in the quarter by showing the increase in its components. Foreign

exchange had a positive impact, adding 1.7%, but of course also impacted expenses adversely. Reclassifications of out of pocket expense were up 2.4% .

[Slide 10 "Revenue by Geography"]

Geographically, in slide 10, you can see the strong performance of U.S. revenue and certainly its position as the driver of our favorable revenue outcome in the quarter. Asia was a very strong market for us and was up 12.6% organically. Our businesses in Europe continued to be challenged; organic revenue was down 6% there. These regional results are approximately in line with our first quarter experience, with two exceptions. Asia has accelerated; Latin America slowed due to a fall off in Brazil and Venezuela.

[Slide 11 "Operating Margin Reconciliation"]

Slide 11 provides a different view of the operating margin reconciliation, which breaks down the percent to revenue for each line item.

[Slide 12 "Impact of Motorsports"]

The next slide quantifies the impact of our Motorsports business on our results. In both the quarter and year-to-date

periods, revenues were down from a year ago. Operating loss narrowed from a year ago, with improvements of approximately $6 million in the quarter and $8 million year to date.

[Slide 13 "2004 Results ex-Motorsports"]

On slide 13 of the deck, we present the quarter and year to date periods excluding Motorsports. Here again we have stripped out the restructuring expense that was reported in O&G, as well the separate restructuring and impairment charges, to arrive at comparable margins.

[Slide 14 "Other Income and Tax Provision"]

Below the operating profit line, there were two swing factors in the quarter, which we highlight on slide 14.

Interest expense decreased by $7.7 million from a year ago, as total debt declined $493 million from last year, and we were able to pay down the high cost Prudential notes we had been carrying in last year's third quarter.

Our tax provision was $33.4 million, $11 million higher than the second quarter of 2003. Measured against pre-tax

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results, the provision reflects a high effective tax rate in the quarter, due to losses in certain international markets that receive little or no tax benefit.

[Slide 15"Selected Balance Sheet Items"]

The next slide reflects key balance sheet items. We are quite pleased with the reduction in our debt. Our debt-to-capital ratio has fallen from 55.0% a year ago to 46.5%, largely as a result of the equity financing we accomplished at the end of last year.

[Slide 16 "Selected Balance Sheet Items"]

Slides 16 through 20 are an update on our performance metrics that we started reviewing with you six months ago.

Slide 17 "Organic Revenue Growth"

We feel that our organic revenue performance represents solid progress. We know we made considerable strides in the first quarter and our performance improved sequentially once again in the most recent period.

Slide 18 "Metrics: Operating Margin"

On slide 18, it's clear that we did not sufficiently progress on operating margin versus a year ago. I've explained why that was the case, particularly as relates to higher than anticipated professional fees. The bulk of these have to do with Sarbanes-Oxley, which is an area many companies are finding to be increasingly costly.

Looking forward, we remain confident that our efforts in shared services, IT, procurement and real estate will enable us to exit from the turnaround with operating margins at our targeted range. Given the pressures of increased professional fees, however, our ability to achieve our margin target in 2004 has clearly become more of a challenge.

[Slide 19 and 20: "Metrics Balance Sheet"]

Slides 19 and 20 provide an update on our balance sheet and debt-related targets. As I mentioned, we are progressing on debt-to-capital. We are also making solid progress on debt-to-EBITDA and interest coverage.

21

That concludes the prepared portion of our remarks. At this point, we'll open the floor up to questions.

22

Cautionary Statement

This document contains forward-looking statements. Interpublic's representatives may also make forward-looking statements orally from time to time. Statements in this document that are not historical facts, including statements about Interpublic's beliefs and expectations, particularly regarding recent business and economic trends, potential termination of lease obligations at the Silverstone race track, the impact of litigation, the SEC investigation, dispositions, impairment charges, and the integration of acquisitions and restructuring costs, constitute forward-looking statements. These statements are based on current plans, estimates and projections, and are subject to change based on a number of factors, including those outlined in this section. Forward-looking statements speak only as of the date they are made, and 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;*
- *Interpublic's ability to attract new clients and retain existing clients;*
- *the financial success of Interpublic's clients;*
- *Interpublic'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 Interpublic 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; and*
- *the successful completion and integration of acquisitions which complement and expand Interpublic's business capabilities.*

Investors should carefully consider these risk factors and the additional risk factors outlined in more detail in Interpublic's Form 10-K, March 2004 Form 10-Q and other SEC filings.

23

CERTAIN NON-GAAP FINANCIAL MEASURES

Organic Revenue. We derive 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 tothe given period.

Additionally, organic revenue calculations for the quarter 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 adjustments primarily relate 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.

Constant Currency. 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 U.S. 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.

Net Debt. Net debt as of any given date is total debt as reported at that date less total cash and cash equivalents as of that date. Management believes that discussing net debt is useful because it provides a more complete picture of the company's liquidity position.